Swiss Steel Group

Media and Investor Presentation
Full-year and Q4 2021 Results

Lucerne, March 8, 2022

Disclaimer

Forward-looking statements

This presentation contains forward-looking statements about developments, plans, intentions, assumptions, expectations, convictions, possible impacts or the description of future events, outlooks, revenues, results or situations, for example. These are based upon the company's current expectations, convictions and assumptions, but could materially differ from any future results, performance or achievements. We are providing this communication as of the date hereof and do not undertake to update any forward-looking statements contained herein as a result of new information, future events or otherwise.

Rebound of profitability in 2021 - Transformation on track

- **Sales volume** in 2021 increased by more than 20 % despite softening of demand from automotive in Q4/21
- **Revenue** for the full-year rose by 40 % supported by higher raw material prices
- **Adjusted EBITDA** in 2021 came in at EUR 191.6 million (EUR – 68.9 million in 2020)
- **Net debt** increased by EUR 80 million to EUR 720.5 million largely due to higher raw material and energy prices
- **Capital increase** in Q1 2021 of EUR 223.5 million bolstered the balance sheet
- **Order book** at the end of the year at 691kt, 22% above Q4/20 and only slightly below Q3/21
- **Strategy** transformation **SSG 2025** on track
- New **Executive Board members** to focus on core products – engineering, tool and stainless steel
- Become a global leader in **Green Steel**
- **Ugine** accident in January 2022 currently limits the site‘s output

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Our strategy SSG2025 is structured around three focus areas

Stabilize and Strengthen for Growth

Growth in Core Segments and Green Steel Transformation

Operating Model driven market back by Product Group Organization

MARKETS

- STAINLESS STEEL
- ENGINEERING STEEL
- TOOL STEEL

I. COST & EFFICIENCY IMPROVEMENT

II. ORGANIC GROWTH

III. TARGET OPERATING MODEL

→ **Robust and best-in-class special long steel player**

→ **Profitable growth and expansion of market share in core segments Engineering, Tool and Stainless Steel**

→ **Product Group strategies leveraging EAF- network across Europe and North America**

→ **Lead the Green Transformation in Europe**

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Swiss Steel Group's ambition is to become a global leader in Green Steel

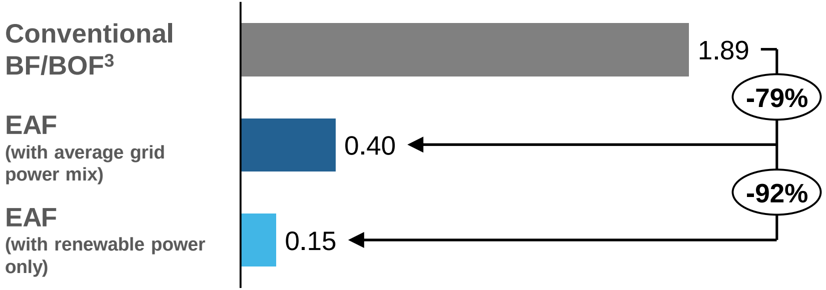
Steel at heart of transition to net zero economy

- **Steelmaking** is responsible for **~8%[1] of global annual emissions**
- **Steel** needs to be **produced and sourced** in a **dramatically more sustainable** way
- **Net zero** not possible without green steel – **green steel production** to **grow rapidly**
  - **Electric Arc Furnace** (EAF) technology will be **key** to **reducing emissions**: Share of **EAF-produced steel** to more than **double** by 2050[2]
  - OEM **customers** will **increasingly demand green steel** to meet their own net zero objectives

We are naturally green

- There is a **greener way** of **making steel**: The **EAF route** is **~95% less carbon intensive** when using zero carbon electricity than the conventional BF/BOF route
- **Our steel** is **naturally sustainable** - as we rely on our EAF network and the use of recycled steel scrap

Emissions intensity of steelmaking processes
tons CO_2 per ton of crude steel



1. 2.6bn tons of CO_2; 2. IEA Net Zero 2050 scenario; 3. World Steel global average EAF & BF/BOF route; Note: Figures are industry averages
Source: SSG internal research; World Steel Association, 2021

A three-pronged approach to delivering on this ambition

1. Decarbonization strategy

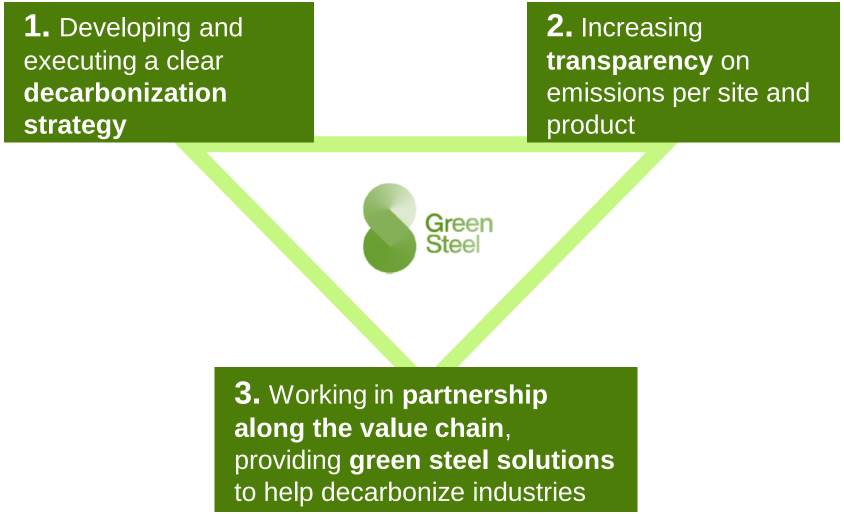
- Commitment to an ambitious, Paris-aligned, decarbonization path including clear interim- and longer-term targets
- Intention to have plan validated by the Science Based Targets initiative

2. Increasing transparency

- Independent verification of individual product carbon footprints expected in H1/2022, enabling the launch of certified green steel products*

3. Working in partnerships

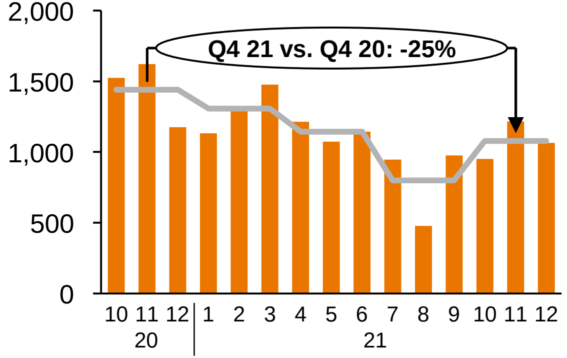
- Partnering across the value chain and offering new products to meet client needs for low-carbon steel



* There is currently no global standard for green steel. Local/regional standardization and labelling efforts are ongoing and Swiss Steel is observing and engaging closely. The EU Taxonomy's technical standards will have a key impact on these developments.

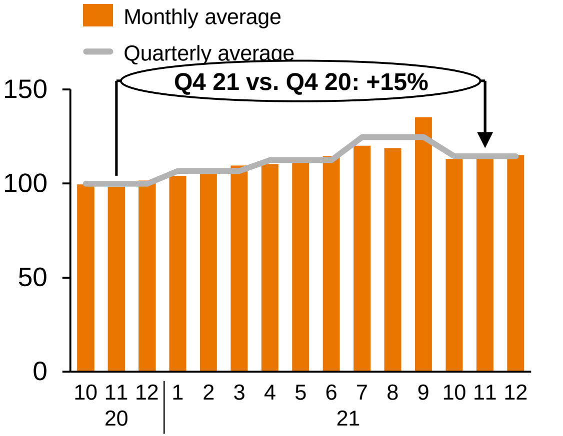
Strong demand in all key customer industries but supply chain disruptions limiting production especially in automotive

Light vehicle production EU17
(thousand units)



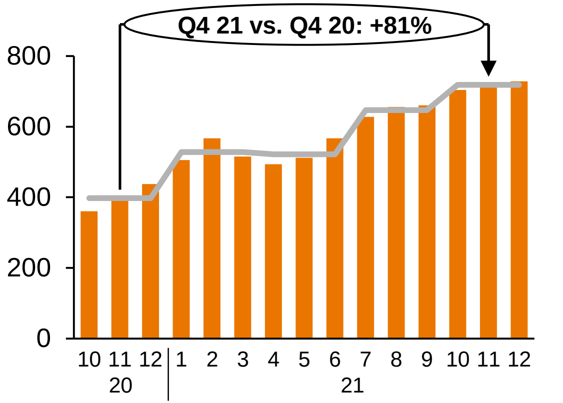
- Final customer demand perceived as strong
- Production negatively impacted by semiconductor shortage and other disruptions of the supply chain

Order intake German mechanical engineering (index1))



- Partial recovery of production in 2021, however, average order intake returned and exceeded the pre-pandemic level

North American rotary rig count
(number of active rigs)

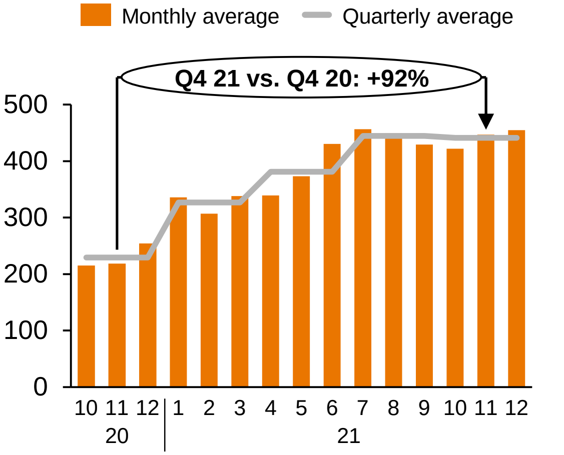


- Upward trend in the North American rotary rig count 2021 amid increased global oil consumption, production and crude oil prices

1) Seasonally adjusted, 2015 = 100
Sources: LMC Automotive (as of January 2022), German Federal Statistics Office, Baker Hughes, Bloomberg

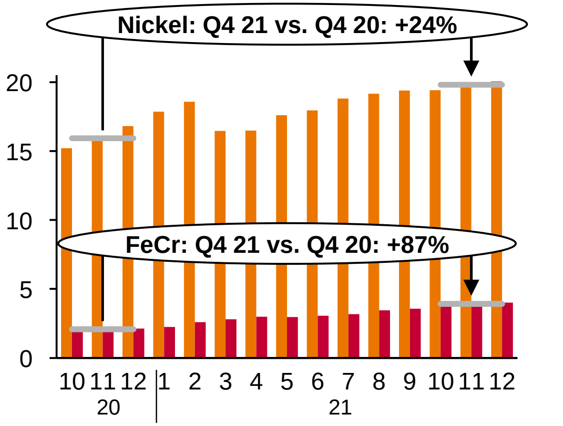
Price inflation across all key input factors

German Scrap Type 2/8
(EUR per ton)



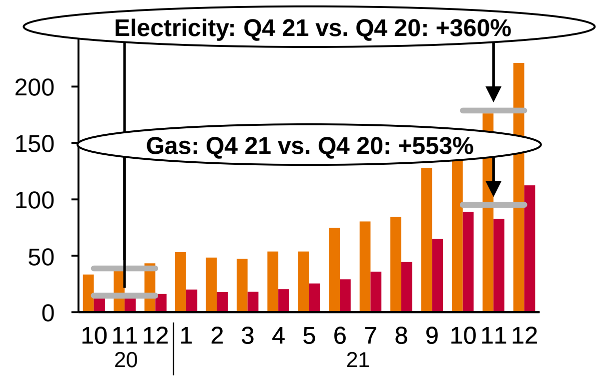
– Upward trend driven by rising demand and tight supply due to lower availability of new scrap

Alloys
(average prices, USD k per ton)



– Nickel driven by battery sector for EVs and from stainless steel producers
– Ferrochrome continuous strong demand not matched by increasing supply

Energy (spot price)
(EUR per MWh)

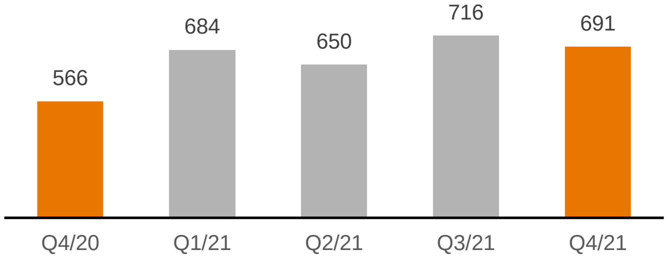


– Increased demand from the industrial sector with higher demand for fossil fuels combined with supply constraints and higher CO_2 costs

1) EU High Carbon (HC) Ferrochrome) 2) LME Cash settlement 3) Epex Spot German Day-Ahead Electricity Auction Baseload Index
4) THE (Trading Hub Europe) Day-Ahead spot price Sources: BDSV, LME, Fastmarkets sourced from ICDA, European Energy Exchange, Bloomberg, IEA

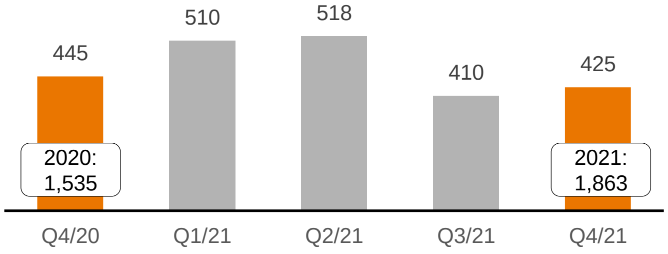
Volatility in automotive led to slight reduction of sales volume

Order backlog (kt)



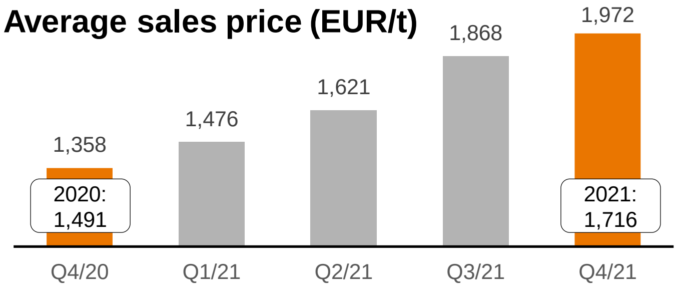
- High order book confirming post COVID-19 recovery but decline compared to previous quarter reflecting uncertainties due to semi-conductor shortages

Sales volume (kt)



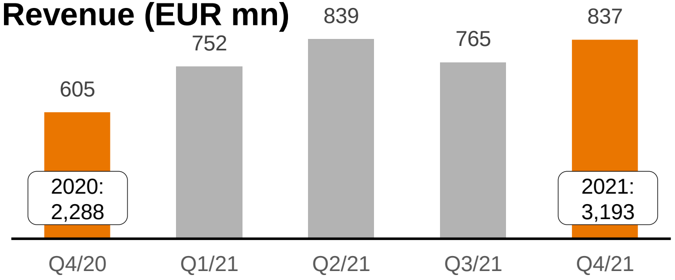
- Reduction of sales volume compared to previous year quarter driven by quality & engineering steel where volatility in demand from the automotive industry had an negative impact

Average sales price (EUR/t)



- Continuous increase in average sales prices on the back of climbing raw material prices, additionally amplified by a more favorable product mix

Revenue (EUR mn)



- Despite lower sales volume, revenue considerable above prior year quarter with uptick across all regions and product groups, driven by high sales prices

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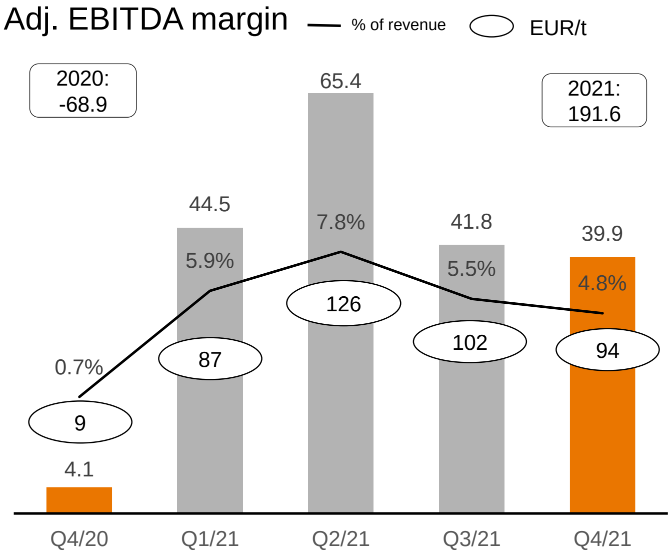
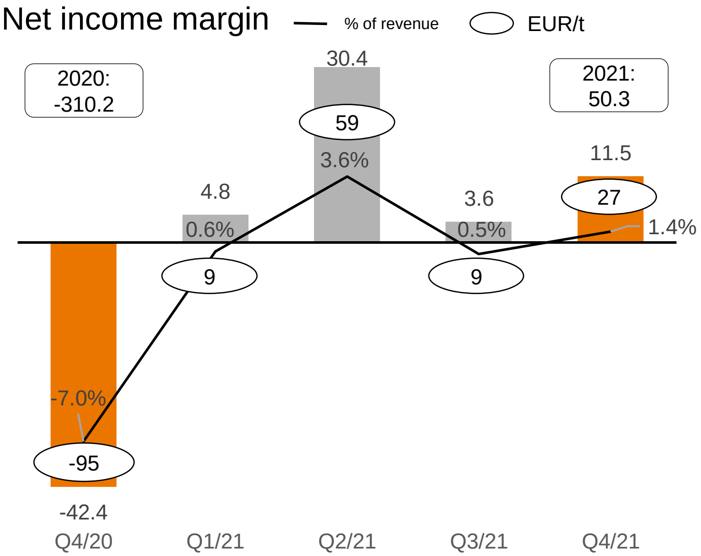
Strong profitability despite challenging external factors

Adj. EBITDA (EUR mn)



Net income (EUR mn)

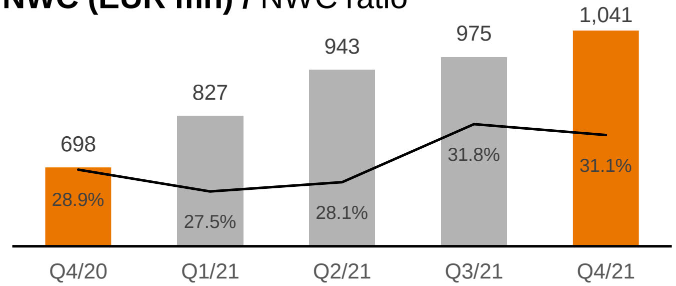


- Good profitability despite challenging factors such as the global increase in energy prices, semiconductor shortages and the resurging pandemic
- The one-time effects in Q4/21 amounted to EUR – 13.2 million and included reversal of restructuring expenses at DEW and Ascometal, insurance income Hagen for which expenses have not yet incurred due to ongoing repair, as well as costs for the reorganization and transformation program

- Net revenue increased vs previous quarter given substantial amount of negative adjusted one-time effects in Q4/21 – excluding adjustments, IFRS EBITDA increased by EUR 11.6 million vs Q3/21

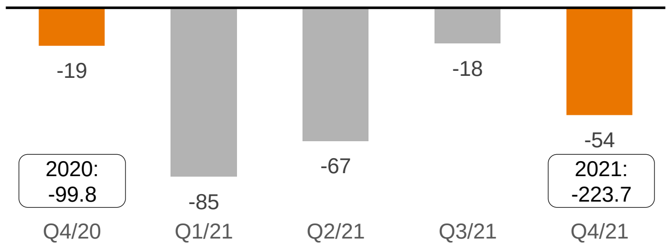
Negative cash flow driven by investment in net working capital

NWC (EUR mn) / NWC ratio



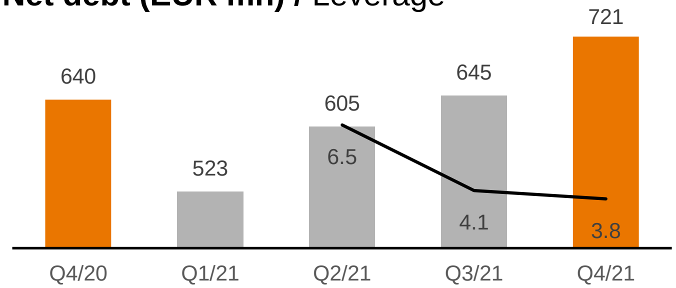
- Additional increase in net working capital driven by increase in inventory due to ongoing high raw material prices

Free Cash Flow (EUR mn)



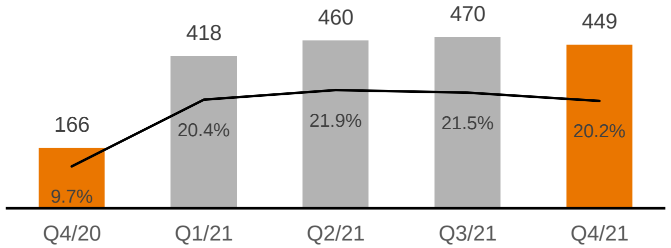
- Negative cash flow despite good operating result driven by temporary increase in net working capital

Net debt (EUR mn) / Leverage



- Net debt above year end despite capital increase. Nevertheless, reduction of leverage due to high profitability

Equity (EUR mn) / Equity ratio



- Improvement of equity and equity ratio due to capital increase, additionally strengthened by positive net income and positive valuation effects from pension obligation

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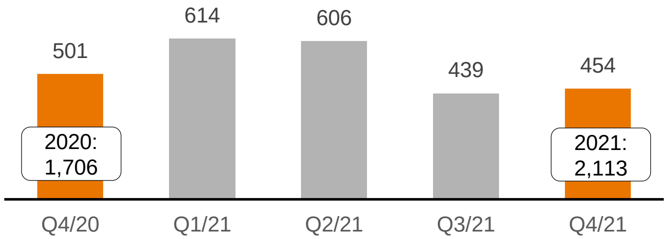
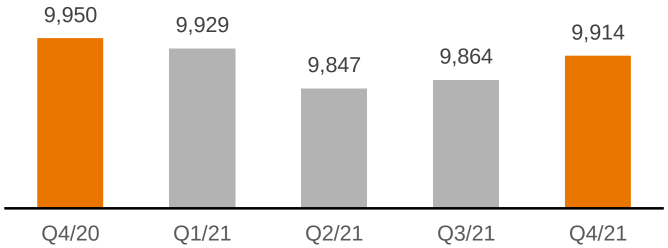
Adoption of crude steel production as response to high energy prices

Crude steel production (kt)



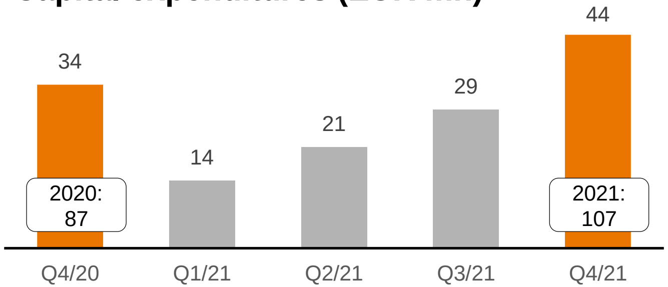
- After a seasonally low third quarter, crude steel production was also cut in Q4/21 in order to adapt to lower automotive intake and high energy prices

Headcount



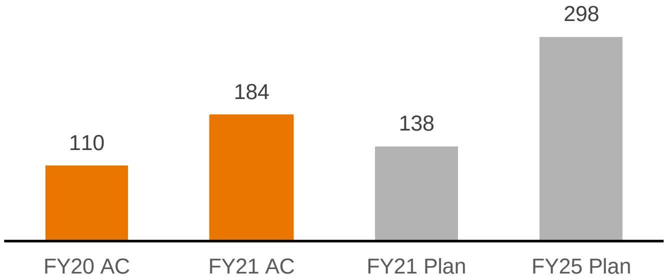
- After constant reduction of headcount since 2018, our number of employees increased in Q3/21 and Q4/21

Capital expenditures (EUR mn)



- Seasonally higher capital expenditures in Q4/21, overall higher maintenance costs in 2021 given increased production

Transformation Office Contribution (EUR mn)



- Program execution ahead of plan supported by good market environment

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Outlook – Positive trends continue with some uncertainties

Market outlook

- Generally good demand from key end user markets
- Supply chain disruptions in the automotive industry should decrease in the second half of the year
- Cost inflation with extreme volatility and levels of energy and raw material prices have exacerbated uncertainty
- Current geopolitical tensions are currently increasing such effects

Priorities for the Group

- Continue to drive forward transformation of the group
- Commit and execute Green Steel transition
- Reinstall capacities and damage repair in Ugine

Outlook FY 2022

Swiss Steel Group is despite the burden of the unforeseen accident in Ugine cautiously optimistic to affirm the rebound seen in 2021 and expects an adjusted EBITDA between EUR 160 and 200 million. This assumes immaterial disruption due to current geopolitical instability

Q&A

Financial calendar and contact

Date	Event
April 26, 2022	Annual General Meeting 2022
May 10, 2022	Media Release Q1 2022
August 16, 2022	Interim Report Q2 2022, conference call for media, financial analysts and investors
November 10, 2022	Media Release Q3 2022

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