Ad hoc announcement pursuant to Art. 53 LR

Swiss Steel Group saw expected slowdown in activity in Q3 2022

- **Revenue rose by 24 % to EUR 946.8 million in Q3 2022 versus EUR 765.0 million in the prior-year quarter, while the sales volume declined from 410 kilotons to 364 kilotons**
- **Average sales prices continued their strong upward trend, climbing from EUR/t 1,868 to EUR/t 2,604 year over year in the third quarter, mainly reflecting higher raw material and energy prices**
- **Adjusted EBITDA for Q3 2022 reached EUR 9.6 million, compared with EUR 41.8 million in Q3 2021**
- **Net debt has been reduced from EUR 936.3 million at the end of Q2 2022 to EUR 913.2 million**
- **Outlook for 2022: Swiss Steel Group confirms its forecast of adjusted EBITDA for the full year at the lower end of EUR 220 – 260 million**

CEO Frank Koch comments: “We saw the usual seasonal slowdown in activity during the summer months. This was additionally exacerbated in these challenging times by lower market demand, which we had already anticipated in our production planning. The continuous uptrend in our revenue to EUR 946.8 million in the third quarter of 2022 compared to the prior-year quarter was mainly driven by an almost 40 % increase in the average sales price to EUR/t 2,604, while our sales volume dropped by 11 % during the same period. These factors resulted in an adjusted EBITDA of EUR 9.6 million. Sharply fluctuating market demand and continued high costs for input factors will require further measures to adjust our production and cost positions in the coming months.

Nonetheless, we are making good progress with our strategic SSG 2025 program. On September 1, 2022, we took the first important step by operationalizing our new sales Divisions Stainless Steel, Engineering Steel and Tool Steel. Supported by the Group-wide harmonization of production processes, the holistic market approach of the new organization will create more effective and tailored customer services in the future.

The current energy crisis shows the importance and necessity of further strengthening our positioning in sustainable steel production. We have finalized our roadmap to meet our Science Based Target Initiative (SBTi) commitment and will reduce our CO_2 emissions by 42 % during the next decade, starting from our current carbon footprint that is approximately 78 % below the global industry average.”

Lucerne, November 10, 2022 – Swiss Steel Group, a world leader in special long steel, today reported revenue of EUR 946.8 million for the third quarter of 2022, compared with EUR 765.0 million in the prior-year quarter. This constitutes an increase of 24 %. The sales volume decreased by – 11 % to 364 kilotons, down from 410 kilotons in Q3 2021. Adjusted EBITDA came to EUR 9.6 million, compared with EUR 41.8 million in the same quarter last year. Net debt amounted to EUR 913.2 million, a reduction of EUR 23.1 million from EUR 936.3 million recorded at the end of the second quarter of 2022.

Business performance in the third quarter of 2022

At 364 kilotons, – 11.2 % less steel was sold in the third quarter of 2022 compared with the same quarter of the previous year (Q3 2021: 410 kilotons). The decrease was spread across all product groups, with the strongest decrease in stainless steel (– 17.6 %) but also lower sales volumes for engineering steel (– 10.2 %) as well as tool steel (– 6.3 %).

The average sales price per ton of steel was EUR 2,604 in the third quarter of 2022 and therefore considerably higher than in the same quarter of the previous year, when it stood at EUR 1,868 per ton. Base price increases and the transfer of higher input costs into our markets led to higher sales prices overall.

Due to these higher average sales prices, revenue in the third quarter of 2022 increased by 23.8 % to EUR 946.8 million compared to the same quarter of the previous year. The increase in revenue was spread across all product groups. By region, revenue climbed in all of our sales markets, with the strongest gains in the American market (+54.3 %).

Adjusted EBITDA was EUR 9.6 million in the third quarter of 2022, compared with EUR 41.8 million in the same quarter of the previous year, as the Group adjusted its production to the significantly lower market demand.

Free cash flow (cash flow from operating activities less cash flow from investing activities) in the third quarter of 2022 was EUR 52.2 million (Q3 2021: EUR – 18.2 million) as net working capital was reduced in line with the lower activity.

Outlook for financial year 2022

The geopolitical situation remains unstable, supply chains continue to face manifold disruptions and a potential economic slowdown has become imminent, predominantly in Europe. We currently cannot definitively assess the material uncertainties resulting from energy pricing and availability and the legal framework for possible political countermeasures. As a consequence, we expect ongoing subdued market demand and a resulting decline in margins. Assuming no additional material disruptions, we forecast an adjusted EBITDA at the lower end of the unchanged range between EUR 220 and 260 million.

Key figures

Swiss Steel Group	Unit	9M 2022	9M 2021	Δ in %	Q3 2022	Q3 2021	Δ in %
Order backlog	kilotons	447	716	–37.6	447	716	–37.6
Sales volume	kilotons	1,301	1,438	–9.5	364	410	–11.2
Revenue	million EUR	3,091.4	2,355.7	31.2	946.8	765.0	23.8
Average sales price	EUR/t	2,378	1,640	45.0	2,604	1,868	39.4
Adjusted EBITDA	million EUR	180.5	151.7	19.0	9.6	41.8	–77.0
EBITDA	million EUR	162.3	146.9	10.5	5.2	41.5	–87.5
Adjusted EBITDA margin	%	5.8	6.4	–	1.0	5.5	–
EBITDA margin	%	5.3	6.2	–	0.5	5.4	–
EBIT	million EUR	90.7	80.8	12.3	–22.5	18.0	–
Earnings before taxes	million EUR	54.5	47.9	13.8	–35.0	6.6	–
Group result	million EUR	36.6	38.8	–5.7	–37.4	3.6	–
Investments	million EUR	73.7	63.2	16.6	31.4	28.5	10.2
Free cash flow	million EUR	–121.9	–169.9	28.3	52.2	–18.2	–
	Unit	**30.9.2022**	**31.12.2021**	**Δ in %**			
Net debt	million EUR	913.2	720.5	26.7			
Shareholders' equity	million EUR	575.5	448.7	28.3			
Gearing	%	158.7	160.6	–			
Net debt/adj. EBITDA LTM (leverage)	x	4.1	3.8	7.9			
Balance sheet total	million EUR	2,567.0	2,227.1	15.3			
Equity ratio	%	22.4	20.1	–			
Employees as of closing date	Positions	9,897	9,914	–0.2			
Capital employed	million EUR	1,822.0	1,588.6	14.7			
	Unit	**9M 2022**	**9M 2021**	**Δ in %**	**Q3 2022**	**Q3 2021**	**Δ in %**
Earnings/share [1)]	EUR/CHF	0.02/0.02	0.01/0.01	–	0.02/0.02	0.00/0.00	–
Shareholders' equity/share [2)]	EUR/CHF	0.19/0.19	0.15/0.16	–	0.19/0.19	0.15/0.16	–
Share price high/low	CHF	0.348/0.210	0.478/0.234	–	0.299/0.220	0.459/0.372	–

[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 September 30, 2022 and as of December 31, 2021

– END –

For further information:

For media inquiries:
Anina Berger, a.berger@swisssteelgroup.com, phone +41 41 581 4121

For analyst/investor inquiries:
Burkhard Wagner, b.wagner@swisssteelgroup.com, phone +41 41 581 4180

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 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 impacts, as well as descriptions of future events, income, results, situations or outlooks. 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.