Media release

SCHMOLZ + BICKENBACH stronger and on track for a successful future: All financial targets met or exceeded in fiscal 2014

- **Adjusted EBITDA increased by 46.4% to EUR 261.7 million in full year 2014 (2013: EUR 178.8 million)**
- **Positive net income of EUR 50.0 million (2013: EUR -83.7 million)**
- **Sales volume up 3.9%, revenue up 1.9%**
- **Earnings expectation for 2015 affected by stronger Swiss franc**

Emmenbrücke, 12 March 2015 – SCHMOLZ + BICKENBACH AG, a global leader in special long steel (such as tool steel, stainless steel, and engineering steel) listed on the SIX Swiss Exchange (SIX: STLN), was able to improve its financials significantly in fiscal year 2014. All targets set for 2014 were achieved or exceeded: adjusted EBITDA increased by 46.4% to EUR 261.7 million (2013: EUR 178.8 million). Net income, which rose by EUR 133.7 million, was clearly positive at EUR 50.0 million and reflects the success of the earnings improvement programmes and lower interest expenses. The adjusted EBITDA leverage (ratio of net debt to adjusted EBITDA) was decreased further to 2.2x (2013: 3.4x), thereby achieving the target set for 2016 already in 2014.

Sales volume and revenue up
Sales volume increased by 81 kilotonnes or 3.9% to 2 135 kilotonnes (2013: 2 054 kilotonnes) in the reporting period. Revenue did not increase at the same rate, however, rising just EUR 61.7 million or 1.9% to EUR 3 338.4 million (2013: EUR 3 276.7 million) due to a somewhat lower price level. Adjusted for exchange rate effects, revenue increased by 2.2% compared to the prior year.

Renewed improvement in absolute and percentage gross margin
The absolute gross margin increased by EUR 110.9 million or 10.5% to EUR 1 167.3 million (2013: EUR 1 056.4 million) for the year as a whole. The percentage gross margin thus improved markedly, with an increase to 35.0% for the year as a whole (2013: 32.2%).

Significantly better EBITDA and EBITDA margin
For the fiscal year 2014, SCHMOLZ + BICKENBACH managed to increase adjusted EBITDA by EUR 82.9 million or 46.4% to EUR 261.7 million (2013: EUR 178.8 million). As a result, the adjusted EBITDA margin increased to 7.8% (2013: 5.5%) for the fiscal year as a whole. This confirms that the company made considerable progress in 2014 towards its medium-term target of an adjusted EBITDA margin of more than 8%. Including extraordinary effects, operating profit before amortisation and depreciation (EBITDA) totalled EUR 252.6 million (2013: EUR 141.7 million) for the year as a whole, while the EBITDA margin came to 7.6% (2013: 4.3%).

Net financial expense halved
The Group used funds generated from the capital increase in the fourth quarter of 2013 to reduce debt. This, coupled with better interest terms in our new financing agreements, enabled SCHMOLZ + BICKENBACH to virtually halve the net financial expense in 2014 compared to the prior year. Net financial expense fell by EUR 54.5 million or 51.7% to EUR 50.9 million for the year as a whole (2013: EUR 105.4 million).

Positive bottom line for the first time since 2011
For the first time in three years, the Group reported a positive bottom line in the fiscal year 2014. Net income (EAT) came to EUR 50.0 million, an increase of EUR 133.7 million on the prior year (2013: EUR –83.7 million). Earnings per share therefore came to EUR 0.05 (2013: EUR –0.26).

No dividend to be paid
In line with the long-term focus of the corporate strategy, SCHMOLZ + BICKENBACH will for the foreseeable future continue to use profits primarily to strengthen its balance sheet and repay debt. This approach will gradually increase the sustainable value of the Company. Therefore the Board of Directors' proposal is not to distribute a dividend for 2014.

Outlook 2015 and medium-term goals
Forecasts around the general economy and steel consumption specifically paint a mixed picture. Earnings will be burdened by the strength of the Swiss franc against the euro from January 2015 onwards. SCHMOLZ + BICKENBACH therefore begins the fiscal year 2015 with cautious expectations.

The Group's sales volumes in 2015 should roughly match the 2014 level.

Price changes for alloying elements, such as nickel, and scrap are largely passed on to our customers via a surcharge system. This means that revenue fluctuates – sometimes significantly – due to external factors beyond our control. We will therefore no longer guide revenue for the Group in future.

With the Swiss franc stronger against the euro since January 2015, we expect negative effects on earnings for 2015 as a whole. EBITDA was burdened by a one-off negative effect of around EUR 7 million (as at the end of February 2015) as a result of translating the net trade receivables denominated in euro in the balance sheets of our Swiss operating companies. A positive currency effect from translating financial liabilities into euro as well as hedging will partially make up for this burden. There is also a current effect due to the appreciation of the Swiss franc against the euro. Preliminary sensitivity analyses show that every increase of one centime in the Swiss franc against the euro would see EBITDA fall by around CHF 1.5 million per year. Translation effects in the opposite direction will only partially make up for this.

Impacted by the effects described above, the EBITDA for 2015 is expected to come in at between EUR 210 million and EUR 250 million. This estimate is also based on the assumption that forecasts as to the development of the economy and commodity prices prove accurate and that no other unexpected events occur that impact negatively on the business activities.

The Group plans to invest more heavily in 2015, with a total volume of around EUR 150 million. This is due to the planned acquisition of additional land at the main Düsseldorf site, which is home to SCHMOLZ + BICKENBACH Distributions GmbH and SCHMOLZ + BICKENBACH Blankstahl GmbH, as well as the purchase in January 2015 of a slag disposal site at Deutsche Edelstahlwerke's Siegen plant.

Following its launch in 2013, the comprehensive earnings improvement programme is clearly progressing successfully. The Group will step up efforts and expand the programme with additional measures in response to the currency challenges we face in 2015.

SCHMOLZ + BICKENBACH stands by its medium-term goals: from 2016 onwards, we intend to generate an adjusted EBITDA of > EUR 300 million and an adjusted EBITDA margin of > 8% over an economic cycle. The company hopes to bring down adjusted EBITDA leverage (ratio of net debt to adjusted EBIDTA) sustainable to < 2.5x.

Key performance indicators

		2014	**2013**	**Q4 2014**	**Q4 2013**
Sales volume	kilotonnes	2 135	2 054	488	491
Revenue	million EUR	3 338.4	3 276.7	785.3	752.0
Adjusted EBITDA	million EUR	261.7	178.8	62.3	43.0
Operating profit before depreciation and amortisation (EBITDA)	million EUR	252.6	141.7	59.2	15.1
Operating profit (EBIT)	million EUR	130.6	17.8	28.9	-16.1
Earnings before taxes (EBT)	million EUR	79.7	-87.6	11.4	-48.5
Net income (loss) (EAT)	million EUR	50.0	-83.7	4.2	-39.2
Investments	million EUR	100.8	105.7	41.0	44.0
Free cash flow	million EUR	82.9	73.7	61.0	65.2
Total assets	million EUR	2 509.6	2 377.5	-	-
Shareholders' equity	million EUR	900.9	889.9	-	-
Net debt	million EUR	587.2	610.1	-	-
Employees as at closing date	positions	10 000	10 095	-	-
Earnings per share (basic)	EUR	0.05	-0.26	-	-

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The annual report 2014 can be found here:

http://www1.schmolz-bickenbach.com/en/investor-relations/reports/financial-reports/2014

About SCHMOLZ + BICKENBACH
Today, the SCHMOLZ + BICKENBACH Group is one of the world's leading providers of customised solutions in the special long steel products business. A global name in tool steel and stainless long steel, the Group is one of the two largest companies in Europe for alloy and high-alloy special and engineering steel. With around 10 000 employees at its own production and distribution companies in 38 countries across five continents, the Company supports and supplies customers wherever they operate. Besides a comprehensive Production and Sales & Services portfolio, customers benefit from the Company's technological expertise, consistent high quality worldwide and in-depth knowledge of local markets.

Forward-looking statements

Information in this release may contain forward-looking statements, including presentations of developments, plans, intentions, assumptions, expectations, beliefs and potential impacts as well as descriptions of future events, income, results, situations or outlook. They are based on the Company's current expectations, beliefs and assumptions, which are subject to uncertainty and may differ materially from the current facts, situation, impact or developments.

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