Investor Presentation
Annual Results 2012/Outlook 2013

Zurich, March 14, 2013

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BUSINESS OVERVIEW 2012

New Executive Board installed (1/3)

Johannes Nonn (newly appointed CEO)

» Former member of the Executive Board of the German MDAX listed company Salzgitter AG between 2010 and January 2013 Responsible for the steel division (revenue of approx. EUR 4 billion and 8 500 employees)
» From 2002 to 2009, he headed the areas of sales, supply chain management and logistics of Salzgitter Flachstahl GmbH, first as a member of the Executive Management, from 2006 as President of the Executive Management and Member of the Executive Boardof Salzgitter Stahl GmbH
» Started his career in 1991 at VIAG where he was active in various functions within the VIAG/Klöckner Group until 2002
» Completed his studies in Industrial Engineering at Kaiserslautern University in 1991

New Executive Board installed (2/3)

Hans-Jürgen Wiecha (newly appointed CFO)

» Former CFO of the German MDAX listed company Gerresheimer AG between 2005 and January 2013 (revenue of approx. EUR 1.2 billion and 11 000 employees)
» Joined Gerresheimer in 2000 as Director of Corporate Finance, with responsibility for treasury, accounting and taxes. In 2004 he was granted general power of attorney and his responsibilities were expanded to include mergers and acquisitions
» Previously spent 7 years in several positions of responsibility within the VEBA OEL AG Group, finally as Director of Controlling, Accounting and Treasury
» Began his professional career in 1989 with what is today PricewaterhouseCoopers
» Completed his studies at the University of Siegen with a degree in business administration in 1989

New Executive Board installed (3/3)

Marcel Imhof (COO)

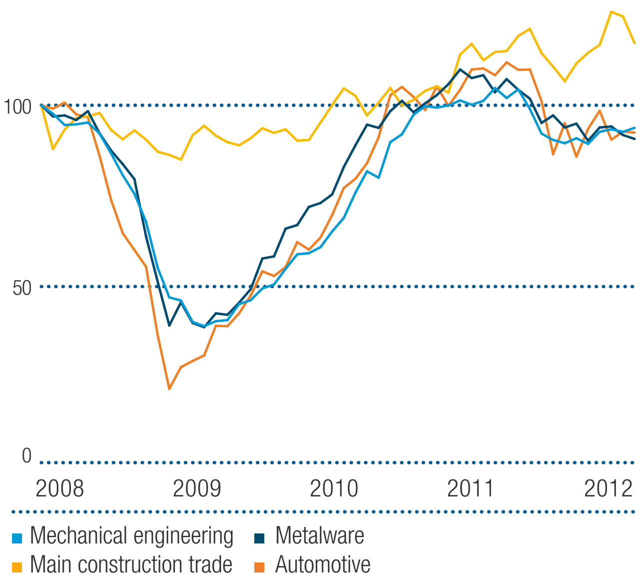
» Acting as interim CEO of SCHMOLZ + BICKENBACH AG from June 2012 to January 2013
» COO of of SCHMOLZ + BICKENBACH AG since 2006
» Joined the company in 1977 and was appointed CEO of Swiss Steel Group in 1996. Between 1978 and 1986 he was Head of the Bright Steel Sales and from 1987 to 1991 Head of Rolled Steel Sales
» Has a doctorate in economics and social science from the University of St. Gallen

Overview 2012

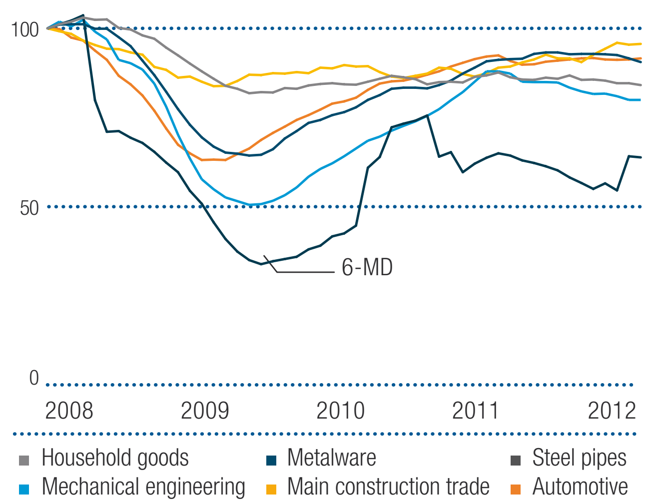
- Increasing difficulties in the market environment due to uncertainties caused by the financial and economic crisis, especially in Europe
- Decline in sales volume (-10.1%) and revenue (-9.2%) despite significant revenue growth in North America (+15.5%) and Rest of the World (+7.0%)
- EBITDA before restructuring costs fell by 48.8% to EUR 151.8 million primarily due to significant lower sales volume which had a negative effect on the capacity utilization of our plants. Furthermore increasing price pressure in Europe led to margin losses
- Decline in earnings could not be compensated for in the short term by cost-saving measures. Restructuring programmes already approved by labour representatives are being implemented. Restructuring costs considered in 2012 amount to EUR 29.3 million
- Q4 was the weakest quarter of 2012 as customers started typical year-end inventory reductions and year-end plant downtimes earlier than in previous years

Deteriorating business climate and decreasing incoming orders noticeable

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



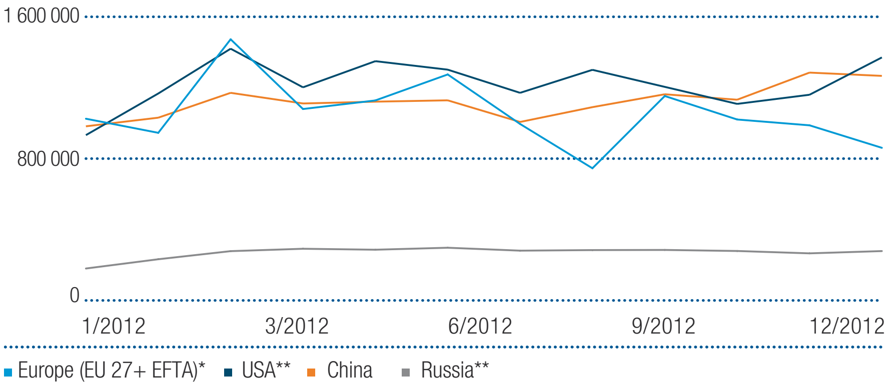
Incoming orders of selected industries (Germany) I
2008=100, seasonally adjusted, 3-MD



Source: ifo Institute, Federal Statistical Office

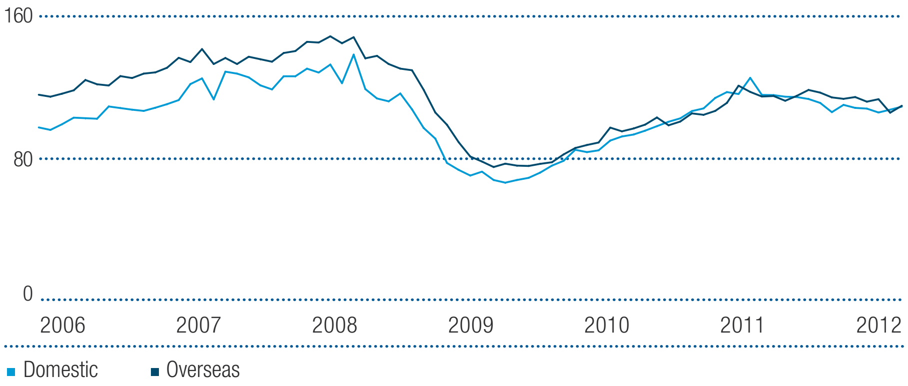
Customer industries weakened

Passenger car registrations in selected countries, 2012



* Without Malta and Cyprus
** Light vehicles
Source: VDA, ACEA

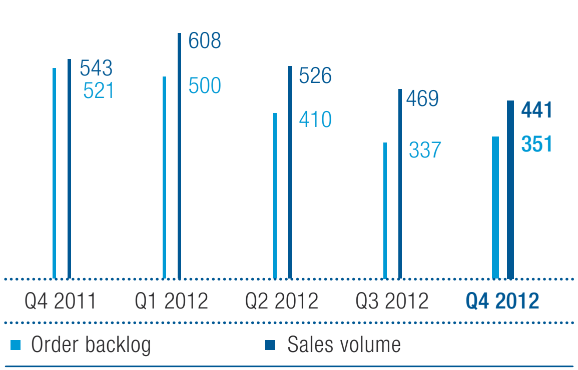
Engineering in Germany, order intake domestic and overseas | seasonally adjusted, 2005=100



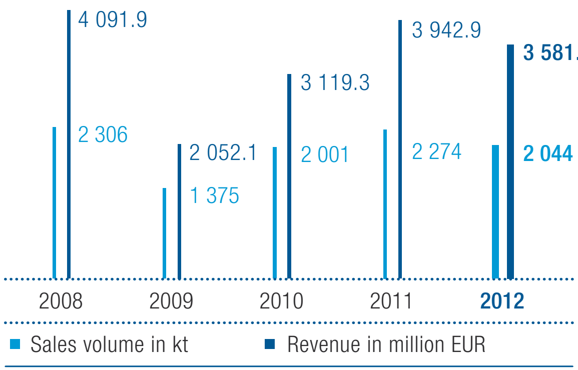
Source: Ausschuss Wirtschaft und Märkte, WV Stahl September 2012

Sales volume and revenue declining due to deteriorating market conditions

Order backlog and sales volume Q4 2011–Q4 2012 |
in kt



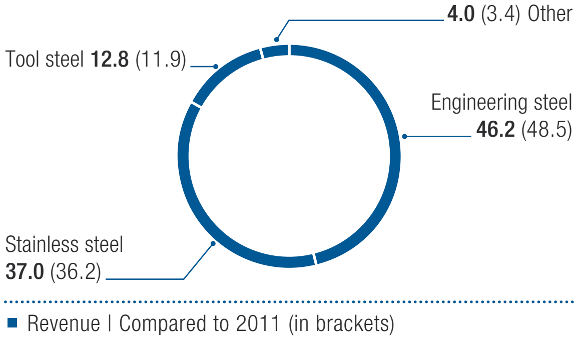
Sales volume and revenue 2008–2012 |
in kt and in million EUR



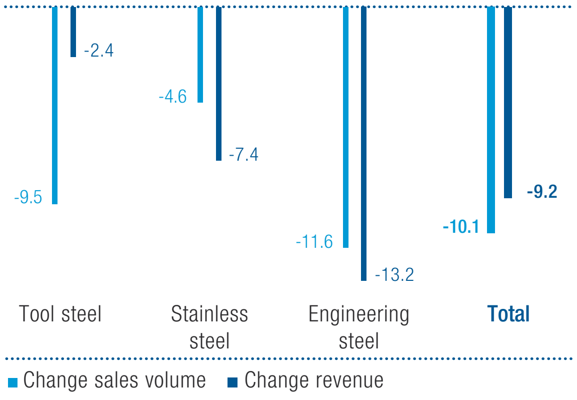
» Continuous decline of order backlog until Q3 2012 followed by decreasing capacity utilisation of production and processing sites
» Order backlog started to slightly recover at the end of 2012 due to increasing order intake which continues at the beginning of 2013
» In 2012 sales volume decreased by 10.1% and revenue by 9.2%

Variable decline in individual product groups

Revenue by product groups 2012 | in %



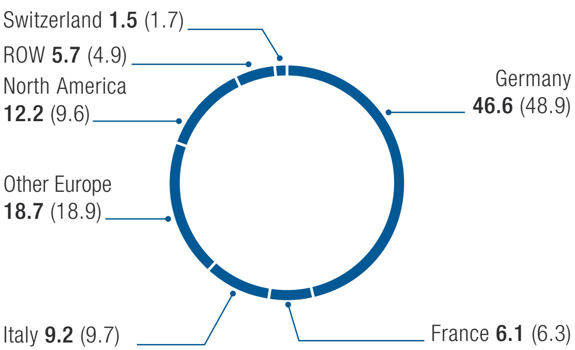
Change in revenue and sales volume by product groups on previous year | in %



- In tool steel the decline in revenue (-2.4%) was significantly lower than in sales volume (-9.5%) due to an improved product mix
- In stainless steel the decrease in sales volume (-4.6%) was the lowest compared to the other product groups. Revenue declined by 7.4% mainly attributable to lower alloy surcharges
- Engineering steel showed the greatest decline in sales volume (-11.6%) and revenue (-13.2%) as a result of difficult market conditions

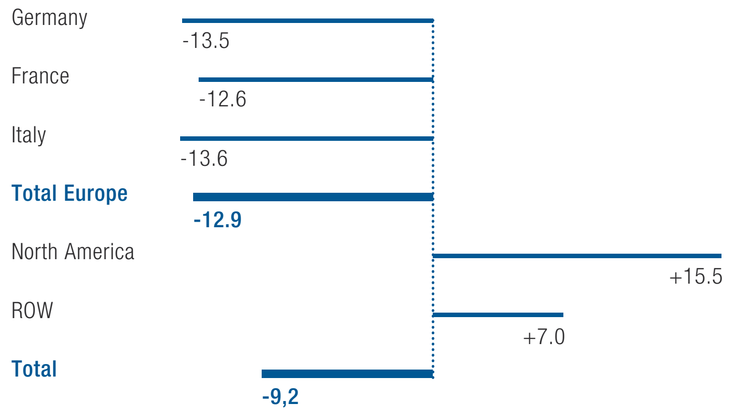
Europe: Lower demand across the board

Revenue by regions 2012 | in %



■ Revenue | Compared to 2011 (in brackets)

Change in revenue by regions on previous year | in %



» Revenue in our major European markets decreased tremendously due to the weakening economic environment (H1 2012: -10.4%). Therefore, share of revenue generated in Europe fell to 82.1%

» Outside of Europe revenue increased by 15.5% in North America and by 7.0% in the Rest of the World, but growth rates declined significantly in H2 2012 (H1 2012: North America +35.8%, ROW +14.7%)

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FINANCIAL PERFORMANCE 2012

Results of operations: Key figures

million EUR	**1.1.– 31.12.2012**	1.1.– 31.12.2011	Change on previous year %	**Q4 2012**	Q4 2011	Change on previous year %
Sales volume (kilotonnes)	2 044	2 274	-10.1	441	543	-18.8
Revenue	3 581.4	3 942.9	-9.2	774.5	922.2	-16.0
EBITDA before restructuring costs	151.8	296.2	-48.8	-0.7	47.6	n.a.
Operating profit (loss) before depreciation and amortisation (EBITDA)	122.5	296.2	-58.6	-15.0	47.6	n.a.
EBITDA margin before restructuring costs (%)	4.2	7.5	-44.0	-0.1	5.2	n.a.
EBITDA margin (%)	3.4	7.5	-54.7	-1.9	5.2	n.a.
Operating profit (loss) (EBIT)	-13.8	179.6	n.a.	-61.2	15.7	n.a.
Earnings before taxes (EBT)	-83.3	67.6	n.a.	-81.0	-25.6	n.a.
Net income (loss) (EAT)	-157.9	42.7	n.a.	-134.0	-23.2	n.a.

n.a.: Change more than 100%

- » Revenue decreased by 9.2% year-on-year
- » EBITDA before restructuring costs fell overproportionally by 48.8% to EUR 151.8 million (2011: EUR 296.2 million)
- » Net loss amounts to EUR 157.9 million (2011: Net income EUR 42.7 million), significantly impacted by one-off effects recorded in Q4
- » Q4 results affected by reduced customer demand with revenue falling by 16.0% quarter-on-quarter

Revenue by division

Revenue	2012	2011	Change on previous year %	Q4 2012	Q4 2011	Change on previous year %
million EUR						
Production	2 517.0	2 764.2	-8.9	545.5	642.2	-15.1
Processing	392.6	483.2	-18.8	82.0	108.0	-24.1
Distribution + Services	1 290.0	1 417.0	-9.0	277.0	336.8	-17.8
Other/Consolidation	-618.2	-721.5	–	-130.0	-164.8	–
SCHMOLZ + BICKENBACH Group	**3 581.4**	**3 942.9**	**-9.2**	**774.5**	**922.2**	**-16.0**

- » Revenue in the Processing division suffered most due to focus on European market and Engineering steel
- » Revenue in the Production and Distribution + Services divisions fell by nearly the same magnitude
- » Unfavourable market conditions in Q4 2012 in all divisions

Adjusted EBITDA by division

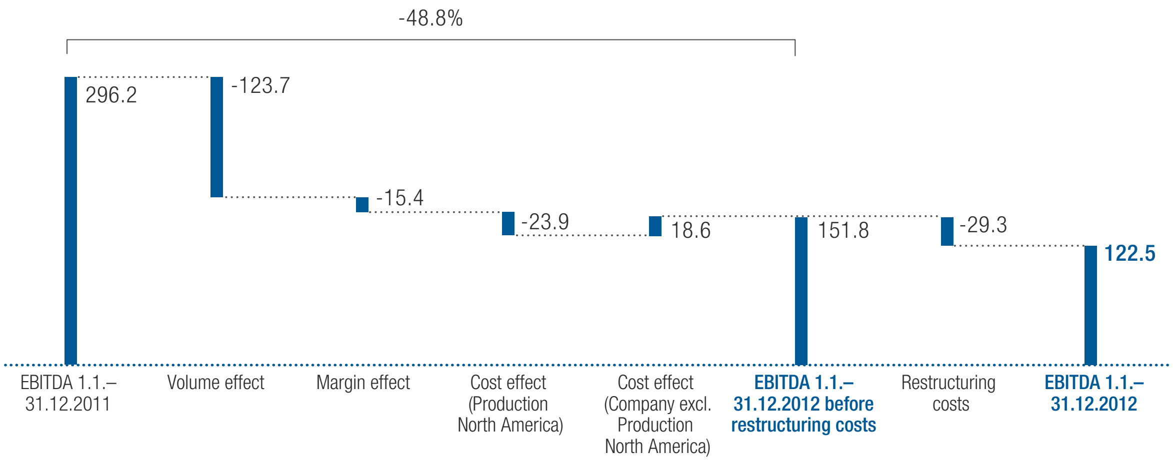
Revenue	Adjusted EBITDA 2012	EBITDA 2011	Adjusted EBITDA-Margin 2012	EBITDA-Margin 2011	Adjusted EBITDA Q4 2012	EBITDA Q4 2011	Adjusted EBITDA-Margin Q4 2012	EBITDA-Margin Q4 2011
million EUR			%	%			%	%
Production	136.7	256.5	5.4	9.3	10.6	57.0	1.9	8.9
Processing	16.4	28.4	4.2	5.9	0.8	2.8	1.0	2.6
Distribution + Services	15.9	25.8	1.2	1.8	-4.9	-3.7	-1.8	-1.1
Other/Consolidation	-17.2	-14.5			-7.2	-8.5		
SCHMOLZ + BICKENBACH Group	**151.8**	**296.2**	**4.2**	**7.5**	**-0.7**	**47.6**	**-0.1**	**5.2**

2012: EBITDA adjusted for restructuring costs

- Production was faced with the highest decline in EBITDA (-46.7%) compared to Distribution + Services (-38.4%) and Processing (-28.8%)
- However, Production division's contribution to EBITDA increased in percentage terms from 86.6% to 90.0%
- Adjusted EBITDA margin in Q4 2012 slightly negative reflecting deteriorating market conditions

Market-driven fall in volume in Europe affected EBITDA significantly

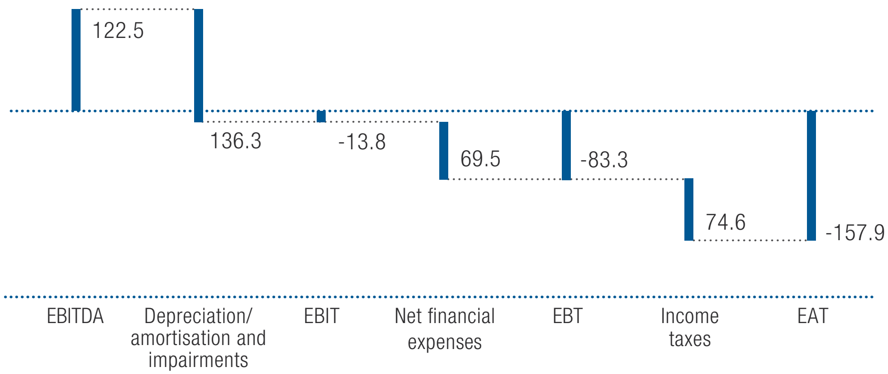
EBITDA reconciliation I in million EUR



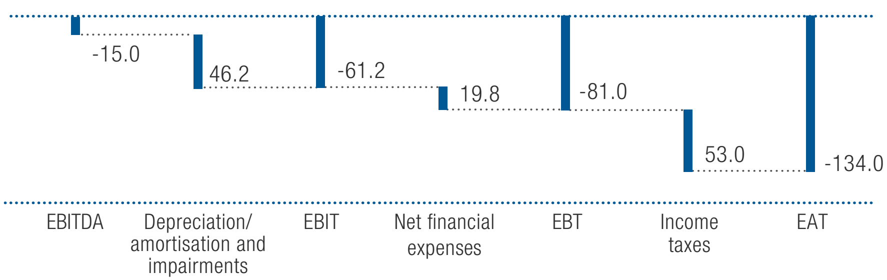
- Lower demand causing increasingly negative volume effects in Europe quarter-on-quarter, which cannot be compensated for by higher volumes in North America
- Positive margin effects in North America can no longer compensate for increasing margin losses in Europe as a result of increasing pressure on sales prices in Europe and declining margin contributions from shale gas business in the USA
- Costs at Production in North America increased in line with higher production and sales volume
- Positive cost effect at other subsidiaries partly attributable to initiated restructuring measures

Results impacted by one-off effects

Composition of the results 1.1.2012–31.12.2012 I in million EUR



Composition of the results Q4 2012 I in million EUR



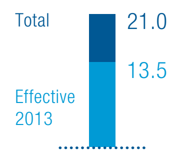
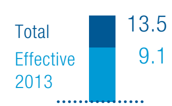
- » Depreciation and amortisation increased by 4.8% on the previous year due to commissioning of the new steel plant of A. Finkl & Sons Co.
- » Impairments on goodwill and property, plant and equipment recognised in Q4 2012 with an amount of EUR 14.1 million
- » Significant decline in net financial expenses (-37.9%) attributable to lower margins related to the conclusion of the new syndicated loan agreement in December 2011 and previous year one-time costs of EUR 21.9 million
- » Income taxes increased significantly in Q4 2012 due to impairments on deferred tax assets which amounted to EUR 63.4 million

One-off effects affecting results and equity

	Pre-tax amount	Income taxes	Net-of-tax amount	Impact
million EUR				
Restructuring costs	29.3	7.9	21.4	EBITDA
Impairment on goodwill	2.6	0.0	2.6	EBIT
Impairment on property, plant and equipment	11.5	3.4	8.1	EBIT
Impairment on deferred tax assets	63.4	0.0	63.4	EAT
Total impact on net income (loss)	**106.8**	**11.3**	**95.5**	
Actuarial losses from pension obligations	53.7	15.4	38.3	OCI
Total impact on other comprehensive income	**53.7**	**15.4**	**38.3**	
Total impact on equity	**160.5**	**26.7**	**133.8**	

- » Impairment of deferred tax assets: different utilization of tax losses carried forward
- » Actuarial losses: lower discount rate for pension obligations

Restructuring programmes implemented for each division

Division	Measures	Status	Restructuring costs	Expected cost savings (Total/Effective 2013)
Production	Deutsche Edelstahlwerke GmbH: _ Reduction of non-production staff by 15% _ Variabilization of all relevant other cost items (> 100 individual measures)	In implementation	EUR 11.3 million	million EUR 
Processing	SCHMOLZ + BICKENBACH Denmark: Relocation of coil-to-bar drawing to Düsseldorf	Completed	EUR 0.0 million	
Distribution + Services	SCHMOLZ + BICKENBACH Distributions GmbH: _ Reduction of personnel expenses by 20% _ Closure of several branches _ Savings in freight and temporary staff SCHMOLZ + BICKENBACH Brazil: _ Closure of line of business Distribution Europe: – Organisational optimisation at several entities belonging to Distribution Europe	In implementation	EUR 12.7 million	
Other	Severance payments for members of old management team		EUR 5.3 million	
Total			**EUR 29.3 million**	**~EUR 35 million (thereof ~EUR 23 million effective in 2013)**

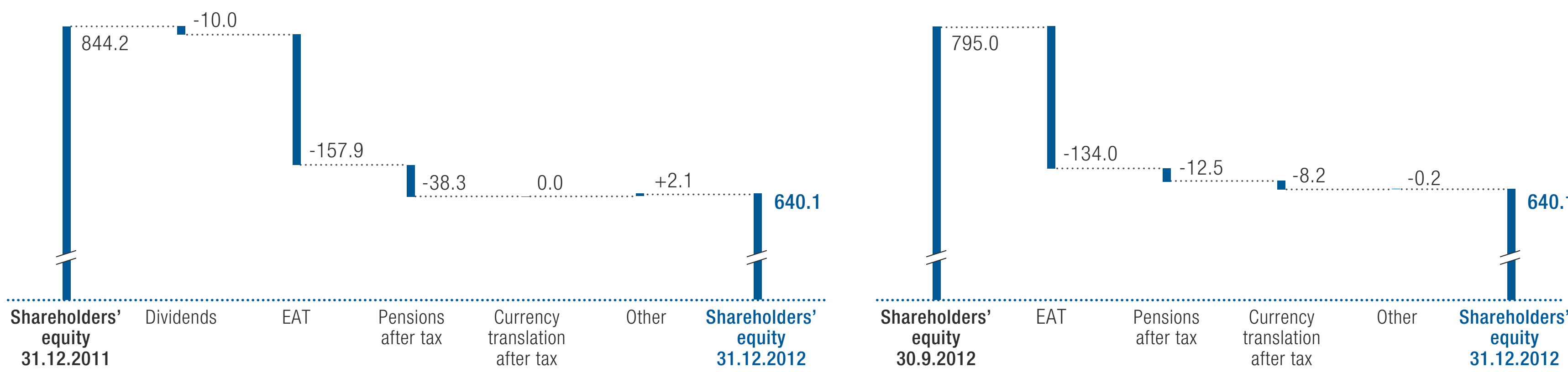
Financial position and net assets: Key figures

		31.12.2012	31.12.2011	Change on previous year %
Shareholders' equity	million EUR	640.1	844.2	-24.2
Equity ratio	%	26.5	30.9	-14.2
Net debt	million EUR	902.8	860.4	4.9
Net debt/EBITDA adjusted (Leverage)	factor	5.9	2.9	–
Net Working Capital (NWC)	million EUR	1 006.0	1 064.8	-5.5
NWC/Revenue	%	28.1	27.0	4.1
		2012	2011	
Investments	million EUR	141.0	125.6	12.3
Free cash flow	million EUR	44.0	191.6	-77.0

2012: EBITDA adjusted for restructuring costs

Equity decreased significantly

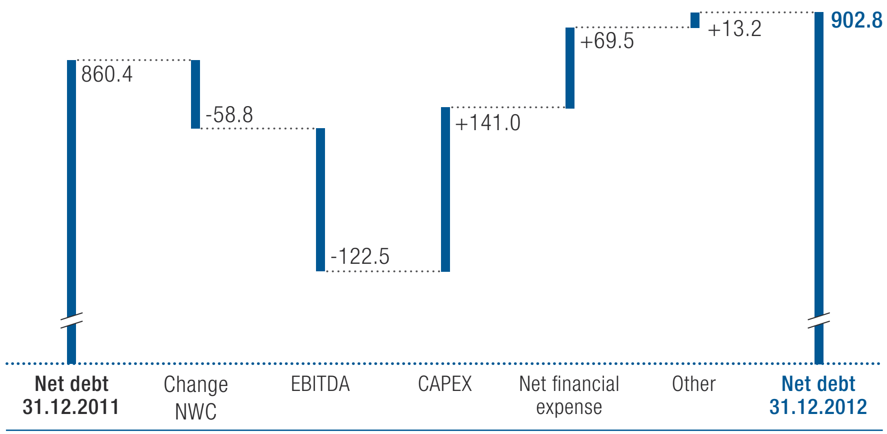
Shareholders' equity 31.12.2011–31.12.2012 | in million EUR | **Shareholders' equity Q4 2012 | in million EUR**



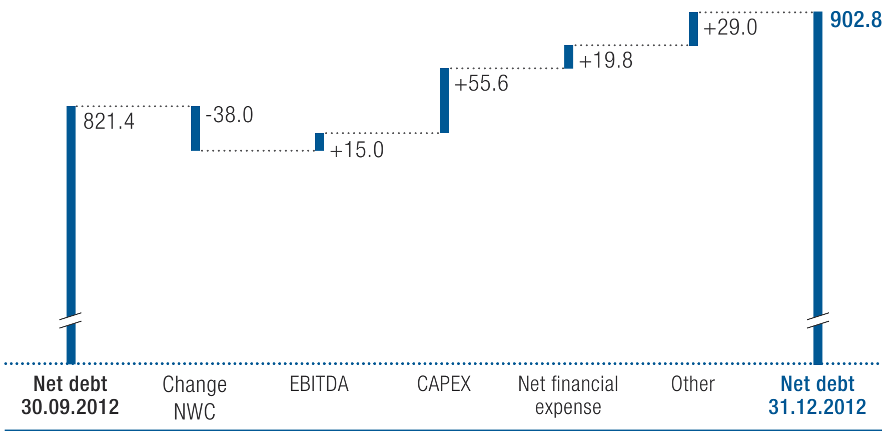
- » Shareholders' equity fell by 24.2% mainly attributable to net losses of EUR 157.9 million and actuarial losses from pensions provisions of EUR 38.3 million recognised directly in equity
- » Despite lower total assets, equity ratio fell to 26.5% (2011: 30.9%)
- » One-off effects of EUR 133.8 million included in equity decrease

Net debt increased slightly

Change in net debt 31.12.2011–31.12.2012 I in million EUR



Change in net debt Q4 2012 I in million EUR



- » Net debt increased in Q4 2012 by EUR 81.4 million to EUR 902.8 at year-end due to lower operating results and seasonally higher investments in Q4
- » On a year-to-year basis net debt increased by EUR 42.4 million as investments and net financial expense overcompensated for the cash inflow from EBITDA and NWC reduction

Sufficient liquidity headroom available

million EUR	Drawn amount 31.12.2012	Free liquidity	Maturity
Syndicated loan	367.3	232.7	April 2015
Other bank loans	102.1		
ABS financing programme	235.6		April 2015
Bond	258.0		May 2019
Liabilities from finance lease	10.3		
Other financial liabilities	6.2		
Debt (principal amount)	**979.5**		
Cash and cash equivalents	50.5	50.5	
Net debt (principal amount)	**929.0**		
Accrued transaction costs	-26.2		
Net debt (carrying amount)	**902.8**		

» Banks agreed on covenant holiday as at 31.12.2012

» Liquidity headroom of more than EUR 280 million

Amendments to existing credit agreements achieved – all lending banks consented to the requested amendments

Key elements of the amendment agreement:

- » The amendment agreement covers the following financial facilities:
  - » Syndicated loan (EUR 600 million, maturity: April 2015)
  - » ABS financing programme (EUR 300 million, maturity: April 2015)
  - » KfW Ipex loan (USD 40 million, maturity: March 2015)
- » The terms and conditions of the agreement were newly determined based on current market conditions and the expected development of the business
- » Market adequate one-off fees and moderate margin increase
- » Next steps: Determine strategic options to strengthen the capital structure

  Various alternatives:
  - » Equity measures
  - » Other measures (operational improvement, reduction of NWC, CAPEX requirements etc.)

3 OUTLOOK 2013

Outlook 2013

- » We expect another difficult year for the steel sector
  - » Sales volume in Q1 2013 expected to remain at a low level, but improvement to Q4 2012 expected
  - » Moderate market recovery expected to start in Q2 2013 which further improves in H2 2013
- » Better utilization of prior years investments leads to economies of scale
- » Transfer of all activities of A. Finkl & Sons Co. (US) to the new, modern plant in Chicago South (closure of old plant)
- » Restructuring programmes on track which enable us to realize two thirds of the expected cost savings of about EUR 35 million in 2013
- » Average sales prices are going to decrease due to higher share of engineering steel and lower share of products for the shale gas industry
- » Stable raw material prices and currency exchange rates are expected

Guidance 2013

	2012	2013
Revenue	EUR 3.6 billion	On prior-year level
Adjusted EBITDA	EUR 151.8 million	At least on prior-year level
CAPEX	EUR 141.0 million	EUR 100 million (net of asset-related governmental grants)

4 QUESTIONS AND ANSWERS

Financial calendar and contact details Investor Relations

» 18 April 2013	Annual General Meeting
» 22 May 2013	Interim Report Q1 2013, Investor Call
» 21 August 2013	Interim Report Q2 2013, Media and Analyst Conference, Investor Call
» 20 November 2013	Interim Report Q3 2013, Investor Call

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Foreward-looking statements

» The statements in this presentation relating to matters that are not historical facts are forward-looking statements. They are no guarantee of future performance and involve risks and uncertainties with regard to future global economic conditions, foreign exchange rates, regulatory rules, market conditions, the actions of competitors and other factors beyond the control of SCHMOLZ + BICKENBACH AG.