

PRESS RELEASE

A POSITIVE 2020 FOR THE FERALPI GROUP

**REVENUES (€1.24bn) AND OUTPUT (2.5m tonnes) HOLDING UP DESPITE
THE LOCKDOWN IN 2020**

**INVESTMENTS ON THE RISE (€55.6m) IN SUPPORT OF THE INDUSTRIAL
PLAN**

**COMMITMENT FOR DECARBONISATION AND ENHANCED
EFFICIENCY CONFIRMED WITH KPI/ESG**

WORKFORCE OVER 1,700

- **REVENUES at 1.24 billion euros (-4.9% y/y)**
- **INVESTMENTS at 55.6 million euros in line with the Group's objectives**
- **STEEL OUTPUT at 2.49 million tonnes (-0.3% y/y)**
- **PROFIT at 5.45 million euros**
- **EMISSIONS down 5.9% y/y**
- **WORKFORCE AT 1,710 (+8.9% y/y)**

Lonato del Garda (Brescia), 6 July 2021

The Feralpi Group reported a positive 2020 despite the impact of the Covid-19 pandemic, which imposed a lockdown in March and April in Italy. The steel group, one of Europe's leading producers of construction and special steels, ended the consolidated financial year with a profit, and turnover and production in line with a good 2019. Margins also remained positive, though affected by the period of production stoppage imposed by government measures to counteract the pandemic.

The Group increased the resources allocated to investments to give continuity to the implementation of an industrial development plan focusing on increasing decarbonisation and enhancing the efficiency of production processes.

Investments aim at achieving maximum efficiency and also contributing to the decarbonisation of production activities, reducing consumption and emissions by developing, among other things, new models of circular economy to implement a climate strategy capable of combining competitiveness, and respect for the environment and for people.

«2020 can hardly be described as an ordinary year – comments **Feralpi Group chairman Giuseppe Pasini** – due to a global pandemic that has disrupted lives, businesses and markets. In this scenario, after protecting our own people, being able to minimise the impact on our Group has been crucial in making us ready to catch the recovery wave we're now experiencing.»

«Europe's Green New Deal and Italy's PNRR in the 2030 Agenda are triggering a revolution in our cities and beyond. Steel is required for the green transition to be tangible and generate real effects, as it lies at the heart of both smart cities and future logistics. These are precisely the two markets in which Feralpi operates.»

«Transition – adds the Chairman – does not stop outside, rather it permeates the enterprise and steers its development policy. This is why we at Feralpi integrate sustainability into the business, set KPIs under ESG and strive for the ongoing improvement of environmental and social performance as well. To do so, we invest in technology, research and development, and - despite the pandemic crisis - we have never stopped doing so.»

Key financials (Consolidated Feralpi Holding SpA)

| Highlights (€/000) | 2020 | | 2019 | | 2018 |
|---------------------------------------------|------------------|---|------------------|---|------------------|
| Revenues | 1,238,398 | | 1,302,752 | | 1,320,333 |
| A) Production value | 1,222,458 | + | 1,331,674 | + | 1,366,314 |
| B) Production costs | 1,203,903 | - | 1,260,508 | - | 1,286,169 |
| C) Financial income and expenses | 3,865 | - | 2,794 | - | 3,603 |
| Pre-tax result for the year | 12,642 | + | 54,508 | + | 77,610 |
| Taxes | 7,192 | - | 13,677 | - | 23,875 |
| Total net result for the year | 5,450 | + | 40,831 | + | 53,735 |
| Amortisation, depreciation and write-downs | 55,196 | - | 53,935 | - | 46,092 |
| | | | | | + |
| EBITDA | 73,751 | + | 125,101 | + | 126,237 |
| EBIT | 18,555 | + | 71,166 | + | 80,145 |
| Balance sheet and financial figures | | | | | |
| Technical investments for the period | 55,597 | | 54,521 | | 60,618 |
| Net technical fixed assets | 405,052 | | 357,424 | | 350,807 |
| Total net worth | 520,849 | | 509,496 | | 475,449 |
| Net cash flow | 145,918 | | 134,936 | | 175,600 |
| Employees | | | | | |
| | 1,710 | | 1,570 | | 1,556 |

Feralpi Holding's 2020 consolidated financial statements show **Net Revenues of €1,238m** against €1,302m in 2019 (-4.9% y/y). The strong propensity towards markets outside Italy was confirmed. **Revenues generated abroad** accounted for **62%**, in line with the previous year.



After discounting **€55.2m amortisation, depreciation and write-down**, against €53.9m in 2019, **EBITDA remains positive** (€73.7m) despite the impact of the pandemic emergency. The **net result for the year remains positive at 5.45m**. Consolidated net worth further increased from €509.5m to €520.8m.

The 2020 consolidated financial statements show an increase in **Net Cash Flow** from €134.9m to **€145.9m**, as a result of the inclusion of **Caleotto** in the consolidation scope in 2020. In fact, in March 2020 the subsidiary Acciaierie di Calvisano S.p.A. took over the remaining 50% of the stake in Caleotto S.p.A, and become the sole shareholder of the Caleotto-Arlenico Group. Discounting this effect, the Group achieved a **net cash flow of about €35.0m**.

Investments

Technical investments for the period rose to **€55.6m**, confirming that, despite the uncertainties caused by the pandemic, the Company continues to implement its industrial plan, one of the pillars to sustain increased productivity - both in the construction steel business unit and in the special steels business unit - and to achieve increasingly ambitious environmental KPIs, in order to combine competitiveness with a reduction in the direct and indirect impact of production activities. In effect, energy efficiency projects continued to optimise the consumption of both electricity and natural gas.

In order to optimise energy consumption and reduce CO₂ emissions at the same time, in line with the European Green New Deal, the Company is committed to developing research projects to support production processes, aimed at increasing energy efficiency and reducing impacts and emissions, in a 4.0 perspective, with the help of artificial intelligence and in partnership with international research centres and universities.

During the year, the experimental phase of **using engineering plastics** (obtained from plastics recovered from urban recycling that cannot be reused and has to be disposed of in landfills) **in EAFs instead of coal and its derivatives** was also completed at the Lonato del Garda plant. This will help counteract climate change by reducing CO₂ emissions. As from 2021, with transition to the industrial phase, the consumption of coal will be cut by about 4,000 tonnes, thereby reducing CO₂ emissions by around 2,000 tonnes per year and contributing to the decarbonisation of the production process.

Mineral-based lubricants are gradually being replaced by **fully biodegradable vegetable-oil based products**. In a circular approach, the use of products made using company residues, or sub-bases and asphalts made from black slag resulting from the iron and steel process, has also continued.

The **Quality Integration** project was born as a part of investments aimed at **strengthening and integrating the internal supply chain in high value-added steels** between **Acciaierie di Calvisano (steel mill)** and **Caleotto (rolling mill)**. Actions have been taken to improve plants efficiency, in addition to operational practices and the implementation of Industry 4.0 simulation and control systems. These include testing for the development of new steel qualities, plant development for the rolling mills with the introduction of thermo-mechanical treatment (Caleotto), the implementation of Industry 4.0 logic software systems for monitoring and controlling the entire production chain. Besides, the



development of measurement systems along the entire production chain to minimize defects and the implementation of continuous product tracking systems.

During 2020, the **Presider** plant, a member of the Group that leads the way in the processing of steel for large-scale construction projects around the world, underwent a major intervention to completely redesign the layout, from internal logistics to new 4.0 plants.

In the latter months of the year, in view of reinforcing its leadership role in the building steels business, the Feralpi Group invested in launching the conversion of the business at the Nave plant (Brescia), which has passed to Presider, which will thus be able to take full advantage of all the opportunities arising from the revamping of infrastructure works, thanks to its objectives and the resources made available by the European Recovery Fund.

Workforce

With regard to employment, the Group rose from **1,570 to 1,710 employees (+8.9% y/y)** thanks to both new hires (+12.5% y/y) and the entry of Caleotto in the Group's scope of consolidation. 98% of the workforce are employed on a permanent basis. More than 1,000 employees were involved in health and wellbeing activities and initiatives.

Green Finance Strategy

Feralpi pursues a circular & environment-linked policy on the financial front as well. In 2020, the company launched scouting activity that led to the creation and signing of the **first circular economy-linked interest rate swap** agreement with Intesa Sanpaolo in 2021 for an amount of 40 million euros. This was an absolute first in the Italian market, enabling Feralpi to **expand its hedging strategies by linking them to ESG incentive systems**.

The KPIs identified include a reduction in CO₂ emissions per tonne produced, an increase in Italian suppliers classified using ESG criteria, an increase in the percentage of waste recovered compared to that disposed of, and enhancement of the 231 model to make corporate governance increasingly sound.

THE VOLUNTARY CONSOLIDATED NON-FINANCIAL DECLARATION

As a sign of continuity and transparency, Feralpi presents, together with the Group's 2020 consolidated financial statements, a **Voluntary Consolidated Non-Financial Declaration (NFD)** drawn up in accordance with legislative decree 254/2016. Though not formally required to draw up an NFD, the Group has deemed it necessary to continue to bring forward compliance with the legislative decree in order to provide its stakeholders with comparable elements and to encourage increasing transparency on social, environmental and economic matters.

Like the Group's entire sustainability policy, this document is based on the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda, which clearly point to a virtuous course that industry, too, is required to follow.



In 2020 the Feralpi Group generated a **global gross added value of €178.5m** (of which €80.4m was paid out to all employees), while the **global net added value was €124.7m**.

The turnover attributed to local suppliers was 27%. The contribution in support of local communities exceeded 4 million euros.

On the environmental front, 93% of production comes from recycled steel and 83% of waste was sent for recovery.

In 2020, the **production of waste** from the steelmaking process was down by **6.3%** compared to the previous year. **Direct and indirect emissions** (Scopes 1 and 2) decreased by **5.9%** compared to 2019.



[Download Highlights in the 2020 NFD](#)

Feralpi Group

The Feralpi Group is one of the leading steel producers in Europe (€1.30 bn turnover, with over 1700 direct employees) and specializes in the production of steels for both construction and special applications. From the parent company Feralpi Siderurgica, founded in 1968 in Lonato del Garda (Brescia), a path of growth has given rise to an international, diversified and verticalized Group upstream and downstream of the production and marketing chain. The Feralpi Group is one of the leaders on the national and European markets in the production of reinforcing steel in bars, smooth and ribbed wire rod, rebar, drawn wire and welded mesh.

Feralpi's mission is not only to produce the best construction steels, but to do so in the most sustainable way possible, i.e. by reducing consumption and emissions using the best technologies available thanks to extensive in-house innovation and research activities

www.feralpigroup.com



For more info:

Feralpi Group public relations

Isabella Manfredi | isabella.manfredi@it.feralpigroup.com | tel. 0039 030.9996293 | mob. 338.6029933

Press Release Office

Marco Taesi | marco.taesi@it.feralpigroup.com | tel. 0039 030.9996583 | mob. 339.6430179