

# STENA METALL GROUP



# COMMENTS AFTER THE THIRD QUARTER

- The first nine months of the fiscal year 2020/2021 have been very good and the result at the end of the third quarter is the strongest in the Group's history.
- The EBITDA YTD ended at SEK 2,139 million (SEK 1,129 million) and EBT at SEK 1,369 million (SEK 380 million).
- Business area Recycling delivers a strong result driven by improved margins and a strong demand for services in all product areas.
- After the end of the Q3 period, Stena Components Nybro AB was divested. There will be no significant impact on the Group's accounts.

KEY RATIOS	Third quarter 2020/2021	Third quarter 2019/2020	First nine months 2020/2021	First nine months 2019/2020	Full year 2019/2020
Net sales	8,260	5,340	20,985	18,534	23,658
EBITDA	932	306	2,139	1,129	1,561
EBITDA margin	11.3%	5.7%	10.2%	6.1%	6.6%
Operating profit	699	92	1,465	487	698
Equity/assets ratio	45.9%	42.6%	45.9%	42.6%	43.0%
Net debt	-348	582	-131	779	343
Cash flow after investments	278	413	368	508	962
Average number of employees			3,456	3,547	3,506

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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After the third quarter 20/21, the development for the Group remains very positive. The result so far is the strongest in the Group's history. It is very satisfying to see that the performance in basically all operations have increased compared to previous years.

In many respects this has been a strange year, where the effects of the pandemic have created major obstacles and limitations for all of us in our everyday lives while, despite this, the market conditions for the majority of our operations have been very good.

I am extremely impressed by the strength of the Group's overall business acumen. The ability to focus on our business, our customers and continued value creation has been crucial in a period when so much around us has been challenging. At the same time, general market conditions have remained strong. High prices for raw materials have generally created good business opportunities, while a generally positive financial market has created opportunities for good value creation for our financial management.

During the third quarter, however, volatility in the raw

material markets and the financial markets has increased significantly. For our part, it is important to secure our financial discipline while we continue to balance our total risk exposure.

The Stena Metall Group EBITDA for the third quarter ended at SEK 2,139 million vs. SEK 1,129 million last year and EBT at SEK 1,369 million vs. SEK 380 million last year.



Göteborg, July 2021

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Anders Jansson

## BUSINESS AREA COMMENTS

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### Recycling

Stena Recycling ended the first nine months with an EBITDA of SEK 1,510 million (SEK 969 million). This is the strongest result in history for the third quarter as well as year to date. The quarter was characterized by a continued strong underlying market and demand for our services, which has been reflected in high inbound volumes as well as improved margins. Commodity prices continued to remain at a high level in the third quarter, albeit with increasing volatility. All markets have performed substantially better than previous years and all product areas are performing well.

### Aluminium

The market has experienced a positive recovery during the fiscal year, with increasing prices during the third quarter. The first nine months ended with an EBITDA of SEK 59 million (SEK 3 million). Driven by the high demand of aluminium alloys, Stena Aluminium continues to deliver a strong gross profit in a market with rapidly growing alloy prices, but also price increases of raw material. The strategy towards being the premium supplier of circular aluminium alloys in Northern Europe with the focus "Close your aluminium circle. Made of 100% recycled raw material" continues to draw positive customer attention.

## BUSINESS AREA COMMENTS, CONT.

### Oil

Stena Oil continues to operate the business with high volumes in volatile market conditions. The new 5 600-dwt bunker tanker that was delivered in Q2 is successfully operating in the Scandinavian market. The future terminal setup in Fredrikshavn is delayed compared to the initial plan. Stena Oil ended the first nine months with an EBITDA of SEK 86 million (SEK 149 million).

### Steel

Stena Stål ended the first nine months with an EBITDA of SEK 130 million (SEK 20 million). Prices have moved up rapidly during the third quarter, a trend applicable for the whole fiscal year. Since November, steel prices have moved up between 40 and 70%. The market for the building sector is still fairly good, and the industrial sector is gradually improving. The turnover is lower than last year due to the strategic decision to exit from the Steel service center.

### Components

Stena Components ended the first nine months with an EBITDA of SEK -4 million (SEK -1 million). Focus on restructuring the business is ongoing, and productivity has improved during the fiscal year with margins better

than last year. During the third quarter, material prices have risen rapidly and combined with higher volumes contributed to a high margin in the quarter. The activity level on the market has improved, with increasing order income during the last quarter.

### Finance

Strong macro data, fiscal stimulus packages and an accelerated vaccinations helped lifting most equity markets to new all time highs in the first half of the quarter. Corporate earnings expectations continued to be adjusted upwards. In the second half of the quarter we saw more sideways movements on equity markets. Inflation seems to be on everyone's mind. There are different opinions among market participants whether there are sufficient available resources in the economy to curb inflation, or if we are in for over-stimuli in an overheated economy with galloping future inflation as a consequence. Despite strong macro data in the quarter, interest rates have been range-traded. Most central bank representatives around the world want to maintain a dovish stance and keep an acceptance for rising nominal rates. The first nine months ended with an EBITDA of SEK 302 million (SEK -30 million)

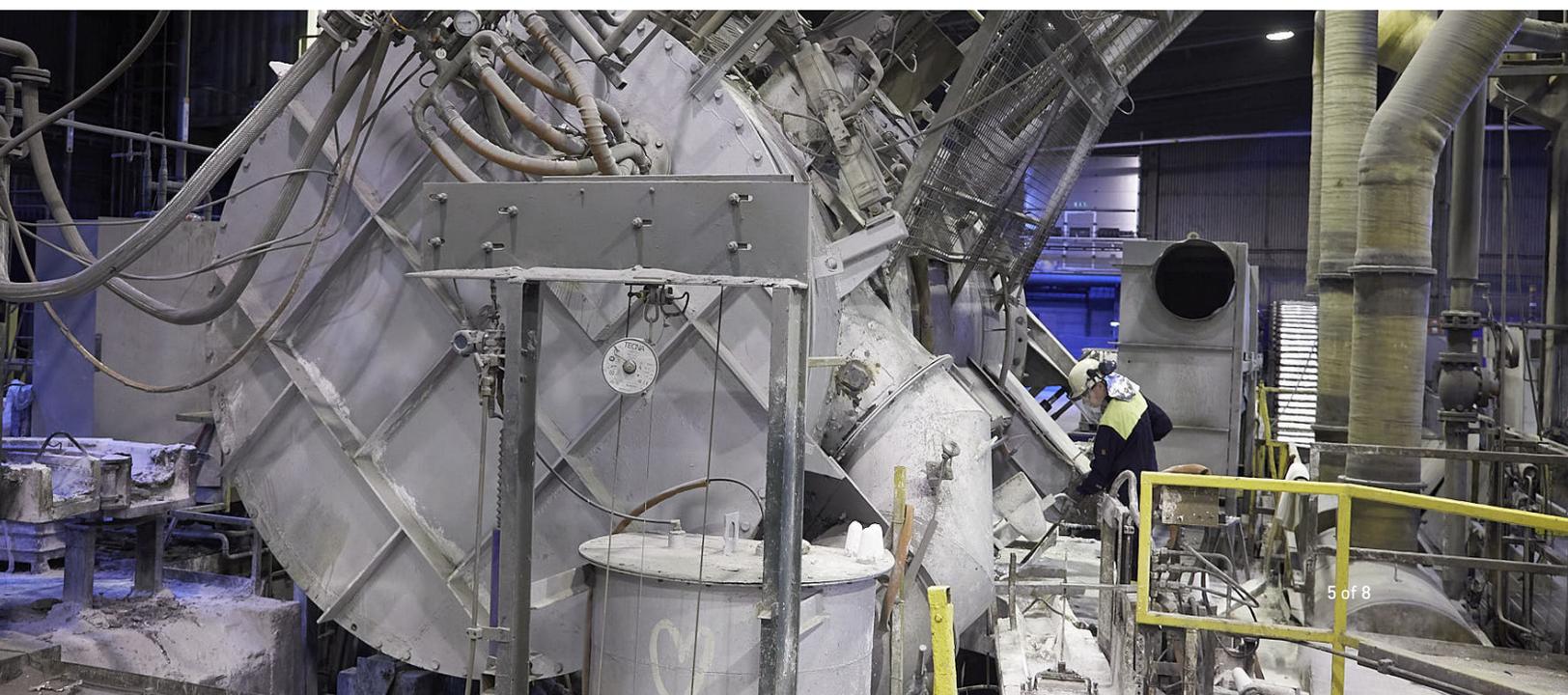
*Note: Figures in parentheses refer to the same period the previous year.*

## EBITDA

SEK million	Third quarter 2020/2021	Third quarter 2019/2020	First nine months 2020/2021	First nine months 2019/2020	Full year 2019/2020
Recycling	624	344	1,510	969	1,305
Aluminium	34	-3	59	3	-10
Oil	21	45	86	149	196
Steel	70	6	130	20	16
Components	-4	2	-4	-1	-1
Finance	158	-87	302	-30	48
Other	29	-1	56	19	7
<b>TOTAL</b>	<b>932</b>	<b>306</b>	<b>2,139</b>	<b>1,129</b>	<b>1,561</b>

# INCOME STATEMENT

SEK million	Third quarter 2020/2021	Third quarter 2019/2020	First nine months 2020/2021	First nine months 2019/2020	Full year 2019/2020
Net sales	8,260	5,340	20,985	18,534	23,658
Cost of goods sold	-7,355	-4,849	-18,796	-17,003	-21,677
<b>GROSS PROFIT</b>	<b>905</b>	<b>491</b>	<b>2,189</b>	<b>1,531</b>	<b>1,981</b>
Sales expenses	-109	-107	-303	-307	-397
Administrative expenses	-323	-259	-870	-799	-1,053
Other operating income & expenses	226	-33	449	62	167
<b>OPERATING PROFIT</b>	<b>699</b>	<b>92</b>	<b>1,465</b>	<b>487</b>	<b>698</b>
Income from investments in associated companies	-	-	-	-	4
Interest net	-31	-37	-103	-117	-154
Other financial income & expenses	8	-	7	10	11
<b>PROFIT BEFORE TAX</b>	<b>676</b>	<b>55</b>	<b>1,369</b>	<b>380</b>	<b>559</b>
Taxes	-	-	-	-	-110
<b>PROFIT FOR THE PERIOD</b>	<b>676</b>	<b>55</b>	<b>1,369</b>	<b>380</b>	<b>449</b>
Other comprehensive income	6	-15	-25	-23	-38
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>682</b>	<b>40</b>	<b>1,344</b>	<b>357</b>	<b>411</b>
Total comprehensive income for the period is attributable to:					
Parent Company's shareholders	682	40	1,344	357	411
Non-controlling interests	-	-	-	-	-
Total comprehensive income	682	40	1,344	357	411



# BALANCE SHEET

SEK million	2021-05-31	2020-05-31	2020-08-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	999	930	927
Tangible fixed assets	5,832	5,584	5,513
Financial fixed assets	1,472	1,331	1,315
<b>TOTAL FIXED ASSETS</b>	<b>8,303</b>	<b>7,845</b>	<b>7,755</b>
<b>Current assets</b>			
<b>Inventories</b>	1,655	1,335	1,290
<b>Short-term receivables</b>			
Accounts receivable	3,148	2,002	2,103
Other receivables	1,157	1,079	939
<b>TOTAL SHORT-TERM RECEIVABLES</b>	<b>4,305</b>	<b>3,081</b>	<b>3,042</b>
<b>Short-term securities</b>	1,495	1,159	1,201
Cash and cash equivalents	1,793	2,494	2,578
<b>TOTAL CURRENT ASSETS</b>	<b>9,248</b>	<b>8,069</b>	<b>8,111</b>
<b>TOTAL ASSETS</b>	<b>17,551</b>	<b>15,914</b>	<b>15,866</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>	<b>8,059</b>	<b>6,771</b>	<b>6,825</b>
<b>Long-term liabilities</b>			
Provisions	1,004	949	985
Interest-bearing long-term liabilities	3,368	4,181	4,029
Other long-term liabilities	7	2	2
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>4,379</b>	<b>5,132</b>	<b>5,016</b>
<b>Current liabilities</b>			
Interest-bearing short-term liabilities	1,064	1,243	1,144
Accounts payable	1,882	1,189	1,297
Other liabilities	2,167	1,579	1,584
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,113</b>	<b>4,011</b>	<b>4,025</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>17,551</b>	<b>15,914</b>	<b>15,866</b>

# STATEMENT OF CASH FLOWS

SEK million	Third quarter 2020/2021	Third quarter 2019/2020	First nine months 2020/2021	First nine months 2019/2020	Full year 2019/2020
<b>Operating activities</b>					
Profit before tax	676	55	1,369	380	559
Reversal of amortization/depreciation fixed assets	233	214	674	642	863
Adjustments for other non-cash items	-78	-104	-40	-72	112
Taxes paid	-8	-21	1	-47	-45
Changes in working capital	-171	437	-469	305	483
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>652</b>	<b>581</b>	<b>1,535</b>	<b>1,208</b>	<b>1,972</b>
<b>Investing activities</b>					
Acquisition and sale of subsidiaries	-131	-	-186	4	4
Acquisition of tangible fixed assets	-182	-139	-489	-337	-523
Acquisition securities, net	-159	-20	-475	-346	-446
Other changes from investing activities	98	-9	-17	-21	-45
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-374</b>	<b>-168</b>	<b>-1,167</b>	<b>-700</b>	<b>-1,010</b>
<b>CASH FLOW AFTER INVESTMENTS</b>	<b>278</b>	<b>413</b>	<b>368</b>	<b>508</b>	<b>962</b>
<b>Financing activities</b>					
Changes in loans from credit institutions	-79	1,262	-1,044	752	385
Share dividend	-	-	-110	-110	-110
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-79</b>	<b>1,262</b>	<b>-1,154</b>	<b>642</b>	<b>275</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>199</b>	<b>1,675</b>	<b>-786</b>	<b>1,150</b>	<b>1,237</b>
Cash and cash equivalents beginning of period	1,582	821	2,578	1,347	1,347
Translation difference in cash and cash equivalents	12	-2	1	-3	-6
<b>CASH AND CASH EQUIVALENTS END OF PERIOD</b>	<b>1,793</b>	<b>2,494</b>	<b>1,793</b>	<b>2,494</b>	<b>2,578</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 cash equivalents, 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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