SCHMOLZ + BICKENBACH

Q1 2017 results – Investor & Analyst Conference Call

Lucerne, 3 May 2017

Disclaimer

Forward-looking statements

This presentation contains forward-looking statements about developments, plans, intentions, assumptions, expectations, convictions, possible impacts or the description of future events, outlooks, revenues, results or situations, for example. These are based upon the company's current expectations, convictions and assumptions, but could materially differ from any future results, performance or achievements. We are providing this communication as of the date hereof and do not undertake to update any forward-looking statements contained herein as a result of new information, future events or otherwise.

Content

01 Business Review Q1 2017

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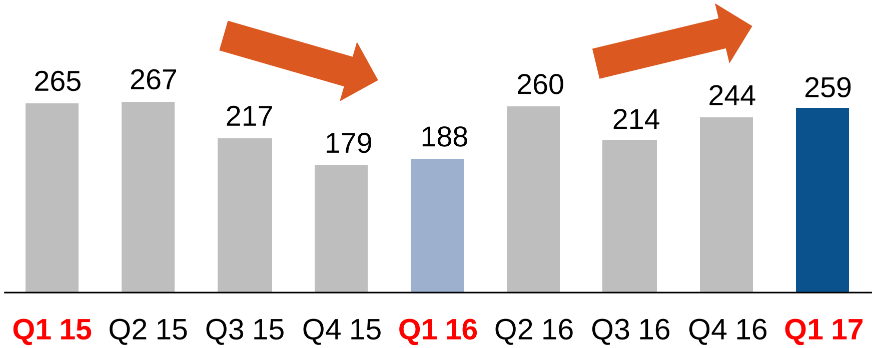
Strong Results in Q1 2017

- **Improved Business Environment in Q1 2017**
  - Broad-based improvement in demand towards normal levels
  - Good volume growth, favorable price trends and improved product mix
- **Profitability Further Increased**
  - Better top-line growth, positive impact from restructuring and cost saving measures
  - Adjusted EBITDA margin at 9.4%, from 4.1% in Q1 2016
- **Normal Seasonal Pattern in Free Cash Flow and Net Debt**
  - Lower free cash flow due to increased working capital needs
  - Net debt seasonally higher than at year-end 2016, but lower than one year ago
- **Successful Refinancing at Favorable Conditions in April**
  - Issue of a new bond with significantly lower coupon and extended maturity
  - Syndicated loan and ABS program extended to 2022

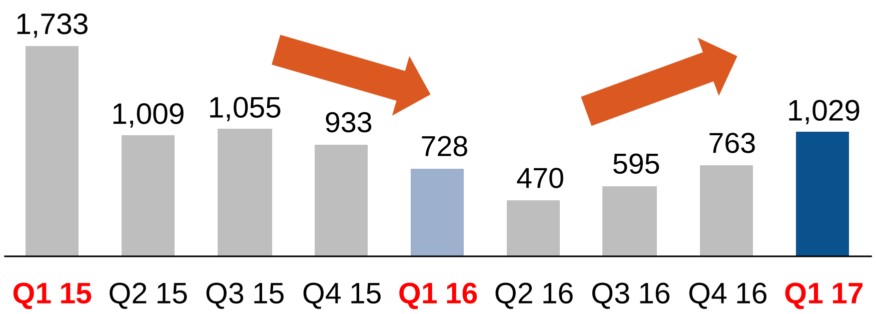
Q1 2017 – Return to a More Normal Market Environment

- **Business Environment Increasingly Positive**
  - Better demand in a broad range of product groups, all customer industries and regions
- **Raw Material Prices Up Year-on-Year**
  - Alloy surcharges supported by better pricing environment
  - Scrap +37.8% / Nickel +20.3% / Ferrochrome +55.3%
- **Slightly Improved Demand from Oil & Gas Industry**
  - Rotary rig count continuously recovered since Q2 2016
  - Improved order backlog at Finkl Steel

Steel Scrap Shredded fob Rotterdam (quarterly average, USD/kt)



O&G Rotary Rig Count (quarterly average)



Source: Bloomberg

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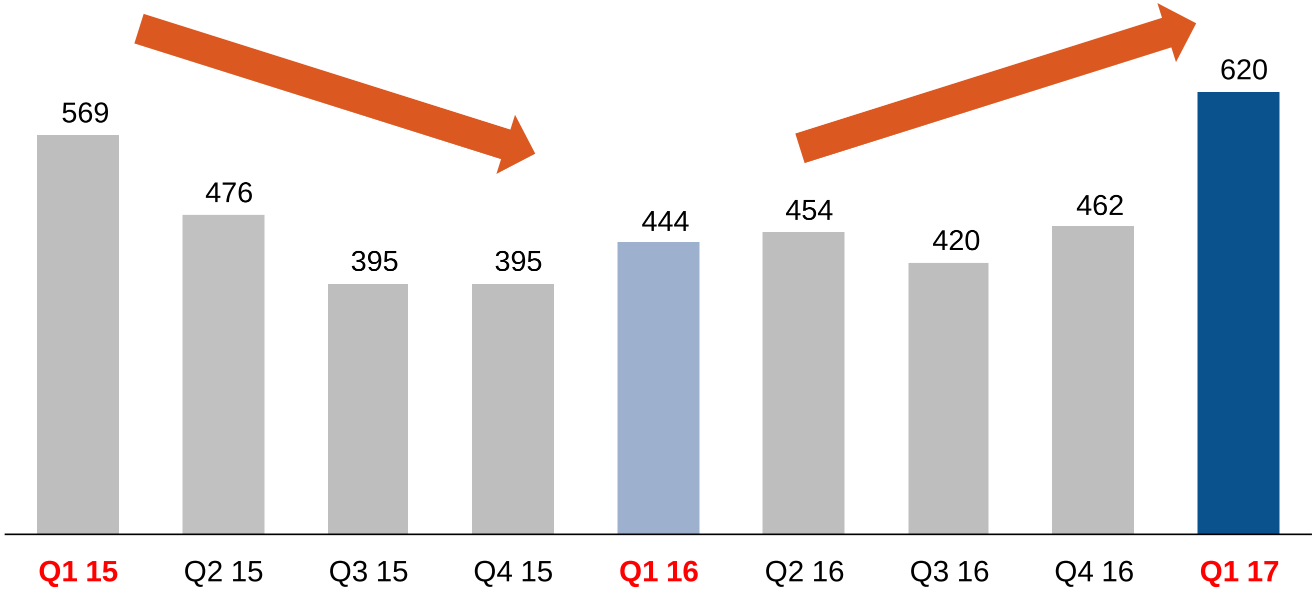
Order Backlog Highest in The Last Two Years

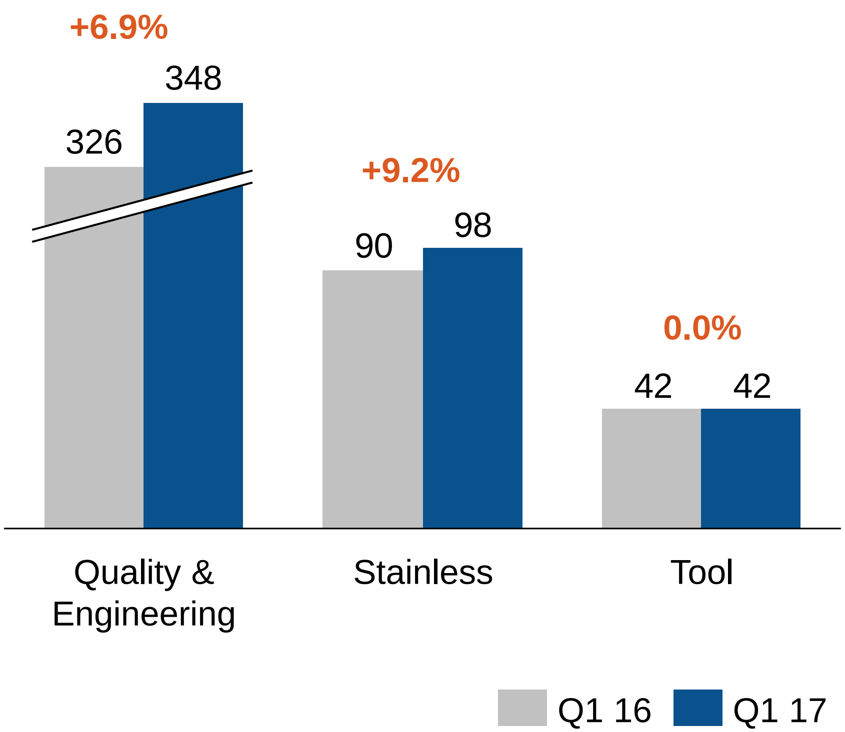
- **Order Backlog Increased by +39.6% Year-on-Year**
  - Dynamic progress of order backlog since the beginning of the year
  - Order backlog higher than in a strong Q1 15



Strong Automotive Demand Drives Stainless as well as Quality & Engineering; Modest Improvement from Oil & Gas

- **Increase in Stainless Steel Continued**
  - Strength in European automotive industry
  - New car registrations in W. Europe at all-time high in March with +10%, Germany +11% yoy
  - Car sales in the US –2% and in China +3% yoy in March 2017
- **Quality & Engineering Back to Growth**
  - Renegotiation of yearly contracts with automotive industry in the fourth quarter
- **Tool Steel with Least Dynamic**
  - Regional pockets of growth, no widespread uptick yet

Sales Volume by Product Group (kt)



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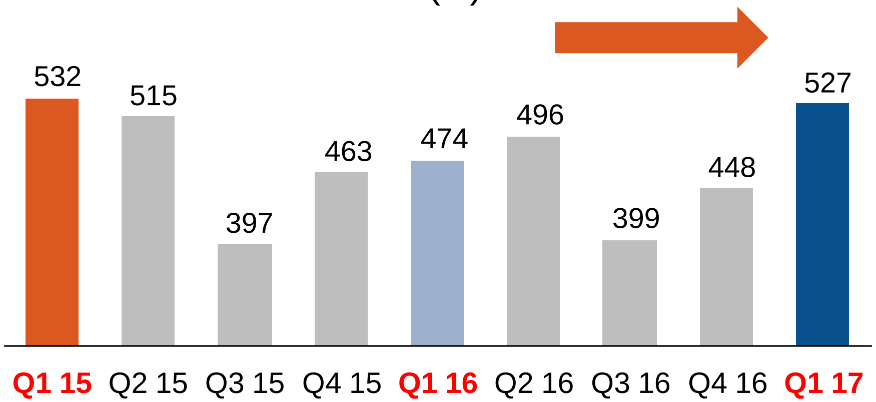
02 Financial Performance Q1 2017

Crude Steel Production and Sales Volume Back to Normal

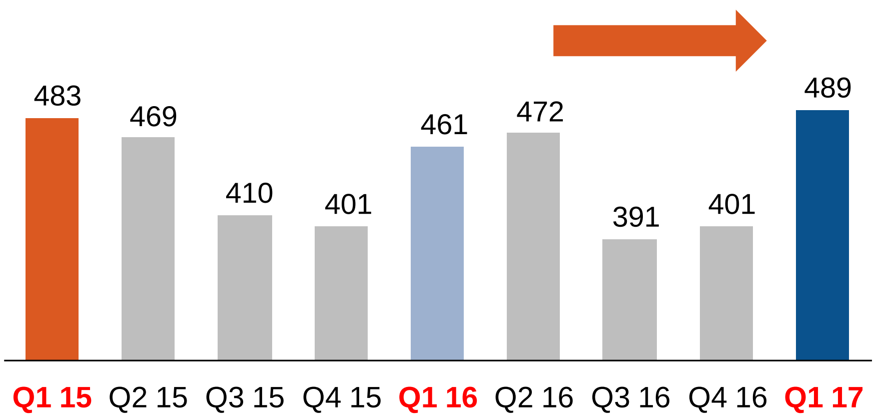
- **Production at Pre-crisis Levels**
  - Crude steel production increased 11.2% compared to Q1 16
  - Level of Q1 15 reached again

- **Sales Volume with Improving Dynamics**
  - Sales volume +6.1% compared to Q1 16
  - Highest sales volume since Q1 14 – similar level reached pre-crisis in Q1 15

Crude Steel Production (kt)



Sales Volume (kt)



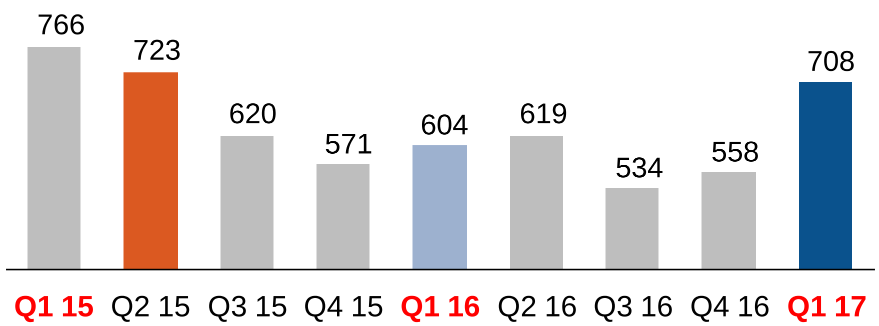
Revenue Growth Driven by Volumes, Prices and Mix

- **Revenue Growth of 17.2%**
  – Higher sales volume, rising sales prices and better product mix resulted in highest revenue since Q2 15

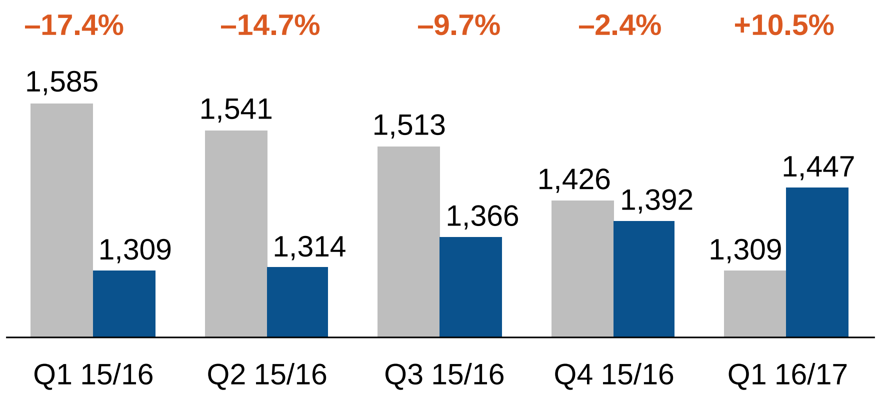
- **Improving Trend of Sales Prices Continued**
  – Quarterly sales price significantly increased in Q1 17 compared to Q1 16
    - Q1 15/16 @ –276 EUR/t
    - Q2 15/16 @ –227 EUR/t
    - Q3 15/16 @ –147 EUR/t
    - Q4 15/16 @ –34 EUR/t
    - Q1 16/17 @ +138 EUR/t

  – Average Sales Prices at highest level since Q3 15

Revenue (EUR million)



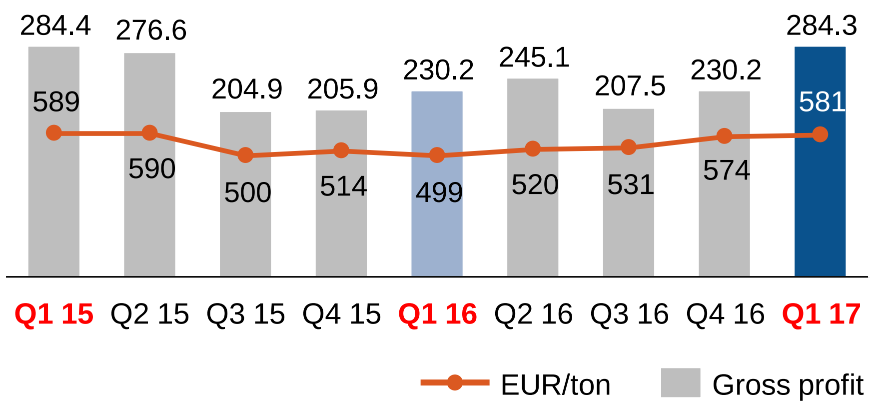
Average Sales Prices (EUR/t)



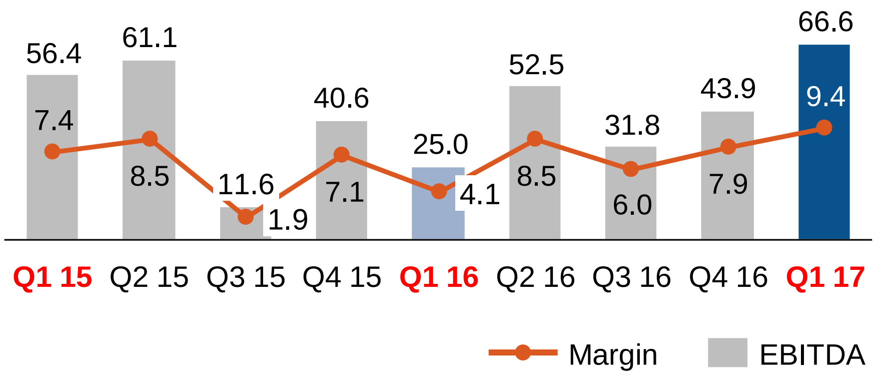
EBITDA Growth Supported by Continuing Performance Improvement Measures

- **Gross Profit Increased +23%**
  - Successful efficiency measures
  - Gross profit/ton almost back to Q1 15 levels
- **Adjusted EBITDA at 3-Year-High**
  - Two-and-a-half times higher than in Q1 16
  - EUR 10.6 million sustainable cost savings
  - One-time items EUR 0.3 million; maximum of EUR 8 million budgeted for FY 2017
- **Adjusted EBITDA Margin Mirrors Positive Impact of Efficiency Measures**
  - Highest margin level since 2014 when commodity prices incl. oil were high

Gross Profit (EUR million / EUR/t)



Adj. EBITDA / margin (EUR million / %)



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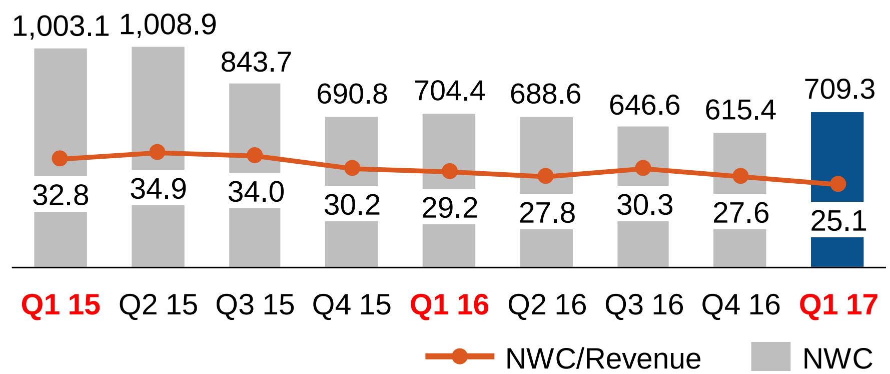
Normal Seasonal Pattern Lead to Lower Cash Generation; Working Capital Ratio and Net Debt Leverage further Improved

- **Seasonally Lower Free Cash Flow**
  - EUR –31.4 million in Q1 17 vs. EUR –13.3 million in Q1 16
  - Quick wins in NWC reduction in 2015
  - Rising inventory levels due to better demand and higher raw material prices

- **NWC Efficiency Further Improved**
  - NWC/sales 410 basis points below Q1 16

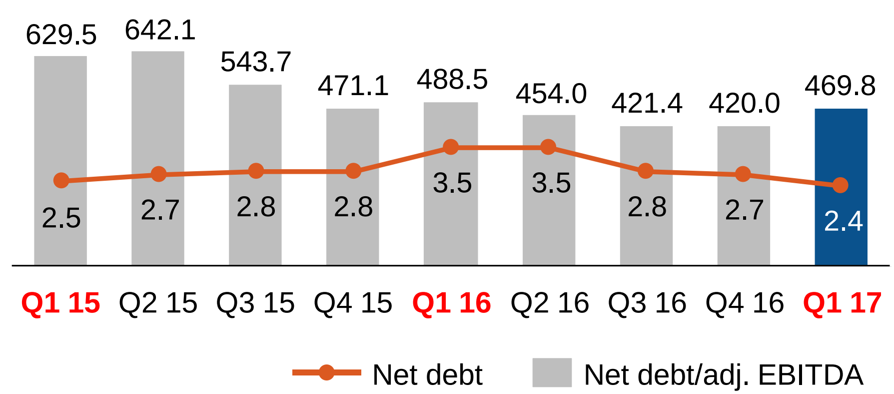
- **Net Debt Higher but Leverage Lower**
  - Net debt increase of EUR 49.8 million compared to year-end 2016; lower compared to Q1 2016 (EUR 488.5 million)
  - Leverage ratio (net debt/adj. EBITDA) improved to 2.4

NWC / NWC/Revenue last 3M (EUR million / %)



NWC as at the reporting date as a percentage of annualized quarterly revenue

Net Debt / ND/adj. EBITDA (EUR million / ratio)



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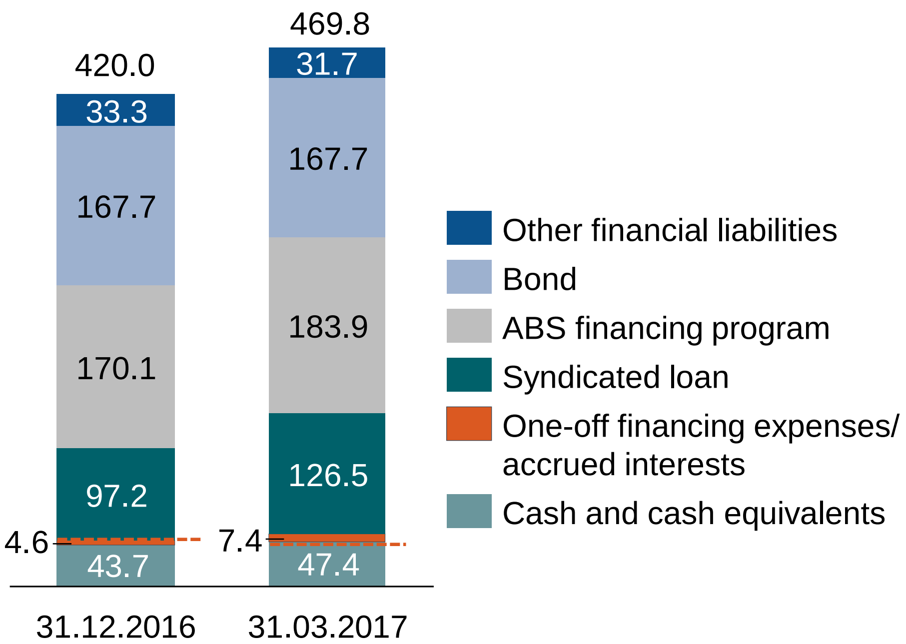
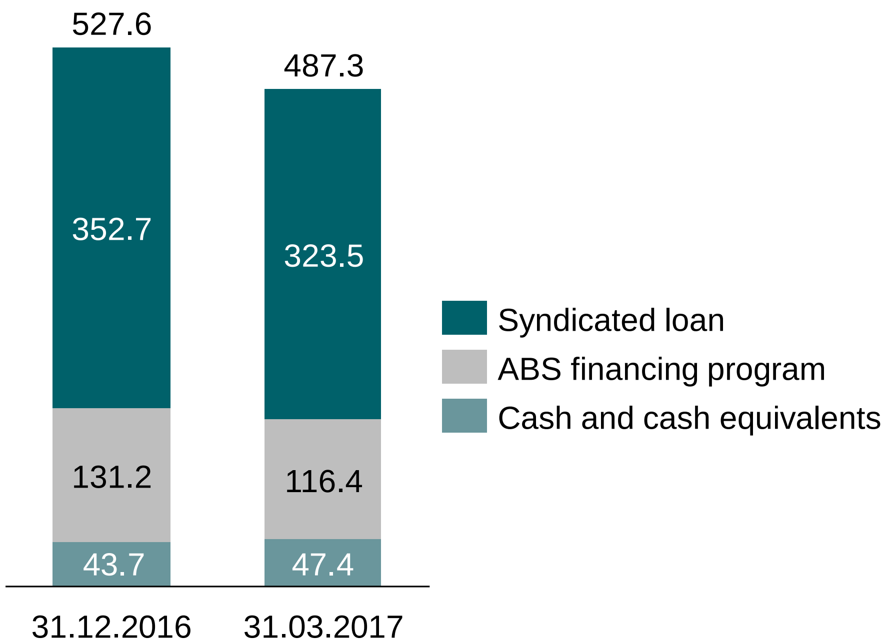
Financing Structure as at March 31, 2017

Net Debt (EUR million)



Financial Headroom (EUR million)



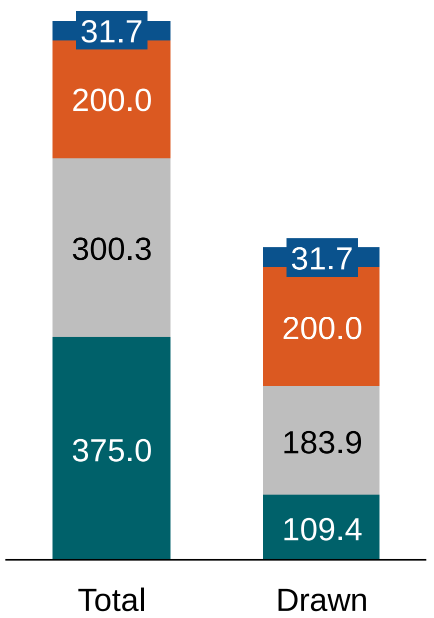
Successful Refinancing of EUR 875 Million Credit Lines

- **Issuance of EUR 200 Million 5.625% Bond**
  - Redemption of outstanding 9.875% bond of EUR 167.7 million on May 15
- **RCF and ABS Program Amended and Extended at Favorable Terms**
  - Senior secured credit facility reduced from EUR 450 million to EUR 375 million
  - ABS financing program EUR 230 million and USD 75 million
  - Maturities extended to 2022 (from 2019)
- **Positive Impact on Interest Expenses**
  - Annual interest expenses to be reduced by EUR 8 million
  - Financial income Q1: valuation gain on repayment option of EUR 11 million. Reversal in Q2
  - Financial expenses Q1: transaction costs and redemption premium of total EUR 6.6 million
  - One-off cash out of transaction costs in Q2

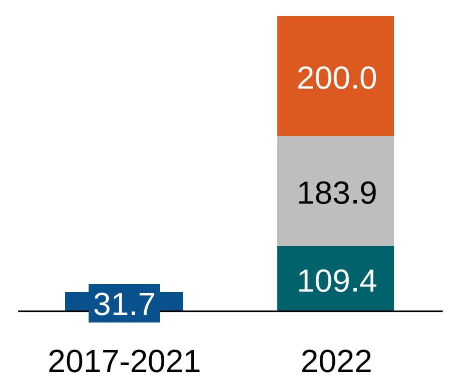
Key facts	New Bond
Issuer	SCHMOLZ + BICKENBACH LUXEMBOURG Finance S.A. (LUXEMBOURG)
ISIN	DE000A19FW97
Nominal volume	EUR 200 million
Issue date	24 April 2017
Listing	Luxembourg stock exchange
Coupon	5.625%
Maturity	15 July 2022
Interest Payment	15 January and 15 July

Pro-forma Liquidity and Debt Maturity Profile

Pro-forma Gross Debt incl. New Bond as at March 31, 2017 (EUR million)



Pro-forma Maturity Profile (EUR million)



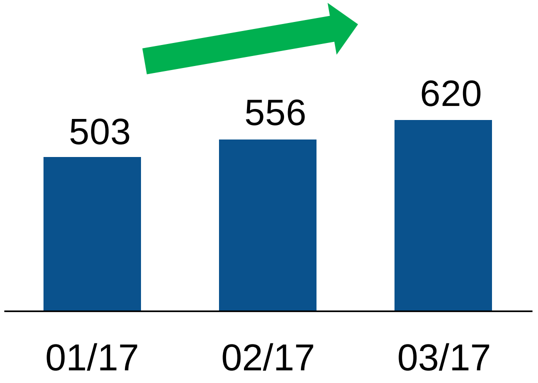
Other financial liabilities and liabilities from financial leases
ABS financing program
New Bond
Senior Secured Credit Facility

03 Outlook 2017

Positive Trend Expected to Continue at Least Until end of H1

- **Rising Order Backlog in Q1 2017**
  - Order backlog confirms encouraging development in H1 2017
- **Second half-year with limited visibility**
  - Political and macroeconomic risks remain high
- **Outlook FY 2017**
  - Positive trend of Q1 with a normalization of demand will continue until mid-year
  - Outlook for H2 2017 remains largely uncertain

Order Backlog (kilotons)



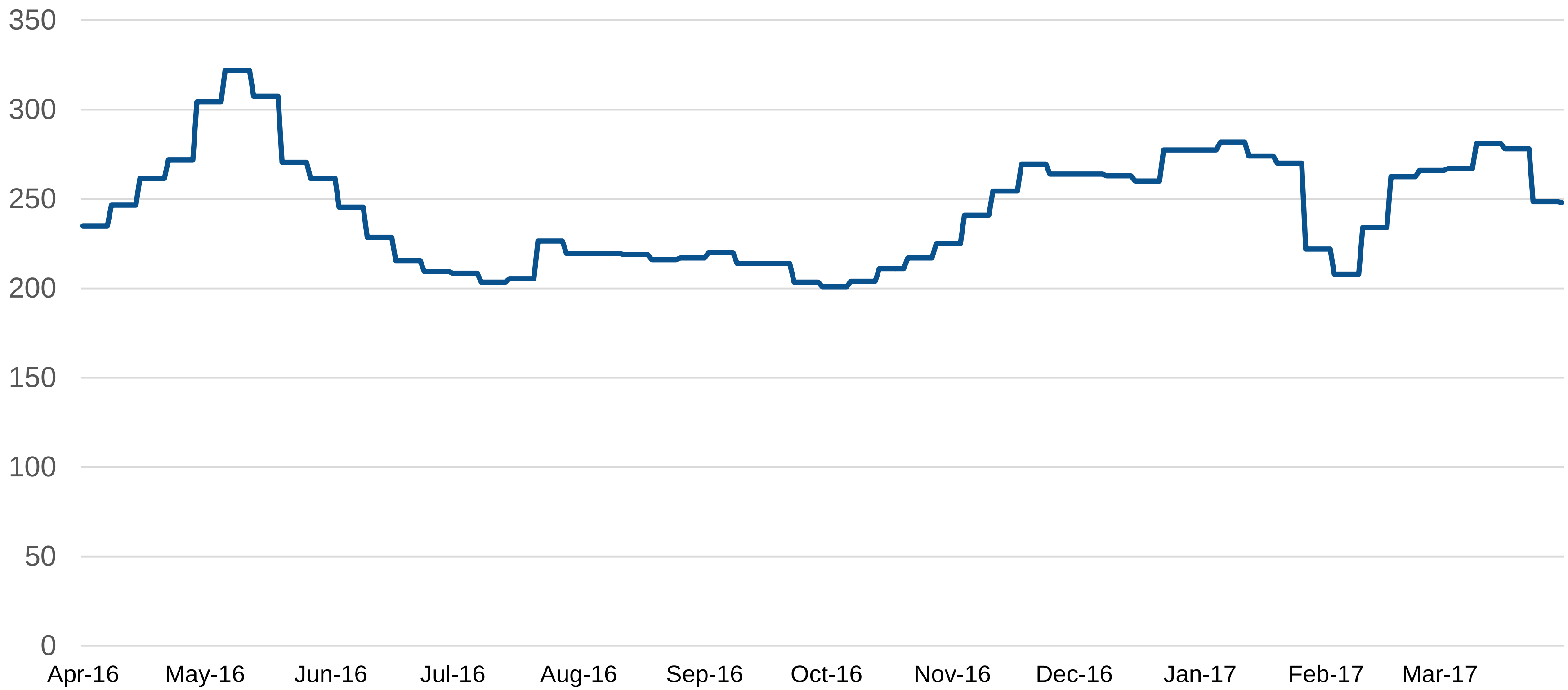
Q & A Session

Appendix

Nickel Price Development – 10 Years

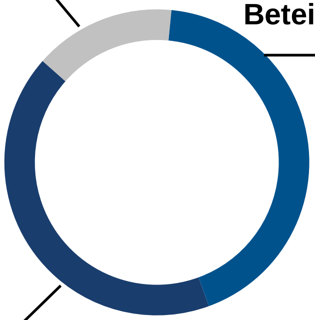
Nickel Price Development – 1 Year

Scrap Price Development – 1 Year



Shareholder Structure

Shareholder Structure as at 31 March 2017 [1)]



Key facts	
ISIN	CH0005795668
Ticker symbol	STLN
Type of security	Registered share
Trading currency	CHF
Listing	SIX Swiss Exchange
Membership in indices	SPI, SPI Extra, SPI ex SLI, Swiss All Share Index
Number of shares	945 000 000
Nominal value in CHF	0.50

1) Percentage of shares issued as at reporting date.
2) Acquisition of assets and liabilities of Venetos Holding AG, in Zurich (CHE-114.533.183), pursuant to the merger agreement dated 18.2.2015 and balance sheet as at 29.12.2014.
3) Until 24.3.2017 Lamesa Holding S.A. was a direct shareholder of the company.
4) Until 12.4.2016 Schmolz+Bickenbach Holding AG was a direct shareholder of the company.
5) Figures as reported to the Company and to the disclosure office of the SIX Swiss Exchange in accordance with applicable stock market regulations.

Financial Calendar and Contact

Date	Event
8 May 2017	2017 Annual General Meeting
22 June 2017	Capital Markets and Media Day
11 August 2017	Interim Report Q2 2017, Conference Call for Media and Investors
9 November 2017	Interim Report Q3 2017, Conference Call for Media and Investors

Contact

Dr Ulrich Steiner

Vice President Corporate Communications & Investor Relations

Phone +41 41 581 4120

u.steiner@schmolz-bickenbach.com