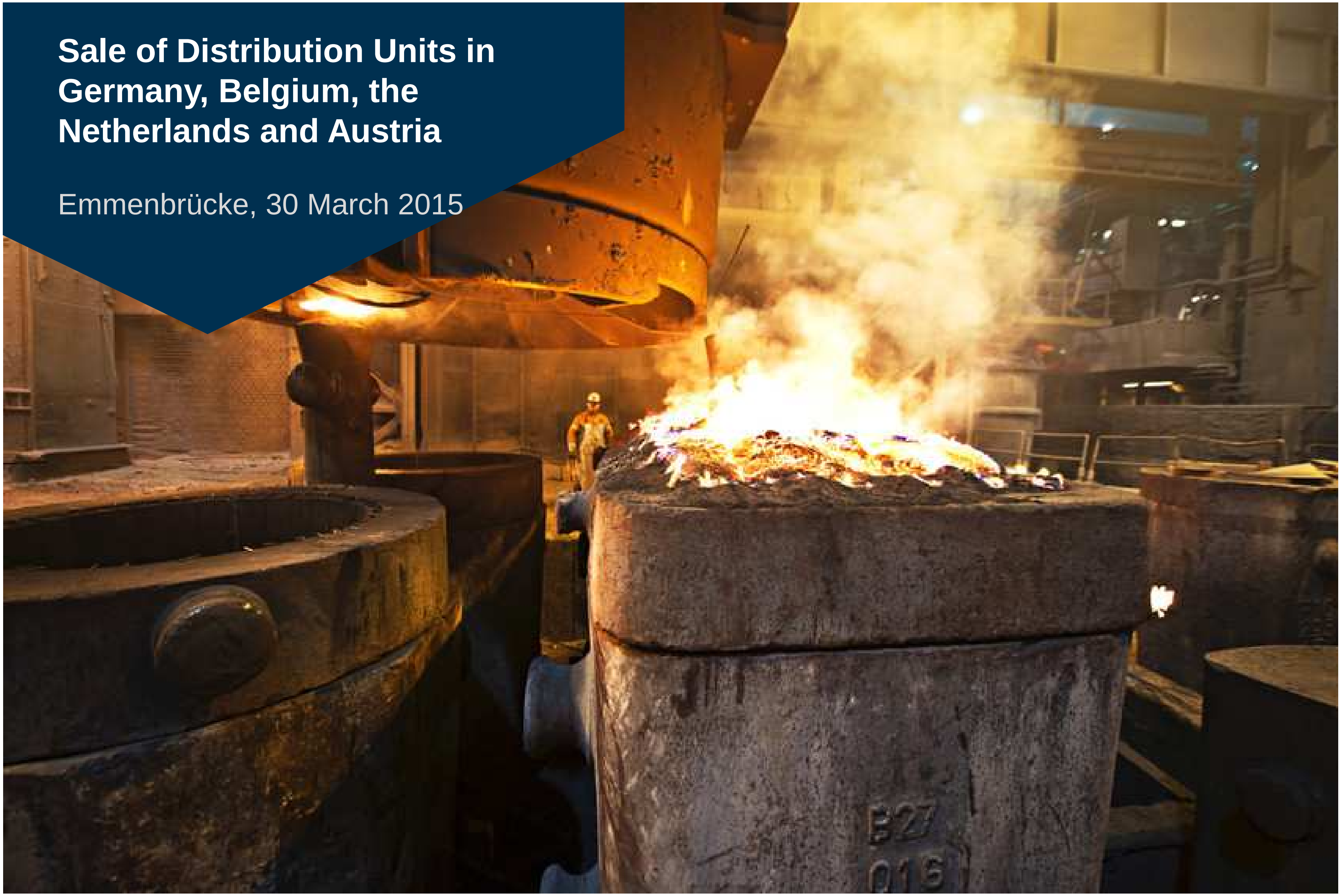
Sale of Distribution Units in Germany, Belgium, the Netherlands and Austria

Emmenbrücke, 30 March 2015



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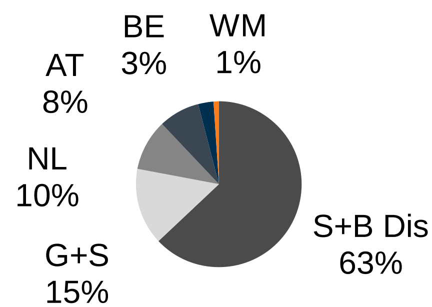
Transaction highlights

- SCHMOLZ + BICKENBACH today announced the sale of its distribution units in Germany, Belgium, the Netherlands and Austria to JACQUET METAL SERVICE for a total consideration (enterprise value) of EUR 88.6m
- Strategic realignment of SCHMOLZ + BICKENBACH initiated in 2013 with focus on the production and distribution of own mill products
- Divested distribution units with high percentage of “third party products”
- In 2014, activities achieved revenues of ca. EUR 600 million and employed about 1 000 people
- Parties also signed agreements for rental of selected premises at Dusseldorf site and provision of services, etc.
- SCHMOLZ + BICKENBACH will keep the important tool steel business
- Positive impact expected on key Group figures (EBITDA margin, leverage)
- Completion of transaction planned in 3rd Quarter 2015
- After divestment of distribution units, SCHMOLZ + BICKENBACH will consequently focus on core activities

Geographic footprint and key figures

- Sales & Distribution
- Sales Only

Sales by Entity 2014 (ca. EUR 600 m)



Source: Company information

(1) Dr. Wilhelm Mertens GmbH (sales & distribution) and Distribution Germany (sales)

(2) Günther + Schramm GmbH

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Other considerations

- » Tool steel product group will be carved-out from distribution units prior to closing and remain part of SCHMOLZ + BICKENBACH
- » Only distribution units will be disposed, existing mill-direct sales remain with SCHMOLZ + BICKENBACH
- » Long-term rental agreement for certain offices, warehouses and open space at Dusseldorf site
- » Selected service level agreements at Dusseldorf site for laboratory, craft and electricity, etc.
- » Distribution units allowed to use name for 18 months following closing and logo for 3 months following closing
- » Transaction subject to approval by antitrust authorities but no clearance issues expected

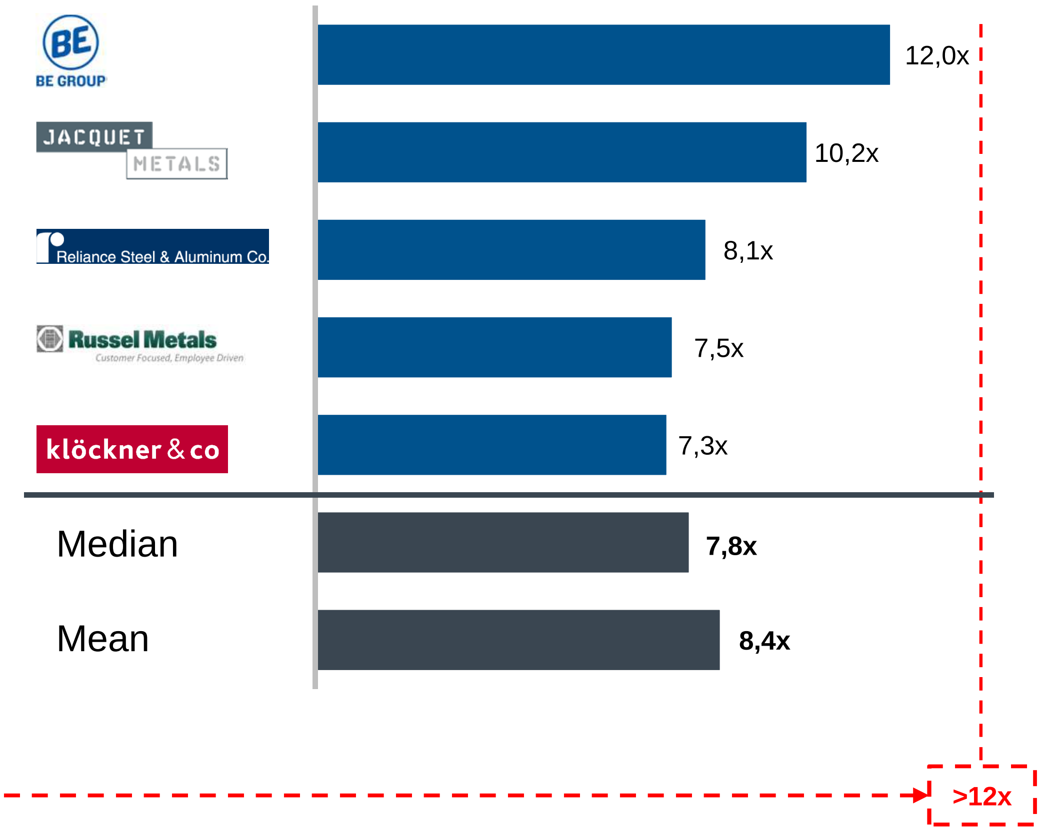
Transaction in context of current trading comparables

Key Figures 2014A | in EUR m

	2014A
Volume (kt)	**ca. 400**
Sales	**ca. 600**
EBITDA	**<7**

Enterprise Value (EUR m)	**88.6**
EV/EBITDA 2014A Multiple	**>12x**

Trading Comparables (EBITDA Multiples 2014A)



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Transaction impact – key Group financial ratios

- Based on the Group balance sheet as of 31 December 2014 and the profit and loss statement for the period 1 January 2014 to 31 December 2014, the following effects would have occurred, if the transaction had taken place in 2014:
  - Adjusted EBITDA margin increased from 7.8% by 100 basis points to 8.8%
  - Net financial liabilities reduced as a result of cash inflow from the divestment with leverage (ratio of net debt to adjusted EBITDA), decreased from 2.2x to 2.0x
- Distribution activities considered as "discontinued operations" in SCHMOLZ + BICKENBACH's books for the first time as of 31 March 2015:
  - A valuation of the net assets according to IFRS 5 associated with the reclassification of the distribution activities as "discontinued operations"; this likely would result in a one-time impairment need and provisioning requirement in a range of EUR 120 - 140 million
  - Based on balance sheet figures and as a result of impairment need and provisioning requirement, the equity ratio of the Group temporarily reduced by around three percentage points compared to 31 December 2014
  - After closing and assuming all other parameters remain unchanged, a recovery of equity ratio to around 35% assumed.

Key rationales for sale of selected distribution units

- » Low Group synergies, wholesale type distribution model with own-mill share of ca. 20% (~80kt in 2014)
- » Loss-making in 2012 and 2013, severe underperformance even in favourable market conditions in 2010 and 2011
- » High capital employed for distribution units, return on capital employed not sufficient to earn capital costs
- » Potential for SCHMOLZ + BICKENBACH to develop ”Sales & Services” concept aligned with Group strategy based on carved out activities and existing mill-direct sales channel
- » JACQUET METAL SERVICE not a competitor to SCHMOLZ + BICKENBACH business
- » SCHMOLZ + BICKENBACH will continue to deliver its products to the specific distribution units post-sale

Strategic implications for SCHMOLZ + BICKENBACH

Company structure

SCHMOLZ + BICKENBACH AG

Production

» Production of special long steel

» Processing of high-grade steels to customer specific needs

Sales & Services

» Worldwide sales/trading of special long steel

Divested Units

» **Distribution Germany, full range distributor with high share of externally sourced products**

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Key Implications

» Production as core business – mills allow differentiation due to know-how, expertise and assets

» Entire value chain setup to support production business – focus on processing and distribution of own mill products

» Portfolio focusing on high-margin products in tool, stainless and quality/engineering steel leveraging strategic advantages

» Develop “Sales & Services” concept aligned with Group strategy based on carved-out activities and existing mill-direct sales channels


THANK YOU FOR YOUR ATTENTION