SCHMOLZ + BICKENBACH

Full-year / Q4 2019 Results – Investors' & Analysts' Conference

Zurich, March 11, 2020

SCHMOLZ + BICKENBACH Group

Disclaimer

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Content

01 Business Review / Financial Performance FY 2019

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2019 – a Difficult Year With Multiple Headwinds

- **2019 marked by muted economic growth** and destocking along the value chain
- **Economic recovery did not materialize** – further deterioration in the second half-year
- **Sales volume, revenue and adjusted EBITDA markedly lower** than in the previous year
- **Average sales price increased**, supported by product mix and higher raw material prices
- **Impairment of EUR 313 million** of some entities due to mid-term outlook
- Performance Improvement Program ("PIP"): **EUR 50 million (non-recurring) total savings in 2019**
- **Free cash flow improved compared to 2018** – still negative despite inventory reductions
- **Tight financial situation / worsening financial ratios** required a refinancing of the Group
- **Capital increase completed on Jan 8, 2020**, constructive progress in discussion with all lenders
- **Improved outlook for 2020** on the basis of a normalization/restocking and the execution of an extensive restructuring program

Higher Nickel and Scrap Prices Supported Sales Prices

Commodity prices vs. FY 18 **(year-end prices in USD per ton)**	**Nickel +34%** **Scrap (FOB Rotterdam) +7%** **Ferrochrome –18%**
VDMA order entry	**–10%** 2019 vs. 2018
Total passenger car production: **Germany** **USA** **China**	2019 vs. 2018: **–8%** **–10%** **–9%**

Sources: WTI, VDMA, Platts, LME, ICDA (International Chromium Development Association), VDA, China Association of Automobile Manufacturers (CAAM) and U.S. Bureau of Economic Analysis

Financials Heavily Impacted by Poor Business Fundamentals

Sales volume	1,830 kilotons	–12.6% (2,093 kilotons)
Revenue	EUR 2.981 billion	–10.0% (EUR 3.313 billion)
Adj. EBITDA	EUR 51.2 million	–78.4% (EUR 236.7 million)
Group result (EAT)	EUR –521.0 million	EUR –0.7 million FY 2018
Free cash flow	EUR –7.1 million	EUR –159.8 million FY 2018

2018 figures include results of Business Unit Ascometal for only 11 months

02 Financial Performance Q4 2019

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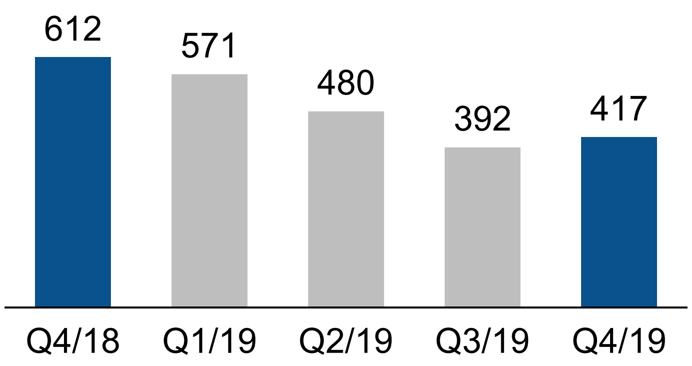
Weak Sales, but Order Book Improving

Order Backlog	**417 kilotons**	**–31.9%**	**vs. end Q4/18 (612 kilotons)**
Crude Steel Production	**437 kilotons**	**–23.3%**	**vs. Q4/18 (570 kilotons)**
Sales Volume	**388 kilotons**	**–22.1%**	**vs. Q4/18 (498 kilotons)**
Revenue	**EUR 619.0 million**	**–22.2%**	**vs. Q4/18 (EUR 796 million)**

- Reduced crude steel production adjusted to lower demand and decreased inventories
- Sales volume down by 22.1% due to pronounced demand weakness
- After several quarters of decline, order book improved compared to Q3/19, indicating that the bottom has been reached



Order Backlog (end of quarter, in kt)

Low Volumes Significantly Impacted Profitability

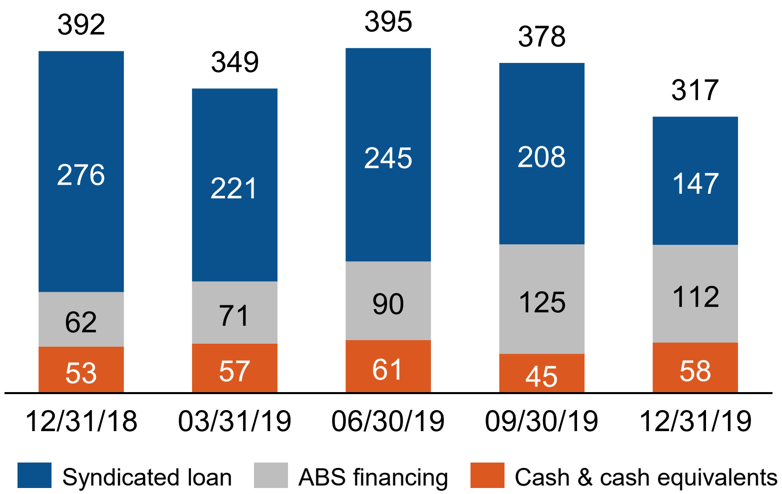
Adjusted EBITDA	**EUR 1.4 million**	**EUR 39.2 million** in Q4/18
– EUR/t	**EUR 4/t**	**EUR 80/t** in Q4/18
– margin	**0.2%**	**4.9%** in Q4/18
EBIT	**EUR –52.7 million**	**EUR –108.0 million** in Q4/18
Group Result	**EUR –75.9 million**	**EUR –93.1 million** in Q4/18

- Widespread short-term work in Q4/19
- Maintenance expense down EUR 11.5 million in Q4/19 vs prior year
- Net fix cost savings (incl. inflation) of approx. EUR 18 million achieved in Q4/19 vs prior year
- One-time effects of EUR 16.5 million predominantly for restructuring measures at DEW and Ascometal
- Additional impairment of Ascometal driven by extended downturn
- Adjustments and higher interest costs aggravating low operational results

Unsustainable Leverage Addressed With Capital Increase

Free Cash Flow	**EUR –48.6 million**	**EUR 13.6 million in Q4/18**
Net debt	**EUR 798 mn**	**EUR 724 mn end Q3/19 / EUR 655 mn YE18**
Leverage	**15.6**	**2.8 year-end 2018**

- Free Cash Flow below Q4/18 despite significant improvement in NWC; specifically strong reduction in inventories of EUR 49.8 million
- Sufficient liquidity at year-end 2019
- High net debt/leverage addressed with capital increase completed in January 2020



Financial Headroom (EUR million)

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03 Update on Financing & Restructuring

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Next Steps / Current Timeline of Group Financing Q1 2020

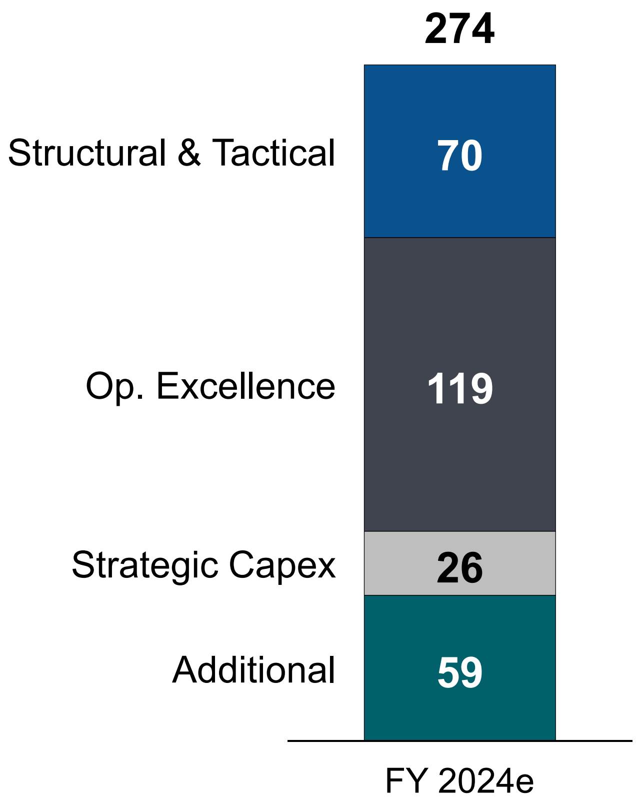
Jan 8	Settlement of Capital Increase; Change of Control („CoC") for EUR 350 mn Senior Notes effective
Jan 31	Final draft restructuring opinion („S6 Gutachten") available
Feb 6	CoC Notice published, begin of acceptance period for CoC Tender Offer
Mar 13	End of acceptance period for Change of Control Tender Offer
< Mar 31	Credit agreements finalized, availability of additional revolving credit facility
Mar 31	Settlement of the CoC Tender Offer/(mandatory) redemption

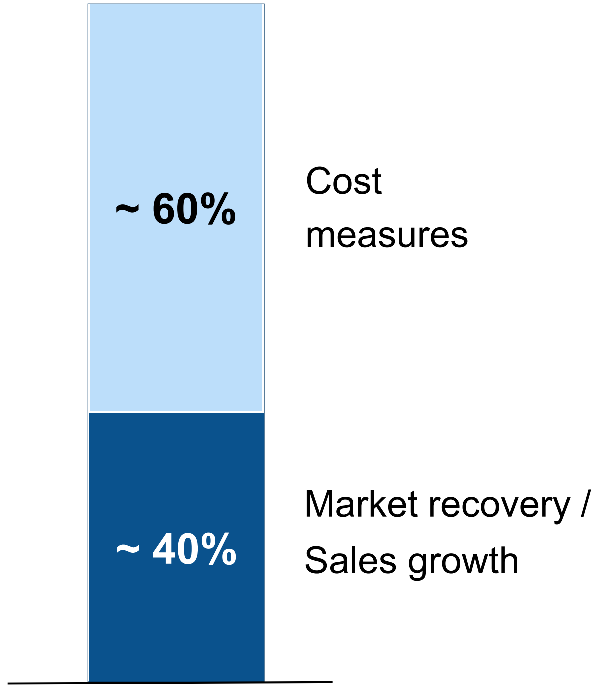
● completed
○ ongoing

Restructuring Concept to Restore S+B's Competitiveness is Based on Four Pillars

Measures / Projects	Structural measures	Operational Exellence measures	Strategic Capex projects	Additional measures
Elements	Lowering cost base, de-risk business through restructurings — Short-term labor & cost avoidance measures — Rightsizing Ascometal	Tackle yearly cost inflation by sustainable improvement measures — Reinforced transformation organization	Finalize large-scale capex programs and tap improvement potential — Secure additional revenue and cost savings through quality and efficiency improvements	Increase profitability & reduce dependency of market recovery — Tackle group-wide synergies in G&A and Operations — Reduce overcapacities at Ascometal and DEW
Examples	Ascometal – closure rolling mill Les Dunes — DEW 2020+ headcount — Turnaround Finkl Steel	Quality/yield improvement — Material basket optimization — Productivity increase	Walking beam furnace, Garrett coilers Swiss Steel — Nadcap, electro-slag remelting Ugitech — EAF Ascometal — Hearth furnace DEW	Shared Service Center — Lean G&A — BU-specific measures Ascometal and DEW

Restructuring Program Expected to Improve FY 2024 EBITDA by EUR 274 million – 60% Through Cost Measures





Assumption: sales volumes to rebound to FY 2018 levels in FY 2022

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04 Outlook

Signs of Market Recovery at the Beginning of 2020 – Visibility Deteriorated in Recent Weeks

View on macroeconomic developments and steel industry

- Extremely low visibility with regards to global GDP growth in the year 2020 after the recent outbreak of Covid-19 and the negative impact on market sentiment
- Stabilization of the market environment at the beginning of the year, but recovery protracted
- Normalization of customer inventories reflected in a slight improvement in order intake and order backlog in January and February
- Uncertainty in our end markets remains high
- (Long) Steel industry remains under intense pressure in a more severe and longer-than-usual cyclical downturn

Outlook and Priorities For 2020

Priorities for the Group

- Finalize refinancing of the Group before the end of Q1 2020
- Rigorously implement the measures and projects of the restructuring program
- Strengthen transformation office to closely monitor the progress of the restructuring program
- Continuously identify opportunities for performance improvement beyond the restructuring program

Guidance for full-year 2020 *(under exclusion of any not yet quantifiable impacts from the coronavirus breakout)*

Adjusted EBITDA is expected to be **significantly above FY 2019**

Q & A

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Appendix

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Nickel Price Development – 1 Year

Source: Bloomberg, LME Nickel USD/mt

Nickel Price Development – 10 Years

Source: Bloomberg, LME Nickel USD/mt

Financial Calendar and Contact

Date	Event
April 28, 2020	Annual General Meeting 2020, Lucerne
May 6, 2020	Interim Report Q1 2020, Media and Investor Conference Call
August 12, 2020	Interim Report Q2 2020, Media and Investor Conference Call
November 11, 2020	Interim Report Q3 2020, Media and Investor Conference Call

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