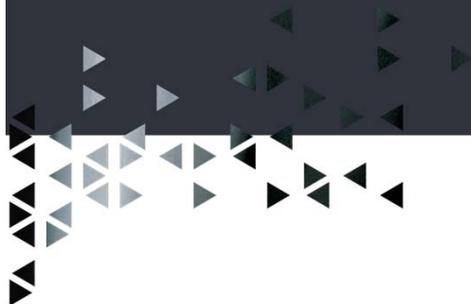




SCHMOLZ + BICKENBACH

Full-year / Q4 2016 results – Investor & Analyst Conference

Zurich, 9 March 2017



SCHMOLZ + BICKENBACH
Group



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 FULL-YEAR 2016

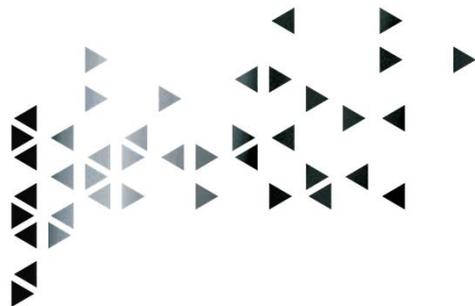
02 FINANCIAL PERFORMANCE FULL-YEAR AND FOURTH QUARTER 2016

03 ROADMAP FOR 2017

04 OUTLOOK 2017

APPENDIX

01 BUSINESS REVIEW FULL-YEAR 2016



Good Progress in a Challenging 2016 – More Optimistic for 2017

▶ Important Progress on Group Restructuring

- Cost saving targets achieved
- DEW reorganization completed, restructuring under execution
- Restructuring of Steeltec defined, adjustments in Sales & Services done
- Further process harmonization and alignment, e.g. in Sales, Marketing, Reporting or IT

▶ Higher Profitability

- Adj. EBITDA margin improved

▶ Financial Flexibility further Increased

- Strong FCF generation allowed to significantly reduce net debt

▶ Group-wide Cultural Change Gained Momentum

- Cross-business cooperation established, e.g. in Sales & Marketing

Visible Progress – Turnaround on Track

Permanent Cost Savings		EUR –42 million	<ul style="list-style-type: none"> – Production – Purchasing 	<ul style="list-style-type: none"> – Personnel – Logistics 						
Adj. EBITDA Margin		+0.3 PP	<table border="1"> <tr> <th>Year</th> <th>Margin</th> </tr> <tr> <td>FY 2015</td> <td>6.3%</td> </tr> <tr> <td>FY 2016</td> <td>6.6%</td> </tr> </table>		Year	Margin	FY 2015	6.3%	FY 2016	6.6%
Year	Margin									
FY 2015	6.3%									
FY 2016	6.6%									
Free Cash Flow		EUR 92 million	<table border="1"> <tr> <th>Year</th> <th>Value</th> </tr> <tr> <td>FY 2015</td> <td>179</td> </tr> <tr> <td>FY 2016</td> <td>92</td> </tr> </table>		Year	Value	FY 2015	179	FY 2016	92
Year	Value									
FY 2015	179									
FY 2016	92									
Net Debt		EUR –51 million	<table border="1"> <tr> <th>Year</th> <th>Value</th> </tr> <tr> <td>FY 2015</td> <td>471</td> </tr> <tr> <td>FY 2016</td> <td>420</td> </tr> </table>		Year	Value	FY 2015	471	FY 2016	420
Year	Value									
FY 2015	471									
FY 2016	420									

2016 – A Difficult Year With Two Faces

► Adverse Market Environment in the First Months

- Depressed demand
- Raw material prices at record-low levels (oil, nickel, ferrochrome, scrap)
- Oil & gas industry suffering from low oil prices

► Business Environment Improved towards End of Q2

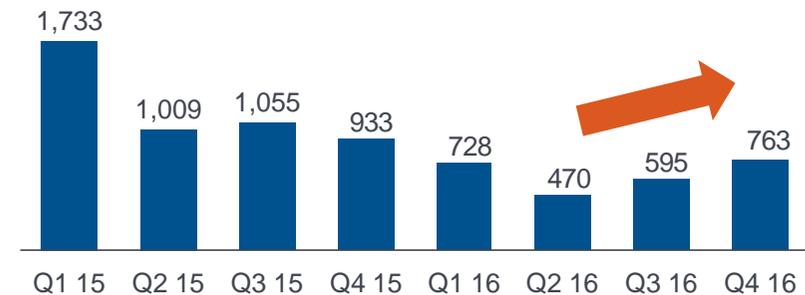
- Recovery of raw material prices
- Improved sentiment in customer industries – economy in US/China, steel import tariffs

► Upward Trend Confirmed in Q4

LME Nickel Price (quarterly average, USD/kt)



O&G Rotary Rig Count (quarterly average)



Source: Bloomberg

Automotive Drives Growth of Stainless in Europe, Low Industrial Activity Weighs on Tool in America

► **Higher Sales Volume in Stainless**

- Strength of automotive industry, especially in Europe

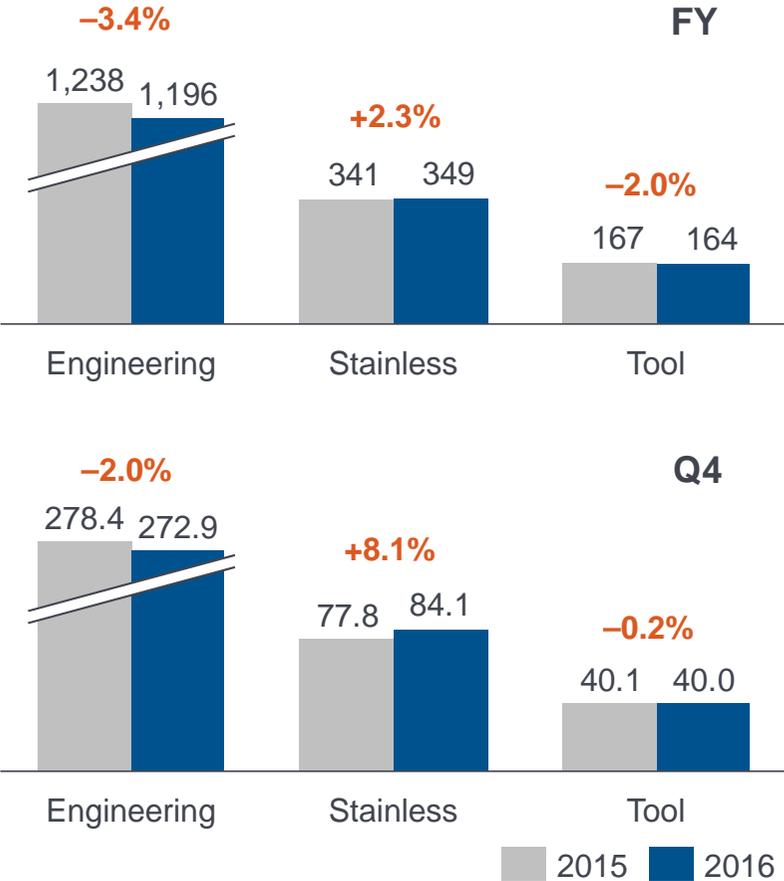
► **Lower Sales Volume in Engineering**

- Soft demand from mechanical & plant engineering industry
- Impacted by business interruptions at Swiss Steel and DEW in Q3

► **Tool Steel Sales Volume Weaker**

- Still weak due to low industrial activity
- Stronger competition in Europe
- Slight tick-up in Q4

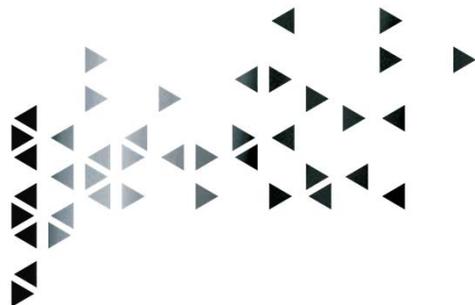
Sales Volume by Product Group (kt)



Efficiency Measures Drive Future Results

	2015	2016	2017	2018	2019
Performance Improvement Programme		Savings of EUR 70 million		Continuous improvement	
Reorganization DEW (Market approach & Innovation)		New legal structure operational since 1 Jan 2017		Top line growth – market approach	
Restructuring Tariff Agreement DEW		- Agreed for 2 years - Savings of EUR 15 million/year			
Restructuring Measures (DEW, Steeltec, S&S)		- Provision of EUR ~30 million in 2016 - Execution 2017/18 - Cost Savings 2018: EUR ~20 million			
Technology (e.g. walking beam furnace/Swiss Steel, new furnace line/Ugitech)		Technology Leadership			

02 FINANCIAL PERFORMANCE FULL-YEAR AND FOURTH QUARTER 2016



Sales Volume Flat in Q4, with Positive Trend End of 2016

► Lower Crude Steel Production

- Crude steel production declined 4.8% in FY and 3.2% in Q4
- Lower demand and improved inventory management, production stops in Q3

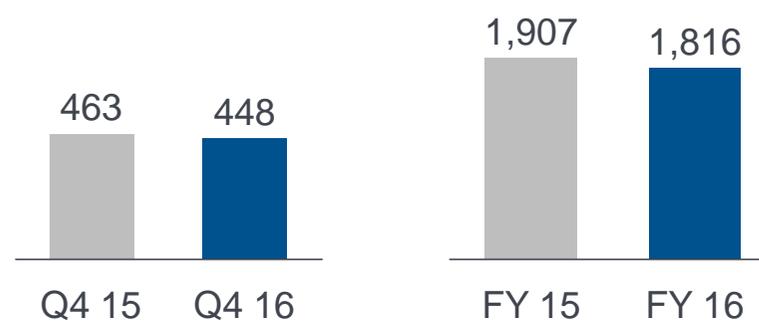
► Sales Volume with Improving Dynamics

- Sales volumes were –2.2% in FY and flat in Q4
- Improving dynamics towards year-end

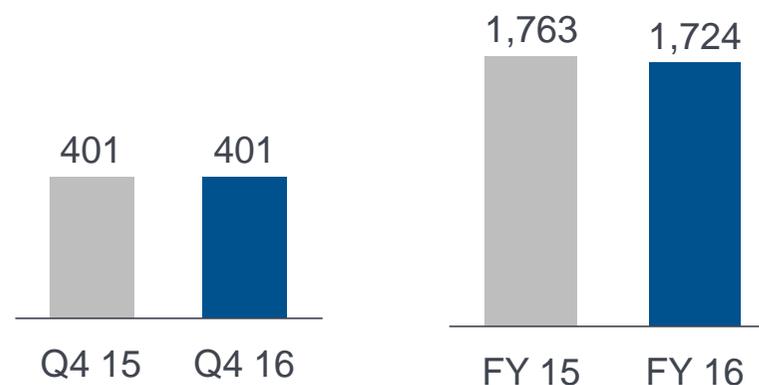
► Strong Order Intake and Backlog Underpin Positive Dynamics

- Q4 order intake +11.6%
- Year-end order backlog +16.9%

Crude Steel Production (kt)



Sales Volume (kt)



Average Sales Price Trend Moving Up

▶ Average Sales Prices still Below 2015

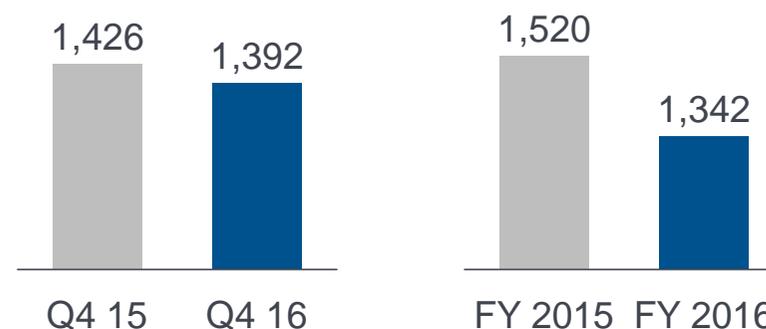
- Long-term contract renewals during Q4
- Upward trend towards year-end – Q4 prices closer to previous year

▶ Quarter-on-quarter Sales Price Gap Narrowed as the Year Progressed

- Quarterly sales price gap 2015 to 2016 was continuously narrowing during the year
 - Q1-Q1 @ 276 EUR/t
 - Q2-Q2 @ 227 EUR/t
 - Q3-Q3 @ 147 EUR/t
 - Q4-Q4 @ 34 EUR/t

▶ Positive Trend Reversal Expected in Q1 17

Average Sales Prices (EUR/t)



Revenue Affected by Lower Prices and Sales Volume

► Revenue Decrease Slowed by Year-end

- Revenues were 13.6% lower in FY and 2.3% lower in Q4
- Lower prices and lower sales volume
- Revenue decline slowed towards year-end

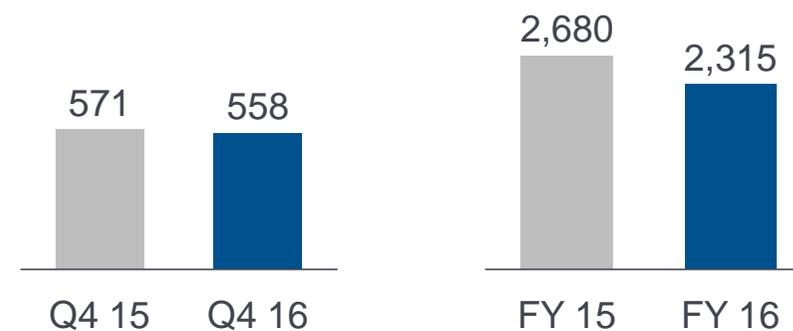
► Stainless Revenue Strongly Improved

- Engineering revenue impacted by production losses at Swiss Steel and DEW
- Positive price trend towards year-end most pronounced in stainless steel

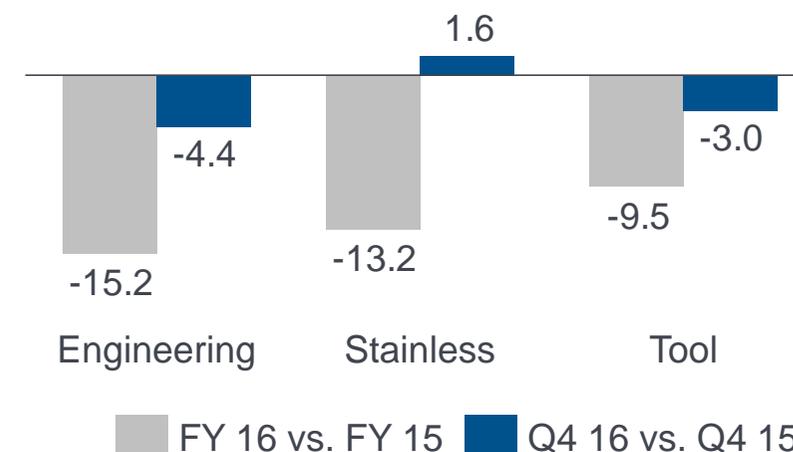
► Regional Revenue Development in FY 16

- Lower revenue in all regions, especially in the Americas (–30%) and Europe (–11%)
- Double-digit growth in China and India

Revenue (EUR million)



Change in Revenue by Product Group (%)



Performance Improvement Reflected in Higher adjusted EBITDA Margins

► Adj. EBITDA Margin Increased

- Adj. EBITDA margins substantially improved
- Successful implementation of efficiency measures
- Adj. EBITDA in FY lower due to weak H1 results, but increase of 8.1% in Q4

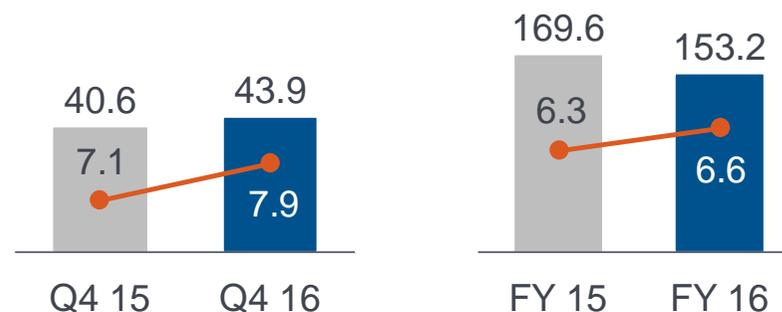
► One-off Effects Impacted EBITDA

- One-off effects of EUR 45.2 million in FY 16
- Includes provisions for final restructuring steps at DEW and Steeltec, including personnel measures

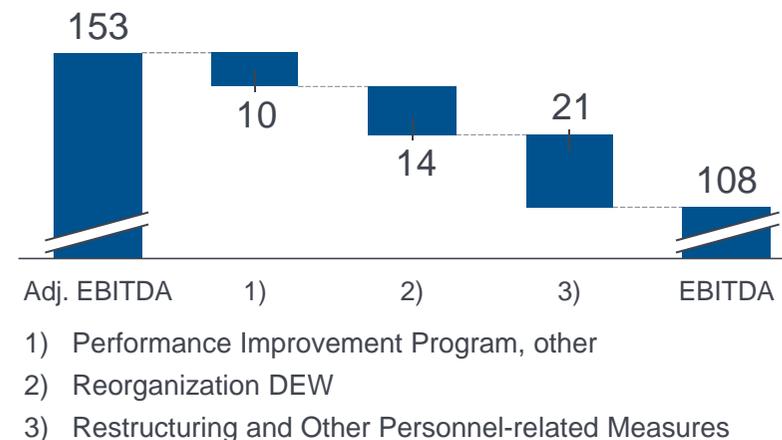
► Additional Savings in 2017+

- Additional savings of 48 million: 2017 EUR 28 million / 2018 EUR 20 million

Adj. EBITDA/margin (EUR million/%)

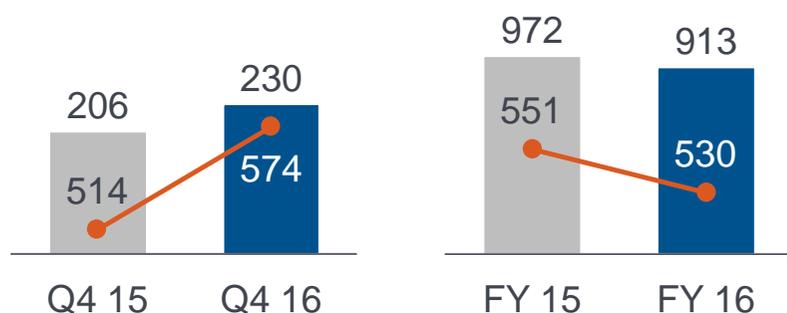


EBITDA bridge (adj. to unadj., EUR million)

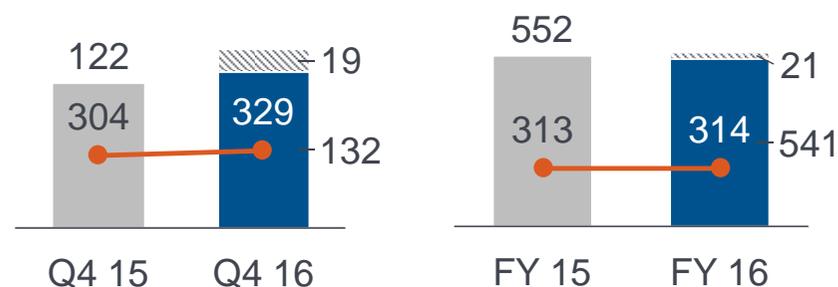


Ongoing Cost Reductions During 2016

Gross Profit (EUR million/EUR/t)



Personnel Expenses (EUR million/EUR/t)



► **Gross Profit Higher in Q4**

- Successful efficiency measures, better market and product mix (stainless)

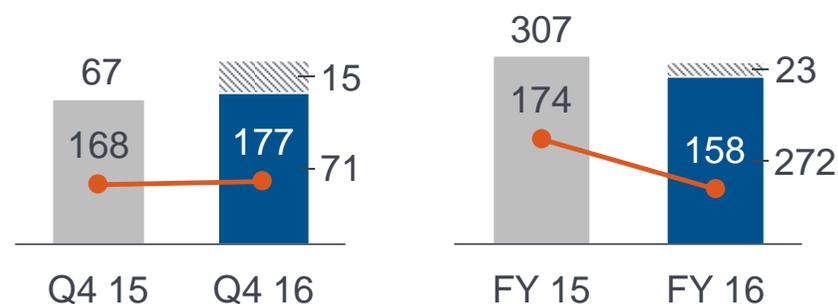
► **Personnel Expenses Increased**

- Q4: inflation, more working hours, one-time effects

► **Other Operating Expenses lower in FY**

- Q4 maintenance to prepare for 2017

Other Operating Expenses (EUR million/EUR/t)



 One-off effects

Adjusted EBITDA – Upward Trend since Q4 2015, Momentum to Continue in Q1 2017

Adj. EBITDA, average of last two quarters, rolling (EUR million)



Strong Cash Flow Drives Further Net Debt Reduction

► Strong Free Cash Flow

- EUR 92 million in FY 2016
- Quick wins in NWC reduction harvested in 2015
- Positive although small FCF in Q4 spite of
 - Rising inventory levels due to higher raw material prices towards year-end, and
 - Safety stocks build-up for transfer of Boxholm operations to Germany

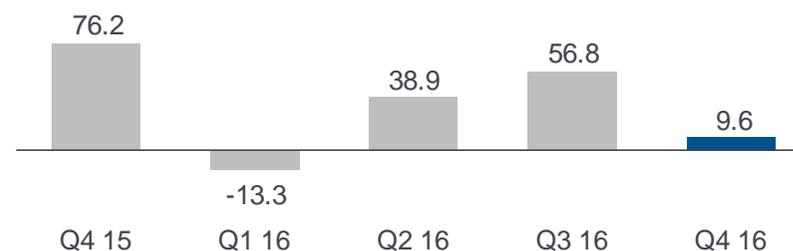
► Deleveraging Continued

- Further net debt reduction of EUR 51 million
- Leverage improved – comfortable headroom

► NWC Efficiency Further Improved

- NWC/sales 260 basis points below Q4 15

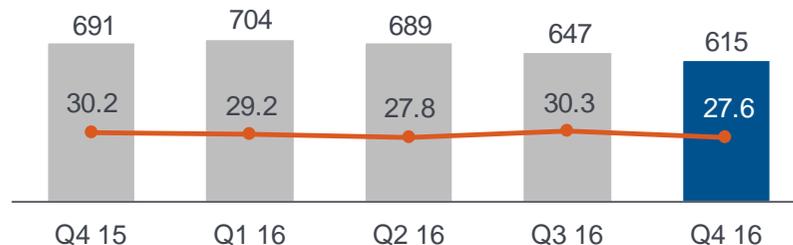
Free Cash Flow (EUR million)



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

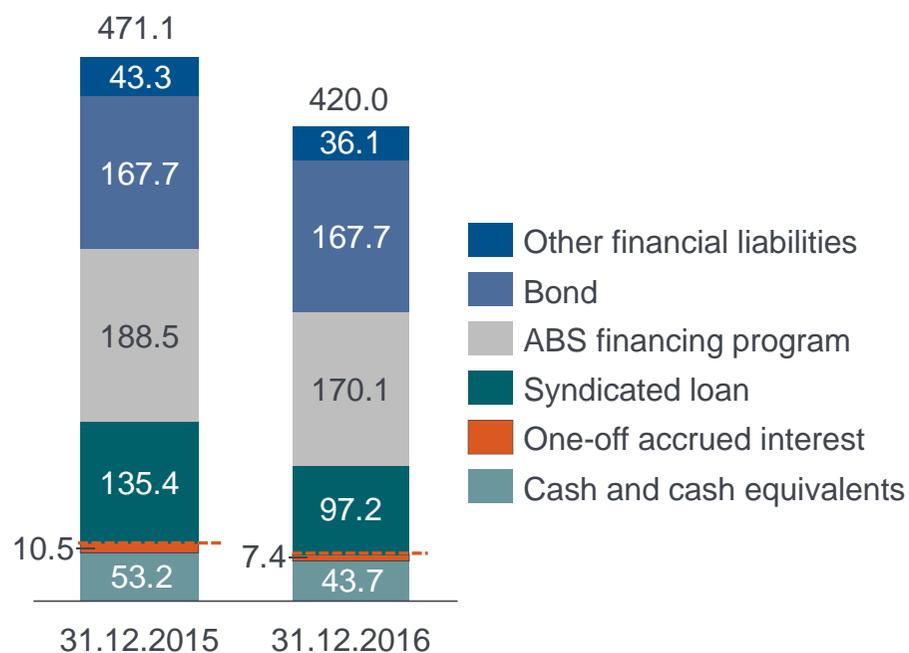


NWC / NWC/Revenue last 3M (EUR million/%)

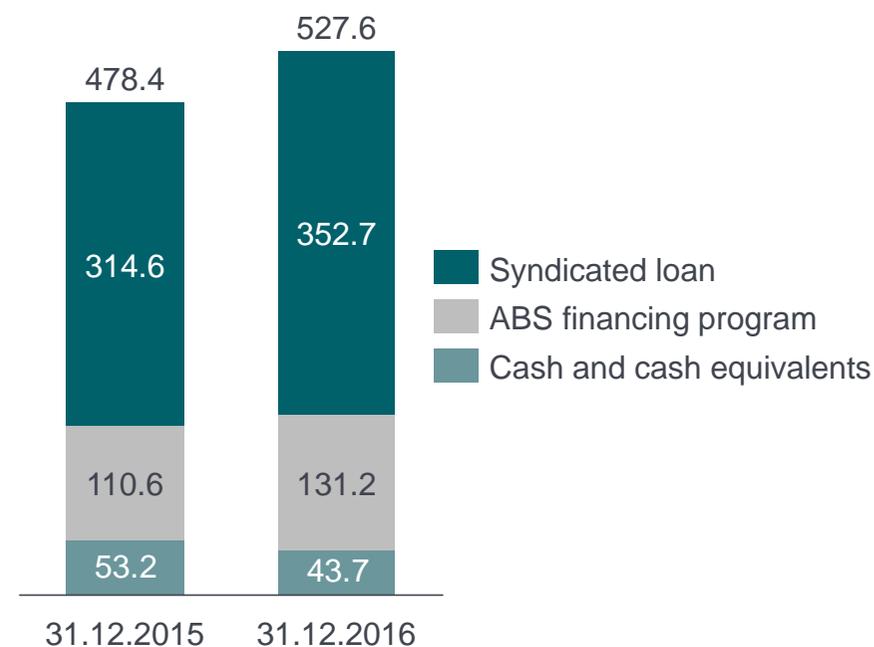


Financial Headroom Increased During 2016

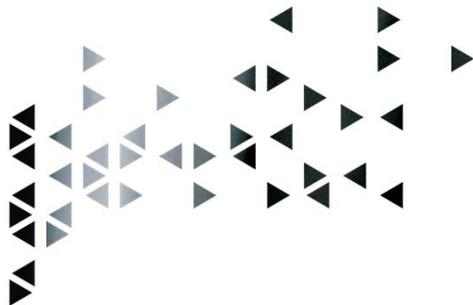
Net Debt (EUR million)



Financial Headroom (EUR million)



03 ROADMAP FOR 2017



Priorities in 2017

Operations

- ▶ Finalize performance improvement program – costs reduction of EUR 28 m
- ▶ Focus on processes and production at DEW: structure of sales organisation, production optimization, profit centre logic, optimization of shared services

Restructuring

- ▶ Complete restructuring of DEW after reorganization
- ▶ Shut-down Steeltec's production site in Boxholm, Sweden, transfer to Dusseldorf
- ▶ Restructure Steeltec in Dusseldorf, Germany

Financials

- ▶ Strengthen balance sheet – net debt reduction through EBITDA improvement
- ▶ Prudent investment policy

Investments

- ▶ New walking beam furnace at Swiss Steel
- ▶ New furnace and bar shipping deck at Ugitech
- ▶ Optimize Sales & Services network

Investments in Future Improvement of Competitiveness, Efficiency and Quality

► New Walking Beam Furnace at Swiss Steel

- **Improvements:** Better casting and heat treatment performance, reduction of billet handling times, optimized quality and reduced scrap rates and a 15% reduction of energy consumption
- **Time Frame:** 2017–2020, new coilers operational in 2019
- **Investment:** Around CHF 49 million (thereof CHF 11 million subsidized by state) – cash-out starting in 2018



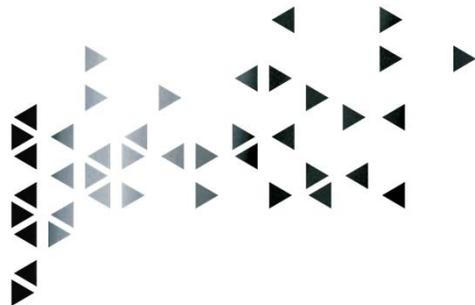
► New Furnace and Bar Shipping Deck at Ugitech

- **Improvements:** Nadcap certification (the relevant quality benchmark for aerospace and related industries), reduced quality costs, shift in mix towards higher margin products, debottleneck shipment
- **Time Frame:** 2016–2019, stacker crane 2018, Nadcap furnace line 2019
- **Investment:** Around EUR 17 million – cash-out started in 2016



Automated stacker crane

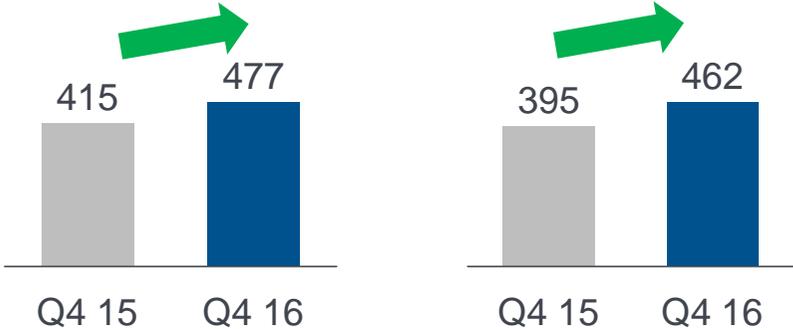
04 OUTLOOK 2017



Increase of Order Intake and Raw Material Prices Raises the Sentiment for 2017

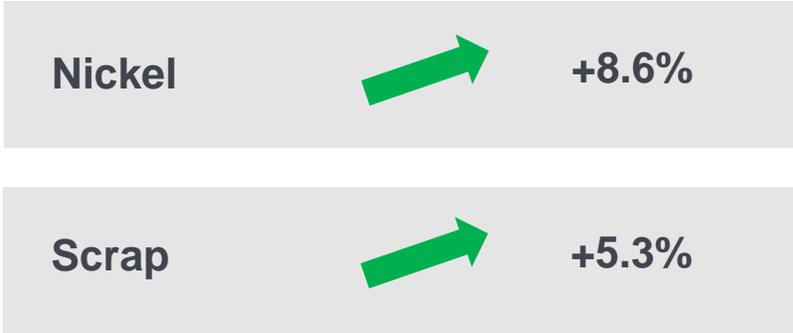
- ▶ Favorable development of order intake and order backlog by year-end, good development continued in the first two months 2017

Order Intake/Order Backlog (kilotonnes)



- ▶ Currently favorable outlook for the global economy and recovery in the oil and gas industry
- ▶ Confident to further improve the financial performance of the company

Raw Material Prices (ytd, as of end Feb 2017)



Guidance 2017

Sales Volume at Comparable Level to 2016

Adjusted EBITDA between EUR 160 and 200 million

Capex EUR ~100 million

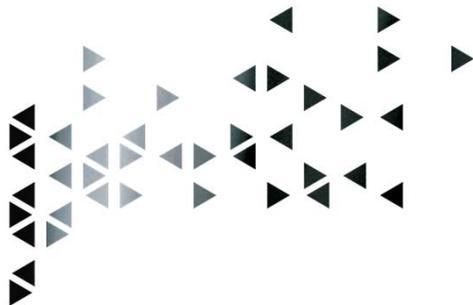
Cost savings EUR ~28 million

A decorative graphic in the top-left corner consisting of a cluster of small triangles in various shades of gray and black, arranged in a pattern that tapers to the right.

Q & A Session



Appendix



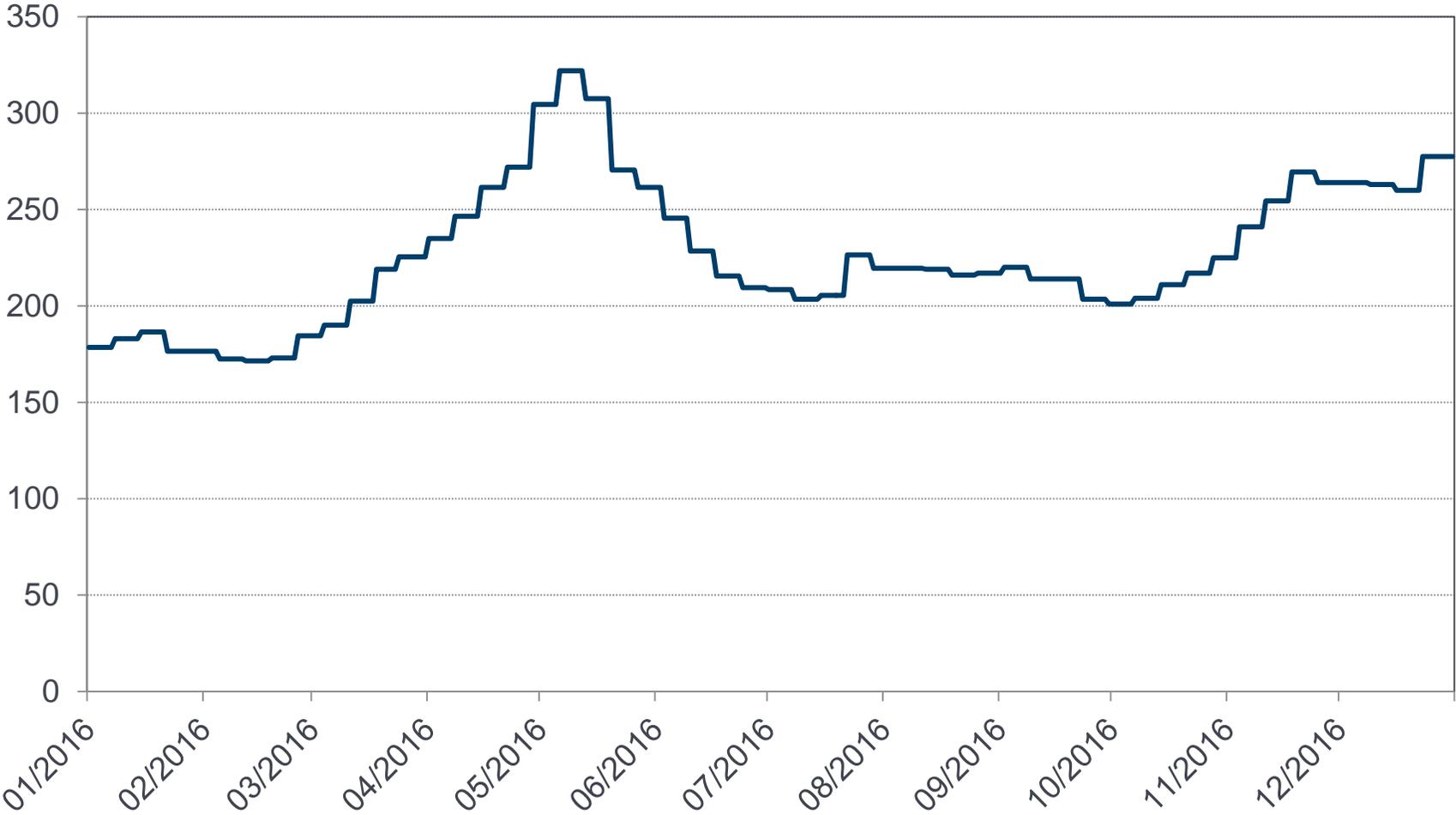
Nickel price development – 10 years



Nickel price development – 1 year

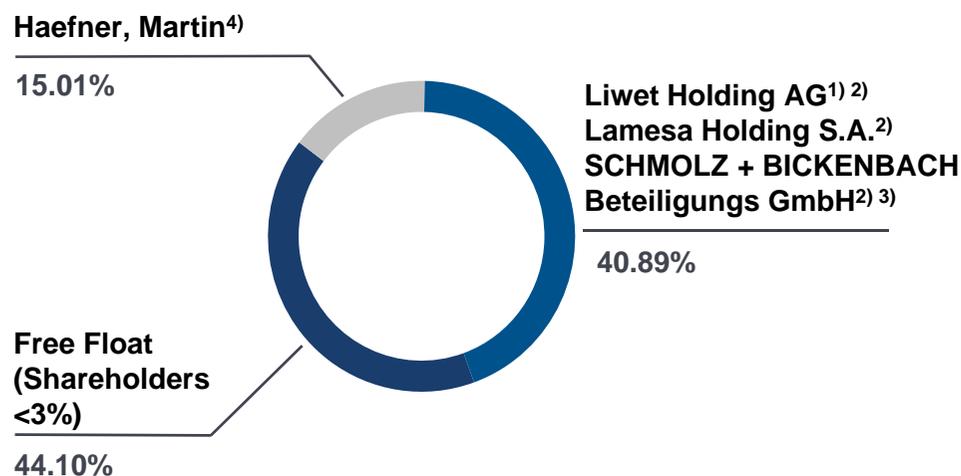


Scrap price development – 1 year



Swiss Listed Company with Supportive Anchor Shareholders

Shareholder Structure as at 31 December 2016



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) 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) Until 12.4.2016 SCHMOLZ + BICKENBACH Holding AG was a direct shareholder of the company

4) 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
9 March 2017	Annual Report 2016, Media Conference, Analyst & Investor Conference
8 May 2017	2017 Annual General Meeting
11 May 2017	Interim Report Q1 2017, Conference Call for Media and Investors
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

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End

