SCHMOLZ + BICKENBACH
Analyst / Investor Presentation
Q1 2016 Results

Lucerne, 20 May 2016

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1 BUSINESS REVIEW FIRST QUARTER 2016

Highlights first quarter 2016

- » Very low business activity at the beginning of the year, characterised by:
  - – Declining raw material and steel prices
  - – Low sales volumes due to dampened global economic growth
- » Progress becomes evident in higher gross margin year-on-year and robust EBITDA margin in a historical perspective – improved product mix, lower costs
- » Net debt seasonally higher compared to year-end 2015; significantly lower compared to the previous-year period
- » Business environment has gradually improved in the last few weeks; considerably higher scrap and raw material prices
- » First quarter has likely marked the low point in 2016

Industries and regions – automotive sector with robust growth, oil & gas sector suffering

Industry sectors

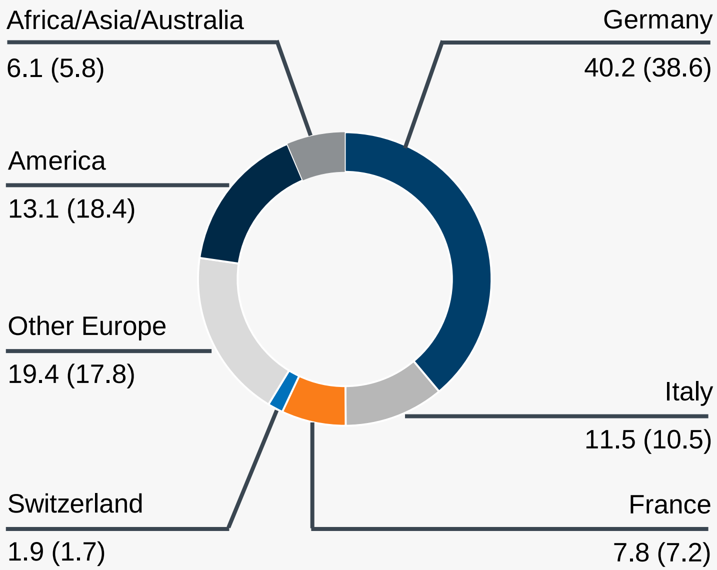
- Customer industries showed a differentiated picture
  - European car sales increased by 8.1% year-on-year, US car sales by 3%
  - Demand from mechanical & plant engineering industry stagnant
  - Oil & gas industry further weakened despite recent crude oil price increase

Regional development

- All regions with lower volumes, North America lagging other regions on historically high exposure to Oil & Gas industry

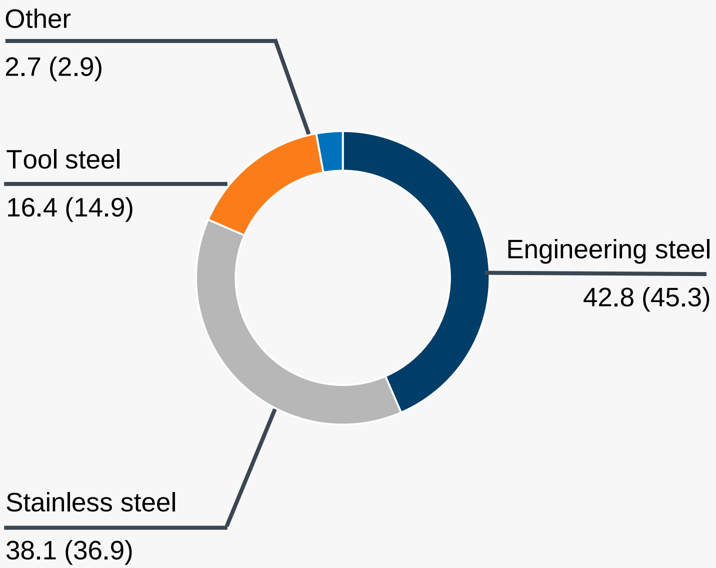
Share of revenues from Europe increased

Revenue by region Q1/16 (Q1/15*), in %



* Restated due to deconsolidation of discontinued operations.

Revenue by product group Q1/16 (Q1/15*), in %



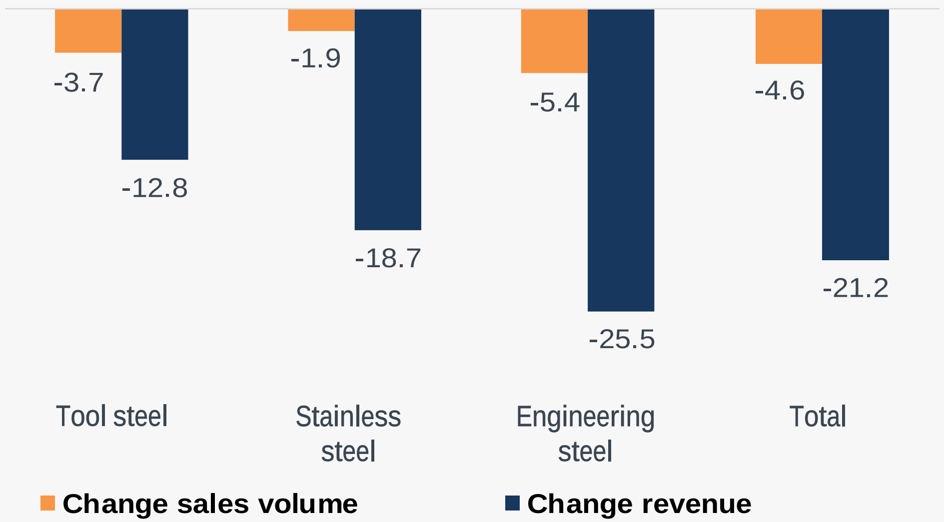
» Lower share of revenues from North America – high exposure to Oil & Gas industry

» Favourable shift to higher margin tool steel and stainless steel

Sales volume and revenue by product groups

Change in sales volume and revenue Q1 2016 vs. Q1 2015*

in %



* Restated due to deconsolidation of discontinued operations

» Lower revenues due to lower average prices for scrap, alloy metals, further pressure on base prices

» Product mix improved, with higher share of group revenue from tool steel, stainless steel

Performance Improvement Program (PIP) – 4 million EUR benefits achieved in the first three months

Realignment DEW

- Productivity improvement
- Reduction of production cost
  - Yield improvement
  - Maintenance costs
  - Energy cost + efficiency
  - Lower raw material cost

Purchasing

- Improved supply chain for scrap at Swiss Steel
- Usage of higher quantities of raw scrap instead of ready-to-use-scrap
- Renegotiation of key supply contracts

Top-line

- New customer development for Finkl / Sorel
- Sales development e.g. bars specialties Ugitech or new customers Steeltec
- Product mix improvement Swiss Steel

Other

- Reduction outgoing freight
- Closing of warehouse and optimization of distribution
- Reduction of general and administrative expenses

- PIP with potential to improve EBITDA by EUR 70 million until year-end 2017
- 2/3 to be achieved in 2016
- EUR 10m expenses foreseen to support improvement projects

Achievements Q1/2016

» Realignment DEW	EUR 2 m
» Purchasing	EUR 2 m
Total Q1	**EUR 4 m**

2 FINANCIAL PERFORMANCE – FIRST QUARTER 2016

Sales volumes and revenues reflect challenging business conditions

in EUR m (all figures continuing operations)	Q1 2016	Q1 2015	Change
Production crude steel (kilotonnes)	474	532	–10.9%
Sales volume (kilotonnes)	461	483	–4.6%
Revenues	603.6	765.7	–21.2%
Gross income / gross margin	230.2 / 38.1%	284.4 / 37.1%	–19.1% / +100 bps
Adjusted EBITDA / adjusted EBITDA margin	25.0 / 4.1%	56.4 / 7.4%	–55.7% / –330 bps
EBITDA / EBITDA margin	21.9 / 3.6%	54.5 / 7.1%	–59.8% / –350 bps
Earnings after taxes (EAT)	–24.4	–122.4[1)]	–

1) includes impairment loss of EUR –123.7 million from discontinued operations

- Sales volumes in Q1 2016 decreased as a result of further softening market environment
- Revenues declined on the back of lower raw material prices that fell further from Q4 2015
- Gross margin increased – improved product mix

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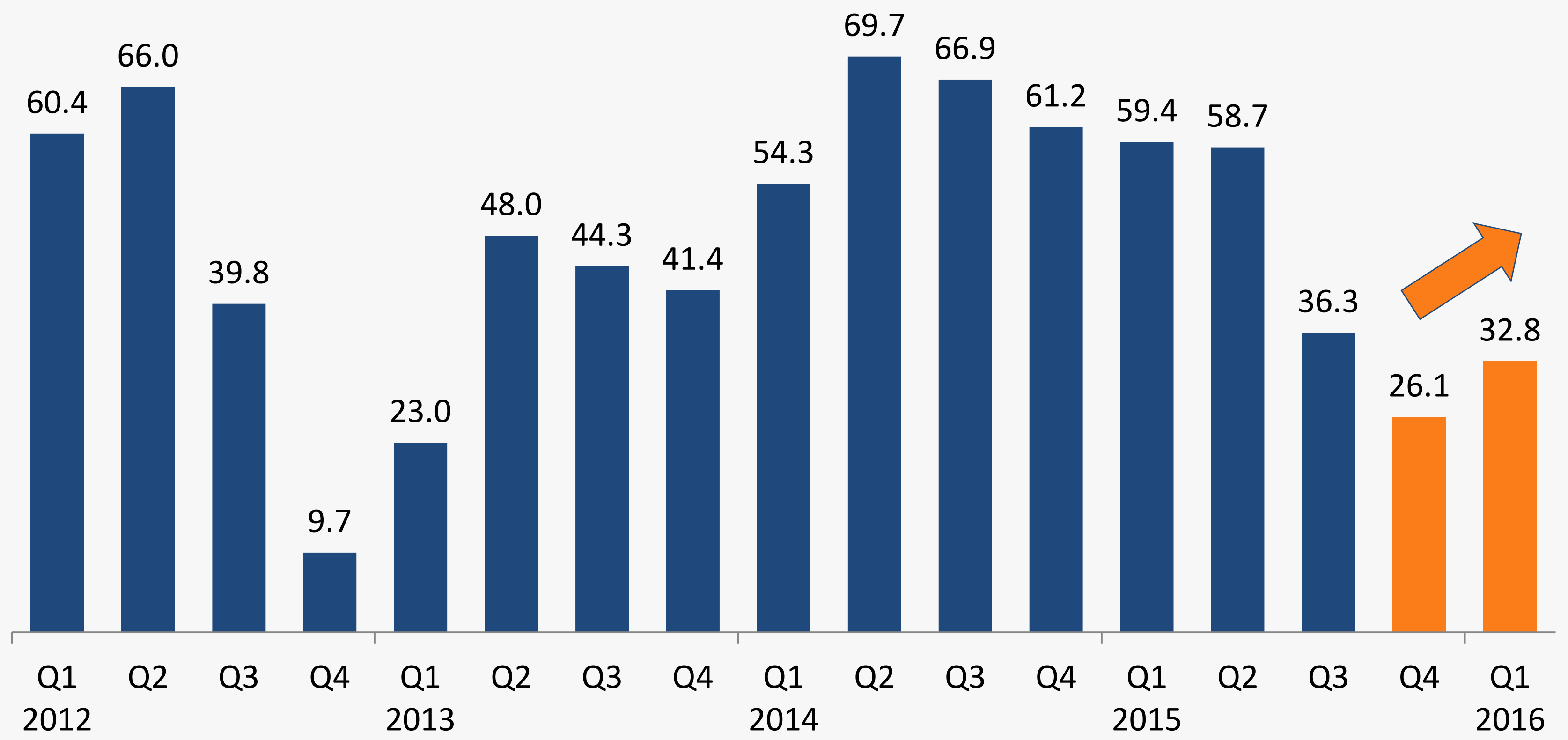
EBITDA – low point reached in Q1 2016

adj. EBITDA 2Q rolling average

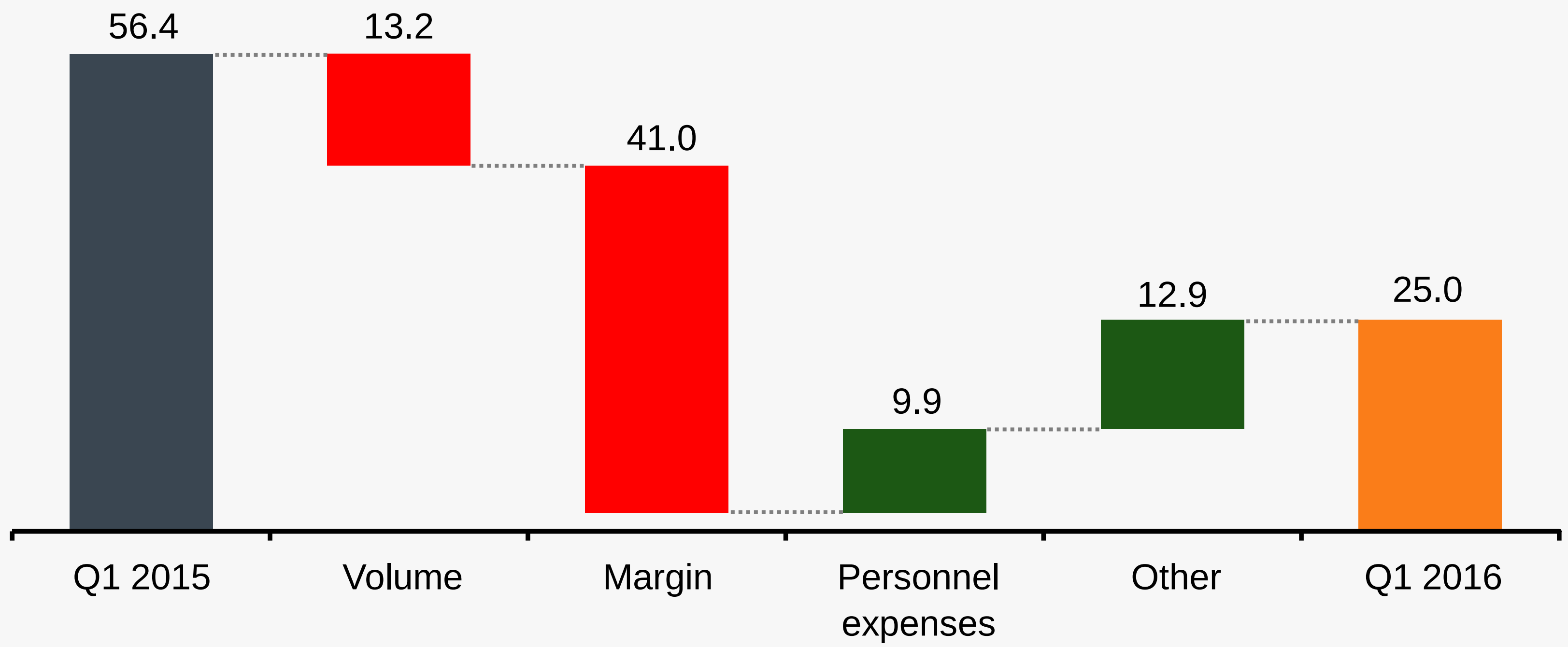
in EUR m



EBITDA improvement measures partly offset the impact from adverse market developments

Adjusted EBITDA bridge Q1 2016

in EUR m



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Net debt significantly lower year-on-year, slightly higher vs. year-end due to seasonal effects

		Q1 2016	Year-end 2015	Change (%)	Q1 2015
Net debt	EUR m	488.5	471.7	+3.7%	625.9
Net debt/adjusted EBITDA [1)]	factor	3.5	2.8	–	2.5
Shareholders' equity	EUR m	687.7	750.6	–8.4	781.6
Equity ratio	%	32.6	35.6	–300 bps	31.3%

[1)] Last twelve months (LTM)

» Marginally higher net debt due to seasonal effects

» Net debt decreased by EUR 137 million compared to Q1 2015

» Negative result in the quarter and actuarial losses on pension plans resulted in lower shareholders' equity, equity ratio slightly higher compared to Q1 2015

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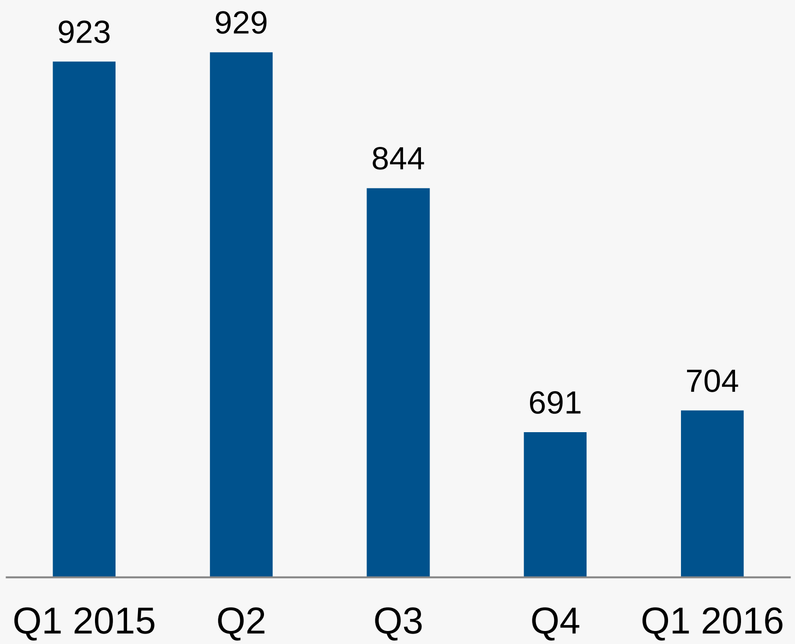
Net working capital/sales improved as planned

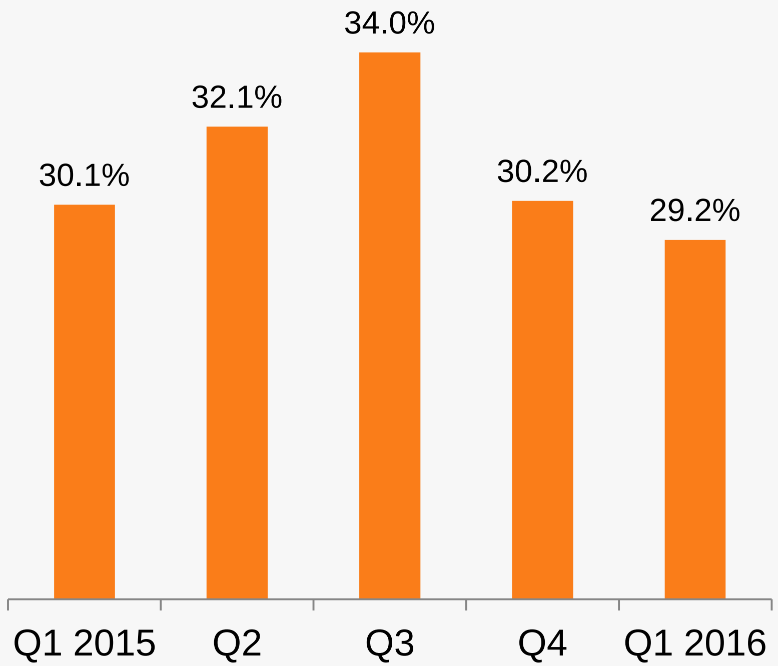
Net working capital (NWC)

in EUR m, continuing operations



NWC/sales (last 3M)

in %, continuing operations



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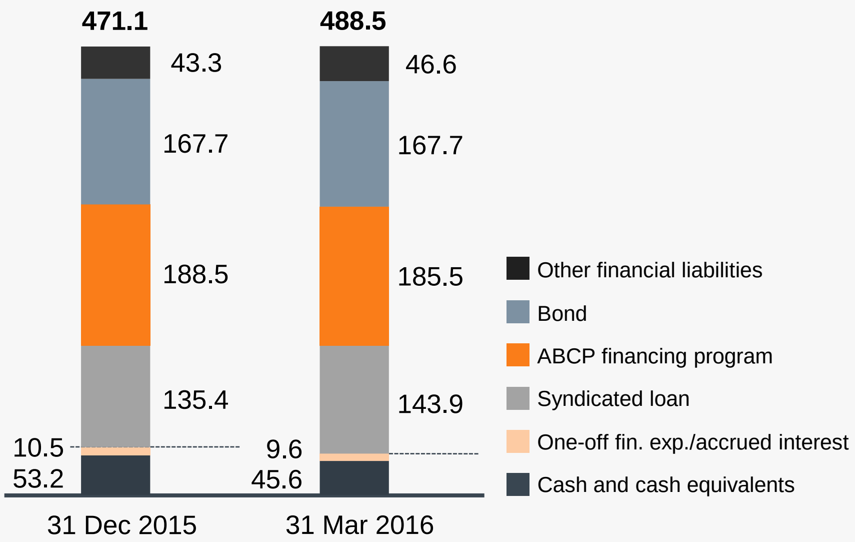
Solid funding structure maintained

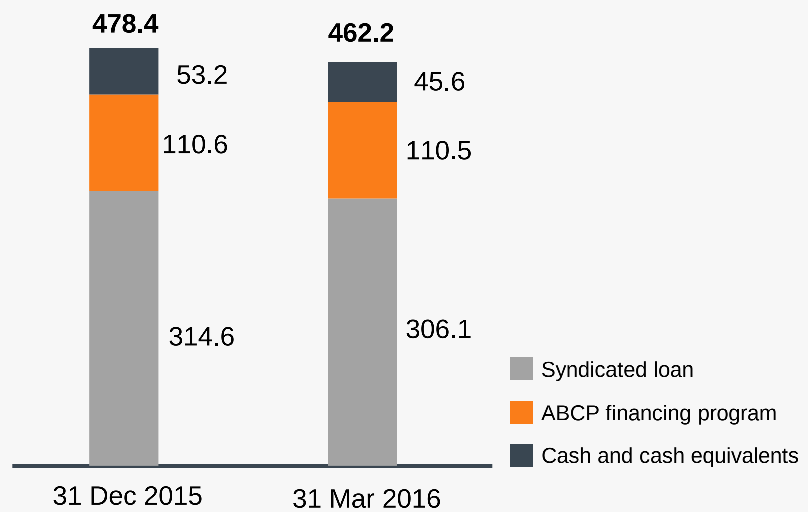
Net debt as of 31 March 2016

in million EUR



Financial headroom as of 31 March 2016

in million EUR



» Unused financing lines and cash around EUR 462 million as of 31 Mar 2016

3 OUTLOOK

Outlook 2016 – markets will remain challenging

Macroeconomic environment

» Muted global economic growth expected, crisis in some countries continuing (Brazil, Russia, Malaysia)

» Unpredictable and volatile movements in raw material prices likely, dynamic increase in scrap prices during the first half-year 2016

» Challenging market environment to persist throughout 2016

Industry Sectors

» Automotive industry will remain on solid growth path seen in Q1 2016

» Mechanical & Plant Engineering with zero growth on cautious investment behaviour

» No recovery in oil & gas industry despite recent increase in oil prices

Outlook – 2016 and mid-term guidance

Full-year 2016 targets unchanged:

- **Sales volumes** to remain stable compared to full-year 2015
- **Adjusted EBITDA** between EUR 150 million and EUR 190 million
- **Capex** approximately EUR 100 million
- A **weaker first half-year** and a **stronger second half-year** compared to 2015

Mid-term targets unchanged:

- An **adjusted EBITDA margin above 8% over an economic cycle**
- An **adjusted EBITDA-Leverage** (net debt/adjusted EBITDA) of **< 2.5 times**

Q&A

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