

Swiss Steel Group

Media and Investor Presentation
Full-year 2023 Results

Emmenbrücke, March 14, 2024



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.

Frank Koch and Marco Portmann welcome you to today's media and investor presentation



Frank Koch
Group CEO



Marco Portmann
Group CFO

Annual Results 2023 – Weak markets and significant one-time losses lead to negative result

Sales volume

1,375

kilotons
-17.3% vs. PY

Net revenue

3,244.2

million EUR
-19.9% vs PY

Adj. EBITDA

-40.9

million EUR
2022: EUR 217 million

Free Cash Flow

85.4

million EUR
2022: EUR -53.7 million

Net working capital

826.2

million EUR
-25.7% vs. PY

Net debt

828.6

million EUR
-2.3% vs. PY

Shareholders' equity

234.4

million EUR
-55.8% vs. PY

Employees

8,812

Headcount
-10.6% vs PY

The background features a large, vibrant red shape that curves across the frame. In the upper right corner, a bright yellow circular segment is partially visible against a solid black background.

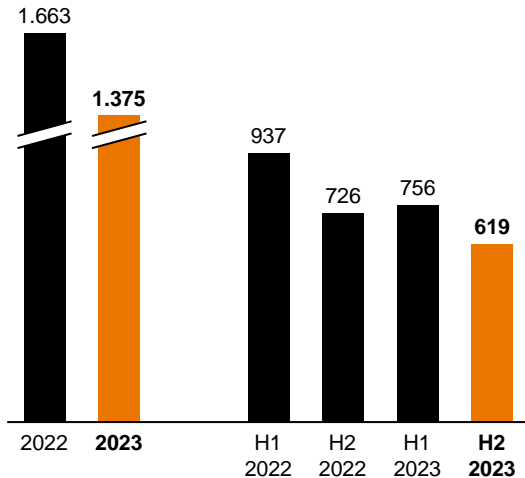
Group Performance 2023

Marco Portmann, CFO

Sales volume significantly declined in weak economic environment

Sales volume

in kilotons

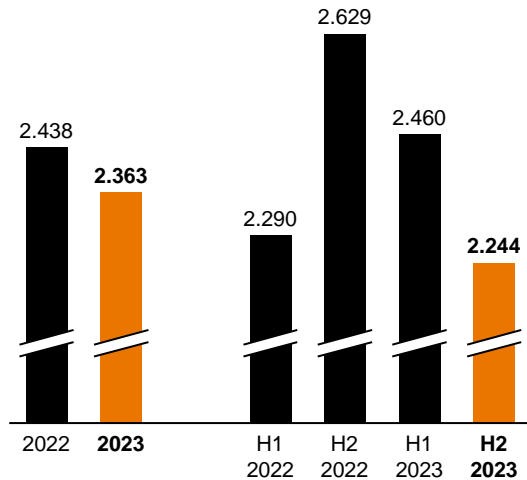


- Very weak market demand, especially for Engineering Steel
- Automotive production below pre-pandemic levels, reduced capital investments in the mechanical engineering sector and due to interest rate hikes
- Inventory destocking by customers further exacerbated weak market demand

Sales prices under significant pressure after record high in 2022

Average sales price

in EUR per ton

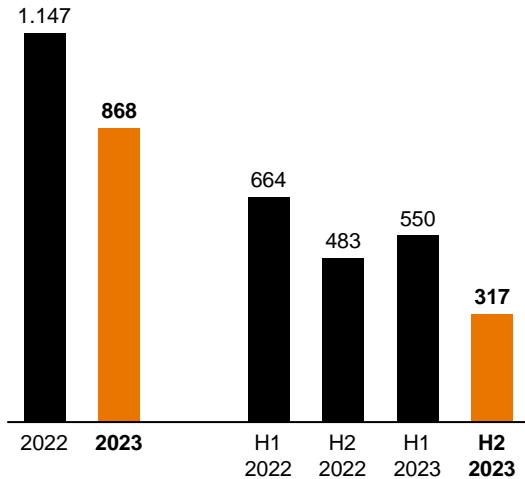


- Decreasing energy and raw material prices after record highs in H2 2022
- Amplified price pressure in weak markets
- Triggering one-time valuation losses of inventory
- **Revenue, as the result of sales volume and price decline fell nearly 20% to EUR 3,244 million (H2 2023 down 27% to EUR 1,387 million)**

Gross profit dropped by one third in very difficult H2 2023

Gross profit

in EUR million

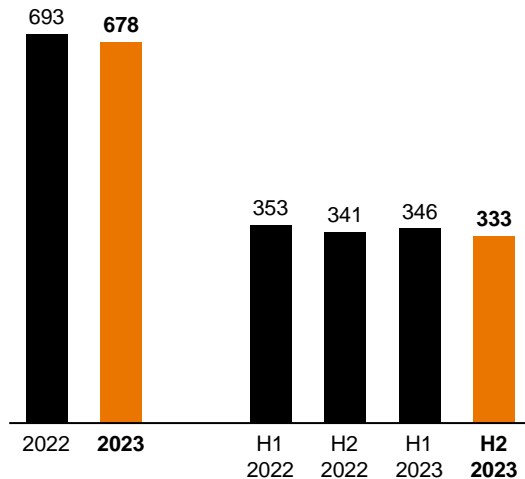


- Crude steel production down 14.2% to 1,543kt.
- Required minimum plant utilization was not given in all major production sites
- Production cost degression limited, as not fully variable at such significant underutilization

Significant headcount reduction achieved. One-off costs incurred, with savings to be realized beginning 2024

Personnel expenses

in EUR million

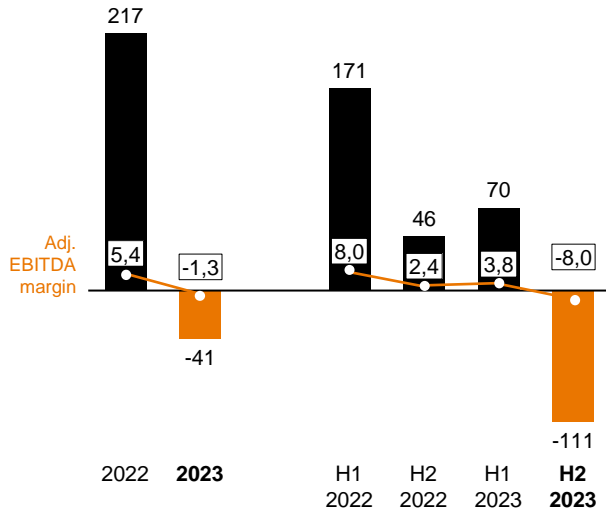


- Headcount reduced by 1,045 (10.6%) to 8,812. Includes 251 employees from divestment of Eastern European sales and distribution entities
- Social plan at DEW in Germany implemented. Further headcount reduction to come in 2024
- Comparatively unchanged personnel expenses due to social plan one-off costs, with savings materializing beginning in 2024

Full-year financial performance characterized by very weak market demand, low production and one-off expenses and losses

Adj. EBITDA / Adj. EBITDA margin

in EUR million / %

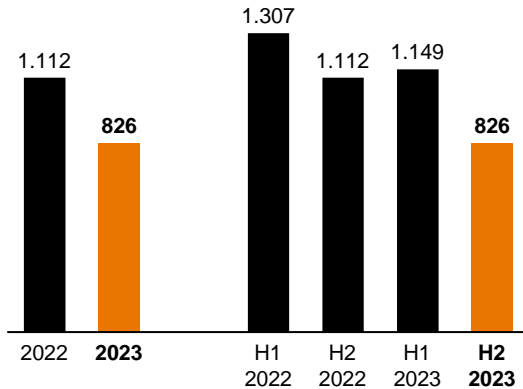


- Severe losses from very weak market demand, and hence underutilized production assets
- One-time expenses of EUR 61 million, mainly linked to performance improvement program, restructuring and personnel measures
- Significant one-time inventory valuation losses, driven by decreasing input costs (energy and raw materials)

Significant net working capital released, including reducing inventory to new lowest level

Net working capital

in EUR million

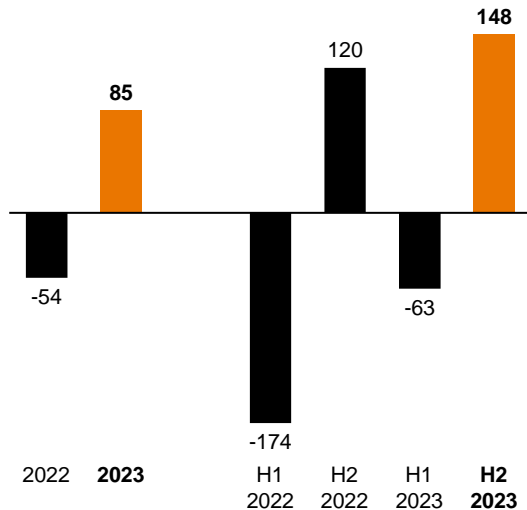


- Net working capital reduced to EUR 826 million, releasing EUR 286 million vs year-end 2022
- Net working capital release in 2023 driven by low market activity, amplified by liquidity considerations
- Inventories as main lever, reduced by EUR 251 million, reaching new record lows in tons

Positive free cash flow achieved, despite severe losses

Free cash flow

in EUR million

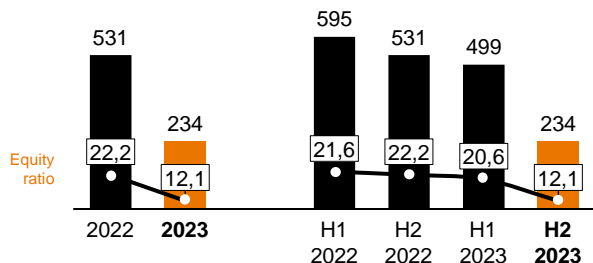


- Positive free cash flow of EUR 148 million in H2 2023 and EUR 85 million in FY 2023 achieved
- Main driver to safeguard liquidity was release of net working capital of EUR 286 million
- Supported by divestment proceeds of EUR 25 million, mainly from divestment of Eastern European sales and distribution entities

Shareholders' equity exposed due to negative Group result

Shareholders' equity

in EUR million / %



- Equity decreased by EUR 297 million to EUR 234 million compared to prior year
- Attributable to negative Group loss of EUR 295 million
- As a result, equity ratio decreased to unsustainable 12.1 %
- Equity increase equivalent to EUR 300 million proposed to shareholders, backstopped by BigPoint Holding AG



Strategy and Outlook

Frank Koch, CEO

Charting a course through our challenges: immediate priorities for Swiss Steel Group

Three major challenges that we must resolve:

1 Strengthen liquidity and balance sheet

2 Increase resilience against external factors

3 Secure sustainable profitability

Challenge 1: Strengthen liquidity and balance sheet by recapitalization and refinancing of the Group

Issuer	<ul style="list-style-type: none">– Swiss Steel Holding AG
Transaction structure	<ul style="list-style-type: none">– Capital increase with granting of subscription rights to existing shareholders
Transaction volume	<ul style="list-style-type: none">– Expected gross proceeds of at least EUR 300 million
Key data of the capital increase	<ul style="list-style-type: none">– Issuance of 3,101,000,000 shares with a nominal value of CHF 0.08 (after nominal value reduction) and an issue price of CHF 0.0925– Fully backstopped by BigPoint Holding AG under certain conditions– Two rulings from the Swiss Takeover Board (restructuring exemption and transaction specific opting-out clause)
Reasons for the capital increase	<ul style="list-style-type: none">– Strengthen liquidity and balance sheet– Allow full participation in markets
Offer	<ul style="list-style-type: none">– Public offering in Switzerland
Time frame	<ul style="list-style-type: none">– Capital increase put to vote: April 4, 2024 EGM– Capital increase execution: April 30, 2024
Accompanying measures	<ul style="list-style-type: none">– Existing financial lenders loans, including shareholder loan by BigPoint Holding AG, to be extended until September 2028

Challenge 2: Increase resilience against external factors by rightsizing our portfolio

Strategic core business

Ugitech

Steeltec

**Deutsche
Edelstahlwerke**

**Distribution
network**

Achievements in 2023:

- Divestment of 8 distribution entities and share in joint venture in China
- Former headquarter in Düsseldorf: binding agreement for sale
- Ascometal: in separation process
- Finkl Steel: standalone investment, divesture under study

Continuation in 2024:

- Remove complexity from distribution network
- Finalization of portfolio adjustment

Challenge 3: Secure sustainable profitability by restoring a competitive cost structure and ensure operational excellence

Levers for profitability

Reduction of cost base

Optimization and streamlining

Achievements in 2023:

- Focus on restructuring Deutsche Edelstahlwerke (DEW):
 - Performance improvement program: EUR 130 million structural savings 2023-2025
 - Reduction of >350 jobs, further reduction possibilities
 - separation of DEW into two legal production entities
- Reduction of Group-wide headcount by 10.6% to 8,812

Continuation in 2024:

- Production excellence and structural improvement
- Further Group-wide headcount reduction potential

Let's look towards tomorrow – unlocking the future potential of Swiss Steel Group



Unlocking the future potential of Swiss Steel Group – major strengths for a sustainable profitability

Three major challenges that we must resolve:

- 1 Strengthen liquidity and balance sheet
- 2 Increase resilience against external factors
- 3 Secure sustainable profitability

Three major strengths that we will leverage:

- 1 Our business model and technology as competitive advantage
- 2 Our steel as key success factor for global decarbonization
- 3 Our dedicated and experienced employees as drivers of progress

Strength 1: Business model and technology as competitive advantage



2,200,000
tons of scrap
per year

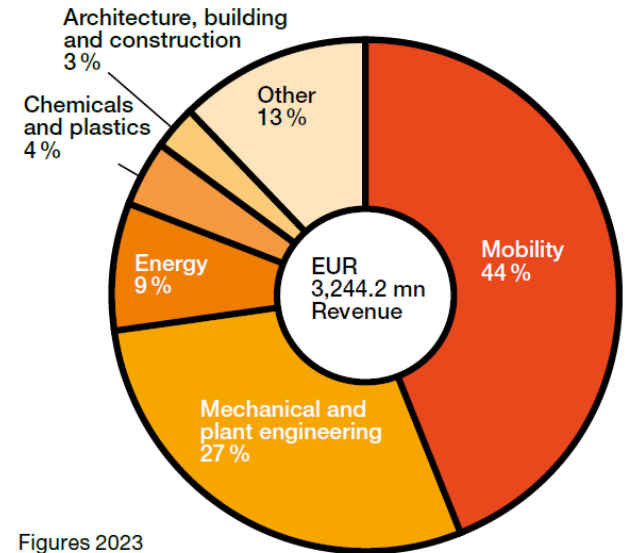
~83%
lower CO2 emissions
compared to industry
average



Strength 2: Swiss Steel Group products are part of nearly all value chains – we are a key success factor for global decarbonization



Revenue by customer industry



Figures 2023

Strength 3: Dedicated and experienced employees as drivers of progress



8,812

Employees in
29 countries

~200

Active innovation
projects

Ugi'Ring
HYDREAMS
H2-HotRoll
As exemplary projects

Outlook for 2024 – Strengthening Swiss Steel Group

1 Implement the planned capital increase

EUR 300 million capital
increase closed in April 2024

2 Participate in recovering markets

Gradually improved earnings
in dynamic markets, capture
Green Steel market potential

3 Continue the strategic path of SSG 2025

Finalization portfolio activities
and production excellence and
structural improvement



**Thank you for your
attention.**