

# »» Business review January–March 2021

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**Terrafame**

# »» January–March 2021 in brief

	2021 Q1	2020 Q1	Change	2020
<b>Net sales, EUR million</b>	93.4	96.1	-2.8%	338.3
<b>EBITDA, EUR million</b>	9.6	11.3	-15.0%	23.8
<b>Operating result, EUR million</b>	-0.7	1.6	na	-16.9
<b>Free cash flow, EUR million<sup>(1)</sup></b>	-21.9	25.3	na	13.8
<b>Nickel produced, t</b>	7,286	8,362	-12.9%	28,740

2 1) Free cash flow from operating activities after sustaining capital expenditure = EBITDA - change in net working capital – sustaining capital expenditure without right-of-use assets.

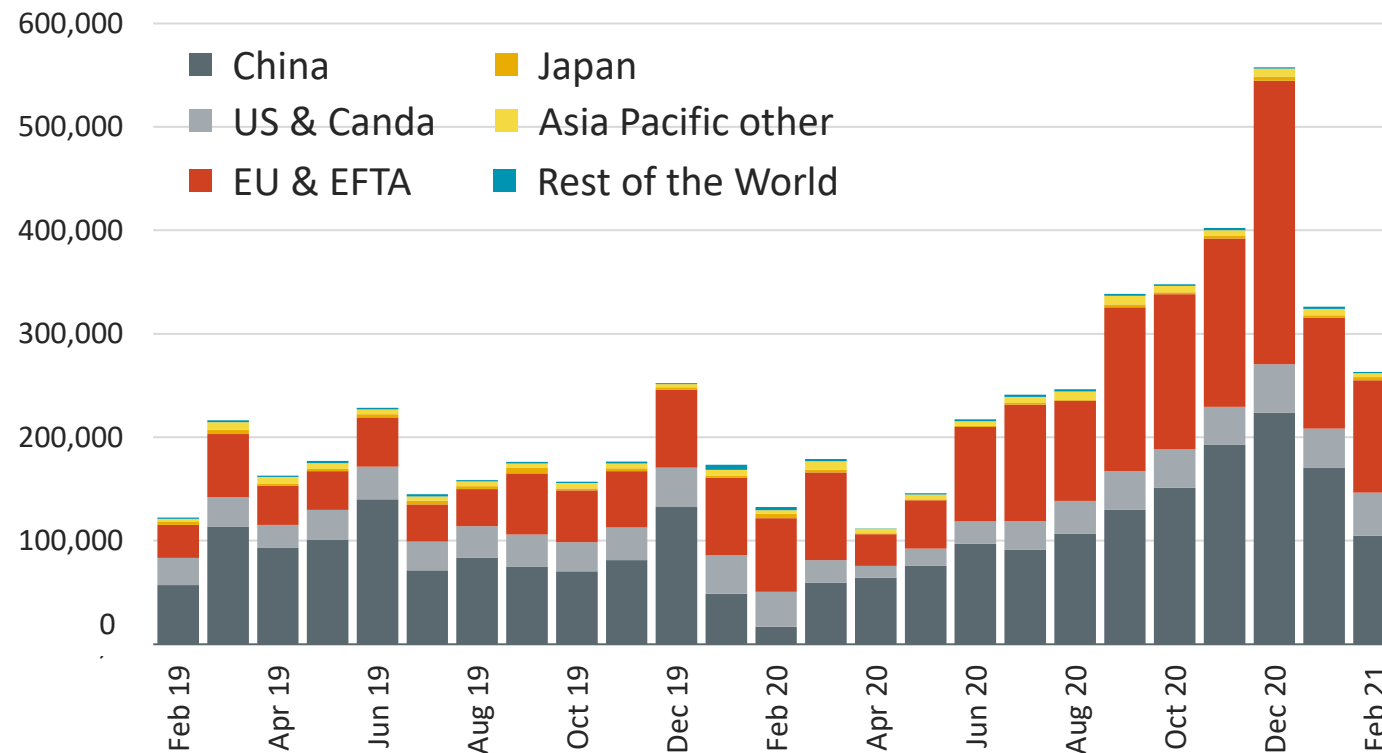




**» The battery chemicals plant will be commissioned to a good market situation**

# » Global sales of EVs almost doubled in January–February compared with the corresponding period in 2020

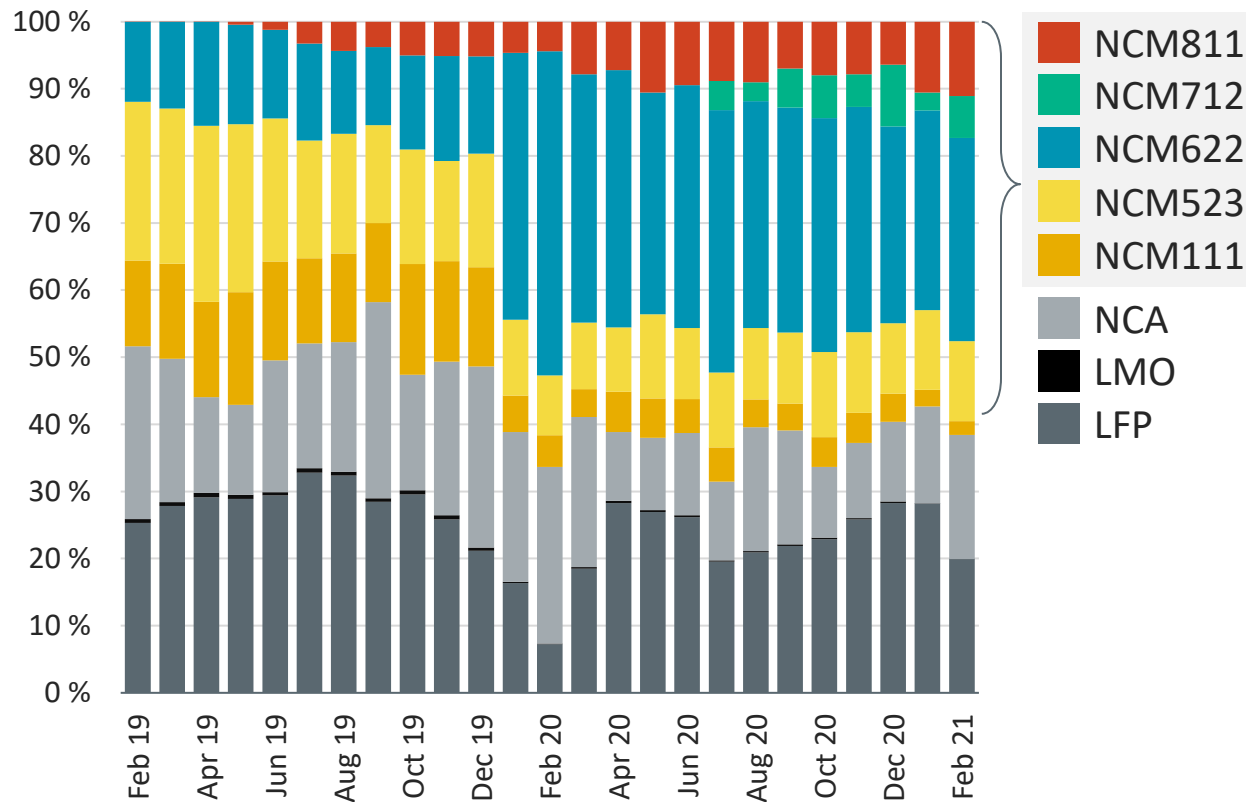
## Global EV\* sales



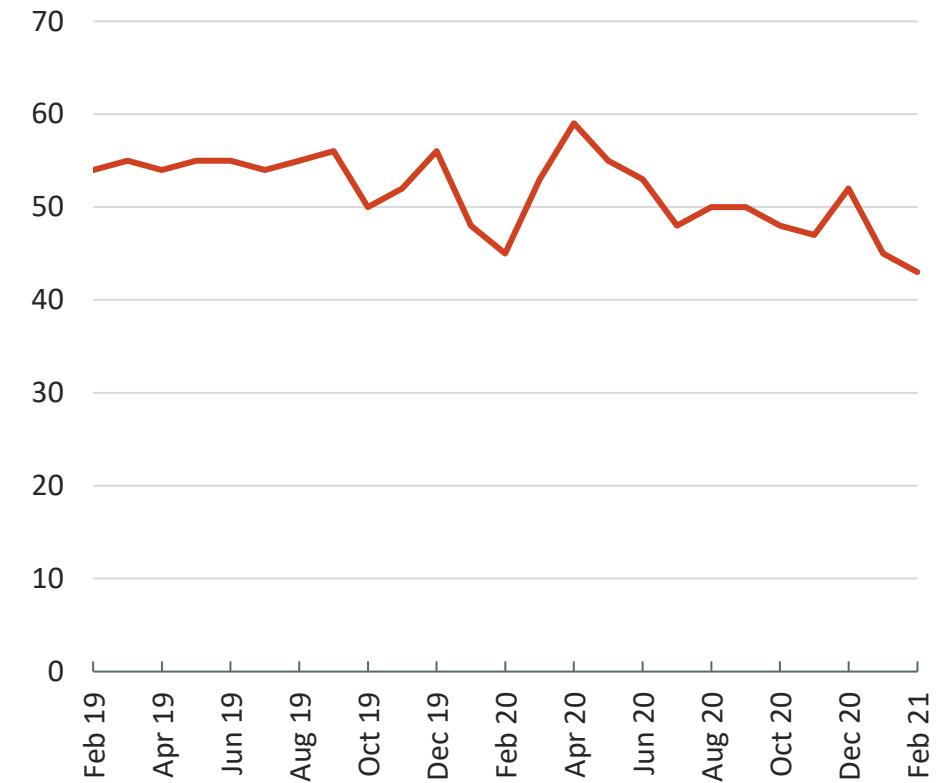
- In January–February 2021, global EV sales were around 603,000 (314,000) units.
- February 2020, the impact of the coronavirus caused the sales of electric vehicles to decrease significantly in China, with OEM manufacturers announcing production ramp-downs.
- In Europe, the sales of electric vehicles continued at a strong level for the first two months of 2020.

# »» The market share of nickel rich batteries continued to grow strongly in early 2021

Monthly weighted average EV battery cathode chemistry

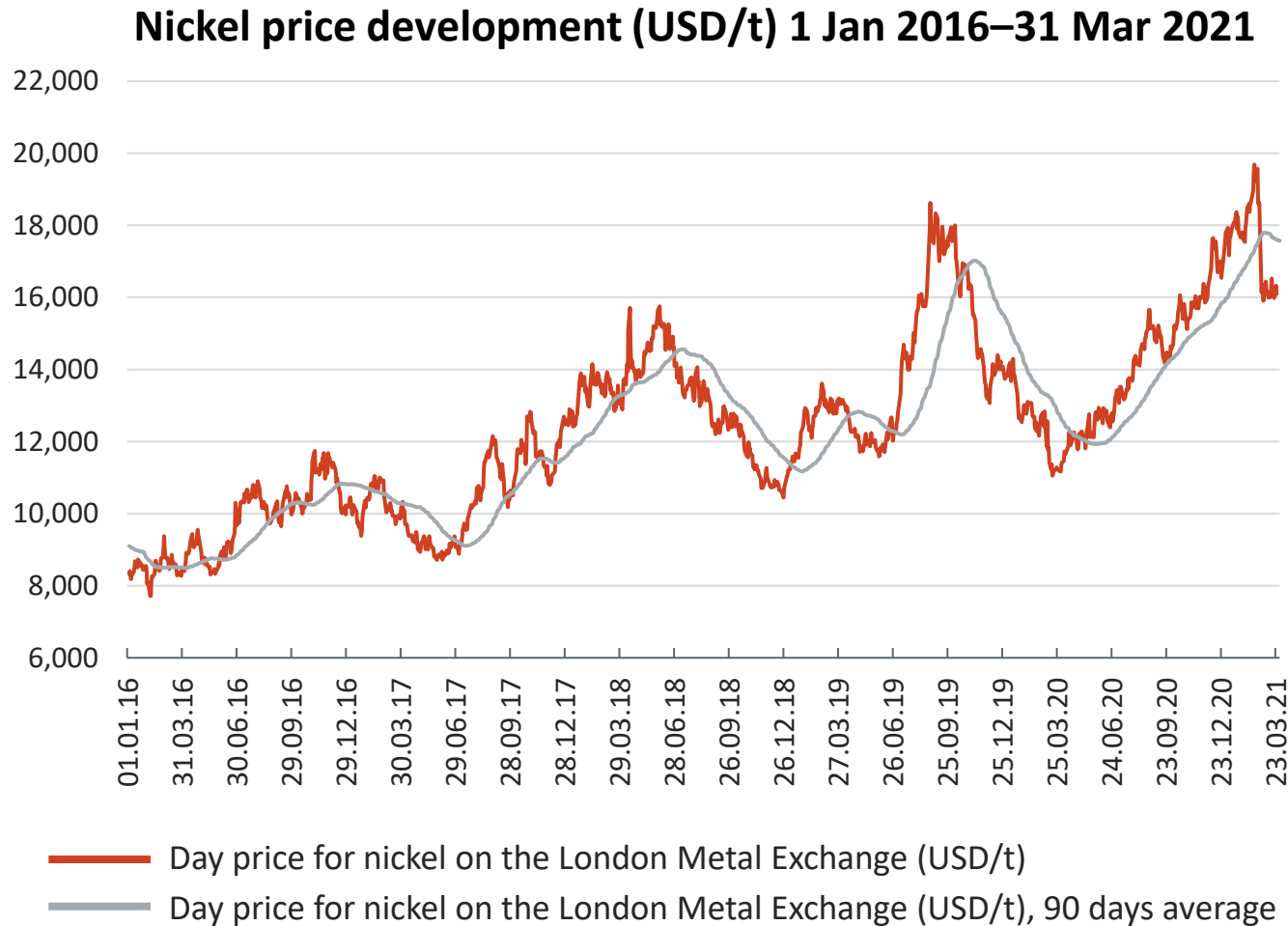


Monthly sales weighted average EV battery pack size (kWh)



Source: Rho Motion

# » Nickel price development

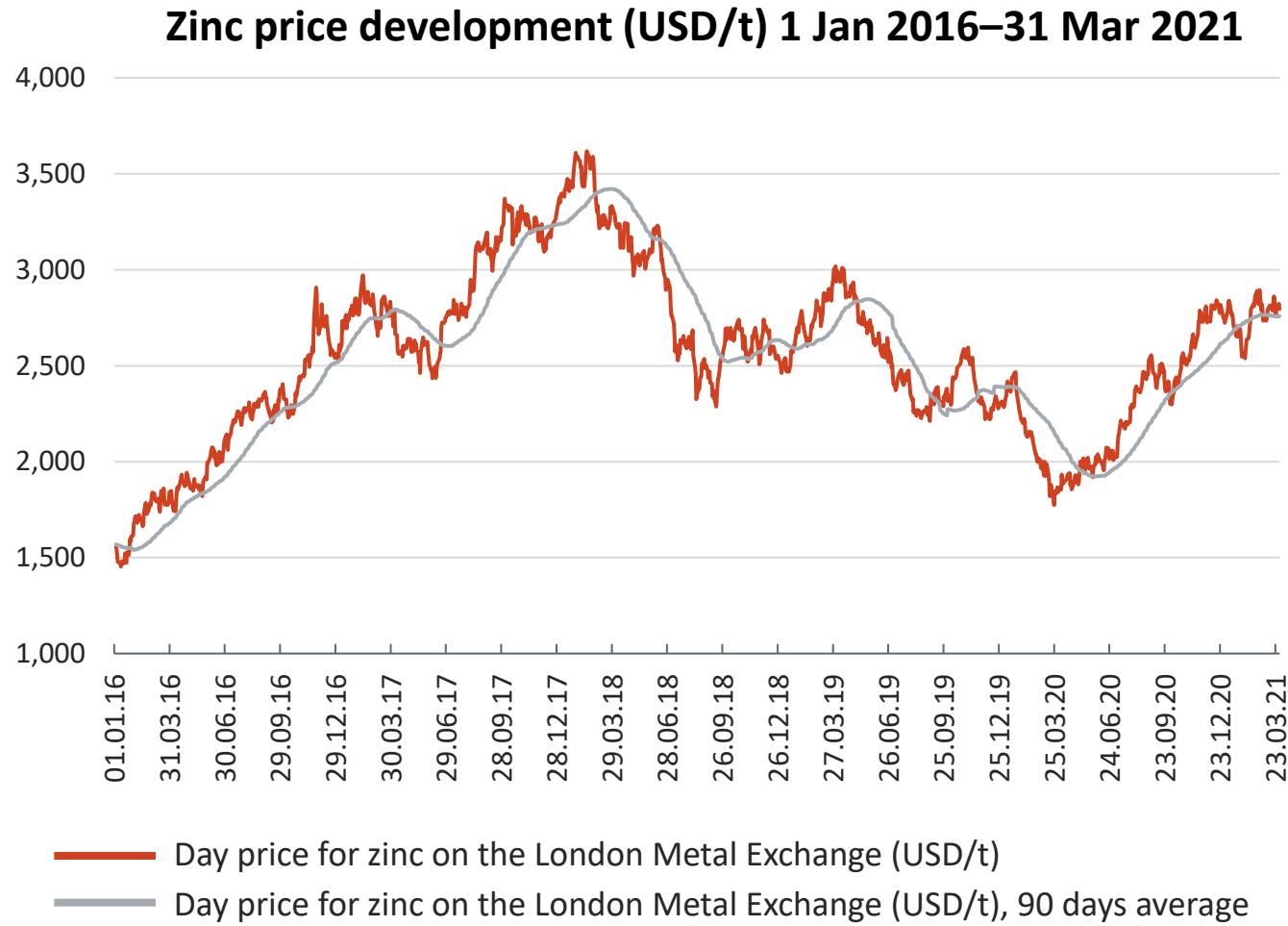


- The prices of base metals on the LME increased strongly during the review period.
- In Q1 2021, the nickel average price was 17,556 USD/t, which was
  - 38.0% higher than in Q1 2020
  - 10.0% higher than in Q4 2020
- At the end of Q1 2021, the total combined nickel stocks on the LME and the SHFE stood at 269,874 tonnes, which corresponds to demand for 5.3 (5.5) weeks. The stocks increased somewhat from the end of 2020 (267,012) and the end of the Q1 2020 (257,439).

Data source: Metal Bulletin

LME = London Metal Exchange, SHFE = Shanghai Futures Exchange

# » Zinc price development



- The average market price of zinc also rose strongly on the LME during the review period.
- In Q1 2021, the zinc average price was 2,749 USD/t, which was
  - 29.0% higher than in 2020 Q1
  - 5.0% higher than in 2020 Q4
- In Q1 2021, zinc stocks stood at 389,529 tonnes, corresponding to demand for less than 2 weeks (around 1 week). The stock level increased markedly from the end of the Q1 2020 (234,008) and the end of the Q4 2020 (231,154).

Datalähde: Metal Bulletin

LME = London Metal Exchange, SHFE = Shanghai Futures Exchange

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# »» Commissioning of the battery chemicals plant are in the final stage

- On January, the Regional State Administrative Agency for Northern Finland granted an environmental permit for the battery chemicals plant.
- At the end of March, the construction and commissioning was 97% completed.
- Commercial production at the new plant is about to start.
- The coronavirus pandemic has caused some delays in the delivery of materials and equipment and the completion of installation work, but the project has generally progressed almost perfectly in line with its original schedule and budget.



Completion level  
**97%**

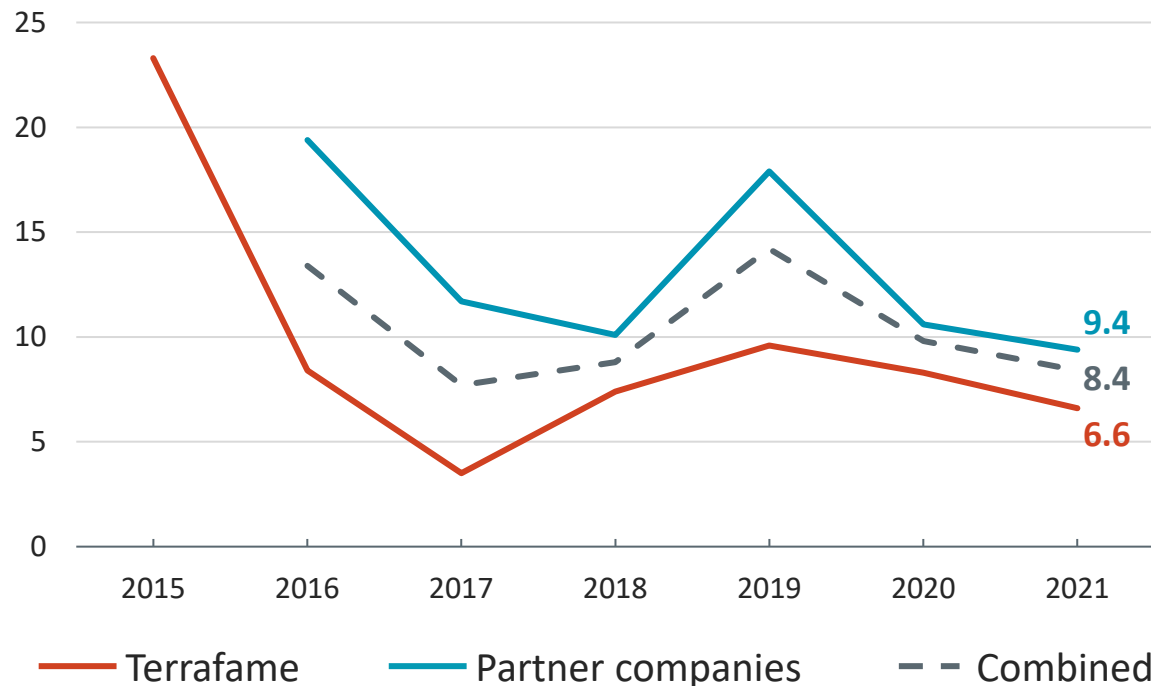




» Key figures  
January–March  
2021

# »» Terrafame employees had no lost-time accidents during the first quarter of 2021

Rolling 12 kk lost-time injury frequency (LTIFR)



**Terrafame**

**883**

employees at the end of the period (804)



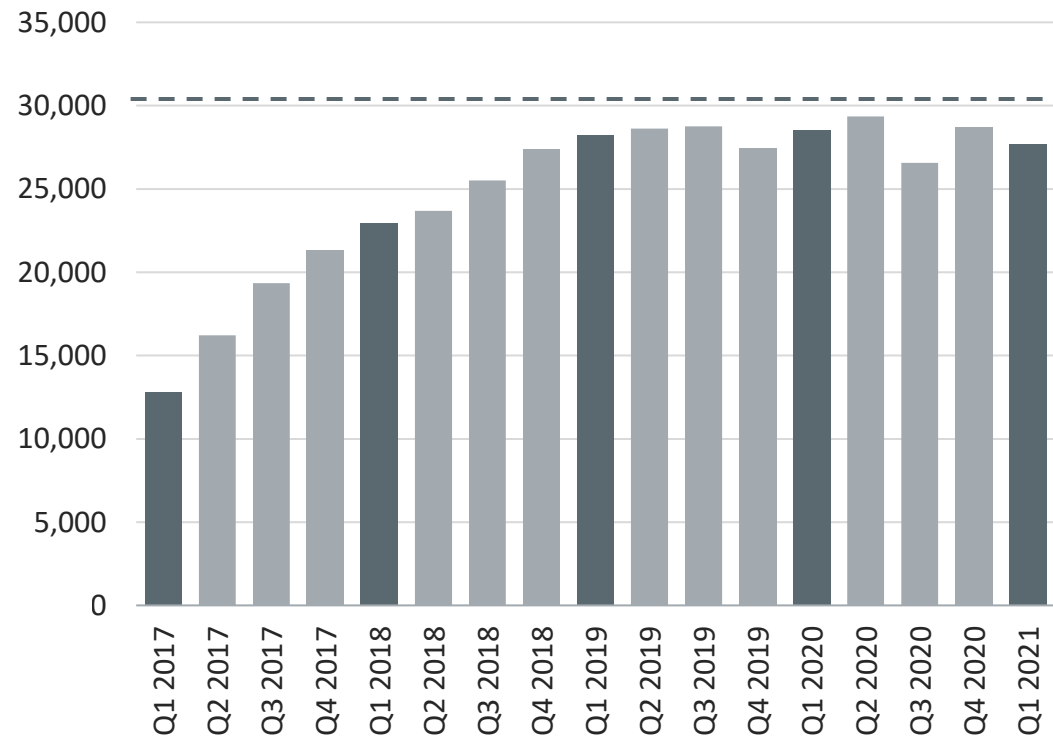
**Partner companies**

**1 085**

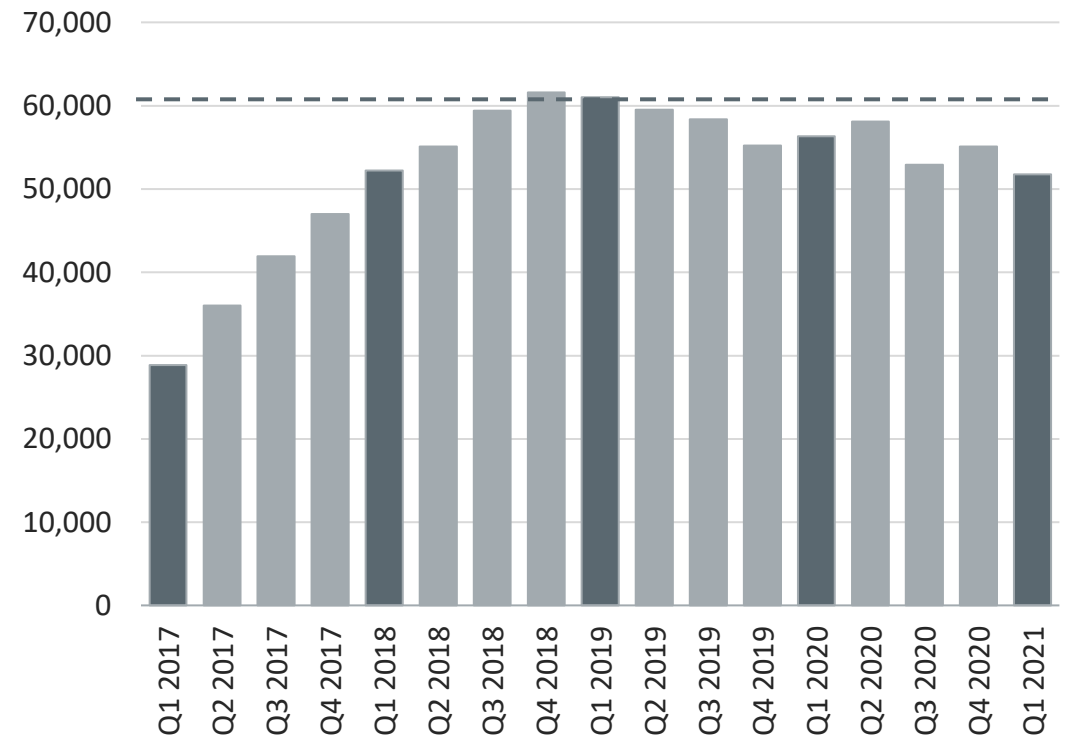
employees on average during the period (937)

# » Electricity supply problems limited production in January

### Nickel production, rolling 12 month (t)

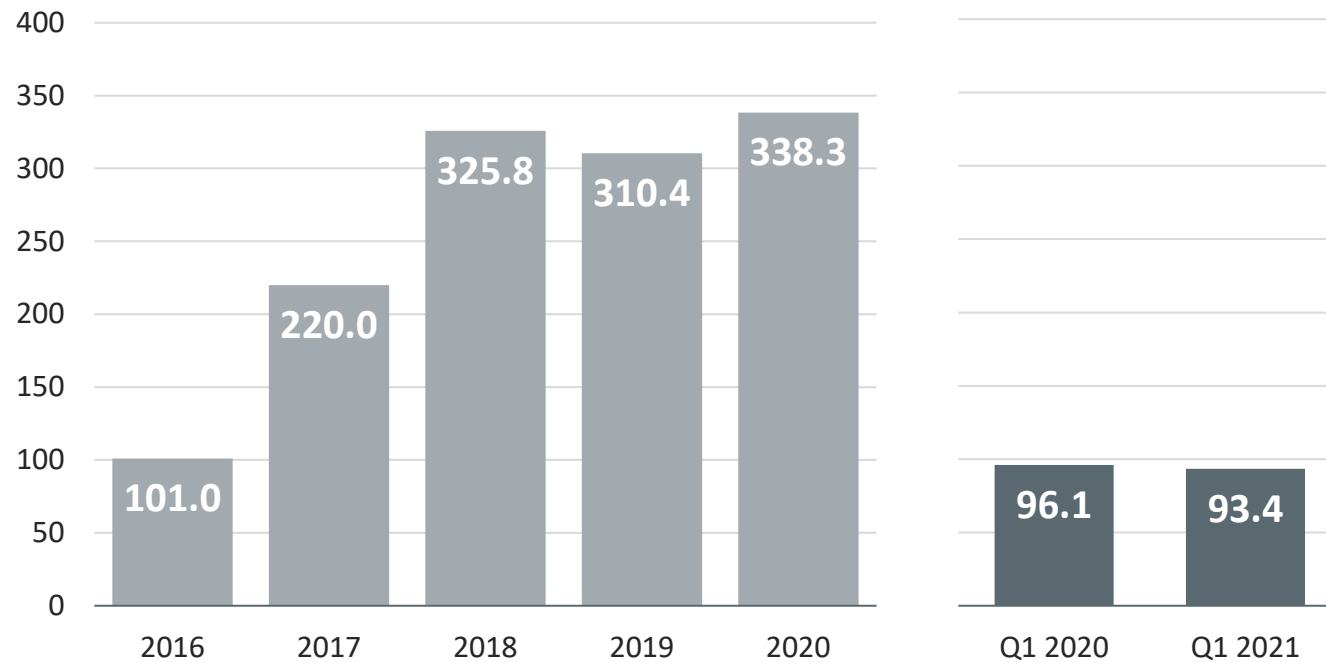


### Zinc production, rolling 12 month (t)



# » Net sales were at the same level than in Q1 last year

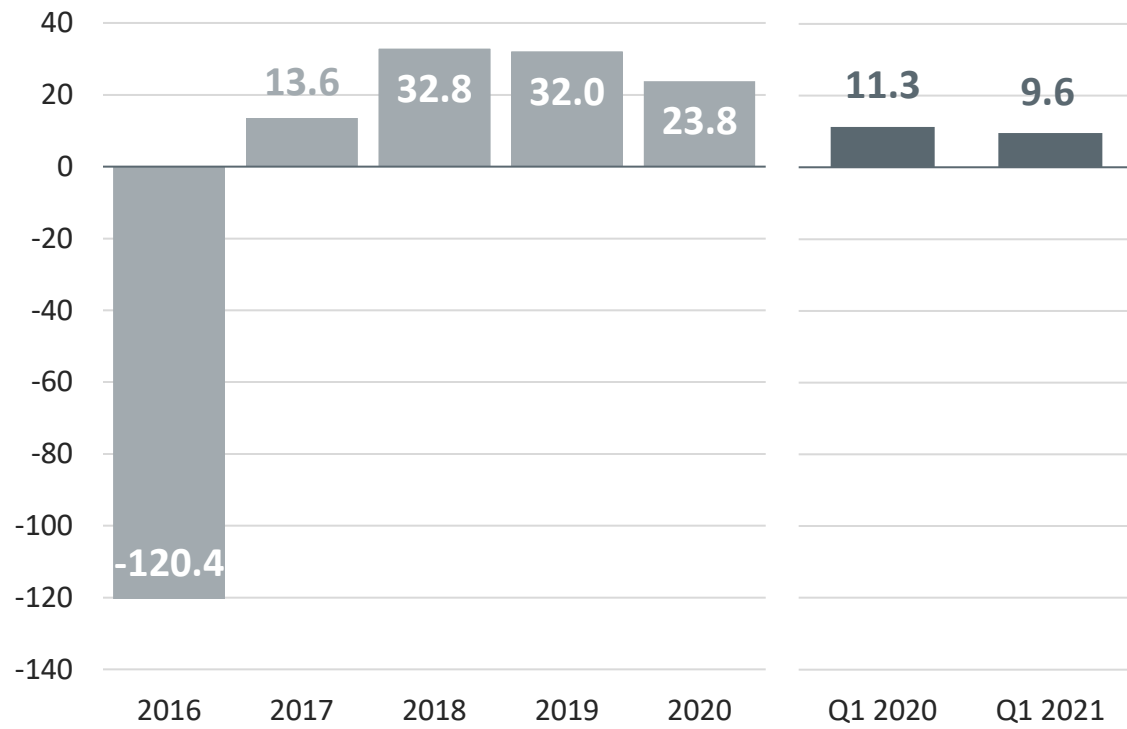
Net sales (EUR million)



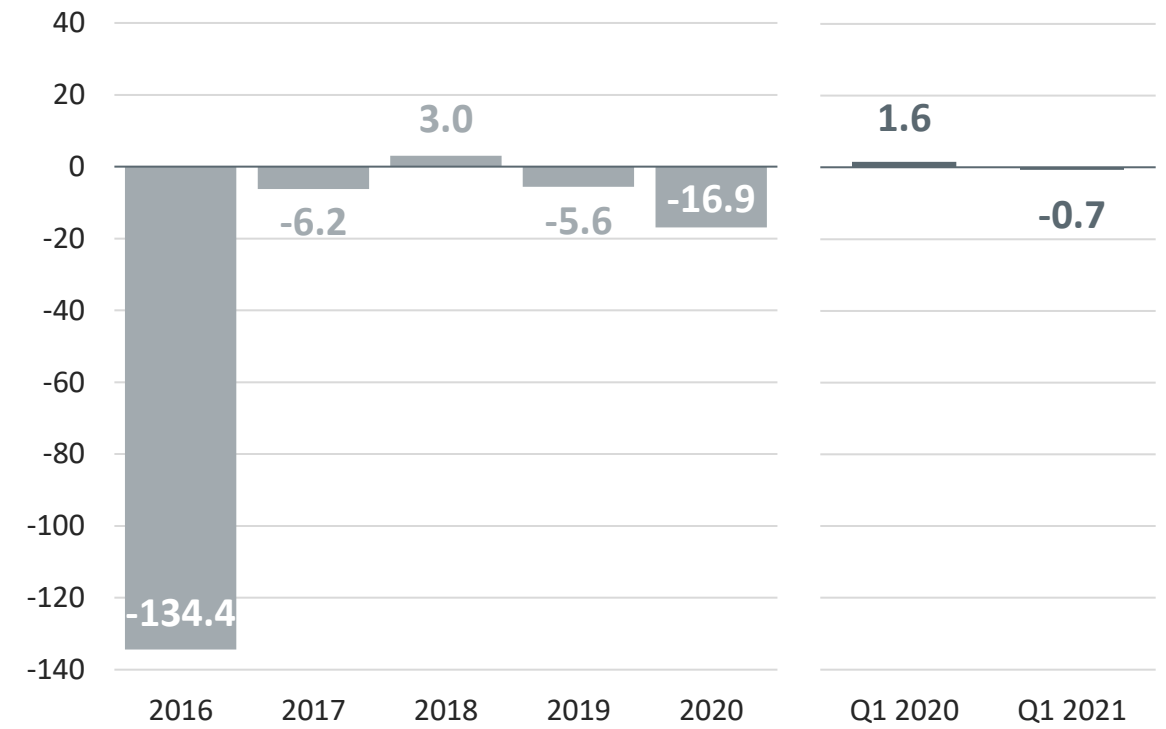


# » Preparing for the start of the battery chemicals production increased costs and decreased EBITDA

EBITDA (EUR million)

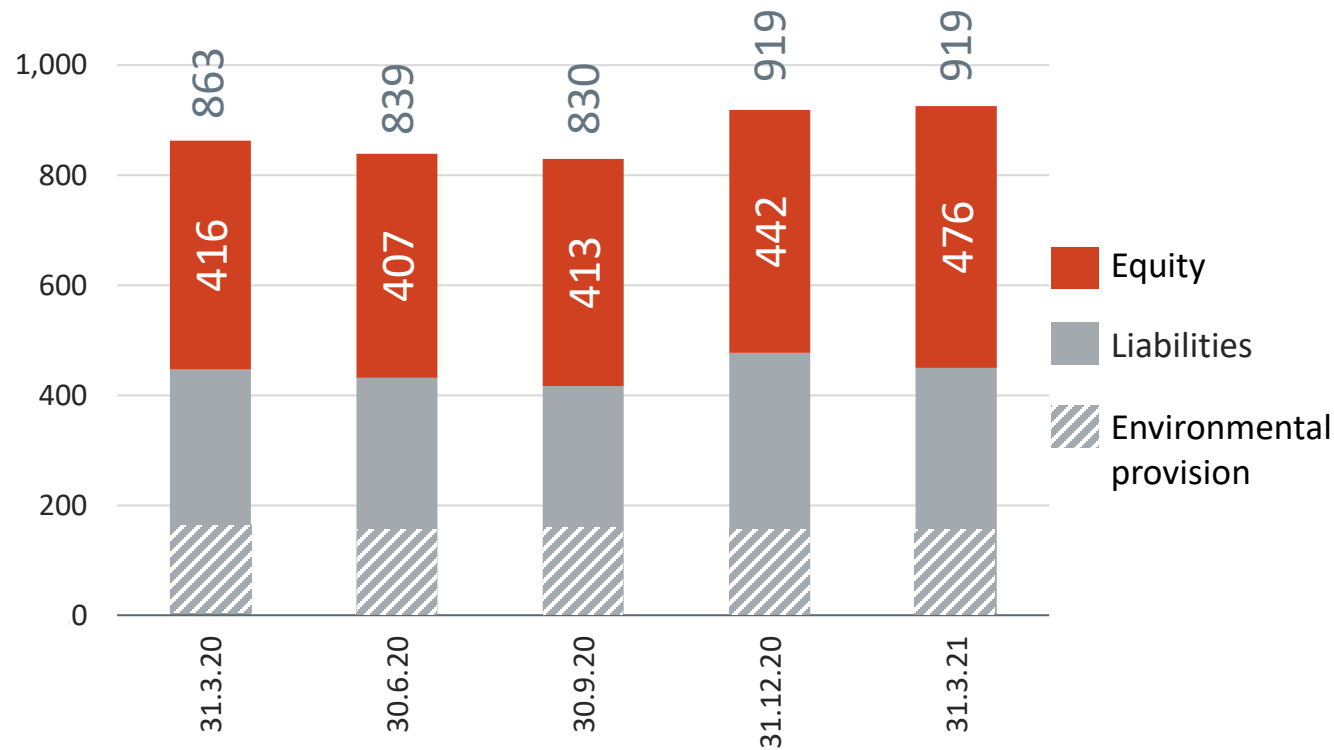


Operating result (EUR million)

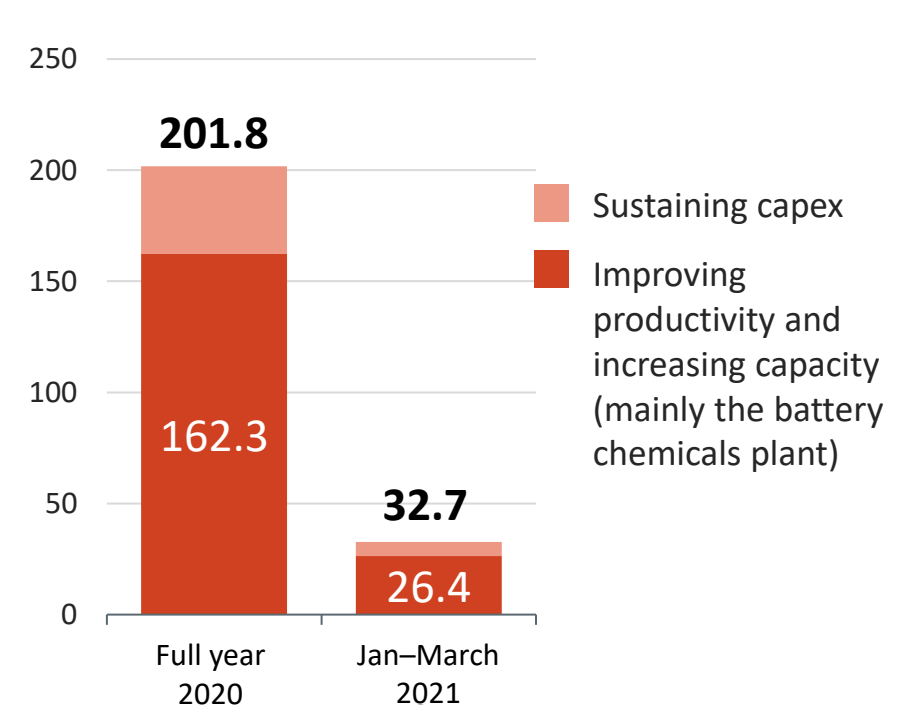


# » Investments were specially related to the construction of the battery chemicals plant

Equity and liabilities (EUR million)



Capital expenditure (EUR million)



## »» Near-term outlook

- The price development of metals always involves uncertainty.
- The planned annual maintenance shutdown at the metals production plant will take place in May.
- Commercial production at the battery chemicals plant is about to start. The production of battery chemicals is expected to increase the company's net sales from late 2021.
- Terrafame continues to invest in improving its safety culture, production and cost-effectiveness.







# Terrafame

**Enhancing low-carbon  
mobility with responsible  
battery chemicals.**

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