

STENA METALL GROUP



THE YEAR IN BRIEF



- Stena Metall Group reported a result in line with last year in terms of EBITDA 1.607 MSEK (l.y. 1.657).
- Business Area Recycling reported a strong year with an EBITDA of MSEK 1,323 (l.y. MSEK 1,306). Volumes ended in line with last year and margins were strong in general.
- Stena Nordic Recycling Center (SNRC) is the hub of the industrial material recycling infrastructure that has been established within the Group. SNRC has continued to contribute to significantly increased recycling rates with higher quality.
- Stena Recycling has been named Sweden's most sustainable brand for 2018. The award is based on interviews with decision makers in large companies. The B2B Sustainable Brand Index study is conducted by SB Insight.
- In December the Stena Metall Group divested Juteskären AB to Stena Rederi AB. Juteskären AB owns the ferry MV Stena Scandinavica. The sale of Juteskären AB reduced the Stena Metall Group's interest bearing net debt with SEK 777 million.
- In December Stena Metall Group also divested Stena Components in Molkom.

KEY RATIOS	Fourth quarter 2018/2019	Fourth quarter 2017/2018	Full year 2018/2019	Full year 2017/2018
Net sales	6,325	6,578	27,391	26,681
EBITDA	344	403	1,607	1,657
EBITDA margin	5.4%	6.1%	5.9%	6.2%
Operating profit	166	188	920	932
Equity/assets ratio	44.3%	39.0%	44.3%	39.0%
Net debt	675	2,244	675	2,244
Cash flow after investments	-289	-280	1,578	-469
Average number of employees			3,497	3,756

The key ratios are defined on page 8.

The report is prepared in millions of Swedish kronor (SEK million) unless indicated otherwise.

Cover: Shredded ferrous scrap, to be exported to a steel mill in Turkey, being loaded on a ship in the port of Halmstad

CHIEF EXECUTIVE OFFICER'S COMMENT

The fiscal year 2018/2019 has been characterized by a troubled environment in which the general uncertainty has created an increasingly short-term behavior that drives the cyclical slowdown. The market conditions have been very variable for most of our operations. Price movements in the commodity markets have been large throughout the year. The pessimistic market picture has been accentuated during the latter part of the financial year, with relatively large price falls as a result.

The Chinese import restrictions of scrap, plastics and paper have created a situation where there is an oversupply of material in Europe and the US. This has led to higher discounts on non-ferrous scrap from the LME-prices and lower prices for recovered paper.

The trade war between the US and China is creating a more negative sentiment in the market overall and is also increasing volatility.

While volatile market conditions have been a challenge for everyone, we have continued to develop our business in a positive way.

As a result of our continuous improvement efforts and focused investments in our core business, we continue to grow.



Göteborg, October 2019

Anders Jansson

Our financial position is strong and with a maintained financial discipline we are well equipped to handle the situation in the best possible way. However, if current market conditions exist, it will be more difficult to defend the fine results of the past year.

The Stena Metall Group EBITDA for the financial year 18/19 ended at 1,607 MSEK (1,657 MSEK) and EBT at 1,004 MSEK (743 MSEK). The EBT result includes the sale of Juteskären AB (265 MSEK) and divesting of Stena Components Molkom (-33 MSEK).

BUSINESS AREA COMMENTS

Recycling

After the fourth quarter EBITDA ended at 1,323 MSEK (1,306 MSEK last year). Margins were strong and higher than last year for all major waste streams while total volumes were down 1% vs. last year. During 18/19 contracts were signed with 133 new A-customers. Digitalization initiatives aiming to improve our offering to customers was in focus during the year. One example being the Digital Acceleration initiative.

Aluminium

Even if the first quarter started well continuing from previous year we have faced major challenges during the remaining year due to disturbances in our production causing very low sales volumes. First half of the year were stable market conditions where we could compensate lower sales with higher gross margins, but during the second half market conditions have changed based on lower demand from continental markets, mainly Germany.

The EBITDA after Q4 ended at 54 MSEK (83 MSEK).

BUSINESS AREA COMMENTS, CONT.

Oil

Stena Oil ended the fourth quarter with an accumulated EBITDA of 39 MSEK (12 MSEK). Competition is still fierce so we avoid spot deals with the lowest margins. Volumes were down compared to last year, main reason being the price pressure due to the fierce competition. The Southern Sweden business continues to work well, where the logistical set up is very good and the business is delivering a satisfactory profit.

Steel

The EBITDA for Stena Stål after the fourth quarter ended at 51 MSEK (98 MSEK).

Demand for steel has been good in the mechanical industry, but during the year the building industry has weakened. However, we are concerned about the future demand in the building and automotive sector. A reduced steel demand in the automotive sector will probably have a negative impact on all steel products.

Components

Work on restoring profitability at Stena Components continues and a focused action program is in place. In Nybro we have a positive development on new customer processing but we are still to see the impact on the result. During the year Stena Components Molkom was divested.

The Q4 EBITDA ended at -7 MSEK (-9 MSEK).

Finance

Business Area Finance delivered a solid result of EBITDA 124 MSEK (30 MSEK), all asset classes performed well.

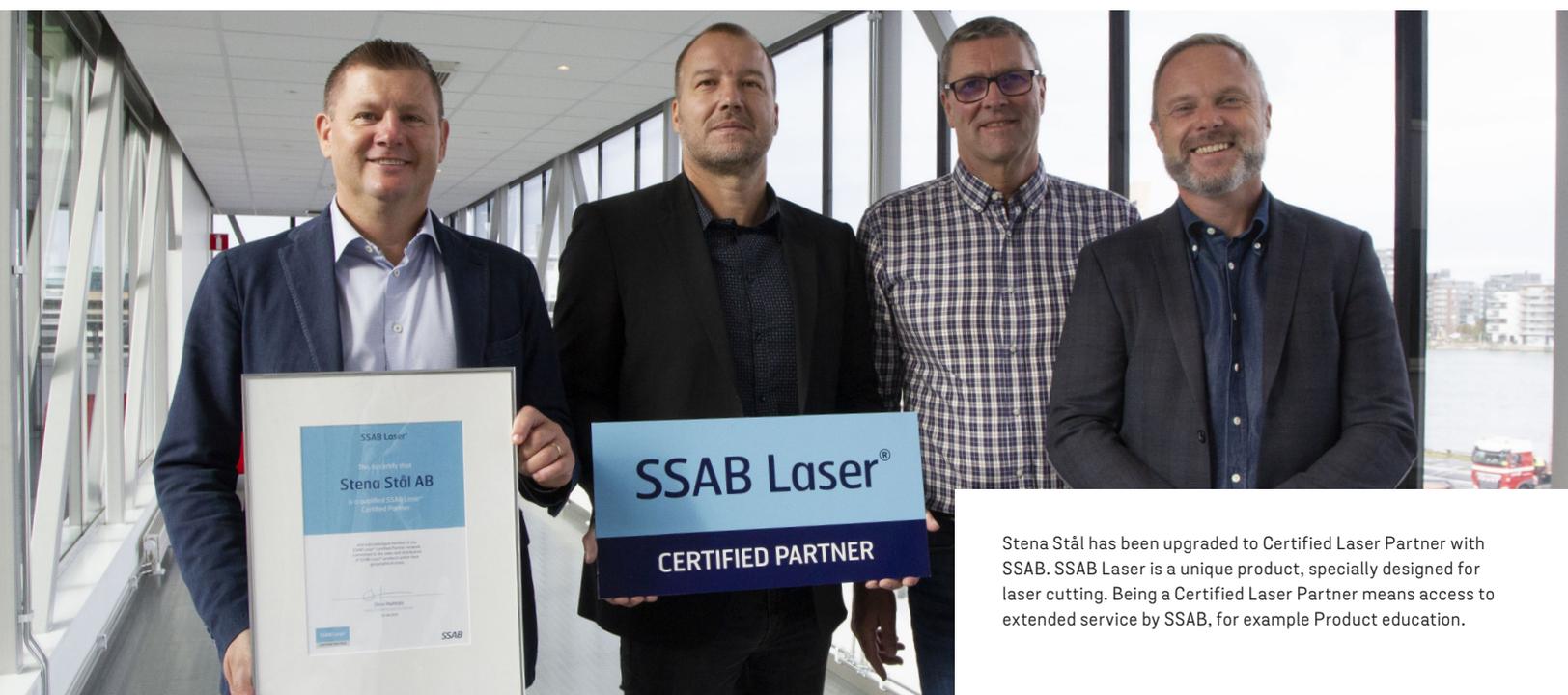
Note: Figures in parantheses refer to the same period the previous year.

EBITDA

SEK million	Fourth quarter 2018/2019	Fourth quarter 2017/2018	Full year 2018/2019	Full year 2017/2018
Recycling	270	195	1,323	1,236
Aluminium	5	22	54	83
Oil	12	14	39	25
Steel	1	12	51	98
Components	-6	-3	-7	-9
Trading	-1	-2	-2	-2
Finance	43	40	124	30
Other	20	125	25	196
TOTAL	344	403	1,607	1,657

INCOME STATEMENT

SEK million	Fourth quarter 2018/2019	Fourth quarter 2017/2018	Full year 2018/2019	Full year 2017/2018
Net sales	6,325	6,578	27,391	26,681
Cost of goods sold	-5,874	-6,142	-25,348	-24,643
GROSS PROFIT	451	436	2,043	2,038
Sales expenses	-119	-107	-435	-432
Administrative expenses	-263	-233	-1,061	-972
Other operating income & expenses	97	97	373	298
OPERATING PROFIT	166	193	920	932
Income from investments in associated companies	3	-3	3	-3
Interest net	-30	-52	-148	-183
Other financial income & expenses	2	5	229	-3
PROFIT BEFORE TAX	141	143	1,004	743
Taxes	-161	-158	-161	-158
PROFIT FOR THE PERIOD	-20	-15	843	585
Other comprehensive income	14	38	23	78
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-6	23	866	663
Total comprehensive income for the period is attributable to:				
Parent Company's shareholders	-6	23	866	663
Non-controlling interests	0	0	0	0
Total comprehensive income	-6	23	866	663



Stena Stål has been upgraded to Certified Laser Partner with SSAB. SSAB Laser is a unique product, specially designed for laser cutting. Being a Certified Laser Partner means access to extended service by SSAB, for example Product education.

BALANCE SHEET

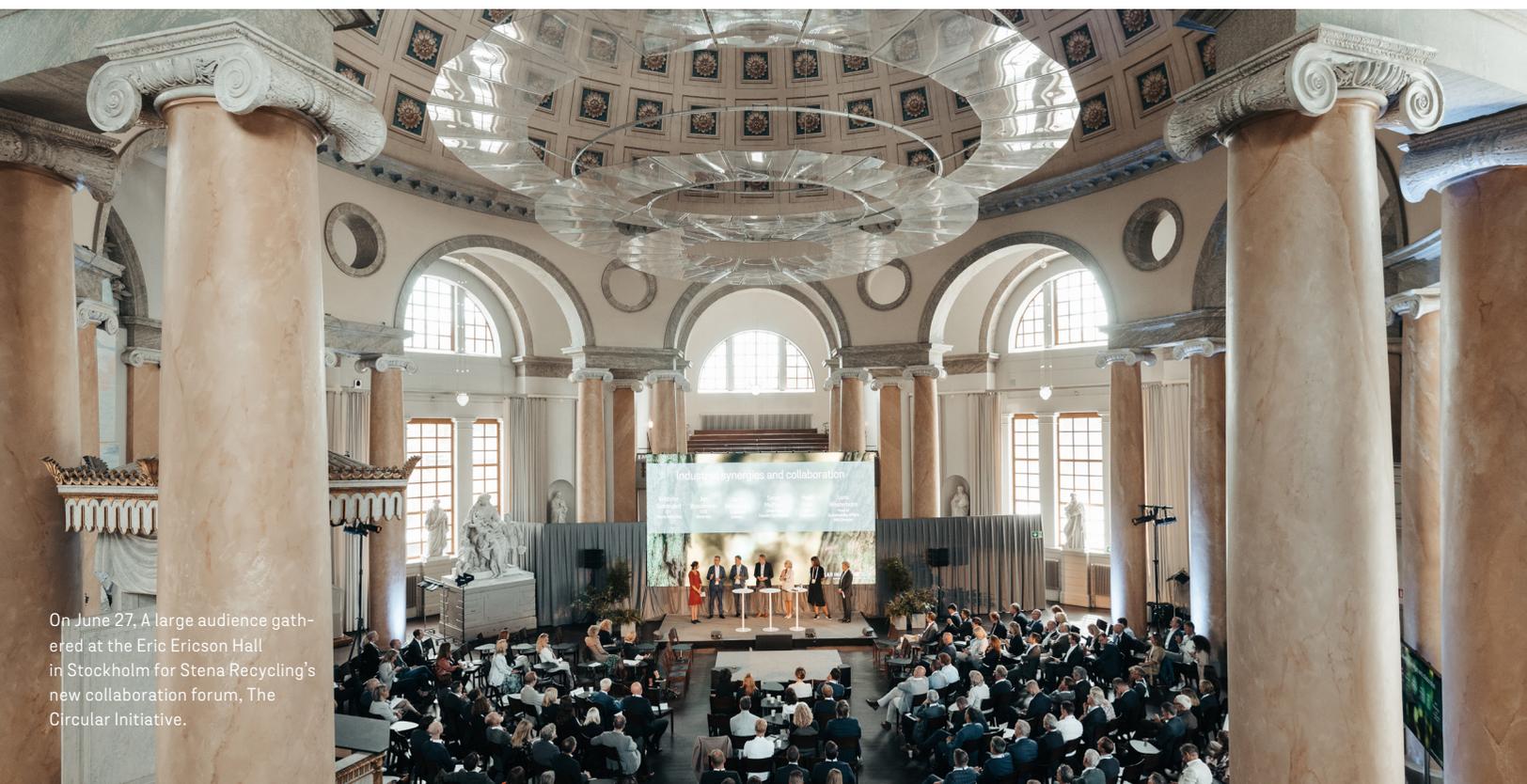
SEK million	2019-08-31	2018-08-31
ASSETS		
Fixed assets		
Intangible fixed assets	958	1,002
Tangible fixed assets	4,960	5,487
Financial fixed assets	1,114	1,067
TOTAL FIXED ASSETS	7,032	7,556
Current assets		
Inventories	1,681	1,781
Short-term receivables		
Accounts receivable	2,458	2,537
Other receivables	1,169	1,272
TOTAL SHORT-TERM RECEIVABLES	3,627	3,809
Short-term securities	1,028	1,308
Cash and bank	1,347	253
TOTAL CURRENT ASSETS	7,683	7,151
TOTAL ASSETS	14,715	14,707
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY	6,524	5,737
Long-term liabilities		
Provisions	959	1,071
Interest-bearing long-term liabilities	3,142	3,892
Other long-term liabilities	4	22
TOTAL LONG-TERM LIABILITIES	4,105	4,985
Current liabilities		
Interest-bearing short-term liabilities	690	548
Accounts payable	1,709	1,802
Other liabilities	1,687	1,635
TOTAL CURRENT LIABILITIES	4,086	3,985
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	14,715	14,707

STATEMENT OF CASH FLOWS

SEK million	Fourth quarter 2018/2019	Fourth quarter 2017/2018	Full year 2018/2019	Full year 2017/2018
Operating activities				
Profit before tax	141	143	1,004	743
Reversal of amortization/depreciation fixed assets	178	215	688	725
Adjustments for other non-cash items	77	-28	-279	-156
Taxes paid	-5	11	-30	-29
Changes in working capital	-170	-191	208	-696
CASH FLOW FROM OPERATING ACTIVITIES	221	150	1,591	587
Investing activities				
Acquisition and sale of subsidiaries	0	-55	727	-56
Acquisition of tangible fixed assets	-301	-322	-771	-804
Acquisition securities, net	-195	-52	-21	-251
Other changes from investing activities	-14	-1	52	55
CASH FLOW FROM INVESTING ACTIVITIES	-510	-430	-13	-1,056
CASH FLOW AFTER INVESTMENTS	-289	-280	1,578	-469
Financing activities				
Changes in loans from credit institutions	-59	65	-405	-112
Share dividend	0	0	-79	-62
CASH FLOW FROM FINANCING ACTIVITIES	-59	65	-484	-174
CASH FLOW FOR THE PERIOD	-348	-215	1,094	-643
Cash and bank beginning of period	253	728	253	879
Translation difference in cash and bank	0	5	0	17
CASH AND BANK END OF PERIOD	-95	518	1,347	253

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



On June 27, A large audience gathered at the Eric Ericson Hall in Stockholm for Stena Recycling's new collaboration forum, The Circular Initiative.

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.com

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

