

SCHMOLZ + BICKENBACH

Investor Presentation

Q3/9M 2015 Results

Lucerne, 12 November 2015





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1 BUSINESS OVERVIEW Q3/9M 2015



Operational overview Q3/9M 2015

Markets and prices

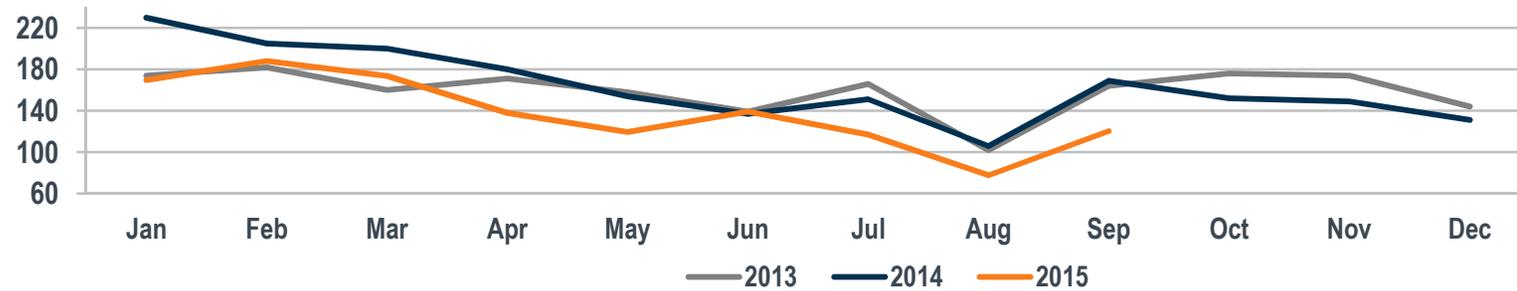
- » Order intake decreased, order backlog 20.7% below prior year
- » Customer industries: automotive still with good demand, demand from the engineering industry lower as expected, ongoing low oil price continues to burden the oil & gas industry
- » Nickel price declining to lowest level since May 2007, scrap price decreasing
- » Persisting pressure on base prices

Operational development (continued operations)

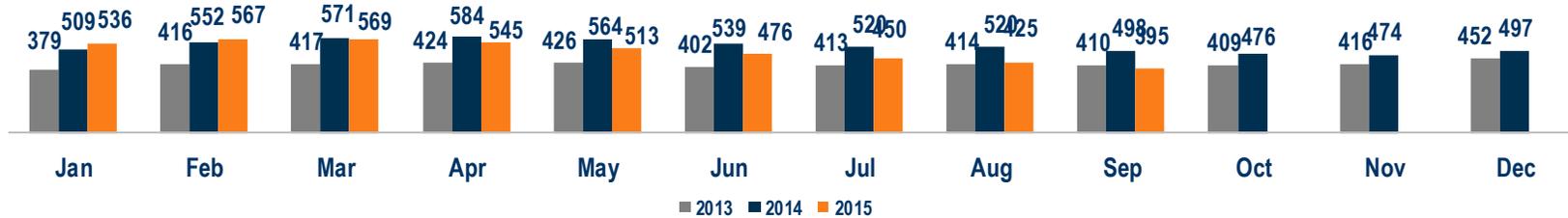
- » Sales volume decreased by 4.9% (21 kt) to 410 kt (Q3 2014: 431 kt)
- » Revenue dropped by 12.0% to EUR 619.7 m (Q3 2014: EUR 704.0 m)
- » Gross margin fell to 33.1% (Q3 2014: 36.4%)
- » EBITDA declined by 81.4% to EUR 10.3 m (Q3 2014: EUR 55.5 m)
- » EBITDA margin sank to 1.7% (Q3 2014: 7.9%)

Order intake, order backlog and sales volume

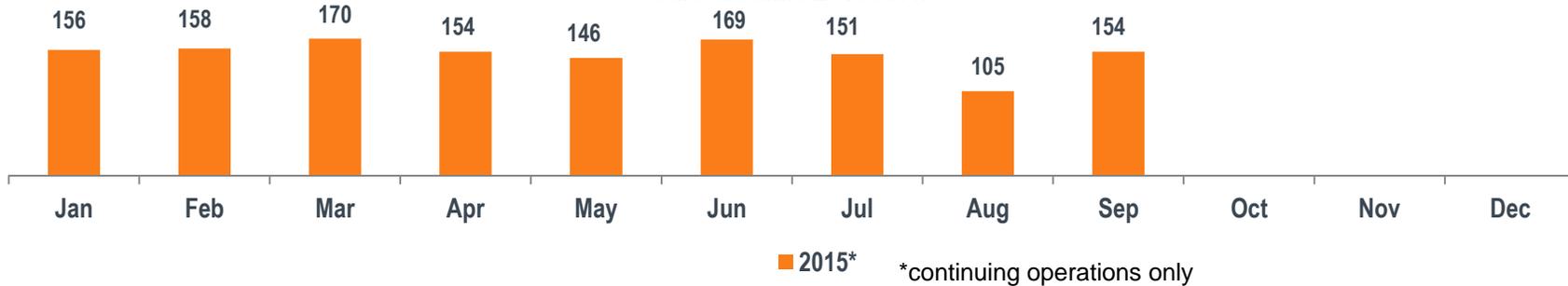
Incoming orders 2013 – 2015 | in kt



Order backlog 2013 – 2015 | in kt

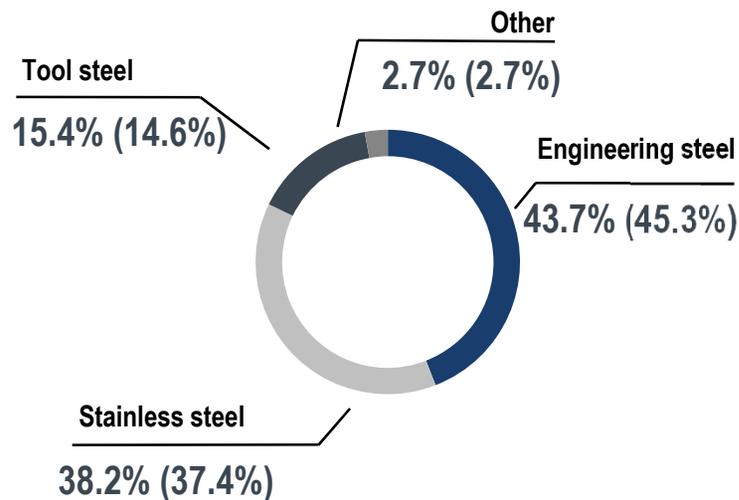


Sales volume 2015 | in kt



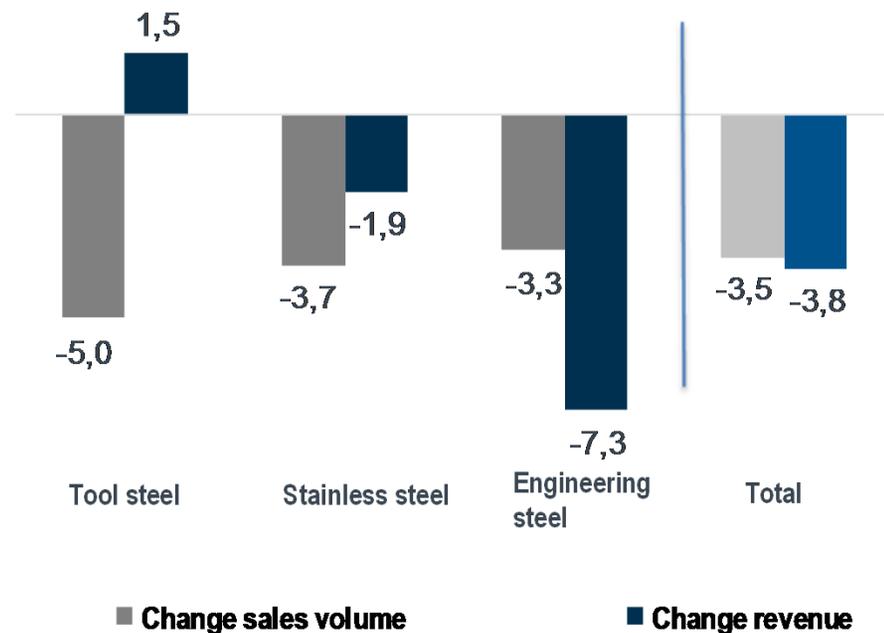
Sales volume and revenue by product groups

Revenue* split by product groups



9M 2015 (9M 2014 in brackets)*

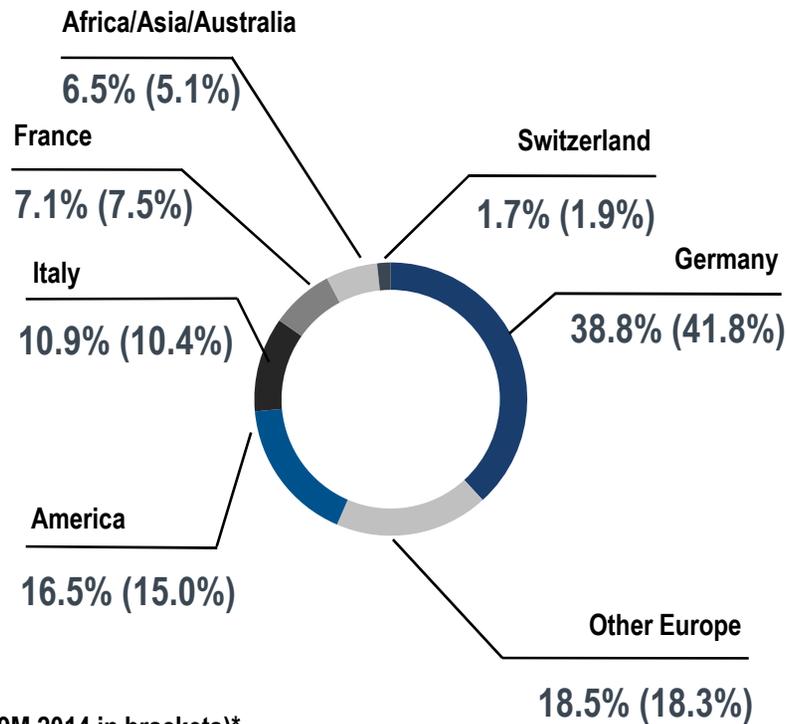
Change in sales volume* and revenue* (9M 2015 to 9M 2014) | in %



- » Better product mix with higher portion of tool steel and stainless steel revenues
- » Nevertheless, revenue decreased due to lower raw material prices and pressure on base price

*continuing operations, 2014-figures have been adjusted accordingly

Revenue by regions



9M 2015 (9M 2014 in brackets)*

- » Revenue share of Germany decreased due to appreciation of USD against EUR and thereby higher share of the Americas

*continuing operations, 2014-figures have been adjusted accordingly



2 FINANCIAL PERFORMANCE Q3/9M 2015



Result of operations – key figures

| in EUR m | 9M 2015 | 9M 2014 | Change on prior year (%) | Q3 2015 | Q3 2014 | Change on prior year (%) |
|--|---------|---------|--------------------------|---------|---------|--------------------------|
| Sales volume (kt) ¹⁾ | 1 362 | 1 411 | -3.5 | 410 | 431 | -4.9 |
| Revenue ¹⁾ | 2 108.6 | 2 191.5 | -3.8 | 619.7 | 704.0 | -12.0 |
| Adjusted EBITDA ¹⁾ | 129.0 | 192.0 | -32.8 | 11.5 | 58.2 | -80.2 |
| Adjusted EBITDA margin (%) ¹⁾ | 6.1 | 8.8 | -270 bp | 1.9 | 8.3 | -640 bp |
| Operating profit before depreciation and amortisation (EBITDA) ¹⁾ | 122.8 | 186.3 | -34.1 | 10.3 | 55.5 | -81.4 |
| EBITDA margin (%) ¹⁾ | 5.8 | 8.5 | -270 bp | 1.7 | 7.9 | -620 bp |
| Operating profit (loss) (EBIT) ¹⁾ | 29.5 | 98.9 | -70.2 | -19.6 | 25.1 | < -100 |
| Earnings before taxes (EBT) ¹⁾ | -6.0 | 65.1 | < -100 | -32.4 | 15.5 | < -100 |
| Earnings after taxes from continuing operations | -20.5 | 44.1 | < -100 | -32.7 | 10.6 | < -100 |
| Net income (loss) (EAT) | -151.7 | 45.8 | < -100 | -34.1 | 10.6 | < -100 |

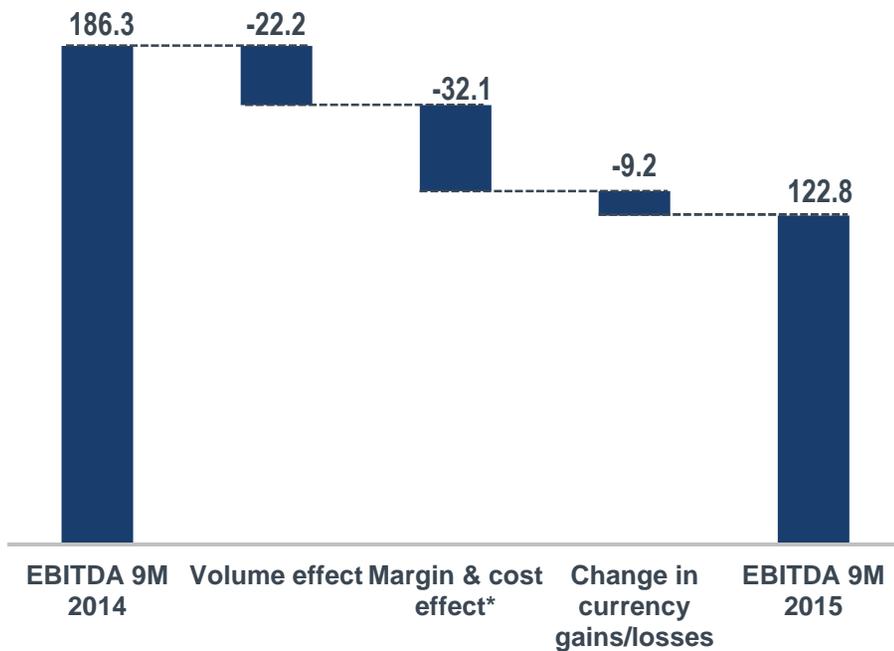
» Net income includes EAT from continuing operations as well as from discontinued operations; discontinued operations burdened by impairments of EUR –128.1 m

Financial Performance

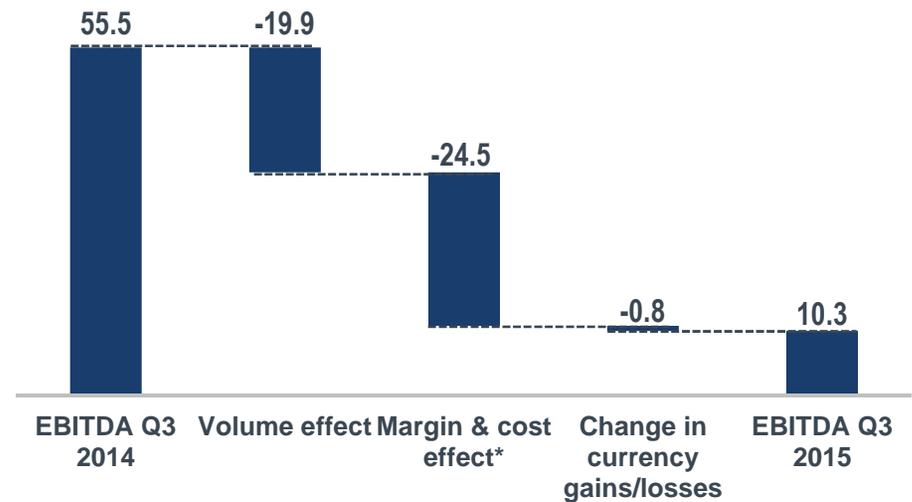
1) Continuing operations, 2014-figures have been adjusted accordingly

EBITDA significantly affected by volume and margin losses

EBITDA bridge 9M 2014 – 9M 2015



EBITDA bridge Q3 2014 – Q3 2015



* Excluding change in currency gains/losses

Revenue by division

| | 9M 2015 | 9M 2014 | Change on prior year (%) | Q3 2015 | Q3 2014 | Change on prior year (%) |
|---|---------|---------|--------------------------|---------|---------|--------------------------|
| Production ¹⁾ | 1 938.0 | 2 040.2 | -5.0 | 555.6 | 651.5 | -14.7 |
| Sales & Services ¹⁾ | 426.2 | 372.9 | 14.3 | 133.2 | 126.8 | 5.0 |
| SCHMOLZ + BICKENBACH Group ^{1) 2)} | 2 108.6 | 2 191.5 | -3.8 | 619.7 | 704.0 | -12.0 |

- » *Production* division: revenue in 9M 2015 decreased by 5.0% to EUR 1 938.0 m compared to 9M 2014
- » *Sales & Services* division: increase in revenues by 14.3% to EUR 426.2 m compared to 9M 2014

1) Continuing operations, 2014-figures pro-forma

2) Group figures include Other and consolidation/eliminations

Adjusted EBITDA and adjusted EBITDA margin by division

| Adjusted EBITDA | 9M 2015 | 9M 2014 | Change on prior year (%) | Q3 2015 | Q3 2014 | Change on prior year (%) |
|--|---------|---------|--------------------------|---------|---------|--------------------------|
| Production ¹⁾ | 118.7 | 176.3 | -32.7 | 7.1 | 50.0 | -85.8 |
| Sales & Services ¹⁾ | 16.6 | 20.2 | -17.8 | 5.5 | 6.9 | -20.3 |
| SCHMOLZ + BICKENBACH Group ¹⁾²⁾ | 129.0 | 192.0 | -32.8 | 11.5 | 58.2 | -80.2 |

| Adjusted EBITDA margin | 9M 2015 | 9M 2014 | Change on prior year | Q3 2015 | Q3 2014 | Change on prior year |
|--|---------|---------|----------------------|---------|---------|----------------------|
| Production ¹⁾ | 6.1 | 8.6 | -250 bp | 1.3 | 7.7 | -640 bp |
| Sales & Services ¹⁾ | 3.9 | 5.4 | -150 bp | 4.1 | 5.4 | -130 bp |
| SCHMOLZ + BICKENBACH Group ¹⁾²⁾ | 6.1 | 8.8 | -270 bp | 1.9 | 8.3 | -640 bp |

1) Continuing operations

2) Group figures include Other and consolidation/eliminations



Financial position: key figures

| | | 30.9.2015 | 31.12.2014 | Change on 31.12.2014 in % | 30.9.2014 |
|--|--------|----------------|----------------|------------------------------|-----------|
| Shareholders' equity | EUR m | 765.7 | 900.9 | -15.0 | 910.9 |
| Equity ratio | % | 34.9 | 35.9 | -100 bp | 35.7 |
| Net debt | EUR m | 543.7 | 587.2 | -7.4 | 627.4 |
| Net debt/Adjusted EBITDA ¹⁾ | factor | 2.8 | 2.2 | - | 2.6 |
| Net working capital (NWC) | EUR m | 843.8 | 992.3 | -15.0 | 1 085.4 |
| NWC/Revenue ²⁾ | % | 30.0 | 29.7 | 30 bp | 31.9 |
| | | 1.1.-30.9.2015 | 1.1.-30.9.2014 | Change on prior year in % | |
| Financial result | EUR m | -35.5 | -33.8 | 5.0 | |
| Investments | EUR m | 101.6 | 57.8 | 75.8 | |
| Free cash flow | EUR m | 102.8 | 10.5 | >100 | |

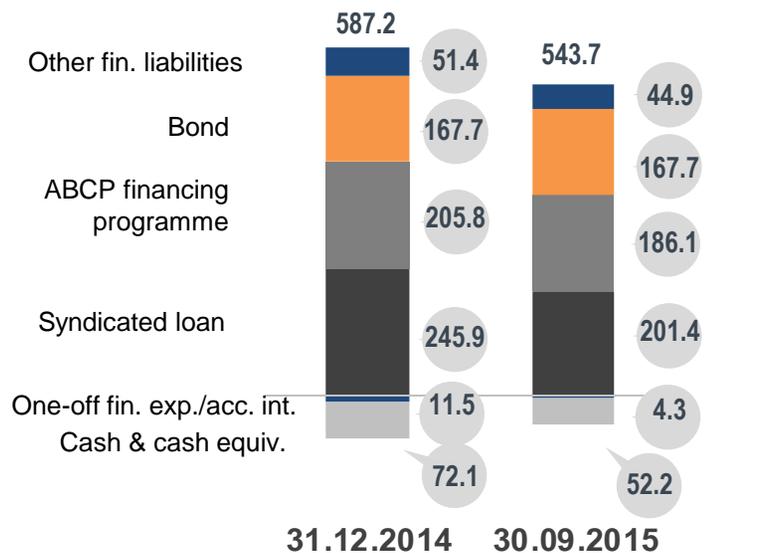
1) LTM

2) Annualised

Financial Performance

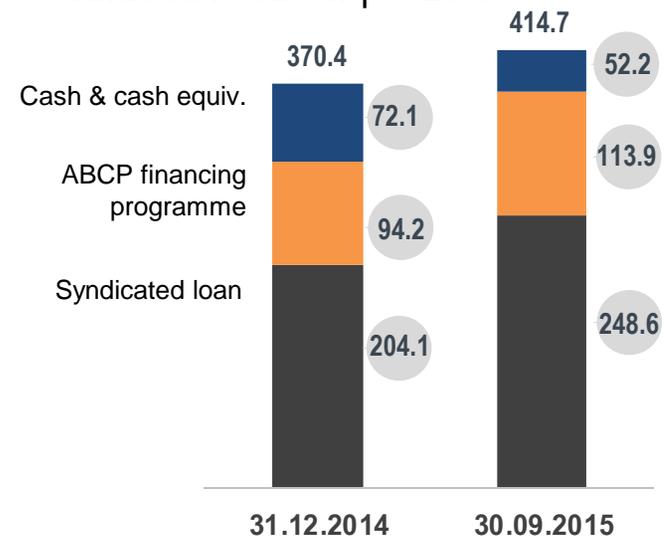
Net debt and financial headroom

Net debt | in EUR m



- Cash and cash equivalents
- One-off financing expenses / accrued interest
- Other financial liabilities
- Bond
- ABCP financing programme
- Syndicated loan

Financial headroom | in EUR m



- Cash and cash equivalents
- ABCP financing programme
- Syndicated loan



3 OUTLOOK AND GUIDANCE 2015



Ongoing difficult environment in Q4 2015

Environment

- » Competitive pressure from Asia stays on high level
- » Ongoing weakness in demand from oil & gas industry
- » Historically low and volatile prices in raw material markets lead to hesitant order behaviour of customers
- » World Steel Association significantly lowered expectations, general steel consumption expected to decrease by 1.7% (previously growth of 0.5%), most important steel consumers with partially significantly lower growth rates than 2014 (Asia -2.1%, Europe 1.3%, NAFTA -2.7%)
- » Oil price unlikely to reach previous levels, on average only USD 50 per barrel expected; constant decline in fracking business with significant impact on North American business units
- » Risks of inventory write-downs when prices continue to fall
- » Automotive still on track

Measures

- » Internal cost measures as well as focus on efficient procurement are further pursued.
- » Ongoing decrease in net debt



Guidance 2015

| | 2014 reported | Initial guidance 2015 (as at 12 March 2015) | Guidance 2015 (as at 19 May 2015) | Guidance 2015 (as at 12 November 2015, unchanged to 13 October 2015) |
|------------------------|------------------|--|---|--|
| Sales volume | 2 135 kilotonnes | Should roughly match the 2014 level | Should roughly match the 2014 level less non mill-own volumes from specific distribution units (ca. 300 kilotonnes) | Slightly below the 2014 level less non mill-own volumes from specific distribution units (ca. 300 kilotonnes) |
| Reported EBITDA | EUR 252.6 m | EUR 210 m – EUR 250 m | EUR 190 m – EUR 230 m (continuing operations, currently lower end of guidance likely) | EUR 160 m – EUR 180 m |
| CAPEX | EUR 100.8 m | Around EUR 150 m, due to one-off effects in the amount of EUR 44 m | Around EUR 150 m, due to one-off effects in the amount of EUR 44 m | Around EUR 150 m, due to one-off effects in the amount of EUR 44 m |



Q&A

THANK YOU FOR YOUR ATTENTION

4 APPENDIX

Nickel price development

Nickel price development 2005 – 2015 | in USD / ton

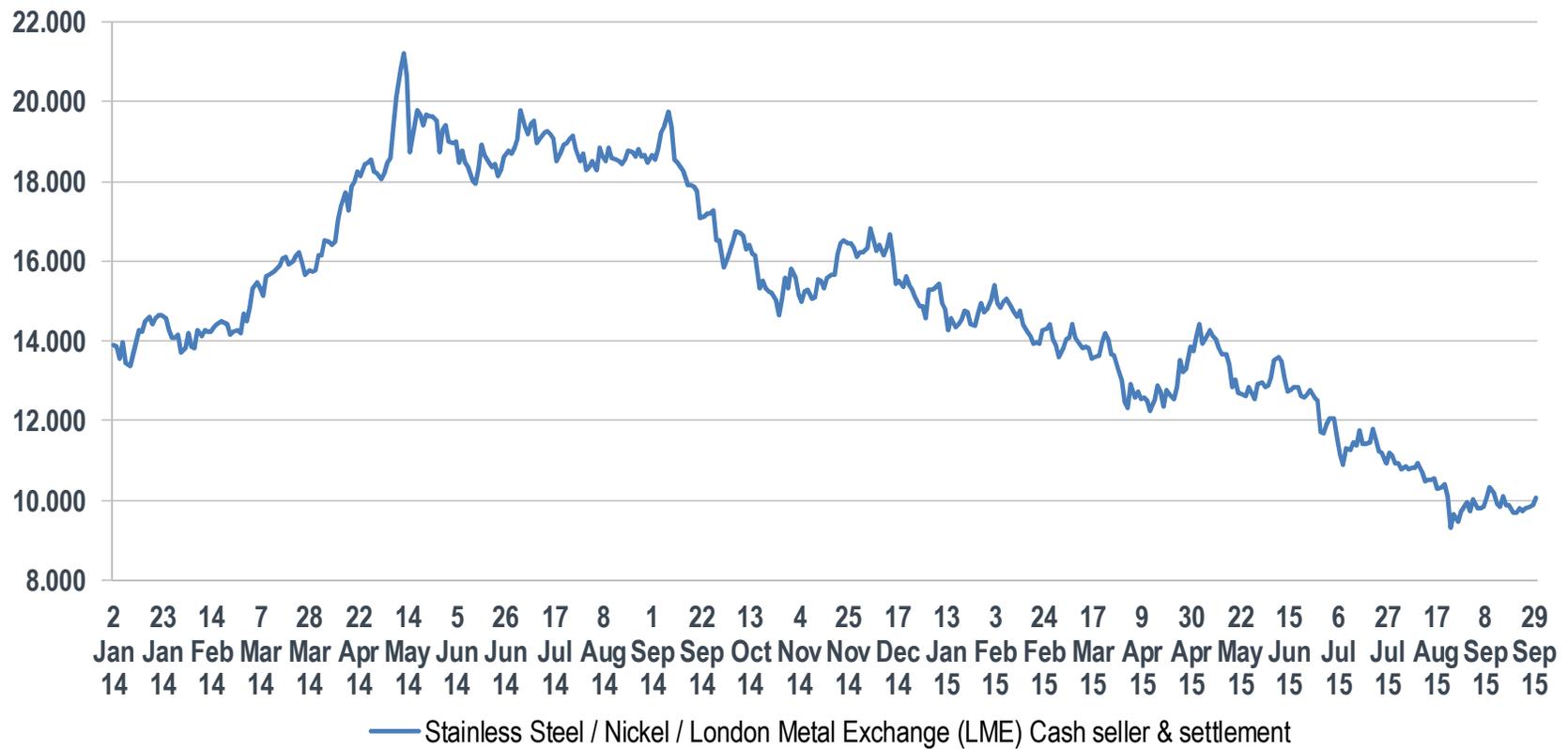


Source: Steel Business Briefing

Appendix

Nickel price development

Nickel price development 1.1.2014 – 30.9.2015 | in USD / ton

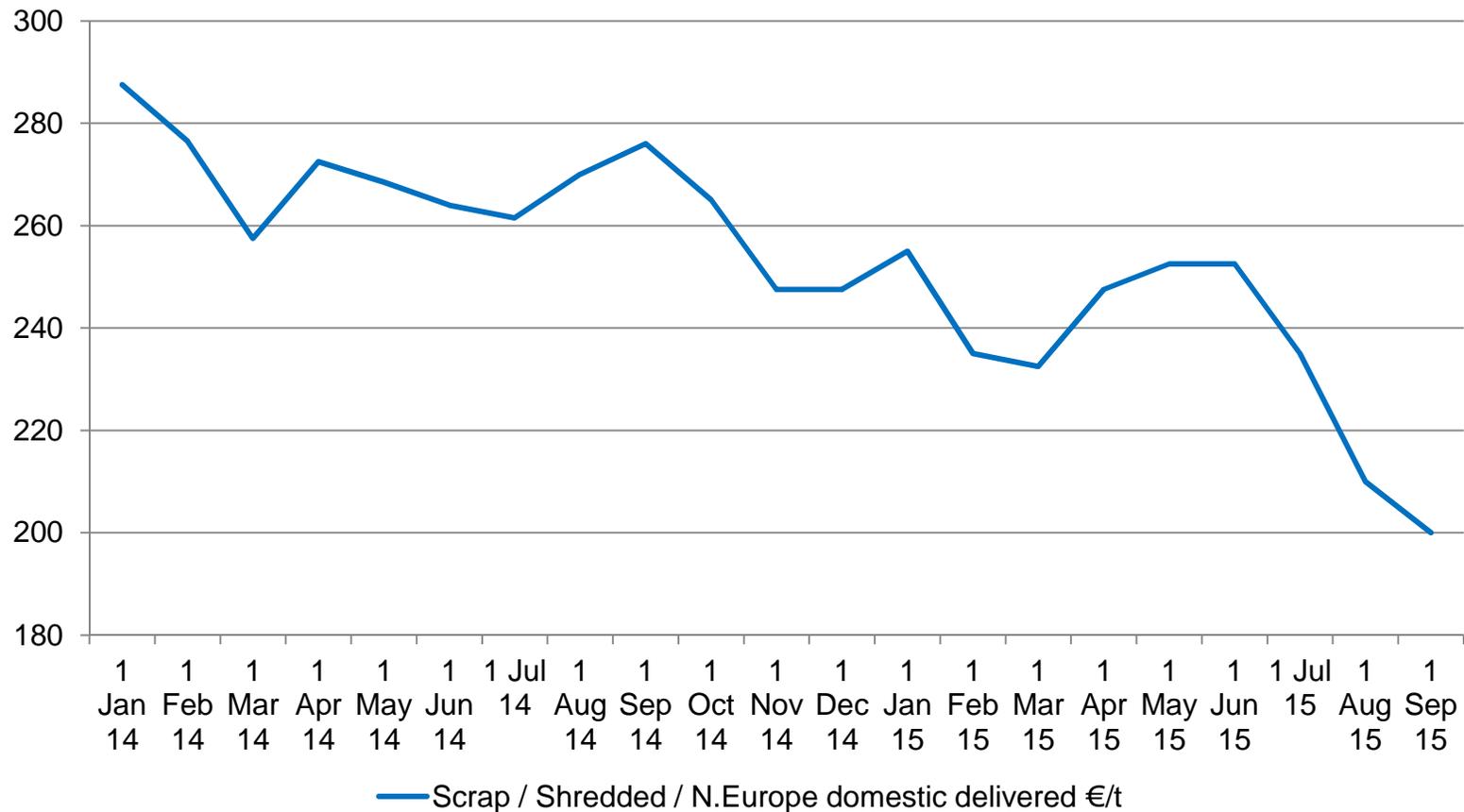


Source: Steel Business Briefing

Appendix

Scrap price development

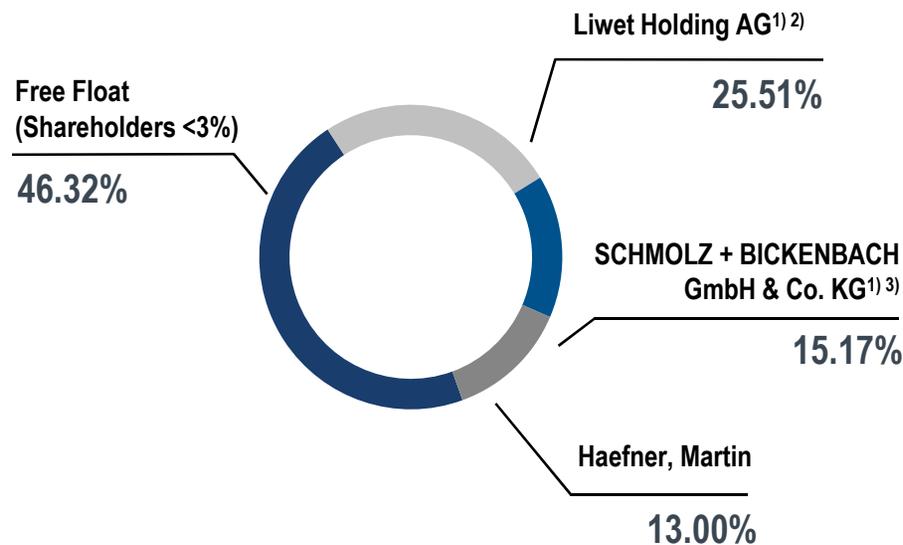
Scrap price development January 2014 – September 2015 | in EUR / ton



Source: Steel Business Briefing

Appendix

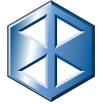
Swiss listed company with supportive anchor shareholders



Shareholder Structure as of 30 September 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) Form a group according to stock exchange act.
- 2) Renova group company, the shares held by Venetos Holding AG were transferred to Liwet Holding AG in Zurich as a result of a merger.
- 3) Indirectly via subsidiaries SCHMOLZ + BICKENBACH Beteiligungs GmbH and SCHMOLZ + BICKENBACH Holding AG.



Financial calendar and contact details Investor Relations

| Date | Event |
|------------------|---|
| 24 March 2016 | Annual Report 2015, Media Conference, Investor Conference |
| 3 May 2016 | Annual General Meeting |
| 19 May 2016 | Q1 Report 2016, Media Call, Investor Call |
| 11 August 2016 | Q2 Report 2016, Media Call, Investor Call |
| 15 November 2016 | Q3 Report 2016, Media Call, Investor Call |

| | |
|-------------------|--|
| Dr Ulrich Steiner | Head of Investor Relations and Corporate Communications |
| Phone | +41 41 581 4120 |
| Fax | +41 41 581 4283 |
| Email | u.steiner@schmolz-bickenbach.com |
| Internet | www.schmolz-bickenbach.com |



Thank you for your attention