





# Q3 2022 Business and Financial Performance

November 3, 2022



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- 
1. Introduction
  2. Business Overview
  3. Financials
  4. Q4 2022 Outlook



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*Board Member, CFO*

### **Responsibility**

- Cooperation with financial institutions
- Budgeting and controlling
- IR
- M&A and major CAPEX projects



### **Experience**

- with Cognor since 2002
- Board Member of Cognor Holding since 2013
- CFO for 15 years

# Introduction | Q3 2022 Highlights

- Poland GDP growth expected at 2.7% compared to a 5.5% increase in Q3 2021
- EU GDP expected at 2.7%, compared to a 2.1 % increase in Q3 2021
- Polish steel production decreased by 14.1%.; in the EU it went down by 13.5%.
- Surge of prices for billets and finished products while scrap metal price decreased. Explosion of conversion spreads for finished products and billets. Fair demand especially from the automotive industry;
- Feedstock material price going down in the case of EAF; the cost of feedstock mix of iron ore coking coal and scrap metal used by BOFs at similar level; EAFs competitive position suddenly recovered and more favorable vis'a'vis BOFs
- 6.6% increase of revenues while shipments down by 11.6%
- Large contribution of one-off gain from energy sale at PLN 95.1 million
- Reported EBIT, EBITDA and net profit very strong
- Lower utilization of capacities at Ferrostal melting shop due to longer maintenance break and introduction of flexible work scheme

	QUARTERLY CAPACITY Tonnes	UTILIZATION RATE	
		Q3 2022	Q3 2021
FERROSTAL	93 750	57.2%	118.0%
HSJ	65 250	104.4%	79.5%
<b>COMBINED</b>	<b>159 000</b>	<b>76.5%</b>	<b>102.2%</b>

- 
- 
1. Introduction
  - 2. Business Overview**
  3. Financials
  4. Q4 2022 Outlook

# Business Overview | World's Steel Output

CRUDE STEEL PRODUCTION	Q3 2022	% YoY	Q3 2021	
<i>m tonnes</i>				
<b>Europe</b>	<b>64.7</b>	<b>-13.9%</b>	<b>75.3</b>	
UE (27)	32.0	-13.5%	37.0	
incl. Poland	1.8	-14.1%	2.1	Poland with 14.1% decline
CIS	22.2	-13.3%	25.5	
<b>North America</b>	<b>27.7</b>	<b>-7.4%</b>	<b>29.9</b>	
USA	20.4	-8.9%	22.4	USA with 8.9% contraction
<b>South America</b>	<b>10.9</b>	<b>-5.2%</b>	<b>11.5</b>	
<b>Africa / Middle East</b>	<b>15.7</b>	<b>37.7%</b>	<b>11.4</b>	
<b>Asia &amp; Oceania</b>	<b>336.5</b>	<b>2.3%</b>	<b>329.0</b>	
China	253.9	4.7%	242.6	China up at 4.7%
Japan	21.8	-9.2%	24.0	
<b>Total</b>	<b>455.8</b>	<b>-0.3%</b>	<b>457.3</b>	

## Anti Dumping

Since 2016 the anti dumping measures have been used by the EU in a much stricter manner. There has been a growing number of cases with double digit duties imposed. The measures are applied against a certain country or a producer, for a given type of a product and for a certain period of time. Currently, approximately 150 anti dumping measures remain in force of which majority is relating to steel.

## Safeguard

In July 2018 the European Commission introduced a temporary measure aimed at safeguarding the EU market against the potential increase of imports of steel products resulting from the introduction of section 232 (25% tax for steel imports) by the USA. Twenty nine product groups, including rebars were made subject to the regulation.

In February 2019 a definitive safeguard tool has been put in place for a period of 2,5 years starting from 02.02.2019. It introduced the quotas including the sub-limits for specified countries. For rebars those are: Turkey, Russia, Ukraine, BiH and Moldova. The measure was subject to revisions many times and the quota annual increments changed from 5% to 3% while now increased to 4%. Secondly, for rebars, wire rod and HRC, the availability of the general quota has been limited to just 30% in the case of countries with the granted specific sub-limits and only in respect of the last quarter within the annual period (Apr-Jun). Countries quotas limit imports on quarterly basis. The country quotas and the general quota tonnages unused in a given quarter get transferred to the next quarterly period.

In 2021 a decision was taken to prolong the safeguard tool for another 3 years, till June 30, 2024.

Following the Russian aggression on Ukraine Russia has been banned with its steel exports and Ukraine has temporarily been granted free access to the UE market.

## Carbon Tax

In 11 December 2019 the European Commission adopted the European Green Deal which includes the goal of climate neutrality by 2050 and of the decrease in greenhouse gasses emissions by 50-55% by 2030 from their levels of 1990. It also includes a proposal of a carbon border adjustment mechanism (CBAM) to ensure that the price of imports reflect more accurately their carbon content.

The CBAM legislature has just been proposed to commence from Jan 2023. Under its rules, from 2026 to place a product on the EU market an importer will have to purchase „CBAM rights” for a price equal to the market price of the EU ETS CO2 emission right. The solution is aimed to prevent the so-called carbon leakage and the side effect could be a certain improvement of the competitive position of the EU producers vis-a-vis importers. Status of the existing subsidies for CO2 emitting industries post 2025 has become uncertain as the CBAM is meant to supplement the so far support solutions such as: free CO2 allowances and subsidies for energy intensive industries.

# Business Overview | EU Safeguard

<b>Q3 2022 - REBARS as of:</b>		30.09.2022			
period start		01.07.2022			
period end		30.09.2022			
period days		91			
days remaining		0			
<b>period advancement</b>		<b>100%</b>			
<b>amount utilisation</b>		<b>96%</b>			

<b>ORIGINS</b>	Amount	Q2 2022 transferred	Used in Q3 2022	Quota Available
Turkey	90 856 920	0	90 856 920	0
Russia	0	0	0	0
Ukraine	0	0	0	0
BiH	32 685 870	0	22 179 689	10 506 181
Moldova	27 318 010	0	26 889 112	428 898
Other countries	132 668 900	0	132 668 900	0
<b>TOTAL</b>	<b>283 529 700</b>	<b>0</b>	<b>272 594 621</b>	<b>10 935 079</b>

<b>Q4 2022 - REBARS as of:</b>		28.10.2022			
period start		01.10.2022			
period end		31.12.2022			
period days		91			
days remaining		64			
<b>period advancement</b>		<b>30%</b>			
<b>amount utilisation</b>		<b>65%</b>			

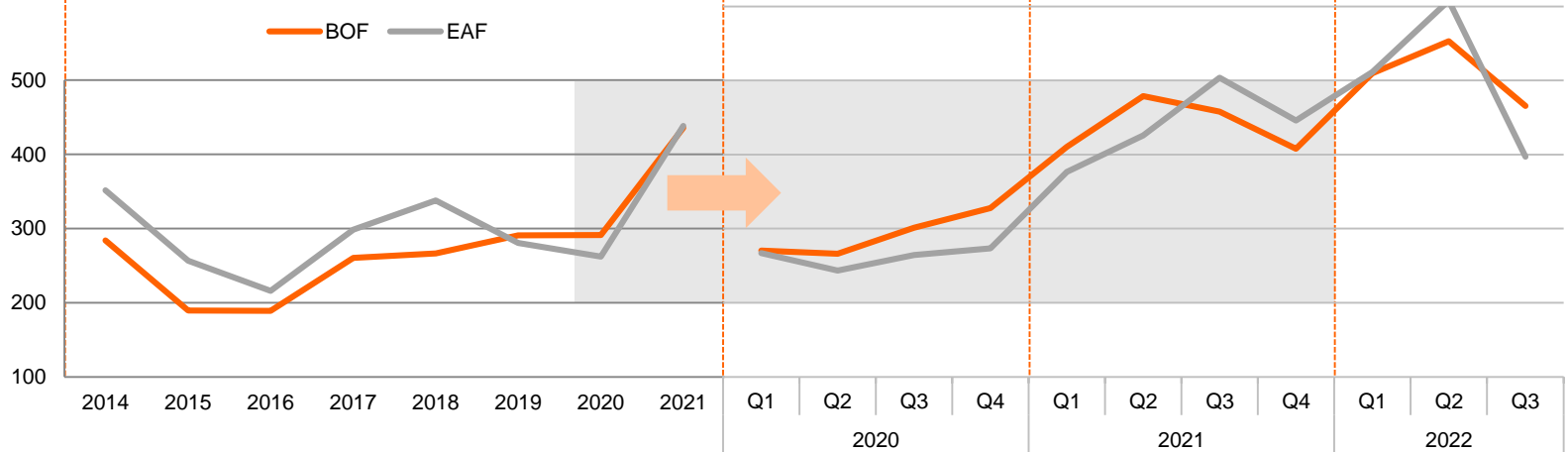
  

<b>ORIGINS</b>	Amount	Q3 2022 transferred	Used in Q3 2022	Quota Available
Turkey	90 856 920	0	90 856 920	0
Russia	0	0	0	0
Ukraine	0	0	0	0
BiH	32 685 870	10 506 181	5 194 174	37 997 877
Moldova	27 318 010	428 898	6 112 363	21 634 545
Other countries	132 668 900	0	90 299 269	42 369 631
<b>TOTAL</b>	<b>283 529 700</b>	<b>10 935 079</b>	<b>192 462 726</b>	<b>102 002 053</b>



## BOF & EAF Feedstock Costs

Feedstock Cost	2014	2015	2016	2017	2018	2019	2020	2021	2020				2021				2022				
									Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		
<i>USD / Tonne</i>																					
BOF	284	190	189	260	267	291	291	436	270	266	301	327	410	479	458	408	510	522	466		
EAF	352	257	216	299	338	281	262	438	267	244	265	273	377	426	504	446	511	608	397		
<b>difference</b>	<b>-68</b>	<b>-67</b>	<b>-27</b>	<b>-38</b>	<b>-71</b>	<b>10</b>	<b>29</b>	<b>-2</b>	<b>4</b>	<b>22</b>	<b>37</b>	<b>54</b>	<b>34</b>	<b>53</b>	<b>-46</b>	<b>-38</b>	<b>-2</b>	<b>-55</b>	<b>68</b>		



Prices	Iron ore	Coking coal	Steel scrap
<i>(USD / Tonne)</i>			
2014	97	105	314
2015	55	89	229
2016	59	92	193
2017	72	150	267
2018	70	153	302
2019	94	147	251
2020	108	115	234
2021	160	163	391

Prices	Iron ore	Coking coal	Steel scrap
<i>(USD / Tonne)</i>			
Q1 2020	91	126	238
Q2 2020	93	120	218
Q3 2020	117	108	236
Q4 2020	132	109	244
Q1 2021	165	126	336
Q2 2021	199	134	380
Q3 2021	163	170	450
Q4 2021	105	261	398
Q1 2022	140	316	457
Q2 2022	136	368	543
Q3 2022	106	368*	397

Feedstock Cost Model	BOF	EAF
<i>Tonne / Tonne of crude steel</i>		
iron ore	1.60	
coking coal	0.60	
scrap metal	0.21	1.12

- EAF steel producers compete with BOF steelmakers to some extent (billets)
- Before 2019 the cost of BOF feedstock was lower due to cheaper iron ore and coking coal prices relative to scrap metal price,
- From 2019 through mid 2021 BOF feedstock was more expensive due to increasing iron ore prices. From H1 2021 through H1 2022 EAF was more expensive because scrap metal price went up while iron ore down
- In Q3 2022 the price of scrap metal fell down which resulted in the reversal of cost position of EAF mills versus those using BOF route.

source: IMF - iron ore, EIA - coking coal, Cognor - scrap metal,  
\* Q3 estimate based on Q2 2022

## Prices & Spreads

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
(pln/ tonne)					
<b>FERROSTAL</b>					
<b>SCRAP METAL</b> - average purchase price	1 669	2 366	1 883	1 608	1 734
<b>BILLETS</b> - average price	3 924	5 157	4 325	3 800	3 595
<i>volume</i>	18 128	25 121	19 912	19 079	20 757
<b>BILLET SPREAD</b>	<b>2 255</b>	<b>2 792</b>	<b>2 442</b>	<b>2 192</b>	<b>1 853</b>
<b>FINISHED PRODUCTS</b> – average price	4 536	4 884	4 037	3 685	3 880
<i>total volume</i>	43 997	54 524	77 776	95 586	66 210
<i>- plain bars</i>	4 841	4 581	4 104	3 917	3 957
<i>volume</i>	8 051	7 486	11 003	10 450	7 185
<i>- flat bars</i>	4 943	4 919	4 096	3 895	3 833
<i>volume</i>	12 725	11 623	16 924	11 774	9 214
<i>-squares</i>	4 915	4 976	4 136	3 793	3 895
<i>volume</i>	1 593	670	2 461	1 429	1 111
<i>-rebars</i>	3 964	4 924	3 963	3 593	3 865
<i>volume</i>	16 762	29 710	39 741	67 048	45 122
<i>-angles</i>	4 824	4 981	4 153	3 902	3 932
<i>volume</i>	4 652	4 809	7 314	4 702	3 416
<i>-other</i>	5 007	5 665	4 227	4 055	6 205
<i>volume</i>	214	225	333	213	162
<b>PRODUCT SPREAD</b>	<b>2 866</b>	<b>2 518</b>	<b>2 153</b>	<b>2 077</b>	<b>2 137</b>
<i>- plain bars</i>	3 171	2 216	2 221	2 309	2 214
<i>- flat bars</i>	3 265	2 553	2 213	2 287	2 090
<i>- squares</i>	3 245	2 610	2 253	2 184	2 154
<i>- rebars</i>	2 295	2 557	2 080	1 985	2 122
<i>- angles</i>	3 155	2 615	2 270	2 249	2 189
<i>- other</i>	3 338	3 299	2 344	2 447	4 463

scrap metal price down by 73 & 4.2%  
 billet sales price up by 329 & 9.1%

**billet spread up by 402 & 21.7%**

finished product sales price up by 656 & 16.9%

REBAR SHIPMENTS COLLAPSING BY 62,9% ...

**product spread up by 729 & 34.1%**

... WHILE REBAR SPREAD UP BY 8,1%

## Prices & Spreads

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
(pln/ tonne)					
<b>HSJ</b>					
<b>SCRAP METAL</b> - average purchase price	1 775	2 348	2 278	1 875	1 912
<b>BILLETS</b> - average price	4 357	5 021	4 036	3 633	3 742
<i>volume</i>	25 095	19 236	23 238	19 681	12 270
<b>BILLET SPREAD</b>	<b>2 582</b>	<b>2 673</b>	<b>1 758</b>	<b>1 758</b>	<b>1 830</b>
<b>FINISHED PRODUCTS</b> – average price	6 038	5 521	5 344	4 843	4 479
total volume	41 617	52 223	56 595	42 661	43 304
- SQ bars	5 988	6 462	5 350	4 826	4 443
<i>volume</i>	41 479	51 913	56 195	42 281	43 025
- thick sheets	14 800	16 346	6 139	6 009	7 519
<i>volume</i>	1	17	249	243	179
- thin sheets	22 288	20 213	18 400	15 206	12 905
<i>volume</i>	91	104	2	63	88
- other	38 093	22 621	25 036	18 222	25 501
<i>volume</i>	22	120	10	8	12
<b>PRODUCT SPREAD</b>	<b>4 263</b>	<b>4 173</b>	<b>3 066</b>	<b>2 968</b>	<b>2 567</b>
- SQ bars	4 189	4 098	3 057	2 938	2 529
- thick sheets	13 025	13 998	3 861	4 044	5 607
- thin sheets	20 513	17 865	16 122	11 382	10 993
- other	36 318	20 273	22 758	16 347	23 589

scrap metal price down by 137 & 7.2%  
 billet sales price up by 615 & 16.4%

**billet spread up by 752 & 41.1%**  
 finished product sales price up by 1 559 & 34.8%

**product spread up by 1 696 & 66.1%**

## Segments

SCRAP METAL		Q3 2022	Q2 2022	Q3 2021		
<b>PURCHASES FROM EXTERNAL SUPPLIERS</b>	<i>Tonnes</i>					
FERROSTAL		39 393	81 529	100 057		
ZŁOMREX		70 988	94 990	88 721	ZŁOMREX purchases down by	20.0%
HSJ		45 251	51 484	37 782		
<b>INTERNAL USE</b>	<i>Tonnes</i>					
FERROSTAL		60 070	116 612	124 027		
HSJ		77 361	85 467	58 933		
<b>SALES TO EXTERNAL CUSTOMERS</b>	<i>Tonnes</i>					
ZŁOMREX		30 205	41 509	37 287		
OTHER		0	0	0		
<b>SALES</b>	<i>'000 PLN</i>					
CONSOLIDATED		47 213	94 517	64 207		
<b>TOTAL PURCHASES in TONNES</b>		<b>155 632</b>	<b>228 003</b>	<b>226 560</b>		
<b>TOTAL INTERNAL USE in TONNES</b>		<b>137 431</b>	<b>202 079</b>	<b>182 916</b>	Internal use down by	24.9%
<b>TOTAL SALES in TONNES</b>		<b>30 205</b>	<b>41 509</b>	<b>37 387</b>	Shipments down by	19.0%
<b>TOTAL SALES in '000 PLN</b>		<b>47 213</b>	<b>94 517</b>	<b>64 207</b>	Sales down by	26.5%

## Segments

BILLETS		Q3 2022	Q2 2022	Q3 2021
<b>PURCHASES</b>	<i>Tonnes</i>			
FERR		0	0	0
<b>PRODUCTION</b>	<i>Tonnes</i>			
FERR		53 582	104 398	110 585
HSJ		68 119	76 044	51 884
<b>INTERNAL USE</b>	<i>Tonnes</i>			
FERR		33 825	76 127	86 250
HSJ		53 314	59 561	45 963
<b>SALES TO EXTERNAL CUSTOMERS</b>	<i>Tonnes</i>			
FERR		28 418	27 874	27 106
HSJ		14 805	16 483	5 921
<b>SALES</b>	<i>'000 PLN</i>			
CONSOLIDATED		180 473	226 142	120 539
<b>TOTAL PURCHASES in TONNES</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL PRODUCTION in TONNES</b>		<b>121 701</b>	<b>180 442</b>	<b>162 469</b>
<b>TOTAL INTERNAL USE in TONNES</b>		<b>87 139</b>	<b>135 688</b>	<b>132 213</b>
<b>TOTAL SALES in TONNES</b>		<b>43 223</b>	<b>44 357</b>	<b>33 027</b>
<b>TOTAL SALES in '000 PLN</b>		<b>180 473</b>	<b>226 142</b>	<b>120 539</b>

51,5% DROP DUE TO EXTRA OUTAGE


Production down by **25.1%**  
 Internal use down by **34.1%**  
 Shipments up by **30.9%**  
 Sales up by **49.7%**

## Segments

FINISHED PRODUCTS		Q3 2022	Q2 2022	Q3 2021
<b>PURCHASES</b>	<i>Tonnes</i>			
ALL ENTITES		10	1 433	83
<b>PRODUCTION</b>	<i>Tonnes</i>			
ZWWB		14 671	19 713	20 824
HSJ		39 663	54 337	44 649
PROFIL		15 099	54 795	61 247
<b>SALES TO EXTERNAL CUSTOMERS</b>	<i>Tonnes</i>			
FERROSTAL		44 619	54 274	61 869
HSJ		40 999	53 905	47 728
<b>SALES</b>	<i>'000 PLN</i>			
CONSOLIDATED		451 383	615 045	451 189
<b>TOTAL PURCHASES in TONNES</b>		<b>10</b>	<b>1 433</b>	<b>83</b>
<b>TOTAL PRODUCTION in TONNES</b>		<b>69 433</b>	<b>128 845</b>	<b>126 712</b>
<b>TOTAL SALES TO EXTERNAL CUSTOMERS in TONNES</b>		<b>85 618</b>	<b>108 179</b>	<b>109 597</b>
<b>TOTAL SALES in '000 PLN</b>		<b>451 383</b>	<b>615 045</b>	<b>451 189</b>

75,3% DROP DUE TO EXTRA OUTAGE

Production down by **45.2%**  
 Shipments down by **21.9%**  
 Sales up by **0.0%**

- 
- 
1. Introduction
  2. Business Overview
  - 3. Financials**
  4. Q4 2022 Outlook

# Financials

STATEMENT OF PROFIT OR LOSS	Q3 2022	Q2 2022	Q3 2021
	'000 PLN		
Sales revenue	749 424	1 032 055	703 199
Cost of sales	-525 130	-759 155	-542 335
<b>Gross profit</b>	<b>224 294</b>	<b>272 900</b>	<b>160 864</b>
Other income	9 506	10 051	25 070
Distribution expenses	-33 005	-33 026	-22 673
Administrative expenses	-22 526	-26 125	-17 157
Other gains/(losses) – net	10 470	1 318	3 823
Other expenses	-16 440	-1 135	-1 005
<b>EBIT</b>	<b>172 299</b>	<b>223 983</b>	<b>148 922</b>
Financial income	8 403	26 487	3 467
Financial expenses	-14 810	-11 959	-13 171
<b>Net financing costs</b>	<b>-6 407</b>	<b>14 528</b>	<b>-9 704</b>
Share of profits of associates	0	150	-117
Excess in fair value of acquired assets over cost	0	0	0
<b>Profit before tax</b>	<b>165 892</b>	<b>238 661</b>	<b>139 355</b>
Income tax expense	-35 549	-48 905	-25 855
Profit/loss for the period from discontinued operations	0	0	0
<b>Profit for the period</b>	<b>130 343</b>	<b>189 756</b>	<b>113 418</b>
Depreciation and amortization	-11 001	-10 944	-12 624
<b>EBITDA</b>	<b>183 300</b>	<b>234 927</b>	<b>161 546</b>

Revenues up by 46m & 6.6%

- shipments down by 11.6%

Gross profit up by 63m & 39.4%

- widening of spreads

- energy sale gain of 95.1m

- FIFO loss of PLN 62.9m

- increase of production costs

EBIT up by 23m & 15.7%

- CO2 compensation of PLN 6.0m

- operational FX gain of PLN 10.3m

- extra outage cost of PLN 14.4m

Financial income at 8m

- hedge valuation at 8.8m

Financial costs at 15m

- higher gross debt by PLN 93.7m @ higher rates

- FX loss at 3.4m

Net result up by 17m & 14.9%

Adjusted net result PLN 53m (v. 101m in Q3'21)

EBITDA up by 22m & 13.5%

Adjusted EBITDA PLN 92m (v. 146m in Q3'21)



# Financials

ASSETS	Q3 2022	Q2 2022	Q3 2021
	'000 PLN		
<b>A. TOTAL NON-CURRENT ASSETS</b>	<b>685 776</b>	<b>668 823</b>	<b>530 752</b>
I. Intangible assets	14 558	14 815	15 550
II. Property, plant and equipment	592 286	574 729	472 995
III. Other receivables	13 658	12 715	12 409
IV. Investment property and other investments	1 238	1 239	1 036
V. Financial instruments assets	64 036	58 918	0
VI. Prepaid perpetual usufruct of land	0	0	0
VII. Deferred tax assets	0	6 407	28 762
<b>B. TOTAL CURRENT ASSETS</b>	<b>1 252 873</b>	<b>1 323 212</b>	<b>827 341</b>
I. Inventories	516 730	612 020	415 694
II. Receivables	437 130	415 411	306 821
1. Trade and other receivables	437 017	415 296	306 679
2. Current income tax receivable	38	38	38
3. Other investments	75	77	104
III. Financial instruments assets	7 610	3 922	0
IV. Cash and cash equivalents	284 426	284 876	97 826
V. Prepayments	0	0	0
VI. Assets classified as held for sale	6 977	6 983	7 000
<b>Total</b>	<b>1 938 649</b>	<b>1 992 035</b>	<b>1 358 093</b>

Fixed assets up by 155m & 29.2%  
 - CAPEX & valuation increase of PLN 164,3m  
 - financial instruments valuation at PLN 64.0m  
 - D&A charges of PLN 45.9m  
 - utilization of tax shield at PLN 28.8m

Current assets up by 425m & 51.4%  
 Inventories up by 101m & 24.3%  
 Receivables up by 170m % 42.5%  
 Trade receivables sold (net) PLN 230.0m  
 In Q2 2021 (net) PLN 205.4m

Cash up by 187m % 190.7%  
 includes PLN 138m under an L/C

# Financials

EQUITY AND LIABILITIES	Q3 2022	Q2 2022	Q3 2021
	'000 PLN		
<b>A. EQUITY</b>	<b>1 094 938</b>	<b>964 602</b>	<b>519 302</b>
I. Issued share capital	257 131	257 131	257 131
II. Reserves and retained earnings	772 227	649 005	229 188
III. Minority interest	65 580	58 466	32 983
<b>B. LIABILITIES</b>	<b>843 711</b>	<b>1 027 433</b>	<b>838 791</b>
I. Non-current liabilities	353 779	384 065	254 408
1. <i>Employee benefits obligation</i>	13 104	13 144	12 189
2. <i>Interest-bearing loans and borrowings</i>	334 483	366 104	238 979
3. <i>Other</i>	6 192	4 817	3 240
II. Current liabilities	488 409	641 866	582 857
1. <i>Interest-bearing loans and borrowings</i>	62 011	70 588	64 863
2. <i>Bank overdraft</i>	1 095	12 974	0
3. <i>Trade and other payables</i>	404 098	542 084	507 274
4. <i>Deferred government grants</i>	4 575	4 468	3 897
5. <i>Liability under financial instruments</i>	0	0	184
6. <i>Employee benefits obligation</i>	2 143	2 364	1 295
7. <i>Current income tax payable</i>	13 187	8 088	5 319
8. <i>Provisions for payables</i>	1 300	1 300	25
III. Liabilities of disposal group	1 523	1 502	1 526
<b>Total</b>	<b>1 938 649</b>	<b>1 992 035</b>	<b>1 358 093</b>

Equity up by PLN 576m & 110.8%  
 - net result increase of PLN 602.2m  
 - dividend decrease of PLN 25.7m

Gross debt up by PLN 94m & 30.9%  
 Net debt down by PLN 93m & 45.1%

# Financials

CASH FLOW	Q3 2022	Q2 2022	Q3 2021
	<i>'000 PLN</i>		
A. OPERATING ACTIVITIES	122 453	7 219	24 330
B. INVESTING ACTIVITIES	-30 569	-16 767	-28 722
C. FINANCING ACTIVITIES	-80 455	54 129	32 483
<b>Net increase in cash</b>	<b>11 429</b>	<b>44 591</b>	<b>28 091</b>

- working capital outflow of PLN 49.9m

- CAPEX outflow of PLN 30.7m

- debt incurrence inflow of PLN 10.0m

- debt repayment outflow of PLN 54.9m

- dividend outflow of PLN 25.7m

- interest service outflow of PLN 9.9m

MAIN METRICS	Q3 2021	Q2 2021	Q3 2021
Liquidity ratio	2.56	2.06	1.42
Quick ratio	1.50	1.11	0.70
Inventories turnover <i>days</i>	89	73	69
Receivables turnover <i>days</i>	52	36	39
EBITDA margin	24.5%	22.8%	23.0%
Net profit margin	17.4%	18.4%	16.1%
Equity <i>'000 PLN</i>	1 094 938	964 602	519 302
Net debt <i>'000 PLN</i>	113 163	164 790	206 016
Net debt / LTM EBITDA	0.1	0.2	0.5

liquidity metrics excellent

Inventory ratio up by 20 days and poor

Receivable ratio up by 13 days and fair

Profitability ratios high and very good

Net leverage down to 0.1 times

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1. Introduction
  2. Business Overview
  3. Financials
  4. Q4 2022 Outlook



1

**GDP weaker in Poland and in the EU**

2

**Continuation of poor demand from the construction business and fair in the automotive industry**

3

**Poland's crude steel production down; down also in the EU; BOF mills in trouble due to increasing CO2 rights prices; Polish and the EU steel consumption decreasing**

4

**Stabilisation of prices of scrap metal billets and finished products lower and likely to bottom; conversion spreads to narrow**

5

**EAF feedstock cost position versus BOF to worsen but likely to remain positive; energy costs to normalize**

6

**Revenues expected similar to Q3 2022; EBITDA expected similar to Q4 2021;**

*Together reach more*



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