Forging ahead decisively.

With clear goals and shared values.

INTERIM REPORT 2ND QUARTER 2017

SCHMOLZ + BICKENBACH
Group

KEY PERFORMANCE INDICATORS

	Unit	1.1.–30.6.2017	1.1.–30.6.2016	Change on prior year %	Q2 2017	Q2 2016	Change on prior year %
SCHMOLZ + BICKENBACH Group							
Sales volume	kilotons	959	932	2.9	470	471	−0.2
Revenue	million EUR	1 407.4	1 222.3	15.1	699.8	618.7	13.1
Adjusted operating profit before depreciation and amortization (adjusted EBITDA)	million EUR	136.2	77.5	75.7	69.6	52.5	32.6
Operating profit before depreciation and amortization (EBITDA)	million EUR	134.0	71.5	87.4	67.7	49.6	36.5
Adjusted EBITDA margin	%	9.7	6.3	3.4	9.9	8.5	1.4
EBITDA margin	%	9.5	5.8	3.7	9.7	8.0	1.7
Operating profit (EBIT)	million EUR	70.6	11.1	nm	36.0	19.4	85.6
Earnings before taxes (EBT)	million EUR	41.3	−11.7	nm	13.9	7.9	75.9
Net income (loss) (EAT)	million EUR	26.5	−22.0	nm	10.0	2.4	nm
Investments	million EUR	25.0	33.7	−25.8	13.7	16.3	−16.0
Free cash flow	million EUR	−24.3	25.6	nm	7.1	38.9	−81.7

	Unit	30.6.2017	31.12.2016	Change on prior year %
Net debt	million EUR	472.4	420.0	12.5
Shareholders' equity	million EUR	687.7	667.5	3.0
Gearing	%	68.7	62.9	5.8
Total assets	million EUR	2 161.5	2 047.0	5.6
Equity ratio	%	31.8	32.6	−0.8
Employees as at closing date	positions	8 894	8 877	0.2

	Unit	1.1.–30.6.2017	1.1.–30.6.2016	Change on prior year %	Q2 2017	Q2 2016	Change on prior year %
SCHMOLZ + BICKENBACH share							
Earnings per share [1]	EUR/CHF	0.03/0.03	−0.02/−0.02	–	0.01/0.01	0.01/0.01	–
Earnings per share from continuing operations [1]	EUR/CHF	0.03/0.03	−0.02/−0.02	–	0.01/0.01	0.01/0.01	–
Shareholders' equity per share [2]	EUR/CHF	0.72/0.79	0.72/0.78	–	0.72/0.79	0.72/0.78	–
Highest/lowest share price	CHF	0.96/0.66	0.73/0.45	–	0.96/0.82	0.73/0.63	–

[1] Earnings per share are based on the net income (loss) of the Group after deduction of the portions attributable to non-controlling interests.
[2] As at 30 June 2017 and 31 December 2016 respectively.

FIVE-QUARTER OVERVIEW

	Unit	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Key operational figures						
Sales volume	kilotons	471	391	401	489	470
Order backlog	kilotons	454	420	462	620	600
Income statement						
Revenue	million EUR	618.7	534.1	558.3	707.6	699.8
Gross profit	million EUR	245.1	207.5	230.2	284.3	280.7
Adjusted operating profit before depreciation and amortization (adjusted EBITDA)	million EUR	52.5	31.8	43.9	66.6	69.6
Operating profit before depreciation and amortization (EBITDA)	million EUR	49.6	27.6	8.9	66.3	67.7
Operating profit (loss) (EBIT)	million EUR	19.4	–4.4	–25.2	34.6	36.0
Earnings before taxes (EBT)	million EUR	7.9	–14.3	–33.6	27.4	13.9
Earnings after taxes from continuing operations	million EUR	5.9	–13.9	–43.5	16.5	10.0
Net income (loss) (EAT)	million EUR	2.4	–13.9	–44.1	16.5	10.0
Cash flow/investments/depreciation/amortization						
Cash flow before changes in net working capital	million EUR	34.3	38.2	9.6	73.7	74.8
Cash flow from operating activities of continuing operations	million EUR	54.7	76.5	49.9	–20.8	17.6
Cash flow from investing activities of continuing operations	million EUR	–15.8	–19.7	–40.3	–10.6	–10.5
Free cash flow from continuing operations	million EUR	38.9	56.8	9.6	–31.4	7.1
Investments	million EUR	16.3	25.1	42.0	11.3	13.7
Depreciation, amortization and impairments	million EUR	30.2	32.0	32.3	31.7	–31.7
Net assets and financial structure						
Non-current assets	million EUR	995.4	986.4	994.7	964.8	920.7
Current assets	million EUR	1 090.0	1 033.4	1 052.3	1 218.5	1 240.8
Net working capital	million EUR	688.6	646.6	615.4	709.3	753.2
Total assets	million EUR	2 085.4	2 019.8	2 047.0	2 183.3	2 161.5
Shareholders' equity	million EUR	676.9	659.3	667.5	685.4	687.7
Non-current liabilities	million EUR	749.9	749.7	696.9	726.2	710.7
Current liabilities	million EUR	658.6	610.8	682.6	771.7	763.1
Net debt	million EUR	454.0	421.4	420.0	469.8	472.4
Employees						
Employees as at closing date	positions	8 946	8 982	8 877	8 889	8 894
Value management						
Capital employed	million EUR	1 589.2	1 534.9	1 529.7	1 600.3	1 606.1
Key figures on profit/net assets and financial structure						
Gross profit margin	%	39.6	38.9	41.2	40.2	40.1
Adjusted EBITDA margin	%	8.5	6.0	7.9	9.4	9.9
EBITDA margin	%	8.0	5.2	1.6	9.4	9.7
EBIT margin	%	3.1	–0.8	–4.5	4.9	5.1
EBT margin	%	1.3	–2.7	–6.0	3.9	2.0
Equity ratio	%	32.5	32.6	32.6	31.4	31.8
Gearing	%	67.1	63.9	62.9	68.5	68.7

Our profile

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

We are the benchmark for special steel solutions.

CONTENTS

DEAR SHAREHOLDERS,

As we expected, the basic trend in the steel industry continued in the second quarter. Driven by sustained good demand from the European automotive industry, a slight upturn in the mechanical and plant engineering industry and slow but steady recovery in the oil and gas industry, we achieved earnings at the level of the stronger first quarter. The better performance is, however, not entirely due to the more favorable business environment. The internal initiatives for improvement are bearing fruit. A stronger market orientation of Deutsche Edelstahlwerke or Steeltec's adjustment to the changed market conditions are central elements for a further improvement in our earning power. In addition, we are driving forward geographic expansion by enlarging the global sales network of our *Sales & Services* business unit. We recently opened a new location in Chile to serve the local market. We will continue with these tasks with undiminished vigor in the second half of the year, particularly as macroeconomic and political risks remain largely unchanged.

We did not issue a confirmation of the outlook for the year while publishing the results of the last quarter because we did not have a clear picture of the developments in the second half of the year. Now, with the current order backlog as well as our assessment of the customers' industries, we have a better basis for an annual forecast, which is why we have raised the expectations for the fiscal year 2017. We now forecast adjusted EBITDA in a range of EUR 200 – 220 million, compared to EUR 160 – 200 million expected earlier.

During the reporting period we secured the financing of the Group until 2022 through extension of loans at better conditions and issuing a bond. At the same time, we repaid the high-yield bond; this will result in a reduction of around EUR 2 million in financing costs starting from the current quarter. This measure is another step towards achieving sustainable profitability.

Good earnings in the second quarter again

In the second quarter of 2017, we achieved significantly better earnings than in the prior-year period. Although sales volume remained essentially stable at 470 kilotons compared to 471 kilotons in the prior-year quarter, revenue rose by 13.1% from EUR 618.7 million to EUR 699.8 million thanks to higher sales prices. Adjusted EBITDA increased by 32.6% from EUR 52.5 million to EUR 69.6 million. Thus the related margin increased from 8.5% to 9.9% year on year. Compared to the end of 2016, net debt increased due to seasonal effects; debt reduction will therefore remain one of our top priorities in the second half of the year.

Thanks to our employees, shareholders and customers

On behalf of the Board of Directors and Executive Board, I would like to thank our shareholders for the confidence they have shown in our Company. I would also like to thank our employees, who work for the future success of our Company each and every day. Last but not least, allow me to thank our customers and business partners for the good and long-standing working relationship and the trust they have placed in us.

Clemens Iller
CEO

Management report

BUSINESS ENVIRONMENT AND STRATEGY

SCHMOLZ + BICKENBACH is one of the world's leading providers of customized solutions in the special long steel business. With around 8 900 employees at its own production and distribution companies in over 30 countries across five continents, we support and supply our customers around the globe. Besides, we offer our customers a unique product portfolio. Our customers benefit from the Company's technological expertise, excellent knowledge of end use requirements, consistent high quality and in-depth knowledge of local markets.

Production – specialized steelmaking, forging and rolling plants in Europe and North America; drawing mills, bright steel production and heat treatment in northern and western Europe and Turkey

The *Production* division encompasses the Business Units Deutsche Edelstahlwerke (DEW), Finkl Steel, Steeltec, Swiss Steel and Ugitech.

SCHMOLZ + BICKENBACH operates nine steelmaking plants in Germany, France, Canada, Switzerland and the USA. Of these, six have their own melting furnaces, while three operate without on-site melting facilities. The steel plants complement each other in terms of formats and qualities, covering the entire spectrum for special long steel. Besides the three main product groups – quality and engineering steel, stainless steel and tool steel – the range includes special steel products. SCHMOLZ + BICKENBACH is represented in Germany, Sweden, Switzerland and Turkey, where it operates its own processing plants. These include bar and wire-drawing mills, bright steel production plants, and heat-treatment facilities, where high-grade steel is processed to produce bespoke long steel products to the customer's exact specifications. Characteristics such as close dimensional tolerance, strength and surface quality are precisely matched to the customers' requirements.

The Business Units in the *Production* division sell their products either via the *Sales & Services* division, or directly to their customers.

Sales & Services – a reliable global partner in steel consulting, processing and supply

We combine our sales activities within the *Sales & Services* division, and guarantee the consistent and reliable supply of special long steel and end-to-end customer solutions worldwide with over 70 distribution and service branches in more than 30 countries. These include technical consulting and downstream processes such as sawing, milling and hardening, heat treatment as well as supply chain management. The product range is dominated by special long steel from the *Production* division, supplemented by a selection of products from third-party providers. We pursue the goal of offering our products and services globally – with excellent quality standards and first-class service. We consciously and continuously extend our distribution network to achieve this goal. We focus on attractive growth regions that will continue to ensure sustainable growth for the SCHMOLZ + BICKENBACH Group. In 2016, our activities as part of this expansion strategy included opening new distribution and storage locations in China. In 2017, one new location in Santiago de Chile (Chile) has been added so far. Furthermore, we plan to continue with our regional expansion strategy in the coming years.

BUSINESS MODEL

SCHMOLZ + BICKENBACH Group
Strategic Management Holding

PRODUCTION

- **Deutsche Edelstahlwerke**
- **Finkl Steel**
- **Steeltec**
- **Swiss Steel**
- **Ugitech**

SALES & SERVICES

- **SCHMOLZ + BICKENBACH International**
  More than 70 distribution and service branches in more than 30 countries worldwide

STRATEGY AND CORPORATE MANAGEMENT

Our long-term goal is to create a robust, profitable, innovative and global group for special long steel.

The core of our corporate strategy is ensuring our production companies are ideally placed. This includes realising the market and structural synergy potential of the integrated group. We align the entire supply chain of the SCHMOLZ + BICKENBACH Group to support our *Production* division and focus on the processing and sale of mill-own products.

SCHMOLZ + BICKENBACH is clearly positioned in the market for high-grade special long steel – a sustainable advantage in terms of competition and differentiation:

> A fully integrated and leading global supplier for the entire special long steel products range
> Outstanding expertise in products and applications, to offer our customers the best solutions
> Strong customer loyalty through technical consulting, high quality of service as well as operating and functional reliability
> Global distribution network with the ability of customer-specific, global supply chain solutions
> Low substitution pressure, since often only special long steel can have all of the required properties
> Technological expertise and many years of management experience

These qualities secure our leading position in the three main product segments: quality and engineering steel, stainless steel and tool steel.

For further information on the business environment and strategy, see the annual report 2016 on pages 28–35.

CAPITAL MARKET

The SCHMOLZ + BICKENBACH share is listed on the SIX Swiss Exchange in accordance with the International Reporting Standard. Prompt and open communication with the financial community is very important to us. To this end, we regularly inform investors and financial analysts about the operative and strategic development of the Company.

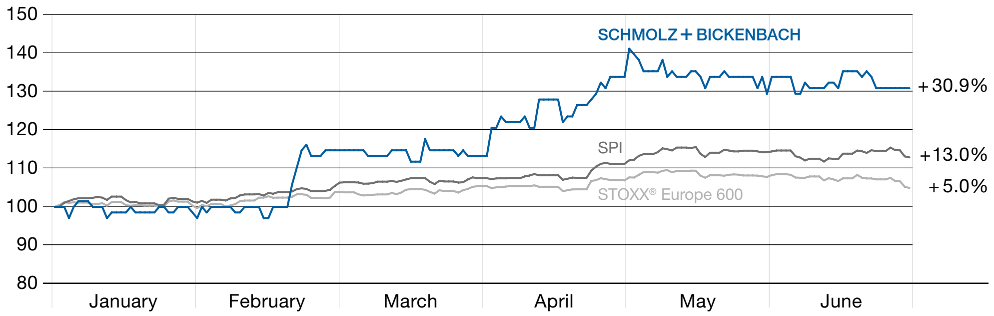
The majority of the global stock markets developed positively in the first half of 2017. After a moderate start in January, share prices showed a steady increase until May, driven by economic optimism and political events such as the elections in France. Subsequently, the stock markets shifted to a largely sideward trend due to high share valuations and the prevailing political and macroeconomic risks. In parallel to the development of the global stock markets, commodity prices also rose significantly in the first quarter. In line with share prices, the prices for important commodities such as scrap, nickel or ferrochrome slipped in the course of the second quarter. As at June 30, 2017, the Dow Jones Industrial closed higher by 8.0%, the Euro Stoxx 50® higher by 4.6% and the Japanese index Nikkei 225 higher by 4.8% than at year-end 2016.

SCHMOLZ + BICKENBACH share price development

Stable to positive development in the key customers' industries as well as significantly improved year-on-year income gave a boost to the SCHMOLZ + BICKENBACH share in the first half of 2017. This was accompanied by continued good sentiment on the capital market towards the steel industry, even if this flattened somewhat towards the end of the second quarter, resulting in a 15.6% increase in the share price in the second quarter compared to the 13.2% increase in the first quarter. As at June 30, 2017, the share was quoted at CHF 0.89, 30.9% higher compared to December 31, 2016. At the same time, the Stoxx® Europe 600 Index closed the first quarter up 5.0%. The broad-based Swiss Performance Index (SPI), which includes the SCHMOLZ + BICKENBACH share, closed at the end of June with an increase of 13.0% compared to the beginning of the year.

The average trading volume was 0.88 million SCHMOLZ + BICKENBACH shares in the second quarter of 2017. For comparison, the average daily trading volume was 0.43 million shares in the second quarter of 2016 and 0.56 million in the year 2016 as a whole.

Development of the share price from 1.1.2017 to 30.6.2017 | SCHMOLZ + BICKENBACH share compared to Swiss Performance Index (indexed) and to STOXX® Europe 600 (indexed)



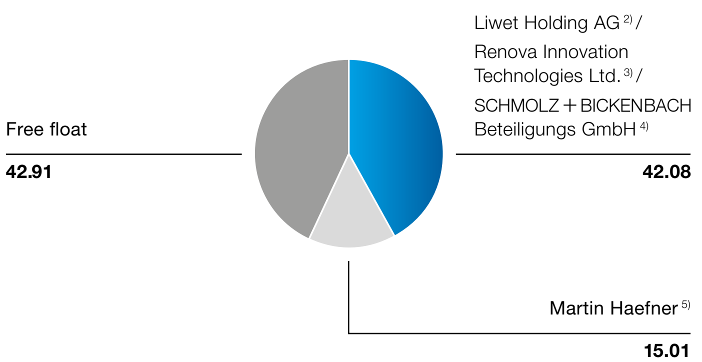
Facts and figures on the share

ISIN	CH0005795668
Securities number	579566
Ticker symbol	STLN
Bloomberg	STLN SE
Reuters	STLN.S
Type of security	Registered share
Trading currency	CHF
Listed on	SIX Swiss Exchange
Indices	SPI, SPI Extra, SPI ex SLI, Swiss All Share Index
Number of shares outstanding	945 000 000
Nominal value in CHF	0.50

Shareholder structure

Share capital as at June 30, 2017, comprised 945 000 000 fully paid-up registered shares with a nominal value of CHF 0.50 each. Mr. Viktor Vekselberg holds 42.08% of the shares in the Company indirectly via Liwet Holding AG and Renova Innovation Technologies Ltd. (Renova Group), together with SCHMOLZ + BICKENBACH Beteiligungs GmbH. Liwet Holding AG, Renova Innovation Technologies Ltd. and SCHMOLZ + BICKENBACH Beteiligungs GmbH, which bundles the interests of the former founding families, are parties to a shareholder agreement and are, therefore, treated as a group by SIX Swiss Exchange.

Overview shareholder structure 30.6.2017 [1] in %



[1] Percentage of shares issued as at closing date.
[2] Acquisition of assets and liabilities of Venetos Holding AG, in Zurich (CHE-114.533.183), pursuant to the merger agreement of 18.2.2015 and the balance sheet as at 29.12.2014.
[3] Until 24.3.2017 Lamesa Holding S.A. was a direct shareholder of the company.
[4] Until 12.4.2016 SCHMOLZ + BICKENBACH Holding AG was a direct shareholder of the company.
[5] Figures as reported to the Company and to the disclosure office of the SIX Swiss Exchange in accordance with applicable stock market regulations.

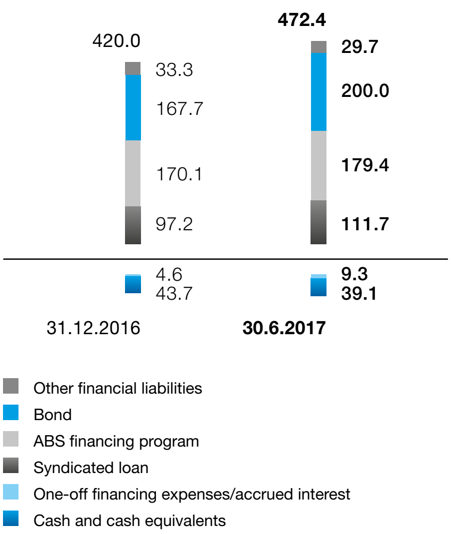
FINANCING

SCHMOLZ + BICKENBACH's financing structure is built on three main pillars: a syndicated loan, an ABS financing program and a corporate bond.

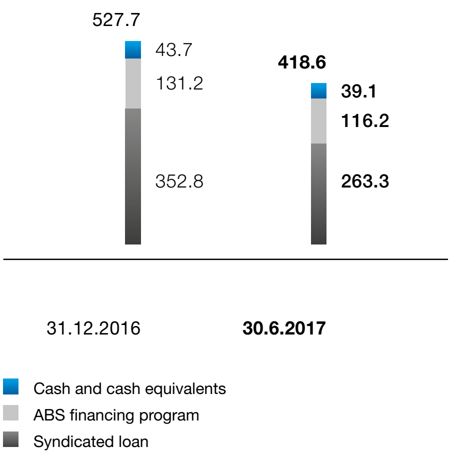
In April 2017, SCHMOLZ + BICKENBACH renewed all three financing elements. A corporate bond of EUR 200 million was issued as at April 24, 2017. The senior secured notes of the indirect subsidiary SCHMOLZ + BICKENBACH Luxembourg S.A. (LU) issued on May 16, 2012, were repaid prematurely on May 15, 2017, using the proceeds from the new bond.

Furthermore, the syndicated loan of EUR 375 million was extended at better conditions and the ABS financing program of EUR 230 million and USD 75 million was extended until 2022.

Net debt as at closing date
in million EUR



Financial headroom as at closing date
in million EUR



Unused financing lines and freely disposable funds come to around EUR 418.6 million as at June 30, 2017, ensuring the Company has sufficient financial resources.

Corporate bond 2017–2022

As at April 24, 2017, SCHMOLZ + BICKENBACH issued a corporate bond of EUR 200 million with a final maturity date of July 15, 2022. Proceeds from the offering were mainly used to replace the outstanding senior secured notes of EUR 167.7 million with maturity in 2019, issued by the subsidiary SCHMOLZ + BICKENBACH Luxembourg S.A. as at May 15, 2017. The senior secured notes were issued by our subsidiary SCHMOLZ + BICKENBACH Luxembourg Finance S.A. at 100% of the nominal value and with a coupon of 5.625% p.a. Interest is payable semiannually on January 15 and July 15. The bond is listed on the Luxembourg Stock Exchange and traded on the Euro MTF market.

As at June 30, 2017, the bond stood at 105.9%, giving an effective yield of 3.6% p.a.

Corporate bond	
Issuer	SCHMOLZ + BICKENBACH Luxembourg Finance S.A. (Luxembourg)
Listed on	Luxembourg Stock Exchange
ISIN	DE000A19FW97
Type of security	Fixed-interest bonds
Trading currency	EUR
Nominal volume	EUR 200 million
Issue	24 April 2017
Coupon	5.625%
Interest payable	15 January and 15 July
Maturity	15 July 2022

Rating agency	Rating	Outlook	Latest rating
Moody's	B2	stable	3 April 2017
Standard & Poor's	B+	negative	3 April 2017

BUSINESS DEVELOPMENT OF THE GROUP

In the second quarter, SCHMOLZ + BICKENBACH continued the positive trend from the first quarter of 2017. The broad-based upswing in most of our product groups and end markets continued. Together with the positive effects from our internal initiatives for improvement, we achieved encouraging earnings in the second quarter as well as in the first half of 2017.

Key figures on results in million EUR	**1.1.– 30.6.2017**	1.1.– 30.6.2016	Change on prior year %	**Q2 2017**	Q2 2016	Change on prior year %
Sales volume (kt)	959	932	2.9	470	471	–0.2
Revenue	1 407.4	1 222.3	15.1	699.8	618.7	13.1
Adjusted operating profit before depreciation and amortization (adjusted EBITDA)	136.2	77.5	75.7	69.6	52.5	32.6
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EBITDA margin (%)	9.5	5.8	3.7	9.7	8.0	1.7
Operating profit (EBIT)	70.6	11.1	nm	36.0	19.4	85.6
Earnings before taxes (EBT)	41.3	–11.7	nm	13.9	7.9	75.9
Earnings after taxes from continuing operations	26.5	–18.1	nm	10.0	5.9	69.5
Net income (loss) (EAT)	26.5	–22.0	nm	10.0	2.4	nm

GENERAL ECONOMIC SITUATION

The economic upturn that gained momentum in the first quarter of 2017 continued in most of our product groups and end markets. Overall, we were thus operating in a friendly market environment. Compared to 2015 and 2016, the special steel industry is back to a more normal level of demand. However, it would be overly optimistic to speak of a sustainable, strong upswing. Overall bright sentiment in the most important customers' industries automotive, machine and plant engineering as well as oil and gas led to significantly higher revenue compared to the second quarter of 2016. Compared to the first quarter of 2017, sales volume was down 3.9%; however, this was mainly due to the build-up of inventories in the first three months.

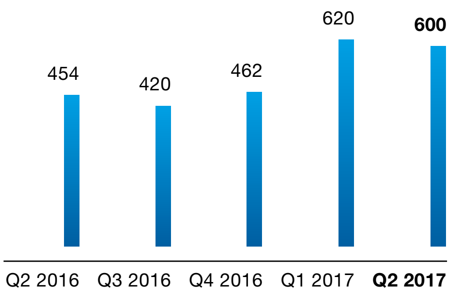
BUSINESS DEVELOPMENT

Order situation and production volume

At 600 kilotons, order backlog was significantly above the level of the second quarter of 2016 at 454 kilotons, which translates into an increase of 32.2%. Compared to the 620 kilotons seen at the end of first quarter of 2017, this is only a slight decrease in the order backlog.

The crude steel volume produced at our mills in the second quarter came to 535 kilotons and was thus 40 kilotons or 8.1% higher than 495 kilotons produced in the comparative prior-year period. Plant utilization improved as a result of the higher production volume. At 527 kilotons, production also increased slightly on the first quarter of 2017.

Order backlog as at quarter end in kt

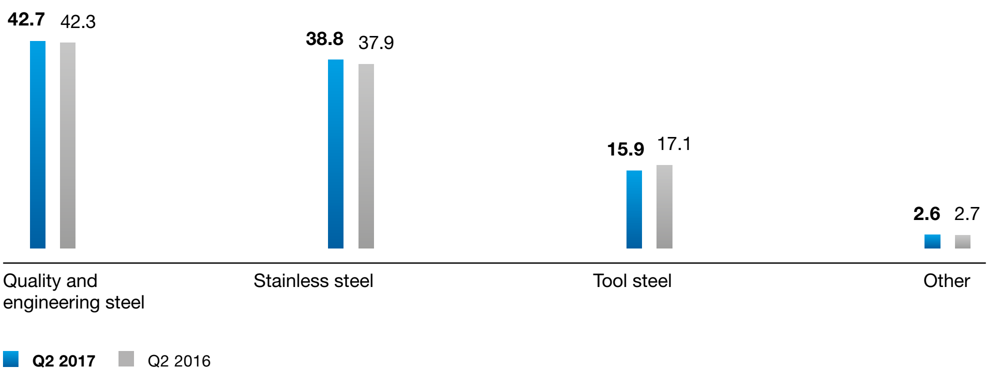


Sales volume and revenue

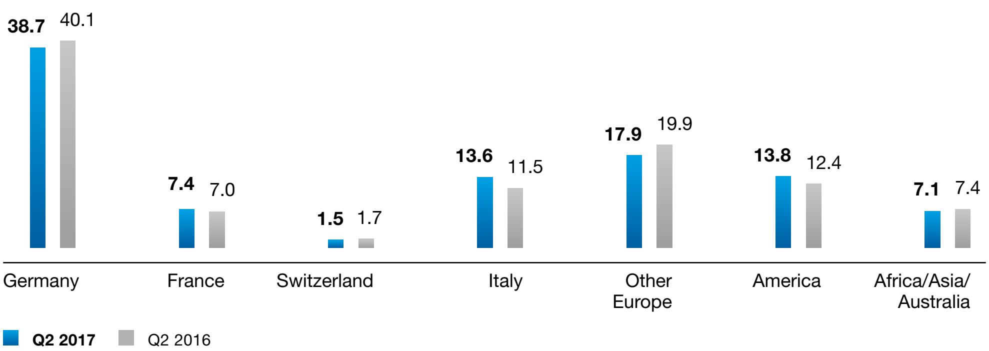
Sales volume in the second quarter of 2017 came to 470 kilotons, matching the level of the prior-year quarter at 471 kilotons. Compared to the first quarter of 2017, a slight decrease of 3.9% was recorded in sales volume. This was mainly attributable to the product group of stainless steel, while sales of tool steel, quality and engineering steel remained almost stable. The decline in sales volume is mainly due to the build-up of inventories in the first three months.

In the second quarter of 2017, the average sales price per ton was EUR 1 489, this was above the price of EUR 1 314 per ton achieved in the second quarter of 2016 as well as above the figure of EUR 1 447 per ton achieved in the first quarter of 2017. Average sales price per ton increased for the fifth consecutive quarter. On the one hand, this is attributable to the higher base prices as a result of successful price negotiations in the fourth quarter of 2016 and on the other, we were able to shift the product mix towards higher quality steel types.

Revenue by product groups as % of total revenue



Revenue by region as % of total revenue



In the second quarter of 2017, the development in quantity and prices led to revenue of EUR 699.8 million. This was up 13.1% on the prior-year quarter of EUR 618.7 million and only 1.1% down on the EUR 707.6 million recorded in the strong first quarter, which had been influenced by the build-up of inventories.

Development in revenue by region compared to the prior-year quarter primarily shows an increase in revenue by 26.5% in America, which benefited from the slight recovery in the oil and gas industry. Sustained recovery in this customer industry also showed growth of 5.9% compared to the first quarter of 2017. Europe also recorded growth compared to the second quarter of 2016. Revenue rose by 11.4% to EUR 553.2 million.

In Africa/Asia/Australia, SCHMOLZ+BICKENBACH achieved robust growth again, recording an increase of 9.2%. Particularly, China surpassed them all. An increase of 26.2% in revenue was recorded in the Chinese market. Although starting from a low basis, this development confirms that with the expansion of our network worldwide we are on the right track. The last step in this process, the acquisition of Shanghai Xinzhen Precision Metalwork Co., Ltd., was concluded in July 2017 after the reporting period; it is a joint venture with Tsingshan, 60% of which has been acquired and will be fully consolidated from July 2017.

Cost of materials and gross profit

Cost of materials – considering the change in semi finished and finished products – increased in line with revenue by 12.2% or EUR 45.5 million compared to the second quarter of 2016. Due to higher revenue, gross profit increased by 14.5% to EUR 280.7 million from EUR 245.1 million on the prior-year period.

Income and expenses

Personnel expenses increased by 10.6% to EUR 149.2 million (Q2 2016: EUR 134.9 million). This increase is mainly attributable to the 8.1% rise in crude steel production and the resulting rise in hours worked. Furthermore, an one-off effect in the prior year due to reduction of certain components of compensation related to restructuring had a positive effect on personnel expenses. Compared to June 30, 2016, the number of employees decreased by 52 and remained virtually unchanged compared to the end of the first quarter of 2017.

At EUR 10.3 million, other operating income was up 18.4% on the prior-year period (Q2 2016: EUR 8.7 million). The sale of a storage facility in Brampton (Canada) for EUR 3.0 million had a positive effect in the second quarter of 2017. Other operating expenses increased by 6.9% to EUR 74.1 million (Q2 2016: EUR 69.3 million) compared to the prior-year quarter. The main drivers for this increase were expenses for maintenance work due to better capacity utilization of the plants. These effects were partially compensated by lower costs for advisory services, which were incurred in the second quarter of 2016 and relate to the cost-cutting and efficiency improvement program. The implementation of this program as planned sustainably saved costs of EUR 7.4 million in the second quarter of 2017.

Adjusted EBITDA, EBITDA and EBITDA margins

Compared to the second quarter of 2016, adjusted EBITDA increased by 32.6% to EUR 69.6 million from EUR 52.5 million. Restructuring measures resulted in net non-recurring expenses of EUR 1.9 million (Q2 2016: EUR 2.9 million), which were deducted to give adjusted EBITDA.

The positive developments are also reflected in the adjusted EBITDA margin: In the second quarter of 2017, it stood at 9.9% compared to 8.5% in the second quarter of 2016.

Depreciation, amortization and impairments

Depreciation, amortization and impairments in the second quarter of 2017 came to EUR 31.7 million, an increase of 5.0% on the prior-year level (Q2 2016: EUR 30.2 million).

Financial result

The financial result in the second quarter of 2017 stood at EUR –22.1 million (Q2 2016: EUR –11.5 million). The result is significantly lower due to the realization of the repurchase option for the high yield bond repaid in May 2017, which resulted in a financial expense of EUR 15.5 million. This is countered by the fair value measurement of the repurchase option for the bond issued in 2017, which made a positive contribution of EUR 3.6 million to the financial result in the second quarter.

Further one-off effects of EUR 6.6 million related to the repayment of the bond from 2012, essentially the early amortization of existing transaction costs as well as the redemption premium for the premature payment, were already realized in the income statement in the first quarter of 2017.

Profit/loss from continuing operations

In the second quarter, earnings before taxes of EUR 13.9 million were achieved compared to EUR 7.9 million in the comparative prior-year period. Higher earnings before taxes resulted in higher tax expense of EUR 3.9 million, which was significantly higher than the prior-year figure of EUR 2.0 million. This translates into earnings after taxes of EUR 10.0 million in the second quarter of 2017 after EUR 2.4 million in the comparative prior-year period.

Profit/loss from discontinued operations

In the second quarter of 2016, another loss of EUR 3.5 million was incurred in relation to the sale of Jacquet Metal Services in 2015, which had been classified as a discontinued operation. There were no such expenses in the first half of 2017.

BUSINESS DEVELOPMENT OF THE DIVISIONS

Key figures of the divisions in million EUR	**1.1.– 30.6.2017**	1.1.– 30.6.2016	Change on prior year %	**Q2 2017**	Q2 2016	Change on prior year %
Production						
Revenue	1 303.1	1 112.6	17.1	646.1	564.0	14.6
Adjusted operating profit before depreciation and amortization (adjusted EBITDA)	129.6	63.3	nm	67.1	42.7	57.1
Operating profit before depreciation and amortization (EBITDA)	128.5	62.5	nm	65.9	41.9	57.3
Adjusted EBITDA margin (%)	9.9	5.7	4.2	10.4	7.6	2.8
EBITDA margin (%)	9.9	5.6	4.3	10.2	7.4	2.8
Investments	23.1	31.9	−27.6	12.6	15.2	−17.1
Segment operating free cash flow	−33.0	29.1	nm	11.1	38.6	−71.2
Employees as at closing date [1]	7 539	7 526	0.2	–	–	–
Sales & Services						
Revenue	265.8	236.1	12.6	133.7	116.8	14.5
Adjusted operating profit before depreciation and amortization (Adjusted EBITDA)	13.3	9.3	43.0	5.7	5.3	7.5
Operating profit before depreciation and amortization (EBITDA)	13.3	9.1	46.2	5.7	5.1	11.8
Adjusted EBITDA margin (%)	5.0	3.9	1.1	4.3	4.5	−0.2
EBITDA margin (%)	5.0	3.9	1.1	4.3	4.4	−0.1
Investments	1.4	1.2	16.7	0.8	0.6	33.3
Segment operating free cash flow	16.5	16.7	−1.2	5.8	9.9	−41.4
Employees as at closing date [1]	1 242	1 239	0.2	–	–	–

[1] As at 30 June 2017 and 31 December 2016, respectively.

REVENUE AND EBITDA IN THE *PRODUCTION* DIVISION

Compared to the prior-year quarter, the *Production* division achieved an increase in revenue of 14.6% to EUR 646.1 million. Adjusted EBITDA increased in the same period from EUR 42.7 million to EUR 67.1 million. This development was driven by the same factors as the whole Group: higher sales prices and the positive effects from further implementation of measures to save costs and enhance efficiency.

REVENUE AND EBITDA IN THE *SALES & SERVICES* DIVISION

The *Sales & Services* division presented a similar picture. Compared to the prior-year quarter, revenue in the second quarter of 2017 increased by 14.5% to EUR 133.7 million. Adjusted EBITDA of the division increased from EUR 5.3 million to EUR 5.7 million (increase of 7.5%).

FINANCIAL POSITION AND NET ASSETS

The primary goal of financial management is to create a solid capital base to support the Group's sustainable growth. The Group relies on three pillars to secure the liquidity needed to do this: the syndicated loan, the corporate bond, and the ABS financing program. A central cash pool ensures that our international operations have sufficient liquidity.

Key figures on the financial position and net assets	Unit	**30.6.2017**	31.12.2016	Change on prior year %
Shareholders' equity	million EUR	687.7	667.5	3.0
Equity ratio	%	31.8	32.6	–0.8
Net debt	million EUR	472.4	420.0	12.5
Gearing	%	68.7	62.9	5.8
Net working capital	million EUR	753.2	615.4	22.4
Total assets	million EUR	2 161.5	2 047.0	5.6

	Unit	**1.1.–30.6.2017**	1.1.–30.6.2016	Change on prior year %	**Q2 2017**	Q2 2016	Change on prior year %
Cash flow before changes in net working capital	million EUR	148.5	57.0	nm	74.8	34.3	nm
Cash flow from operating activities	million EUR	–3.2	57.9	nm	17.6	54.7	–67.8
Cash flow from investing activities	million EUR	–21.1	–32.3	–34.7	–10.5	–15.8	–33.5
Free cash flow	million EUR	–24.3	25.6	nm	7.1	38.9	–81.7
Depreciation, amortization and impairments	million EUR	–63.4	–60.4	5.0	–31.7	–30.2	5.0
Investments	million EUR	25.0	33.7	–25.8	13.7	16.3	–16.0

FINANCIAL SITUATION

Shareholders' equity and equity ratio

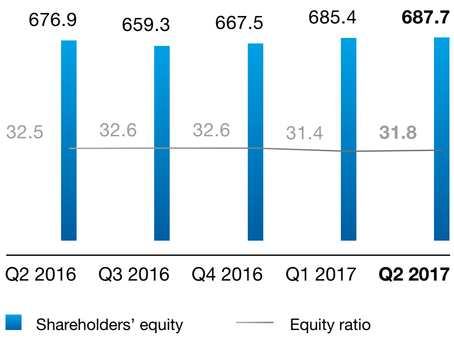
The increase in shareholders' equity in the first quarter of 2017 mainly stems from a net profit of EUR 26.5 million. Further, there were losses from currency translation of EUR 16.5 million and actuarial gains of EUR 16.0 million that virtually offset each other. Shareholders' equity increased by 3.0% to EUR 687.7 million compared to EUR 667.5 million as at December 31, 2016. With the rise in total assets, the equity ratio decreased slightly to 31.8% (year-end 2016: 32.6%).

Net debt

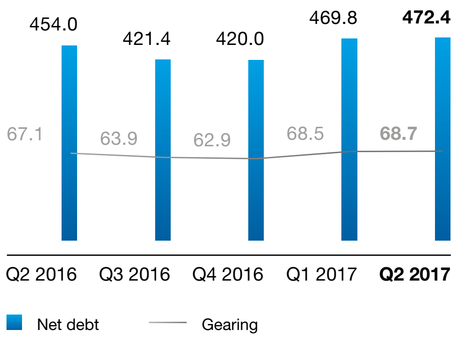
Net debt, comprising current and non-current financial liabilities less cash and cash equivalents, came to EUR 472.4 million. Due to seasonal effects, it was above the figure from December 31, 2016 (EUR 420.0 million).

This stems from the increase in net working capital, which is attributable to the increased production volume, higher prices and thus higher revenue. By contrast, net debt at EUR 469.8 million was stable compared to the end of the first quarter 2017 despite an increase of EUR 43.9 million in the net working capital compared to March 31, 2017.

Shareholders' equity and equity ratio
Five-quarter overview in million EUR / in %



Net debt and gearing
Five-quarter overview in million EUR / in %



The gearing, which expresses the relation between the net debt to shareholders' equity, increased accordingly from 62.9% as at December 31, 2016, to 68.7%. Unsurprisingly, this figure also remained largely unchanged compared to the first quarter of 2017 (Q1 2017: 68.5%).

Cash flow

Cash flow before changes to the net working capital came to EUR 74.8 million – a marked improvement on the prior-year period due to the positive result (Q2 2016: EUR 34.3 million). At EUR 73.7 million, it was even slightly higher than in the first quarter of 2017. The increase in the net working capital due to additions to inventories and receivables reduced the cash flow from operating activities to EUR 17.6 million; however, it was significantly higher than the figure of EUR –20.8 million in the first quarter of 2017.

At EUR 10.5 million, cash flow from investing activities matched the level of EUR 10.6 million in the first quarter of 2017, however below the level of EUR 15.8 million as at June 30, 2016. Capital expenditures were within the planned annual investment budget. As a result, there was a free cash flow of EUR 7.1 million (Q1 2017: EUR –31.4 million). Cash flow from financing activities of EUR –5.7 million (Q1 2017: EUR 35.0 million) is mainly attributable to payments in connection with refinancing. These effects were expensed in the first quarter of 2017, but did not affect the statement of cash flows until the second quarter.

NET ASSETS

Total assets

In the period from December 31, 2016, to June 30, 2017, total assets increased by EUR 114.5 million to EUR 2 161.5 million, primarily due to the increase in current assets. On the equity and liabilities side, there is an increase in current liabilities and net debt. Thanks to the positive earnings development, shareholders' equity also increased from EUR 20.2 million to EUR 687.7 million.

Non-current assets

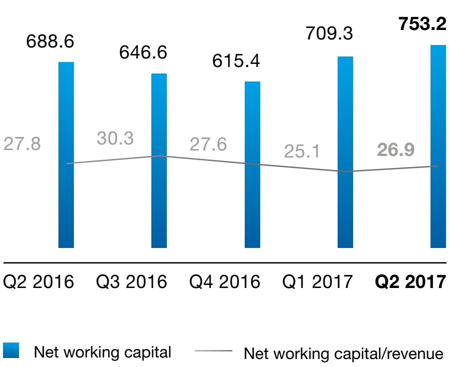
Non-current assets decreased by 7.4% from EUR 994.7 million to EUR 920.7 million compared to December 31, 2016. The decrease was mainly due to regular depreciation and amortization of fixed assets of EUR 63.4 million, which was partly offset by capital expenditures of EUR 25 million in new plant and equipment. Non-current assets account for 42.6% of total assets, a slight decrease on the prior year (December 31, 2016: 48.6%).

Net working capital

Compared to December 31, 2016, net working capital rose significantly from EUR 615.4 million to EUR 753.2 million. This is in line with the expected increase in the first half year and is linked to higher revenue as well as the resulting higher trade receivables (EUR 111.0 million) and inventories (EUR 70.4 million). Higher trade payables of EUR 43.6 million offset this effect partially. Compared to March 31, 2017, the net working capital increased by EUR 43.9 million.

As at June 30, 2017, net working capital as a percentage of revenue came to 26.9% and thus rose slightly compared to 25.1% as at March 31, 2017; however, it fell compared to 27.6% as at December 31, 2016. The increase in this percentage mainly stems from stockpiling in the second quarter, which should ensure SCHMOLZ + BICKENBACH's ability to deliver during production downtimes related to maintenance in the summer months.

Net working capital and
net working capital/revenue
Five-quarter overview in million EUR / in %



Liabilities

Non-current liabilities totaled EUR 710.7 million as at the reporting date, up EUR 13.8 million on the figure from December 31, 2016. There are two main effects: first, higher non-current liabilities of EUR 39.4 million due to the increased use of financing with borrowed funds, and second, the opposite effect in defined benefit obligations, which decreased by EUR 19.9 million due to slightly higher updated discount rates.

However, the ratio of non-current liabilities to total assets fell from 34.1% to 32.9%.

Current liabilities rose by EUR 80.5 million to EUR 763.1 million compared to year-end 2016. This development was mainly driven by: first, higher trade payables of EUR 43.6 million due to higher revenue and sales volumes, second, an increase in other current liabilities of EUR 25.7 million due to seasonally higher accruals and provisions for holidays and overtime, and third, higher VAT liabilities. The share of current liabilities in total assets thus increased to 35.3% (December 31, 2016: 33.3%).

OPPORTUNITIES AND RISKS

SCHMOLZ + BICKENBACH's central risk management system is intended to systematically minimize or completely eliminate risks through appropriate measures. As all business activities are associated with an element of risk, and in order to best exploit the opportunities that arise from these, we enter into risks as necessary in a controlled manner.

RISK MANAGEMENT

The Group's risk management provides support in the strategic planning and day-to-day decision-making to pursue and to manage the Group's objectives within the set appetite for risk. The risk management objectives are to detect threats and exploit opportunities at an early stage and respond in a way that is conducive to achieving strategic goals and continuously increasing the value of the Company. A standardized Enterprise Risk Management (ERM) system has been implemented across the Group to ensure systematic and efficient risk management by means of consistent guidelines. The ERM is an integral component of the annual strategy process and of the Group's culture, enabling risk identification, a comprehensive risk analysis including probability of occurrence, impact measurement, and corresponding mitigating action.

Risk categories

> Political and regulatory risks
> Risks relating to the future economic development
> Environmental risks
> Risks from IT security and internal processes
> Personnel risks
> Financial risks (foreign currency, interest rate, commodity price, credit and liquidity risk)

OPPORTUNITY MANAGEMENT

From its starting point as a collection of complementary companies, the Group became increasingly cohesive between 2003 and 2016. The Group's market success is attributable in no small way to its consistent and systematic strategy process, which is managed and supported by the Board of Directors, Executive Board and Corporate Business Development. We collect and analyze information about the market, production, and research and development both at division level and centrally from a Group perspective as the basis for strategic decision-making. This allows well-informed strategic decisions to be taken at Group level and then implemented in cooperation with the Business Unit Heads. Our approach allows us to derive opportunities for our Company from the risks inherent in all business activities.

For further information on opportunities and risks, see the annual report 2016 on pages 60–65.

OUTLOOK

Our long-term goal is to create a robust, profitable, innovative and global group for special long steel.

This section contains forward-looking statements, including presentations of developments, plans, intentions, assumptions, expectations, beliefs and potential impacts or 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.

Favorable developments in key customers' industries – uncertainties remain

After a good start to the year, the market environment developed positively again in the second quarter. Demand for special steel settled at a more normal level compared to 2015 and 2016. However, the outlook for individual customers' industries remains subject to considerable uncertainties. Although the automotive industry is still in a good shape, there were signs of a slowdown in the US in the second quarter and in Europe it is also burdened by growing uncertainties surrounding Brexit and trade discussions with the US. The mechanical and plant engineering industry is experiencing a moderate upswing, whose sustainability is difficult to assess. Despite the slight recovery from a very low level for the oil and gas industry, the strength of the upturn left much to be desired due to the persistently low and volatile oil prices. On the cost side, we expect to come under pressure when purchasing electrodes and refractory material for our steel production. These developments put a question mark over overly optimistic economic forecasts for the second half of the year. However, the first six months cannot conceal the fact that the steel industry is far from a sustainable, strong upturn. In sum, for the remaining part of 2017, we are still forecasting a slightly more favorable business environment in comparison to the prior year, albeit still burdened by political and macroeconomic uncertainties.

Outlook 2017 for the SCHMOLZ + BICKENBACH Group

In the second quarter of 2017, we achieved earnings which were significantly better compared to the prior-year quarter and which stood around the level of the first quarter of 2017. Our efficiency improvement and restructuring initiatives provided the basis, and the improved market environment strengthened these effects. We have therefore corrected our forecast upwards for the fiscal year 2017: we expect adjusted EBITDA of EUR 200–220 million, compared to the range of EUR 160–200 million expected at the beginning of the year.

In the next few months, we will continue to focus on expanding our own strengths. We will continue with the restructuring of Deutsche Edelstahlwerke and Steeltec – for example, closing down production in Boxholm, Sweden, and improving productivity in Germany. We will make targeted investments to improve our innovative strengths and technology leadership and align the Company more closely to the market. And last but not least, we will keep a strict focus on cost discipline and efficiency of our net working capital.

In the medium term, we aim to develop SCHMOLZ + BICKENBACH into an innovative, sustainably profitable company with a high share of special long steel products which is widely diversified across all relevant geographic areas and end markets and offers its customers high-quality standard products as well as made-to-measure solutions.

Financial reporting

SCHMOLZ + BICKENBACH Group

CONSOLIDATED INCOME STATEMENT

in million EUR	Note	1.1.–30.6.2017	1.1.–30.6.2016	Q2 2017	Q2 2016
Revenue		1 407.4	1 222.3	699.8	618.7
Change in semi-finished and finished goods		49.3	–38.1	30.8	–17.6
Cost of materials		–891.7	–708.9	–449.9	–356.0
Gross profit		**565.0**	**475.3**	**280.7**	**245.1**
Other operating income	6	18.0	16.8	10.3	8.7
Personnel costs		–297.0	–277.6	–149.2	–134.9
Other operating expenses	6	–152.0	–143.0	–74.1	–69.3
Operating profit before depreciation, amortization and impairments		**134.0**	**71.5**	**67.7**	**49.6**
Depreciation, amortization and impairments	9	–63.4	–60.4	–31.7	–30.2
Operating profit		**70.6**	**11.1**	**36.0**	**19.4**
Financial income	7	4.0	0.4	–7.1	0.1
Financial expense	7	–33.3	–23.2	–15.0	–11.6
Financial result		**–29.3**	**–22.8**	**–22.1**	**–11.5**
Earnings before taxes		**41.3**	**–11.7**	**13.9**	**7.9**
Income taxes	8	–14.8	–6.4	–3.9	–2.0
Earnings after taxes from continuing operations		**26.5**	**–18.1**	**10.0**	**5.9**
Earnings after taxes from discontinued operations		0.0	–3.9	0.0	–3.5
Net income (loss)		**26.5**	**–22.0**	**10.0**	**2.4**
of which attributable to					
– shareholders of SCHMOLZ + BICKENBACH AG		25.5	–23.3	9.6	1.7
of which from continuing operations		25.5	–19.4	9.6	5.2
of which from discontinued operations		0.0	–3.9	0.0	–3.5
– non-controlling interests		1.0	1.3	0.4	0.7
Earnings per share in EUR (basic/diluted)		**0.03**	**–0.02**	**0.01**	**0.00**
Earnings per share in EUR (basic/diluted) from continuing operations		**0.03**	**–0.02**	**0.01**	**0.01**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in million EUR	Note	1.1.–30.6.2017	1.1.–30.6.2016	Q2 2017	Q2 2016
Net income (loss)		**26.5**	**–22.0**	**10.0**	**2.4**
Gains/(losses) from currency translation		–16.5	–1.4	–14.9	4.8
Change in unrealized gains/(losses) from cash flow hedges		–0.5	0.7	–0.3	0.7
Tax effect from cash flow hedges		0.2	–0.2	0.2	–0.2
Items that may be reclassified subsequently to profit or loss		**–16.8**	**–0.9**	**–15.0**	**5.3**
Actuarial gains/(losses) from pension-related and similar obligations	11	16.0	–67.7	11.8	–25.3
Tax effect from pensions and similar obligations		–3.8	17.1	–2.4	6.5
Items that will not be reclassified subsequently to profit or loss		**12.2**	**–50.6**	**9.4**	**–18.8**
Other comprehensive income (loss)		**–4.6**	**–51.5**	**–5.6**	**–13.5**
Total comprehensive loss		**21.9**	**–73.5**	**4.4**	**–11.1**
of which attributable to					
– shareholders of SCHMOLZ + BICKENBACH AG		20.9	–74.8	4.0	–11.8
of which from continuing operations		20.9	–70.9	4.0	–8.3
of which from discontinued operations		0.0	–3.9	0.0	–3.5
– non-controlling interests		1.0	1.3	0.4	0.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30.6.2017		31.12.2016	
	Note	in million EUR	%	in million EUR	%
Assets					
Intangible assets	9	25.9		28.1	
Property, plant and equipment	9	829.9		889.1	
Other non-current assets		1.7		1.5	
Non-current income tax assets		6.6		10.1	
Other non-current financial assets		1.5		1.5	
Deferred tax assets		55.1		64.4	
Total non-current assets		**920.7**	**42.6**	**994.7**	**48.6**
Inventories	10	700.6		630.2	
Trade accounts receivable		444.1		333.1	
Current financial assets		0.5		0.3	
Current income tax assets		5.2		5.5	
Other current assets		51.3		39.4	
Cash and cash equivalents		39.1		43.7	
Assets held for sale		0.0		0.1	
Total current assets		**1 240.8**	**57.4**	**1 052.3**	**51.4**
Total assets		**2 161.5**	**100.0**	**2 047.0**	**100.0**
Shareholders' equity and liabilities					
Share capital		378.6		378.6	
Capital reserves		952.8		952.8	
Retained earnings (accumulated losses)		−581.8		−606.7	
Accumulated income and expense recognized in other comprehensive income (loss)		−69.2		−64.6	
Treasury shares		0.0		−0.1	
Attributable to shareholders of SCHMOLZ + BICKENBACH AG		**680.4**		**660.0**	
Non-controlling interests		7.3		7.5	
Total shareholders' equity		**687.7**	**31.8**	**667.5**	**32.6**
Pension liabilities	11	306.7		326.6	
Other non-current provisions		36.1		37.5	
Deferred tax liabilities		44.7		47.1	
Non-current financial liabilities	12	321.3		281.9	
Other non-current liabilities		1.9		3.8	
Total non-current liabilities		**710.7**	**32.9**	**696.9**	**34.1**
Current provisions		35.2		35.1	
Trade accounts payable		391.5		347.9	
Current financial liabilities	12	190.2		181.7	
Current income tax liabilities		6.0		3.4	
Other current liabilities		140.2		114.5	
Total current liabilities		**763.1**	**35.3**	**682.6**	**33.3**
Total liabilities		**1 473.8**	**68.2**	**1 379.5**	**67.4**
Total shareholders' equity and liabilities		**2 161.5**	**100.0**	**2 047.0**	**100.0**

CONSOLIDATED STATEMENT OF CASH FLOWS

in million EUR	Note	1.1.– 30.6.2017	1.1.– 30.6.2016
Earnings before taxes		41.3	–11.7
Depreciation, amortization and impairments		63.4	60.4
Gain/loss on disposal of intangible assets, property, plant and equipment and financial assets		–2.8	–0.1
Increase/decrease in other assets and liabilities		17.2	–10.0
Financial income		–4.0	–0.4
Financial expense		33.3	23.2
Income taxes paid (net)		0.1	–4.4
Cash flow before changes in net working capital		**148.5**	**57.0**
Change in inventories		–80.0	51.2
Change in trade accounts receivable		–118.5	–59.7
Change in trade accounts payable		46.8	9.4
Cash flow from operating activities	**A**	**–3.2**	**57.9**
Investments in property, plant and equipment		–24.0	–31.2
Proceeds from disposal of property, plant and equipment		3.4	0.5
Investments in intangible assets		–0.8	–1.9
Interest received		0.3	0.3
Cash flow from investing activities	**B**	**–21.1**	**–32.3**
Increase in other financial liabilities		23.5	–32.8
Proceeds bond		195.5	0.0
Transaction costs other refinancing		–3.4	0.0
Repayment bond		–171.9	0.0
Investment in treasury shares		–0.9	–0.5
Investments in shares in previously consolidated companies		–3.1	0.0
Dividends to non-controlling interests		–1.2	–0.2
Interest paid		–17.1	–8.7
Cash flow from financing activities	**C**	**21.4**	**–42.2**
Change in cash and cash equivalents due to cash flow	**A+B+C**	**–2.9**	**–16.6**
Effect of foreign currency translation		–1.7	–0.3
Change in cash and cash equivalents		**–4.6**	**–16.9**
Cash and cash equivalents as at 1.1.		43.7	53.2
Cash and cash equivalents as at 30.6.		39.1	36.3
Change in cash and cash equivalents		**–4.6**	**–16.9**
Free cash flow	**A+B**	**–24.3**	**25.6**

Since no cash flows from discontinued operations were incurred in the current period or period of the prior year, a detailed statement of cash flows from discontinued and continuing operations has not been made.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in million EUR	Share capital	Capital reserves	Retained earnings (accumulated losses)	Accumulated income and expense recognized in other comprehensive income	Treasury shares	**Attributable to shareholders of SCHMOLZ + BICKENBACH AG**	Non-controlling interests	**Total shareholders' equity**
As at 1.1.2016	**378.6**	**952.8**	**−526.5**	**−67.2**	**−0.1**	**737.6**	**13.0**	**750.6**
Purchase of treasury shares	0.0	0.0	0.0	0.0	−0.5	**−0.5**	0.0	−0.5
Definitive allocation of share-based payments for the prior year	0.0	0.0	0.0	0.0	0.5	**0.5**	0.0	0.5
Dividends	0.0	0.0	0.0	0.0	0.0	**0.0**	−0.2	−0.2
Capital transactions with shareholders	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**−0.2**	**−0.2**
Net income (loss)	0.0	0.0	−23.3	0.0	0.0	**−23.3**	1.3	−22.0
Other comprehensive income (loss)	0.0	0.0	0.0	−51.5	0.0	**−51.5**	0.0	−51.5
Total comprehensive income (loss)	**0.0**	**0.0**	**−23.3**	**−51.5**	**0.0**	**−74.8**	**1.3**	**−73.5**
As at 30.6.2016	**378.6**	**952.8**	**−549.8**	**−118.7**	**−0.1**	**662.8**	**14.1**	**676.9**
As at 1.1.2017	**378.6**	**952.8**	**−606.7**	**−64.6**	**−0.1**	**660.0**	**7.5**	**667.5**
Purchase of treasury shares	0.0	0.0	0.0	0.0	−0.9	**−0.9**	0.0	−0.9
Expenses from share-based payments	0.0	0.0	0.8	0.0	0.0	**0.8**	0.0	0.8
Definitive allocation of share-based payments for the prior year	0.0	0.0	−1.4	0.0	1.0	**−0.4**	0.0	−0.4
Dividends	0.0	0.0	0.0	0.0	0.0	**0.0**	−1.2	−1.2
Capital transactions with shareholders	**0.0**	**0.0**	**−0.6**	**0.0**	**0.1**	**−0.5**	**−1.2**	**−1.7**
Net income (loss)	0.0	0.0	25.5	0.0	0.0	**25.5**	1.0	26.5
Other comprehensive income (loss)	0.0	0.0	0.0	−4.6	0.0	**−4.6**	0.0	−4.6
Total comprehensive income (loss)	**0.0**	**0.0**	**25.5**	**−4.6**	**0.0**	**20.9**	**1.0**	**21.9**
As at 30.6.2017	**378.6**	**952.8**	**−581.8**	**−69.2**	**0.0**	**680.4**	**7.3**	**687.7**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 Landenbergstrasse 11 in Lucerne. SCHMOLZ + BICKENBACH is a global steel company operating in the special and long steel business. Its activities are divided into two divisions: *Production* and *Sales & Services.*

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 10, 2017.

1 ACCOUNTING POLICIES

The Group prepared these interim condensed consolidated financial statements of SCHMOLZ + BICKENBACH AG for the first half of 2017 in accordance with IAS 34 «Interim Financial Reporting». They contain all the information required of interim condensed 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 December 31, 2016. This quarterly report is presented in euro. Unless otherwise stated, monetary amounts are denominated in millions of euro.

2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these interim condensed consolidated financial statements in accordance with IAS 34, assumptions and estimates have been made which affect the carrying amounts and disclosure of the recognized assets and liabilities, income and expenses, and contingent liabilities. Actual amounts may differ from the estimates.

3 STANDARDS AND INTERPRETATIONS APPLIED

The relevant accounting policies applied in the interim condensed consolidated financial statements are consistent with those used for the most recent consolidated financial statements prepared from the end of the fiscal year 2016. The new or revised standards that are mandatory for fiscal years from January 1, 2017 have no effects on these interim financial statements.

4 SEASONAL EFFECTS

There are slight seasonal effects on sales and revenue in both segments of the Group. These effects are attributable to the number of working days in the second half of the year, which is regularly lower 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 over the summer months. 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 sales, revenue and earnings, however.

5 SCOPE OF CONSOLIDATION AND BUSINESS COMBINATIONS

In the first half of 2017, SCHMOLZ + BICKENBACH Chile SpA (CL) was established and allocated to the *Sales & Services* segment.

In the first half of 2017, the first installment of the purchase price of EUR 3.1 million for the acquisition of the non-controlling interests of SCHMOLZ + BICKENBACH s.r.o. (CZ) was paid, which was fully consolidated as at December 2016. The entire purchase price amounted to EUR 6.1 million, further installments will be paid in financial years 2018 and 2019.

In the first half of 2016, the entities Chongqing SCHMOLZ + BICKENBACH Co. Ltd. (CN) and SCHMOLZ + BICKENBACH (Thailand) Ltd. were established and allocated to the *Sales & Services* segment.

6 OTHER OPERATING INCOME AND EXPENSES

Other operating income of EUR 18.0 million (2016: EUR 16.8 million) comprises a number of items which are immaterial both individually and on aggregate and are therefore not presented separately.

Other operating expenses can be broken down as follows:

in million EUR	**1.1.–30.6.2017**	1.1.–30.6.2016
Freight, commission	43.6	40.8
Maintenance, repairs	36.1	27.9
Holding and administration expenses	15.5	13.5
Fees and charges	11.3	10.1
Rent and lease expenses	8.8	9.2
Consultancy and audit services	6.6	11.4
IT expenses	10.3	7.2
Losses on disposal of intangible assets, property, plant and equipment, and financial assets	0.4	0.2
Non-income taxes	6.8	6.7
Miscellaneous expense	12.6	16.0
Total	**152.0**	**143.0**

Miscellaneous expense of EUR 12.6 million (2016: EUR 16.0 million) comprises a number of individually immaterial items which cannot be allocated to another category.

All exchange gains and losses on receivables and liabilities or derivative currency contracts concluded to hedge these are presented as other operating expenses or income, depending on whether the net figure is negative or positive.

The net figures break down as follows:

in million EUR	**1.1.–30.6.2017**	1.1.–30.6.2016
Exchange gains	33.6	18.7
Exchange losses	32.6	18.7
Net exchange gains/(losses)	**1.0**	**0.0**

7 FINANCIAL RESULT

in million EUR	1.1.– 30.6.2017	1.1.– 30.6.2016
Interest income	0.4	0.4
Other financial income	3.6	0.0
Financial income	**4.0**	**0.4**
Interest expense on financial liabilities	–21.7	–17.8
Net interest expense on pension provisions and plan assets	–2.6	–3.0
Capitalized borrowing costs	0.1	0.0
Other financial expense	–9.1	–2.4
Financial expense	**–33.3**	**–23.2**
Financial result	**–29.3**	**–22.8**

Other financial income includes a valuation gain of EUR 3.6 million (2016: EUR 0.0 million) from the repayment option for the bond issued in May 2017. This valuation gain represents the option to redeem the existing bond prematurely on potentially better interest terms. Redemption of the bond is possible as at July 15, 2019 at the earliest.

Other financial expense contains expenses related to the premature redemption of the bond issued in 2012. These include realization and derecognition of capitalized repurchase options of EUR 4.6 million (2016: EUR 0.0 million), additionally, amortization of the remaining transaction costs and the redemption premium for early payment totaling EUR 6.6 million.

8 INCOME TAXES

in million EUR	1.1.– 30.6.2017	1.1.– 30.6.2016
Current taxes	8.3	7.0
Deferred taxes	6.5	–0.6
Income tax expense/(income)	**14.8**	**6.4**

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 six months of fiscal year 2017 was 36.0% (2016: –54.7%). This rate derives from the tax rates of the individual countries in which the Group operates, weighted for earnings before taxes.

The following table presents the net change in deferred tax assets and liabilities.

in million EUR	1.1.– 30.6.2017	1.1.– 31.12.2016	1.1.– 30.6.2016
Opening balance at the beginning of the period	17.3	19.7	19.7
Changes from continuing operations recognized in profit and loss	–6.5	–5.1	0.6
Changes recognized in other comprehensive income	–3.6	4.1	16.9
Foreign currency effects	3.2	–1.4	0.7
Closing balance at the end of the period	**10.4**	**17.3**	**37.9**

9 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets have not changed significantly in the first six months. The carrying amount of intangible assets as at June 30, 2017 was EUR 25.9 million (December 31, 2016: EUR 28.1 million). Amortization of intangible assets in the first half of 2017 came to EUR 1.9 million (2016: EUR 2.1 million).

The breakdown of property, plant and equipment into its subcategories can be seen below. A significant portion of the additions is attributable to the *Production* division.

in million EUR	Land and buildings	Plant and equipment	Prepayments/plant under construction	Total
Cost as at 1.1.2016	**718.3**	**2317.8**	**70.2**	**3106.3**
Additions	1.0	51.6	42.0	94.6
Disposals	−0.5	−28.5	−0.1	−29.1
Reclassifications	3.1	50.0	−53.1	0.0
Foreign currency effects	5.8	19.0	0.8	25.6
Cost as at 31.12.2016	**727.7**	**2409.9**	**59.8**	**3197.4**
Additions	0.1	7.5	16.5	24.1
Disposals	0.0	−8.0	0.0	−8.0
Reclassifications	1.7	15.6	−17.3	0.0
Foreign currency effects	−13.0	−35.8	−1.1	−49.9
Cost as at 30.6.2017	**716.5**	**2389.2**	**57.9**	**3163.6**
Accumulated depreciation and impairments as at 1.1.2016	**−403.0**	**−1796.9**	**0.0**	**−2199.9**
Depreciation	−16.8	−103.2	0.0	−120.0
Impairment	−0.2	−0.2	0.0	−0.4
Disposals	0.4	27.6	0.0	28.0
Foreign currency effects	−3.1	−12.9	0.0	−16.0
Accumulated depreciation and impairments as at 31.12.2016	**−422.7**	**−1885.6**	**0.0**	**−2308.3**
Depreciation	−8.3	−53.0	0.0	−61.3
Impairment	0.0	−0.2	0.0	−0.2
Disposals	0.0	7.4	0.0	7.4
Foreign currency effects	5.5	23.2	0.0	28.7
Accumulated depreciation and impairments as at 30.6.2017	**−425.5**	**−1908.2**	**0.0**	**−2333.7**
Net carrying amount as at 31.12.2016	**305.0**	**524.3**	**59.8**	**889.1**
Net carrying amount as at 30.6.2017	**291.0**	**481.0**	**57.9**	**829.9**

There were no restrictions on ownership or disposal as at each reporting date.

10 INVENTORIES

Inventories as at June 30, 2017 as well as at December 31, 2016 break down as follows:

in million EUR	30.6.2017	31.12.2016
Raw materials, consumables and supplies	106.4	103.6
Semi-finished goods and work in progress	302.0	250.2
Finished goods and merchandise	292.2	276.4
Total	**700.6**	**630.2**

11 PENSIONS

On the one hand, there are «Defined Benefit Plans» in the Group, on the other hand, there are «Defined Contribution Plans», where contractually defined amounts are transferred to an external pension institution. Most of the plans are, however, defined benefit plans, in which the employer undertakes to deliver the agreed pension benefits to its employees.

Since the beginning of the year, the following significant changes occurred:

	Defined benefit obligation		Fair value of plan assets		Net liability	
in million EUR	1.1.–30.6.2017	1.1.–31.12.2016	1.1.–30.6.2017	1.1.–31.12.2016	1.1.–30.6.2017	1.1.–31.12.2016
Present value of defined benefit obligations/Fair value of plan assets at the beginning of the period	**636.9**	**611.1**	**311.6**	**294.1**	**325.3**	**317.0**
Current service cost	5.4	12.4	0.0	0.0	5.4	12.4
Administration expenses	0.0	0.0	−0.2	−0.7	0.2	0.7
Interest cost/(income)	3.8	9.4	1.2	3.4	2.6	6.0
Past service costs	−2.8	−4.0	0.0	0.0	−2.8	−4.0
Net pension expenses/(income)	**6.4**	**17.8**	**1.0**	**2.7**	**5.4**	**15.1**
Return on plan assets less interest income	0.0	0.0	0.0	10.0	0.0	−10.0
Actuarial (gains)/losses from changes in demographic assumptions	0.0	−2.5	0.0	0.0	0.0	−2.5
Actuarial (gains)/losses from changes in financial assumptions	−16.0	28.0	0.0	0.0	−16.0	28.0
Actuarial (gains)/losses from experience adjustments	0.0	−7.9	0.0	0.0	0.0	−7.9
Remeasurement effects included in other comprehensive income	**−16.0**	**17.6**	**0.0**	**10.0**	**−16.0**	**7.6**
Employer contributions	0.0	0.0	7.9	15.6	−7.9	−15.6
Employee contributions	2.4	4.8	2.4	4.8	0.0	0.0
Benefit payments	−13.4	−20.9	−13.4	−20.9	0.0	0.0
Foreign currency effects	−10.3	6.5	−8.3	5.3	−2.0	1.2
Present value of defined benefit obligations/Fair value of plan assets at the end of the period	**606.0**	**636.9**	**301.2**	**311.6**	**304.8**	**325.3**
Provisions from obligations similar to pensions	1.9	1.3	0.0	0.0	1.9	1.3
Total provisions for pensions and obligations similar to pensions	**607.9**	**638.2**	**301.2**	**311.6**	**306.7**	**326.6**

Actuarial gains primarily result from the slight increase in discount rates as at June 30, 2017 in Switzerland and the euro area compared to the prior year as at December 31, 2016.

In 2016 these decreased in Switzerland and the euro area and thus resulted in an actuarial loss.

In the second quarter of 2017 – like in the prior year – an improvement in earnings was recognized in the income statement. This resulted from another reduction in the pension conversion rates in Switzerland. The recalculation of the present value of the defined benefit obligations resulted in a non-recurring gain of EUR 2.8 million, which was immediately posted to the income statement (Q2 2016: EUR 3.5 million).

As at the reporting date, the main driver of the measurement of the defined benefit obligations – the discount rates were evaluated critically. These were adjusted if not within the appropriate range. The following valuation assumptions were used.

	Switzerland		Euro area		USA		Canada	
in %	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016
Discount rate	0.7	0.5	2.0	1.8	3.6	3.8	3.3	3.8
Salary trend	1.5	1.5	1.8–3.0	1.8–3.0	nm	nm	3.0	3.0

12 FINANCIAL LIABILITIES

Financial liabilities break down as follows as at June 30, 2017:

in million EUR	30.6.2017	31.12.2016
Syndicated loan	105.2	93.1
Other bank loans	18.7	21.3
Bond	194.9	164.6
Liabilities from finance leases	2.5	2.9
Total non-current	**321.3**	**281.9**
Other bank loans	7.5	7.8
ABS financing programme	179.2	169.9
Liabilities from finance leases	0.9	1.1
Other financial liabilities	2.6	2.9
Total current	**190.2**	**181.7**

Other current financial liabilities include accrued interest for the bond of EUR 2.1 million (December 31, 2016: EUR 2.1 million).

SCHMOLZ + BICKENBACH issued a corporate bond on April 24, 2017 with a final maturity date of July 15, 2022. The senior secured notes of EUR 200 million were offered by the subsidiary SCHMOLZ + BICKENBACH Luxembourg Finance S.A. (LU) and will have a coupon of 5.625% p.a. Interest is payable semiannually on January 15 and July 15. The new bond replaced the old bond (issue date: May 15, 2012) prematurely on May 15, 2017.

In addition to that, the syndicated loan of EUR 375 million was extended at better conditions and the ABS financing program of EUR 230 million and USD 75 million was extended until 2022, respectively.

13 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities from guarantees, warranties and purchase commitments totaled EUR 26.3 million as at June 30, 2017 (December 31, 2016: EUR 21.2 million).

14 FAIR VALUE MEASUREMENT CONSIDERATIONS

SCHMOLZ + BICKENBACH regularly reviews the procedure for measuring items at fair value. If the material input parameters change, the Group assesses whether an item needs to be transferred between the levels. There were no transfers between the individual levels during the reporting period.

The fair value (Level 1) of the bonds as at June 30, 2017 came to EUR 212.2 million (December 31, 2016: EUR 176.3 million).

The carrying amount of the bonds as at June 30, 2017 was EUR 194.9 million (December 31, 2016: EUR 164.6 million).

As at June 30, 2017, positive fair value of EUR 4.4 million was accounted for embedded derivative financial instruments (Level 2) (December 31, 2016: EUR 4.6 million). The figure is attributable to the repurchase option for the bond issued by SCHMOLZ + BICKENBACH Luxembourg S.A. (LU) in May 2017. The figure as at December 31, 2016 is attributable to the repurchase option for the bond issued in May 2012. The effect recognized in the income statement in the first half of 2017 came to EUR 3.6 million.

The fair value of the repayment options for the bonds was calculated using an option pricing model. The main drivers of the fair value are the changes in the market interest rates, the change in the credit spread as well as volatility of market interest rates and the credit spread. For every exercise date, the payment profile of repayment options is determined taking into consideration the deviation in the present value of future interest and principal repayments from the repayment amount at each date of termination. The acquisition costs accounted for the bond consider the value determined for the embedded option during the issue.

15 SUBSEQUENT EVENTS

As at July 5, 2017 SCHMOLZ + BICKENBACH acquired a shareholding portfolio of 60% in the privately-owned Chinese company Shanghai Xinzhen Precision Metalwork Co., Ltd, while the Chinese Tsingshan Group holds a minority interest of 40%. Shanghai Xinzhen Precision Metalwork Co., Ltd is specialized in the production of a broad range of drawn bright steel. This acquisition is aimed at tapping into the Chinese market for stainless long steel. The competitive position will be established by building up local processing and sales structures (downstream) while customer service will be strengthened by a reliable and flexible supply chain.

Fair values from the acquisition are accounted for using the acquisition method and will be consolidated in full for the first time in the third quarter of 2017 taking into consideration the corresponding non-controlling interests. The fair values of the acquired net assets as of acquisition date amount to EUR 5.2 million, thereof EUR 2.1 million non-controlling interests. The purchase price of the company amounts to EUR 3.4 million and the resulting goodwill EUR 0.3 million. The expected net cash flow in the third quarter of 2017 will be EUR 3.3 million as there are EUR 0.1 million of cash and cash equivalents acquired through the transaction.

Unless otherwise stated, the numbers mentioned above refer to preliminary figures as purchase price allocations have not been concluded completely.

The acquisition took place as at July 5, 2017 and thus after the closing date, therefore in the first half of 2017, it did not affect revenue and earnings after taxes in the consolidated stand-alone financial statements. The goodwill of EUR 0.3 million was paid for synergies in the combination of production and sales processes of SCHMOLZ + BICKENBACH and the acquired company.

In total, transaction costs of EUR 0.5 million were recognized as other operating expenses and as cash flow from operating activities.

16 SEGMENT REPORTING

The Group is presented in accordance with its internal reporting and organizational structure, comprising the two divisions – hereafter also referred to as operating segments – *Production* and *Sales & Services*. The table below shows the segment reporting for the continuing operations as at June 30, 2017.

	Production		Sales & Services	
in million EUR	**1.1.– 30.6.2017**	1.1.– 30.6.2016	**1.1.– 30.6.2017**	1.1.– 30.6.2016
Third-party revenue	1 141.7	986.2	265.7	236.1
Intersegment revenue	161.4	126.4	0.1	0.0
Total revenue	**1 303.1**	**1 112.6**	**265.8**	**236.1**
Operating profit before depreciation and amortization (EBITDA)	**128.5**	**62.5**	**13.3**	**9.1**
Depreciation and amortization of intangible assets, property, plant and equipment	–59.1	–56.3	–2.3	–2.3
Impairment of intangible assets, property, plant and equipment and assets held for sale	–0.2	0.0	0.0	0.0
Operating profit (loss) (EBIT)	**69.2**	**6.2**	**11.0**	**6.8**
Financial income	1.6	2.5	1.7	1.5
Financial expense	–17.3	–19.6	–3.6	–3.8
Earnings before taxes (EBT) from continuing operations	**53.5**	**–10.9**	**9.1**	**4.5**
Segment investments [1]	23.1	31.9	1.4	1.2
Segment operating free cash flow [2]	–33.0	29.1	16.5	16.7
in million EUR	30.6.2017	31.12.2016	30.6.2017	31.12.2016
Segment assets [3]	1 809.9	1 686.0	246.4	228.1
Segment liabilities [4]	374.2	332.3	111.2	86.4
Segment assets less segment liabilities (capital employed)	**1 435.7**	**1 353.7**	**135.2**	**141.7**
Employees as at closing date	7 539	7 526	1 242	1 239

[1] Segment investments: Additions to intangible assets (without goodwill) + additions to property, plant and equipment (without reclassification from assets held for sale).

[2] Segment operating free cash flow: Adjusted EBITDA +/– change in net working capital (inventories, trade accounts receivable and payable valued at spot rate), less segment investments less capitalized borrowing costs.

[3] Segment assets: Intangible assets (without goodwill) + property, plant and equipment + inventories + trade accounts receivable (total matches total assets of the continuing operations in the statement of financial position).

[4] Segment liabilities: Trade accounts payable (total matches total liabilities in the statement of financial position).

		Reconciliation					
Total operating segments		Holdings		Eliminations/adjustments		Total	
1.1.–30.6.2017	1.1.–30.6.2016	**1.1.–30.6.2017**	1.1.–30.6.2016	**1.1.–30.6.2017**	1.1.–30.6.2016	**1.1.–30.6.2017**	1.1.–30.6.2016
1 407.4	1 222.3	0.0	0.0	0.0	0.0	1 407.4	1 222.3
161.5	126.4	0.0	0.0	−161.5	−126.4	0.0	0.0
1 568.9	**1 348.7**	**0.0**	**0.0**	**−161.5**	**−126.4**	**1 407.4**	**1 222.3**
141.8	**71.6**	**−7.6**	**−14.4**	**−0.2**	**14.3**	**134.0**	**71.5**
−61.4	−58.6	−1.8	−1.6	0.0	−0.2	−63.2	−60.4
−0.2	0.0	0.0	0.0	0.0	0.0	−0.2	0.0
80.2	**13.0**	**−9.4**	**−16.0**	**−0.2**	**14.1**	**70.6**	**11.1**
3.3	4.0	20.7	19.4	−20.0	−23.0	4.0	0.4
−20.9	−23.4	−32.4	−22.8	20.0	23.0	−33.3	−23.2
62.6	**−6.4**	**−21.1**	**−19.4**	**−0.2**	**14.1**	**41.3**	**−11.7**
24.5	33.1	0.5	0.6	0.0	0.0	25.0	33.7
−16.5	45.8	−7.7	−10.4	−2.5	11.2	−26.7	46.6
30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016	30.6.2017	31.12.2016
2 056.3	1 914.1	43.2	41.1	62.0	91.8	2 161.5	2 047.0
485.4	418.7	1.8	2.2	986.6	958.6	1 473.8	1 379.5
1 570.9	**1 495.4**						
8 781	8 765	113	112			8 894	8 877

Additional information

SCHMOLZ + BICKENBACH AG

MEMBERS OF THE BOARD OF DIRECTORS

The following overview provides details of the composition of the Board of Directors as at the reporting date.

SCHMOLZ + BICKENBACH AG Board of Directors

Edwin Eichler (DE) [1]
Year of birth 1958
Chairman
Compensation Committee (Chairman)
Member since 2013
Elected until 2018

Martin Haefner (CH) [2]
Year of birth 1954
Vice Chairman
Audit Committee (Member)
Member since 2016
Elected until 2018

Michael Büchter (DE) [2]
Year of birth 1949
Audit Committee (Chairman)
Member since 2013
Elected until 2018

Marco Musetti (CH) [1]
Year of birth 1969
Compensation Committee (Member)
Member since 2013
Elected until 2018

Vladimir Polienko (RUS) [1]
Year of birth 1980
Member since 2016
Elected until 2018

Dr. Heinz Schumacher (DE) [2]
Year of birth 1948
Compensation Committee (Member)
Member since 2013
Elected until 2018

Dr. Oliver Thum (DE) [3]
Year of birth 1971
Audit Committee (Member)
Member since 2013
Elected until 2018

[1] Representative of the Renova Group.
[2] Independent member.
[3] Representative of SCHMOLZ + BICKENBACH GmbH & Co. KG.

Unless otherwise stated, the members of the Board have no significant business relationships with Group companies. For details of business relationships with certain companies represented by members of the Board of Directors, including, but not limited to, the Renova Group and associates of SCHMOLZ + BICKENBACH GmbH & Co. KG, see the notes to the consolidated financial statements in the annual report 2016, note 31, Related party disclosures.

MEMBERS OF THE EXECUTIVE BOARD

In accordance with the organizational regulations applicable as at the reporting date, the Executive Board consists of the Chief Executive Officer (CEO, Chair) and the Chief Financial Officer (CFO).

Name	Function	Period
Clemens Iller	CEO	since 1.4.2014
Matthias Wellhausen	CFO	since 1.4.2015

LEGAL INFORMATION

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Every care has been taken to ensure that we do not exclude either gender in this report.

This annual report contains 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.

This company brochure is also available in German. The German version is binding.

Photos
SCHMOLZ + BICKENBACH

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