

Ad hoc announcement pursuant to Art. 53 LR

Swiss Steel Group achieves solid profitability in Q1 2022

- Revenue rose strongly by 37 % from EUR 751.6 million to EUR 1,028.8 million in Q1 2022 versus the prior-year quarter despite a slight decrease in sales volume by –6 % from 510 to 480 kilotons
- Significantly higher prices, with average sales prices climbing from EUR/t 1,476 to EUR/t 2,145
- Adjusted EBITDA for Q1 2022 reached EUR 75.0 million, compared with EUR 44.5 million in Q1 2021
- Net debt increased in the quarter from EUR 720.5 million at year-end 2021 to EUR 849.6 million due to the ongoing financing of working capital driven by high raw material and energy prices
- Outlook for 2022: Swiss Steel Group confirms its forecast of an adjusted EBITDA between EUR 160 and 200 million for the full year. This assumes immaterial disruptions due to current geopolitical instability

CEO Frank Koch comments: “We continue to see good demand from end markets and strong profitability. This led to an adjusted EBITDA of EUR 75 million. It proves that we are on track with our transformation as we continue to strengthen our position toward becoming one of the most ecological and efficient special steel producers.

In terms of profitability the first quarter was particularly strong for applications of our engineering steel despite a slight decrease in sales volume, bolstered by very strong contributions from our Sales & Services division. Unfortunately, our results are currently negatively affected by the shortfall from our operations in Ugine following the severe accident in early January. While we look forward to ramping up the melt shop this summer, it has been pleasing to see the strong collaboration within the Group, supplying the ongoing Ugitech downstream operations from internal sources.

It is with deep dismay that we observe the situation in Ukraine and the human suffering it is causing. To date, the possible effects of the conflict on our business cannot be fully determined. Uncertainties have increased once more due to the geopolitical situation. At present no reliable statement can be made regarding its impact on supply chains, availability of raw materials and sustainable, cost-effective energy supply. We will continue to take necessary measures as the situation demands.”



Lucerne, May 10, 2022 – Swiss Steel Group, a world leader in special long steel, today reported revenue of EUR 1,028.8 million for the first quarter 2022 compared with EUR 751.6 million in the prior year quarter. This equates to an increase of 37%. Sales volume decreased by –6% to 480 kilotons, from 510 kilotons in Q1 2021. Adjusted EBITDA came to EUR 75.0 million, up from EUR 44.5 million in the prior year quarter. Net debt amounted to EUR 849.6 million, an increase of EUR 129.1 million from EUR 720.5 million recorded at the end of 2021.

Business performance in the first quarter of 2022

At 480 kilotons, –5.9% less steel was sold in the first quarter of 2022 compared with the same quarter of the previous year (Q1 2021: 510 kilotons). This was attributable to a –4.1% decrease in the sales volume for quality and engineering steel and a –17.9% decrease in the sales volume for stainless steel, while the tool steel sales volume increased by 2.9% quarter over quarter.

The average sales price per ton of steel was EUR 2,145 in the first quarter of 2022 and therefore considerably higher than in the same quarter of the previous year, when it stood at EUR 1,476 per ton. The transfer of higher raw material prices into our markets led to higher sales prices. Moreover, base prices were raised. The Group also started to implement the announced energy surcharges by the end of 2021 – passing on volatile energy prices and general inflation.

Consequently, resulting from higher average sales prices, revenue in the first quarter of 2022 increased by 36.9% to EUR 1,028.8 million compared to the same quarter in the previous year. The increase in revenue was spread across all product groups. By region, revenue climbed in all our sales markets, with the strongest rise in the American market (+43.4%), supported by higher activity in the oil and gas industry.

Adjusted EBITDA was EUR 75.0 million in the first quarter of 2022, a significant increase on the same quarter of the previous year (Q1 2021: EUR 44.5 million).

Free cash flow (cash flow from operating activities less cash flow from investing activities) in the first quarter of 2022 was EUR –108.1 million (Q1 2021: EUR –85.1 million) as prices for raw materials and energy increased further, leading to temporary investments in net working capital.

Outlook for financial year 2022

Based on our reported Q1 2022 results and our order book we expect a continued stable performance. However, the potential impact of the conflict in Ukraine on our business cannot yet be fully assessed. Temporary supply chain issues are likely to continue until at least the second half of 2022. In addition, extreme price turbulence for raw material, hikes in energy prices and the general risk of supply shortages for gas have recently increased again. On the basis of only immaterial disruptions, we continue to expect adjusted EBITDA to be in a range between EUR 160 and 200 million.

Key figures

Swiss Steel Group	Unit	Q1 2022	Q1 2021	Δ in %
Order backlog	kilotons	726	684	6.1
Sales volume	kilotons	480	510	-5.9
Revenue	million EUR	1,028.8	751.6	36.9
Average sales price	EUR/t	2,145	1,476	45.3
Adjusted EBITDA	million EUR	75.0	44.5	68.5
EBITDA	million EUR	67.6	41.9	61.3
Adjusted EBITDA margin	%	7.3	5.9	-
EBITDA margin	%	6.6	5.6	-
EBIT	million EUR	46.3	20.3	-
Earnings before taxes	million EUR	34.8	9.6	-
Group result	million EUR	27.1	4.8	-
Investments	million EUR	21.8	13.9	56.8
Free cash flow	million EUR	-108.1	-85.1	-27.0
	Unit	31.3.2022	31.12.2021	Δ in %
Net debt	million EUR	849.6	720.5	17.9
Shareholders' equity	million EUR	510.6	448.7	13.8
Gearing	%	166.4	160.6	-
Net debt/adj. EBITDA LTM (leverage)	x	3.8	3.8	0.0
Balance sheet total	million EUR	2,475.9	2,227.1	11.2
Equity ratio	%	20.6	20.1	-
Employees as of closing date	Positions	9,937	9,914	0.2
Capital employed	million EUR	1,745.9	1,588.6	9.9
	Unit	Q1 2022	Q1 2021	Δ in %
Earnings/share ¹⁾	EUR/CHF	0.01/0.01	0.00/0.00	-
Shareholders' equity/share ²⁾	EUR/CHF	0.17/0.17	0.15/0.16	-
Share price high/low	CHF	0.348/0.275	0.286/0.234	-

¹⁾ Earnings per share are based on the result of the Group after deduction of the portions attributable to non-controlling interests

²⁾ As of March 31, 2022 and as of December 31, 2021

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About Swiss Steel Group

Swiss Steel Group is today one of the world's leading providers of individual solutions in the special long steel products sector. The Group is one of the leading manufacturers of tool steel and non-corrosive long steel on the global market and one of the two largest companies in Europe for alloyed and high-alloyed quality and engineering steels. With close to 10,000 employees and its own production and distribution companies in 30 countries on 5 continents, the company guarantees global support and supply for its customers and offers them a complete portfolio of production and sales & services around the world. Customers benefit from the company's technological expertise, consistently high product quality around the world as well as detailed knowledge of local markets.

Forward-looking statements

This media release contains forward-looking statements, including presentations of developments, plans, intentions, assumptions, expectations, beliefs and potential impact or descriptions of future events, income, results, situations or outlook. These are based on the Company's current expectations, beliefs and assumptions, which may differ materially from future results, performance or achievements. The information contained herein is provided with the publication of this document. The forward-looking statements contained herein are not updated as a result of new information, future events or for any other reason.