

Member News

PAUL WURTH: SOLID RESULTS IN 2019 HELP MITIGATE THE IMPACT OF TODAY'S GLOBAL ECONOMIC SHOCK

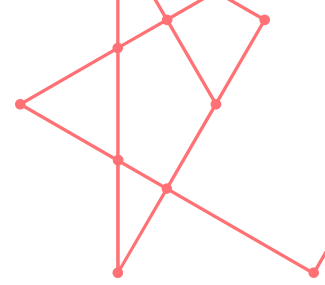
Luxembourg, 12 May 2020. Under the chairmanship of Michel Wurth, the Ordinary General Meeting of shareholders of Société Anonyme Paul WURTH was held on 12 May 2020 to approve amongst others the financial statements for the year 2019.

Given the challenging economic environment, which prevailed already for most of 2019, the group's reported level of new contracts and its financial result 2019 reflect a good performance. This achievement is all the more important today to mitigate the significant global economic fall-out as a consequence of the outbreak of the novel corona virus in the first months of 2020. And yet 2020 should have been a very special year for Paul Wurth, marking the 150th anniversary of the company.

Economic climate and commercial situation

In 2019, the steel industry continued to face important headwinds, including the increase in international trade frictions, long-lasting restructuring processes and the persistence of overcapacities. Despite this weak global outlook and a continuing reluctance to invest on customers' side, 2019 was a good year for Paul Wurth. In its traditional iron and coke making activities, the group had a quick and excellent start into the year with important orders for two new blast furnace plants booked with the Turkish Erdemir group. This momentum was maintained with the contracts Paul Wurth signed for revamping a coke oven gas treatment and by-products plant in South Africa and for upgrading pulverised coal injection facilities at a blast furnace plant in Brazil. Even if the steel industry experienced a slowdown towards the middle of the year, the volume of new orders finally reached 426 million euros at the end of 2019, thanks to a number of blast furnace relining projects, especially in Europe, engineering and equipment supplies to Chinese coke makers as well as a strong and further progressing contribution from the service business.

Besides the industrial activities, Paul Wurth Geprolux, the civil construction entity of the group, had a very good year, with about 50% more orders registered than in the past. They are involved in many large projects that are progressing at a fast pace in Luxembourg, giving the Paul Wurth group a high



domestic visibility.

Operational activity

In terms of project execution, the commissioning of a blast furnace at NLMK in Russia, after its complete reconstruction integrating Paul Wurth design and technology, was successfully handled. Also in Russia, the first hot blast stove of Paul Wurth design was taken on blast at EVRAZ's West-Siberian ZSMK works as part of a larger stepwise modernisation project. On coke making side, first coke was successfully pushed from JFE Steel's reconstructed coke oven battery in Japan.

Today, a large number of projects under execution throughout the world are impacted by the occurrence of the Covid-19 outbreak, being delayed or even suspended because of travel and working restrictions, supply chain disruptions as well as liquidity constraints at customers and/or suppliers. In these extraordinary circumstances, Paul Wurth's priority is to preserve the health of its workforce and maintain business continuity, not least to continue to serve its customers and support them with pragmatic, quick and digital solutions based on the group's expert know-how. A special focus is here on recently developed Industry 4.0 solutions allowing remote access and easy, secure exchange of data for maintaining plants fully operational and connected in an unprecedented situation.

Results for the financial year 2019

Turnover for the year was 479.2 million euros, up by 12.8% from the level reported in 2018. Paul Wurth closed the financial year 2019 with a net profit of 14.4 million euros (compared with 14.1 million euros in 2018).

Green Deal and transformation of the steel industry

In 2019, Paul Wurth continued and accelerated its initiatives towards developing environmentally friendly and climate-neutral solutions for the steel industry, which will undergo a deep transformation process in the years and decades to come under the impact of the 2015 Paris Climate Accord and the "Save the Climate" movement, which gained momentum last year.

By offering CO₂ reducing technologies, Paul Wurth's immediate target is to help its customers reduce greenhouse gas emissions and improve energy efficiency at their existing facilities, knowing that the move towards a completely new process route needs first to be scaled up and is extremely capital-intensive for steel producers. In this regard, another valuable reference order for coke oven gas injection at the blast furnace can be reported from Rogesa, Dillingen.

In a longer-term perspective of carbon-free steel production, Paul Wurth took an important step with a 20% participation in the German cleantech company Sunfire GmbH. Through this, Paul Wurth is today a credible partner when it comes to discuss hydrogen based technologies with customers. The collaboration with Sunfire is progressing into two directions: H₂ based iron ore reduction, which replaces fossil carbon in the reduction process with green hydrogen, and power-to-x activities in the energy sector. In both areas, so-called lighthouse projects are presently developed to demonstrate to the world the feasibility of these cutting-edge technologies. How quickly these projects can be scaled up and implemented depends of course on external factors and political decisions, such as availability and price of green electricity, price of carbon credits, regulatory framework etc.

All these future-oriented developments are in line with Paul Wurth's tradition of pioneering activities, thanks to which the company can proudly look back

on 150 years of excellence, made of sound achievements, revolutionary developments and fruitful working together. With a year of delay, this important milestone anniversary will be celebrated adequately next year in a festive way, hopefully then free of social distancing constraints.

