

Swiss Steel Group

Q3 2020 Results – Investors' & Analysts' Conference Call
Lucerne, November 11, 2020

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01 Business Review Q3/20

Transformation Expanded and Through-Financing Achieved

- ▶ Upswing in Automotive since mid-August with a footprint in the order books
- ▶ Implementation of transformation program visible in improving cost position
- ▶ Continuous focus on liquidity management stabilizing net debt
- ▶ Combination of the Swiss business to improve market presence and customer service
- ▶ Adaptation of the workforce in Germany hedged through a restructuring tariff agreement
- ▶ Swiss and French state-guaranteed-loans of EUR 69 million secured in Q3/20
- ▶ Shareholder loan of EUR 130 million complements through-financing till 2025
- ▶ Automotive to continue catching Q4/19 levels towards year-end while other segments sluggish; 2021 heavily dependent on economic implications of COVID-19 crisis

Sales Impacted by COVID-19 Improving from Mid-August

Sales volume	332 kilotons	–18.0% (405 kilotons)
Revenue	EUR 509 million	–24.0% (EUR 670 million)
Adj. EBITDA	EUR –21.1 million	EUR –32.9 million in Q3/19
Group result (EAT)	EUR –66.3 million	EUR –432.2 million in Q3/19
Free cash flow	EUR 9.3 million	EUR 6.0 million in Q3/19

Raw material markets show weakening of production decline

Commodity prices

(Q3 development in local currency)

Nickel	+15%
Scrap (Germany)	+9%
Ferrochrome	+6%
Oil (WTI)	+1%

Order entry of German mechanical / engineering sector

−15 / −11% Q3 20 vs. Q3 19

Production in the Automotive industry:

Europe*

USA**

China

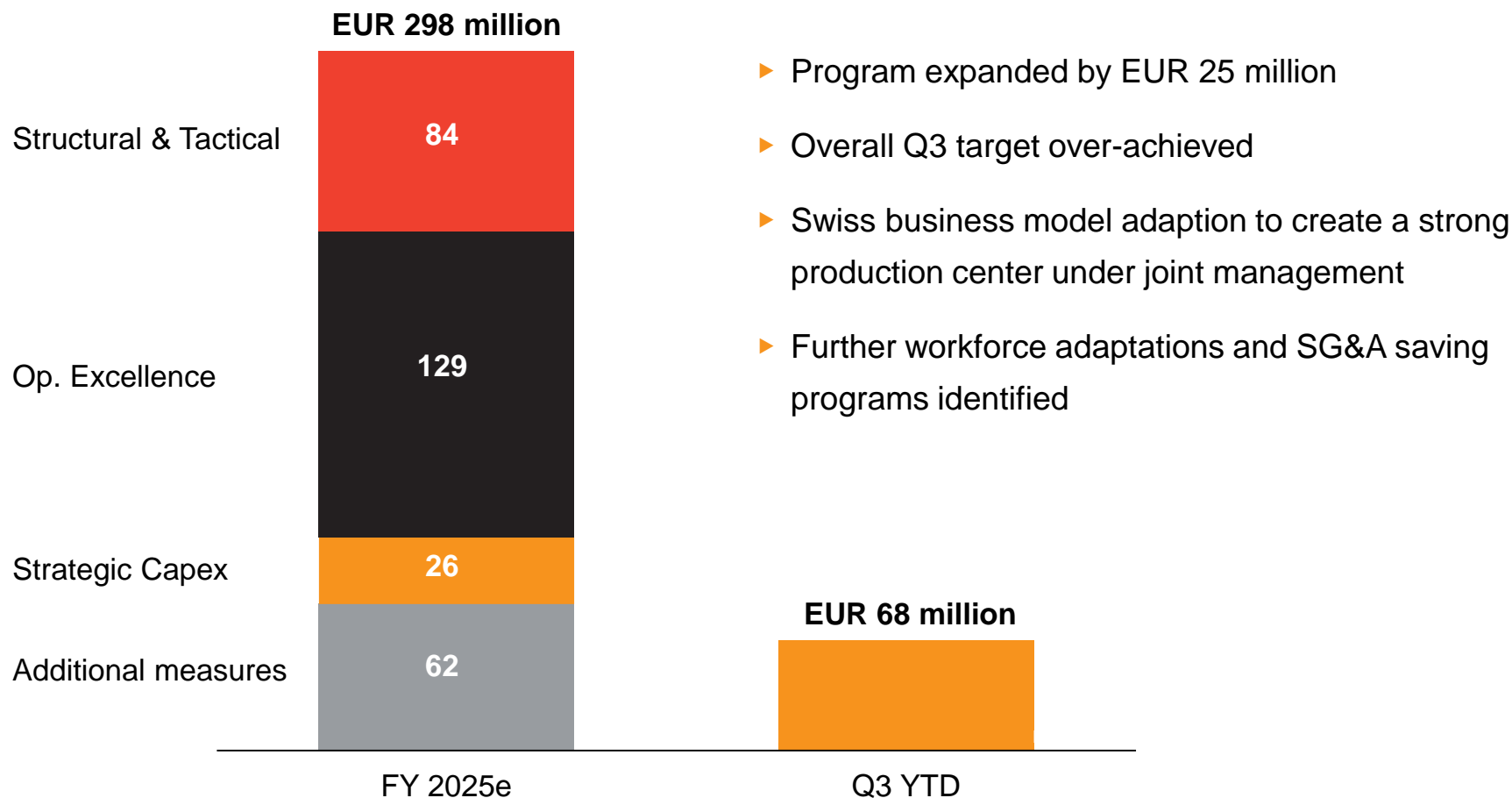
−9%	Q3 20 vs. Q3 19
−3%	Q3 20 vs. Q3 19
+8%	Q2 20 vs. Q3 19

Sources: LME, BDSV, ICDA (International Chromium Development Association), Bloomberg, German Technical Statistics Office, LMC Automotive, China Association of Automobile Manufacturers (CAAM) and U.S. Bureau of Economic Analysis

* Light vehicles (passenger cars + light trucks), includes 17 European countries: Germany, France, Spain, Great Britain, Italy, Austria, Belgium, Finland, Netherlands, Portugal, Sweden, Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia

** passenger cars

Transformation on Track and Expanded from 273 to 298 mEUR

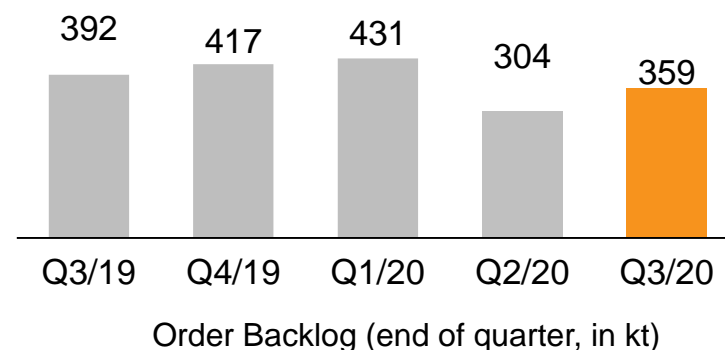


02 Financial Performance Q3/20

Slight Recovery after Historical Low in Previous Quarter

Order Backlog	359 kilotons	-8.4%	vs. end Q3/19 (392 kilotons)
Crude Steel Production	348 kilotons	-11.9%	vs. Q3/19 (395 kilotons)
Sales Volume	332 kilotons	-18.0%	vs. Q3/19 (405 kilotons)

- ▶ Improving order book after historical low in Q2 2020 driven by recovering demand from the Automotive industry
- ▶ Crude steel production adopted to demand while still achieving a further decrease in inventories
- ▶ Sales volume down by 18.0%, driven by COVID-19 up until summer break and ongoing weak demand from Mechanical Engineering as well as Oil & Gas

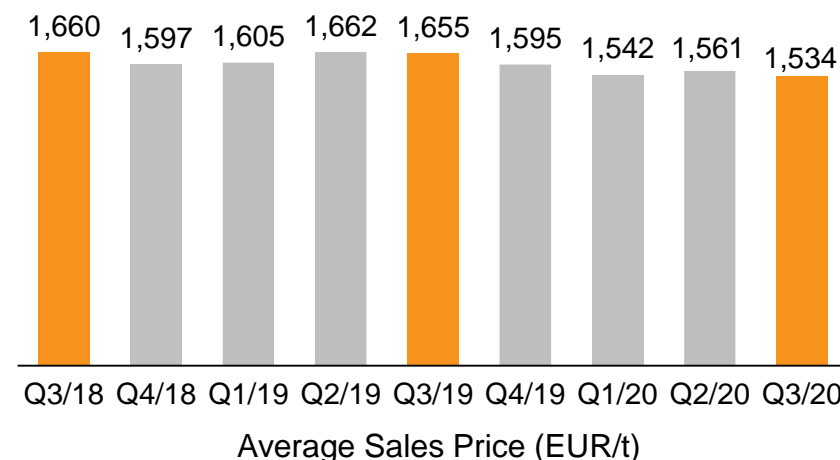


Average Sales Price Under Strong Market Pressure

in EUR/t	Q3/20	Δ in % vs Q3/19
Average Sales Price (ASP)	1,534	-7.3
Quality & Engineering	923	-10.0
Stainless	2,857	-9.1
Tool	2,797	-7.9

in EUR million	Q3/20	Δ in % vs Q3/19
Revenue	509	-24.0
Quality & Engineering	219	-27.5
Stainless	197	-21.3
Tool	79	-19.9

- ▶ Prices remain under strong pressure despite recovery of alloy and scrap surcharges
- ▶ Quality & Engineering Steel and Tool Steel prices stabilizing, with slight increase from previous quarter



Strong Counter Measures Limited Impact on Adjusted EBITDA

Adjusted EBITDA	EUR –21.1 million	EUR –32.9 million in Q3/19
– EUR/t	EUR –63.3/t	EUR –81.2/t in Q3/19
– margin	–4.1%	–4.9% in Q3/19
EBIT	EUR –52.6 million	EUR –388.3 million in Q3/19
Group Result	EUR –66.3 million	EUR –432.2 million in Q3/19

- ▶ Ongoing efforts – including use of short term work – to adapt cost basis provided significant relief
- ▶ Gross profit margin improved by 3% to 32.4% compared to previous year
- ▶ Release in personnel expenses of EUR 24¹ million through short-time work and workforce reduction.
Additional measures such as restructuring tariff agreement at DEW in progress
- ▶ One-time effects of EUR 7.8 million for restructuring measures and performance improvement programs
- ▶ D&A additionally includes an impairment of EUR 8.2 million for Ascometal

1) EUR 34 million lower personnel expenses reported, as Q3/19 included EUR 10 million provision for restructuring

Successful Cash Preservations Resulted in Positive Free Cash Flow

Net Working Capital (NWC)	EUR 739 million	EUR 872 million	in Q3/19
Free Cash Flow	EUR 9.3 million	EUR 6.0 million	in Q3/19
Net Debt	EUR 610 million	EUR 798 million	YE/19
Equity Ratio	10.9%	9.6%	YE/19

- ▶ Further reduced NWC despite slightly recovering market environment
- ▶ Positive Free Cash Flow through inventory and CAPEX reduction
- ▶ Stabilization of net debt, notwithstanding ongoing operating losses
- ▶ State guaranteed loans in France and Switzerland in the amount of EUR 69 million received
- ▶ Shareholder loan of EUR 130 million complements through-financing till 2025
- ▶ Bond buy-back initiated

02 Outlook

Signs of Limited Market Recovery in Q4/20

Market

- ▶ Automotive expected to continue to recover; sluggish in the mechanical and plant engineering as well as in the energy sectors
- ▶ Continued short term order behavior and poor visibility
- ▶ Normalization with slow ramp-up of market and very unusual protracted recovery continues

Priorities for the Group

- ▶ Continuation optimizing liquidity and executing the expanded transformation program
- ▶ Support demand normalization and keep our cost structure as flexible as possible

Guidance for full-year 2020

- ▶ Auto in Q4/20 to arrive at 2019 year-end levels, overall catch up not expected until first half of 2021 heavily depending on economic impacts of COVID-19

Q & A

Financial Calendar and Contact

Date	Event
March 10, 2021	Annual Report 2020, Media and Investor Conference Zurich
April 27, 2021	Annual General Meeting 2021, Lucerne
May 6, 2021	Interim Report Q1 2021, Media and Investor Conference Call
August 11, 2021	Interim Report Q2 2021, Media and Investor Conference Call
November 10, 2021	Interim Report Q3 2021, Media and Investor Conference Call

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