

PRESS RELEASE

## FERALPI GROUP 2019: A POSITIVE YEAR

**TURNOVER (€1.3bn) and OUTPUT (2.5mn tonnes) ARE HOLDING STEADY  
DESPITE A SHRINKING MARKET**

**SIGNIFICANT INVESTMENTS (€54.5mn) IN LINE WITH THE INDUSTRIAL  
PLAN**

**THE FIRST VOLUNTARY CONSOLIDATED NON-FINANCIAL STATEMENT  
NOW PUBLISHED**

- **TURNOVER at €1.3bn (-1.3% yy)**
- **INVESTMENT at €54.5mn in line with the established targets of the Group**
- **STEEL OUTPUT at 2.5mn tonnes (-0.3% yy)**
- **EBITDA of €125mn (EBITDA margin 9,6%), broadly in line with the values achieved in the year 2018**
- **PROFIT of €40.8mn**
- **NET FINANCIAL POSITION (net debt) at €134,9mn, better than the values as of 31 December 2018, when it was at €175,6mn**

*Lonato del Garda (Brescia), 14 July 2020* - Yet another positive year for Feralpi. The steel manufacturing group, one of the European leaders in the production of steel for the construction industry and special steels, closed 2019 in profit, with turnover, margins and production holding up with respect to a good 2018, moreover it is confirmed a strong propensity to invest. Investments remained high at **54.5 million euro** to give continuity to the industrial development plan. The investment was targeted not only at achieving maximum efficiency, but also at contributing to the **decarbonisation of production activity, reducing consumption and emissions, and developing new circular economy models** to facilitate the optimisation of resources and the adoption of energy-efficient technologies.

With regard to the circular model, of particular relevance is the **experimental furnace recovery project, with products generated by reusing plastic materials/polymers** as reduction agents to replace coal to reduce the use of natural materials, by capitalising on recovered materials.

*«The positive results achieved in 2019 strengthen our Group, even in a situation where the market slowed down, especially in the second half of the year», commented **Giuseppe Pasini, Chairman of the Feralpi Group**. «What didn't slow down was our inclination towards investments, which continued to be robust to remain competitive, and picking up on what the UN 2030 Agenda and the European Green New Deal are asking to manufacturing companies. In other words, the use of sustainable, circular development models that contribute to decarbonisation, foster social inclusion and create value for the area and community where we operate. These are also the pillars of our development strategy, which are steering investments and R&D projects».*

«What institutions and society are asking has become even clearer in 2020» continued the Chairman. «In the year when the **Covid-19** pandemic has hit society and business hard, the Feralpi Group reacted quickly by setting up a task force in Italy, even before the strict lockdown was imposed, to develop actions that tackle the potential spread of the virus. In addition to the actions set out in legislation, we **implemented a test protocol named Sced-Cov** in collaboration with the Brescia Industrialists' Association (AIB), union organisations, the Spedali Civili Brescia hospital facilities, and Brescia University, under the supervision of the relevant authorities. We did it so we could work safely and with proactive and responsible supervision, using digital tools to monitor, track and analyse the potential spread of the virus. We therefore were able to resume operations in complete safety, and continue to meet the demand of a market which, though having felt the effects of the lockdown in Italy, continued to be fully operational in Germany.»

## Consolidated Financial Statement (Feralpi Holding SpA)

Economic figures (€/000)	2019		2018	
<b>Consolidated turnover</b>	<b>1,302,752</b>		<b>1,320,333</b>	
A) Production value	1,331,674	+	1,366,314	+
B) Production costs	1,260,508	-	1,286,169	-
C) Financial income and charges	2,794	-	3,603	-
<b>Pre-tax result</b>	<b>54,508</b>	+	<b>77,610</b>	+
Taxes	13,677	-	23,875	-
<b>Total net result</b>	<b>40,831</b>	+	<b>53,735</b>	+
Amort., depreciation and write-downs	53,935	-	46,092	-
<b>CASH FLOW</b>	<b>94,766</b>	+	<b>99,827</b>	+
<b>EBITDA</b>	<b>125,101</b>	+	<b>126,237</b>	+
<b>EBIT</b>	<b>71,166</b>	+	<b>80,145</b>	+
<b>Equity and financial figures</b>				
<b>Technical investments in the period</b>	54,521		60,618	
<b>Net technical non-current assets</b>	357,424		350,807	
<b>Total shareholders' equity</b>	509,496		475,449	
<b>Employees</b>	1,570		1,556	

The 2019 Feralpi Holding's consolidated financial statements show a **turnover of 1,302 million euro** against 1,320 million in 2018, registering a contained -1.3% y/y. These figures confirm a strong inclination towards markets outside of Italy, with **of 62% of turnover generated abroad**, in line with the figure recorded the previous year.

Net of **amortisation, depreciation and write-downs amounting to 53.9 million euro**, against 46 million in 2018, **EBITDA** also held at **125.1 million euro** against 126.2 million euro in 2018. The **net result** remains positive at 40.8 million euro (53.7 million in the previous financial year). **Consolidated shareholders' equity** increased from 475.5 million euro **to 509.5 million euro**.

## Investments

**With regard to the development of circular models**, in addition to characteristic activities, such as recovering ferrous scrap to produce steel, ethical examples also include the recovery of white and black slag for the building trade (flooring, Jersey barriers etc.), and additional research projects to recover, stabilise and reuse white slag in construction materials.

**Investments were also directed towards the strategic issue of energy**. Electricity represents 62% of all energy consumed by the Feralpi Group, and natural gas consumption is 32%. For this reason, research projects are being developed to support production processes, with the aim of increasing energy efficiency and reducing impact and emissions as part of an Industry 4.0 approach.

This is being assisted by the use of artificial intelligence to optimise energy consumption and reduce CO<sub>2</sub> emissions, in line with the EU plan for decarbonisation.

In the autumn of 2019, in line with the ongoing relationship between the parent company in Lonato del Garda and the location of the site, the **steelworks heat recovery plant** was connected to the council network to enable a **district heating network** supplying public and private utilities. Over and above the financial benefits, this will also enable a reduction in the consumption of energy and raw materials, and therefore the amount of emissions.

In **Germany**, at the subsidiary ESF Elbe-Stahlwerke Feralpi GmbH, continuity was also given to technological investments in plants along the entire production chain, in infrastructures and in logistics, in order to further reduce emissions and consumption thanks to actions aimed at improving efficiency and energy recovery.

## **Production**

In 2019 the Feralpi Group maintained the production volumes in line with the previous year despite a market context characterized by a generalized contraction in steel production both in Italy (-5.3% yy, source Federacciai) and in Germany ( -6.5% yy, source World Steel Association). In fact, **last year the Group's companies produced a total of 2.5 million tonnes of steel, broadly in line with the results achieved in 2018 (-0.3% y/y)**. However, there was an increase in the production of rolled products at +7.9% for 2.26 million tonnes, and cold-worked products at +12.9% for 1.1 million tonnes.

## **THE VOLUNTARY CONSOLIDATED NON-FINANCIAL DECLARATION**

Alongside the Group's consolidated financial statements, the Feralpi Group has, for the first time, decided to draw up the voluntary **Non-Financial Declaration (NFD)** for the year 2019, in accordance with Legislative Decree 254/2016. Even though the Group is not one of the organisations required to draw up a NFD, it was felt necessary to anticipate alignment with Legislative Decree to provide stakeholders with comparable elements and encourage increasing transparency in relation to corporate, environmental and economic aspects. The Feralpi Group has taken the decision to continue following the *Sustainability Reporting Standards* published in 2016 by the *Global Reporting Initiative (GRI)*, adopting the "In Accordance – Core" option.

This document, as well as the Group's entire sustainability policy, meets up with the Sustainable Development Goals (SDGs) of the 2030 United Nations Agenda, which clearly indicate an ethical approach that industry is called upon to implement.

**Total gross value added amounts to €219.4 million, while the net value for the stakeholders comes to €166 million.** A breakdown shows a greater concentration in personnel remuneration (48%), with strengthened share capital (21%) and taxes paid to the Public Administration (21%). €10.3 have been allocated to lenders. **Charitable donations to local communities accounted for €6.5 million.**

Feralpi is committed to developing actions and practices designed to reduce impact, making production more efficient and promoting sustainable lifestyles. **93% of the production comes from recycled steel and 80% of the waste has been sent for recovery.**

Innovation and new technologies are key factors, which have led the Group to **reduce GHG emissions by -3% y/y and indirect emissions from electricity by -4% y/y.**

 [Download the 2019 NFS – full version](#)

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### *The Feralpi Group*

The Feralpi Group is one of Europe's leading manufacturers (€1.30 billion turnover, with over 1500 direct employees) of steel for use in building construction and special applications.

Increasing growth over time has led the parent Feralpi Siderurgica, which was founded in 1968 in Lonato del Garda, to the east of Brescia, to create an international diversified Group that is highly verticalized upstream and downstream the production and supply chains. The Feralpi Group is among market leaders in the production of steel billets, reinforcing steel in bar and coil, smooth and ribbed wire rod, recoiled wire, drawn wire and welded mesh, in Italy and the rest of Europe.

Feralpi's mission is not merely to produce prime quality construction steel, but to do so in the best sustainable way possible, i.e. reducing consumption and emissions, by adopting the best technologies available as a result of intensive in-house innovation and research activities.

[www.feralpigroup.com](http://www.feralpigroup.com) |  |  | 

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