SCHMOLZ + BICKENBACH

Company Presentation
October 2015

SCHMOLZ + BICKENBACH GROUP

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1 KEY INVESTMENT HIGHLIGHTS

2 STRATEGIC REALIGNMENT AND MID-TERM TARGETS

3 FINANCIAL OVERVIEW

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5 KEY TAKEAWAYS

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1 KEY INVESTMENT HIGHLIGHTS

Key Investment Highlights

1 Leading global producer, processor and distributor of special long steel products, operating with a global sales and services network in an attractive niche market

2 Strong customer relationships, well diversified customer base in various application industries and strong global footprint with presence in all relevant geographic markets

3 The Group offers a comprehensive range of quality products to nearly 30 000 customers around the globe

4 Stable gross profit margin with the ability to pass on raw material price volatility to a large extent to the customer

5 State-of-the-art production facilities and equipment in capital-intensive industry

6 Strong brand names with complementary product portfolio

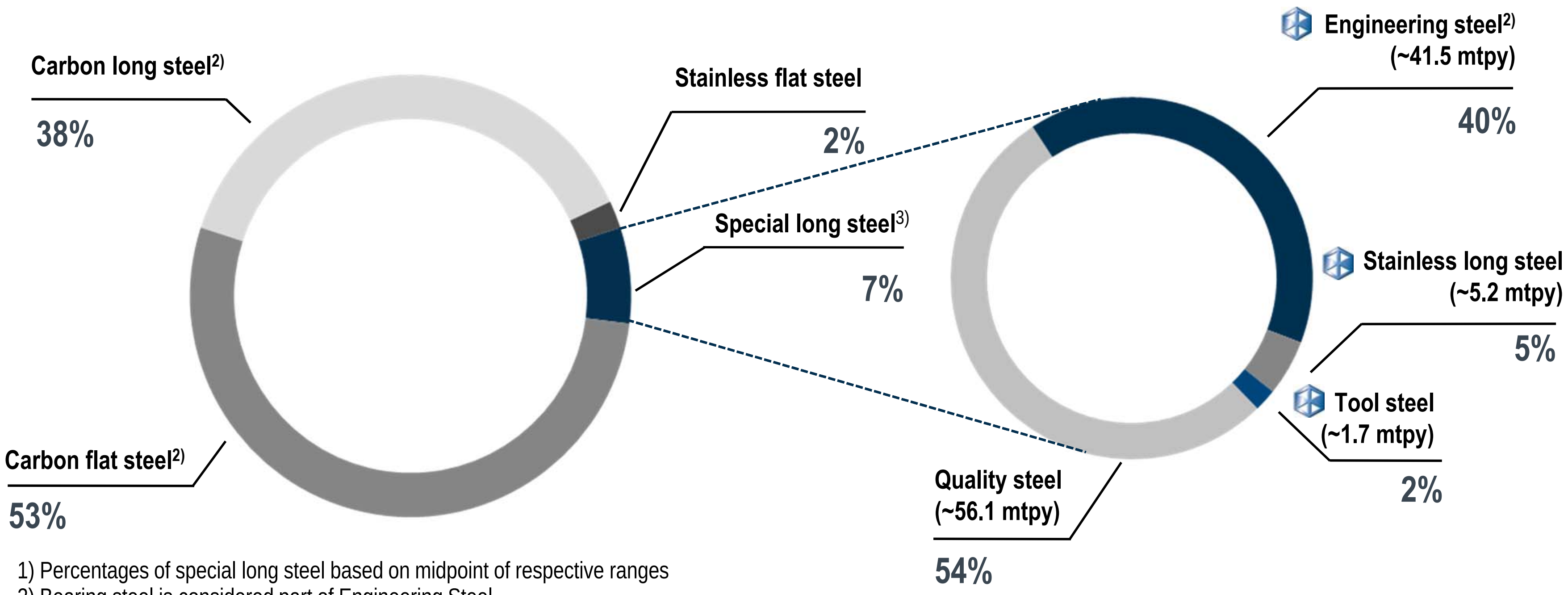
1 Attractive niche market

Global finished production, 2013

In percent, 100%[1)] = 1 439 mtpy

Global special long steel production, 2013[1)]

SCHMOLZ + BICKENBACH's core market; in percent, 100% = 104.5 mtpy



1) Percentages of special long steel based on midpoint of respective ranges
2) Bearing steel is considered part of Engineering Steel
Source: SMR; expert estimates; SCHMOLZ + BICKENBACH
3) The figures contain rounding differences

1 Leading global producer, processor and distributor of special steel long products

Adj. EBITDA (EUR m)[1]

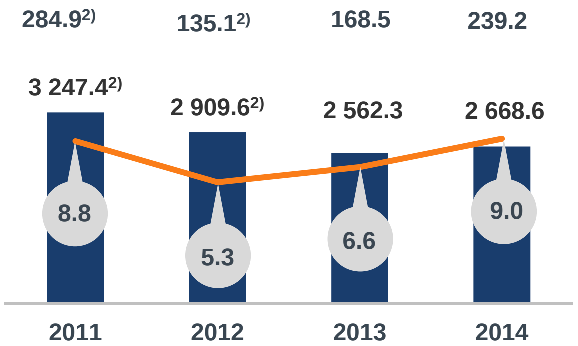
Revenue (EUR m)

Adj. EBITDA margin (%)[1]

PRODUCTION

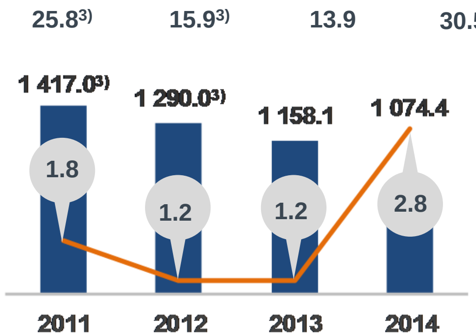
- Production of special long steel from scrap and alloys
- Six electric arc furnaces in Canada, France, Germany, Switzerland and the USA
- Rolling and forging capacities at nine facilities covering a wide product range from fine wire to large forged products

- Processing of high-grade steels such as the production of bright steel and special long steel to customer specific needs
  - Drawing
  - Sawing
  - Grinding
  - Turning
  - Heat treatment services



SALES & SERVICES

- Worldwide sales/trading of special long steel
- Inventory logistics and post-processing services
- Global network in relevant markets

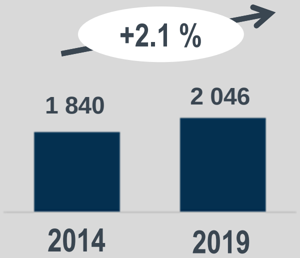


1) Divisional financials do not add up to group revenue and EBITDA due to consolidation and other effects
2) Combined figures for former divisions "Production" and "Processing", not adjusted for consolidation effects
3) Former division "Distribution + Services"

1 Leading positions in markets with attractive growth prospects

Tool[1)]

Consumption[1)]



Position[2)]: # 2 worldwide

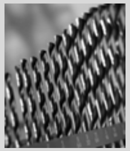
Application examples


Food packaging


Engine covers


Glass processing

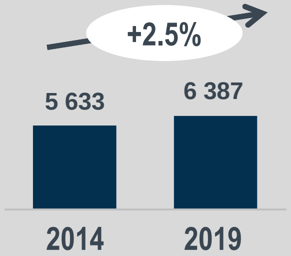

Automotive interiors


Cutting tools


Forging

Stainless[1)]

Consumption[1)]



Position[2)]: # 2 worldwide

Application examples

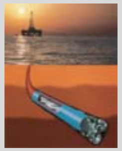

Medical implants


Aerospace


Common rail injector

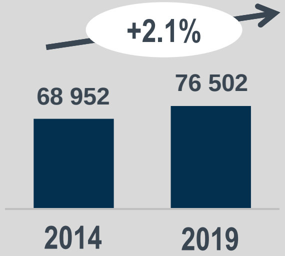

Watches


Engine valves


Oil drilling

Engineering[2)]

Consumption[1)]



Position[2)]: # 2 in Europe

Application examples


Bearings


Gears


Fasteners


Fittings

1) SMR (in ktpy; April 2015, CAGR) 2) Estimation S+B based on SMR information

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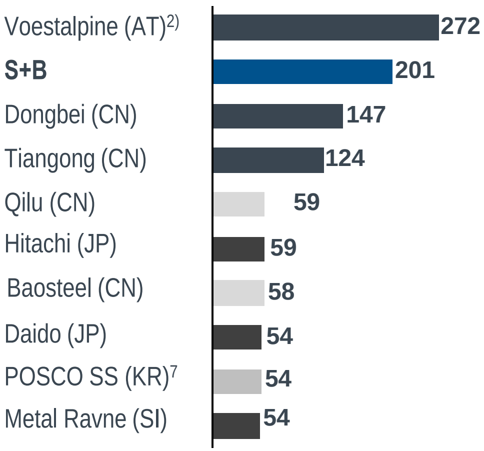
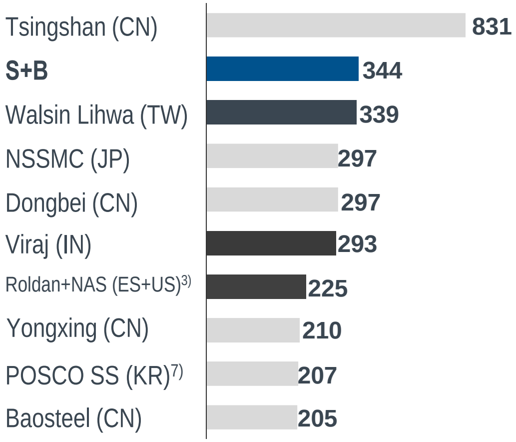
1 Leading positions globally – Top producers of special long steel

Top 10 tool steel[1)]

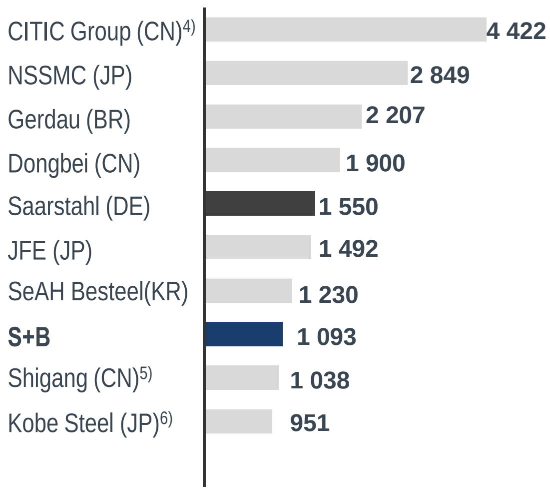


Top 10 stainless long steel[1)]



Top 10 quality/engineering steel[1)]

regional character



Additional direct competitors

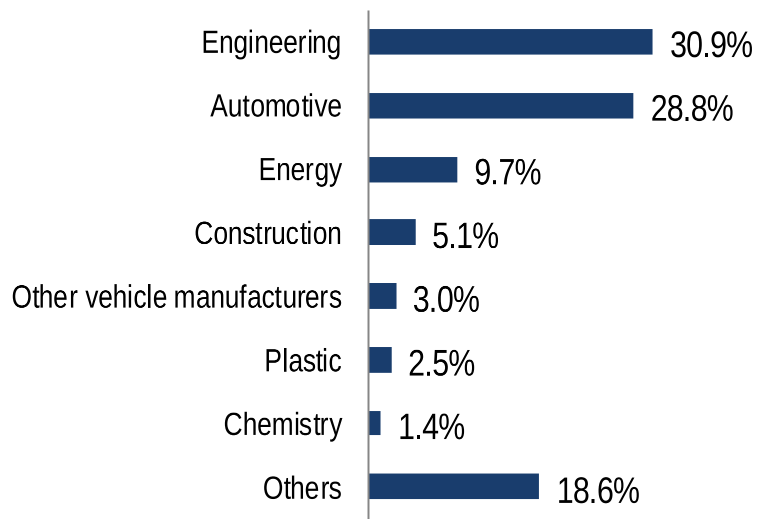
Top 10 tool steel	Top 10 stainless long steel	Top 10 quality/engineering steel
AM Industeel (FR), Ellwood (US), Eramet Alliage (FR), GMH Gröditz (DE), GMTC Gloria (TW)	BGH (DE), Cogne (IT), Daido (JP), Outokumpu (FI)	Ascometal (FR), BGH (DE), Buderus (DE), GMH (DE), Lechstahl (DE), Ovako (SE)
# 2 worldwide	**# 2 worldwide**	**# 2 Europe**

SCHMOLZ+BICKENBACH   Direct competitors

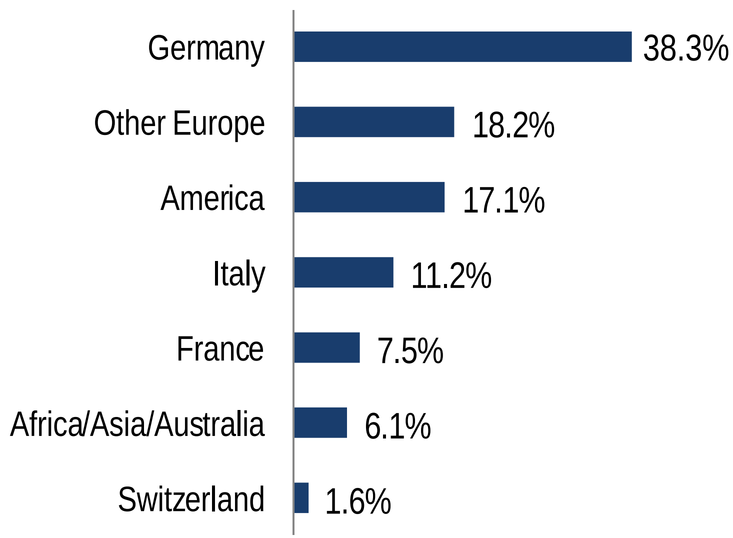
1) SMR 2014 in ktpy 2) division Special Steel 3) part of Acerinox Group 4) Xingcheng, Xinyegang 5) Part of Hebei Iron + Steel Group 6) incl. Nippon Koshua, 7) Part of SeAH Besteel

2 Well-balanced revenue streams, strong customer relationships, wide range of application industries and broad geographic reach

Revenue breakdown 2014



Revenue breakdown H1 2015



» Top 20 customers accounted for only 18% of revenue in 2014, largest customer <3% of total revenue

» Approx. 77% of the German passenger car production and of the German engineering production are exported[1)]

[1)] VDA 2014, VDMA 2013

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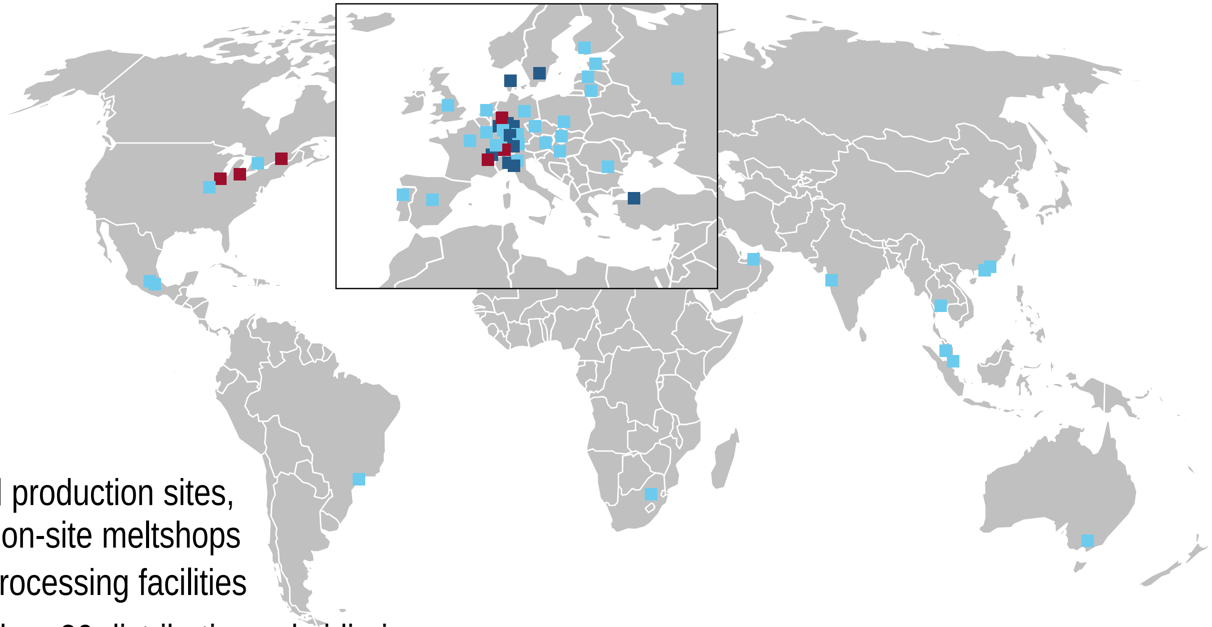
3 Present in key markets for Special Long Steel, able to consistently serve global customers with its global distribution network

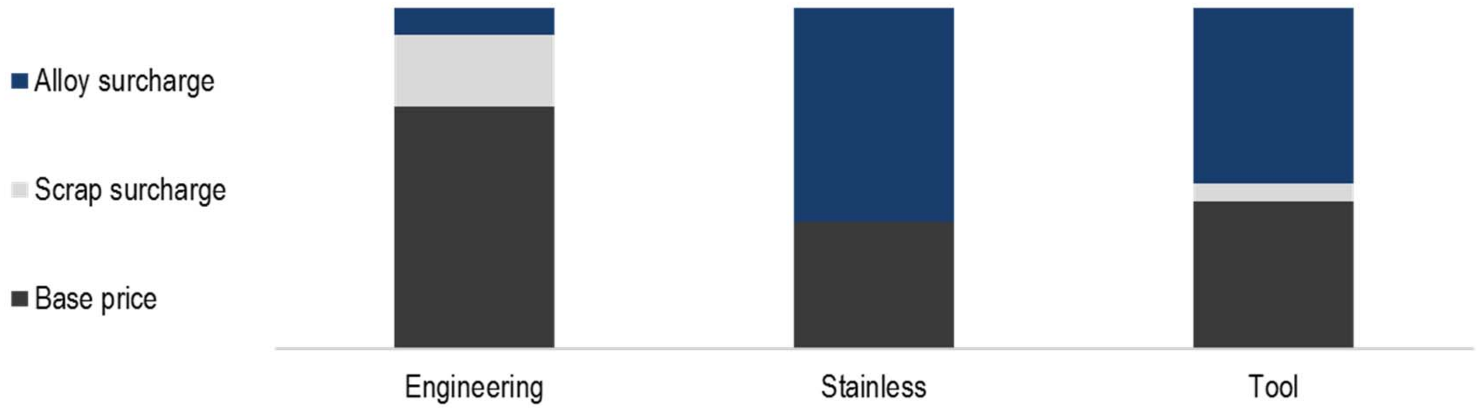


- 9 steel production sites, 6 with on-site meltshops
- > 10 processing facilities
- More than 30 distribution subsidiaries (with ~ 70 branches)

5 continents, 30 countries	~ 9 000 employees	~ 30 000 active customers

4 The industry-wide surcharge system allows to pass raw material price fluctuations largely on to customers

Decomposition of effective prices for representative grades



- » Carbon steel is facing significant challenges to adapt to spot prices for iron ore and coking coal
- » The special long steel industry follows an index system. E.g. surcharge is based on a fixed Nickel price index[1)], scrap surcharges follow local surcharge mechanisms
- » Customers accept this industry-wide arrangement, as a result, the industry is widely protected against raw material price volatility

1) Independent from the actual sourcing price of the producer

5 State-of-the-art production equipment thanks to the investment of ca. EUR 1.4 bn within last 10 years

- » Current network of facilities allows to grow the business without any significant increase of capacities
- » Key strategic acquisitions in the past increased global footprint and led to leading positions in all sub-segments
- » Approx. EUR 1.4 bn investment in value chain since 2005 – well above depreciation of ca. EUR 750 m in the same period – led to state-of-the-art production equipment across all business divisions, an expanded product spectrum and integrated production capabilities
- » Invested even throughout financial crisis as exemplified by new south Chicago facilities, which became operational in 2013


Expansion of rolled wire dimensions (Swiss Steel)


150 metric ton tapping crane (Swiss Steel)


Processing (Sales & Services)


Descaling systems (Ugitech)


Powder Metallurgy (DEW)


New facility (Finkl)

6 Production business units with strong brand names and complementary product portfolio form together a leading position across all steel segments

	Tool	Stainless	Engineering[1)]	Details of product portfolio
DEW	✓	✓	✓	Wide range of steel grades and dimensions (0.8 mm wire to 1 100 mm forged products) allows comprehensive market coverage
Finkl Steel	✓		✓	Leading positions and strong brands with focus North America; with DEW complimentary product range in key industries (e.g. oil & gas)
Steeltec			✓	Premium range of bright steel products with strong brand products (e.g. ETG/HSX); key industries automotive and mechanical engineering
Swiss Steel			✓	Expertise in lead-alloyed free-cutting steel, strong presence in Germany, Italy and Switzerland with leading positions
Ugitech		✓		Clear focus on stainless steel (fine wire, wire rod and bars), together with DEW European market leader

Leading position across special long steel segments, with complementary product ranges and market access potential

1) including free cutting steel

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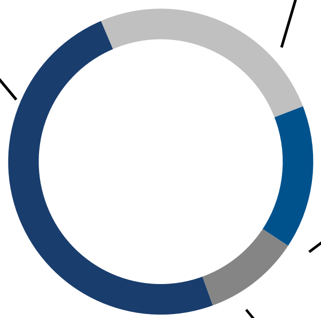
Swiss listed company with supportive anchor shareholder



Shareholder Structure as of 30 June 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.

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2 STRATEGIC REALIGNMENT AND MID-TERM TARGETS

SCHMOLZ + BICKENBACH's positioning in the value chain

Upstream	Production	Processing	Distribution	Downstream

Engineering steel	Mining Scrap		Automotive Engineering Energy
Stainless long steel			
Tool steel			

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

Company profile	Guiding principles
SCHMOLZ + BICKENBACH is a leading producer of special long steel with a dedicated global Sales & Services network focusing on client demands and product quality	Production is the core of SCHMOLZ+BICKENBACH'S 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
	Product portfolio strategy is to focus on high-margin products in tool, stainless and quality/engineering steel leveraging strategic advantages of business units
	Synergies within the group are captured and joint group strategy is applied to all business units
	Stronger corporate governance and corporate culture, strategic management holding with strong central functions. Coordinated, appropriate investment policy

Sale of specific distribution units

- » Closing on 22 July 2015
- » The transaction obtained full clearance (without conditions) of the European anti-trust authorities
- » In 2014, the divested activities achieved revenues of ca. EUR 600 million, EBITDA of ca. EUR 7 million, and employed around 1 000 professionals
- » The agreed enterprise value for the steel distribution units was EUR 88.6 million. The preliminary purchase price (equity value) amounts to EUR 56.6 million (max. amount) and will be finally known after discussion between the two parties
- » On 22 July 2015, JACQUET METAL SERVICE paid an amount of EUR 48.6 million
- » The closing implies that from now on SCHMOLZ + BICKENBACH and the specific distribution units are operationally and legally independent although they are allowed to use the trademark SCHMOLZ + BICKENBACH for a limited time period

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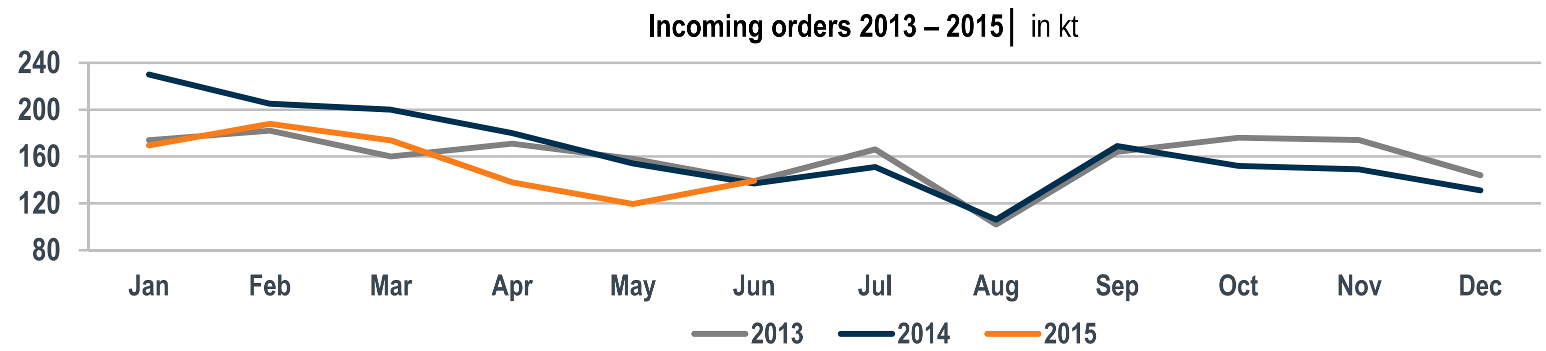
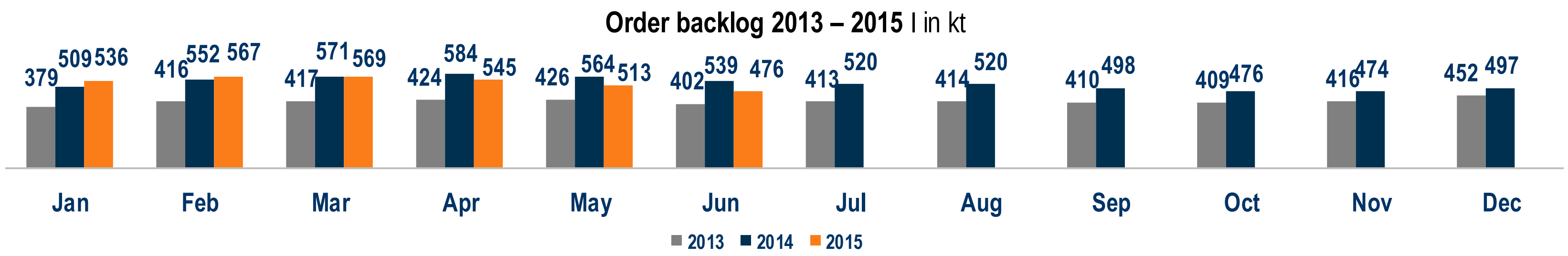
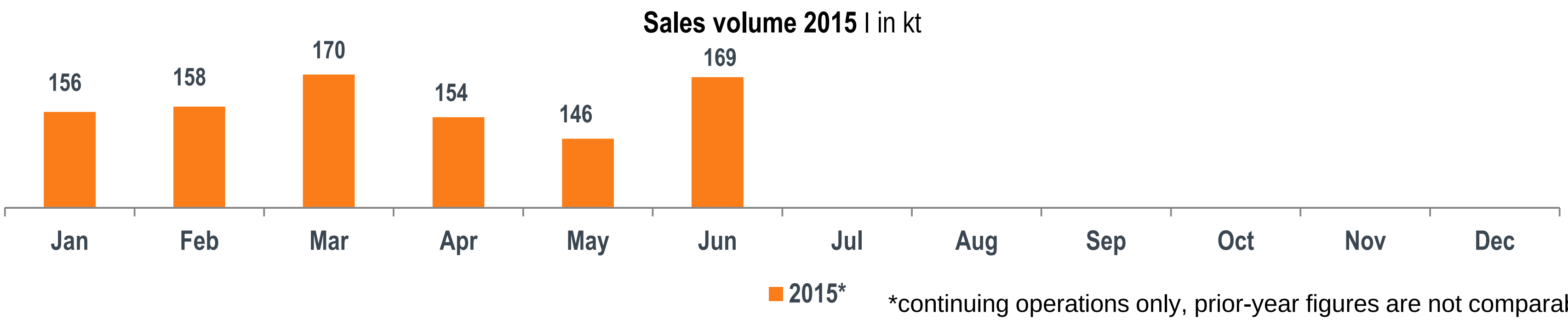
3 FINANCIAL OVERVIEW

Order intake, order backlog and sales volume

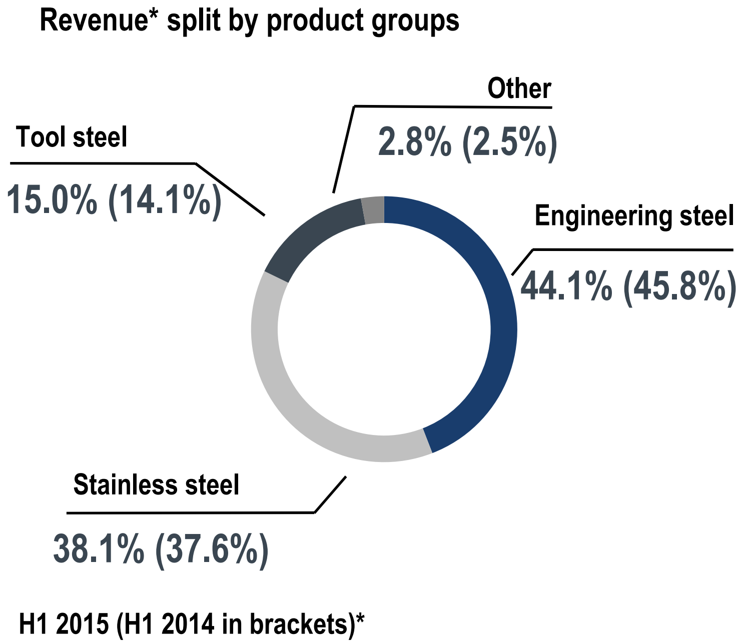


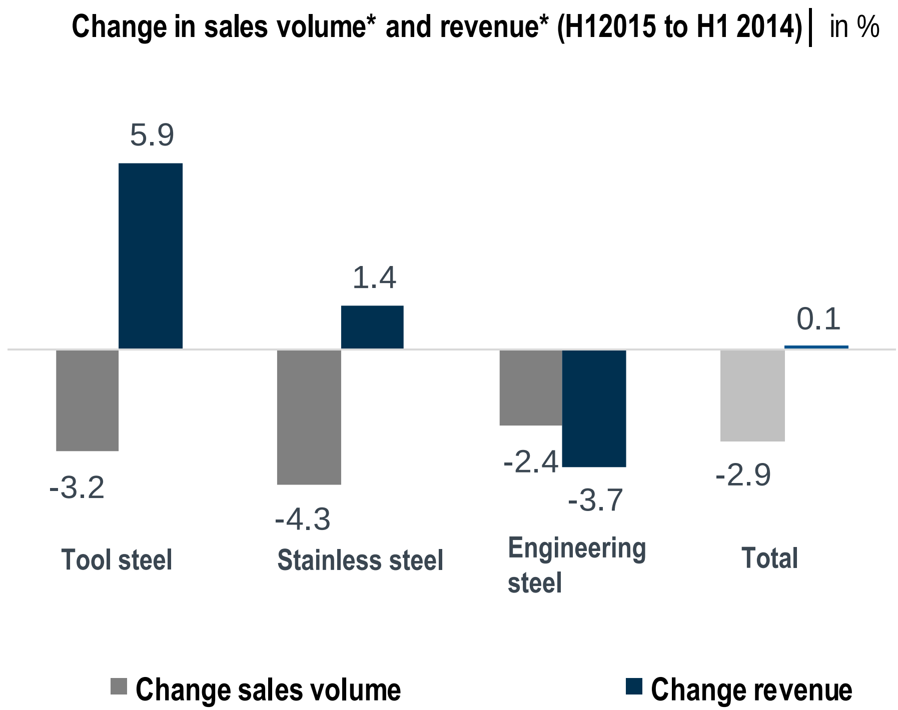




*continuing operations only, prior-year figures are not comparable

Sales volume and revenue by product groups





» Better product mix with higher portion of tool steel and stainless steel revenues

» Revenue increased slightly despite lower sales volume due to product mix and appreciation of USD against EUR

*continuing operations, 2014-figures have been adjusted accordingly

Result of operations – key figures

in EUR m	H1 2015	H1 2014	Change on prior year (%)	Q2 2015	Q2 2014	Change on prior year (%)
Sales volume (kt)1)	952	980	-2.9	469	480	-2.3
Revenue1)	1 488.9	1 487.5	0.1	723.2	739.1	-2.2
Adjusted EBITDA1)	117.5	133.8	-12.2	61.1	71.2	-14.2
Adjusted EBITDA margin (%)1)	7.9	9.0	-110 bp	8.4	9.6	-120 bp
Operating profit before depreciation and amortisation (EBITDA)1)	112.5	130.8	-14.0	58.0	69.9	-17.0
EBITDA margin (%)1)	7.6	8.8	-120 bp	8.0	9.5	-150 bp
Operating profit (loss) (EBIT)1)	49.1	73.8	-33.5	27.6	41.3	-33.2
Earnings before taxes (EBT)1)	26.4	49.6	-46.8	17.4	32.2	-46.0
Earnings after taxes from continuing operations	12.2	33.5	-63.6	10.3	22.2	-53.6
Net income (loss) (EAT)	-117.6	35.2	nm	4.8	22.8	-78.9

» Net income includes EAT from continuing operations as well as from discontinued operations; discontinued operations burdened by impairments of EUR –126.7 m

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

Revenue by division

	H1 2015	H1 2014	Change on prior year (%)	Q2 2015	Q2 2014	Change on prior year (%)
Production [1]	1 382.4	1 388.7	-0.5	666.5	690.3	-3.4
Sales & Services [1]	293.0	246.1	19.1	145.7	123.7	17.8
SCHMOLZ + BICKENBACH Group [1] [2]	1 488.9	1 487.5	0.1	723.2	739.1	-2.2

» *Production* division: revenue in H1 2015 decreased by 0.5% to EUR 1 382.4 m compared to H1 2014. Better product mix and the appreciation of USD and CHF against the EUR nearly compensated volume losses

» *Sales & Services* division: significant increase in revenues by 19.1% to EUR 293.0 m due to higher sales volumes and positive translation effects from USD into EUR accounts

1) Continuing operations, 2014-figures pro-forma

2) Group figures include Other and consolidation/eliminations

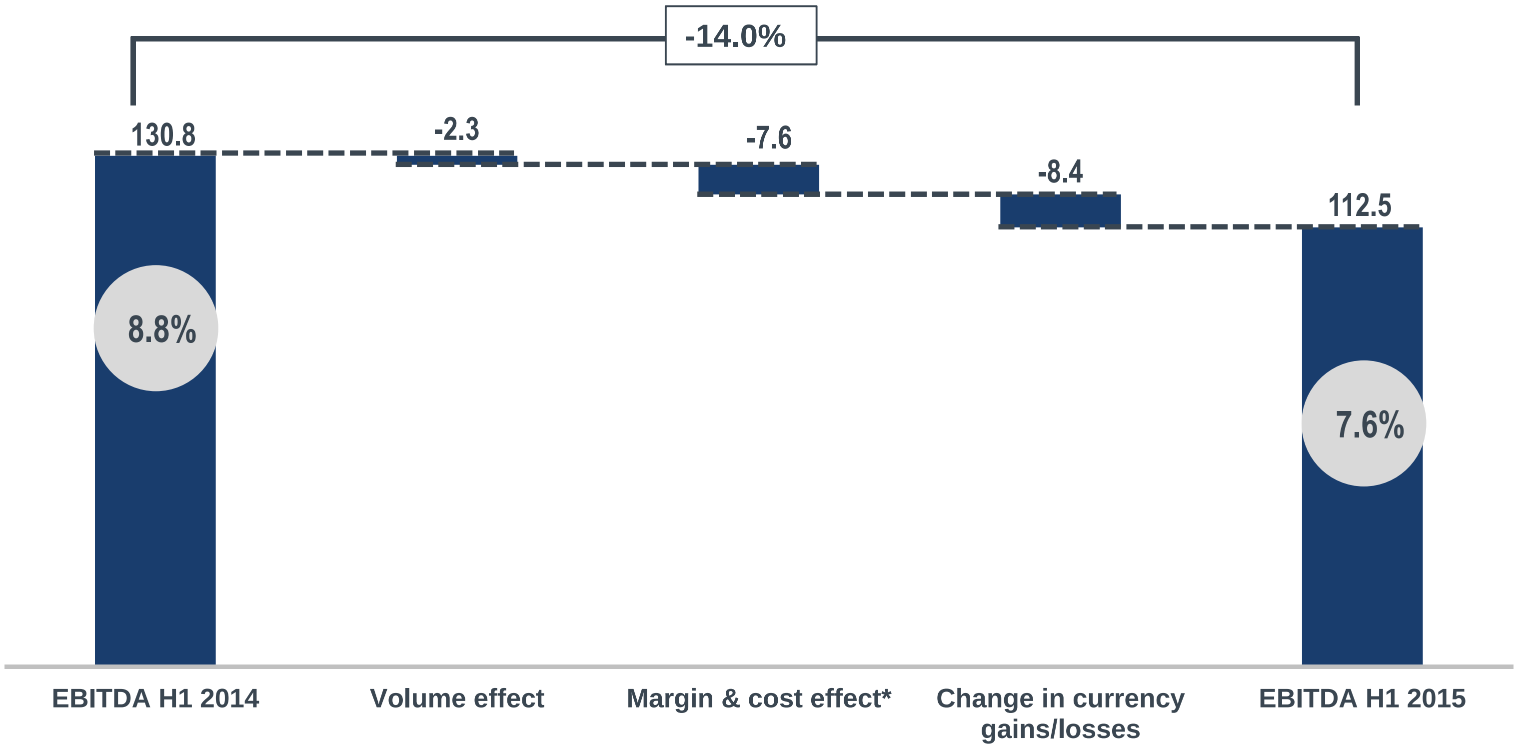
EBITDA and EBITDA margin by division

EBITDA	H1 2015	H1 2014	Change on prior year (%)	Q2 2015	Q2 2014	Change on prior year (%)
Production 1)	111.3	124.4	-10.5	59.9	65.6	-8.7
Sales & Services 1)	11.1	12.5	-11.2	5.7	6.1	-6.6
SCHMOLZ + BICKENBACH Group 1) 2)	112.5	130.8	-14.0	58.0	69.9	-17.0

EBITDA margin	H1 2015	H1 2014	Change on prior year	Q2 2015	Q2 2014	Change on prior year
Production 1)	8.1	9.0	-90 bp	9.0	9.5	-50 bp
Sales & Services 1)	3.8	5.1	-130 bp	3.9	4.9	-100 bp
SCHMOLZ + BICKENBACH Group 1) 2)	7.6	8.8	-120 bp	8.0	9.5	-150 bp

1) Continuing operations,
2) Group figures include Other and consolidation/eliminations

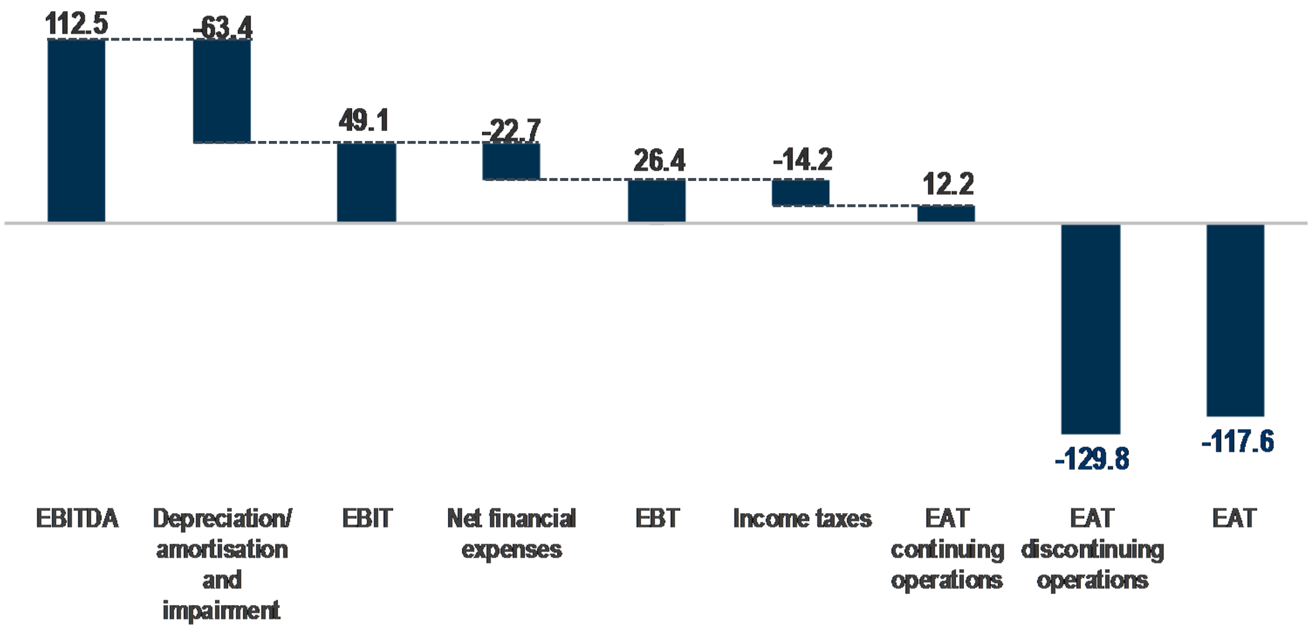
EBITDA significantly affected by lower margins and change in currency gains and losses



* Excluding change in currency gains/losses

Impairments led to negative EAT

Breakdown of results 1.1. - 30.06.2015 | in EUR m



- » Net financial expenses decreased by EUR 1.5 m or 6.2% to EUR 22.7 m (H1 2014: EUR 24.2 m)
- » Impairments on discontinued operations (EUR 126.7 m) led to significantly negative EAT

Financial position: key figures

		30.6.2015	31.12.2014	Change on 31.12.2014 in %	30.6.2014
Shareholders' equity	EUR m	814.5	900.9	-9.6	900.7
Equity ratio	%	32.9	35.9	-300 bp	35.7
Net debt	EUR m	637.9	587.2	8.6	633.7
Net debt/Adjusted EBITDA [1)]	factor	2.7	2.2	-	3.5
Net working capital (NWC)	EUR m	928.9	992.3	-6.4	1 068.8
NWC/Revenue [2)]	%	32.1	29.7	240 bp	36.2

		1.1.–30.6.2015	1.1.–30.6.2014	Change on prior year in %
Financial result	EUR m	-22.7	-24.2	-6.2
Investments	EUR m	77.5	30.7	152.4
Free cash flow	EUR m	-7.9	-0.8	>100

1) LTM
2) Annualised

» The impairments of EUR –126.7 m on the discontinuing operations had to be recognised with signing, while the assets remain in the balance sheet until closing on 22 July 2015; 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

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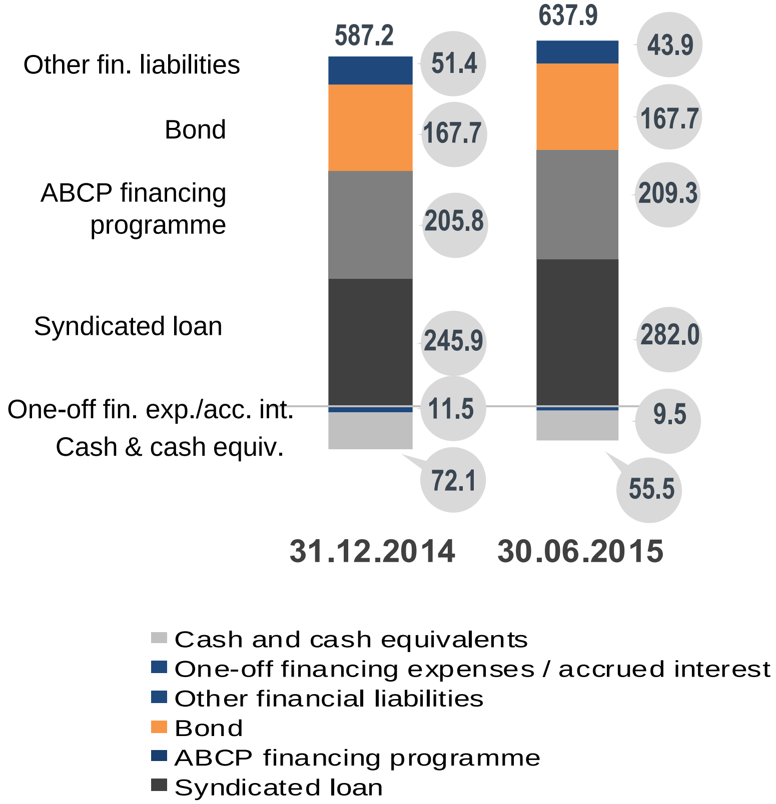
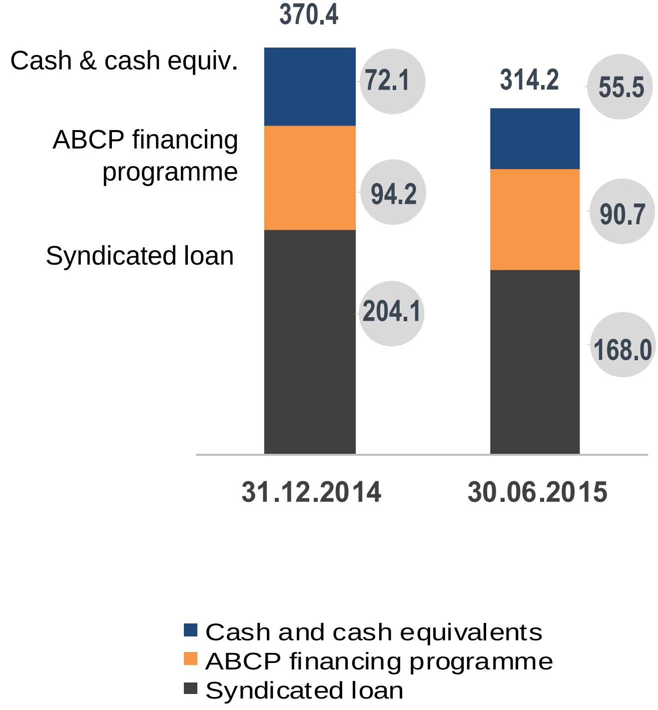
Net debt and financial headroom

Net debt | in EUR m



Financial headroom | in EUR m



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4 OUTLOOK AND GUIDANCE 2015

Outlook 2015

- » Global economic growth expectations* lowered to between 2.8% and 3.5% expected, USA 2.0% – 3.1%, but Eurozone only 1.4% – 1.5%
- » 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 lowered expectations to no-growth-scenario
- » 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
- » Experts do not expect the Swiss franc to weaken significantly against the Euro

* Source: IMF, OECD and World Bank

Measures in response to current challenges

» **Impacts from the Swiss franc appreciation**: SCHMOLZ + BICKENBACH's Swiss entities are currently implementing mitigation actions: adjustments in the personnel area, stretching/shifting of capex, negotiating purchasing conditions, enlargement of already existing cost measures, increase of cost awareness

» **Impacts of declining fracking business due to low oil price**: Finkl Steel is evaluating and implementing mitigation actions: lowering costs by further improving efficiency (sales network, warehouses, headcount, insourcing of maintenance), approaching new customer industries

» **Improvement of net working capital management**: concrete reduction measures identified by all business units; improvement target rolled-out to the business units to improve NWC by EUR 100 m* (based on 2014 figure) with target mid-2016; new KPI concept to be implemented in reporting tools; training of involved employees to start in September

* Assuming stable raw material prices and exchange rates

Guidance 2015

	2014 reported	Initial guidance 2015 (as at 12 March 2015)	Guidance 2015 (as at 19 May 2015)	**Guidance 2015 (as at 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**

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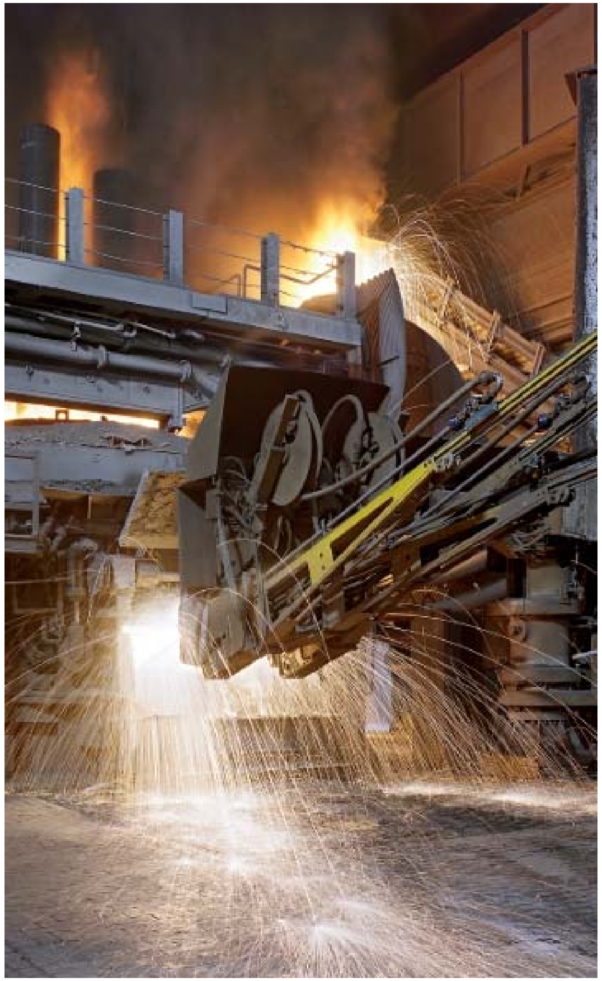
5 KEY TAKE-AWAYS

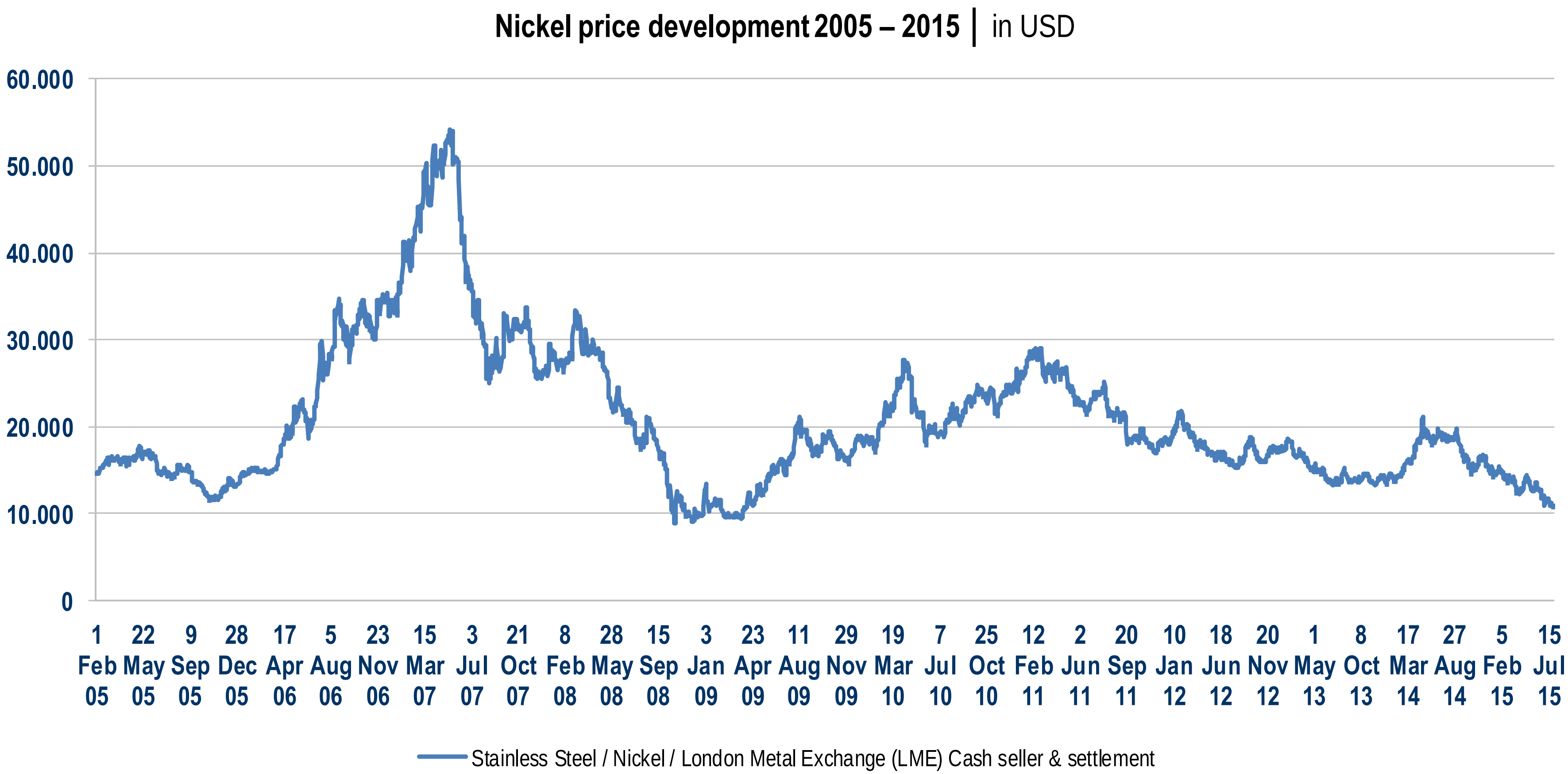
Key take-aways

- Fundamentally attractive investment case despite challenging market environment
- Leading global provider of special long steel solutions in an attractive niche market
- Strong customer relationships, well diversified customer base in various application industries and strong global footprint with presence in all relevant geographic markets
- Stable gross profit margin with the ability to pass on raw material price volatility to the customer
- State-of-the-art production facilities and equipment in capital-intensive industry
- Strong brand names with complementary product portfolio
- Implementation of strategic realignment to address strategic and operational weaknesses and reduce cost base well under way



6 APPENDIX

Nickel price development



Source: Steel Business Briefing

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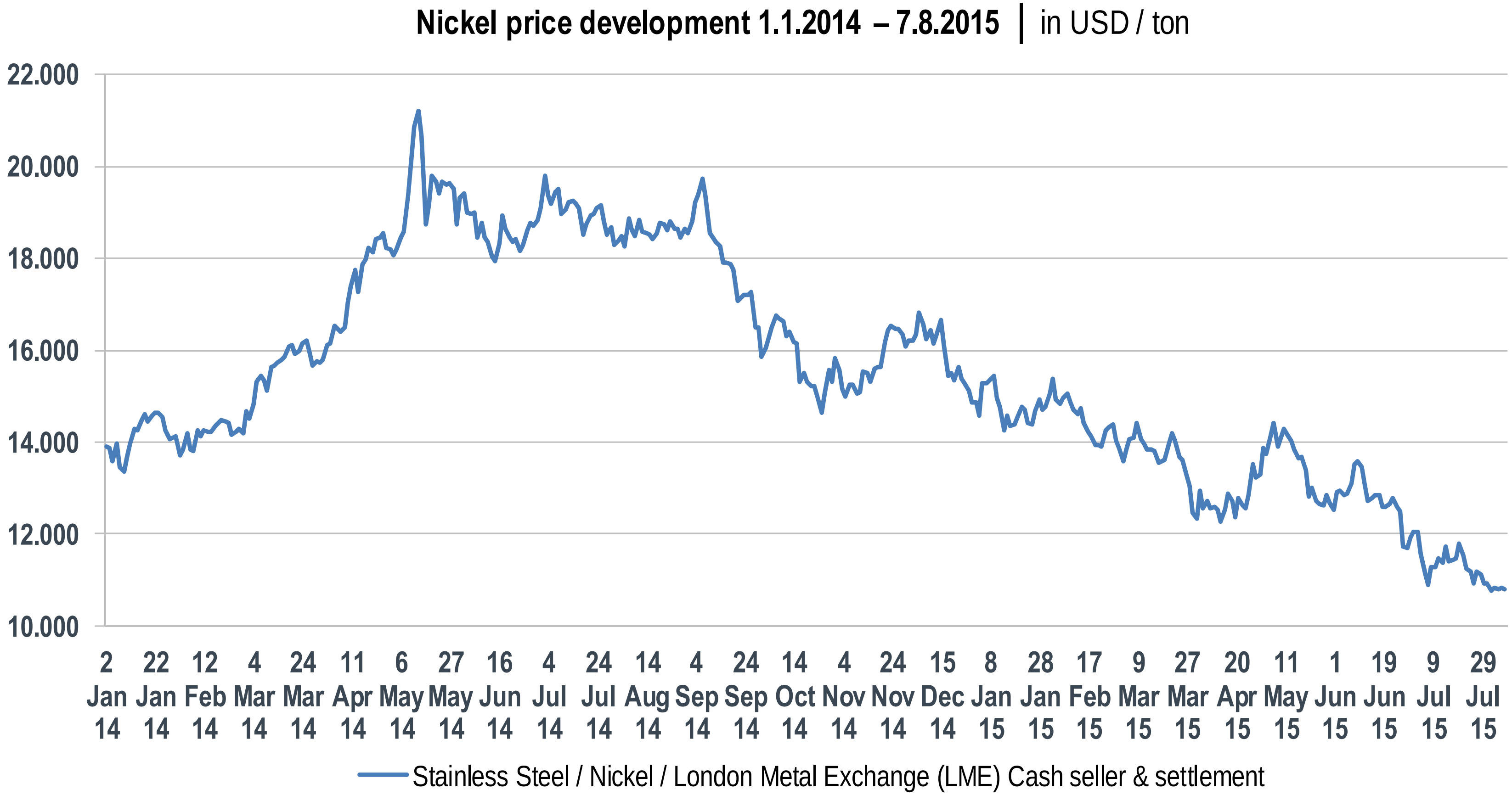
Nickel price development January 2014 – August 2015



Source: Steel Business Briefing

Appendix

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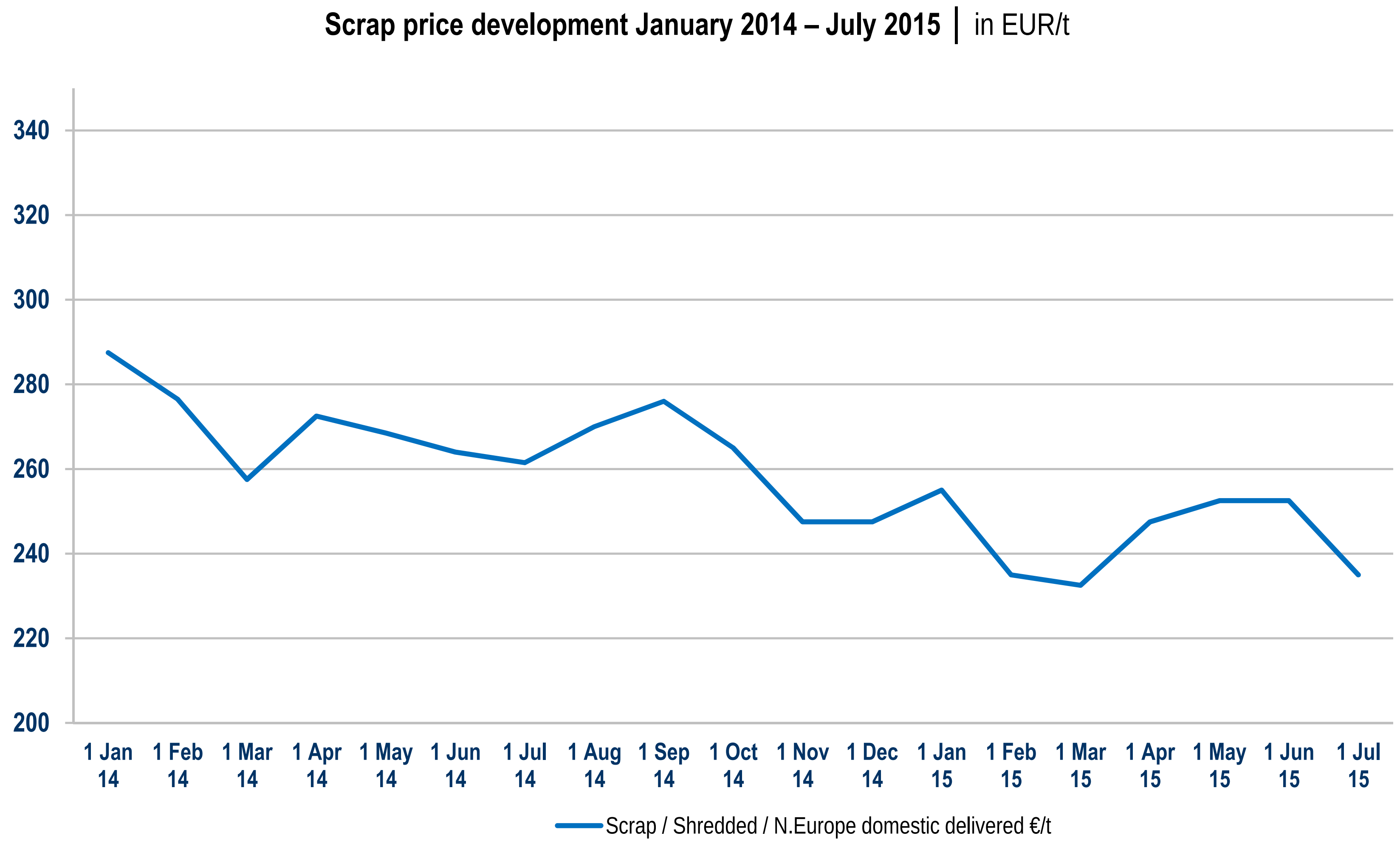
Scrap price development



Source: Steel Business Briefing

Appendix

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5-year overview

		2010	2011	2012	2013	2014
Sales volume	kilotons	2 001	2 274	2 044	2 054	2 135
Revenue	million EUR	3 119.3	3 942.9	3 581.4	3 276.7	3 338.4
Adjusted EBITDA	million EUR	232.9	296.2	151.8	178.8	261.7
Operating profit (loss) (EBIT)	million EUR	121.9	179.6	-13.8	17.8	130.6
Net income (loss) (EAT)	million EUR	38.6	42.7	-157.9	-83.7	50.0
Investments	million EUR	120.6	125.6	141.0	105.7	100.8
Free cash flow	million EUR	-136.6	191.6	44.0	73.7	82.9
Equity ratio	%	31.1	30.9	26.2	37.1	35.9
Net debt	million EUR	926.9	860.4	902.8	610.1	587.2
Gearing	%	116.5	101.9	142.6	68.6	65.2

Financial calendar and contact details Investor Relations

Date	Event
12 November 2015	**Q3 Report 2015, Media Call, Investor Call**

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