

Ad hoc announcement pursuant to Art. 53 LR

Swiss Steel Group significantly increases profitability in Q2 2021

- **Adjusted EBITDA in Q2 2021 jumps to EUR 65.4 million compared with EUR –45.8 million in Q2 2020**
- **Sales volume in Q2 2021 of 518 kilotons up by 72.1% compared with Q2 2020 of 301 kilotons due to steady demand from the automotive industry as well as mechanical and plant engineering**
- **Order backlog in Q2 2021 of 650 kilotons significantly higher than in Q2 2020 by 113.8%**
- **Average sales price per ton in EUR 1,561.1 in Q2 2020 rises to EUR 1,621.0 in Q2 2021, significantly higher than in Q1 2021 at EUR 1,475.8**
- **Free cash flow EUR –65.2 million in Q2 2021 below the prior-year level of EUR –2.8 million due to rising raw material prices leading to further increase in net working capital**
- **Net debt cut from EUR 639.9 million at the end of 2020 to EUR 605.4 million in Q2 2020, with the equity ratio continuing to strengthen to 21.9%**
- **Transformation program continues to be on track, contributing to improved profit margins**
- **Re-dimensioning of capital market communication planned as of Q3 2021**
- **Outlook for fiscal year 2021: based on the assumption that our end markets remain stable and taking into consideration the seasonality of our business, Swiss Steel Group expects to achieve adjusted EBITDA of between EUR 150 and 180 million.**
- **Jörg Walther, member of the Board of Directors and Vice Chairman, resigns for personal reasons**

CEO Frank Koch stated: “I am delighted to be finally on board. From my past experience in the industry I was well aware of the strong industrial core, the technological capabilities and the dedicated workforce of the group. Since joining, I was able to confirm my expectations with a number of site visits and interactions with our team members. In line with the execution of our transformation program, where we are making good progress, and the post COVID-19 market recovery, which continued in the second quarter of 2021, our financial performance has improved significantly. Our outlook for the year 2021 confirms a continuing trend of post COVID-19 recovery in our main end markets automotive, mechanical and plant engineering as well as energy. However, the overall economic environment is still fragile. In the automotive industry, the semiconductor supply shortage is persisting, thereby affecting the order volumes of our customers. Additionally, the supply situation on the raw material markets remains volatile. In particular on the scrap market we see a continuing trend of price increases combined with supply shortages. Finally, the COVID-19 infection rates are currently rising in most parts of the world potentially leading to a new wave of restrictions and shutdown measures. Under the assumption that our end markets remain stable and taking into consideration the seasonal effects of the third and fourth quarter, we expect to achieve adjusted EBITDA in the range of EUR 150 to EUR 180 million.”

Jörg Walther, member of the Board of Directors and Vice Chairman, resigns for personal reasons with immediate effect from the Board of Directors. Chairman Jens Alder states: "We thank Jörg Walther for his services in his function as Vice Chairman and wish him all the best for the future."

Key figures

Swiss Steel Group	Unit	H1 2021	H1 2020	Δ in %	Q2 2021	Q2 2020	Δ in %
Sales volume	kilotons	1,028	758	35.6	518	301	72.1
Revenue	million EUR	1,590.6	1,174.5	35.4	839.1	469.9	78.6
Average sales price	EUR/t	1,549.0	1,549.5	0.0	1,621.0	1,561.1	3.8
Adjusted EBITDA ¹⁾	million EUR	109.9	-52.0	-	65.4	-45.8	-
EBITDA	million EUR	105.4	-61.3	-	63.5	-53.7	-
Adjusted EBITDA margin	%	6.9	-4.4	-	7.8	-9.7	-
EBITDA margin	%	6.6	-5.2	-	7.6	-11.4	-
EBIT	million EUR	62.8	-191.3	-	42.5	-159.6	-
Earnings before taxes	million EUR	41.3	-214.7	-	31.7	-171.0	-
Group result	million EUR	35.2	-201.5	-	30.4	-159.1	-
Investments	million EUR	34.7	33.4	3.9	20.8	18.8	10.6
Free cash flow	million EUR	-151.3	-90.1	-67.9	-65.2	-2.8	-
	Unit	30.6.2021	31.12.2020	Δ in %			
Net debt	million EUR	605.4	639.9	-5.4			
Shareholders' equity	million EUR	460.4	166.1	-			
Gearing	%	131.5	385.2	-			
Net debt/adj. EBITDA LTM (leverage)	x	6.5	n/a	-			
Balance sheet total	million EUR	2,103.9	1,715.7	22.6			
Equity ratio	%	21.9	9.7	-			
Employees as of closing date	Positions	9,847	9,950	-1.0			
Capital employed	million EUR	1,456.2	1,218.0	19.6			
	Unit	H1 2021	H1 2020	Δ in %	Q2 2021	Q2 2020	Δ in %
Earnings/share ²⁾	EUR/CHF	0.01/0.01	-0.10/-0.11	-	0.01/0.01	-0.08/-0.09	-
Shareholders' equity/share ³⁾	EUR/CHF	0.15/0.16	0.08/0.09	-	0.15/0.16	0.08/0.09	-
Share price high/low	CHF	0.478/0.234	0.340/0.126	-	0.478/0.268	0.203/0.138	-

¹⁾ For the reconciliation from adjusted EBITDA to EBITDA, please refer to the Interim report 2nd quarter 2021, page 14

²⁾ Earnings per share are based on the result of the Group after deduction of the portions attributable to non-controlling interests.

³⁾ As of June 30, 2021 and as of December 31, 2020

Business performance in the second quarter of 2021

At 518 kilotons, 72.1% more steel was sold in the second quarter of 2021 than in the same quarter of the previous year (Q2 2020: 301 kilotons) reflecting the ongoing past COVID-19 recovery in all relevant end markets. The average sales price per ton of steel continued to rise in the second quarter of 2021 and, at EUR 1,621.0, was higher than the average price achieved in the same quarter of the previous year (Q2 2020: EUR 1,561.1 per ton). This is mostly due to the increase in commodity prices, where the widespread use of surcharge mechanisms led to higher sales prices. The increased sales volumes and positive price development led to revenue of EUR 839.1 million, an increase of 78.6% to the prior-year quarter (Q2 2020: EUR 469.9 million). The increase in revenue was spread across all product groups, with the strongest growth in the quality & engineering steel product group. By region, revenue increased in all our sales markets. In Europe, our largest sales market, which was hit particularly hard by the measures to contain the COVID-19 pandemic in the prior-year quarter, sales increased by 87.2%.

At EUR 65.4 million in the second quarter of 2021, adjusted EBITDA was considerably higher than in the prior-year quarter (Q2 2020: EUR –45.8 million). One-time effects amounted to EUR 1.9 million and included, among other things, costs for the efficiency improvement program and COVID-19 protection materials. Including these one-time effects, EBITDA amounted to EUR 63.5 million. (Q2 2020: EUR –53.7 million). In the second quarter the adjusted EBITDA margin rose to 7.8% (Q2 2020: –9.7%) and the EBITDA margin to 7.6% (Q2 2020: –11.4%).

Net debt, comprising current and non-current financial liabilities less cash and cash equivalents, came to EUR 605.4 million, a decrease to the figure as of December 31, 2020 (EUR 639.9 million). This was due to the capital increase in the first quarter and compensated by investments in net working capital. In Q2 2021, free cash flow was negative at EUR –65.2 million due to investments in net working capital resulting from increased market activity and higher production volumes as well as raw material price increases.

Outlook for fiscal year 2021

The focus for the balance of 2021 will be on capturing market opportunities and responding to it with the necessary personnel and financial resources. The implementation of the transformation program is currently on track and will remain our key focus.

Under the assumption that our end markets remain robust and taking into consideration the seasonal effects of the third and fourth quarter, we expect to achieve adjusted EBITDA in the range of EUR 150 to 180 million.

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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