



PRESS RELEASE

FERALPI GROUP: 2023 – A NEW MILESTONE IN STRATEGIC INVESTMENTS FOR LOW-EMISSION STEEL

169 MILLION INVESTED DURING THE YEAR FOR THE EFFICIENCY AND ELECTRIFICATION OF PRODUCTION PROCESSES IN ITALY AND GERMANY

GROUP CLOSES 2023 WITH STEADY PRODUCTION VOLUMES AND TURNOVER DOWN ON EXCEPTIONAL 2022, HIGH ENERGY PRICES AND FERROUS SCRAP SHORTAGES AFFECTING RESULTS

- **STEEL PRODUCTION: 2.4m tonnes**
- **TOTAL NET RESULT: €18.9m**
- **TOTAL NET WORTH: €996m**

Lonato del Garda, 25 July 2024

As Europe's steel market is slowing down significantly, the Feralpi Group is continuing to implement the measures set out in the industrial plan announced last year, implementing the investments planned for the development of new industrial processes aimed at reducing its own environmental impact through efficiency and electrification.

Feralpi confirms the investment leverages, despite the current market scenario being declining at the European level, especially in Germany, which is experiencing a sharp economic slowdown.

INVESTMENT

Technical investments reached €169m in 2023. Feralpi continued investing in both production departments and logistics.

Most notably, work has progressed on the **new rolling mill at the German plant Feralpi Stahl in Riesa** (Saxony) where, by the end of the year, testing will begin on the new plant where, the first time in Germany, coils weighing up to 8 tonnes will be produced for the building construction industry using **an innovative, fully electric process with zero direct emissions**.

Again in Germany, a new scrap yard was inaugurated in 2023, thereby optimising and streamlining the scrap treatment process to the benefit of both productivity and quality.



In Italy, the **new spooler system** producing coils will be operational at **Feralpi Siderurgica** facilities in 2024, thereby completing the product range offered to customers.

Again in Italy, at the Lecco-based **Caleotto** (special steels), the **modern Garret line** will soon be operational, thereby adding flexibility and versatility with the production of coils in 19 to 32 mm diameters.

As a result of these investments, the Group is strengthening its ability to direct technological development not only towards technical market requirements, but also towards the need to offer low-emission steel for both the infrastructure and mechanical engineering industry.

REDUCING EMISSIONS: TARGETS ACHIEVED AND FUTURE GOALS

Confirming the Group's tangible commitments in line with its ESG policy, **last year Feralpi reduced its Scope 1 and Scope 2 emissions by 24% y/y (market based).**

In 2024, **the international SBTi** (Science-Based Targets Initiative, which is scientifically considered the most authoritative) also **approved the goals Feralpi has set up to reduce CO2 emissions and other climate-changing gases in 2030.**

Indeed, a target was set **to reduce the specific scope 1, 2 and 3 emissions related to the core boundary of own hot-drawn products by 50%.** In addition, Feralpi is also committed **to reducing the remaining absolute emissions of scope 3 (non-core boundary) by 25%.**

These targets have been considered in line with science to help contain global warming below 1.5 °C.

*"The steel market in Europe is going through a complex period, declining by around 10 million tonnes between 2022 and 2023 (-7.4% y/y). Against this backdrop, Feralpi is firmly maintaining its market share despite the rising cost of energy and scrap shortages weighing on the electro-steel sector. The Group confirms its forward-looking and executive ability in a commitment to offer the market an increasingly decarbonised product", says **Giuseppe Pasini, Feralpi Group chairman.** "Our aim is to be ready and technologically ahead when the upturn in consumption will also be accompanied by an increasing focus on product quality and the greening of the production process".*

FINANCIAL STATEMENTS (CONSOLIDATED, FERALPI HOLDING SPA)

Feralpi Holding 2023 consolidated financial statements show steady production volumes at 2.42 million tonnes and €1,733m in revenues, down 27% from the exceptional 2022 results of €2,398m. The value of production came to €1,736m.



The strong propensity towards international markets was confirmed, with 61% of revenues generated abroad, down slightly from the previous year (63%).

The decrease in sales revenue in 2023 compared to the 2022 figures was accompanied by an increase in the incidence of production factors on revenue, namely the consumption of raw materials, whose incidence on the value of production rose from 50.9% to 63.8%. This resulted in a significant reduction in EBITDA, which dropped to €83.2m (4.8% incidence on production value) compared to €501.7m (19.8%) in 2022.

After accounting for €64.2m worth for depreciation, amortisation and write-downs, which increased as a result of the Group's investment activities, the total net operating result dropped to €18.9m compared to €334.2m in 2022.

The Net Financial Position remained positive, moving from €15.3 excess cash against €54.3m financial debt due to the significant investment operations carried out during the year.

EMPLOYEES

An overall increase in personnel was again recorded in 2023, with 71 additional staff compared to 2022, up from 1,856 to 1,927. This is mainly due to the hiring of qualified personnel with specialised skills to support the technological investments of companies in the steel business.

The Group's commitment to professional qualification of human resources continues with programmes dedicated to high-level managerial and technological training.

As part of the objectives linked to corporate ESG policy, the year 2023 also saw the launch of the 'SteelWomen' project aimed at hiring female workers in the technical-production areas of the Group companies, specifically in steelworks, the beating heart of production. The goal over the next four years is to hire 10 times as many women as are currently in the manufacturing industry in Italy (0.5% - source: Istat 2021).

INTEGRATED REPORTING: NUMBER ONE IN ITALY AND AMONG THE FIRST IN EUROPE IN STEELMAKING.

As further evidence of its own commitment to sustainability and deep integration with the corporate operations and business, Feralpi Group is presenting for the first time its annual reporting based on an integrated approach of the perimeter of Feralpi Siderurgica's Consolidated Financial Statements, the aim being to



combine the reporting of financial performance with the disclosure of environmental, social and governance (ESG) information.

The purpose of this document is to offer stakeholders, in one report, a complete view of the value generated by Feralpi and the strategies that the Group intends to pursue to continue generating that value in a sustainable manner in the short, medium and long term.

This decision stems from the Group Governance's desire to **anticipate future statutory obligations introduced by the Corporate Sustainability Reporting Directive - CSRD** (Directive 2022/2464) - and the new reporting standards (ESRS - European Sustainability Reporting Standards developed by EFRAG - European Financial Reporting Advisory Group).

Again in 2023, Feralpi set out its own **ESG Scorecard** with a view to reinforcing the soundness of its sustainability roadmap, monitoring its progress against set goals and meeting its stakeholders' communication requirements. The Scorecard consists of **14 goals**, the progress and possible updates of which will be evaluated annually in line with developments in the Group's industrial strategy and priorities.

As for the environment, Feralpi is committed to help reduce consumption and impact as well as increase the reuse and recovery of production waste. As for the social aspects, the Group focuses on the care, safety and enhancement of people, work culture, education of new generations, inclusion policies and the development of the local community. As for governance, Feralpi integrates ESG aspects into the industrial model by driving change in the steel industry and encouraging companies in the supply chain to adopt sustainable policies.

MARKET OVERVIEW

In 2023, the global economic scenario weakened in both Europe and emerging markets. After the strong rebound following the Covid shock, worldwide manufacturing operations have suffered a significant setback. Several factors have been weighing in, including the shift in consumption from goods to services, the weakening of European industry that revolves around German industry, and more difficult conditions for demand, especially investment, due to credit squeeze and the gradual exhaustion of emergency policies.

Feralpi Group

The Feralpi Group is among the leading steel producers in Europe (€1.7bn in sales in 2023 and over 1,900 direct employees) specializing 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 and coils, smooth and ribbed wire rod, recoiled wire, 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, while respecting people and their diversity as well as



the environment, by reducing energy consumption and emissions, using the best techniques available, through investments in technology combined with intensive innovation and research activities.

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