SCHMOLZ + BICKENBACH
Analysts/Investors Presentation
FY/Q4 2015 Results

Zurich, 24 March 2016

SCHMOLZ + BICKENBACH AG

SCHMOLZ + BICKENBACH AG

1 BUSINESS REVIEW FULL-YEAR 2015

2 FINANCIAL PERFORMANCE – FULL-YEAR / FOURTH QUARTER 2015

3 ROADMAP & OUTLOOK 2016

DISCLAIMER

This publication constitutes neither a prospectus within the meaning of article 652a and/or 1156 of the Swiss Code of Obligations nor a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange. This publication constitutes neither an offer to sell nor a solicitation to buy securities of SCHMOLZ + BICKENBACH. The securities have already been sold.

This document shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities referred to herein in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to U.S. persons (as such term is defined in Regulation S under the Securities Act) absent registration or an exemption from registration under the Securities Act.

The issuer of the securities has not registered, and does not intend to register, any portion of the offering in the United States, and does not intend to conduct a public offering of securities in the United States.

Forward-looking statements
Information in this presentation may contain forward-looking statements, including presentations of developments, plans, intentions, assumptions, expectations, beliefs and potential impacts as well as descriptions of future events, income, results, situations or outlook. They are based on the Company’s current expectations, beliefs and assumptions, which are subject to uncertainty and may differ materially from the current facts, situation, impact or developments.

1 BUSINESS REVIEW FULL-YEAR 2015

Headwinds dominated the year

Business environment

» A challenging year with four major unfavourable trends:
  – global overcapacities put pressure on base prices
  – dramatic oil price drop severely hit important oil and gas industry
  – commodity prices declined by 30% to 45% to multi-year lows for nickel, scrap steel, chromium, molybdenum, leading to a write-off on inventories
  – EUR / CHF devaluation impacted Swiss operations

» Business sentiment deteriorated towards year-end; no immediate improvement going into 2016

Industry & Regional recap – Automotive sector solid, Oil & Gas sector hit hard

Industry sectors

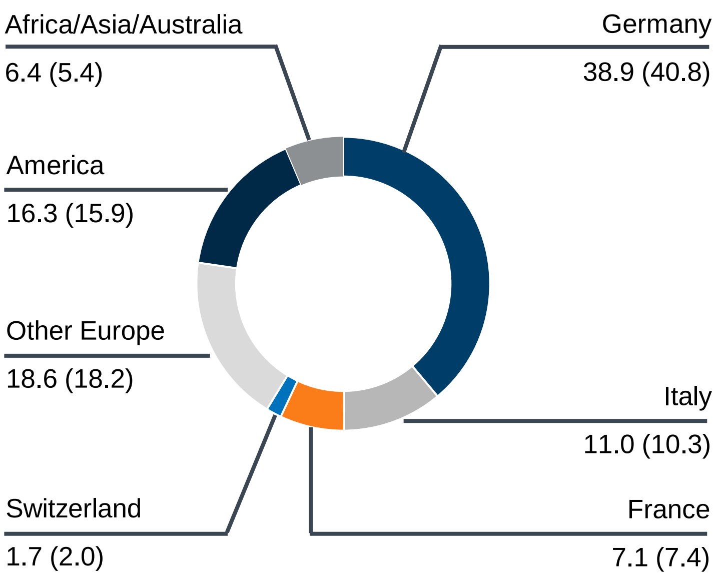
- Differentiated development in our customer industries:
  - automotive sector with moderate, but stable growth throughout the year
  - demand from the mechanical & plant engineering industry lower as expected
  - oil price continues to burden oil & gas industry with an acceleration towards year-end – oil rig count > 60% lower than at the beginning of 2015

Regional development

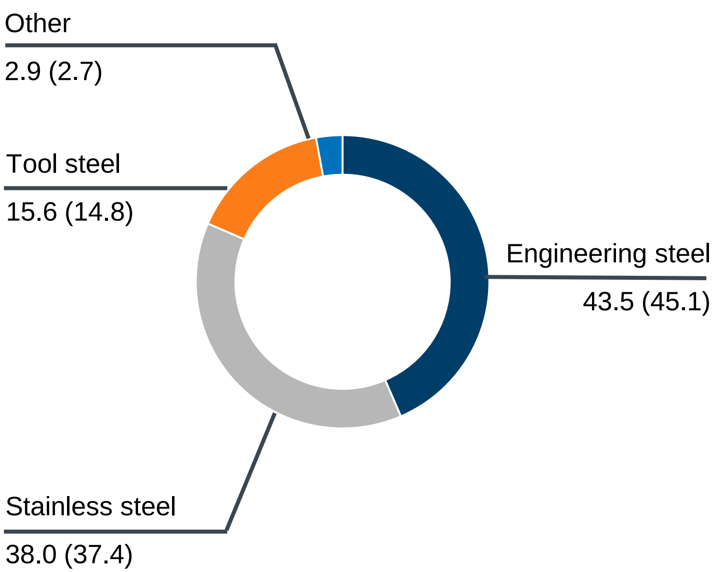
- Asia/Africa/Australia recorded sales volume growth of 9%, from a low base
- Sales volumes in Europe and America declined 8.2% respectively 6.9%

Africa/Asia/Australia and higher margin products gaining

Revenue by region 2015 (2014*), in %



Revenue by product group 2015 (2014*), in %

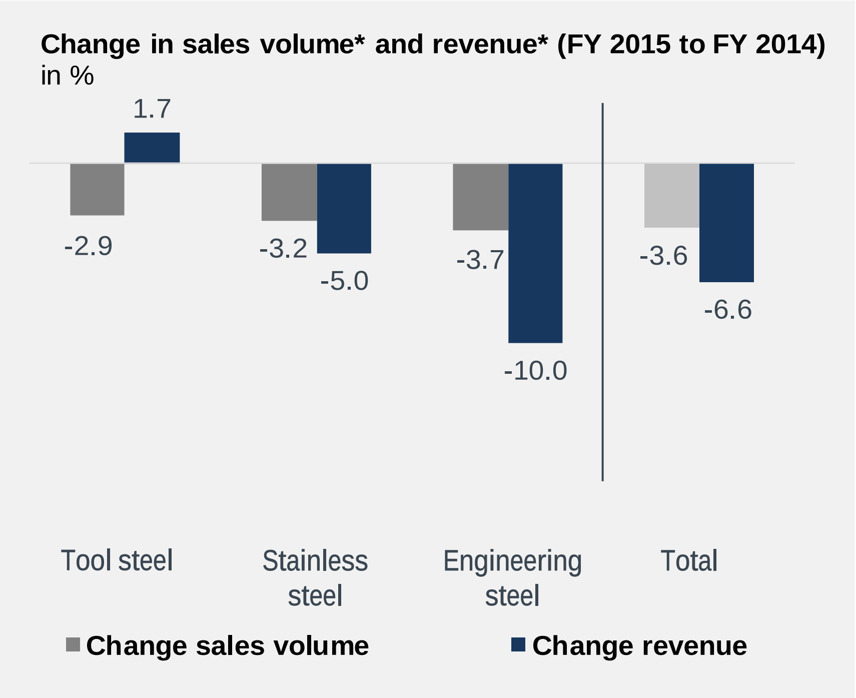


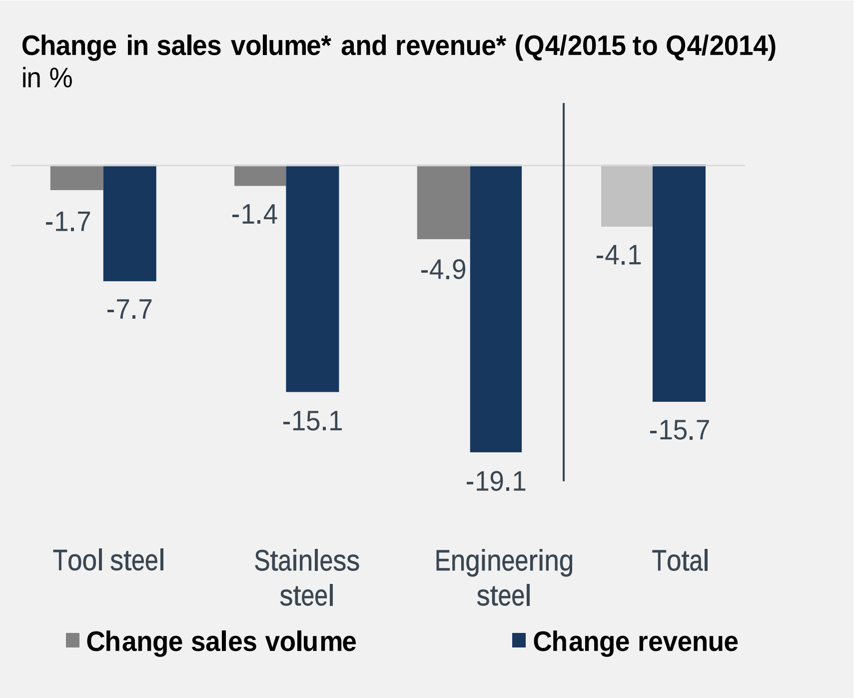
* Restated due to deconsolidation of discontinued operations.

» Higher share of revenues from America due to appreciation of USD against EUR

» Favourable shift to higher margin tool steel and stainless steel

Sales volume and revenue by product groups





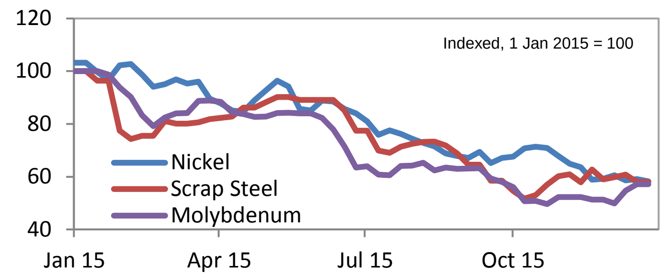
* Restated due to deconsolidation of discontinued operations

» Continuing fall in prices for scrap and alloying elements, particularly in the second half-year, and further pressure on base prices resulted in lower revenue.

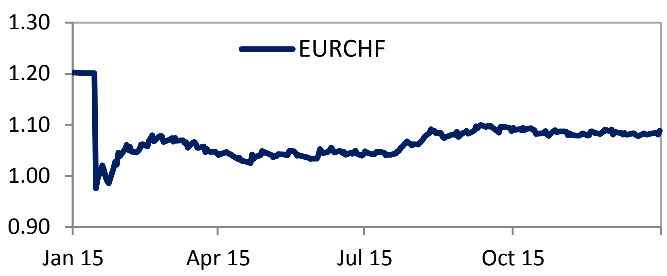
» Product mix improved, with higher share of group revenue from tool steel, stainless steel

Immediate actions taken to mitigate weak markets …

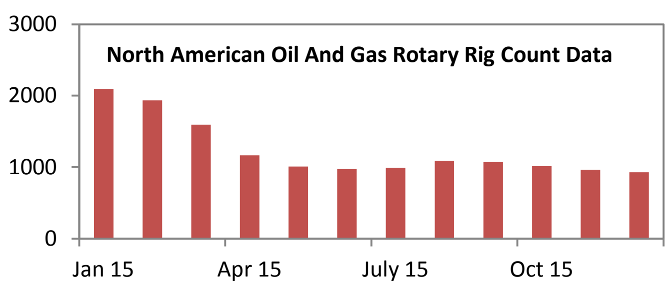
» Commodity price drop
- net working capital reduction
- maintain surcharge pricing
- group-wide purchasing



» EUR / CHF devaluation
- cost cutting / restructuring
- working time extension
- supplier renegotiations (raw materials)



» Weak oil and gas industry
- adapt workforce
- develop new markets,
  reduce dependency from oil & gas



Source: Bloomberg

… and work on building a stronger S+B despite market turbulences

» Divestment of non-core assets – sale of distribution units in Germany, Belgium, the Netherlands and Austria – transaction closed in July 2015

» Business combination – consolidation of all three North American production operations into one integrated Business Unit “Finkl Steel”

» Uniform market presence – production and distribution activities of former “S+B Bright Bar” bright steel entities combined, operating under the name “Steeltec”

» Focus on growth markets – inauguration of new Sales & Services sites in China, Japan, and Thailand

» Roll-out “One group – one goal” initiative: corporate culture, integration of Business Units

» Corporate Centre transferred to Lucerne – fully operational since October 2015

2 FINANCIAL PERFORMANCE – FULL-YEAR & FOURTH QUARTER 2015

Sales volumes and revenues reflect challenging business conditions

in m EUR (all figures continuing operations)	FY 2015	FY 2014	Change
Production crude steel (kilotonnes)	1 907	2 014	–5.3%
Sales volume (kilotonnes)	1 763	1 829	–3.6%
Revenues	2 679	2 869	–6.6%
Adjusted EBITDA / adjusted EBITDA margin	169.6 / 6.3%	256.6 / 8.9%	– EUR 119.0 m / –260 bps
EBITDA / EBITDA margin	159.0 / 5.9%	246.6 / 8.6%	– EUR 87.6 m / –270 bps
Earnings after taxes (EAT)	–35.4	52.0	n/m
Net income/loss (EAT) 1)	–166.8	50.0	n/m

1) includes impairment of EUR –128 m from discontinued operations

- Sales volumes in 2015 were lower than in the prior year on account of considerable declines in the oil and gas business
- Revenue decreased more than sales volumes due to sharply falling commodity prices
- Impairment loss of EUR 128 million from the divestment of distribution units

SCHMOLZ + BICKENBACH AG

Business Unit performance – higher revenues in Sales & Services, lower EBITDA in both Divisions Production and Sales & Services

Revenues (in m EUR)	FY 2015	FY 2014	Change (%)	Q4 2015	Q4 2014	Change (%)
Production [1]	2 452.8	2 668.6	–8.1	514.8	628.4	–18.1
Sales & Services [1]	543.5	496.9	+9.4	117.3	124.0	–14.3
SCHMOLZ + BICKENBACH Group [1] [2]	2 679.9	2 869.0	–6.6	571.3	677.5	–15.7

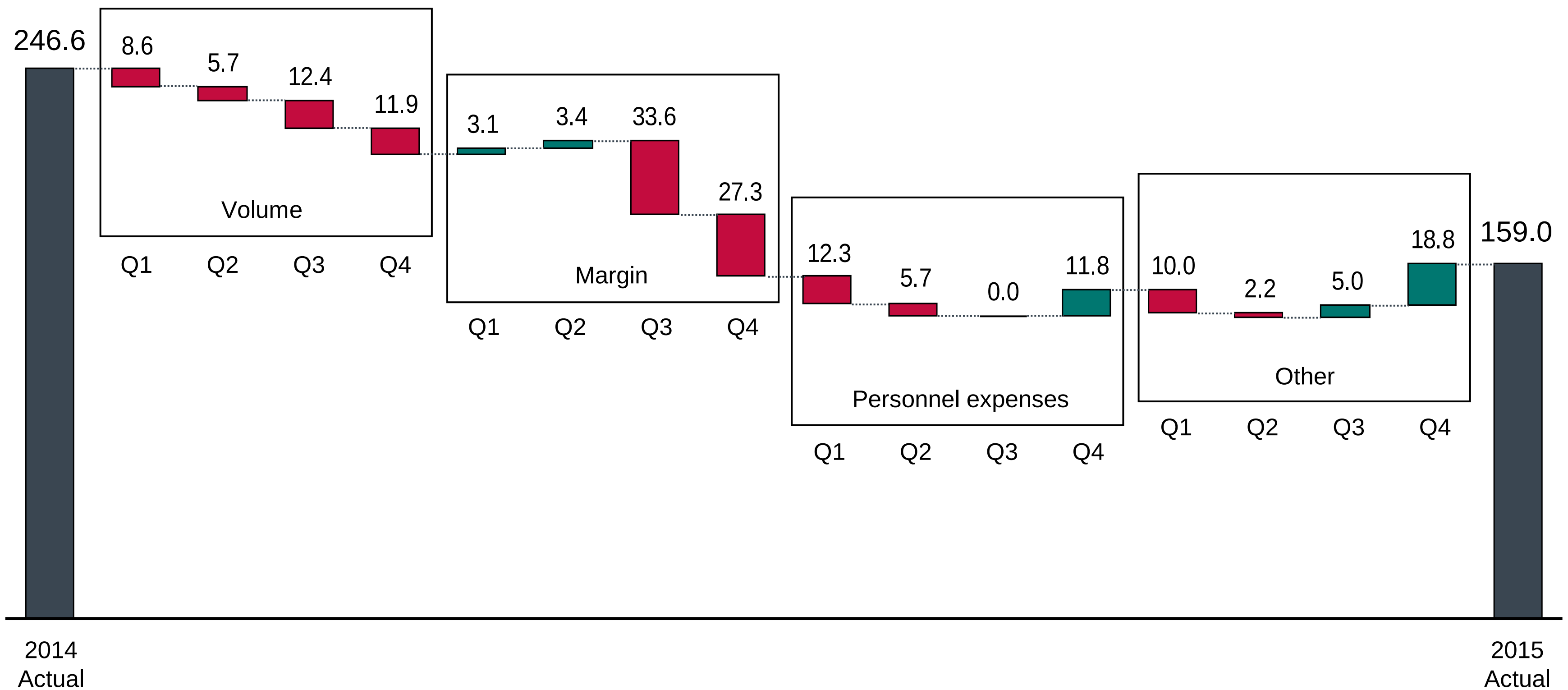
EBITDA (in m EUR)	FY 2015	FY 2014	Change (in m EUR)	Q4 2015	Q4 2014	Change (in m EUR)
Production [1]	155.0	236.7	–81.7	36.1	62.9	–26.8
Sales & Services [1]	17.4	22.2	–4.8	2.0	3.2	–1.2
SCHMOLZ + BICKENBACH Group [1] [2]	159.0	246.6	–87.6	36.2	60.3	–24.1

[1] Continuing operations [2] Group figures include Other and consolidation/eliminations

EBITDA significantly affected by unfavourable market developments, acceleration in the second half-year

EBITDA bridge full-year 2015, by quarters

in m EUR



One-time EBITDA effects and market movements not fully compensated

One-time effects	impact 2015, in m EUR
Inventory write-downs	~ 30
Delay new cooling bed Siegen	~ 5
Market movements	
Oil & Gas market (mainly H2)	~ 25
Exchange rate EUR/CHF	~ 20
Tariffs, volumes, prices	
Total negative impact	**80**

Offsetting measures	impact 2015, in m EUR
FTE reduction	6
Raw materials	10
Lower repair & Maintenance	6
Other discretionary expenses	14
Total positive impact	**36**

Net debt reduced by approximately EUR 120 million

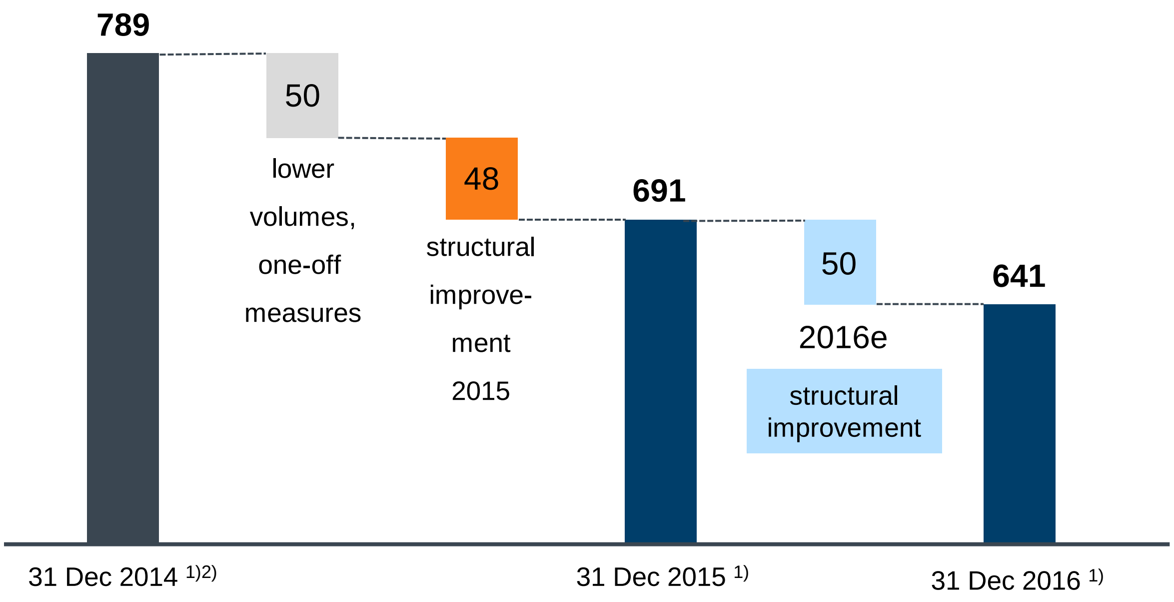
		year-end 2015	year-end 2014	Change (%)	end Q3/2015
Net debt	EUR m	471.1	587.2	–19.8	543.7
Net debt/adjusted EBITDA [1)]	factor	2.8	2.3	0.5 points	–
Shareholders' equity	EUR m	750.6	900.9	–16.7	765.7
Equity ratio	%	35.6	35.9	–30 bps	34.9

[1)] LTM

- Decrease in net debt attributable to structural reduction of NWC and lower raw material prices
- Increase of net debt/adjusted EBITDA ratio
- Further improved headroom after amendment of financial covenants for 2016

Structural NWC reduction – further cash preservation in 2016/2017

Net working capital development
in m EUR



[1] Continuing operations

[2] Adjusted for FX, raw material prices, other

Net Working Capital

- Targets defined
- Sustainable reduction of NWC – with a focus on inventories
- NWC cockpit and guidelines introduced
- Best Practice Groups for inventories, accounts receivable and accounts payable

Examples:

- Warehouse optimization
- Improve throughput of work-in-process (WIP)
- Reduction of scrap inventory

Additional capex in 2015 balanced against disposal proceeds

Capex project	in m EUR
Acq. of property in Dusseldorf, Germany	42
Cooling bed in Siegen, Germany	12
AT landfill in Siegen, Germany	7
Additional capex in 2015	**61**
Proceeds from disposal	**–48.6**
Reported Capex FY 2015	157.5
Sustainable capex	**~ 100**

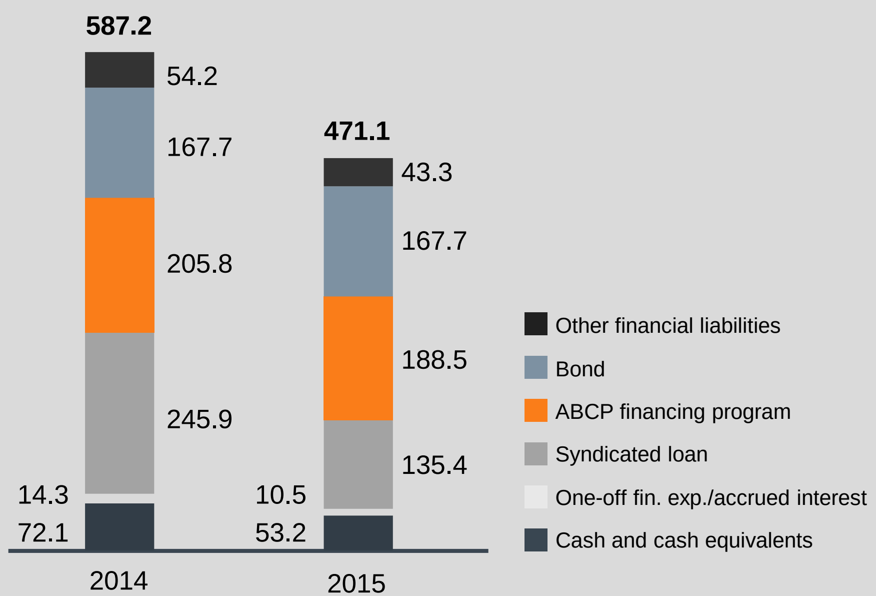
Capex

- Capex in 2015 above sustainable level due to a few one-off investments of EUR 61 m
- Capex above sustainable capex level nearly covered by proceeds from disposals
- Guidance for capex in 2016 approximately EUR 100m

Solid funding structure maintained

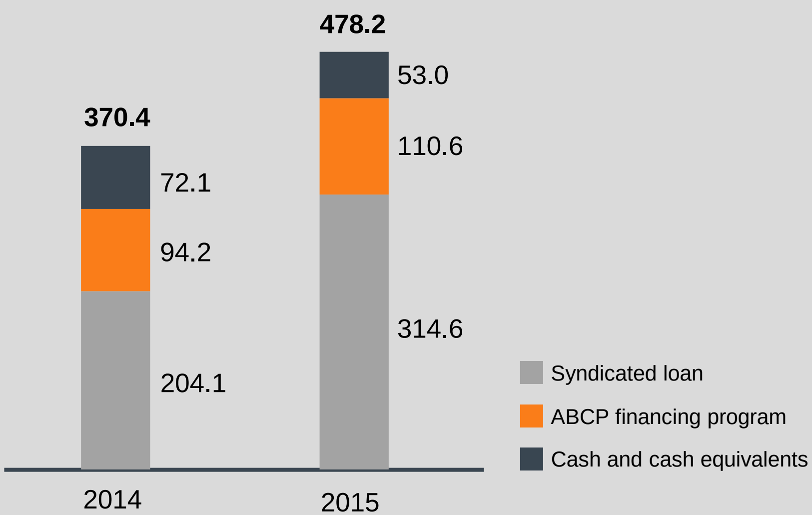
Net debt as of 31 Dec 2015

in million EUR



Financial headroom as of 31 Dec 2015

in million EUR



» Unused financing lines and cash around EUR 478 million as of 31 December 2015

3 ROADMAP & OUTLOOK 2016

Outlook 2016 – markets will remain challenging

Macroeconomic environment

» Outlook for global economic growth remains subdued

» Development of commodity prices – especially for scrap steel and important alloy metals nickel, ferrochrome and molybdenum – are currently unpredictable

» SCHMOLZ + BICKENBACH expects market conditions to remain challenging throughout 2016

Industry Sectors

» Weakness in demand from oil & gas industry expected to continue

» Automotive industry remains on a moderate growth path

» Mechanical & Plant Engineering with zero growth

Outlook – roadmap for 2016

To cope with the adverse economic environment, SCHMOLZ + BICKENBACH will:

- Continue to implement its strategy with a focus on capturing the synergy potentials of an integrated steel producer
- Realignment of Business Unit “Deutsche Edelstahlwerke”
- Implement additional cost saving measures, with a focus on efficient procurement and logistics
- Further decrease net debt through structural improvement of net working capital
- Strengthen global Sales & Services network by opening new locations

Actual Performance Improvement Programs with an EBITDA Potential of EUR 70m

Realignment DEW

- Productivity improvement
- Reduction of production cost
  - Yield improvement
  - Maintenance costs
  - Energy cost + efficiency
  - Lower raw material cost

Purchasing

- Improved supply chain for scrap at Swiss Steel
- Usage of higher quantities of raw scrap instead of ready-to-use-scrap
- Renegotiation of key supply contracts

Top-line

- New customer development for Finkl / Sorel
- Sales development e.g. bars specialties Ugitech or new customers Steeltec
- Product mix improvement Swiss Steel

Other

- Reduction outgoing freight
- Closing of warehouse and optimization of distribution
- Reduction of general and administrative expenses

- 2/3 achievement in 2016
- EUR 10m expenses foreseen to support improvement projects
- Enabler projects ongoing to improve focused steering and integration (e.g. Hedging, Bench-marking, VMV)
- Further restructuring measures if no profitable capacity utilization can be achieved in current market environment

Outlook – 2016 and mid-term guidance

Full-year 2016 targets:

- **Sales volumes** to remain stable compared to full-year 2015
- **Adjusted EBITDA** between EUR 150 million and EUR 190 million
- **Capex** approximately EUR 100 million
- A **weaker first half-year** and a **stronger second half-year** compared to 2015

Mid-term targets:

- An **adjusted EBITDA margin above 8% over an economic cycle**
- An **adjusted EBITDA-Leverage** (net debt/adjusted EBITDA) of **< 2.5 times**

4 APPENDIX

Nickel price development – 10 years

Source: Bloomberg

Nickel price development – 1 year

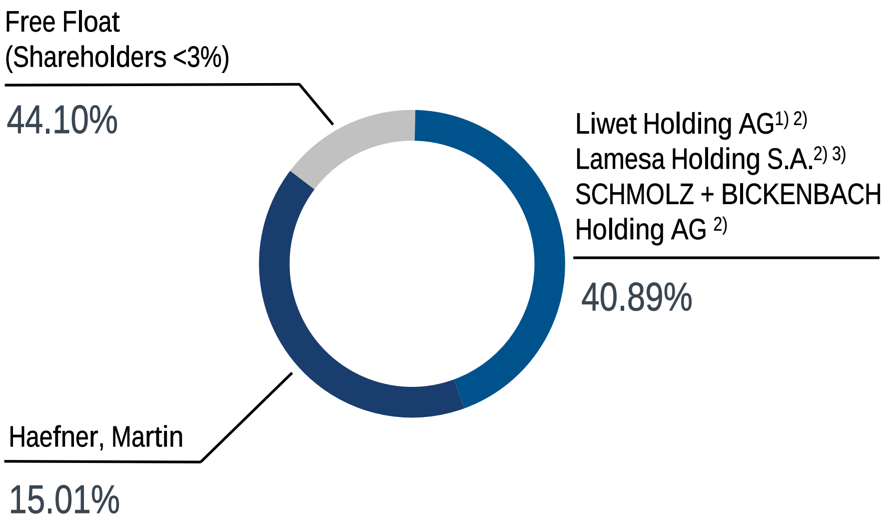
Source: Bloomberg

Scrap steel price development – 1 year

Source: Bloomberg

Appendix

Swiss listed company with supportive anchor shareholders



Shareholder Structure as of 31 December 2015

Key facts	
ISIN	CH0005795668
Securities 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) 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
2) The Group also holds 11 168 772 purchase options, corresponding to an underlying holding of 1.18%
3) As at 31.12.2014, Venetos Holding AG, Switzerland, and Renova Industries Ltd., Bahamas, were direct shareholders. The beneficial owners did not change.

Financial calendar and contact

Date	Event
24 March 2016	Annual Report 2015, Media & Investors Conference, Zurich (Switzerland)
3 May 2016	Annual General Meeting
20 May 2016	Q1 Results Publication, Conference Call
11 August 2016	Q2 Results Publication, Conference Call
15 November 2016	Q3 Results Publication, Conference Call

CONTACT

Dr Ulrich Steiner

Head of Investor Relations and Corporate Communications

Phone +41 41 581 4120

u.steiner@schmolz-bickenbach.com

SCHMOLZ + BICKENBACH AG