Analyst/Investor Presentation
Q2 2013 Results
13 August 2013

1

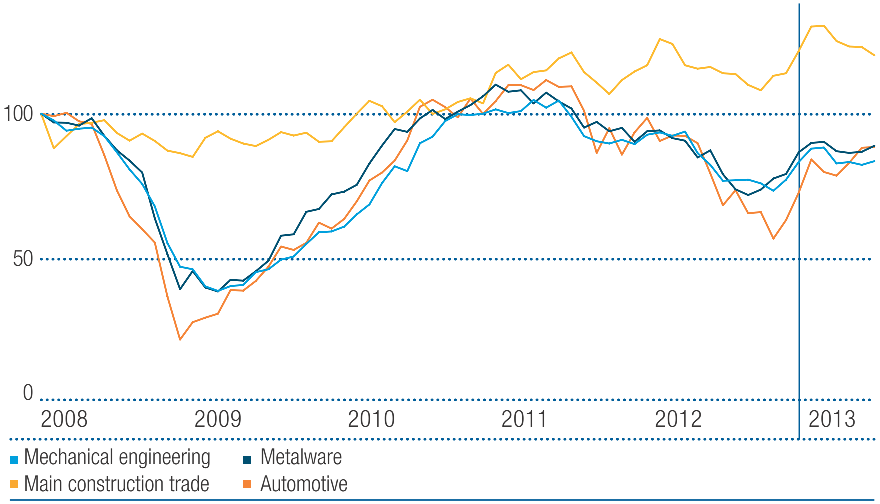
BUSINESS REVIEW Q2 2013

Operational Overview Q2 2013

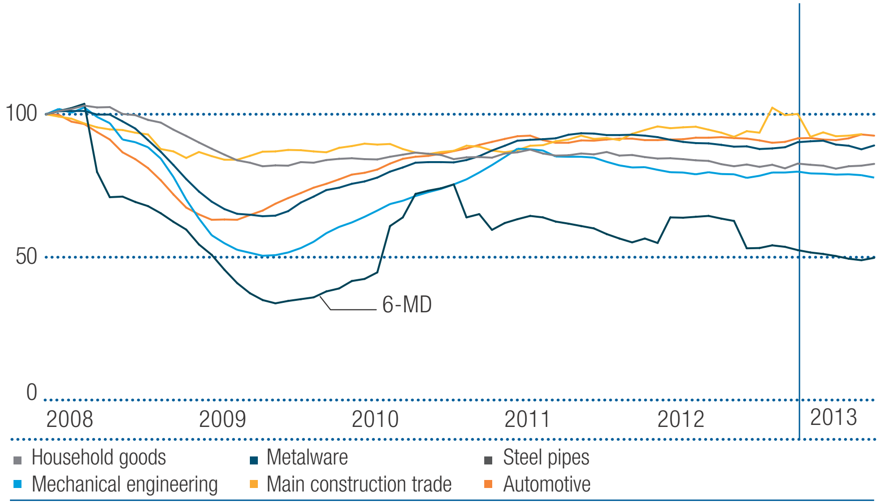
- Overall improvement in order intake, order backlog and sales volume compared to H2 2012; however, market environment still challenging
- Higher utilisation of production and processing facilities realised in Q2 2013: highest production volume (518 kt) of the last four quarters
- Unfavourable market conditions lead to increasing price pressure
- In addition, margins were affected in H1 2013 by inventory write-downs of EUR 12.8 million to reflect the decline in scrap and nickel prices
- Despite these factors, adjusted EBITDA slightly improved to EUR 48.8 million (Q1 2013: EUR 47.2 million)

Volatile market environment

Ifo business climate of selected steel processing industries I 2008=100



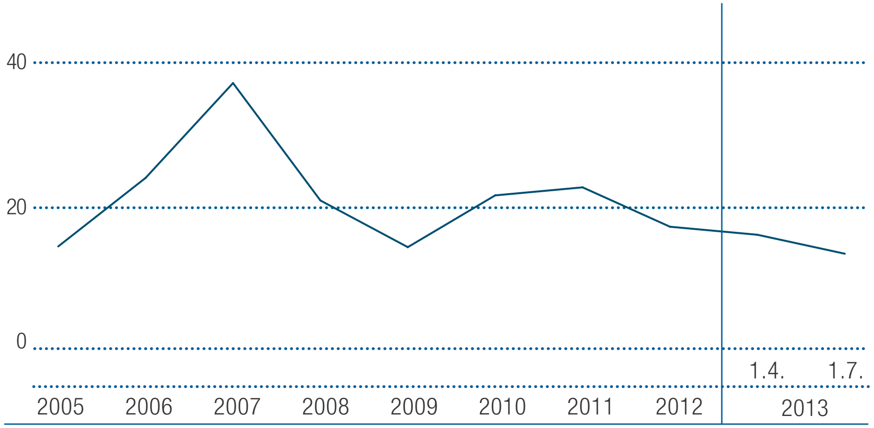
Incoming orders of selected industries (Germany) I 2008=100, seasonally adjusted, 3-MD



Source: ifo Institute, Federal Statistical Office

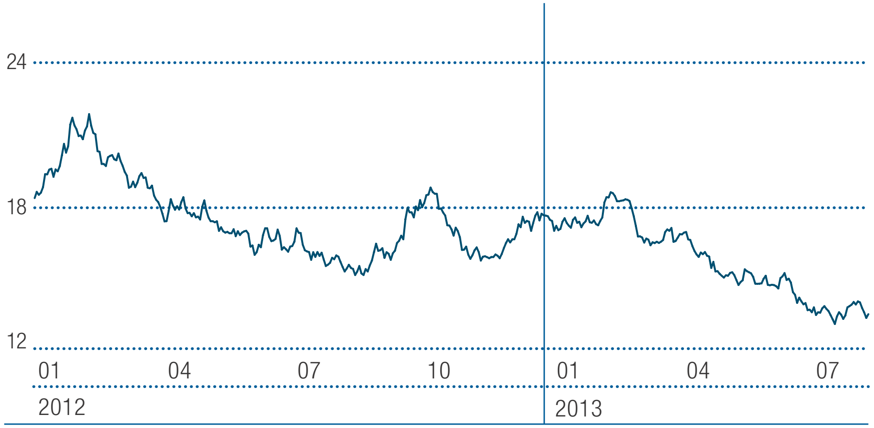
Nickel price with historic low levels in 2013

Nickel price development 2005–2013*
(Cash seller & settlement, yearly average) in thousand USD



* 2005–2012: annual average
Source: SBB

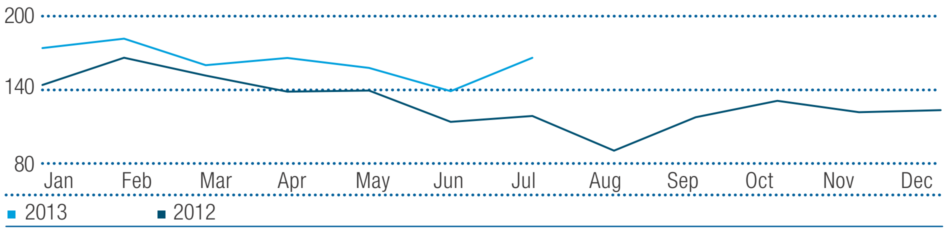
Nickel price development 1.1.2012–31.7.2013 |
(3-months-buyer) in thousand USD



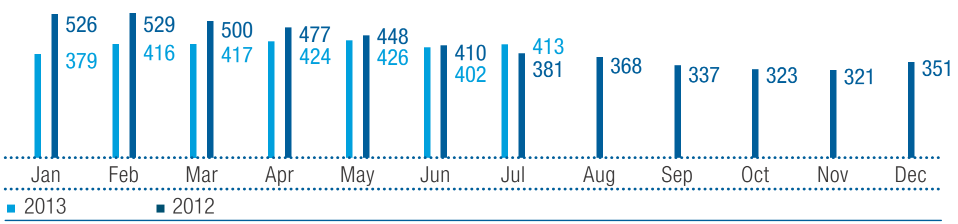
Source: LME

Overall improvement in order intake, order backlog and sales volume in H1 2013

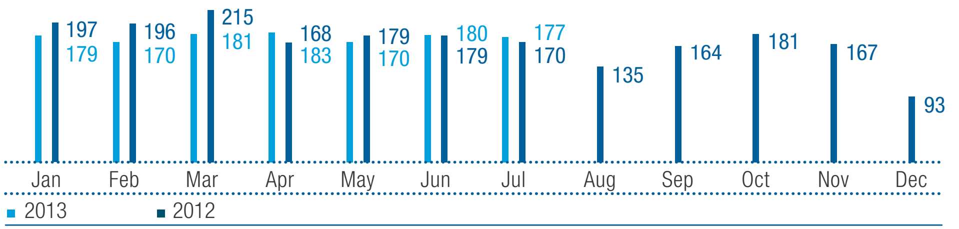
Incoming orders 2012–Q2 2013 | in kt



Order backlog 2012–Q2 2013 | in kt



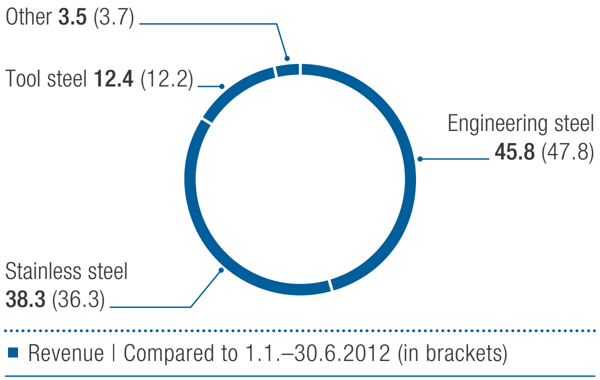
Sales volume 2012–Q2 2013 | in kt



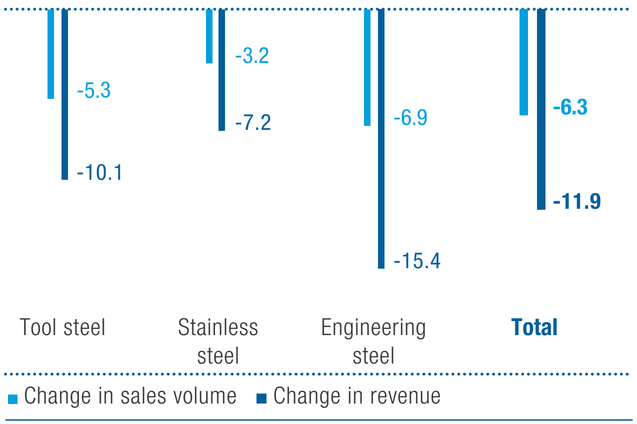
- » Incoming orders above prior year in every month of H1 2013
- » Order backlog stabilised at a significantly higher level than H2 2012, but until June below level of H1 2012
- » Sales volume up slightly compared to Q2 2012 (1.3%), but still below level of H1 2012 (-6.3%)

Variable decline in individual product groups

Revenue by product groups 1.1.–30.6.2013 | in %



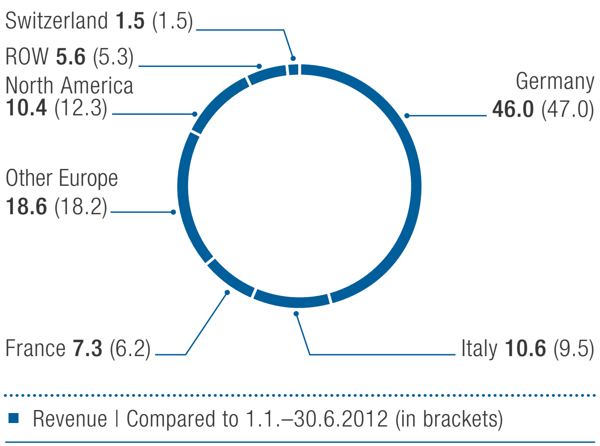
Change in revenue and sales volume by product groups 1.1.–30.6.2013 from prior year | in %



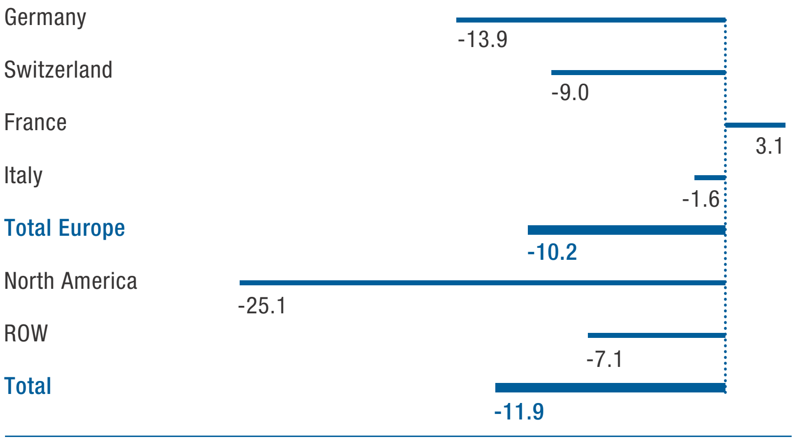
- » Stainless steel showed the smallest decline in sales volume (-3.2%)
- » Tool steel decreased by 5.3% due to reduced volume of the North American oil and gas industry
- » Engineering steel showed the greatest decline in sales volume and revenue compared to a strong H1 2012
- » Sharper decline in revenue mainly attributable to lower scrap and alloy prices as well as increased price pressure, especially for engineering steel

Falling demand in the North American oil and gas industry

Revenue by regions 1.1.–30.6.2013 | in %



Change in revenue by regions 1.1.–30.6.2013 from prior year | in %



» Revenue in North America, which depends to a larger extent on the energy sector, fell by 25.1%, primarily as a result of lower volumes
» Lower decrease in revenue in Europe (-10.2%) and in the rest of the world (-7.1%)
» German market conditions still challenging due to increasing competition

2 RESULTS OF STRATEGIC REVIEW

Phase 1 “concept” of Strategic Review project completed

Topic	Deliverables phase 1	
1_Strategic review	_ Existing strategy reviewed and need for change identified _ New strategic concept and business model elaborated	✓
2_Strategic options	_ Strategic options identified, prioritised and detailed _ Financial and strategic assessment of options conducted	✓
3_Organisation	_ Overall changes in organisational structure (organisation/business processes) defined _ Need for central functions identified and task descriptions elaborated	✓
4_Targeting and measures	_ Targets for business units derived and communicated _ Operative improvement levers identified; quantification and timeline of financial effects performed	✓
5_Business planning review	_ Financial business model for 2013–2016 including financial effects from strategic options and improvement measures validated	✓

Review and concept phase 10 weeks → 31 May 2013

Key results of the strategic review: Focus on core – SCHMOLZ + BICKENBACH is a production company

Business model

SCHMOLZ + BICKENBACH Group is a leading producer of specialty long steel with a dedicated global Sales & Services network focusing on client demands and product quality

Guiding principles

1_ Production is the core of SCHMOLZ + BICKENBACH's business – Mills allow differentiation due to know-how, expertise and assets

2_ Entire value chain setup to support production business – Focus on processing and distribution of own mill products

3_ Product portfolio strategy is to focus on high-margin products in tool, stainless and quality/engineering steel leveraging strategic advantages of BUs

4_ Synergies within the group are captured and joint group strategy is applied to all BUs

Through refinement of the existing business model, strategic advantages can be captured

Existing business model

Production	Processing	Distribution + Services
DEW	Steeltec	Distribution Germany
Swiss Steel	Blankstahl	Distribution Europe
Ugitech		Distribution International
Finkl/Sorel		

Business Model refinement

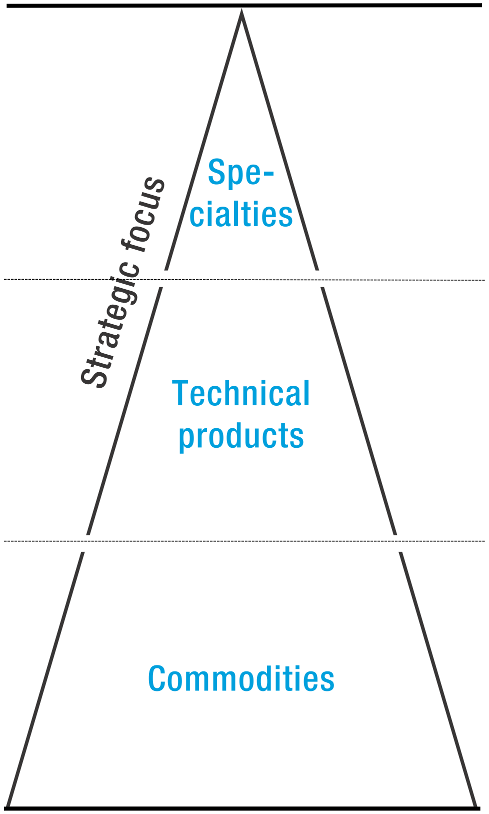
Refined business model

Production	Sales & Services
DEW	Sales & Services worldwide
Swiss Steel	
Ugitech	
Finkl/Sorel	
Steeltec/Blankstahl	

- » Stand-alone management of business units – limited integration between entities
- » High percentage of external sourcing for processing and distribution

- » Aligned product and market strategies – increased integration of business units
- » Global Sales & Services with clear focus on group own mill products

Product strategy focuses on profit-generating technical products and specialties – Commodity fillers to secure utilization base load



_Highly specific steels with low volumes but attractive margins
_Niche market with limited competition due to individual specifications
_ E.g. mandrel bars, ultra-fine stainless wire (13µm) for special applications

_Products with quality/service differentiation and relatively high degree of customer interaction and retention
_ E.g. pump blocks, high-tensile engineering steel bars, conrods

_Standardised products with low margins, subject to strong competition
_ E.g. mesh steel, 42CrMo4

Generate profits

» Continuous optimisation of product portfolio regarding strategic products/applications
  _ Develop new steel grades for applications targeted on growth areas (e.g. oil & gas, energy)
  _ Enhance technical customer service

Cover fixed costs

» Fixed cost degression by securing utilisation with “commodity” segments
  _ Increase flexibility of production and of cost structures (especially for commodity products)
  _ Optimise complexity and technical process stability

Distribution Germany and selected European countries not aligned with future business model – Strategic options under evaluation

Business unit	Share of own mill products[1)]	Comment	Strategic implications	
A_Distribution Germany	~ 15%	_ Distribution Germany as full range provider – High percentage of "third party products" _ Low profitability and limited fit to future business model	_ Evaluation of strategic options, including a potential sale or complete restructuring of SCHMOLZ + BICKENBACH Distribution Germany	⚡
B_Distribution Europe	~ 30%	_ Significant differences between countries – Some with clear focus on mill products, others with ~70% or more "third party products" (historic development)	_ Country by country analysis shows need for action in several countries	(✓)
C_Distribution International	~ 90%	_ Focus on own mill products _ In addition to stock-taking distribution, mill direct sales	_ Continuation of current strategy – Focus on growth	✓

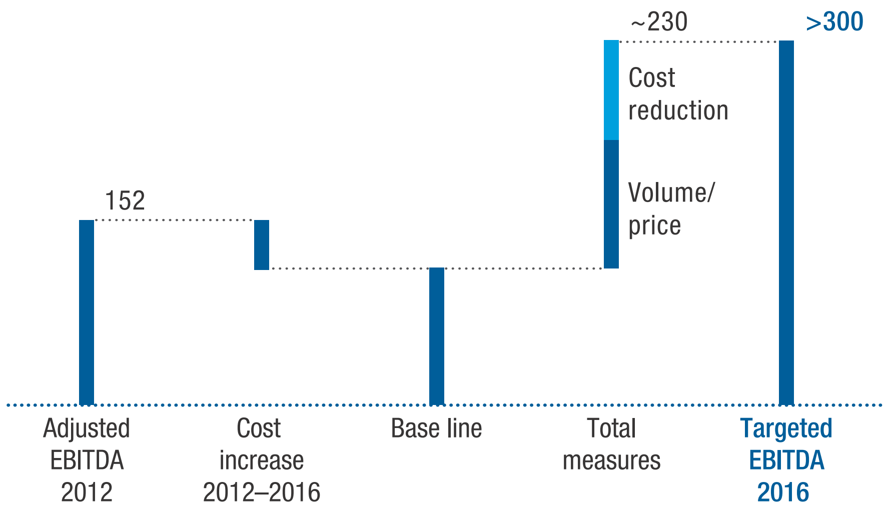
1) 2012: excl. provision based mill direct sales.

New strategy and business model imply significant changes

- Clear focus on production units – SCHMOLZ + BICKENBACH is a production company
- Focus on distribution of own mill products – Sales & Services with clear business mission
- SCHMOLZ + BICKENBACH to be managed as an integrated group – close and regular alignment between BUs
- Active identification and unlocking of synergy potential (aligned sales strategy, R&D, best practice transfer)
- Stronger corporate governance and management, set-up of central functions
- Coordinated, appropriate investment policy

Improvement measures initiated with EUR ~230 million EBITDA effect targeting at EBITDA > EUR 300 million and leverage < 2.5x for 2016

Targeted measure effects I in million EUR



Impact Group performance

External mid-term targets [1)]

EBITDA>	EUR 300 million > 8% margin
Leverage [2)]	< 2.5x

1) On average over the cycle.
2) Net debt to adjusted EBITDA.

Phase 2 of “Strategic Review” project focuses on detailing and implementation of the elaborated concept

Topic	Deliverables	
A_Implementation of organisational change	_ Strengthen transparency and control on central levels (Management Holding) – establish KPI-controlling and governance _ Define organisation and business model Steeltec/Blankstahl (with Blankstahl as profit centre)	
B_Alignment of groupwide sales concept	_ Align sales concept between Production and Sales & Services Division (detailed country strategy development with regard to products and sales channels) _ Foster interaction and collaboration between business units; definition of standardised sales processes and enhancement of sales coordination	Final rollout/ daily business
C_Measure detailing & implementation control	_ Further detail and define improvement levers (time plan, responsibilities, etc.) _ Define additional on-top potential (focus on cost reduction measures) _ Implement group wide project controlling tool (PCT)	
D_Strategic options Distribution Germany	_ Detail strategic options regarding Distribution Germany _ Develop restructuring concept	

1 June 2013 → 30 September 2013

3 FINANCIAL OVERVIEW Q2 2013

Results of operations: key figures

million EUR	1.1.–30.6.2013	1.1.–30.6.2012	Change from prior year %	Q2 2013	Q2 2012	Change from prior year %
Sales volume (kt)	1 063	1 134	-6.3	533	526	1.3
Revenue	1 740.5	1 974.9	-11.9	873.1	947.8	-7.9
Adjusted EBITDA	96.0	131.8	-27.2	48.8	58.7	-16.9
Adjusted EBITDA margin (%)	5.5	6.7	-17.9	5.6	6.2	-9.7
Operating profit before depreciation and amortisation (EBITDA)	90.4	126.3	-28.4	43.8	53.2	-17.7
Operating profit (EBIT)	30.4	66.1	-54.0	13.1	23.3	-43.8
Earnings before taxes (EBT)	-14.6	32.8	> -100.0	-10.1	5.9	> -100.0
Net income (loss) (EAT)	-18.9	15.8	> -100.0	-11.2	-3.5	> -100.0

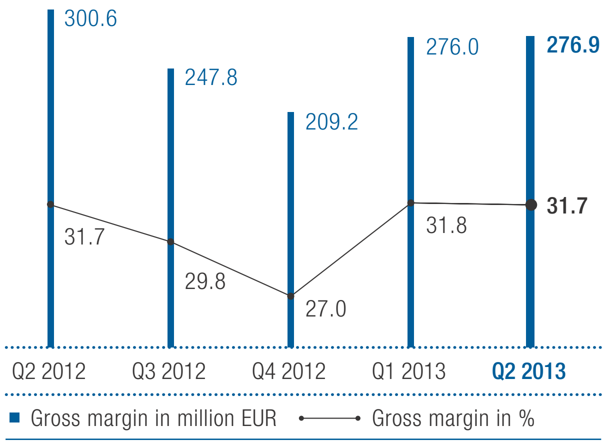
» Sales volume and revenue fell by 6.3% and 11.9%, respectively, compared to H1 2012. Quarter-on-quarter sales volume increased by 1.3%, but revenue fell by 7.9%

» Adjusted EBITDA decreased by 27.2% to EUR 96.0 million (H1 2012: EUR 131.8 million) compared to H1 2012, but significantly improved compared to H2 2012 (EUR 19.3 million). Adjusted EBITDA in Q2 2013 of EUR 48.8 million was slightly higher than in Q1 2013 (EUR 47.2 million)

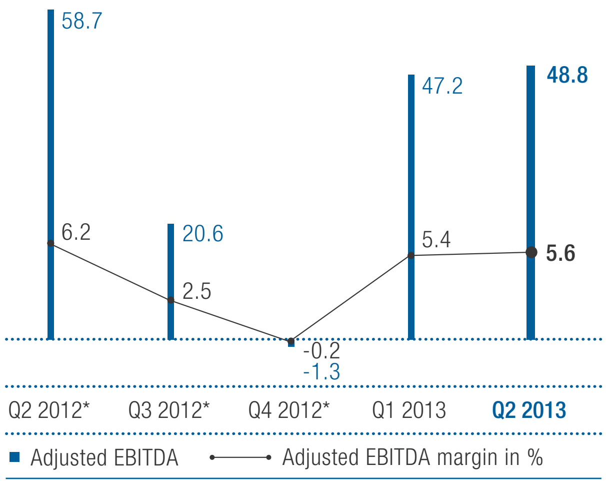
» Net loss of EUR 18.9 million (H1 2012: net income of EUR 15.8 million) was impacted by higher interest costs including non-recurring expenses

Gross margin and EBITDA margin development

Gross margin Q2 2012–Q2 2013 I in million EUR and in %



EBITDA and EBITDA margin Q2 2012–Q2 2013 (both adjusted) I in million EUR and in %



* Adjusted to IAS 19R.

- » Stable margin levels in Q2 2013 and Q1 2013
- » Margins in H1 2013 significantly above H2 2012
- » Quarter-on-quarter gross margin in Q2 2013 with 31.7% on prior year level, adjusted EBITDA margin with 5.6% slighly lower
- » Margins in H1 2013 negatively impacted by inventory write-downs (EUR 12.8 million) as a result of declining scrap and nickel prices

Revenue by Division

Revenue	1.1.– 30.6.2013	1.1.– 30.6.2012	Change from prior year %	Q2 2013	Q2 2012	Change from prior year %
million EUR						
Production	1 252.5	1 398.3	-10.4	634.7	678.2	-6.4
Processing	195.1	221.6	-12.0	100.7	104.5	-3.6
Distribution + Services	615.2	701.3	-12.3	303.3	335.9	-9.7
Other/Consolidation	-322.3	-346.3	6.9	-165.6	-170.8	3.0
SCHMOLZ + BICKENBACH Group	**1 740.5**	**1 974.9**	**-11.9**	**873.1**	**947.8**	**-7.9**

» Compared to H1 2012 revenue fell by nearly the same magnitude in all Divisions, only Production performed slightly better

» Quarter-on-quarter the smallest decline in revenue occurred in the Processing Division, which can often be used as an early indicator for future economic development

» Overall, market conditions still unfavourable in all Divisions, but significant improvement compared to H2 2012 across the board

Adjusted EBITDA and EBITDA margin by division

	Adjusted EBITDA					
	1.1.– 30.6.2013	1.1.– 30.6.2012	Change from prior year %	Q2 2013	Q2 2012	Change from prior year %
million EUR						
Production	74.2	107.3	-30.8	41.9	48.4	-13.4
Processing	16.0	13.5	18.5	9.0	6.0	50.0
Distribution + Services	10.8	18.9	-42.9	2.8	10.0	-72.0
Other/Consolidation	-5.0	-7.9	36.7	-4.9	-5.7	-14.0
SCHMOLZ + BICKENBACH Group	**96.0**	**131.8**	**-27.2**	**48.8**	**58.7**	**-16.9**

	Adjusted EBITDA margin					
	1.1.– 30.6.2013	1.1.– 30.6.2012	Change from prior year %	Q2 2013	Q2 2012	Change from prior year %
million EUR						
Production	5.9	7.7	-23.4	6.6	7.1	-7.0
Processing	8.2	6.1	34.4	8.9	5.7	56.1
Distribution + Services	1.8	2.7	-33.3	0.9	3.0	-70.0
Other/Consolidation	-	-	-	-	-	-
SCHMOLZ + BICKENBACH Group	**5.5**	**6.7**	**-17.9**	**5.6**	**6.2**	**-9.7**

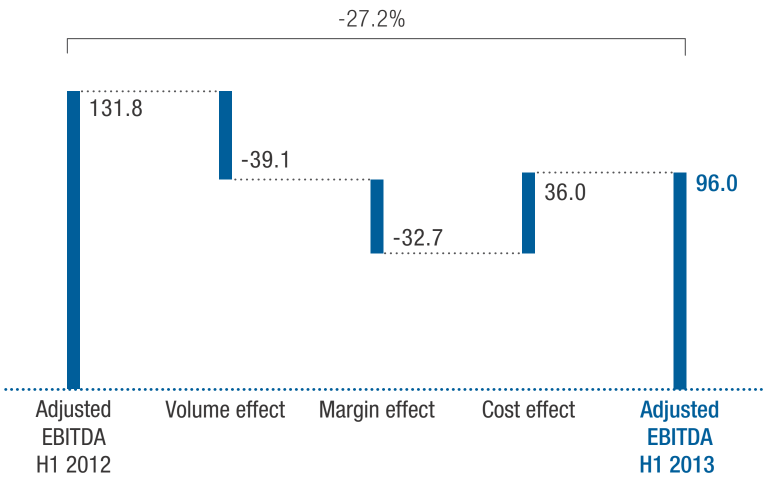
» Production Division is main contributor to adjusted EBITDA

» Processing Division shows an increased EBITDA and EBITDA margin despite lower revenue

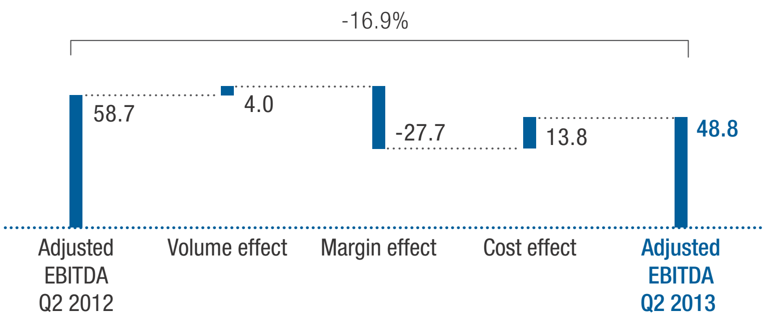
» Negative development in Distribution + Services mainly stemming from Distribution Germany

Volume and margin driven decline in EBITDA – partly compensated by cost savings

Adjusted EBITDA reconciliation H1 2013 I in million EUR



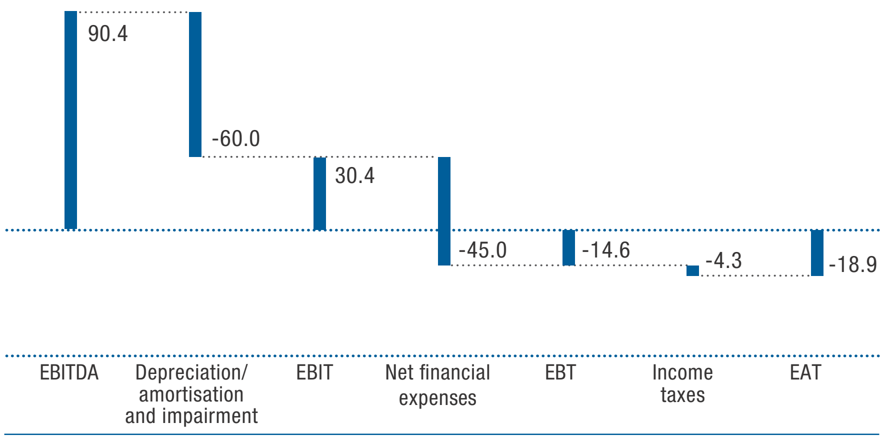
Adjusted EBITDA reconciliation Q2 2013 I in million EUR



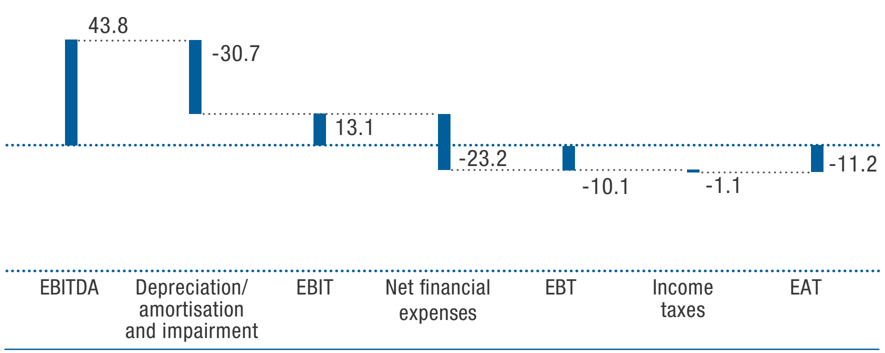
- Lower demand triggered negative volume effects in Q1 2013
- Negative margin effect as a result of more competitive market environment, especially in Q2 2013
- Margin in H1 2013 also negatively affected by inventory write-downs as a result of declining scrap and nickel prices (EUR 12.8 million)
- Cost savings realised through restructuring measures initiated in 2012 are on track and contributed to positive cost effect

Operating results eaten up by financing costs

Breakdown of results 1.1.–30.6.2013 I in million EUR



Breakdown of results Q2 2013 I in million EUR



» Significant increase of 35.1% in net financial expenses, from EUR 33.3 million in H1 2012 to EUR 45.0 million in H1 2013 which mainly results from
  _ financing costs related to the bond issued in May 2012 (considered for 6 months instead of 1.5 months)
  _ higher margins on interest costs since end of 2012
  _ amortisation of accrued one-off fees for amending agreement since March 2013
  _ higher net financial expenses considered for pensions due to revised IAS 19

» Tax rate of -29.5% in H1 2013 due to non-recognition of deferred tax assets on current unused tax losses in Germany

Financial position: key figures

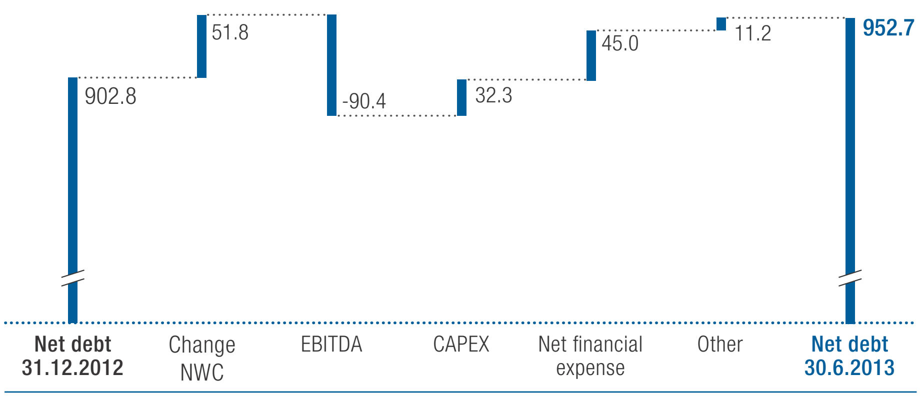
		30.6.2013	31.12.2012	Change from 31.12.2012 %
Total assets	million EUR	2 553.0	2 417.1	5.6
Shareholders' equity	million EUR	625.7	633.0	-1.2
Equity ratio	%	24.5	26.2	-6.5
Net debt	million EUR	952.7	902.8	5.5
Leverage [1]	factor	8.5	7.7	10.4
Net working capital (NWC)	million EUR	1 057.8	1 006.0	5.1
NWC/revenue [2]	%	30.4	28.1	8.2
		1.1.–30.6.2013	1.1.–30.6.2012	Change from prior year %
Investments	million EUR	32.3	46.9	-31.1
Free cash flow	million EUR	-2.7	-5.6	51.8

1) Calculated adjusted net debt to adjusted EBITDA of the last twelve months.
2) Calculated on the basis of the annualised revenue.

- » Decrease in equity and equity ratio as a result of net losses occurred and a higher level of total assets due to seasonal effects
- » Increase in NWC due to considerable stimulation of business after weak H2 2012 and seasonal effects
- » Investments significantly below H1 2012

Net debt increase in line with change of NWC

Change in net debt 31.12.2012–30.6.2013 | in million EUR



- Net debt increased in H1 2013 by EUR 49.9 million to EUR 952.7 million compared to year-end 2012 (EUR 902.8 million)
- The increased net debt is a result of NWC increase and higher net financial expenses (including one-off payments)

Sufficient liquidity headroom available

million EUR	Drawn amount 30.6.2013	Free liquidity	Maturity
Syndicated loan	426.6	173.4	April 2015
Other bank loans	89.6		
ABS financing programme	249.6	[49.8] [1)]	April 2015
Bond	258.0		May 2019
Liabilities from finance lease	9.3		
Other financial liabilities	6.1		
Debt (principal amount)	**1 039.2**		
Cash and cash equivalents	58.3	58.3	
Net debt (principal amount)	**980.9**		
Accrued transaction costs	-28.2		
Net debt (carrying amount)	**952.7**		

1) Depending on structure of trade receivables.

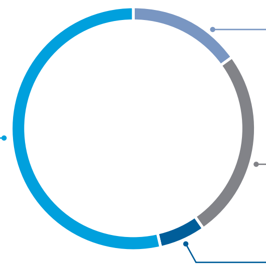
» Liquidity headroom of EUR 280 million, considering that NWC is usually at its highest at the end of the second quarter due to seasonal effects

4

STATUS OF CAPITAL INCREASE AND BOD'S COMPOSITION

New anchor shareholder

Shareholder structure as at 12.8.2013 | in %



[1] Form a group according to stock exchange act.
[2] Subsidiary of SCHMOLZ+BICKENBACH GmbH & Co. KG.
[3] Still unrecorded in the share register.
[4] Member of the Renova Group.

- Venetos Holding AG, a member of the Renova Group, has acquired a stake of 25.3% (30.6.2013: 20.5%) from SCHMOLZ+BICKENBACH GmbH & Co. KG (KG Group)
- Venetos Holding AG announced a public takeover offer of CHF 2.85 per share to the independent shareholders. The tender offer runs from 29 July until 26 August 2013. A possible extension of time would run from 2 September until 13 September 2013
- BoD rejected public takeover offer based on an expert fairness opinion valuating the company at between CHF 3.95 and CHF 5.70 per share

BoD signed memorandum of understanding with Renova and KG Group

» The Board of Directors of SCHMOLZ + BICKENBACH AG signed an agreement with Renova and KG Group on 23 July 2013

» The memorandum of understanding is intended to
  _ protect the business interests of SCHMOLZ + BICKENBACH AG and
  _ secure the smooth transfer of responsibilities for the company to the Renova and KG Group as the company's main shareholders

» The memorandum of understanding allows Renova and KG Group to
  _ conduct a due diligence review
  _ negotiate with the financing banks under the company's leadership

» The BoD will continue to
  _ represent the interests of the company as a whole and of its public shareholders
  _ pursue legal means to lift the block that the KG Group placed on the SCHMOLZ + BICKENBACH AG's capital increase as passed by resolution of the AGM on 28 June 2013

» Extraordinary general meeting on 13 September 2013
  _ will elect a new Board of Directors
  _ will possibly decide on a larger capital increase proposed by Renova/KG Group

Composition of the Board of Directors

Status Quo after AGM 28 June 2013

- Dr Hans-Peter Zehnder, Chairman 1)
- Dr Marc Feiler, Vice Chairman 1)
- Manfred Breuer,
  Chairman of the Audit Committee
- Dr Gerold Büttiker 1)
- Carl Michael Eichler 1)
- Roland Eberle 1)
- Benoît D. Ludwig,
  Chairman of the Nomination Committee 1)
- Dr Roger Schaack 1)

Renova/KG Group proposals for EGM on 13 September 2013

- Edwin Eichler 2)
- Michael Büchter 2)
- Vladimir V. Kuznetsov 3)
- Marco Musetti 3)
- Dr Oliver Thum 4)
- N.N. 2)
- N.N. 2)

1) Submitted their resignation as of the date of EGM on 13 September 2013.
2) Independent member.
3) Representative of Renova.
4) Representative of SCHMOLZ + BICKENBACH GmbH & Co. KG.

5 GUIDANCE FY 2013

Outlook 2013

» Market environment remains challenging
» Order backlog and sales volume assumed to stay stable in H2 2013
» Revenue forecast difficult due to declining raw material prices. Based on the currently existing low raw material price level, we expect revenue slightly below prior-year-level
» Cost savings from existing and newly implemented restructuring programmes will support to improve operating results
» Overall, results in H2 2013 expected to be significantly higher than H2 2012

Guidance 2013

	2012	2013 (as at 14 March)	2013 Update (as at 22 May)	2013 Update (as at 13 August)
Revenue	EUR 3.6 billion	At prior-year level	At prior-year level	Slightly lower level compared to prior year [1)]
Adjusted EBITDA	EUR 151.8 million	At least at prior-year level	EUR 150–200 million	EUR 150–200 million
CAPEX	EUR 141.0 million	EUR 100 million (net of asset-related governmental grants)	EUR 100 million (net of asset-related governmental grants)	EUR 100 million (net of asset-related governmental grants)

1) Based on the currently existing low raw material price level.

6 QUESTIONS AND ANSWERS

Financial calendar and contact details Investor Relations

- 20 November 2013 Q3 Report 2013, Investor Call
- 13 March 2014 Annual Report 2013, Media and Analyst Conference, Investor Call

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