

STENA METALL GROUP



COMMENTS AFTER THE SECOND QUARTER

- The EBITDA YTD ended at SEK 1,945 million (SEK 1,207 million) and EBT at SEK 1,368 million (SEK 693 million).
- The first six months of the fiscal year 2021/2022 have started very well in all business areas.
- Business area Recycling delivers a strong result driven by improved margins and a strong demand for services in all product areas.
- A firm start of the year for business area Finance.
- After the end of Q2, Stena Recycling GmbH was divested. There was no significant impact on the Group's accounts.

KEY RATIOS	Second quarter 2021/2022	Second quarter 2020/2021	First six months 2021/2022	First six months 2020/2021	Full year 2020/2021
Net sales	9,743	6,554	19,313	12,725	28,191
EBITDA	952	618	1,945	1,207	3,062
EBITDA margin	9.8%	9.4%	10.1%	9.5%	10.9%
Operating profit	702	397	1,418	766	2,129
Equity/assets ratio	43.7%	44.6%	43.7%	44.6%	44.3%
Net debt	582	217	582	217	913
Cash flow after investments	499	-58	495	90	-1,024
Average number of employees			3,719	3,456	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

The positive development within the Group continued during the second quarter of the fiscal year. All companies deliver strong results and we have succeeded in creating new business opportunities and strengthened the margins.

It is important to continue to stimulate our overall business acumen, stay close to customers and suppliers and maintain our result-oriented focus. Prices for raw materials are at a record high level. In combination with increased volumes, which add to our working capital, we need to preserve our financial discipline.

The war in Ukraine has increased the uncertainty in the global economy. The general business climate remains strong, yet increased inflation and disruptions in supply chains are challenges ahead. Despite the very special circumstances in our surroundings, the market conditions in most of our operations have been positive. I am very impressed by the performance and how we have managed the situation.

The Stena Metall Group EBITDA for the first six months ended at SEK 1,945 million vs. SEK 1,207 million last year and EBT at SEK 1,368 million vs. SEK 693 million last year.



Gothenburg, April 2022

Anders Jansson

BUSINESS AREA COMMENTS

Recycling

In the second quarter of the fiscal year 2021/2022 our main markets were initially characterized by worries related to Omicron, energy crisis and supply chain bottlenecks. However, as the situation in Ukraine escalated and Russia invaded Ukraine at the end of February, the market situation changed completely. Supply of raw material from the Black Sea area were disrupted and market prices increased rapidly. The short-term effects on our business from this are limited and mainly related to increased market risk and increased costs for transports and energy. Looking at the result in Q2, it was another successful quarter from Stena Recycling. The result - mainly driven by improved margins, but also high volumes - is the strongest Q2 result in history for the Group with an EBITDA of SEK 1,281 million (SEK 886 million). All markets and all product areas are contributing to the result.

Aluminium

The extreme market movements seen during the first quarter has continued in the second quarter. The market has been very strong in terms of price increases for both raw material and alloys, much driven by the LME increase. Stena Aluminium has continued to manage the movements well and shows fine performance in business acumen. The interest for secondary aluminium continues to accelerate as a way to reduce virgin materials as part of customers' sustainability agendas. Stena Aluminium ended the second quarter with an accumulated EBITDA of SEK 57 million (SEK 25 million).

BUSINESS AREA COMMENTS, CONT.

Oil

The Scandinavian market is still competitive and over supplied, but Stena Oil continues to operate the business with high volumes in volatile market conditions. Prices on bunker fuel products have increased dramatically with an extreme intraday volatility, and since the invasion in Ukraine started, markets have become even more unstable. There are ongoing projects in both Gothenburg and Frederikshavn to achieve an even more efficient terminal setup. Delays in Frederikshavn from the initial plan remain. Stena Oil ended the second quarter with an accumulated EBITDA of SEK 104 million (SEK 65 million).

Steel

Higher steel prices have pushed margins upwards. It has also been challenging to handle rapid price movements on raw material. The customer demand is still very strong, and well executed business acumen has kept margins at high levels. Stena Stål has managed to stabilize warehouse efficiency and increase delivery performance to satisfying levels. At the beginning of the second quarter, Stena Stål acquired Abrahamssons Järn, located in Småland, Sweden, with a yearly turnover of 80 MSEK. The acquisition will be a good contribution to Stena Stål's strategic plan moving forward. Stena Stål ended the second quarter with an accumulated EBITDA of SEK 136 million (SEK 60 million).

Finance

Concerns over rising global inflation affected financial markets during the quarter. Both the demand side, due to ultra-stimulative financial and monetary stimuli, and the supply side, due to production bottlenecks, contributed. Therefore, central banks turned increasingly hawkish and market rates moved upwards. The oil market started to react on the Russia-Ukraine situation in December, while the equity markets peaked in early January. Both the OMXS30 and the S&P500 declined during the quarter. Stena Metall Finans ended the first six months with an EBITDA of SEK 145 million (SEK 144 million).

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

EBITDA

SEK million	Second quarter 2021/2022	Second quarter 2020/2021	First six months 2021/2022	First six months 2020/2021	Full year 2020/2021
Recycling	598	420	1,281	886	2,052
Aluminium	28	16	57	25	63
Oil	58	36	104	65	126
Steel	49	39	136	60	193
Finance	39	84	145	144	582
Other	180	23	222	27	46
TOTAL	952	618	1,945	1,207	3,062

INCOME STATEMENT

SEK million	Second quarter 2021/2022	Second quarter 2020/2021	First six months 2021/2022	First six months 2020/2021	Full year 2020/2021
Net sales	9,743	6,554	19,313	12,725	28,191
Cost of goods sold	-8,870	-5,900	-17,491	-11,441	-25,288
GROSS PROFIT	873	654	1,822	1,284	2,903
Sales expenses	-116	-96	-243	-194	-419
Administrative expenses	-346	-282	-666	-547	-1,148
Other operating income & expenses	291	121	505	223	793
OPERATING PROFIT	702	397	1,418	766	2,129
Income from investments in associated companies	-	-	-	-	5
Interest net	-37	-30	-65	-72	-140
Other financial income & expenses	13	2	15	-1	-47
PROFIT BEFORE TAX	678	369	1,368	693	1,947
Taxes	-87	-	-203	-	-294
PROFIT FOR THE PERIOD	591	369	1,165	693	1,653
Other comprehensive income	58	-4	68	-31	-18
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	649	365	1,233	662	1,635
Total comprehensive income for the period is attributable to:					
Parent Company's shareholders	649	365	1,233	662	1,635
Non-controlling interests	-	-	-	-	-
Total comprehensive income	649	365	1,233	662	1,635



BALANCE SHEET

SEK million	2022-02-28	2021-02-28	2021-08-31
ASSETS			
Fixed assets			
Intangible fixed assets	1,136	919	1,014
Tangible fixed assets	6,929	5,530	7,190
Financial fixed assets	2,108	1,474	1,943
TOTAL FIXED ASSETS	10,173	7,923	10,147
Current assets			
Inventories	2,560	1,544	1,986
Short-term receivables			
Accounts receivable	3,868	2,913	3,014
Other receivables	1,573	1,142	1,072
TOTAL SHORT-TERM RECEIVABLES	5,441	4,055	4,086
Short-term securities	1,723	1,446	1,476
Cash and cash equivalents	1,012	1,582	1,140
TOTAL CURRENT ASSETS	10,736	8,627	8,688
TOTAL ASSETS	20,909	16,550	18,835
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	9,133	7,377	8,349
Long-term liabilities			
Provisions	1,080	993	1,146
Interest-bearing long-term liabilities	3,898	4,099	4,203
Other long-term liabilities	10	7	7
TOTAL LONG-TERM LIABILITIES	4,988	5,099	5,356
Current liabilities			
Interest-bearing short-term liabilities	1,232	264	1,037
Accounts payable	2,741	1,773	2,040
Other liabilities	2,815	2,037	2,053
TOTAL CURRENT LIABILITIES	6,788	4,074	5,130
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	20,909	16,550	18,835

STATEMENT OF CASH FLOWS

SEK million	Second quarter 2021/2022	Second quarter 2020/2021	First six months 2021/2022	First six months 2020/2021	Full year 2020/2021
Operating activities					
Profit before tax	678	369	1,368	693	1,947
Reversal of amortization/depreciation fixed assets	250	221	527	441	933
Adjustments for other non-cash items	-282	9	-286	38	-90
Taxes paid	-93	19	-105	9	-69
Changes in working capital	-109	-200	-533	-298	-577
CASH FLOW FROM OPERATING ACTIVITIES	444	418	971	883	2,144
Investing activities					
Acquisition and sale of subsidiaries and assets	373	-55	323	-55	-191
Acquisition of tangible fixed assets	-188	-221	-341	-307	-2,102
Acquisition securities, net	-117	-177	-417	-316	-662
Other changes from investing activities	-13	-23	-41	-115	-213
CASH FLOW FROM INVESTING ACTIVITIES	55	-476	-476	-793	-3,168
CASH FLOW AFTER INVESTMENTS	499	-58	495	90	-1,024
Financing activities					
Changes in loans from credit institutions	-90	-40	-179	-965	-304
Share dividend	-450	-110	-450	-110	-110
CASH FLOW FROM FINANCING ACTIVITIES	-540	-150	-629	-1,075	-414
CASH FLOW FOR THE PERIOD	-41	-208	-134	-985	-1,438
Cash and cash equivalents beginning of period	1,048	1,795	1,140	2,578	2,578
Translation difference in cash and cash equivalents	5	-5	6	-11	0
CASH AND CASH EQUIVALENTS END OF PERIOD	1,012	1,582	1,012	1,582	1,140

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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