

STENA METALL GROUP



THE YEAR IN BRIEF

- Stena Metall Group reported an EBITDA result of SEK 1,561 million (and SEK 1,352 million excluding effects from IFRS 16) (L.y. SEK 1,607 million).
- Business Area Recycling had a strong year with an EBITDA of SEK 1,305 million (L.y. SEK 1,321 million).
- Stena Oil had an very good year with all time high EBITDA result, SEK 196 million (L.y. SEK 39 million).
- Stena Metall Group has strengthened the liquidity during the year by issuing bond loans of SEK 1,800 million. In addition to this, the Group has also agreed with Handelsbanken and DNB on a revolving green facility of SEK 300 million.



One of Stena Oil's bunkering tankers, early in the morning, on it's way to the port of Karlskrona.

IFRS 16

- New leasing standard as of September 1, 2019.
- All operational leases reclassified as financial leases.
- 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	23,658		23,658
Operating costs	-22,306	209	-22,097
EBITDA	1,352	209	1,561
Depreciations and amortizations	-675	-188	-863
EBIT	677	21	698
Financial net	-118	-21	-139
PROFIT FOR THE PERIOD	559	0	559
BALANCE SHEET			
Tangible fixed assets	4,745	768	5,513
Other assets	10,353		10,353
TOTAL ASSETS	15,098	768	15,866
Shareholders' equity	6,825		6,825
Interest-bearing long-term liabilities	3,459	570	4,029
Interest-bearing short-term liabilities	946	198	1,144
Provisions and other liabilities	3,868		3,868
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	15,098	768	15,866
NET DEBT	425	-768	-343

KEY RATIOS	Fourth quarter 2019/2020	Fourth quarter 2018/2019	Full year 2019/2020	Full year 2018/2019
Net sales	5,124	6,325	23,658	27,391
EBITDA	432	344	1,561	1,607
EBITDA margin	8.4%	5.4%	6.6%	5.9%
Operating profit	211	166	698	920
Equity/assets ratio	43.0%	44.3%	43.0%	44.3%
Net debt	343	675	343	675
Cash flow after investments	249	-289	757	1,578
Average number of employees			3,506	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

Looking back on the year, it is important to remember that at the beginning of the financial year, last autumn, market conditions were rather harsh with falling scrap prices and weaker inflows of volumes overall. For Stena Recycling, this period was, in most pieces, tougher in terms of results than the so-called "corona period". During Q2, the market picture improved and when we prepared for the second half of February, we were quite optimistic both in terms of volumes and prices. Then came the Covid-19 pandemic, the world shut down and we quickly had to switch to a different world. We quickly went into some kind of management state of readiness with a focus on health and safety and above all on securing our business.

I think that, so far, we have succeeded very well in gathering our "troops" (companies), creating courage and energy while focusing on what we have been able to influence. We have been (and still are) close to our customers and partners. We have generated many new deals during this period and the overall business acumen has really shown strength in very tough and different circumstances.



Göteborg, October 2020

Anders Jansson

The Stena Metal Group EBITDA for the financial year of 2019/2020 ended at 1,561 MSEK (excluding IFRS 16, 1,352 MSEK) vs. 1,607 MSEK LY and EBT at 559 MSEK vs. 1,004 MSEK LY. The EBT result LY includes the sales of Juteskären AB (265 MSEK) and divesting of Stena Components Molkom (-33 MSEK).

BUSINESS AREA COMMENTS

Recycling

After the fourth quarter EBITDA ended at 1,305 MSEK (1,321 MSEK last year).

Main reasons for the result deviation are a weak first quarter due to a significant drop in raw material prices. This had a negative effect on our margins in combination with Covid-19 effects from February and onwards with a negative impact on our business volumes.

The financial year 2019-2020 was a very challenging year. Stena Recycling performed relatively well with a strong result and increased market shares. There is a strong confidence that the operating model is working very well in very tough market conditions – the organization took fast and decisive actions based on a strong business acumen. There is also a strong confidence that

the organization has a strong capacity to operate in this unsecure market environment that we also might face the coming year(s).

Aluminium

Negative result full year 2019/2020 due to lower price and lower volumes compared to last year. Production had a good development until Covid-19 started. With furloughs and a few stops in production it was difficult to maintain the development. The Swedish market rapidly declined during spring and many of our customers, especially those delivering to the automotive sector, closed during April and parts of May due to Covid-19. The EBITDA after Q4 ended at -10 MSEK (54 MSEK).

BUSINESS AREA COMMENTS, CONT.

Oil

Stena Oil ended the financial year with an EBITDA of 196 MSEK (39 MSEK).

The estimate is that the Scandinavian bunker market has grown with approx. 20% since the beginning of this year. The main reason is the IMO 2020 new sulphur directive that heavily increases the demand for low sulphur fuels. Stena Oil has traded with good margins and volumes during the entire fiscal year.

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 fourth quarter ended at 16 MSEK (51 MSEK).

Looking back at the past year in terms of volumes there are three major events that have affected Stena Stål.

During the fall of 2019 the business activity in Sweden slowed down in the sector of mechanical industry. Volumes were significantly lower than the year before.

In March 2020 the demand was hit by the Covid-19 pandemic. This affected the volumes starting from April. Our demand from the mechanical industry was down as much as 50% and the building sector lost about 10% in April.

The third effect is our decision to exit steel service center which had a negative one-off effect on the result.

Components

Volumes were on target during the first months of the financial year but during late fall our order intake started to decrease due to the slowdown in, especially, the automotive industry. Volumes started to recover in the end of the second quarter unfortunately followed by the corona pandemic which effected sales negatively. However, both margin and productivity have improved despite the low volumes and our deviations in production decreased significantly during the year compared to last year.

The full year EBITDA ended at -1 MSEK (-7 MSEK).

Finance

During our fiscal year, equity markets turned from a Bull market to a Bear market and back to a Bull market in a pace hardly ever seen before. Near term, the investment environment seems to become complex due to issues like the U.S presidential election, the Brexit process and the renewed growth in coronavirus cases.

EBITDA YTD 48 MSEK (124 MSEK).

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

EBITDA

SEK million	Fourth quarter 2019/2020	Fourth quarter 2018/2019	Full year 2019/2020	Full year 2018/2019
Recycling	336	269	1,305	1,321
Aluminium	-13	5	-10	54
Oil	47	12	196	39
Steel	-4	1	16	51
Components	0	-6	-1	-7
Finance	78	43	48	124
Other	-12	20	7	25
TOTAL	432	344	1,561	1,607

INCOME STATEMENT

SEK million	Fourth quarter 2019/2020	Fourth quarter 2018/2019	Full year 2019/2020	Full year 2018/2019
Net sales	5,124	6,325	23,658	27,391
Cost of goods sold	-4,674	-5,874	-21,677	-25,348
GROSS PROFIT	450	451	1,981	2,043
Sales expenses	-90	-119	-397	-435
Administrative expenses	-254	-263	-1,053	-1,061
Other operating income & expenses	105	97	167	373
OPERATING PROFIT	211	166	698	920
Income from investments in associated companies	4	3	4	3
Interest net	-37	-30	-154	-148
Other financial income & expenses	1	2	11	229
PROFIT BEFORE TAX	179	141	559	1,004
Taxes	-110	-161	-110	-161
PROFIT FOR THE PERIOD	69	-20	449	843
Other comprehensive income	-15	14	-38	23
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	54	-6	411	866
Total comprehensive income for the period is attributable to:				
Parent Company's shareholders	54	-6	411	866
Non-controlling interests	-	-	-	-
Total comprehensive income	54	-6	411	866



Stena Recycling handles all kinds of ferrous and non-ferrous metal scrap. Rebar iron is perfect as raw material in the production of new steel products.

BALANCE SHEET

SEK million	2020-08-31	2019-08-31
ASSETS		
Fixed assets		
Intangible fixed assets	927	958
Tangible fixed assets	5,513	4,960
Financial fixed assets	1,315	1,114
TOTAL FIXED ASSETS	7,755	7,032
Current assets		
Inventories	1,290	1,681
Short-term receivables		
Accounts receivable	2,103	2,458
Other receivables	939	1,169
TOTAL SHORT-TERM RECEIVABLES	3,042	3,627
Short-term securities		
Cash and bank	1,201	1,028
TOTAL CURRENT ASSETS	8,111	7,683
TOTAL ASSETS	15,866	14,715
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY	6,825	6,524
Long-term liabilities		
Provisions	985	959
Interest-bearing long-term liabilities	4,029	3,142
Other long-term liabilities	2	4
TOTAL LONG-TERM LIABILITIES	5,016	4,105
Current liabilities		
Interest-bearing short-term liabilities	1,144	690
Accounts payable	1,297	1,709
Other liabilities	1,584	1,687
TOTAL CURRENT LIABILITIES	4,025	4,086
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	15,866	14,715

STATEMENT OF CASH FLOWS

SEK million	Fourth quarter 2019/2020	Fourth quarter 2018/2019	Full year 2019/2020	Full year 2018/2019
Operating activities				
Profit before tax	179	141	559	1,004
Reversal of amortization/depreciation fixed assets	221	178	863	688
Adjustments for other non-cash items	148	77	76	-279
Taxes paid	38	-5	-9	-30
Changes in working capital	179	-170	484	208
CASH FLOW FROM OPERATING ACTIVITIES	765	221	1,973	1,591
Investing activities				
Acquisition and sale of subsidiaries	0	0	4	727
Acquisition of tangible fixed assets	-186	-301	-523	-771
Acquisition securities, net	-100	-195	-446	-21
Other changes from investing activities	3	-14	-18	52
CASH FLOW FROM INVESTING ACTIVITIES	-283	-510	-983	-13
CASH FLOW AFTER INVESTMENTS	482	-289	990	1,578
Financing activities				
Changes in loans from credit institutions	-395	-59	357	-405
Share dividend	0	0	-110	-79
CASH FLOW FROM FINANCING ACTIVITIES	-395	-59	247	-484
CASH FLOW FOR THE PERIOD	87	-348	1,237	1,094
Cash and bank beginning of period	2,494	1,695	1,347	253
Translation difference in cash and bank	-3	0	-6	0
CASH AND BANK END OF PERIOD	2,578	1,347	2,578	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



Stena Stål delivers steel products, right on time, to customers all over Sweden. Here, preparations are done to load a truck with ordered products.

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