TOMORROW'S **STEEL SOLUTIONS**

INTERIM REPORT 2ND QUARTER 2013

SCHMOLZ + BICKENBACH AG

Providing special steel solutions

OUR KEY FIGURES

	Unit	1.1.–30.6.2013	1.1.–30.6.2012 [1]	Change from prior year %	Q2 2013	Q2 2012 [1]	Change from prior year %
SCHMOLZ+BICKENBACH Group							
Sales volume	kilotonnes	1 063	1 134	-6.3	533	526	1.3
Revenue	million EUR	1 740.5	1 974.9	-11.9	873.1	947.8	-7.9
Adjusted EBITDA	million EUR	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)	million EUR	90.4	126.3	-28.4	43.8	53.2	-17.7
Operating profit (EBIT)	million EUR	30.4	66.1	-54.0	13.1	23.3	-43.8
Earnings before taxes (EBT)	million EUR	-14.6	32.8	-144.5	-10.1	5.9	-271.2
Net income (loss) (EAT)	million EUR	-18.9	15.8	-219.6	-11.2	-3.5	-220.0
Investments	million EUR	32.3	46.9	-31.1	18.8	26.5	-29.1
Free cash flow	million EUR	-2.7	-5.6	-51.8	–	–	–
Total assets	million EUR	2 553.0	2 796.2	-8.7	–	–	–
Shareholders' equity	million EUR	625.7	842.0	-25.7	–	–	–
Equity ratio	%	24.5	30.1	-18.6	–	–	–
Net debt	million EUR	952.7	912.1	4.5	–	–	–
Gearing	%	152.3	108.3	40.6	–	–	–
Employees per closing date	positions	10 038	10 447	-3.9	–	–	–
SCHMOLZ+BICKENBACH share							
Earnings per share [2]	EUR/CHF	-0.17/-0.21	0.13/0.16	–	-0.10/-0.12	-0.03/-0.04	–
Shareholders' equity per share	EUR/CHF	5.22/6.42	7.08/8.50	–	–	–	–
Highest/lowest share price	CHF	3.70/2.27	7.80/4.05	–	3.22/2.32	6.51/4.05	–

[1] Adjusted to IAS 19R.
[2] The earnings per share are based on the net income (loss) of the Group after deduction of the portions allocable to the non-controlling interests.

OUR CORPORATE PROFILE

SCHMOLZ + BICKENBACH is one of the leading producers of premium special long-steel products, operating with a global sales and service network. We focus on meeting our customers' specific needs and delivering high-quality products.

Providing special steel solutions

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Earnings situation considerably improved – strategic realignment will secure stronger earnings power

Dear shareholders,
Over recent months, we have concentrated our efforts on the financial and strategic realignment of the SCHMOLZ+BICKENBACH Group and launched comprehensive programmes to promote growth and improve results with the aim of boosting earnings sustainably for the entire Group.

Robust operating result in tough market environment
Our cautious optimism has proved accurate – business development matched our expectations in what continues to be a tough market environment. After a weak second half of 2012, demand picked up in the first six months of 2013, seeing a slight increase in order intake and sales volume. We benefited in particular from the consistently robust automotive industry and stable development in engineering and manufacturing. The earnings situation improved significantly compared to the second half of 2012 thanks to the positive earnings effects of cost-cutting measures, coupled with steady demand in our major sales markets. Falling scrap and alloy prices had a negative impact of EUR 12.8 million on adjusted EBITDA, which came to EUR 96.0 million.

Course set for strategic realignment
We successfully launched a catalogue of cost-cutting measures over the last few months. We also remain committed to serving our customers' needs. Core competence in the Production Division with its five Business Units – DEW, Finkl/Sorel, Ugitech, Swiss Steel, Steeltec/Blankstahl – will be an increasing priority: this area requires a lot of capital resources but also creates over 80% of the Group's value. As a production company with a considerable processing depth, we have what it takes to stand out from the competition – many years' experience in the business and specialist competence. We want to exploit the advantages of our integrated business model in a more targeted way. The entire supply chain will be aligned to enable the Sales & Services Division to serve Production. We will concentrate more on the sale of our own products in future.

We will continue to build on what is already an excellent market position for tool steel, stainless steel and engineering steel. Through knowledge transfer and the exchange of best practices, we hope to realise more synergies in sales, market and product segmentation and research and development. We have already made the organisational changes needed for the strategic realignment: the Group will in future be managed by a holding company. Sales and service activities will be managed centrally to facilitate the exploitation of synergies between the entities. The Business Units will be managed with clear profitability targets.

Programmes launched to promote growth and improve earnings
A comprehensive programme to promote growth and improve earnings has been initiated across the Group. The programme aims to improve long-term earnings power and create a solid capital structure as the basis for meeting the Group's medium-term performance targets. Taking the 2012 EBITDA as the starting point, comprehensive cost and earnings measures worth EUR 230 million have been agreed with the Business Unit Heads. The programmes are scheduled for completion by 2016. Around EUR 100 million of the total relates to cost-cutting and efficiency-boosting steps, mainly in Production. There are also numerous projects aimed at generating sales growth and improving the product mix in order to increase margins.

Board of Directors' agreement with Renova and SCHMOLZ+BICKENBACH GmbH & Co. KG
The Board of Directors of SCHMOLZ+BICKENBACH AG reached an agreement with Renova and the SCHMOLZ+BICKENBACH & Co. KG Group regarding how to proceed with the recapitalisation of SCHMOLZ+BICKENBACH AG and Venetos' takeover bid to the Company's independent shareholders. This agreement aims to safeguard the business interests of SCHMOLZ+BICKENBACH AG and ensure the smooth transition of responsibility for the Company to the Renova/SCHMOLZ+BICKENBACH GmbH & Co. KG Group as majority shareholder. The Board of Directors also decided to call an extraordinary general meeting to be held on 13 September 2013. The previous members of the Board of Directors – Dr Hans-Peter Zehnder (Chairman), Dr Marc Feiler (Deputy Chairman), Dr Gerold Büttiker, Roland Eberle, Carl Michael Eichler, Benoît D. Ludwig and Dr Roger Schaack – announced their resignation from the Board as at this date. In Ventos Holding AG, a member of the Renova Group, SCHMOLZ+BICKENBACH AG has gained a financially strong investor as main shareholder.

With a clear focus on Production, stronger sales of own products, a catalogue of measures to improve earnings and a capital increase planned, we are confident that the SCHMOLZ+BICKENBACH Group will exploit its strengths even more effectively in future, continuing to build on its leading position for high-quality special long-steel products.

Thanks to our shareholders, employees and customers
The Board of Directors and Executive Board would like to express their particular thanks to Dr Marcel Imhof, who served as a member of the Executive Board and COO of SCHMOLZ+BICKENBACH AG for many years. Dr Imhof retired on 31 July 2013. During his time in office, Dr Imhof shaped the path of the SCHMOLZ+BICKENBACH Group and made a significant contribution to the successful development of the Company. We would like to thank him for his commitment over the years and wish him all the best for the future.

We also thank all of our shareholders and employees for the confidence and loyalty they have shown. The same applies to our customers and business partners who choose our products and services.

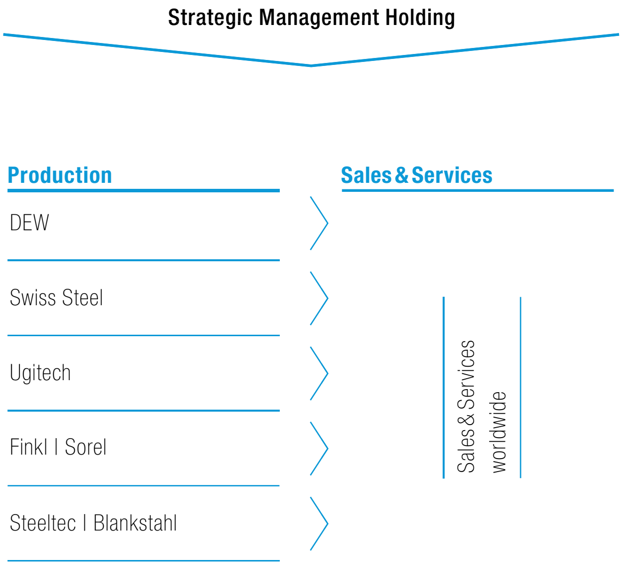
Dr Hans-Peter Zehnder	Johannes Nonn
Chairman of the Board of Directors	Chief Executive Officer

BUSINESS MODEL

Tailored solutions

SCHMOLZ+BICKENBACH is an independent and fully integrated steel group with operations around the world. With an integrated dual business model built around Production and Sales & Services, SCHMOLZ+BICKENBACH is able to leverage strategic and operational synergies. An international leader in the field of special long steel, SCHMOLZ+BICKENBACH taps into strategic growth markets with a premium product portfolio and a focus on research and development.

New business model



In accordance with the resolution passed by the Board of Directors in June 2013 to realign the strategic business model, the Business Units Steeltech and SCHMOLZ+BICKENBACH Blankstahl will be combined and integrated into the Production Division in future. Furthermore, the distribution companies will be organised under common management in the new Sales & Services Division. The report for the third quarter of 2013 will reflect the new segment structure for the first time.

Special long steel differs significantly from standard grades and flat products on a number of points: it can be tailored to customers' exact needs and specific application properties, enabling considerable product differentiation. The production of tailored products calls for extensive know-how in the individual application industries.

_ **Engineering and free-cutting steel** – special materials for extreme stress
_ **Stainless steel** – resistant to rust, acids and heat
_ **Tool steel** – technical application advice as the key to success

It is our long-term aim to position ourselves as an innovative, robust and international producer of special long steel products. Our strategy is geared towards sustainable earnings growth.

1 Management report

6–20

CAPITAL MARKET

SCHMOLZ + BICKENBACH share

A number of banks and financial institutions regularly analyse the SCHMOLZ + BICKENBACH share, which is listed on the SIX Swiss Exchange, Zurich.

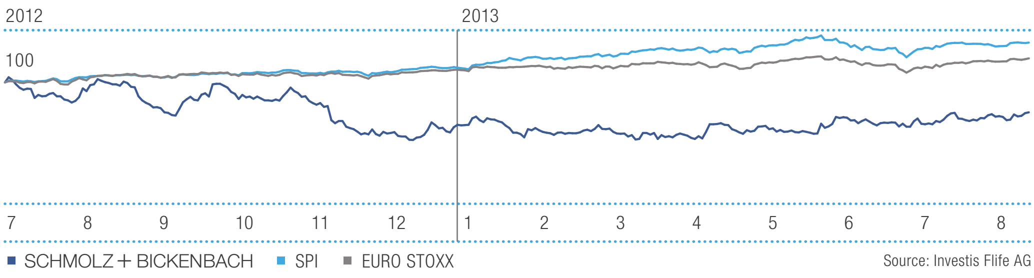
SCHMOLZ + BICKENBACH share up considerably in the second quarter

Share markets slipped in early May 2013 when investors became unsettled by the Federal Reserve's comments hinting at an end to the loose monetary policy in the foreseeable future. The SCHMOLZ + BICKENBACH share bucked this trend, with a much stronger performance in the second quarter of 2013 than in the first. The share price was buoyed by the improved earnings situation in the first quarter of 2013, resulting in an upward adjustment of forecast EBITDA for 2013 to between EUR 150 million and a maximum of EUR 200 million. The comprehensive catalogue of restructuring measures and cost cuts across the Group also delivered positive impetus, as did the strategic realignment, successful efforts to secure medium-term financing and measures announced to strengthen capital. Speculation about the Renova Group's plans to invest in the Company also had a positive effect.

The second quarter opened at a share price of CHF 2.44 and – due to positive corporate announcements – closed at CHF 2.90, an increase of 18.9%. The Company's market capitalisation stood at CHF 342.6 million as at 28 June 2013. With a high of CHF 3.22, the share price peaked on 4 June 2013, rallying from a low of CHF 2.32 on 2 April 2013. The comparative index SPI decreased by 0.9% in the second quarter of 2013, while the EURO Stoxx saw a drop of 2.8%. The SCHMOLZ + BICKENBACH share thus clearly outperformed both comparative indices in the second quarter.

www.schmolz-bickenbach.com/en/investor-relations/share-information

Share price development from 1.7.2012 to 9.8.2013 I SCHMOLZ + BICKENBACH share (indexed) relative to the Swiss Performance Index (indexed) and EURO Stoxx (indexed)



General meeting passes resolution to increase capital

At the general meeting held on 28 June 2013, the shareholders approved the Board of Directors' proposal to issue subscription rights worth CHF 330 million (gross). The total amount was underwritten by a syndicate of banks consisting of BNP Paribas, Commerzbank and Credit Suisse and is to be offered for subscription to the existing shareholders.

Immediately after the general meeting, SCHMOLZ + BICKENBACH GmbH & Co. KG, which together with the investor Renova constitutes a group in accordance with the Swiss Stock Exchange Act (SESTA), blocked the commercial register with the direct consequence that the capital increase has had to be postponed until after 2 July 2013, the originally planned start date for trading subscription rights. SCHMOLZ + BICKENBACH AG will make an announcement as soon as the commercial register block has been lifted and subscription rights trading can commence.

New anchor shareholder

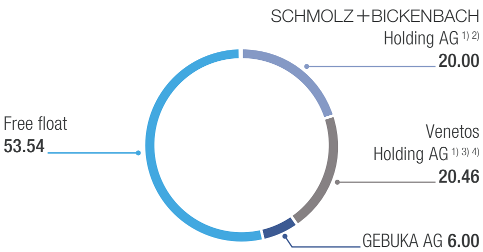
Share capital was unchanged in the second quarter of 2013, comprising 118 125 000 fully paid-up registered shares with a nominal value of CHF 3.50 each as at 30 June 2013. However, the shareholder structure has changed: the interest held by SCHMOLZ+BICKENBACH GmbH & Co. KG decreased to 20.0% as at 30 June 2013 (31 March 2013: 40.5%) because the company sold a portion of its shares to Venetos Holding AG, Zurich, a Renova Group subsidiary, after the general meeting of 28 June 2013. The Renova Group thus has a shareholding of 20.5% as at 30 June 2013. In July, SCHMOLZ+BICKENBACH GmbH & Co. KG sold a further 4.8% of shares to Venetos Holding AG via a subsidiary. These shares are covered by a shareholders' agreement with GEBUKA AG who refused SCHMOLZ+BICKENBACH GmbH & Co. KG's request to terminate it. The free float is not affected by the transfer of shares and remains unchanged at 53.5%.

Venetos Holding AG issued a public takeover bid to the independent shareholders on 12 July 2013. The company offered a price of CHF 2.85 per share, equivalent to the 60-day volume weighted average on the date of the announcement. The takeover bid is valid from 29 July to 26 August 2013 with a possible extension period from 2 September to 13 September 2013. On 23 July 2013, the Board of Directors of SCHMOLZ+BICKENBACH AG reached an agreement with Renova and SCHMOLZ+BICKENBACH GmbH & Co. KG regarding how to proceed with the recapitalisation and the takeover bid. This will safeguard the business interests of SCHMOLZ+BICKENBACH AG and ensure the smooth transition of responsibility for the Company to the Renova Group. The main shareholders are permitted to arrange a due diligence review and negotiate with the financing banks under the leadership of the Company. The Board of Directors of SCHMOLZ+BICKENBACH AG has had the terms and conditions of the takeover bid evaluated in an independent fairness opinion and advises against accepting the bid. The Company continues to pursue the capital measures agreed by resolution of the general meeting. In a letter dated 9 August 2013, Venetos Holding AG announced that it will support a capital increase of at least CHF 330 million for the Renova/SCHMOLZ+BICKENBACH GmbH & Co. KG Group. Ventos may propose a larger capital increase once it has the results of the due diligence review that is currently underway.

Share information

Listed on:	SIX Swiss Exchange
Ticker symbol:	STLN
Security number:	579 566
ISIN:	CH0005795668
Bloomberg:	STLN SE
Reuters:	STLN.S

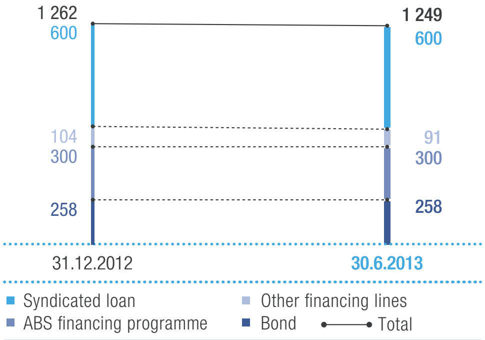
Overview shareholder structure as at 30.6.2013 | in %



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.

Financing

Financing structure as at 30.6.2013 |
in million EUR



SCHMOLZ+BICKENBACH had available liquidity and credit lines in excess of EUR 280 million as at 30 June 2013.

Bond price development

The price of our bond increased from 86.0% to 99.5% over the first half of the fiscal year. The associated effective yield thus fell from 13.6% as at 31 December 2012 to 10.2% as at 30 June 2013.

Financial calendar 2013

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

Further information for investors

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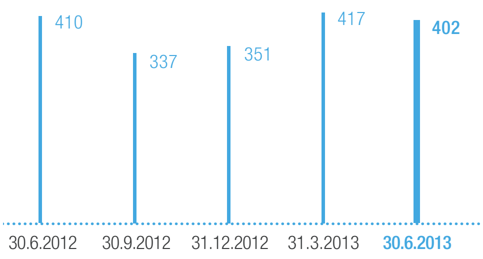
BUSINESS DEVELOPMENT OF THE GROUP

Key figures on results of operations

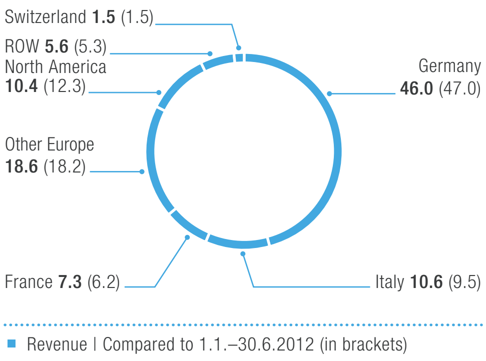
million EUR	1.1.–30.6.2013	1.1.–30.6.2012 [1]	Change from prior year %	Q2 2013	Q2 2012 [1]	Change from prior year %
Sales volume (kt)	1 063	1 134	-6.3	533	526	1.3
Revenue	1 740.5	1 974.9	-11.9	873.1	947.8	-7.9
Adjusted EBITDA	96.0	131.8	-27.2	48.8	58.7	-16.9
Adjusted EBITDA margin (%)	5.5	6.7	-17.9	5.6	6.2	-9.7
Operating profit (loss) before depreciation and amortisation (EBITDA)	90.4	126.3	-28.4	43.8	53.2	-17.7
Operating profit (loss) (EBIT)	30.4	66.1	-54.0	13.1	23.3	-43.8
Earnings before taxes (EBT)	-14.6	32.8	-144.5	-10.1	5.9	-271.2
Net income (loss) (EAT)	-18.9	15.8	-219.6	-11.2	-3.5	-220.0

[1] Adjusted to IAS 19R.

Order backlog Q2 2012–Q2 2013 I
in kt



Revenue by region 1.1.–30.6.2013 I
in %

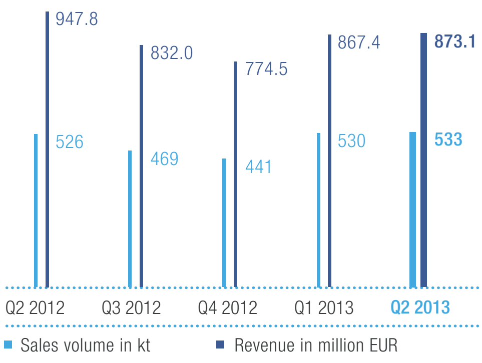


Increase in order intake

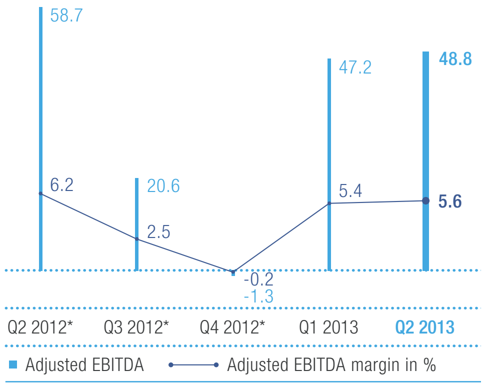
Compared to the same period of the prior year, our order intake was up every month in the first half of 2013, although the increase in the second quarter was somewhat less pronounced than in the first. The order backlog as at 30 June 2013 came to 402 kilotonnes (31.12.2012: 351 kt, 30.6.2012: 410 kt), matching the level of 31 March 2013 and significantly exceeding the figure for the second half of 2012.

At 1 008 kilotonnes, the volume of crude steel produced at our plants was comparable to the same period of the prior year (H1 2012: 1 011 kt). Notably, the 518 kilotonnes produced in the second quarter represent a significant volume increase compared to all of the previous four quarters (Q2 2012: 464 kt, Q3 2012: 379 kt, Q4 2012: 359 kt, Q1 2013: 490 kt).

Sales volume and revenue Q2 2012–Q2 2013 | in kt and in million EUR



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



* Adjusted to IAS 19R.

Sales volume up slightly on the same quarter of the prior year

Although the sales volume increased by 1.3% to 533 kilotonnes (Q2 2012: 526 kt), revenue dropped by 7.9% to EUR 873.1 million (Q2 2012: EUR 947.8 million). The fact that revenue fell while sales increased is mainly attributable to lower commodity prices which are passed on to customers via scrap and alloy surcharges as well as the price level, which remains low. The sales volume fell in the first half of 2013, decreasing by 71 kilotonnes or 6.3% to 1 063 kilotonnes (H1 2012: 1 134 kt), while revenue dropped 11.9% to EUR 1 740.5 million (H1 2012: EUR 1 974.9 million).

Revenue saw a particularly sharp drop in North America compared to the first half of the prior year, tumbling 25.1% due to weaker demand in the energy sector. The negative development in Europe and the other regions outside North America was comparatively modest, with revenue down 10.2% and 7.1%, respectively.

The extent to which sales and revenue declined also varied from one product group to another. While sales of tool and stainless steel fell by 5.3% and 3.2%, respectively, revenue decreased by 10.1% and 7.2%. Compared to the prior year, engineering steel suffered the largest decline, with sales down 6.9% and revenue 15.4%.

Percentage gross margin returns to health

Cost of materials adjusted for the change in semi-finished and finished goods fell in line with revenue by 12.0% compared to the prior-year period. The gross margin fell by EUR 71.8 million in absolute terms to EUR 552.9 million (H1 2012: EUR 624.7 million), equivalent to a decrease of 11.5%. In percentage terms, however, the gross margin matched the level of the first half of 2012, recovering to 31.8% in the first half of 2013 (H1 2012: 31.6%) after mounting price pressure had pushed it down to 28.4% in the second half of the prior year. At the same time, the gross margin was impacted by write-downs of EUR 12.8 million (H1 2012: EUR 5.0 million) charged on inventories to reflect the fall in scrap and nickel prices.

Catalogue of measures to cut personnel costs takes effect

Other operating income decreased slightly by EUR 1.9 million or 8.8% to EUR 19.6 million (H1 2012: EUR 21.5 million).

In light of the downward adjustment to sales forecasts, a catalogue of measures was initiated in the second half of 2012 especially at the German group companies aimed at significantly cutting personnel and other costs. The positive effects will not be seen fully until after 2013. The Group was nevertheless able to cut personnel costs by EUR 23.3 million or 7.2% to EUR 298.6 million (H1 2012: EUR 321.9 million) in the first half of 2013 compared to the same period of the prior year. This is due in part to the lower capacity utilisation compared to the first half of 2012. The catalogue of measures is also reflected in the lower headcount, with 409 fewer employees reported compared to 30 June 2012 and 240 fewer compared to 31 December 2012. Use of temporary employees was also downscaled considerably in the last twelve months.

At EUR 183.5 million (H1 2012: EUR 197.8 million), other operating expenses fell short of the prior-year level by 7.2%. This development is mainly attributable to lower expenses for freight, maintenance and repairs. Another factor was the net exchange gain generated in the first half of 2013; in the same period of the prior year, a net exchange loss was incurred.

Earnings improve significantly compared to second half of 2012

Operating profit before depreciation and amortisation (EBITDA) fell 28.4% or EUR 35.9 million compared to the first half of the prior year to EUR 90.4 million (H1 2012: EUR 126.3 million). Consulting fees totalling EUR 5.6 million were incurred in the first half of the fiscal year in connection with the search for investors, measures planned to reduce debt, and litigation. We eliminated these effects, giving an adjusted EBITDA of EUR 96.0 million (H1 2012: EUR 131.8 million) and an adjusted EBITDA margin of 5.5% (H1 2012: 6.7%). The adjusted EBITDA margin for Q2 improved slightly from 5.4% in Q1 to 5.6% despite the necessary inventory write-downs. These figures are well above those reported in the second half of 2012 (EUR 19.3 million and a margin of 1.2%).

With amortisation, depreciation and impairment more or less stable at EUR 60.0 million (H1 2012: EUR 60.2 million), operating profit dropped 54.0% to EUR 30.4 million (H1 2012: EUR 66.1 million).

Increase in net financial expense

Compared to the same period of the prior year, the net financial expense saw a considerable increase of 35.1% or EUR 11.7 million to EUR 45.0 million (H1 2012: EUR 33.3 million). The main factors driving this development were higher interest expenses from financial liabilities, which increased by EUR 14.4 million due to higher financing costs for the bond issued in May 2012 as well as additional fees and margin increases associated with adjusting some components of group financing in March 2013

Group reports a net loss

At EUR -14.6 million (H1 2012: EUR 32.8 million), earnings before taxes (EBT) were down EUR 47.4 million on the same period of the prior year. In absolute terms, the tax expense fell by EUR 12.7 million compared to the same period of the prior year to EUR 4.3 million (H1 2012: EUR 17.0 million). The group tax rate in relation to earnings before taxes was -29.5% (H1 2012: 51.8%). This is mainly the result of losses at the German group companies on which no further deferred tax assets have been recognised. The net loss (EAT) of EUR 18.9 million represents a decrease of EUR 34.7 million on the net income generated in the first half of the prior year (H1 2012: EUR 15.8 million), giving earnings per share of EUR -0.17 (H1 2012: EUR 0.13).

BUSINESS DEVELOPMENT OF THE DIVISIONS

Key figures of the Divisions

million EUR	1.1.– 30.6.2013	1.1.– 30.6.2012 [1]	Change from prior year %	Q2 2013	Q2 2012 [1]	Change from prior year %
Production						
Revenue	1 252.5	1 398.3	-10.4	634.7	678.2	-6.4
Adjusted EBITDA	74.2	107.3	-30.8	41.9	48.4	-13.4
Operating profit before depreciation and amortisation (EBITDA)	74.2	107.3	-30.8	41.9	48.4	-13.4
Adjusted EBITDA margin (%)	5.9	7.7	-23.4	6.6	7.1	-7.0
EBITDA margin (%)	5.9	7.7	-23.4	6.6	7.1	-7.0
Investments	26.0	38.7	-32.8	15.6	21.4	-27.1
Employees as at closing date (positions)	6 524	6 818	-4.3	–	–	–
Processing						
Revenue	195.1	221.6	-12.0	100.7	104.5	-3.6
Adjusted EBITDA	16.0	13.5	18.5	9.0	6.0	50.0
Operating profit before depreciation and amortisation (EBITDA)	16.0	13.5	18.5	9.0	6.0	50.0
Adjusted EBITDA margin (%)	8.2	6.1	34.4	8.9	5.7	56.1
EBITDA margin (%)	8.2	6.1	34.4	8.9	5.7	56.1
Investments	2.6	2.6	0.0	1.2	1.8	-33.3
Employees as at closing date (positions)	921	980	-6.0	–	–	–
Distribution + Services						
Revenue	615.2	701.3	-12.3	303.3	335.9	-9.7
Adjusted EBITDA	10.8	18.9	-42.9	2.8	10.0	-72.0
Operating profit before depreciation and amortisation (EBITDA)	10.7	18.9	-43.4	2.7	10.0	-73.0
Adjusted EBITDA margin (%)	1.8	2.7	-33.3	0.9	3.0	-70.0
EBITDA margin (%)	1.7	2.7	-37.0	0.9	3.0	-70.0
Investments	3.3	4.3	-23.3	1.8	2.6	-30.8
Employees as at closing date (positions)	2 324	2 377	-2.2	–	–	–

[1] Adjusted to IAS 19R.

In the first half of 2013, the Group was managed in accordance with the organisational structure applicable to date. Following approval of the strategic realignment in June 2013, which involved immediate adjustment to various aspects of organisation and personnel, our report on the third quarter of 2013 will reflect the new structure.

FINANCIAL POSITION AND NET ASSETS

Key figures of the financial position and net assets

	Unit	30.6.2013	31.12.2012 [1]	Change from 31.12.2012 %
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
Gearing	%	152.3	142.6	6.8
Net working capital	million EUR	1 057.8	1 006.0	5.1
Total assets	million EUR	2 553.0	2 417.1	5.6
	Unit	1.1.– 30.6.2013	1.1.– 30.6.2012 [1]	Change from prior year %
Cash flow before changes in net working capital	million EUR	80.4	124.2	-35.3
Cash flow from operations	million EUR	23.2	35.9	-35.4
Cash flow from investing activities	million EUR	-25.9	-41.5	37.6
Free cash flow	million EUR	-2.7	-5.6	51.8
Depreciation, amortisation and impairment	million EUR	60.0	60.2	-0.3
Investments	million EUR	32.3	46.9	-31.1

[1] Adjusted to IAS 19R.

Financial position

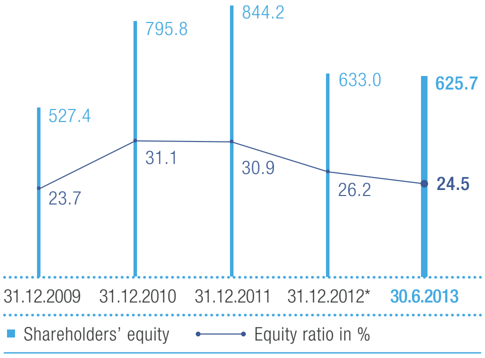
Equity down slightly

Despite positive other comprehensive income of EUR 11.8 million, shareholders' equity decreased slightly compared to 31 December 2012, falling EUR 7.3 million to EUR 625.7 million (31.12.2012: EUR 633.0 million) due to the Group's net loss of EUR 18.9 million. The equity ratio fell to 24.5% due to the simultaneous increase in total assets (31.12.2012: 26.2%).

Slight increase in net debt

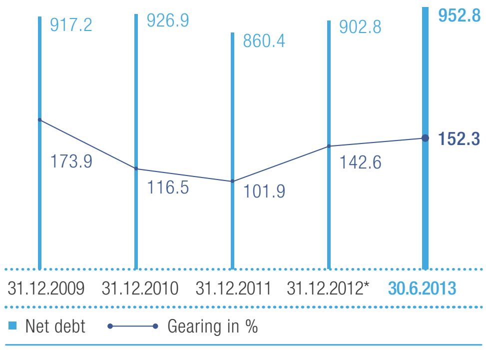
Net debt, comprising current and non-current financial liabilities less cash and cash equivalents, came to EUR 952.7 million (31.12.2012: EUR 902.8 million), an increase of 5.5% on the figure as at 31 December 2012. The increase is attributable to the seasonal rise in net working capital compared to the typically lower year-end level that was seen as at 31 December 2012. The increase in shareholders' equity pushed up the gearing. Gearing expresses the ratio of net debt to shareholders' equity and increased to 152.3% compared to 142.6% as at 31 December 2012.

Shareholders' equity and equity ratio 2009–2013 |
in million EUR and in %



* Adjusted to IAS 19R.

Net debt and gearing 2009–2013 |
in million EUR and in %



* Adjusted to IAS 19R.

Slight improvement in free cash flow

Cash flow before changes in net working capital was down 35.3% compared to the same period of the prior year to EUR 80.4 million (H1 2012: EUR 124.2 million). The decrease in cash flow from operations was comparatively less pronounced, dropping EUR 12.7 million to EUR 23.2 million in the first half of 2013. However, in percentage terms this is a fall of 35.4%.

With a much lower investment volume compared to the same period of the prior year, net cash flow from investing activities dropped by 37.6% to EUR 25.9 million (H1 2012: EUR 41.5 million). Overall, the free cash flow for the first half of 2013 came to EUR -2.7 million (H1 2012: EUR -5.6 million), an improvement of EUR 2.9 million on the same period of the prior year.

At EUR 49.3 million (H1 2012: EUR 18.3 million), the cash increase in financial liabilities was up considerably on the level recorded in the same period of the prior year. At the same time, interest paid climbed to EUR 37.7 million (H1 2012: EUR 26.1 million) on account of non-recurring expenses of EUR 11.0 million incurred in the course of adjusting financing. Cash flow from financing activities was thus positive overall at EUR 11.3 million (H1 2012: EUR -52.2 million).

Net assets

Total assets up

Total assets were up EUR 135.9 million or 5.6% on the figure as at 31 December 2012 to EUR 2 553.0 million (31.12.2012: EUR 2 417.1 million). This development is mainly attributable to the seasonal increase in inventories and trade accounts receivable.

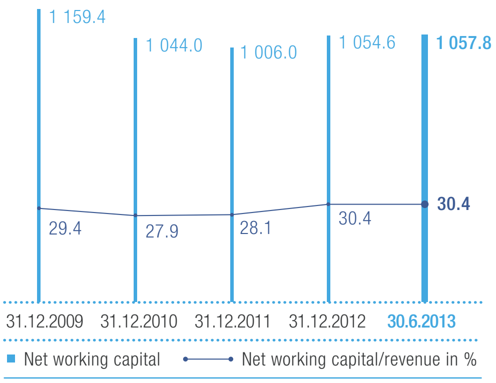
Slight fall in share of non-current assets

Compared to 31 December 2012, non-current assets decreased slightly to EUR 975.8 million (31.12.2012: EUR 1 008.3 million). Total assets increased overall at the same time, meaning that the share of non-current assets fell to 38.2% (31.12.2012: 41.7%). The investment volume decreased by around a third on the same period of the prior year to EUR 32.3 million (H1 2012: EUR 46.9 million). The investment ratio thus stood at 0.5 (H1 2012: 0.8).

Current assets increase

Current assets increased as a share of total assets from 58.3% as at 31 December 2012 to 61.8%. This is due to a 12.0% rise in current assets to EUR 1 577.2 million (31.12.2012: EUR 1 408.8 million), mainly as a result of the increase in inventories and trade accounts receivable. Net working capital was up EUR 51.8 million or 5.1% overall to EUR 1 057.8 million (31.12.2012: EUR 1 006.0 million). Net working capital as a percentage of revenue thus increased from 28.1% as at year-end 2012 to 30.4%, taking it above the figure of 29.4% reported as at 30 June 2012.

Net working capital and net working capital/revenue
Q2 2012–Q2 2013 | in million EUR and in %



Current liabilities increase as business picks up

Non-current liabilities totalling EUR 1 026.2 million as at the reporting date (31.12.2012: EUR 1 005.4 million) were up 2.1% on the figure as at 31 December 2012. The share of non-current liabilities in total equity and liabilities decreased from 41.6% as at 31 December 2012 to 40.2%.

In contrast, current liabilities increased by 15.7% to EUR 901.1 million (31.12.2012: EUR 778.7 million), which is mainly linked to the increase in trade accounts payable and the higher amounts drawn from the ABS financing programme. The share of current liabilities in total equity and liabilities thus rose overall, from 32.2% as at 31 December 2012 to 35.3% as at 30 June 2013.

RISK FACTORS

Political and regulatory risks

Some of the Group's business activities depend heavily on the legal and regulatory environment both nationally and internationally. Adjustments to submarkets can therefore be associated with risks, leading to higher costs or other disadvantages. The Company observes national legislative processes via industrial associations and is a proactive voice in consultation procedures, drawing attention to potential competitive imbalances.

The third EU emissions trading period (2013–2020) is expected to result in substantial costs for electricity and gas suppliers which will be reflected in price increases for consumers. As an industrial and trading group with considerable power requirements, we risk damage to our results of operations if the costs cannot be completely passed on to customers. SCHMOLZ+BICKENBACH is actively following the discussion process via the respective associations (e.g. International Stainless Steel Forum (ISSF) and World Steel Association (WSA)).

Risks relating to the future economic development

The entrepreneurial activity of SCHMOLZ+BICKENBACH depends on the economic development of international markets and individual industries. A change in the overall economic situation is linked to a risk that prices and sales volumes will fluctuate more. SCHMOLZ+BICKENBACH employs various measures to counter this risk. Our global structure allows us to respond robustly to local crises while our broad, fragmented industry mix and our uniquely wide product range ensure wide risk diversification. In crisis situations, this broad base along with our flexible and lean organisation allows a rapid and effective response.

The Group's economic dependency on the automotive and mechanical engineering industries exerts a substantial influence on our business performance. We aim to balance risks by continuously developing our broad product portfolio as well as maintaining an international sales focus, diversifying the business portfolio, focusing on niche products and optimising the value chain. Prices on the sales and procurement markets, as well as energy prices, are also of fundamental importance to SCHMOLZ+BICKENBACH. We operate a price surcharge system for scrap and alloys to reduce price fluctuations and have entered into long-term contracts with the suppliers to secure gas and electricity prices over time.

Environmental and health risks

The production processes used in our industrial plants involve risks of potential environmental pollution. Taking responsibility for protecting the environment and climate atmosphere is therefore of major significance and an important corporate goal for SCHMOLZ+BICKENBACH. Efficient use of resources and energy, recyclable products, minimised environmental impact of our activities, and open dialogue with neighbours, authorities and stakeholders are the principles that underpin our environmental behaviour.

Further information about how we protect the environment and climate can be found in 2012 annual report in the section "Environmental awareness in all processes".

Risks from information technology/security and internal processes

To ensure that IT-supported business processes are operated professionally within the Group and with customers, suppliers and business partners, our information technology is regularly reviewed and adapted. The current information security measures are updated on an ongoing basis so as to eliminate, or at least minimise, the risks associated with IT processes.

Personnel risks

The success of SCHMOLZ+BICKENBACH hinges on the competence and commitment of its employees. The major challenge is therefore to recruit and retain qualified specialists. SCHMOLZ+BICKENBACH emphasises internal education and training as one way to achieve this. Further information about continuing employee education and training can be found in the 2012 annual report in the chapter “Non-financial performance indicators”.

Moreover, demographic developments as well as the later statutory retirement age in many countries will increase the importance of a human resources policy aligned to these trends in the years that lie ahead. Existing structures need to be analysed in this context and requirements for action identified. Besides the age structure analysis agreed within some collectively bargained wage agreements, one example is the analysis of stressors in the workplace. This process examines individual stressors in the workplace to determine measures supporting the ergonomic design of physical working conditions, employee motivation, etc.

Ultimately, occupational health and safety, age-appropriate workplaces, employee retention, and the maintenance of a motivating corporate culture are key challenges that we face in the years ahead.

Financial risks

Foreign currency risk

Currency risks arise mainly in connection with trade accounts receivable and payable in foreign currencies, planned future revenue in a foreign currency and any existing or planned commodity supply contracts at fixed prices in a foreign currency. Currency management is country-specific, with foreign currency amounts being regularly translated into the respective functional currency, mainly by means of forward exchange contracts.

Interest rate risk

Interest rate risks arise mainly on interest-bearing liabilities that are denominated in euro. The Executive Board stipulates an appropriate target ratio of fixed and floating-rate liabilities and constantly monitors compliance with the target. Interest rates are primarily managed using interest rate swaps.

Commodity price risk

The commodity price risks result from fluctuations in the prices of raw materials and power required for steel production. Fluctuations in the prices of raw materials can usually be passed on to customers in the form of alloy surcharges. Where this is not possible, commodity derivative instruments are used to hedge some of the risk. Currently, these mainly comprise forward exchange contracts for nickel. SCHMOLZ+BICKENBACH receives payments depending on the nickel price development, and is therefore protected against price hikes.

Credit risk

Credit risks are mainly linked to trade accounts receivable, bank balances and derivative financial instruments. In view of the broadly diversified customer list, which covers various regions and industries, the credit risk on trade accounts receivable is limited. Furthermore, some of the trade accounts receivable are covered by credit insurance with varying deductibles.

Credit risks from operating activities are mitigated by selecting external business partners based on an internal credit check and a credit approval process. A credit risk limit is set for each contractual partner based on the internal credit check. Each subsidiary is essentially responsible for setting and monitoring their own limits under observation of the various approval processes that apply depending on the credit limit. The credit and collections policies of the local companies are captured by the internal control system and are therefore audited periodically by the internal audit department.

All of the banks with which SCHMOLZ+BICKENBACH maintains business relationships have good credit ratings considering the prevailing market conditions and are in most cases members of deposit guarantee funds. Derivative financial instruments are only entered into with these banks.

Liquidity risk

Solvency is assured at all times by a largely centralised cash management system. This involves preparing liquidity plans in which the expected cash receipts and payments for a specified time period are offset against each other. In addition, liquidity reserves are maintained in the form of bank balances and irrevocable credit facilities with banks. Among other things, a liquidity risk could result from the financial covenants in our financing agreements. They are tested for compliance at the end of each quarter. Although compliance with the covenants is monitored on an ongoing basis, they depend on a large number of exogenous factors, including the general economic development. As such, they are only within our control to a limited extent. Depending on the financing agreement in question, failure to comply with the covenants can lead to a substantial increase in financing costs or trigger an obligation to settle all or part of the relevant financial liabilities.

Following the loss situation that emerged in 2012, the financial covenants defined in the individual financing agreements were adjusted in early 2013 to reflect the Group's new financial position and results of operations for the remaining term to maturity. Furthermore, the Company has undertaken to reduce its debt further in the medium term. The Board of Directors and the Executive Board expect that suitable measures to reduce leverage will be implemented successfully.

Risks connected with the reorganisation of the shareholder structure

Due to the commercial register block imposed by SCHMOLZ+BICKENBACH GmbH & Co. KG, the capital increase agreed by resolution of the general meeting on 28 June 2013 has had to be postponed for the time being. On 23 July 2013, the Board of Directors reached an agreement with the Renova Group and SCHMOLZ+BICKENBACH GmbH & Co. KG regarding how to proceed with the recapitalisation of SCHMOLZ+BICKENBACH AG and the Renova Group's takeover bid to the Company's independent shareholders. This agreement aims to safeguard the business interests of SCHMOLZ+BICKENBACH AG and ensure the smooth transition of responsibility for the Company to the Renova/SCHMOLZ+BICKENBACH GmbH & Co. KG Group as majority shareholders. In a letter dated 9 August 2013, Venetos Holding AG announced that it will support a capital increase of at least CHF 330 million for the Renova/SCHMOLZ+BICKENBACH GmbH & Co. KG Group. Ventos may propose a larger capital increase once it has the results of the due diligence review that is currently underway. As at 30 June 2013, other current assets contain deferred transaction costs of EUR 10.3 million in connection with the capital increase. These costs would have to be recorded through profit or loss if the capital increase is not carried out as planned.

Due to the continuous reorganisation of the shareholder structure as well as the takeover bid by Venetos Holding AG, a Renova Group subsidiary, a change in control cannot be ruled out. Such a change would trigger termination options for the syndicated loan, the KfW Ipex loan and the ABS financing programme and a change in control put option for the bond. However, the Board of Directors and Executive Board assume that the existing financing agreements will be continued or that suitable refinancing will be concluded. As at 30 June 2013, financial liabilities included deferred transaction costs of EUR 28.1 million which had not yet been posted through profit or loss. If group financing is replaced, some or all of these would have to be recorded through profit or loss immediately.

A change in control could also have various tax implications, especially the cancellation of unused tax losses and interest carryforwards in Germany. Under German tax law, unused tax losses and interest carryforwards lapse in proportion to the change in ownership if more than 25% of the shares or voting rights in a corporation are transferred indirectly or directly to a buyer or group of buyers with similar interests within a period of five years. Unused tax losses and interest carryforwards lapse in full if more than 50% of the shares or voting rights in a corporation are transferred indirectly or directly to a buyer or group of buyers with similar interests within a period of five years. In such cases, the deferred tax assets recognised for these unused tax losses and interest carryforwards would have to be written off through profit or loss. As the planning only allowed for deferred tax assets to be recognised on a portion of the German unused tax losses and interest carryforwards, we do not anticipate any material effects on the consolidated financial statements provided the share transfer remains below the 50% threshold.

A change in control would give some members of the Executive Board the right to terminate their employment agreements and receive a contractually agreed severance payment. Furthermore, a change in control could potentially jeopardise the recently initiated strategic realignment of the Group.

OUTLOOK

We assume that the tense economic situation in the eurozone and in our sales markets will continue for the foreseeable future. We aim to adapt to this challenging market environment through our strategic realignment.

We generated a solid operating profit in the first half of 2013 despite contending with a difficult market. We expect earnings development in the second half of the year to be stronger than in the second half of 2012. The third quarter of 2013 got off to a satisfactory start. Sales volume and order backlog are expected to remain stable in the second half of the year. The drop in commodity prices and as yet unpredictable development of prices in the second half make it difficult to forecast revenue for 2013 as a whole. Assuming that commodity prices remain low for the rest of the year, revenue is set to fall just short of the prior-year level.

Earnings forecast confirmed

We are making good headway with the restructuring and cost-cutting programmes. Around two thirds of the cost savings (EUR 35 million) introduced in the fiscal year 2012 will positively impact on adjusted operating profit before amortisation and depreciation (EBITDA) before the end of the current fiscal year. We are therefore confident that we will achieve an adjusted EBITDA of between EUR 150 million and EUR 200 million. This forecast already considers the fact that the third quarter is the weakest in terms of business development due to seasonal effects such as plant downtime over the summer months and the scheduled general overhaul work carried out at production facilities, leading to maintenance and repair costs. The intense investment phase for production plant over the last few years – part of our buy-and-build investment strategy – has largely been concluded, meaning that the investment volume for 2013 will be modest at less than EUR 100 million.

This forecast assumes that the economic outlook, commodity prices and exchange rates of relevance for us (CHF/EUR and USD/EUR) will be stable in the second half of the year and that no further unforeseen events hinder our business development.

Net financial expenses will climb significantly in 2013 as a whole due to adjustments made to group financing in the first quarter of 2013. Furthermore, in 2013 a coupon payment of EUR 25 million will be payable on the corporate bond issued in May 2012. This is the first time that interest is due on a full twelve-month period. The planned capital increase will strengthen the capital base considerably, however, and reduce net debt. We therefore expect net financial expenses to decrease from the fourth quarter of 2013 onwards.

Actual and target (guidance)	2012 (actual)	2013 (forecast)	Medium-term target [1]
Revenue	EUR 3.6 billion	Slightly below the prior year [2]	–
Adjusted EBITDA	EUR 151.8 million	EUR 150–200 million	> EUR 300 million
Adjusted EBITDA margin	4.2%	–	> 8%
Investments	EUR 141.0 million	EUR 100 million [3]	–

[1] From 2016 onwards.
[2] Assuming commodity prices remain low.
[3] Not including assets purchased using government grants.

2 Financial reporting

22–36

CONSOLIDATED INCOME STATEMENT

million EUR	Note	1.1.–30.6.2013	1.1.–30.6.2012 [1]	Q2 2013	Q2 2012 [1]
Revenue		1 740.5	1 974.9	873.1	947.8
Change in semi-finished and finished goods		24.4	39.7	7.2	9.5
Cost of materials		-1 212.0	-1 389.9	-603.4	-656.7
Gross margin		**552.9**	**624.7**	**276.9**	**300.6**
Other operating income	8.1	19.6	21.5	5.8	9.9
Personnel costs		-298.6	-321.9	-147.9	-159.3
Other operating expenses	8.2	-183.5	-197.8	-91.0	-97.8
Income/loss on investments accounted for using the equity method		0.0	-0.2	0.0	-0.2
Operating profit before depreciation and amortisation		**90.4**	**126.3**	**43.8**	**53.2**
Depreciation/amortisation and impairment		-60.0	-60.2	-30.7	-29.9
Operating profit		**30.4**	**66.1**	**13.1**	**23.3**
Financial income		6.1	4.6	5.0	2.4
Financial expense		-51.1	-37.9	-28.2	-19.8
Financial result	8.3	**-45.0**	**-33.3**	**-23.2**	**-17.4**
Earnings before taxes		**-14.6**	**32.8**	**-10.1**	**5.9**
Income taxes	8.4	-4.3	-17.0	-1.1	-9.4
NET INCOME (LOSS)		**-18.9**	**15.8**	**-11.2**	**-3.5**
of which attributable to					
- shareholders of SCHMOLZ+BICKENBACH AG		-20.0	15.2	-11.6	-3.6
- non-controlling interests		1.1	0.6	0.4	0.1
Earnings per share in EUR (basic/diluted)		**-0.17**	**0.13**	**-0.10**	**-0.03**

[1] Adjusted to IAS 19R.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

million EUR	1.1.– 30.6.2013	1.1.– 30.6.2012 [1]	Q2 2013	Q2 2012 [1]
Net income (loss)	**-18.9**	**15.8**	**-11.2**	**-3.5**
Gains/losses from currency translation	-7.2	10.2	-11.2	15.6
Gains/losses from currency translation after taxes	**-7.2**	**10.2**	**-11.2**	**15.6**
Change in unrealised gains/losses from cash flow hedges	-0.4	-0.4	-0.3	0.3
Realised gains/losses	0.2	0.1	0.1	0.0
Tax effect	0.1	0.1	0.1	-0.1
Gains/losses from cash flow hedges after taxes	**-0.1**	**-0.2**	**-0.1**	**0.2**
Items that may be reclassified subsequently to profit or loss	**-7.3**	**10.0**	**-11.3**	**15.8**
Actuarial gains/losses from pension-related and similar obligations and effects due to asset ceiling	23.2	-20.6	17.0	-9.3
Tax effect	-4.1	5.8	-3.6	2.8
Actuarial gains/losses from pension-related and similar obligations and effects due to asset ceiling after taxes	**19.1**	**-14.8**	**13.4**	**-6.5**
Items that will not be reclassified subsequently to profit or loss	**19.1**	**-14.8**	**13.4**	**-6.5**
Other comprehensive income	**11.8**	**-4.8**	**2.1**	**9.3**
TOTAL COMPREHENSIVE INCOME	**-7.1**	**11.0**	**-9.1**	**5.8**
of which attributable to				
- shareholders of SCHMOLZ+BICKENBACH AG	-8.1	10.4	-9.5	5.8
- non-controlling interests	1.0	0.6	0.4	0.0

[1] Adjusted to IAS 19R.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30.6.2013		31.12.2012 [1]		30.6.2012 [1]		1.1.2012 [1]	
	Note	million EUR	%	million EUR	%	million EUR	%	million EUR	%
Assets									
Intangible assets	9.1	33.5		36.2		40.9		43.3	
Property, plant and equipment	9.1	865.8		898.6		894.2		900.5	
Investments accounted for using the equity method		0.6		0.6		0.6		0.9	
Other non-current financial assets		3.7		2.9		3.3		3.6	
Non-current income tax assets		12.6		12.3		14.2		13.9	
Other non-current assets		1.8		1.9		1.9		2.0	
Deferred tax assets	8.4	57.8		55.8		89.6		91.2	
Total non-current assets		**975.8**	**38.2**	**1 008.3**	**41.7**	**1 044.7**	**37.4**	**1 055.4**	**38.6**
Inventories	9.2	886.5		870.4		1 034.1		991.9	
Trade accounts receivable		567.0		444.2		614.0		518.8	
Current financial assets		6.8		2.9		5.4		11.9	
Current income tax assets		3.7		3.8		12.9		12.2	
Other current assets		52.0		36.5		41.7		39.3	
Cash and cash equivalents		58.3		50.5		43.4		100.6	
Non-current assets held for sale		2.9		0.5		0.0		1.6	
Total current assets		**1 577.2**	**61.8**	**1 408.8**	**58.3**	**1 751.5**	**62.6**	**1 676.3**	**61.4**
TOTAL ASSETS		**2 553.0**	**100.0**	**2 417.1**	**100.0**	**2 796.2**	**100.0**	**2 731.7**	**100.0**
Equity and liabilities									
Share capital		297.6		297.6		297.6		297.6	
Capital reserves		703.7		703.7		703.7		703.7	
Retained earnings (accumulated losses)		-341.6		-321.7		-143.0		-148.4	
Accumulated income and expense recognised directly in equity		-42.9		-54.8		-22.1		-17.3	
Attributable to shareholders of SCHMOLZ+BICKENBACH AG		**616.8**		**624.8**		**836.2**		**835.6**	
Non-controlling interests		8.9		8.2		5.8		5.3	
Total shareholders' equity		**625.7**	**24.5**	**633.0**	**26.2**	**842.0**	**30.1**	**840.9**	**30.8**
Provisions for pensions and similar obligations	9.3	260.7		283.0		250.7		227.2	
Other non-current provisions		41.9		38.4		32.7		35.7	
Deferred tax liabilities	8.4	35.0		32.6		27.9		29.1	
Non-current financial liabilities	9.4	686.7		647.0		638.6		648.2	
Other non-current liabilities		1.9		4.4		12.6		18.4	
Total non-current liabilities		**1 026.2**	**40.2**	**1 005.4**	**41.6**	**962.5**	**34.4**	**958.6**	**35.1**
Current provisions		38.7		46.2		33.9		27.1	
Trade accounts payable		395.7		308.6		488.7		445.9	
Current financial liabilities	9.4	324.3		306.3		316.9		312.8	
Current income tax liabilities		7.2		10.2		12.4		15.8	
Other current liabilities		135.2		107.4		139.8		130.6	
Total current liabilities		**901.1**	**35.3**	**778.7**	**32.2**	**991.7**	**35.5**	**932.2**	**34.1**
Total liabilities		**1 927.3**	**75.5**	**1 784.1**	**73.8**	**1 954.2**	**69.9**	**1 890.8**	**69.2**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2 553.0**	**100.0**	**2 417.1**	**100.0**	**2 796.2**	**100.0**	**2 731.7**	**100.0**

[1] Adjusted to IAS 19R.

CONSOLIDATED STATEMENT OF CASH FLOWS

million EUR	1.1.– 30.6.2013	1.1.– 30.6.2012 [1]
Earnings before taxes	-14.6	32.8
Depreciation, amortisation and impairment	60.0	60.2
Reversal of impairment	-0.6	0.0
Income/loss on investments accounted for using the equity method	0.0	0.2
Gain/loss on disposal of intangible assets, property, plant and equipment, and financial assets	0.9	2.3
Increase/decrease in other assets and liabilities	0.4	10.3
Financial income	-6.1	-4.6
Financial expense	51.1	37.9
Income taxes paid	-10.7	-14.9
Cash flow before changes in net working capital	**80.4**	**124.2**
Change in inventories	-21.1	-37.2
Change in trade accounts receivable	-126.7	-90.3
Change in trade accounts payable	90.6	39.2
CASH FLOW FROM OPERATIONS	**23.2**	**35.9**
Investments in property, plant and equipment	-29.8	-45.1
Proceeds from disposal of property, plant and equipment	5.0	3.8
Investments in intangible assets	-1.0	-1.0
Investments in financial assets	-0.8	0.0
Proceeds from disposal of intangible assets	0.2	0.0
Interest received	0.5	0.8
CASH FLOW FROM INVESTING ACTIVITIES	**-25.9**	**-41.5**
Free cash flow	**-2.7**	**-5.6**
Increase in financial liabilities	67.6	37.0
Repayment of financial liabilities	-18.3	-18.7
Proceeds from issuance of bond	0.0	240.4
Repayment of syndicated loan	0.0	-275.0
Investments in shares in previously consolidated companies	-0.3	0.0
Dividend payment	0.0	-9.8
Interest paid	-37.7	-26.1
CASH FLOW FROM FINANCING ACTIVITIES	**11.3**	**-52.2**
Change in cash and cash equivalents	8.6	-57.8
Effect of foreign currency translation	-0.8	0.6
Change in cash and cash equivalents	**7.8**	**-57.2**
Cash and cash equivalents as at 1.1.	50.5	100.6
Cash and cash equivalents as at 30.6.	58.3	43.4
Change in cash and cash equivalents	**7.8**	**-57.2**

[1] Adjusted to IAS 19R.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

million EUR	Share capital	Capital reserves	Retained earnings (accumulated losses)	Accumulated income and expense recognised directly in equity	**Attributable to shareholders of SCHMOLZ + BICKENBACH AG**	Non-controlling interests	**Total shareholders' equity**
As at 1.1.2012 (as previously reported)	297.6	703.7	-148.0	-14.4	**838.9**	5.3	**844.2**
Effect of retrospectively adopting IAS 19R	0.0	0.0	-0.4	-2.9	**-3.3**	0.0	**-3.3**
As at 1.1.2012 [1]	**297.6**	**703.7**	**-148.4**	**-17.3**	**835.6**	**5.3**	**840.9**
Dividends	0.0	0.0	-9.8	0.0	**-9.8**	-0.1	**-9.9**
Capital transactions with shareholders	**0.0**	**0.0**	**-9.8**	**0.0**	**-9.8**	**-0.1**	**-9.9**
Net income[1]	0.0	0.0	15.2	0.0	**15.2**	0.6	**15.8**
Other comprehensive income[1]	0.0	0.0	0.0	-4.8	**-4.8**	0.0	**-4.8**
Total comprehensive income	**0.0**	**0.0**	**15.2**	**-4.8**	**10.4**	**0.6**	**11.0**
As at 30.6.2012	**297.6**	**703.7**	**-143.0**	**-22.1**	**836.2**	**5.8**	**842.0**
As at 1.1.2013 (as previously reported)	297.6	703.7	-316.5	-52.9	**631.9**	8.2	**640.1**
Effect of retrospectively adopting IAS 19R	0.0	0.0	-5.2	-1.9	**-7.1**	0.0	**-7.1**
As at 1.1.2013 [1]	**297.6**	**703.7**	**-321.7**	**-54.8**	**624.8**	**8.2**	**633.0**
Acquisition of shares in previously consolidated companies	0.0	0.0	0.0	0.0	**0.0**	-0.3	**-0.3**
Expense from share-based payments	0.0	0.0	0.1	0.0	**0.1**	0.0	**0.1**
Capital transactions with shareholders	**0.0**	**0.0**	**0.1**	**0.0**	**0.1**	**-0.3**	**-0.2**
Net income (loss)	0.0	0.0	-20.0	0.0	**-20.0**	1.1	**-18.9**
Other comprehensive income	0.0	0.0	0.0	11.9	**11.9**	-0.1	**11.8**
Total comprehensive income	**0.0**	**0.0**	**-20.0**	**11.9**	**-8.1**	**1.0**	**-7.1**
AS AT 30.6.2013	**297.6**	**703.7**	**-341.6**	**-42.9**	**616.8**	**8.9**	**625.7**

[1] Adjusted to IAS 19R.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 About the company

SCHMOLZ+BICKENBACH AG (SCHMOLZ+BICKENBACH) is a Swiss company limited by shares which is listed on the SIX Swiss Exchange (SIX) and has its registered office at Emmenweidstrasse 90 in Emmen. SCHMOLZ+BICKENBACH is a global steel company operating in the special steel and engineering steel sectors of the long-products business. These interim consolidated financial statements were authorised for issue by the Board of Directors on 12 August 2013.

2 Accounting policies

The Group prepared these interim consolidated financial statements of SCHMOLZ+BICKENBACH AG as at 30 June 2013 in accordance with IAS 34 “Interim Financial Reporting”. They contain all the information required of interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs). More detailed disclosures on accounting policies can be found in the consolidated financial statements as at 31 December 2012.
This quarterly report is presented in euro. Unless otherwise stated, monetary amounts are denominated in millions of euro.

3 Going concern

For the purposes of preparing the interim consolidated financial statements, the Board of Directors and Executive Board assess the Group as being in a position to continue as a going concern.
Customary market fees were payable to adjust the syndicated loan agreement, the ABS financing programme and the KfW Ipex loan at the beginning of March 2013 in light of the losses incurred in 2012; the financial covenants and the margins payable on the base rate were adjusted to reflect the change in net assets and the results of operations. Furthermore, the Company has undertaken to reduce its debt further in the medium term.
Consequently, the general meeting of 28 June 2013 approved the proposal to issue subscription rights intended to generate new funds for the Group totalling CHF 330 million gross by way of capital reduction and simultaneous capital increase. The full amount was underwritten by a syndicate of banks. Due to the commercial register block imposed by SCHMOLZ+BICKENBACH GmbH & Co. KG, the capital increase agreed by resolution of the general meeting will have to be postponed for the time being.
Via its subsidiary Venetos Holding AG, the Renova Group acquired 20.5% of the shares in SCHMOLZ+BICKENBACH AG from SCHMOLZ+BICKENBACH GmbH & Co. KG at the end of June 2013, followed by a further 4.8% at the end of July. At the same time it issued a public takeover bid to the independent shareholders. On 23 July 2013, the Board of Directors reached an agreement with the Renova Group and SCHMOLZ+BICKENBACH GmbH & Co. KG regarding how to proceed with the recapitalisation of SCHMOLZ+BICKENBACH AG and the Renova Group's takeover bid to the Company's independent shareholders. This agreement aims to safeguard the business interests of SCHMOLZ+BICKENBACH AG and ensure the smooth transition of responsibility for the Company to the Renova/SCHMOLZ+BICKENBACH GmbH & Co. KG Group as majority shareholder. In a letter dated 9 August 2013, Venetos Holding AG announced that it will support a capital increase of at least CHF 330 million for the Renova/SCHMOLZ+BICKENBACH GmbH & Co. KG Group. Ventos may propose a larger capital increase once it has the results of the due diligence review that is currently underway. Based on the above, the Board of Directors and the Executive Board remain optimistic that suitable measures to reduce leverage will be implemented successfully.
Furthermore, the existing financing agreements contain provisions on termination options or amendment obligations in the event of a change in control. There was no change in control as at 30 June 2013. Due to the continuous reorganisation of the shareholder structure as well as the takeover bid by Venetos Holding AG, a change in control cannot be ruled out. Such a change would trigger termination options for the syndicated loan, the KfW Ipex loan and the ABS financing programme and a change in control put option for the bond. Despite the uncertainty, the Board of Directors and Executive Board are confident that the existing financing agreements will be continued or that suitable refinancing will be arranged. If the above assessments prove inaccurate and the financing agreements are terminated without suitable refinancing being arranged, the SCHMOLZ+BICKENBACH Group's ability to continue as a going concern would be in jeopardy and these interim consolidated financial statements would have had to be prepared at liquidation values.

4 Significant accounting judgements, estimates and assumptions

In preparing these interim consolidated financial statements in accordance with IAS 34, assumptions and estimates have been made which affect the carrying amounts and disclosure of the recognised assets and liabilities, income and expenses, and contingent liabilities. Actual amounts may differ from the estimates.
As at 30 June 2013, other current assets contain deferred transaction costs of EUR 10.3 million in connection with the capital increase. These transactions costs would have to be recorded through the income statement if the capital increase is not carried out as planned.
As at 30 June 2013, financial liabilities included deferred transaction costs of EUR 28.2 million which had not yet been posted to the income statement. If certain financing agreements cannot be continued, some or all of these costs would have to be recorded through profit or loss immediately.
More detailed disclosures on estimates and assumptions can be found in the consolidated financial statements as at 31 December 2012.

5 Standards and interpretations applied

The significant accounting policies applied in the interim consolidated financial statements are largely consistent with those used for the most recent consolidated financial statements prepared as at the end of the fiscal year 2012, with the exception of the new and revised standards and interpretations whose adoption is mandatory as at 1 January 2013.

There are three new consolidation standards: IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities”. IFRS 10 provides a uniform definition of the term “control” to offer a uniform basis for the existence of a parent-subsidiary relationship and the related scope of consolidation. IFRS 11 governs the financial reporting by parties to a joint arrangement, i.e. situations in which an entity exercises joint control over a joint venture or joint operation. IFRS 12 combines the disclosures regarding interests in subsidiaries, joint arrangements, associates, and special purpose entities into a single standard. In addition, IAS 27 “Separate Financial Statements” was revised and now solely contains the unchanged provisions on separate financial statements pursuant to IFRSs. Finally, IAS 28 “Investments in Associates and Joint Ventures” was amended and thus adjusted to the new standards IFRS 10, 11 and 12. The new standard IFRS 13 explains how to measure fair value to the extent that this is prescribed as a measurement according to other IFRSs; IFRS 13 does not extend the use of fair value measurement. According to the amendment to IAS 1 “Presentation of Financial Statements”, entitled “Presentation of Items of Other Comprehensive Income”, other comprehensive income (OCI) must in future be grouped on the basis of whether the income and expense items can subsequently be recycled to profit or loss. The main amendment to the revised IAS 19 “Employee Benefits” (IAS 19R) is the elimination of the corridor method, which was not previously applied within the SCHMOLZ+BICKENBACH Group anyway. In addition, the components for inclusion in the income statement are redefined. In future, the redefined service cost component includes not only the current service cost but also the entire past service cost from plan amendments. The redefined net interest component is determined by multiplying the net defined benefit liability (asset) by the discount rate. The revised standard also clarifies the definition of termination benefits, which will have an effect on accounting for obligations from phased retirement (“Altersteilzeit”) agreements in Germany. Other standards and interpretations that became mandatory as at 1 January 2013 were the new interpretation IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”, which deals with accounting for such costs, and Improvements to IFRS, which amends various standards and interpretations.

With the exception of IAS 19R, the amendments to the standards and interpretations did not have a material impact on the uniform accounting policies applied by the Group or on these interim consolidated financial statements of SCHMOLZ+BICKENBACH AG.

The impact of IAS 19R on the consolidated statement of financial position, the consolidated income statement and the consolidated statement of comprehensive income is presented below:

million EUR	Shareholders' equity 1.1.2012	Net loss 1.1.–31.12.2012	Other comprehensive income 1.1.–31.12.2012	Shareholders' equity 31.12.2012
As previously reported	844.2	-157.9	-38.4	640.1
Adjustment provisions for pensions and other non-current provisions	-4.1	-5.8	1.3	-8.5
Adjustment deferred taxes	0.8	0.9	-0.2	1.4
Adjusted	840.9	-162.8	-37.3	633.0

Due to this adjustment, earnings per share (basic/diluted) for 2012 decreased from EUR -1.34 to EUR -1.38.

6 Scope of consolidation and business combinations

The remaining 24.9% of shares in the previously consolidated subsidiary Ardenacier S.A.R.L. (FR) were acquired in February 2013.

7 Seasonal effects

There are slight seasonal effects affecting sales and revenue in all segments of the Group. These effects are attributable to the lower number of working days in the second half of the year due to our customers' vacation periods in July and August as well as the second half of December. These periods are associated with plant downtime in some cases. The effects are particularly pronounced in the third quarter, which is affected by the summer vacation period. Fixed costs are distributed fairly equally over all four quarters, however. Furthermore, the majority of general overhaul work on production and processing plants is carried out over the summer during plant downtime. As a result, expenses for servicing and maintenance as well as capital expenditures are usually at their highest in the third quarter. Inventories of semi-finished and finished goods are usually increased before the summer vacation period starts, i.e. towards the end of the second quarter. This safeguards the supply of customers after the end of the vacation period and has the effect that net working capital usually peaks around this time. In contrast, trade accounts receivable and payable, and with them net working capital, tend to reach their lowest level at year-end due to the reduction in inventories typically seen at the end of the year.

Furthermore, the amount of net working capital is significantly affected by commodity prices.
The (cyclical) economic development has a much more pronounced impact than seasonal effects on the development of the Group's earnings, revenue and sales, however.

8 Notes to the consolidated income statement

8.1 Other operating income

million EUR	1.1.–30.6.2013	1.1.–30.6.2012
Income from reversal of provisions	1.5	3.5
Rent and lease income	1.6	1.1
Income from recovery of previously written off receivables and reversal of allowances on receivables	0.6	0.5
Gains on disposal of intangible assets, property, plant and equipment, and financial assets	0.7	0.2
Commission income	0.1	0.3
Net exchange gains/losses	1.3	0.0
Miscellaneous income	13.6	15.7
Total	**19.6**	**21.5**

Exchange rate gains and losses are stated net in the income statement and presented in other operating income or expenses depending on whether the net figure is positive or negative. The net figure breaks down as follows:

million EUR	1.1.–30.6.2013	1.1.–30.6.2012
Exchange gains	24.1	24.0
Exchange losses	22.8	26.8
Net exchange gains/losses	**1.3**	**-2.8**

Miscellaneous income comprises a number of individually immaterial items which cannot be allocated to another line item.

8.2 Other operating expenses

million EUR	1.1.–30.6.2013	1.1.–30.6.2012
Freight	52.6	56.6
Maintenance, repairs	29.5	32.4
Rent and lease expenses	17.2	16.6
Advisory, audit and IT services	18.8	14.1
Insurance fees	7.1	7.2
Commission expense	5.2	6.7
Non-income taxes	5.0	5.9
Net exchange gains/losses	0.0	2.8
Losses on disposal of intangible assets, property, plant and equipment, and financial assets	1.6	2.4
Miscellaneous expense	46.5	53.1
Total	**183.5**	**197.8**

The increase in advisory, audit and IT services was related to the search for investors, measures planned to reduce debt, and litigation.
Miscellaneous expense comprises a number of individually immaterial items which cannot be allocated to another line item.

8.3 Financial result

million EUR	1.1.–30.6.2013	1.1.–30.6.2012 [1]
Interest income	1.4	0.8
Other financial income	4.7	3.8
Financial income	**6.1**	**4.6**
Interest expense on financial liabilities	-47.7	-33.3
Interest expense on pension provisions	-4.1	-4.4
Capitalised borrowing costs	1.2	0.8
Other financial expense	-0.5	-1.0
Financial expense	**-51.1**	**-37.9**
FINANCIAL RESULT	**-45.0**	**-33.3**

[1] Adjusted to IAS 19R.

Other financial income and other financial expense contain gains and losses from marking interest rate derivatives to market.
Interest expense on financial liabilities includes transaction costs of EUR 9.9 million (H1 2012: EUR 7.5 million) that were recognised through profit or loss over the term of the respective financing agreements.

8.4 Income taxes

million EUR	1.1.–30.6.2013	1.1.–30.6.2012 [1]
Current taxes	8.1	11.2
Deferred taxes	-3.8	5.8
Income taxes	**4.3**	**17.0**

[1] Adjusted to IAS 19R.

The local tax rates used to determine current and deferred taxes have not changed materially in comparison to the prior year. The effective group tax rate for the first half of 2013 was -29.5% (H1 2012: 51.8%). This rate considers the tax rates of the individual countries in which the Group operates, weighted for earnings before taxes. The change in effective group tax rate is mainly attributable to the continuing loss situation at German group companies. Following the recognition of extensive impairment losses on deferred tax assets that had previously been recognised on loss carryforwards as at 31 December 2012, no further deferred tax assets were recognised because their future use can no longer be considered probable.

The net change in deferred tax assets and liabilities breaks down as follows:

million EUR	2013	2012 [1]
Balance as at 1.1.	23.2	62.1
Changes recognised in profit and loss	3.8	-5.8
Changes recognised in other comprehensive income	-4.0	5.9
Foreign currency effects	-0.2	-0.5
Balance as at 30.6.	**22.8**	**61.7**

[1] Adjusted to IAS 19R.

9 Notes to the consolidated statement of financial position

9.1 Intangible assets and property, plant and equipment

Capital expenditures totalling EUR 32.3 million (H1 2012: EUR 46.9 million) break down into additions to intangible assets of EUR 1.0 million (H1 2012: EUR 1.0 million) and additions to property, plant and equipment of EUR 31.3 million (H1 2012: EUR 45.9 million). Most of the additions relate to the Production Division.

9.2 Inventories

million EUR	30.6.2013	31.12.2012
Raw materials, consumables and supplies	114.4	107.8
Semi-finished goods and work in progress	309.9	280.5
Finished products and merchandise	462.2	482.1
Total	**886.5**	**870.4**

Inventories were impaired by EUR 12.8 million as at 30 June 2013 (H1 2012: EUR 5.0 million) due to the fall in scrap and alloy prices.

9.3 Provisions

The following updated discount rates were used to remeasure pension obligations compared to 31 December 2012:

in %	30.6.2013	31.12.2012
Switzerland	2.1	1.7
Euro area	3.4	3.3
USA	4.4	3.7
Canada	4.3	4.0

Actuarial gains of EUR 19.1 million after tax (H1 2012: actuarial losses of EUR 14.8 million) were recorded in other comprehensive income. These gains primarily reflect the higher discount rates and the better return on plan assets.

9.4 Financial liabilities

Negotiations with the lending banks were initiated at the end of 2012 and resumed in early 2013 once the medium-term planning had been updated and approved by the Board of Directors. The financial covenants defined in the individual financing agreements were adjusted to the Group's new financial position and results of operations for the remaining terms of the agreements. The financial covenants incorporate sufficient latitude to make compliance likely even if demand picks up less quickly than assumed in planning. Customary market fees were payable for adjusting the syndicated loan agreement, the ABS financing programme and the KfW Ipex loan; the margins payable on the base rate were adjusted. Furthermore, the Company has undertaken to reduce its debt further in the medium term.

The Group's financial liabilities break down as follows as at 30 June 2013:

million EUR	30.6.2013	31.12.2012
Syndicated loan	379.1	322.1
Other bank loans	55.0	72.4
Bond	243.3	242.2
Liabilities from finance leases	7.3	8.2
Other financial liabilities	2.0	2.1
Total non-current	**686.7**	**647.0**
Syndicated loan	35.0	35.0
Other bank loans	34.2	29.5
ABS financing programme	249.0	235.6
Liabilities from finance leases	2.0	2.1
Other financial liabilities	4.1	4.1
Total current	**324.3**	**306.3**

Other current financial liabilities include accrued interest for the bond of EUR 3.3 million (31.12.2012: EUR 3.3 million).
SCHMOLZ+BICKENBACH had available liquidity and credit lines in excess of EUR 280 million as at 30 June 2013.

10 Notes to the consolidated statement of cash flow

Interest paid includes one-off payments of EUR 11.0 million made in connection with adjusting the financing agreements at the beginning of March 2013.

11 Contingent liabilities and other financial obligations

The lower level of contingent liabilities from guarantees and warranties as well as from purchase commitments (EUR 58.8 million; 31.12.2012: EUR 85.5 million) is primarily attributable to the reduction in warranty obligations towards commodity suppliers.
A prospectus liability suit was filed against SCHMOLZ+BICKENBACH in the USA by a bond creditor in 2012 in connection with the bond issue. The Group believes the action to be without merit. Provisions have been set up for legal costs over and above the costs covered by prospectus liability insurance.

12 Disclosures about fair value measurement

Available-for-sale financial assets, derivative financial instruments and assets held for sale are all measured at fair value as at the reporting date. In accordance with the requirements of IFRS 13, assets and liabilites recognised at fair value in the statement of financial position are allocated to one of the following three levels of the fair value hierarchy:

Level 1:
Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2:
Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3:
Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

There were no transfers between the individual levels during the reporting period. Derivative financial instruments are measured using the valuation provided by the banks on the basis of future cash flows.

The sales process was initiated for a non-operating property including a building allocated to "Other". The sale was considered highly probable as at 30 June 2013 and has since been completed. The carrying amount of the property as at 30 June 2013 was EUR 2.4 million, i.e. fair value less costs to sell. Impairment losses of EUR 1.2 million had to be recognised to reflect this.

As at their respective reporting dates, the following classification applies to assets and liabilities measured at fair value:

million EUR	Carrying amount 30.6.2013	Level 1	Level 2	Level 3	**Fair value as at 30.6.2013**
Financial assets					
Financial assets available for sale	1.0	1.0	0.0	0.0	1.0
Positive market values of derivative financial instruments					
- Derivatives with hedging relationship (hedge accounting)	0.0	0.0	0.0	0.0	0.0
- Derivatives without hedging relationship (no hedge accounting)	2.0	0.0	2.0	0.0	2.0
Financial liabilities					
Negative market values of derivative financial instruments					
- Derivatives with hedging relationship (hedge accounting)	0.4	0.0	0.4	0.0	0.4
- Derivatives without hedging relationship (no hedge accounting)	5.4	0.0	5.4	0.0	5.4

13 Segment reporting

In the reporting period, the Group is presented in accordance with its internal reporting and organisational structure, comprising the three Divisions (hereafter also referred to as operating segments) Production, Processing, and Distribution + Services. The operating segments reflect the corporate strategy of SCHMOLZ+ BICKENBACH with its vertical integration along the supply chain for special steel applications.

The resolution passed in June 2013 to realign the SCHMOLZ+ BICKENBACH Group will require adjustments to segment reporting. These will be presented for the first time in the third quarter of 2013 (see note 15).

The table below shows the segment reporting as at 30 June 2013:

million EUR	Production		Processing	
	1.1.–30.6.2013	1.1.–30.6.2012 [1]	**1.1.–30.6.2013**	1.1.–30.6.2012 [1]
Third-party revenue	993.9	1 129.5	134.3	146.7
Intersegment revenue	258.6	268.8	60.8	74.9
Total revenue	**1 252.5**	1 398.3	**195.1**	221.6
Segment result (= adjusted EBITDA) [2]	**74.2**	107.3	**16.0**	13.5
Adjustment	0.0	0.0	0.0	0.0
Operating profit before depreciation and amortisation (EBITDA)	**74.2**	107.3	**16.0**	13.5
Depreciation and amortisation of property, plant and equipment and intangible assets	-45.4	-45.4	-6.5	-7.3
Impairment of property, plant and equipment, intangible assets and assets held for sale	0.0	0.0	0.0	0.0
Financial income	2.9	1.0	0.2	0.4
Financial expense	-19.8	-16.8	-2.6	-2.5
EARNINGS BEFORE TAXES (EBT)	**11.9**	46.1	**7.1**	4.1
Segment assets [3]	1 730.5	1 863.6	228.7	255.5
Segment liabilities [4]	309.6	375.8	72.3	69.9
Segment assets less segment liabilities (capital employed)	**1 420.9**	1 487.8	**156.4**	185.6
Segment investments [5]	26.0	38.7	2.6	2.6
Employees	6 524	6 818	921	980

[1] Adjusted to IAS 19R.
[2] Adjusted EBITDA: Operating profit before amortisation, depreciation, restructuring expenses and non-recurring expenses and income.
[3] Segment assets: Intangible assets (excluding goodwill) + property, plant and equipment + inventories + trade accounts receivable (total matches total assets in the statement of financial position).
[4] Segment liabilities: Trade accounts payable (total matches total liabilities in the statement of financial position).
[5] Segment investments: Additions to intangible assets (without goodwill) + additions to property, plant and equipment (without reclassification from assets held for sale).

Carrying amount 31.12.2012	Level 1	Level 2	Level 3	**Fair value as at 31.12.2012**
0.3	0.3	0.0	0.0	0.3
0.0	0.0	0.0	0.0	0.0
2.2	0.0	2.2	0.0	2.2
0.2	0.0	0.2	0.0	0.2
10.5	0.0	10.5	0.0	10.5

Distribution + Services		Total operating segments		Reconciliation: Other activities		Reconciliation: Eliminations/adjustments		Total	
1.1.–30.6.2013	1.1.–30.6.2012 1)	**1.1.–30.6.2013**	1.1.–30.6.2012 1)	**1.1.–30.6.2013**	1.1.–30.6.2012 1)	**1.1.–30.6.2013**	1.1.–30.6.2012 1)	**1.1.–30.6.2013**	1.1.–30.6.2012 1)
611.1	697.2	1 739.3	1 973.4	1.2	1.5	0.0	0.0	1 740.5	1 974.9
4.1	4.1	323.5	347.8	17.9	17.2	-341.4	-365.0	0.0	0.0
615.2	701.3	**2 062.8**	2 321.2	**19.1**	18.7	**-341.4**	-365.0	**1 740.5**	1 974.9
10.8	18.9	**101.0**	139.7	**-3.8**	-6.3	**-1.2**	-1.6	**96.0**	131.8
-0.1	0.0	-0.1	0.0	-5.5	-5.5	0.0	0.0	-5.6	-5.5
10.7	18.9	**100.9**	139.7	**-9.3**	-11.8	**-1.2**	-1.6	**90.4**	126.3
-5.2	-5.8	-57.1	-58.5	-1.7	-1.7	0.0	0.0	-58.8	-60.2
0.0	0.0	0.0	0.0	-1.2	0.0	0.0	0.0	-1.2	0.0
2.6	0.7	5.7	2.1	33.3	25.7	-32.9	-23.2	6.1	4.6
-8.2	-6.7	-30.6	-26.0	-53.4	-35.1	32.9	23.2	-51.1	-37.9
-0.1	7.1	**18.9**	57.3	**-32.3**	-22.9	**-1.2**	-1.6	**-14.6**	32.8
558.1	635.9	2 517.3	2 755.0	22.9	29.5	12.8	11.7	2 553.0	2 796.2
176.5	229.9	558.4	675.6	9.7	9.3	1 359.2	1 269.3	1 927.3	1 954.2
381.6	406.0	**1 958.9**	2 079.4	**–**	–	**–**	–	**–**	–
3.3	4.3	31.9	45.6	0.4	1.3	0.0	0.0	32.3	46.9
2 324	2 377	9 769	10 175	269	272	0	0	10 038	10 447

14 Related parties

There were no significant changes in the nature of transactions with related parties compared to 31 December 2012.

From 2013 onwards some members of the Executive Board and selected executive employees will receive part of their variable remuneration in the form of shares in SCHMOLZ+BICKENBACH AG. There is no future performance caveat attached to the purchase of these shares. However, they are subject to a vesting period in which they cannot be transferred, pledged or encumbered in any other way. Expenses of EUR 0.1 million were recognised for share-based payments in the first half of 2013 and offset against retained earnings (accumulated losses). The fair value of the allocated shares equals 25% of the variable remuneration to be paid out in shares. As a result, the actual number of shares and the definitive fair value per share determined in the subsequent year are not relevant for calculating personnel costs.

The settlement negotiations with the former Chairman of the Board of Directors relating to the improper separation of private and company expenses, which resulted in his immediate resignation in December 2011, were concluded without an agreement being reached. The Board of Directors subsequently filed a suit against the former Chairman of the Board of Directors.

15 Subsequent events

Directly after the general meeting of 28 June 2013, SCHMOLZ+BICKENBACH GmbH & Co. KG and the Renova Group blocked the commercial register in order to prevent entry of the general meeting's resolutions, thus stopping them from being implemented. As a result, the capital increase agreed by resolution had to be delayed. In addition, SCHMOLZ+BICKENBACH GmbH & Co. KG sold a further 4.8% of its shares to Venetos Holding AG in July. Consequently, SCHMOLZ+BICKENBACH GmbH & Co. KG now indirectly holds 15.2% of the shares in SCHMOLZ+BICKENBACH AG, while Venetos Holding AG holds 25.3%. The remaining shares are held by GEBUKA AG (6.0%) or are in free float (53.5%). Furthermore, the Renova Group issued advance notification to the Company's remaining shareholders of its takeover bid at a minimum price of CHF 2.85 per share. The Board of Directors of SCHMOLZ+BICKENBACH AG has had the terms and conditions of the takeover bid evaluated in an independent fairness opinion and advises against accepting the bid.

On 23 July 2013, the Board of Directors reached an agreement with the Renova Group and SCHMOLZ+BICKENBACH GmbH & Co. KG regarding how to proceed with the recapitalisation of SCHMOLZ+BICKENBACH AG and the Renova Group's takeover bid to the Company's other shareholders. The Renova Group and SCHMOLZ+BICKENBACH GmbH & Co. KG also put forward candidates for the new Board of Directors that would have to be elected for the SCHMOLZ+BICKENBACH Group.

As part of the SCHMOLZ+BICKENBACH Group's strategic realignment with a focus on strengthening production competence, the Processing Division will be integrated into the Production Division. Furthermore, the distribution companies will be combined in the Sales & Services Division. The new organisational structure will become effective when the Dr Marcel Imhof, who has served as a member of the Executive Board for many years, retires on 31 July 2013. The associated organisational adjustments and personnel changes at the level of Business Unit Management were completed in July 2013. The new Business Unit Management comprises the five Business Unit Heads of the Production Division led by Johannes Nonn together with Thiery Crémailh as Business Unit Head of the Sales & Services Division. The new Sales & Services Division combines the former Business Units Distribution Deutschland, Distribution Europa and Distribution International, which are now under common management. The Business Unit Heads of the Production Division are: Carlo Mischler for Swiss Steel, Dr Martin Löwendick for Deutsche Edelstahlwerke (since 1 July 2013), Patrick Lamarque d'Arrouzat for Ugitech, Bruce C. Liimatainen for Finkl/Sorel and Gerd Münch for the brand new Business Unit Steeltec/Blankstahl (since 1 August 2013).

The Board of Directors of SCHMOLZ+BICKENBACH AG passed a resolution to call an extraordinary general meeting to be held on 13 September 2013. The previous members of the Board of Directors – Dr Hans-Peter Zehnder (Chairman), Dr Marc Feiler (Deputy Chairman), Dr Gerold Büttiker, Roland Eberle, Carl Michael Eichler, Benoît D. Ludwig and Dr Roger Schaack – announced their resignation from the Board as at this date. Their replacements will be elected at the extraordinary general meeting.

In a letter dated 9 August 2013, Venetos Holding AG announced that it will support a capital increase of at least CHF 330 million for the Renova/SCHMOLZ+BICKENBACH GmbH & Co. KG Group. Ventos may propose a larger capital increase once it has the results of the due diligence review that is currently underway.

MEMBERS OF THE BOARD OF DIRECTORS

The overview below shows the composition of the Board of Directors as at 30 June 2013.
All members of the Board of Directors are non-executive.

Board of Directors

Dr Hans-Peter Zehnder (CH)
Year of birth 1954
Chairman,
Member of the Nomination and Compensation Committee
Member since 1992
Elected until 2014

Dr Marc Feiler (DE)
Year of birth 1971
Vice Chairman, Member of the Nomination and Compensation Committee
Member since 2012
Elected until 2015

Manfred Breuer (DE)
Year of birth 1951
Member
Chairman of the Audit Committee
Member since 2009
Elected until 2014

Dr Gerold Büttiker (CH)
Year of birth 1946
Member, Member of the Audit Committee and of the Nomination and Compensation Committee
Member since 2003
Elected until 2015

Carl Michael Eichler (DE)
Year of birth 1965
Member
Member since 2013
Elected until 2014

Roland Eberle (CH)
Year of birth 1953
Member, Member of the Audit Committee
Member since 2012
Elected until 2015

Dr Roger Schaack (LU)
Year of birth 1960
Member
Member since 2013
Elected until 2014

Benoît D. Ludwig (CH)
Year of birth 1945
Member, Chairman of the Nomination and Compensation Committee and Member of the Audit Committee
Member since 2003
Elected until 2015

MEMBERS OF THE EXECUTIVE COMMITTEE

The overview below shows the composition of the Executive Committee and Business Unit Heads as at 30 June 2013 and following the realignment of SCHMOLZ + BICKENBACH AG as at 1 August 2013.

Executive Board as at 30 June 2013

Johannes Nonn (DE)
Year of birth 1965
Chief Executive Officer
Joined: 2013

Hans-Jürgen Wiecha (DE)
Year of birth 1962
Chief Financial Officer
Joined: 2013

Dr Marcel Imhof (CH) [1]
Year of birth 1948
Chief Operating Officer
Joined: 1977

Business Unit Management as at 30 June 2013

Carlo Mischler (CH)
Year of birth 1958
Business Unit Head
Swiss Steel AG
Joined: 1998

Johannes Nonn (DE) [2]
Year of birth 1965
Business Unit Head
Deutsche Edelstahlwerke GmbH
Joined: 2013

Patrick Lamarque d'Arrouzat (FR)
Year of birth 1965
Business Unit Head
Ugitech S.A.
Joined: 1990

Bruce C. Liimatainen (US)
Year of birth 1956
Business Unit Head
A. Finkl & Sons Co.
Joined: 1977

Gerd Münch (DE) [3]
Year of birth 1962
Business Unit Head
Steeltec AG
Joined: 1991

Peter Schubert (DE) [3]
Year of birth 1958
Business Unit Head
SCHMOLZ + BICKENBACH
Blankstahl GmbH
Joined: 1991

Bernd Grotenburg (DE) [4]
Year of birth 1964
Business Unit Head
SCHMOLZ + BICKENBACH
Distribution Germany
Joined: 1985

Susanne Peiricks (DE) [5]
Year of birth 1968
Business Unit Head
SCHMOLZ + BICKENBACH
Distribution Europe
Joined: 2002

Thiery Crémailh (FR) [5]
Year of birth 1961
Business Unit Head
SCHMOLZ + BICKENBACH
Distribution International
Joined: 2007

Executive Board as at 1 August 2013

Johannes Nonn (DE)
Year of birth 1965
Business Unit Head Production
Chief Executive Officer
Joined: 2013

Hans-Jürgen Wiecha (DE)
Year of birth 1962
Chief Financial Officer
Joined: 2013

Business Unit Management as at 1 August 2013

Carlo Mischler (CH)
Year of birth 1958
Business Unit Head
Swiss Steel
Joined: 1998

Dr Martin Löwendick (DE)
Year of birth 1972
Business Unit Head
Deutsche Edelstahlwerke
Joined: 2010

Patrick Lamarque d'Arrouzat (FR)
Year of birth 1965
Business Unit Head
Ugitech
Joined: 1990

Bruce C. Liimatainen (US)
Year of birth 1956
Business Unit Head
Finkl/Sorel
Joined: 1977

Gerd Münch (DE)
Year of birth 1962
Business Unit Head
Steeltec/Blankstahl
Joined: 1991

Thiery Crémailh (FR)
Year of birth 1961
Business Unit Head
Sales & Services
Joined: 2007

[1] Retired as at 31 July 2013.
[2] Until 30 June 2013; Dr Martin Löwendick (DE), born 1972, took over as at 1 July 2013.
[3] Gerd Münch took over as Business Unit Head of Steeltec/Blankstahl as at 1 August 2013; Peter Schubert assumed the role of COO of this new Business Unit.
[4] Until 30 June 2013; Martin Gruber (DE), born 1963, took over as at 1 July 2013.
[5] Thiery Crémailh took over as Business Unit Head of Sales & Services, a new Business Unit combining the former Business Units Distribution Deutschland, Distribution Europa and Distribution International under common management. Susanne Peiricks assumed the role of COO of this new Business Unit.

IMPRINT

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