

# STENA METALL GROUP



# THE YEAR IN BRIEF

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- Stena Metall Group reported an EBITDA result of SEK 3,644 million (SEK 3,062 million). EBT increased from SEK 1,947 million to SEK 2,470 million.
- The business area Recycling delivered, despite volatile market characteristics, a strong result driven by and a continued strong demand for services within all product areas. EBITDA for business area Recycling ended at SEK 2,362 million (SEK 2,052 million).
- Stena Metall Finans issued its second Green Bond. The amount was SEK 1 billion with a maturity of five years.
- The German cools business of Stena Recycling GmbH was divested, and strategic business focus was shifted to battery recycling.
- After the end of the fiscal year, Stena Recycling Finland acquired the Finnish recycling company Encore Ympäristöpalvelut Oy. The acquisition broadens Stena Recycling Finland's service offering on the Finnish market.

KEY RATIOS	Fourth quarter 2021/2022	Fourth quarter 2020/2021	Full year 2021/2022	Full year 2020/2021
Net sales	11,063	7,206	43,509	28,191
EBITDA	401	923	3,644	3,062
EBITDA margin	3.6%	12.8%	8.4%	10.9%
Operating profit	138	664	2,597	2,129
Equity/assets ratio	45.1%	44.3%	45.1%	44.3%
Net debt	610	974	610	974
Cash flow after investments	-29	-1,392	472	-1,024
Average number of employees			3,842	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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The financial year 2021/2022 was another strong year for the Stena Metall Group, although it has been characterized by uncertainties in the world. All our businesses have been affected by the covid pandemic, the war in Ukraine and rising inflation.

The continued disruption in global supply chains has been a significant factor that has affected most of our customers. Strong industrial demand, combined with disruptions in global supply chains, created a price increase in most raw materials in the first half of the year. Russia's tragic invasion of Ukraine led to a further rise in raw material prices. The price developments involved both base metals but also, and not least, energy prices. The rise in raw material prices created a basis for a sharp increase in inflation and consequently higher interest rates. Consequently, this led to market uncertainty in the second half of the year with negative developments in financial markets and raw material prices.

Given a year with many challenges around the world and volatile market conditions, our focus has been to sustain with a safe and efficient organization with strong customer focus. We have also focused on internal improvements and to continue to invest in new production processes as well as launching new digital



Gothenburg, October 2022

Kristofer Sundsgård

services. Stena Metall's operating model empowers the organization to make decisions close to our customers and in our operations where we can create value. This has worked very well during this volatile period. Despite turbulent and volatile markets conditions, Stena Metall continued to strengthen its positions in several business areas, and Stena Recycling consolidated its position as the leading recycling company in the Nordic region.

The Stena Metall Group EBITDA for the financial year of 2021/2022 ended at SEK 3,644 million vs SEK 3,062 million last year and EBT at SEK 2,470 million vs. SEK 1,947 million last year.

## BUSINESS AREA COMMENTS

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### Recycling

2021/2022 has been yet another strong year, one of the best in Stena Recycling's history. EBITDA amounted to SEK 2,362 million (SEK 2,052 million). The result was driven by a continuous high demand for Stena Recycling's services. The fiscal year has been a dramatic year on Stena Recycling's main commodity markets. The first two quarters were characterized by optimism, strong demand and historically high price levels. When Russia invaded Ukraine, the immediate effect on most commodities were substantially higher prices. The high prices remained for about a month and then started to decline and reached lower than pre-invasion levels during the summer. The general market sentiment then changed towards greater uncertainty, high inflation and fear of recession. Stena Recycling handled the turbulent

market situation well and its operating business model proved to be strong in these market conditions. The result is also positively affected by previous years' investments in downstream solutions, as well as continuous internal improvements. All markets and product areas in the group performed well.

Stena Recycling further increased its focus on efficient recycling of plastic, batteries, and electronics. In Sweden, Italy and Poland, major investments were made in new production facilities that will provide for larger volumes, as well as new qualities. In all geographical markets, important steps were also taken to establish battery collection centers.

During the year several acquisitions were also made to strengthen the position in reuse and recycling. One example is Stena Recycling Sweden's acquisition

## BUSINESS AREA COMMENTS, CONT.

of Moreco Group AB. Other acquisitions were made to strengthen the position in reuse of service and storage equipment. One example is Stena Recycling Sweden's acquisition of the plastic recycling company Swerec i Sverige AB.

In Finland, Stena Recycling signed an agreement to acquire 100% of the shares in Finnish Encore Environmental Services (Encore Yampöristöpalvelut Oy). The company has a strong offer in circular solutions and recycling solutions for various waste fractions. Other business areas include confidentiality services, pallet business and fuels for energy producers. The acquisition, which was approved by the Finnish Competition and Consumer Authority in October 2022, doubles Stena Recycling's operations in Finland. During the year the cools recycling operations in Germany was divested, and strategic business focus was shifted to battery recycling.

During the year, collaborations and circular partnerships were further improved to include a larger number of industrial operators. The demand for consulting services related to sustainable and circular business models has continued to increase. The consulting business Stena Circular Consulting saw a strong interest from clients and conducted several projects during the year.

### Aluminium

The year has been characterized by volatile market movements in prices for both materials and energy. The semi-conductor shortage has been an overall question mark and affected the anticipated automotive production levels. Stena Aluminium has been able to achieve good margins and manage these market conditions well. The full year performance was at all-time high level. The interest for secondary aluminium has continued to accelerate. During this year, more companies than ever before have reached out wanting to discuss how they can reduce their climate impact by using secondary aluminium instead of primary.

Stena Aluminium ended the fiscal with an accumulated EBITDA of SEK 97 million (SEK 63 million).

### Oil

This year has been the most turbulent year in the history of Stena Oil. The market impact caused by the Russian invasion of Ukraine has been significant. Since early March, oil products and feedstock from Russia are off

the market and this has affected the overall market stability. Stena Oil, however, does not trade in Russian oil and do not bunker vessels to or from Russia. Stena Oil continues to operate the business with volumes at all-time high levels. Sales in southern Sweden have increased during the year. The main reason is a new contract with DFDS and a shift of Stena Line's bunkerings from Liepāja in Latvia to Travemünde in Germany. There are ongoing projects to achieve an even more efficient terminal setup in both Gothenburg, Sweden, and Frederikshavn, Denmark.

Stena Oil ended the second quarter with an accumulated EBITDA of SEK 357 million (SEK 126 million).

### Steel

The total delivered volumes this year has been at the same level as last year. However, due to the Russian invasion of Ukraine, supply chains have been disrupted and changed, which has resulted in a turbulent market with rapid price movements. After a period of price increases during Q2 and Q3, the price level in the market has decreased during Q4 and is back to the same level as before March 2022.

The acquisition of Abrahamssons Järn, made in the second quarter, has been a good contribution to Stena Stål's strategic plan moving forward.

Stena Stål ended the fiscal year with an accumulated EBITDA of SEK 300 million (SEK 193 million).

### Finance

Rising threats to the real economy arised during the fourth quarter as heavy measures were implemented to curb inflation. The narrative of transitory inflation came was questioned and central banks around the world sent the message that rates will be hiked regardless of the pain caused to households and businesses. Macro data has weakened during the fourth quarter with falling consumer confidence and PMI:s. Global economic growth prospects continued to deteriorate. Companies relying on free access to capital faced difficulties, and there has been an increased focus on balance sheet strength. Overall, this year has been characterized by elevated volatility in most financial markets, especially in the bond and the FX-market.

Stena Metall Finans ended the fiscal year with an EBITDA of SEK 154 million (SEK 582 million).

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

## EBITDA

SEK million	Fourth quarter 2021/2022	Fourth quarter 2020/2021	Full year 2021/2022	Full year 2020/2021
Recycling	272	542	2,362	2,052
Aluminium	-2	4	97	63
Oil	73	40	357	126
Steel	-21	63	300	193
Finance	-70	280	154	582
Other	149	-6	374	46
<b>TOTAL</b>	<b>401</b>	<b>923</b>	<b>3,644</b>	<b>3,062</b>

# INCOME STATEMENT

SEK million	Fourth quarter 2021/2022	Fourth quarter 2020/2021	Full year 2021/2022	Full year 2020/2021
Net sales	11,063	7,206	43,509	28,191
Cost of goods sold	-10,432	-6,492	-39,603	-25,288
<b>GROSS PROFIT</b>	<b>631</b>	<b>714</b>	<b>3,906</b>	<b>2,903</b>
Sales expenses	-141	-116	-544	-419
Administrative expenses	-313	-278	-1,344	-1,148
Other operating income & expenses	-39	344	579	793
<b>OPERATING PROFIT</b>	<b>138</b>	<b>664</b>	<b>2,597</b>	<b>2,129</b>
Income from investments in associated companies	2	5	2	5
Interest net	-41	-37	-144	-140
Other financial income & expenses	2	-54	15	-47
<b>PROFIT BEFORE TAX</b>	<b>101</b>	<b>578</b>	<b>2,470</b>	<b>1,947</b>
Taxes	-66	-294	-425	-294
<b>PROFIT FOR THE PERIOD</b>	<b>35</b>	<b>284</b>	<b>2,045</b>	<b>1,653</b>
Other comprehensive income	46	7	139	-18
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>81</b>	<b>291</b>	<b>2,184</b>	<b>1,635</b>
Total comprehensive income for the period is attributable to:				
Parent company's shareholders	81	291	2,184	1,635
Non-controlling interests	-	-	-	-
Total comprehensive income	81	291	2,184	1,635



# BALANCE SHEET

SEK million	2022-08-31	2021-08-31
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible fixed assets	1,180	1,014
Tangible fixed assets	7,383	7,190
Financial fixed assets	2,195	1,943
<b>TOTAL FIXED ASSETS</b>	<b>10,758</b>	<b>10,147</b>
<b>Current assets</b>		
Inventories	2,976	1,986
<b>Short-term receivables</b>		
Accounts receivable	3,918	3,014
Other receivables	1,414	1,072
<b>TOTAL SHORT-TERM RECEIVABLES</b>	<b>5,332</b>	<b>4,086</b>
<b>Short-term securities</b>		
Cash and cash equivalents	1,696	1,476
<b>TOTAL CURRENT ASSETS</b>	<b>11,583</b>	<b>8,688</b>
<b>TOTAL ASSETS</b>	<b>22,341</b>	<b>18,835</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>	<b>10,084</b>	<b>8,349</b>
<b>Long-term liabilities</b>		
Provisions	1,116	1,147
Interest-bearing long-term liabilities	4,521	4,203
Other long-term liabilities	10	7
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>5,647</b>	<b>5,357</b>
<b>Current liabilities</b>		
Interest-bearing short-term liabilities	1,256	1,037
Accounts payable	2,525	2,040
Other liabilities	2,829	2,052
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,610</b>	<b>5,129</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>22,341</b>	<b>18,835</b>

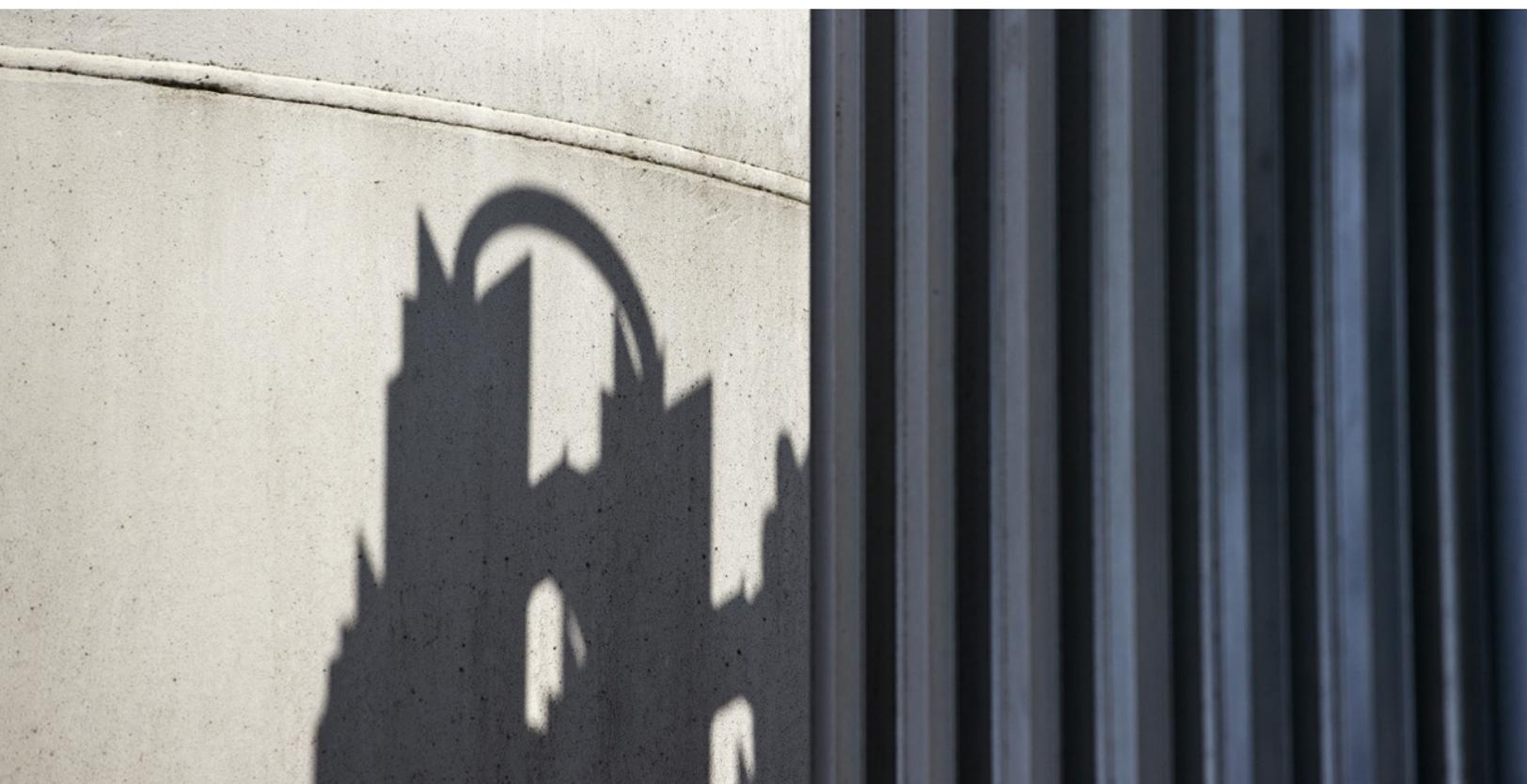
# STATEMENT OF CASH FLOWS

SEK million	Fourth quarter 2021/2022	Fourth quarter 2020/2021	Full year 2021/2022	Full year 2020/2021
<b>Operating activities</b>				
Profit before tax	101	578	2,470	1,947
Reversal of amortization/depreciation fixed assets	264	259	1,048	933
Adjustments for other non-cash items	18	-50	-312	-90
Taxes paid	-137	-70	-267	-69
Changes in working capital	389	-108	-1,090	-577
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>635</b>	<b>609</b>	<b>1,849</b>	<b>2,144</b>
<b>Investing activities</b>				
Acquisition and sale of subsidiaries	-1	-5	288	-191
Acquisition of tangible fixed assets	-533	-1,613	-1,190	-2,102
Acquisition securities, net	-58	-187	-329	-662
Other changes from investing activities	-72	-196	-146	-213
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-664</b>	<b>-2,001</b>	<b>-1,377</b>	<b>-3,168</b>
<b>CASH FLOW AFTER INVESTMENTS</b>	<b>-29</b>	<b>-1,392</b>	<b>472</b>	<b>-1,024</b>
<b>Financing activities</b>				
Changes in loans from credit institutions	-324	740	409	-304
Share dividend	0	0	-450	-110
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-324</b>	<b>740</b>	<b>-41</b>	<b>-414</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-353</b>	<b>-652</b>	<b>431</b>	<b>-1,438</b>
Cash and cash equivalents beginning of period	1,932	1,793	1,140	2,578
Translation difference in cash and cash equivalents	0	-1	8	0
<b>CASH AND CASH EQUIVALENTS END OF PERIOD</b>	<b>1,579</b>	<b>1,140</b>	<b>1,579</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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