

**SCHMOLZ + BICKENBACH**  
**Investor Presentation**  
**Q1 2015 Results**  
Emmenbrücke, 19 May 2015





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- 1 BUSINESS OVERVIEW Q1 2015**
- 2 FINANCIAL PERFORMANCE Q1 2015**
- 3 OUTLOOK AND GUIDANCE 2015**
- 4 APPENDIX**



# 1 BUSINESS OVERVIEW Q1 2015



# Operational overview Q1 2015

## Markets and prices

- » Order intake decreased slightly, order backlog on previous year's level
- » Customer industries: automotive still with strong demand, engineering with positive expectations at beginning of the year, significantly lower oil price leads to substantial decrease in active rig count (fracking)
- » Persisting pressure on base prices
- » Nickel price plunged since September and recovered only recently

## Operational development (continued operations)

- » Sales volume decreased by 3.4% (17 kt) to 483 kt
- » Revenue increased by 2.3% to EUR 765.7 m (Q1 2014: EUR 784.4 m) due to higher average revenue
- » Gross margin improved to 37.1% (Q1 2014: 35.9%)
- » EBITDA amounted to EUR 54.5 m (EUR 60.9 m) due to an increase in net exchange losses of EUR 8.5 m; EBITDA margin decreased to 7.1% (Q1 2014: 8.1%)

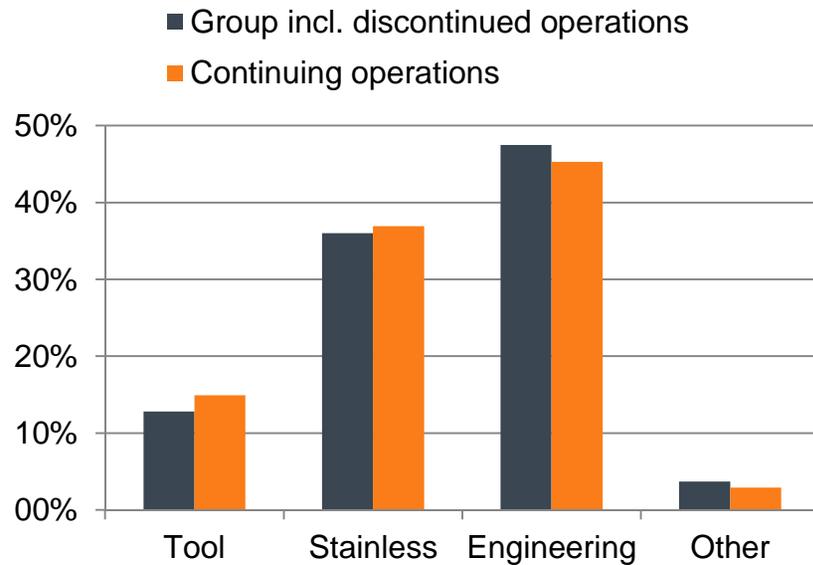


## Sale of specific distribution units

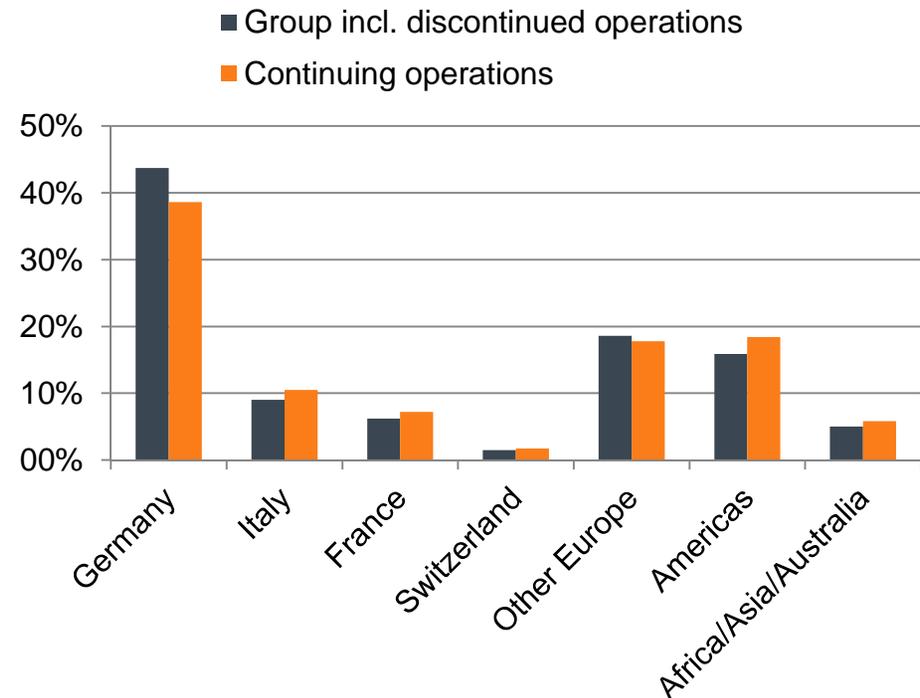
- » End of March, SCHMOLZ + BICKENBACH signed a contract to sell its distribution units in Germany, Belgium, the Netherlands and Austria to JACQUET METAL SERVICE for a total consideration (enterprise value) of EUR 88.6m . Therefore, those activities have been classified as discontinued operations in the Q1 financial statements
- » Cash settlement price (equity value) will be finally determined based on the combined balance sheets as of 30 April 2015 of the affected distribution units.
- » 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 on a stand-alone basis revenues of ca. EUR 600 m and employed about 1 000 people
- » SCHMOLZ + BICKENBACH will keep the important tool steel business
- » Completion of transaction planned in 3<sup>rd</sup> Quarter 2015

# Impacts of the sale of specific distribution units (I)

Revenue split by product groups 1.1.-31.3.2015



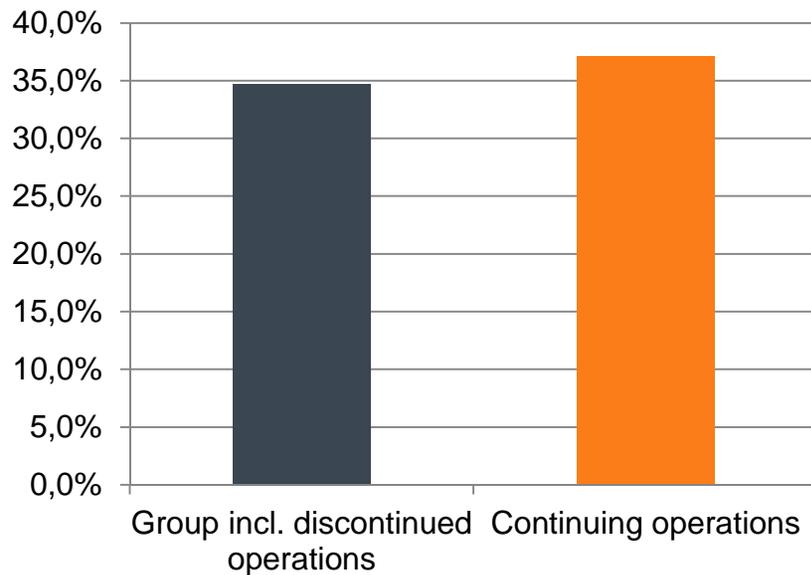
Revenue split by regions 1.1.-31.3.2015



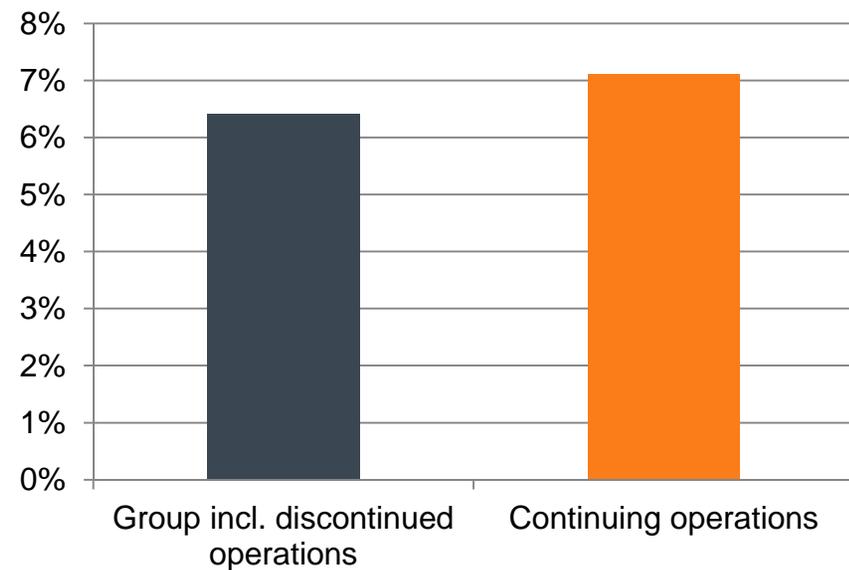
- » Revenue share of tool and stainless steel increases, while share of lower margin engineering steel decreases
- » Revenue share of Germany decreases while non-European share increases

## Impacts of the sale of specific distribution units (II)

Gross margin 1.1.-31.3.2015 | in %

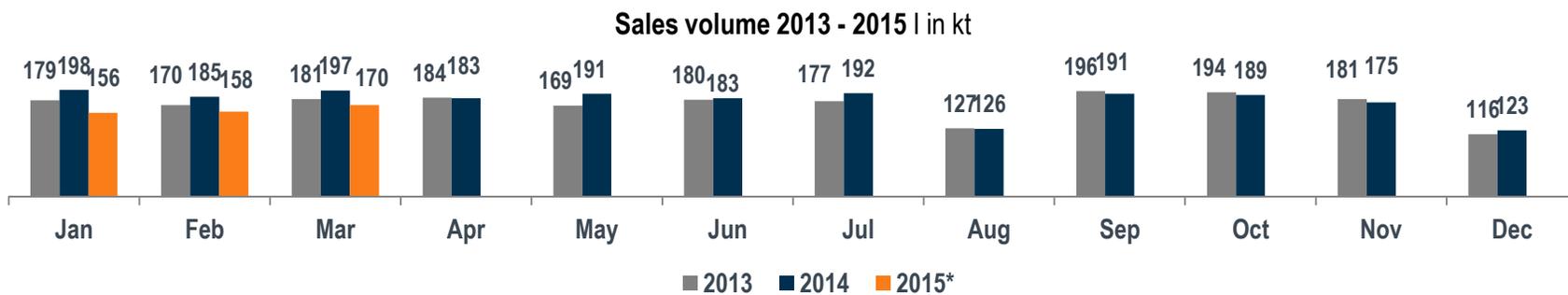
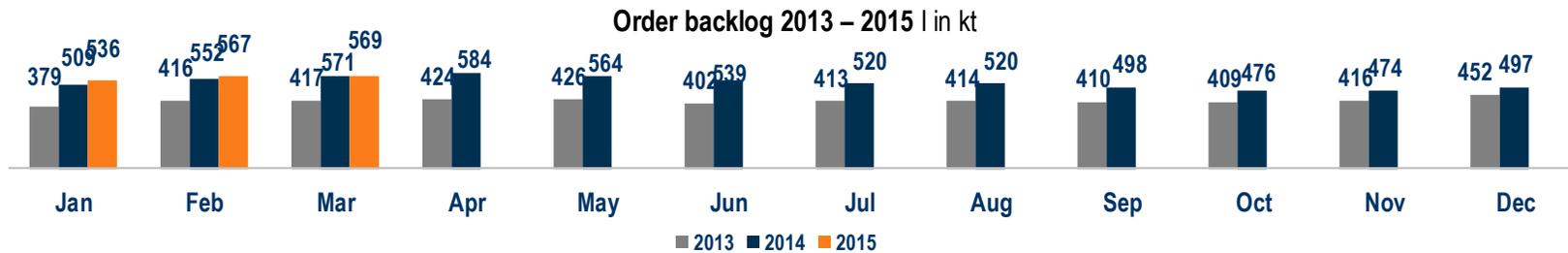


EBITDA margin 1.1.-31.3.2015 | in %

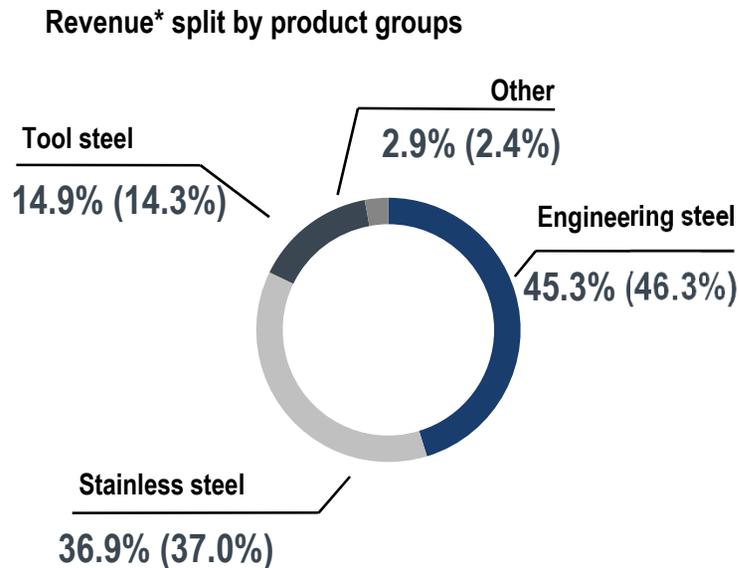


» Concentration on core business results in higher margins

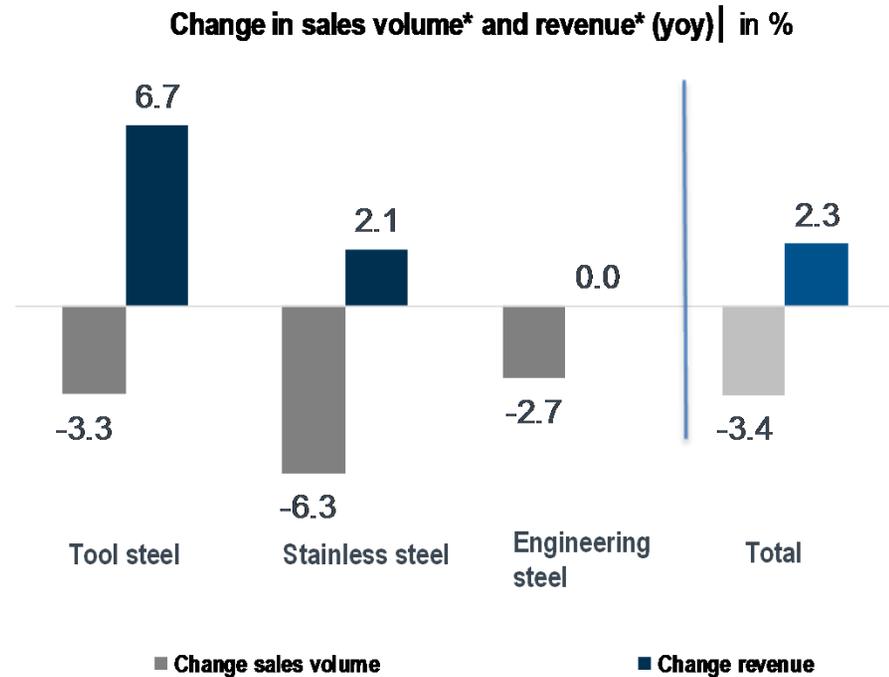
# Order intake, order backlog and sales volume



# Sales volume and revenue by product groups



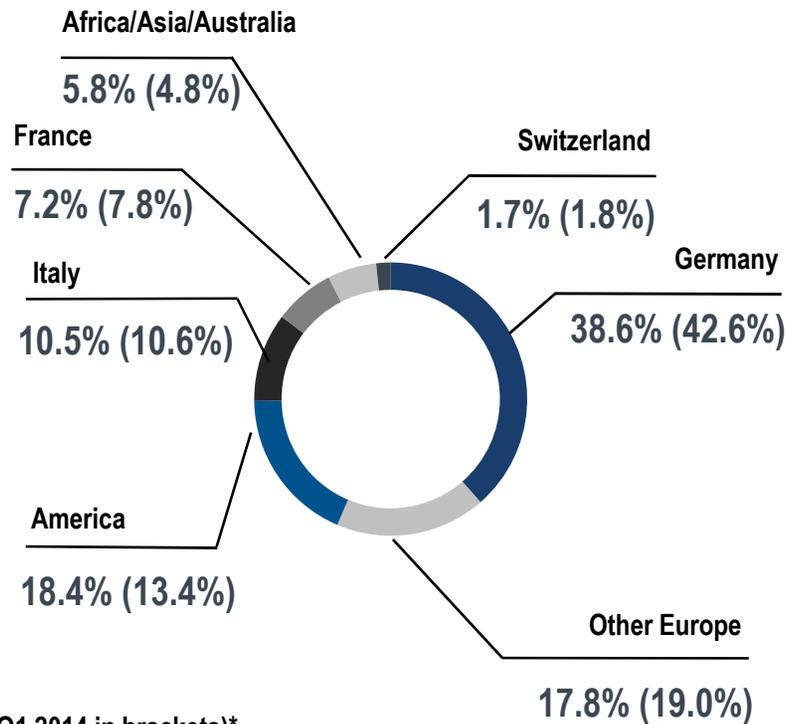
Q1 2015 (Q1 2014 in brackets)\*



- » Better product mix with higher portion of tool steel revenues
- » Revenue increase despite lower sales volume due to product mix and appreciation of CHF and USD against EUR

\*continuing operations, 2014-figures have been adjusted accordingly

## Revenue by regions



Q1 2015 (Q1 2014 in brackets)\*

- » Strong growth in America, mainly driven by the oil & gas industry as well as positive FX effects

\*continuing operations, 2014-figures have been adjusted accordingly



## **2 FINANCIAL PERFORMANCE Q1 2015**



## Result of operations – key figures

in EUR m	Q1 2015	Q1 2014	Change on prior year (%)
Sales volume (kt) <sup>1)</sup>	483	500	-3.4
Revenue <sup>1)</sup>	765.7	748.4	2.3
Adjusted EBITDA <sup>1)</sup>	56.4	62.6	-9.9
Adjusted EBITDA margin (%) <sup>1)</sup>	7.4	8.4	-100 bp
Operating profit before depreciation and amortisation (EBITDA) <sup>1)</sup>	54.5	60.9	-10.5
EBITDA margin (%) <sup>1)</sup>	7.1	8.1	-100 bp
Operating profit (loss) (EBIT) <sup>1)</sup>	21.5	32.5	-33.8
Earnings before taxes (EBT) <sup>1)</sup>	9.0	17.4	-48.3
Earnings after taxes from continuing operations	1.9	11.3	-83.2
Net income (loss) (EAT)	-122.4	12.4	n.a.

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

» Net income includes EAT from continuing operations as well as from discontinued operations; discontinued operations burdened by impairments of EUR –123.7 m



## Revenue by division

	Q1 2015	Q1 2014	Change from prior year (%)
Production <sup>1)</sup>	715.9	698.4	2.5
Sales & Services <sup>1)</sup>	147.3	122.4	20.3
SCHMOLZ + BICKENBACH Group <sup>1) 2)</sup>	765.7	748.4	2.3

- » *Production* division: revenue increased by 2.5% due to a better product mix and the appreciation of USD and CHF against the EUR
- » *Sales & Services* division: significant increase in revenue by 20.3% to EUR 147.3 m due to a higher sales volume and positive translation effects from USD into EUR accounts

1) Continuing operations, 2014-figures pro-forma

2) Group figures include Other and consolidation/eliminations



## EBITDA and EBITDA margin by division

EBITDA	Q1 2015	Q1 2014	Change from prior year (%)
Production <sup>1)</sup>	51.4	58.8	-12.6
Sales & Services <sup>1)</sup>	5.4	6.4	-15.6
SCHMOLZ + BICKENBACH Group <sup>1)2)</sup>	54.5	60.9	-10.5

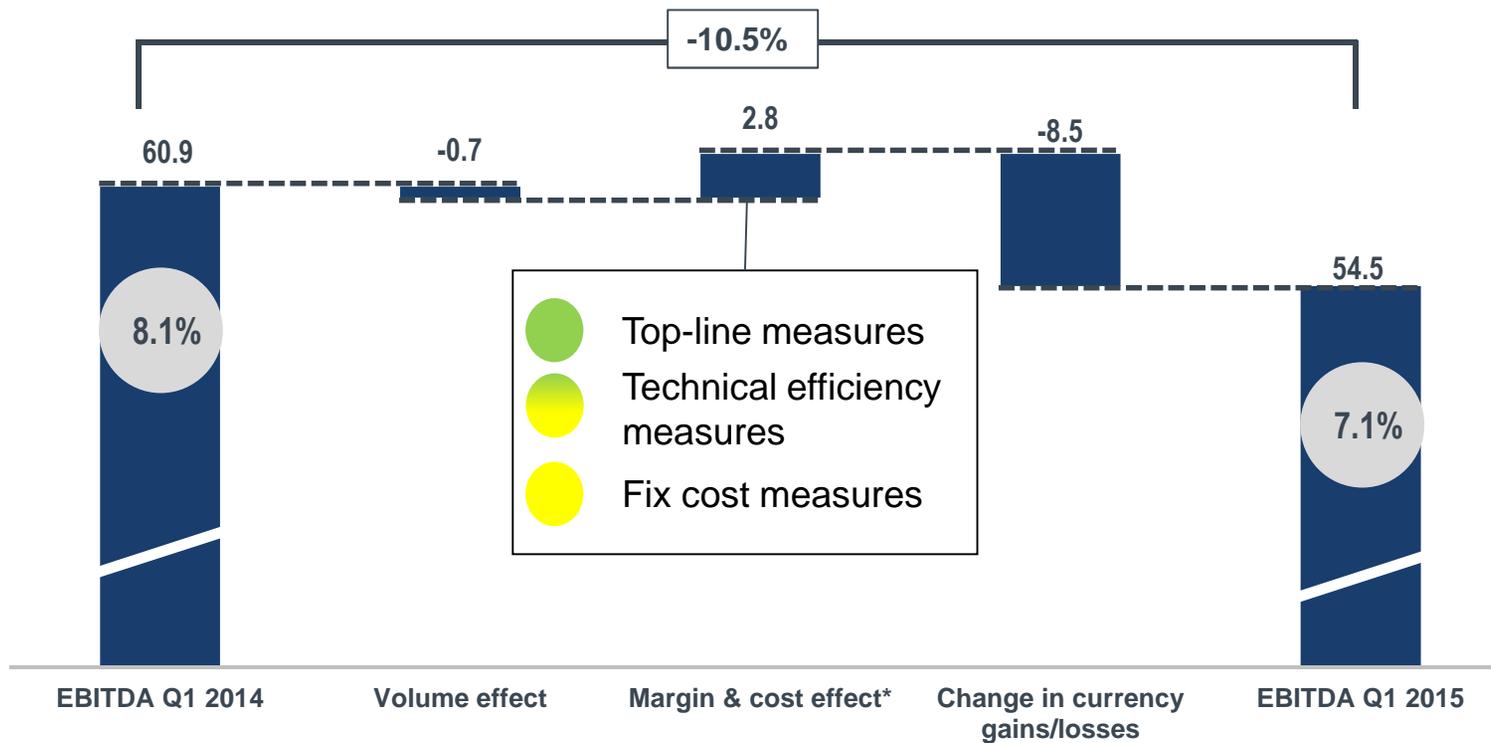
EBITDA margin	Q1 2015	Q1 2014	Change from prior year (%)
Production <sup>1)</sup>	7.2	8.4	-120 bp
Sales & Services <sup>1)</sup>	3.7	5.2	-150 bp
SCHMOLZ + BICKENBACH Group <sup>1)2)</sup>	7.1	8.1	-100 bp

1) Continuing operations,

2) Group figures include Other and consolidation/eliminations

Financial Performance Q1 2015

# EBITDA significantly affected by change in currency gains and losses

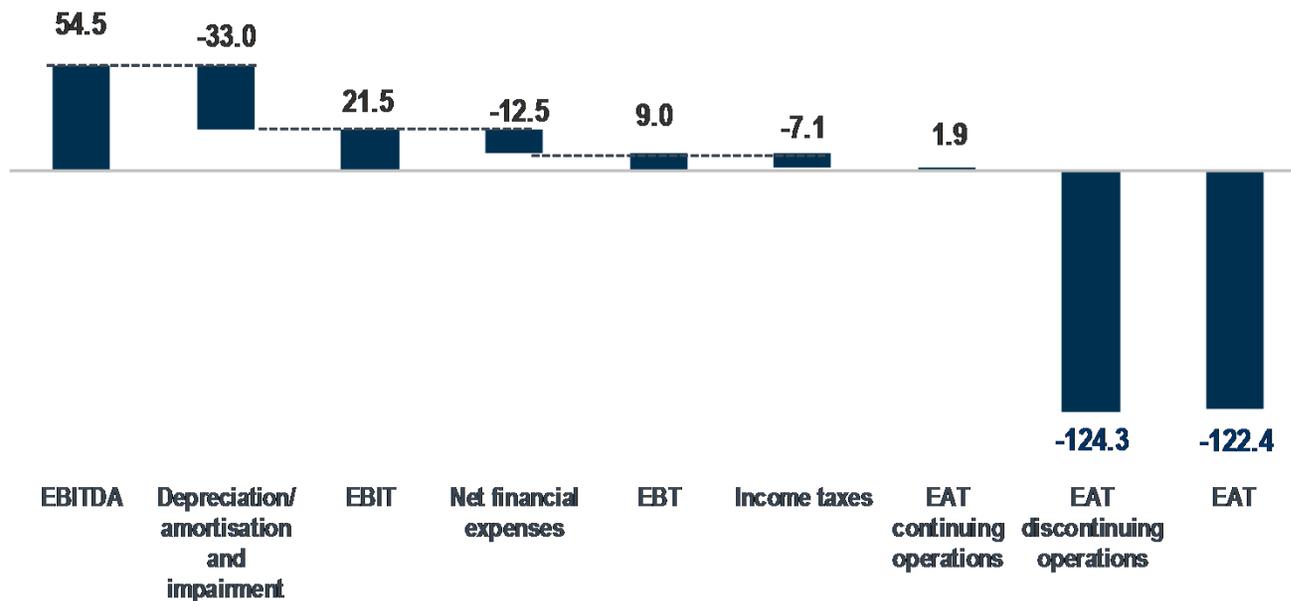


\* Excluding change in currency gains/losses

Financial Performance Q1 2015

# Impairments led to negative EAT

Breakdown of results 1.1.-31.03.2015 | in EUR m



- » Net financial expenses decreased by EUR 2.6 m or 17.2% to EUR 12.5 m (Q1 2014: EUR 15.1 m)
- » Impairments on discontinued operations led to significantly negative EAT



## Financial position: key figures

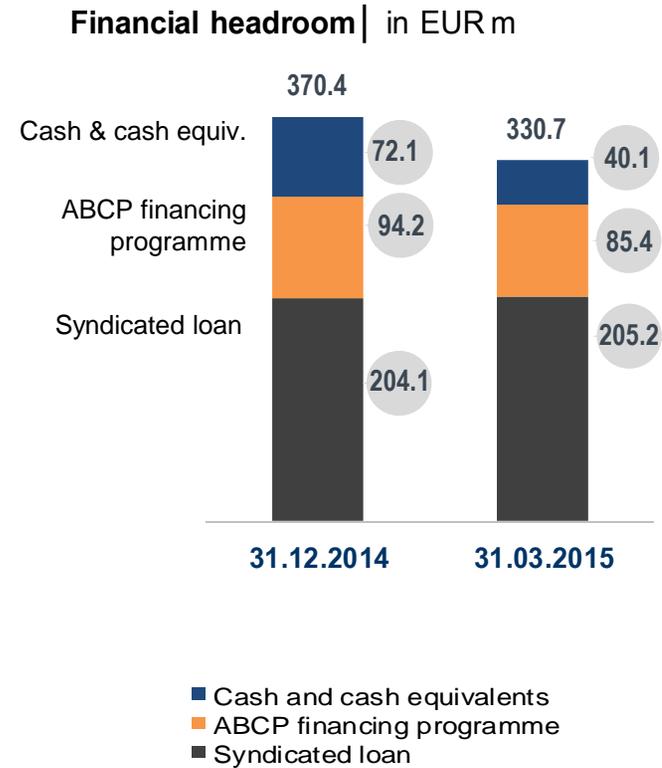
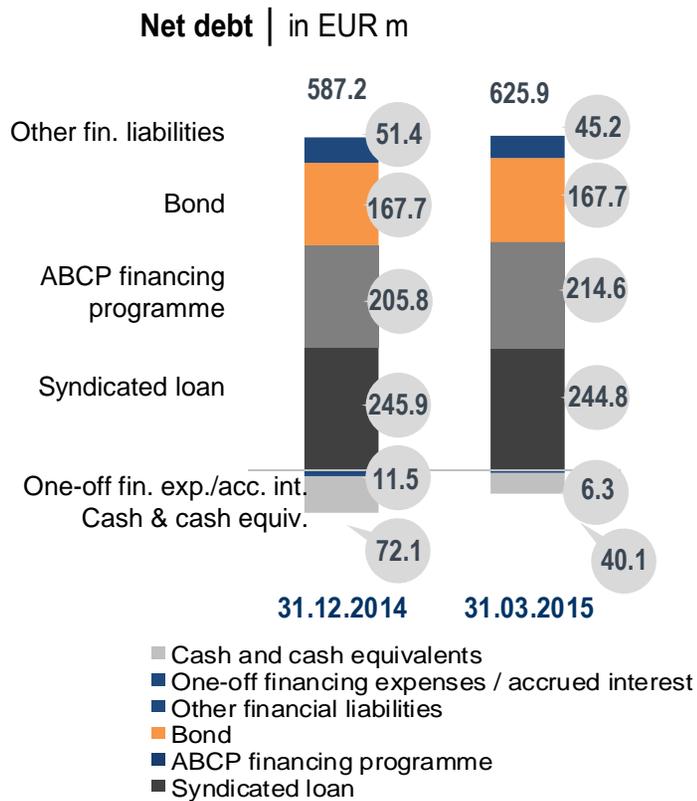
		31.3.2015	31.12.2014	Change on 31.12.2014 in %	31.3.2014
Shareholders' equity	EUR m	781.6	900.9	-13.2	886.1
Equity ratio	%	31.3	35.9	-460 bp	36.3
Net debt	EUR m	625.9	587.2	6.6	549.2
Net debt/Adjusted EBITDA <sup>1)</sup>	factor	2.5	2.2	-	2.8
Net working capital (NWC)	EUR m	923.0	992.3	-7.1	935.2
NWC/Revenue <sup>2)</sup>	%	30.1	29.7	40 bp	26.8
		1.1.-31.3.2015	1.1.-31.3.2014	Change on prior year in %	
Financial result	EUR m	-12.5	-15.1	-17.2	
Investments	EUR m	19.2	11.9	61.3	
Free cash flow	EUR m	-4.3	78.5	n.a.	

1) LTM  
2) Annualised

- » The impairments of EUR –123.7 m on the discontinuing operations had to be recognised with signing, while the assets remain in the balance sheet until closing; this led to a temporarily reduced equity ratio
- » After closing and assuming all other parameters remain unchanged, a recovery of the equity ratio is assumed

Financial Performance Q1 2015

# Net debt and financial headroom





# **3 OUTLOOK AND GUIDANCE 2015**



## Outlook 2015

- » Global economic growth between 3.0% and 3.7% expected, USA 3.1% – 3.6%, but Eurozone only 1.1% – 1.5% (IMF, OECD and World Bank)
- » World Steel Association significantly lowered expectations, general steel consumption expected to grow by only 0.5% (previously 2.0%), most important steel consumers with partially significantly lower growth rates than 2014 (Asia 0.6%, Europe 2.1%, NAFTA -0.9%)
- » Economic environment for SCHMOLZ + BICKENBACH with mixed signals, steel demand in the relevant markets raises concerns
- » Customer industries: global automotive industry expected to grow by ca. 2%, engineering industry more optimistic than in 2014, expecting growth of 2%
- » Oil price unlikely to reach previous levels, on average USD 60 per barrel expected
- » Experts do not expect the Swiss franc to weaken significantly against the Euro



## Measures in response to CHF development

- » SCHMOLZ + BICKENBACH's Swiss entities examined and assessed the impacts of the Swiss franc appreciation
- » The Business units are evaluating and implementing counter-measures like
  - Adjustments in the personnel area:
    - Two additional working hours per week until year-end at Swiss Steel
    - Preliminary hiring freeze
    - Reduction of temporary workers
  - Stretching/shifting of capex
  - Negotiating purchasing conditions
    - Switching contracts from CHF to EUR
    - Discussing rebates with suppliers, negotiating prices with customers
  - Enlargement of already existing cost measures
  - Increase of cost awareness, e.g. for business trips



## Guidance 2015 – adjusted after disposal of specific distribution units

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



# Q&A

## THANK YOU FOR YOUR ATTENTION



# 4 APPENDIX

# Nickel price development

Nickel price development 2005 – 2015 | in USD

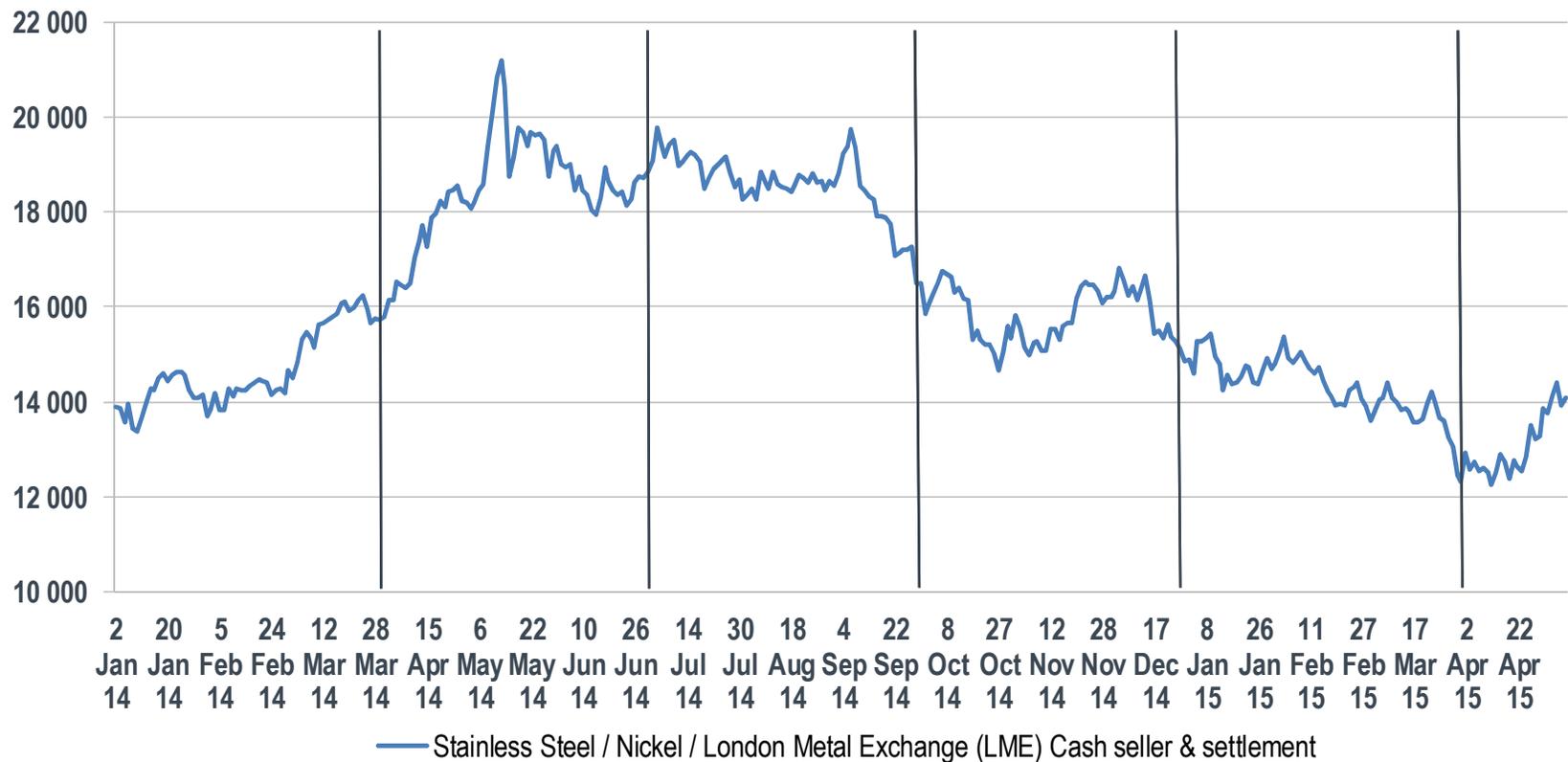


Source: Steel Business Briefing

Appendix

# Nickel price development January 2014 – May 2015

Nickel price development 1.1.2014 – 11.5.2015 | in USD / ton

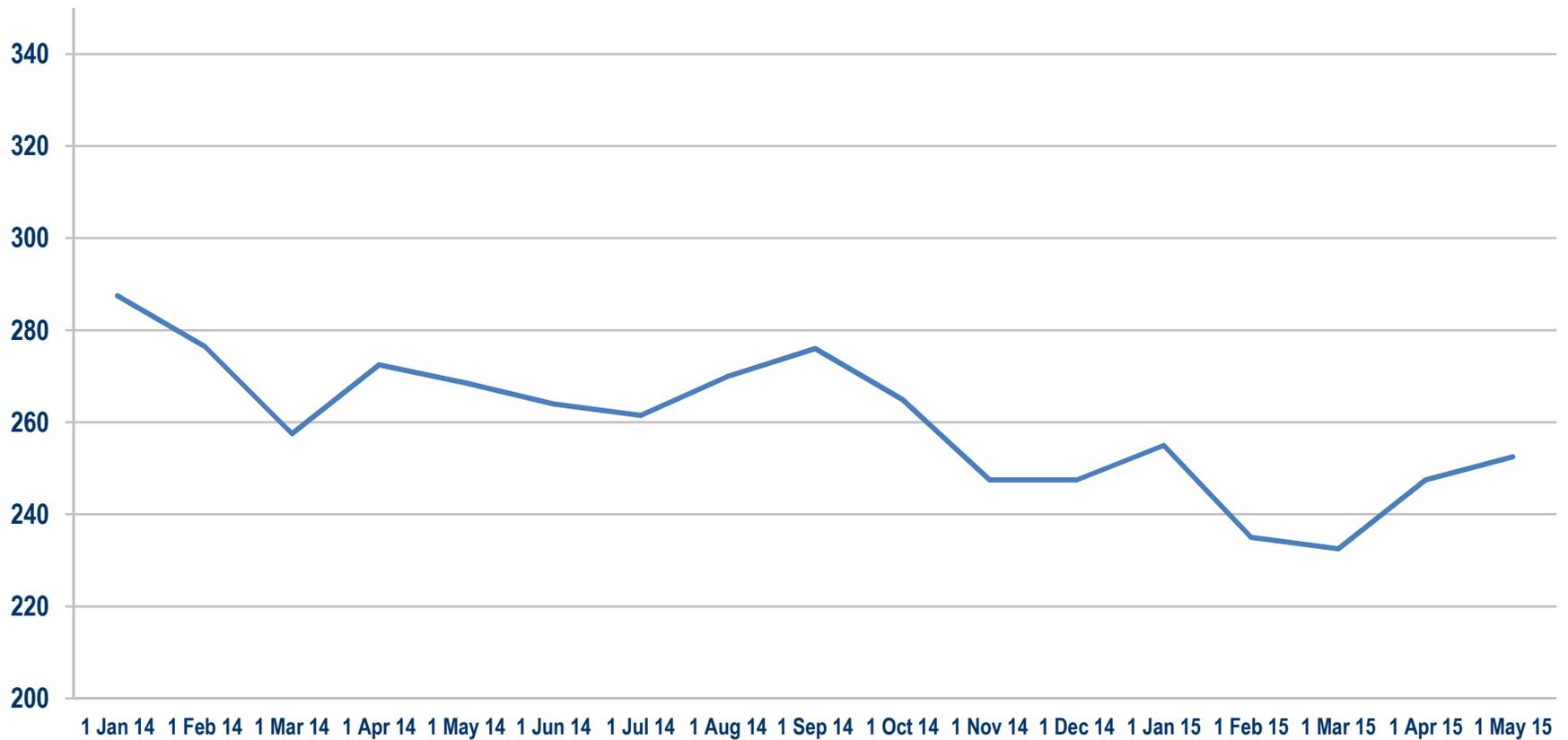


Source: Steel Business Briefing

Appendix

# Scrap price development

Scrap price development January 2014 – May 2015 | in EUR/t

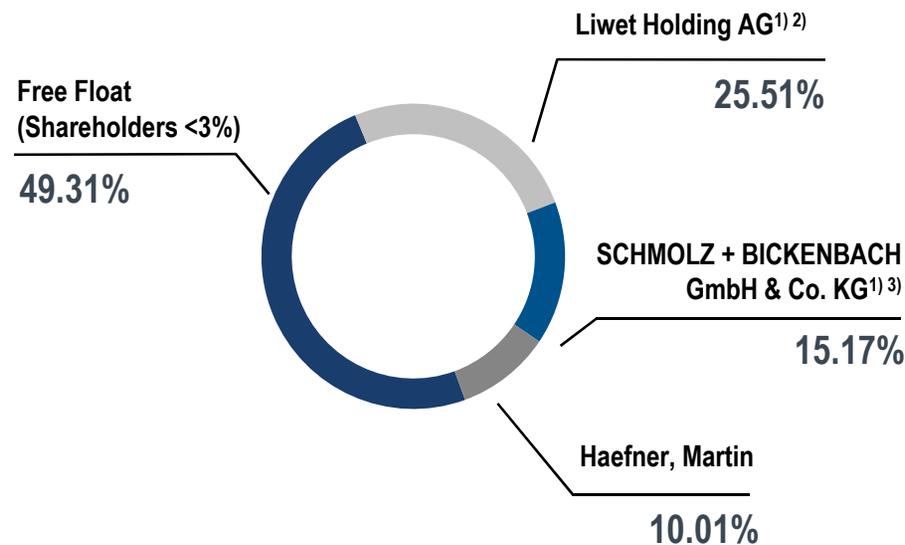


Source: Steel Business Briefing

Scrap / Shredded / N.Europe domestic delivered 6t

Appendix

## Swiss listed company with supportive anchor shareholder



Shareholder Structure as of 31 March 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
20 May 2015	Vontobel Summer Conference, Interlaken
<b>11 August 2015</b>	<b>Q2 Report 2015, Media Call, Investor Call</b>
10/11 September 2015	UBS Best of Switzerland Conference, Ermatingen
<b>12 November 2015</b>	<b>Q3 Report 2015, Media Call, Investor Call</b>

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**Thank you for your attention**