2018

Interim report 3rd quarter

SCHMOLZ + BICKENBACH

Group

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. Solution. Innovation. Quality.

We are the benchmark for special steel solutions.

Contents

Key figures

SCHMOLZ + BICKENBACH Group	Unit	9M 2018 [1]	9M 2017	Δ in %	Q3 2018 [1]	Q3 2017	Δ in %
Sales volume	kilotons	1,595	1,364	16.9	470	405	16.0
Revenue	million EUR	2,517.2	2,018.4	24.7	780.0	611.0	27.7
Average sales price	EUR/t	1,578.2	1,479.8	6.7	1,659.6	1,508.6	10.0
Adjusted EBITDA	million EUR	197.0	174.2	13.1	41.8	38.0	10.0
EBITDA	million EUR	223.4	171.1	30.6	38.5	37.1	3.8
Adjusted EBITDA margin	%	7.8	8.6	–	5.4	6.2	–
EBITDA margin	%	8.9	8.5	–	4.9	6.1	–
EBIT	million EUR	142.7	75.1	90.0	11.7	4.5	–
Earnings before taxes	million EUR	113.7	37.5	–	3.2	–3.8	–
Group result	million EUR	92.4	19.5	–	–3.7	–7.0	–
Investments	million EUR	67.6	53.3	26.8	31.7	28.3	12.0
Free cash flow	million EUR	–173.4	2.7	–	–2.6	27.0	–
	Unit	30.9.2018 [1]	31.12.2017	Δ in %			
Net debt	million EUR	651.0	442.0	47.3			
Shareholders' equity	million EUR	818.6	717.5	14.1			
Gearing	%	79.5	61.6	–			
Net debt/adj. EBITDA LTM (Leverage)	x	2.7	2.0	32.6			
Balance sheet total	million EUR	2,617.4	2,113.1	23.9			
Equity ratio	%	31.3	34.0	–			
Employees as at closing date	Positions	10,424	8,939	16.6			
Capital employed	million EUR	1,891.9	1,535.1	23.2			
	Unit	9M 2018 [1]	9M 2017	Δ in %	Q3 2018 [1]	Q3 2017	Δ in %
Earnings/share [2]	EUR/CHF	0.10/0.12	0.02/0.02	–	0.00/0.00	–0.01/–0.01	–
Shareholders' equity/share [3]	EUR/CHF	0.87/1.02	0.76/0.89	–	0.87/1.02	0.76/0.89	–
Share price high/low	CHF	0.886/0.700	0.960/0.660	–	0.830/0.733	0.950/0.850	–

[1] Including Ascometal, fully consolidated since February 1, 2018
[2] Earnings per share are based on the result of the Group after deduction of the portions attributable to non-controlling interests.
[3] As at 30.9.2018 and as at 31.12.2017

Five-quarter overview

	Unit	Q3 2017	Q4 2017	Q1 2018 [1]	Q2 2018 [1]	Q3 2018 [1]
Key operational figures						
Production volume	kilotons	408	467	589	650	519
Sales volume	kilotons	405	433	545	580	470
Order backlog	kilotons	547	655	700 [2]	683	734
Income statement						
Revenue	million EUR	611.0	659.4	828.9	908.3	780.0
Average sales price	EUR/t	1,508.6	1,522.9	1,520.9	1,566.0	1,659.6
Gross profit	million EUR	232.2	255.8	299.2	343.6	281.3
Adjusted EBITDA	million EUR	38.0	48.5	70.3	84.9	41.8
EBITDA	million EUR	37.1	43.8	103.1	81.8	38.5
EBIT	million EUR	4.5	12.9	75.5	55.5	11.7
Earnings before taxes	million EUR	−3.8	4.9	65.2	45.3	3.2
Group result	million EUR	−7.0	26.2	59.0	37.1	−3.7
Cash flow/investments/depreciation/amortization						
Cash flow before changes in net working capital	million EUR	23.6	34.8	50.7	72.6	42.3
Cash flow from operating activities	million EUR	57.7	56.8	−80.7	−37.1	38.2
Cash flow from investing activities	million EUR	−30.7	−43.2	−22.0	−31.1	−40.8
Free cash flow	million EUR	27.0	13.6	−102.7	−68.2	−2.6
Investments	million EUR	28.3	49.9	15.1	20.8	31.7
Depreciation, amortization and impairments	million EUR	32.6	30.9	27.6	26.3	26.8
Net assets and financial structure						
Non-current assets	million EUR	908.7	927.1	930.2	933.8	936.8
Current assets	million EUR	1,169.0	1,186.0	1,556.4	1,708.4	1,680.6
Net working capital	million EUR	715.8	684.8	906.8	1,017.2	1,021.0
Balance sheet total	million EUR	2,077.7	2,113.1	2,486.6	2,642.2	2,617.4
Shareholders’ equity	million EUR	671.8	717.5	772.3	818.7	818.6
Non-current liabilities	million EUR	733.7	645.6	720.0	754.8	842.4
Current liabilities	million EUR	672.2	750.0	994.3	1,068.7	956.4
Net debt	million EUR	454.6	442.0	556.5	625.9	651.0
Employees						
Employees as at closing date	Positions	8,969	8,939	10,212	10,318	10,424
Value management						
Capital employed	million EUR	1,554.1	1,535.1	1,764.1	1,876.0	1,891.9
Key figures on profit/net assets and financial structure						
Gross profit margin	%	38.0	38.8	36.1	37.8	36.1
Adjusted EBITDA margin	%	6.2	7.4	8.5	9.3	5.4
EBITDA margin	%	6.1	6.6	12.4	9.0	4.9
Equity ratio	%	32.3	34.0	31.1	31.0	31.3
Gearing	%	67.7	61.6	68.9	69.0	79.5
Net debt/adj. EBITDA LTM (Leverage)	x	2.1	2.0	2.5	2.6	2.7
Net working capital/revenue (L3M annualized)	%	29.3	26.0	27.4	28.0	32.7

[1] Including Ascometal, fully consolidated since February 1, 2018
[2] Does not include Ascometal

Dear shareholders,

Business in the summer months was, as expected, less dynamic than in the first half of the year due to seasonal effects. Although these usual seasonal effects were intensified due to the Business Unit Ascometal, which became part of the Group at the start of 2018 and which operates primarily in the French market, we again achieved a gratifying result in the third quarter. The demand from the end markets remained satisfactory, and the global economy was robust. Despite a modest slowdown in growth momentum, we anticipate that the market environment will remain favorable to the end of the year, which allows us now to reaffirm our guidance for 2018. We will exceed our 2017 results by a significant margin.

We have used the seasonal flattening of demand – primarily in Europe – to do maintenance on facilities and invest in new equipment, including for the new Business Unit Ascometal, where we have made great progress with the integration. The longer downtime did not have a major impact as we posted robust growth in revenue as well as in adjusted EBITDA and the Group result. The reason for this was twofold: the solid foundation on which the Group stands today, and the continued good economic situation in many of our end markets and regions. This enabled us to increase our sales volumes and to raise prices further. However, it wasn't all sunny skies. The sharp downturn in new registrations in September in the German automotive sector, which is a key industry for us, the provisional protective measures that the EU imposed on steel imports from non-EU countries, and the numerous unsolved political issues surrounding Brexit, Italy and trade disputes are keeping us vigilant as we head into the fourth quarter.

Despite the first signs of slowing growth momentum, we do not anticipate any significant downturn in our business in the final months of the year. Consequently, we are now in a position to reaffirm our guidance for full-year 2018. Our forecast is for adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) to be in a range of EUR 230 million to 250 million.

Adjusted EBITDA continues to rise

Our results in the third quarter were higher year-on-year, just as they were for the first and second quarters. Thanks to Ascometal the sales volume rose to 470 kilotons following the 405 kilotons reported in the prior-year quarter. Combined with higher sales prices, this led to a revenue gain of 27.7 % to EUR 780.0 million. The adjusted EBITDA was up on the third quarter of 2017 by 10.0 % to EUR 41.8 million. However, net debt also rose as a result of the acquisition, amounting to EUR 651.0 million as at the end of September.

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 Group on a daily basis. 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

The market situation in the third quarter of 2018 continued to be solid, although the demand from customer industries declined somewhat in September. This was true in particular for the European automotive industry, one of our most important end markets. The commodity prices for scrap, nickel and ferrochrome, which are significant for SCHMOLZ + BICKENBACH, fell in the third quarter of 2018. The price for molybdenum rose slightly.

The average price of shredded scrap (FOB Rotterdam) fell by 7.5 % compared with the second quarter of 2018, while the price of nickel dropped 8.3 % on the London Metal Exchange (LME) to USD 13,268 per ton. The average price of European ferrochrome sank around 2 % compared with the second quarter of 2018. Following a downturn in the second quarter, the price of molybdenum posted a modest gain of 1.4 % in the third quarter.

SCHMOLZ + BICKENBACH's key end market of mechanical and plant engineering continued to perform well in Germany in the third quarter of 2018. The Federal Office of Statistics in Germany reported that the index of production for German mechanical engineering in July and August was about 4 % above the prior-year level.

According to the European Automobile Manufacturers' Association (ACEA), registrations for new passenger vehicles fell in September 2018 in the EU by 23.5 % year-on-year. This did not come as a surprise, however, as the introduction of the new Worldwide Harmonized Light Vehicles Test Procedure (WLTP) on September 1, 2018 led to an extraordinary rise in registrations in August (+31.2 %). As a result, new car registrations in most EU countries declined by a double-digit percentage in September. In the first nine months of 2018, the demand for cars in the EU remained positive (+2.5 % compared with the same period last year), which was equal to full-year growth expectations.

In the third quarter of 2018, the price of oil (WTI) remained stable at a high level. At the end of September the price was approximately USD 73 per barrel, only slightly below the USD 74 per barrel recorded at the end of June. The number of rotary rig counts in the oil and gas industry in North America rose from 1,129 at the end of June 2018 to 1,232 at the end of September 2018 (source: Baker Hughes).

Business development of the Group

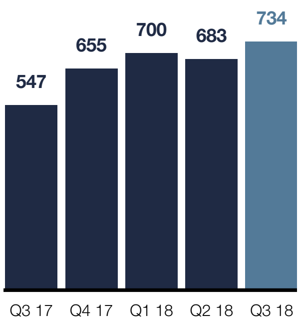
Our results in the third quarter were higher year-on-year, just as they were in the first and second quarters. Revenue rose by 27.7 %, driven by higher sales volumes following the Ascometal integration and increased prices. Adjusted EBITDA grew by 10.0 % compared with the same quarter last year. The Group result was negative at EUR – 3.7 million due to seasonal effects. Free cash flow was lower than in the previous year due to the Ascometal acquisition and a higher net working capital, which pushed up net debt in the third quarter.

Integration of Ascometal

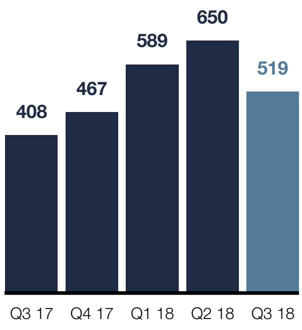
The results of Ascometal, recently acquired and managed as a Business Unit within the Group, have been included in the Group figures since February 2018. The figures for the relevant prior-year periods have not been adjusted, which has had significant effects when comparing these figures. This is reflected in higher sales volumes, revenue, and expenses. The contribution of Ascometal to EBITDA was slightly negative in the first quarter, slightly positive in the second quarter and negative in the third quarter due to seasonal effects. The EBITDA for the first quarter and therefore also for the first nine months was higher due to badwill, which will be offset through future restructuring and transformation expenses. The integration also had a substantial impact on the key figures in the statement of financial position and statement of cash flows, as explained in detail in the following sections and in note 7 to the consolidated financial statements.

Production, sales and order situation

Order backlog at quarter-end
in kilotons



Production volume in the quarter
in kilotons



The order backlog at the end of September of 734 kilotons was 34.2 % above the prior-year level of 547 kilotons. This is due to the integration of Ascometal and the overall stronger demand. To meet the greater demand, crude steel production was increased in the third quarter to 519 kilotons (Q3 2017: 408 kilotons).

Sales volume by product group in kilotons	9M 2018 [1]	9M 2017	Δ in %	Q3 2018 [1]	Q3 2017	Δ in %
Quality & engineering steel	1,207	968	24.7	353	284	24.3
Stainless steel	266	270	−1.5	77	81	−4.9
Tool steel	118	122	−3.3	39	39	0.0
Others	4	4	0.0	1	1	0.0
Total	**1,595**	**1,364**	**16.9**	**470**	**405**	**16.0**

[1] Including Ascometal, fully consolidated since February 1, 2018

At 470 kilotons, 16.0% more steel was sold in the third quarter of 2018 than in the prior-year quarter (Q3 2017: 405 kilotons). The rise was attributable to the increase of 24.3% in sales volumes for quality & engineering steel. The reason for this is that the sales volumes of Ascometal were fully included in the product group quality & engineering steel. On a comparable basis (not including Ascometal), the sales volume was slightly less. This reduction was primarily due to two market-related factors. On the one hand, the provisional protective measures of the EU against the import of steel from non-EU countries had an unfavorable effect. This led to a drop in sales due to changes in production planning. On the other hand, the weak auto market in Germany in September had a short-term impact on sales volumes. The volume of stainless steel sold fell in the third quarter of 2018 compared with the same quarter last year. Sales volumes of tool steel remained stable.

Key figures on the income statement

in million EUR	9M 2018 [1]	9M 2017	Δ in %	Q3 2018 [1]	Q3 2017	Δ in %
Revenue	2,517.2	2,018.4	24.7	780.0	611.0	27.7
Gross profit	924.1	797.2	15.9	281.3	232.2	21.1
Adjusted EBITDA	197.0	174.2	13.1	41.8	38.0	10.0
EBITDA	223.4	171.1	30.6	38.5	37.1	3.8
Adjusted EBITDA margin (%)	7.8	8.6	–	5.4	6.2	–
EBITDA margin (%)	8.9	8.5	–	4.9	6.1	–
EBIT	142.7	75.1	90.0	11.7	4.5	–
Earnings before taxes	113.7	37.5	–	3.2	−3.8	–
Group result	92.4	19.5	–	−3.7	−7.0	–

Revenue by product group in million EUR	9M 2018 [1]	9M 2017	Δ in %	Q3 2018 [1]	Q3 2017	Δ in %
Quality & engineering steel	1,287.6	858.4	50.0	392.5	263.4	49.0
Stainless steel	841.5	780.6	7.8	259.9	225.4	15.3
Tool steel	336.4	324.6	3.6	111.3	104.7	6.3
Others	51.7	54.8	−5.7	16.3	17.5	−6.9
Total	**2,517.2**	**2,018.4**	**24.7**	**780.0**	**611.0**	**27.7**

[1] Including Ascometal, fully consolidated since February 1, 2018

Revenue by region in million EUR	9M 2018 [1]	9M 2017	Δ in %	Q3 2018 [1]	Q3 2017	Δ in %
Germany	933.4	802.8	16.3	289.9	243.8	18.9
Italy	325.7	237.9	36.9	91.5	63.0	45.2
France	269.3	141.2	90.7	83.3	36.8	–
Switzerland	35.6	30.5	16.7	11.5	9.0	27.8
Other Europe	464.5	382.5	21.4	137.1	117.6	16.6
Europe	**2,028.5**	**1,594.9**	**27.2**	**613.3**	**470.2**	**30.4**
USA	222.8	202.1	10.2	78.9	65.7	20.1
Canada	61.4	48.2	27.4	19.7	16.5	19.4
Other America	34.9	28.9	20.8	14.0	9.0	55.6
America	**319.1**	**279.2**	**14.3**	**112.6**	**91.2**	**23.5**
China	75.8	75.3	0.7	24.4	27.3	– 10.6
India	25.1	12.8	96.1	8.7	3.6	–
Asia Pacific/Africa	68.7	56.2	22.2	21.0	18.7	12.3
Africa/Asia/Australia	**169.6**	**144.3**	**17.5**	**54.1**	**49.6**	**9.1**
Total	**2,517.2**	**2,018.4**	**24.7**	**780.0**	**611.0**	**27.7**

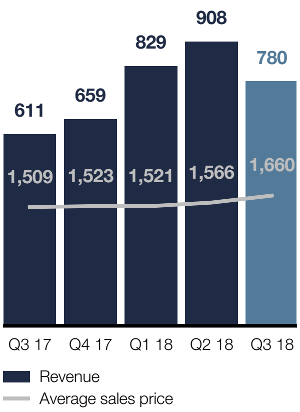
[1] Including Ascometal, fully consolidated since February 1, 2018

The average sales price per ton of steel was EUR 1,659.6 in the third quarter of 2018, 10.0 % higher than in the prior-year quarter (Q3 2017: EUR 1,508.6 per ton). This increase is attributable to higher base prices as well as higher scrap and alloy surcharges. Also compared with the second quarter of 2018, the average sales price increased.

The positive development in prices and the initial consolidation of Ascometal led to revenue of EUR 780.0 million, up 27.7 % on the prior-year quarter. This growth was driven first and foremost by quality & engineering steel, which recorded a gain of 49.0 %. Stainless steel achieved an increase in revenue of 15.3 %, tool steel of 6.3 %.

By region, revenue increased in almost all countries year-on-year. Due to the integration of Ascometal, revenue in France almost doubled. As a result of this and thanks to continued strong demand in the automotive industry, despite the weakness seen in September, revenue in Europe rose by 30.4 %. Revenue also grew by a double-digit percentage in America.

Revenue and average sales prices
in million EUR / in EUR/t



Expenses

in million EUR	9M 2018 [1]	9M 2017	Δ in %	Q3 2018 [1]	Q3 2017	Δ in %
Cost of materials (incl. change in semi-finished and finished goods)	1,593.1	1,221.2	30.5	498.7	378.8	31.7
Personnel costs	507.2	431.0	17.7	159.1	134.0	18.7
Other operating expense	274.3	221.7	23.7	95.5	69.7	37.0
Depreciation, amortization and impairments	80.7	96.0	– 15.9	26.8	32.6	– 17.8

[1] Including Ascometal, fully consolidated since February 1, 2018

Cost of materials and gross profit

The cost of materials – adjusted for the change in semi-finished and finished goods – increased by 31.7 % to EUR 498.7 million. In addition to higher prices for commodities such as scrap, nickel, and graphite electrodes, the integration of Ascometal was a further contributing factor. Gross profit – revenue less cost of materials – rose by 21.1 % to EUR 281.3 million (Q3 2017: EUR 232.2 million). The gross profit margin, meanwhile, fell to 36.1 % (Q3 2017: 38.0 %).

Personnel expenses

Personnel expenses increased by 18.7 % to EUR 159.1 million (Q3 2017: EUR 134.0 million). This increase is due to the integration of Ascometal and to inflation-related adjustments. The Group now has 1,455 more employees than it had at the end of the third quarter of 2017, thus raising the headcount to 10,424.

Other operating income and expenses

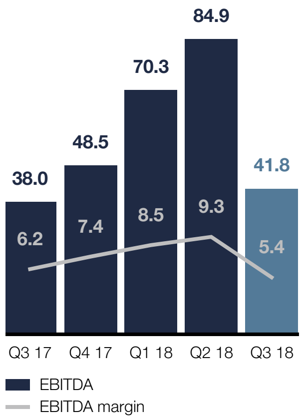
At EUR 11.8 million, other operating income was higher than in the prior-year quarter (Q3 2017: EUR 8.6 million). Other operating expenses increased by 37.0 % to EUR 95.5 million (Q3 2017: EUR 69.7 million) due in part to the integration expenses related to Ascometal.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

Adjusted for special effects from the acquisition of Ascometal, EBITDA totaled EUR 41.8 million (Q3 2017: EUR 38.0 million), up 10.0 % on the prior-year quarter. This one-time effect amounted to EUR 3.3 million. Including this one-time effect, EBITDA rose by 3.8 % to EUR 38.5 million (Q3 2017: EUR 37.1 million).

However, the EBITDA margin fell to 4.9 % (Q3 2017: 6.1 %) and the adjusted EBITDA margin to 5.4 % (Q3 2017: 6.2 %). Due to the change in the product mix, the acquisition of Ascometal had a dilutive effect on EBITDA.

Adj. EBITDA, adj. EBITDA margin
in million EUR / in %



Depreciation, amortization and impairments

Depreciation, amortization and impairments were EUR 26.8 million (Q3 2017: EUR 32.6 million), well below the prior-year level due to the first-time application of extended useful lives for property, plant and equipment.

Financial result

At EUR –8.5 million (Q3 2017: EUR –8.3 million), the financial result was on a par with the prior-year quarter.

Tax expense

Due to the developments mentioned earlier, we were able to generate earnings before taxes (EBT) of EUR 3.2 million (Q3 2017: EUR –3.8 million). Due to the higher pre-tax profit, the tax expense was above the prior-year quarter at EUR 6.9 million (Q3 2017: EUR 3.2 million).

Group result

In the third quarter of 2018, the Group results grew to EUR –3.7 million from EUR –7.0 million in the prior-year quarter.

Key figures on the statement of financial position

	Unit	30.9.2018 [1]	31.12.2017	Δ in %
Shareholders' equity	million EUR	818.6	717.5	14.1
Equity ratio	%	31.3	34.0	–
Net debt	million EUR	651.0	442.0	47.3
Gearing	%	79.5	61.6	–
Net working capital (NWC)	million EUR	1,021.0	684.8	49.1
Balance sheet total	million EUR	2,617.4	2,113.1	23.9

[1] Including Ascometal, fully consolidated since February 1, 2018

Total assets

Total assets as at September 30, 2018 increased by EUR 504.3 million compared with December 31, 2017 to EUR 2,617.4 million, due mainly to the integration of Ascometal. This resulted primarily in an increase in working capital on the assets side and an expansion of current and non-current liabilities on the liabilities side.

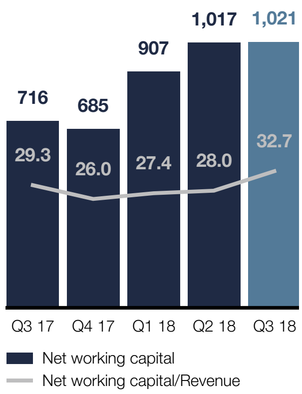
Non-current assets

Non-current assets increased only slightly compared with December 31, 2017, rising by EUR 9.7 million to EUR 936.8 million. The increase was mainly the result of additions to property, plant and equipment from the integration of Ascometal. However, the share of non-current assets in total assets fell to 35.8 % (December 31, 2017: 43.9 %). The reason for this is the greater increase in current assets and thus the balance sheet total.

Net working capital

Net working capital increased significantly compared with December 31, 2017, rising from EUR 684.8 million to EUR 1,021.0 million. This was due to higher inventories (EUR 286.5 million) and an increase in trade accounts receivable (EUR 147.5 million). The reason for this was the acquisition of Ascometal, increased inventories due to weakness in the automotive sector, the production adaptations at Swiss Steel to avoid EU tariffs, backup inventories in connection with the Ascometal integration and the higher inventories of graphite electrodes. This effect was only partially offset by the increase of EUR 97.8 million in trade accounts payable. The ratio of net working capital to revenue as at September 30, 2018 was 32.7 %, an increase compared with year-end 2017 of 26.0 % due to the higher net working capital.

Net working capital/revenue
in million EUR / in %



Shareholders' equity and equity ratio

As at the end of September 2018, an increase of 14.1 % in shareholders' equity was recorded compared with December 31, 2017. The Group result of EUR 92.4 million in the first nine months of 2018 and actuarial gains of EUR 14.8 million had a positive effect. Despite this increase the equity ratio fell to 31.3 % (December 31, 2017: 34.0 %), which can be attributed to the expansion of the balance sheet due to the integration of Ascometal.

Liabilities

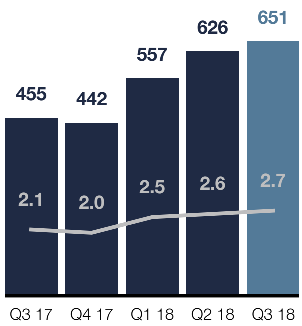
Non-current liabilities totaled EUR 842.4 million as at the reporting date, up EUR 196.8 million on the figure as at December 31, 2017. The main contributing factor was the increase of EUR 192.5 million in non-current financial liabilities for the financing of the Ascometal acquisition. The share of non-current liabilities in total equity and liabilities increased from 30.5 % to 32.2 %.

Current liabilities increased by EUR 206.4 million compared with the end of 2017, driven chiefly by the increases of EUR 97.8 million in trade accounts payable and EUR 59.6 million in other current liabilities. The share of current liabilities in total equity and liabilities increased to 36.5 % (December 31, 2017: 35.5 %).

Net debt

Net debt, comprising current and non-current financial liabilities less cash and cash equivalents, came to EUR 651.0 million, a marked increase on the figure as at December 31, 2017 (EUR 442.0 million). The reason for this was the strong increase in net working capital. The ratio of net debt to adjusted EBITDA (on the basis of the last twelve months) thus rose from 2.0 to 2.7 compared with December 31, 2017.

Net debt
in million EUR / in relation to adj. EBITDA (last twelve months)



Key figures on the cash flow statement

in million EUR	9M 2018 [1]	9M 2017	Δ in %	Q3 2018 [1]	Q3 2017	Δ in %
Cash flow before changes in net working capital	165.6	172.1	– 3.8	42.3	23.6	79.2
Cash flow from operating activities	– 79.6	54.5	–	38.2	57.7	– 33.8
Cash flow from investing activities	– 93.8	– 51.8	81.1	– 40.8	– 30.7	32.7
Free cash flow	– 173.4	2.7	–	– 2.6	27.0	–
Cash flow from financing activities	188.5	7.3	–	5.0	– 14.1	–
Investments	67.6	53.3	26.8	31.7	28.3	12.0

[1] Including Ascometal, fully consolidated since February 1, 2018

Cash flow from operating activities

Cash flow from operating activities prior to changes in net working capital rose by EUR 18.7 million compared with the prior year to EUR 42.3 million. The rise in net working capital had a negative effect on cash flow from operating activities, which fell to EUR 38.2 million in the third quarter of 2018 (Q3 2017: EUR 57.7 million).

Cash flow from investing activities

Cash flow from investing activities was EUR – 40.8 million, above the prior-year figure of – 30.7 million. This is largely due to the acquisition of Ascometal, which resulted in an outflow of EUR 9.2 million. In addition, EUR 1.2 million was invested at Ugitech for equipment for the Nadcap certification as well as EUR 2.4 million at Swiss Steel for the new walking beam furnace. Free cash flow for the third quarter of 2018 was therefore EUR – 2.6 million (Q3 2017: EUR 27.0 million).

Cash flow from financing activities

After topping up the corporate bond by EUR 150.0 million in the second quarter, the interim financing of EUR 40.1 million was repaid in the third quarter. The financing was done primarily by topping up the syndicated loan. This resulted in an overall inflow from financing activities of EUR 5.0 million (Q3 2017: EUR –14.1 million).

Change in cash and cash equivalents

The overall change in cash and cash equivalents in the third quarter of 2018 was therefore EUR 2.5 million (Q3 2017: EUR 12.1 million). As at the end of September 2018, cash and cash equivalents came to EUR 62.3 million, compared with EUR 47.1 million as at the end of December 2017.

Business development of the divisions

Key figures divisions in million EUR	9M 2018 [1]	9M 2017	Δ in %	Q3 2018 [1]	Q3 2017	Δ in %
Production						
Revenue	2,320.2	1,859.1	24.8	715.2	594.7	20.3
Adjusted EBITDA	174.6	161.4	8.2	33.5	33.7	– 0.6
EBITDA	201.3	160.4	25.5	31.5	33.8	– 6.8
Adjusted EBITDA margin (%)	7.5	8.7	–	4.7	5.7	–
EBITDA margin (%)	8.7	8.6	–	4.4	5.7	–
Investments	63.2	50.3	25.6	29.0	27.2	6.6
Operating free cash flow	– 108.4	11.0	–	17.3	45.7	– 62.1
Employees as at closing date	8,892	7,389	20.3	8,892	7,389	20.3
Sales & Services						
Revenue	537.0	445.2	20.6	172.2	140.7	22.4
Adjusted EBITDA	32.2	20.8	54.8	10.2	5.6	82.1
EBITDA	37.4	20.6	81.6	9.6	5.4	77.8
Adjusted EBITDA margin (%)	6.0	4.7	–	5.9	4.0	–
EBITDA margin (%)	7.0	4.6	–	5.6	3.8	–
Investments	3.0	2.2	36.4	1.8	0.8	–
Operating free cash flow	6.7	23.5	– 71.5	– 2.9	5.3	–
Employees as at closing date	1,424	1,430	– 0.4	1,424	1,430	– 0.4

[1] Including Ascometal, fully consolidated since February 1, 2018

The integration of Ascometal also impacted the key figures of both the *Production* division and the *Sales & Services* division, with its distribution and sales activities being integrated in the *Sales & Services* division.

Production

In the *Production* division, we recorded an increase in revenue of 20.3 % compared with the prior-year period. This was primarily due to two factors: the increase in commodity prices and the increase in sales volumes due to the integration of Ascometal.

Adjusted EBITDA fell slightly to EUR 33.5 million and the adjusted EBITDA margin fell to 4.7 % as a result of the shift in the product mix (Q3 2017: 5.7 %). The special effects of the acquisition of Ascometal led to a one-time effect of EUR 2.0 million in the *Production* division. As a result, EBITDA was EUR 31.5 million and the EBITDA margin was 4.4 %.

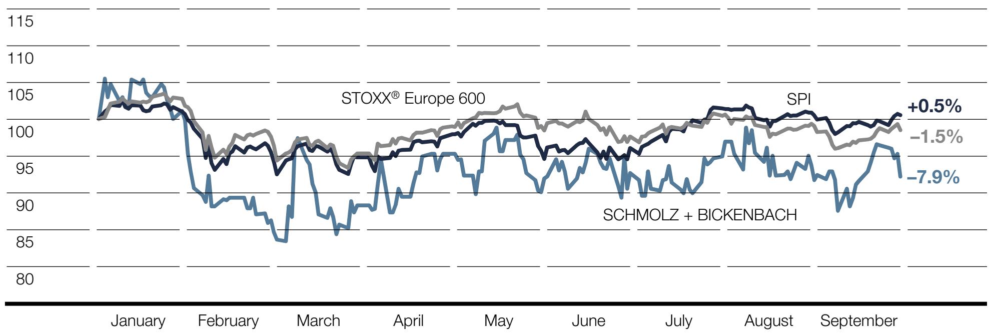
Sales & Services

Strong demand in the key markets and the integration of Ascometal had a positive effect on revenue in the *Sales & Services* division, leading to an increase of 22.4 % to EUR 172.2 million compared with the prior-year quarter.

At EUR 10.2 million, adjusted EBITDA almost doubled, which drove the adjusted EBITDA margin higher to 5.9 % (Q3 2017: 5.4 %). The negative one-time effects of the Ascometal acquisition allocated to the *Sales & Services* division amounted to EUR 0.6 million.

Capital market

Share price development year-to-date
indexed



The first nine months of 2018 were a volatile period for the SCHMOLZ + BICKENBACH share. After rising at the start of the year, the share price began to trend downward in February, mimicking the overall market. The publication of solid annual results for 2017 sent the share price sharply higher in March, followed by a highly volatile but overall sideways trend since then. The share price was affected in particular by the uncertainties triggered by the global trade conflict and the tariffs introduced by the USA on steel imports. But political uncertainties in the European Union also contributed to the strong fluctuations in the share price. The SCHMOLZ + BICKENBACH share closed on September 30, 2018 at CHF 0.774, down 7.9 % compared with the end of 2017. The Stoxx® Europe 600 Index dropped 1.5 % during the same period. The Swiss Performance Index (SPI), in which the SCHMOLZ + BICKENBACH share is included, posted a modest gain of 0.5 % in the first nine months of 2018.

The average daily trading volume of shares of SCHMOLZ + BICKENBACH on the Swiss stock market in the first nine months of 2018 was 0.6 million, compared with 0.9 million in the first nine months of 2017.

Financing

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

SCHMOLZ + BICKENBACH renewed all three financing lines in April 2017. A corporate bond of EUR 200 million with a coupon of 5.625 % was issued on April 24, 2017. The proceeds were used to repay an outstanding EUR 167.7 million bond early.

On June 25, 2018, SCHMOLZ + BICKENBACH topped up the corporate bond by EUR 150 million to EUR 350 million. The proceeds were primarily used to repay drawings under the EUR 375 million syndicated revolving credit facility, which was mainly used in connection with the acquisition of Ascometal. The issue was made at 101.5 % and thus with an effective interest rate of 5.2 %.

Unused financing lines and freely disposable funds come to around EUR 390.0 million as at September 30, 2018, ensuring the Company has sufficient financial resources.

Outlook

We expect further growth in the special long steel industry in the final quarter of 2018 as well, in terms of both sales volumes and product value, since we anticipate a further shift toward more sophisticated production and steel applications.

We want to continue on the positive path of the last two years and stay consistent with our strategy, while making even better use of our strengths. At the same time, we will pay close attention to cost discipline, which is necessary to absorb increasing costs for raw materials and personnel. One clear area of focus will be the integration and operational improvement of Ascometal. We will utilize considerable management capacities over the next two years to bring this acquisition to a successful conclusion.

The risks to global economic growth from international trade conflicts and political interventions have increased since this summer. Although the growth momentum has slowed slightly in some end markets that are important for SCHMOLZ + BICKENBACH, we still see no end to the fundamentally favorable market environment. The order books remain full, which confirms this strong outlook. These developments mean we are in a position to confirm our guidance for 2018. For full-year 2018, we expect adjusted EBITDA to be between EUR 230 million and EUR 250 million.

Additional information

Please refer to the Annual Report 2017 for further information, particularly in relation to the topics below:

- Strategy and corporate management (pages 9–27)
- Business model (pages 10–11)
- Capital market (pages 53–56)
- Financing (pages 56–57)
- Executive Board (page 79)

Composition of the Board of Directors

On April 26, 2018, the Annual General Meeting of the Company elected the Board of Directors. It is now composed as follows:

SCHMOLZ + BICKENBACH AG Board of Directors

Edwin Eichler (DE)	Martin Haefner (CH)	Michael Büchter (DE)
Year of birth 1958	Year of birth 1954	Year of birth 1949
Chairman	Vice Chairman	
Compensation Committee (Chairman)	Audit Committee (Member)	Audit Committee (Chairman)
Member since 2013	Member since 2016	Member since 2013
Elected until 2019	Elected until 2019	Elected until 2019

Isabel Corinna Knauf (DE)	Marco Musetti (CH)[1]	Dr. Oliver Thum (DE)[2]
Year of birth 1972	Year of birth 1969	Year of birth 1971
Compensation Committee (Member)	Compensation Committee (Member)	Audit Committee (Member)
Member since 2018	Member since 2013	Member since 2013
Elected until 2019	Elected until 2019	Elected until 2019

[1] Representative of Liwet Holding AG
[2] Representative of SCHMOLZ + BICKENBACH GmbH & Co. KG.

Financial reporting

Consolidated income statement

in million EUR	Note	9M 2018	9M 2017	Q3 2018	Q3 2017
Revenue	8	2,517.2	2,018.4	780.0	611.0
Change in semi-finished and finished goods		77.4	24.6	25.8	−24.7
Cost of materials		−1,670.5	−1,245.8	−524.5	−354.1
Gross profit		**924.1**	**797.2**	**281.3**	**232.2**
Other operating income	9	80.8	26.6	11.8	8.6
Personnel costs		−507.2	−431.0	−159.1	−134.0
Other operating expense	9	−274.3	−221.7	−95.5	−69.7
Operating result before depreciation, amortization and impairment (EBITDA)		**223.4**	**171.1**	**38.5**	**37.1**
Depreciation, amortization and impairments	12	−80.7	−96.0	−26.8	−32.6
Operating profit (EBIT)		**142.7**	**75.1**	**11.7**	**4.5**
Financial income	10	0.5	4.1	0.2	0.1
Financial expense	10	−29.5	−41.7	−8.7	−8.4
Financial result		**−29.0**	**−37.6**	**−8.5**	**−8.3**
Earnings before taxes (EBT)		**113.7**	**37.5**	**3.2**	**−3.8**
Income taxes	11	−21.3	−18.0	−6.9	−3.2
Group result		**92.4**	**19.5**	**−3.7**	**−7.0**
of which attributable to					
– shareholders of SCHMOLZ + BICKENBACH AG		91.7	18.2	−3.9	−7.3
– non-controlling interests		0.7	1.3	0.2	0.3
Earnings per share in EUR (undiluted/diluted)		**0.10**	**0.02**	**0.00**	**−0.01**

Consolidated statement of comprehensive income

in million EUR	Note	9M 2018	9M 2017	Q3 2018	Q3 2017
Group result		**92.4**	**19.5**	**−3.7**	**−7.0**
Result from currency translation		−0.3	−23.5	−0.1	−7.0
Change in unrealized result from cash flow hedges		−0.2	−0.1	−0.4	0.4
Tax effect from cash flow hedges		0.1	0.0	0.2	−0.2
Items that may be reclassified subsequently to income statement		**−0.4**	**−23.6**	**−0.3**	**−6.8**
Actuarial result from pensions and similar obligations	14	14.8	10.7	7.1	−5.3
Tax effect from pensions and similar obligations		−2.9	−2.3	−1.8	1.5
Items that will not be reclassified subsequently to income statement		**11.9**	**8.4**	**5.3**	**−3.8**
Other comprehensive result		**11.5**	**−15.2**	**5.0**	**−10.6**
Total comprehensive result		**103.9**	**4.3**	**1.3**	**−17.6**
of which attributable to					
– shareholders of SCHMOLZ + BICKENBACH AG		103.2	3.0	1.1	−17.9
– non-controlling interests		0.7	1.3	0.2	0.3

Consolidated statement of financial position

	Note	30.9.2018 in million EUR	30.9.2018 % share	31.12.2017 in million EUR	31.12.2017 % share
Assets					
Intangible assets	12	30.1		28.7	
Property, plant and equipment	12	843.7		824.8	
Other non-current assets		0.2		1.4	
Non-current income tax assets		4.9		8.1	
Other non-current financial assets		4.2		1.6	
Deferred tax assets	11	53.7		62.5	
Total non-current assets		**936.8**	**35.8**	**927.1**	**43.9**
Inventories	13	984.3		697.8	
Trade accounts receivable		531.1		383.6	
Current financial assets		2.2		0.2	
Current income tax assets		6.5		4.1	
Other current assets		94.2		52.9	
Cash and cash equivalents		62.3		47.1	
Assets held for sale		0.0		0.3	
Total current assets		**1,680.6**	**64.2**	**1,186.0**	**56.1**
Total assets		**2,617.4**	**100.0**	**2,113.1**	**100.0**
Shareholders' equity and liabilities					
Share capital		378.6		378.6	
Capital reserves		952.8		952.8	
Retained earnings (accumulated losses)		−472.3		−562.3	
Accumulated income and expense recognized in other comprehensive income (loss)		−49.4		−60.9	
Treasury shares		−0.9		−0.8	
Shareholders of SCHMOLZ + BICKENBACH AG		**808.8**		**707.4**	
Non-controlling interests		9.8		10.1	
Total equity		**818.6**	**31.3**	**717.5**	**34.0**
Pension liabilities	14	271.3		277.8	
Other non-current provisions		43.1		38.3	
Deferred tax liabilities	11	37.6		30.0	
Non-current financial liabilities	15	489.8		297.3	
Other non-current liabilities		0.6		2.2	
Total non-current liabilities		**842.4**	**32.2**	**645.6**	**30.5**
Current provisions		33.2		31.1	
Trade accounts payable		494.4		396.6	
Current financial liabilities	15	223.5		191.8	
Current income tax liabilities		21.4		6.2	
Other current liabilities		183.9		124.3	
Total current liabilities		**956.4**	**36.5**	**750.0**	**35.5**
Total liabilities		**1,798.8**	**68.7**	**1,395.6**	**66.0**
Total equity and liabilities		**2,617.4**	**100.0**	**2,113.1**	**100.0**

Consolidated statement of cash flows

in million EUR	Calculation	9M 2018	9M 2017	Q3 2018	Q3 2017
Earnings before taxes		113.7	37.5	3.2	−3.8
Depreciation, amortization and impairments		80.7	96.0	26.8	32.6
Result from the disposal of intangible assets, property, plant and equipment and financial assets		−1.1	−3.1	−0.2	−0.3
Badwill from acquisition		−45.7	0.0	0.3	0.0
Increase/decrease in other assets and liabilities		2.2	5.8	8.5	−11.4
Financial income		−0.5	−4.1	−0.2	−0.1
Financial expense		29.5	41.7	8.7	8.4
Income taxes paid (net)		−13.2	−1.7	−4.8	−1.8
Cash flow before changes in net working capital		**165.6**	**172.1**	**42.3**	**23.6**
Change in inventories		−185.8	−64.7	−41.1	15.3
Change in trade accounts receivable		−144.2	−56.5	76.2	62.0
Change in trade accounts payable		84.8	3.6	−39.2	−43.2
Cash flow from operating activities	**A**	**−79.6**	**54.5**	**38.2**	**57.7**
Investments in property, plant and equipment		−63.5	−50.5	−30.3	−26.5
Proceeds from disposal of property, plant and equipment		1.9	4.2	0.1	0.8
Investments in intangible assets		−4.1	−2.7	−1.4	−1.9
Acquisition of Group companies		−28.4	−3.3	−9.2	−3.3
Interest received		0.3	0.5	0.0	0.2
Cash flow from investing activities	**B**	**−93.8**	**−51.8**	**−40.8**	**−30.7**
Increase/decrease of other financial liabilities		64.5	18.6	66.5	−4.9
Transaction costs other refinancing		0.0	−3.7	0.0	−0.3
Interim financing		40.1	0.0	0.0	0.0
Repayment of interim financing		−40.1	0.0	−40.1	0.0
Bond issuance		147.7	193.6	−3.1	−1.9
Repayment bond		0.0	−171.9	0.0	0.0
Investment in treasury shares		−1.2	−1.7	−0.5	−0.8
Investments in shares in previously consolidated companies		−1.6	−3.1	0.0	0.0
Dividends to non-controlling interests		−1.0	−1.2	−1.0	0.0
Interest paid		−19.9	−23.3	−16.9	−6.2
Cash flow from financing activities	**C**	**188.5**	**7.3**	**5.0**	**−14.1**
Net change in cash and cash equivalents	**A+B+C**	**15.1**	**10.0**	**2.4**	**12.9**
Effect of foreign currency translation		0.1	−2.5	0.1	−0.8
Change in cash and cash equivalents		**15.2**	**7.5**	**2.5**	**12.1**
Cash and cash equivalents at the beginning of the period		47.1	43.7	0.0	0.0
Cash and cash equivalents at the end of the period		62.3	51.2	2.5	12.1
Change in cash and cash equivalents		**15.2**	**7.5**	**2.5**	**12.1**
Free cash flow	**A+B**	**−173.4**	**2.7**	**−2.6**	**27.0**

Consolidated statement of changes in shareholders' equity

in million EUR	Share capital	Capital reserves	Retained earnings	Accumulated income and expenses recognized in other comprehensive income	Treasury shares	Shareholders of SCHMOLZ + BICKENBACH AG	Non-controlling interests	Total equity
As at 1.1.2017	**378.6**	**952.8**	**–606.7**	**–64.6**	**–0.1**	**660.0**	**7.5**	**667.5**
Change in scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	2.1	2.1
Purchase of treasury shares	0.0	0.0	0.0	0.0	–1.7	–1.7	0.0	–1.7
Expenses from share-based payments	0.0	0.0	1.2	0.0	0.0	1.2	0.0	1.2
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
Dividend payment	0.0	0.0	0.0	0.0	0.0	0.0	–1.2	–1.2
Capital transactions with shareholders	**0.0**	**0.0**	**–0.2**	**0.0**	**–0.7**	**–0.9**	**0.9**	**0.0**
Group result	0.0	0.0	18.2	0.0	0.0	18.2	1.3	19.5
Other comprehensive result	0.0	0.0	0.0	–15.2	0.0	–15.2	0.0	–15.2
Total comprehensive result	**0.0**	**0.0**	**18.2**	**–15.2**	**0.0**	**3.0**	**1.3**	**4.3**
As at 30.9.2017	**378.6**	**952.8**	**–588.7**	**–79.8**	**–0.8**	**662.1**	**9.7**	**671.8**
As at 1.1.2018	**378.6**	**952.8**	**–562.3**	**–60.9**	**–0.8**	**707.4**	**10.1**	**717.5**
First-time adoption of IFRS 9	**0.0**	**0.0**	**–1.2**	**0.0**	**0.0**	**–1.2**	**0.0**	**–1.2**
As at 1.1.2018 (restated)	**378.6**	**952.8**	**–563.5**	**–60.9**	**–0.8**	**706.2**	**10.1**	**716.3**
Purchase of treasury shares	0.0	0.0	0.0	0.0	–1.2	–1.2	0.0	–1.2
Expenses from share-based payments	0.0	0.0	1.3	0.0	0.0	1.3	0.0	1.3
Definitive allocation of share-based payments for the prior year	0.0	0.0	–1.8	0.0	1.1	–0.7	0.0	–0.7
Dividend payment	0.0	0.0	0.0	0.0	0.0	0.0	–1.0	–1.0
Capital transactions with shareholders	**0.0**	**0.0**	**–0.5**	**0.0**	**–0.1**	**–0.6**	**–1.0**	**–1.6**
Group result	0.0	0.0	91.7	0.0	0.0	91.7	0.7	92.4
Other comprehensive result	0.0	0.0	0.0	11.5	0.0	11.5	0.0	11.5
Total comprehensive result	**0.0**	**0.0**	**91.7**	**11.5**	**0.0**	**103.2**	**0.7**	**103.9**
As at 30.9.2018	**378.6**	**952.8**	**–472.3**	**–49.4**	**–0.9**	**808.8**	**9.8**	**818.6**

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 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 November 7, 2018.

1 Accounting policies

The Group prepared these interim condensed consolidated financial statements of SCHMOLZ+BICKENBACH AG 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, 2017. This quarterly report is presented in euro. Unless otherwise stated, monetary amounts are denominated in millions of euro.

Due to rounding-off differences, some figures may not exactly match the total and the percentage figures may not reflect the underlying absolute figures.

2 Significant accounting judgments, 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 as at the end of the fiscal year 2017, with the exception of those standards that were applied for the first time with effect from January 1, 2018. The initial application of IFRS 15 and IFRS 9 is explained in more detail in notes 4 and 5. In addition, the new standard IFRS 16 “Leases” was issued at the beginning of 2016, which replaces IAS 17 “Leases” and presents the principles relating to the recognition, measurement, presentation and disclosure of leases. In accordance with IFRS 16, lessees are required to report lease agreements as assets and liabilities in the statement of financial position. This standard is applicable for the first time for fiscal years beginning on or after January 1, 2019. SCHMOLZ+BICKENBACH will introduce the standard with effect from January 1, 2019 and will use the modified retrospective approach, according to which the information for the comparative period 2018 will not be adjusted retrospectively when the new standard is applied for the first time. The Group is currently evaluating the possible implications.

There were also changes to other standards and other IFRS interpretations (IFRIC) were published. None of these changes are expected to have a significant influence on the consolidated financial statements.

4 IFRS 15: "Revenue from Contracts with Customers"

With effect from January 1, 2018, the Group has applied IFRS 15 "Revenue from Contracts with Customers" using the modified retrospective approach. This new standard changes the requirements for recognizing revenue and establishes principles with regard to the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. It replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and their interpretations. Consequently, any cumulative effect from the transition is to be reported in shareholders' equity from January 1, 2018. Based on the disclosures below, this effect is zero. Please refer to the table in note 8 for detailed information on revenue.

The effects from the application of the new standard can be summarized as follows:

Revenue

The Group generates most of its revenue from the production and sale of special long steel for various customer industries and end markets, such as the mechanical and plant engineering and automotive industry. Revenue from the sale of products is recognized in the income statement as soon as a contractual performance obligation has been satisfied, i.e. control of the goods has passed to the customer. The passing of control takes place upon delivery and for SCHMOLZ + BICKENBACH is essentially governed by the international commercial terms (Incoterms) defined in the contract with the customer. Delivered goods or services are billed at the point in time at which control is passed to the customer and recognized in the statement of financial position only as trade accounts receivable.

The amount of revenue realized is based on the contractually agreed consideration for the delivery. The contracts concluded between SCHMOLZ + BICKENBACH and its customers for the most part contain a single performance obligation, to which 100 % of the relevant consideration is allocated. The consideration for satisfying the performance obligation is based on a multi-tiered price mechanism and is a fixed amount at the time of delivery, with the exception of discounts for early payment.

Discounts granted to customers are recognized as revenue reductions at the time of fulfillment of the underlying contract. Revenue reductions of this kind are estimated on the basis of contractual arrangements and historical data.

Payment arrangements with customers are also governed by contracts, based on normal commercial terms and exclusively shorter than twelve months after delivery. In line with IFRS 15.63, no further evaluation of potential financing components was undertaken.

SCHMOLZ + BICKENBACH recognizes revenue only at the time of delivery and not over time. Consequently, the application of IFRS 15 has no material impact on past recognition or revenue amounts.

5 IFRS 9: “Financial Instruments”

SCHMOLZ + BICKENBACH applied IFRS 9 “Financial Instruments” for the first time with effect from January 1, 2018. This new standard changes the classification and measurement of financial instruments, and also requires that the impairment of financial assets be measured on the basis of a forward-looking model. Financial assets, including trade accounts receivable and lease receivables, are now tested for impairment on the basis of expected losses and not, as previously, on the basis of actual losses already incurred. The standard also sets out new requirements and enhanced possibilities for hedge accounting and requires more detailed disclosures in the notes.

Trade accounts receivable are initially recognized at the estimated transaction proceeds in accordance with IFRS 15 including the VAT due on this amount (at cost). Loss allowances for doubtful trade accounts receivable are created on the basis of expected credit losses. Expected credit losses are calculated based on the entire lifetime of the trade accounts receivable, taking into account an increase in credit risk. Significant financial difficulties faced by a customer, such as likely bankruptcy, financial reorganization, payment default, or late payment, are all considered to be indicators of an increase in credit risk. The loss allowance for receivables with an increased probability of default corresponds to the exposure at default, the probability of default and the loss given default. The initial recognition and changes in the loss allowance for trade accounts receivable are recognized as other operating expenses in the income statement. The allowances recognized in profit or loss in the first nine months of 2018 are immaterial.

Overall, the initial application of IFRS 9 with effect from January 1, 2018 has resulted only in a one-off reduction in the amount of receivables due to a slightly higher estimate of the allowances for expected debtor defaults at SCHMOLZ + BICKENBACH.

The negative effect is EUR 1.2 million and was recognized in retained earnings with effect from January 1, 2018. Subsequent measurement will be based on the expected loss impairment model and recognized in the income statement.

6 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 lower due to 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 our customers’ supply 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 results, however.

7 Consolidated group and company acquisitions

As at February 1, 2018, SCHMOLZ + BICKENBACH acquired the locations and plants of the French firm Ascometal. Ascometal is a steel group specializing in the production and processing of special long steel for the market segments of oil and gas, automotive and machine construction, and the production of ball-bearing steel. The associated plants and locations were acquired as part of an asset deal; the assets were subsequently transferred to the five newly established companies Ascometal France Holding S.A.S., Ascometal Hagondange S.A.S., Ascometal Les Dunes S.A.S., Ascometal Custines – Le Marais S.A.S., and Ascometal Fos-sur-Mer S.A.S., and allocated to the *Production* segment. As part of the transaction, SCHMOLZ + BICKENBACH also acquired the five sales companies Ascometal North America Inc. (USA), Ascometal GmbH (DE), Ascometal Iberica S.L. (ES), Ascometal Polska z.o.o. (PL) and Ascometal Italia S.r.l. (IT) by purchasing the share certificates (share deal). These five sales units were allocated to the *Sales & Services* segment.

The underlying strategy of the acquisition is to participate in the consolidation of the European special long steel industry. With the acquisition, SCHMOLZ + BICKENBACH intends to exploit integration opportunities and other synergy potential between the locations and plants of Ascometal and SCHMOLZ + BICKENBACH with respect to the product mix and the production network. The aim is to improve the capacity utilization of the existing plants and thus realize cost advantages.

The purchase price of the assets and share certificates is expected to be EUR 35.4 million and comprises payments of EUR 0.5 million to the representatives of the former owners (liquidators), EUR 17.7 million for the purchase of previously leased plants, EUR 6.1 million for suppliers whose deliveries are secured by existing inventories and EUR 11.0 million for owners of bonds secured by inventories. As at September 30, 2018, the total purchase price had been paid. As at the acquisition date, no cash and cash equivalents had yet been paid in. The transaction resulted in badwill (bargain purchase) of EUR 45.7 million; this represents planned restructuring expenses and investment commitments. The badwill was recognized in other operating income in the income statement. Costs of EUR 4.6 million have been incurred in connection with the acquisition since negotiations started, of which EUR 0.6 million in the first nine months of 2018 and EUR 4.0 million already recognized in the 2017 financial statements. These are recognized in the income statement under other operating expenses and in cash flow from operating activities.

An overview of the acquired assets and liabilities (net assets) can be found in the following table.

Provisionally determined fair values

in million EUR	1.2.2018
Property, plant and equipment	26.1
Other non-current financial assets	2.5
Total non-current assets	**28.6**
Inventories	101.0
Trade accounts receivable	4.8
Other current assets	0.2
Cash and cash equivalents	7.0
Total current assets	**113.0**
Total assets	**141.6**
Provisions for pensions and similar obligations	11.3
Other non-current provisions	9.6
Deferred tax liabilities	20.5
Non-current financial liabilities	4.3
Total non-current liabilities	**45.7**
Current provisions	1.8
Trade accounts payable	8.3
Other current liabilities	4.7
Total current liabilities	**14.8**
Total liabilities	**60.5**
Fair value of net assets acquired	**81.1**
Purchase price	35.4
Badwill	**45.7**
Cash outflow	**30.9.2018**
Purchase price paid	35.4
Cash and cash equivalents acquired	7.0
Acquisition of Group companies	**28.4**

Revenue generated between February 1 and September 30, 2018 by the companies acquired through the acquisition was EUR 339.1 million. The loss came to EUR 12.7 million (excluding badwill). If the transaction had been concluded as at January 1, 2018, Group revenue would have been EUR 45.1 million higher and consolidated retained earnings EUR 4.4 million lower.

The figures mentioned above are provisional, as the purchase price allocation has not yet been finalized.

Furthermore, in the first nine months of 2018, a further installment of EUR 1.6 million (2017: EUR 3.1 million) was paid for the squeeze-out of non-controlling interests in SCHMOLZ + BICKENBACH s.r.o. (CZ), which was fully consolidated in December 2016. The full purchase price amounted to EUR 6.1 million, with a further installment to be paid in 2019.

The entity SCHMOLZ + BICKENBACH Chile SpA (CL) was established in the first nine months of 2017 and integrated in the *Sales & Services* segment.

In addition, in the first nine months of 2017 a stake of 60 % in the Chinese company Shanghai Xinzhen Precision Metalwork Co., Ltd. was acquired. Xinzhen Precision Metalwork Co., Ltd. is specialized in the production of a broad range of drawn bright steel. The acquisition is aimed at further growth in the Chinese market for stainless long steel. The fair values of the acquired net assets as of the acquisition date amount to EUR 5.2 million, of which EUR 2.1 million are non-controlling interests. The purchase price of the company amounts to EUR 3.4 million and the resulting goodwill is EUR 0.3 million.

8 Revenue

SCHMOLZ + BICKENBACH's revenue can be broken down by product group and region as follows:

	Production		Sales & Services	
in million EUR	**9M 2018**	**9M 2017**	**9M 2018**	**9M 2017**
Quality & engineering steel	1,094.1	712.5	193.5	145.9
Stainless steel	685.1	646.6	156.4	134.0
Tool steel	175.3	168.5	161.1	156.1
Others	44.5	46.1	7.2	8.7
Total	**1,999.0**	**1,573.7**	**518.2**	**444.7**

	Production		Sales & Services	
in million EUR	**9M 2018**	**9M 2017**	**9M 2018**	**9M 2017**
Germany	846.6	730.0	86.8	72.8
Italy	296.5	208.2	29.2	29.7
France	235.0	112.5	34.3	28.7
Switzerland	35.5	30.5	0.0	0.0
Other Europe	321.2	254.1	143.3	128.4
Europe	**1,734.8**	**1,335.3**	**293.6**	**259.6**
USA	103.6	108.8	119.2	93.3
Canada	33.1	27.0	28.3	21.2
Other America	14.1	8.3	20.8	20.6
America	**150.8**	**144.1**	**168.3**	**135.1**
China	43.3	44.4	32.5	30.9
India	14.4	4.7	10.7	8.1
Asia Pacific/Africa	55.7	45.2	13.1	11.0
Africa/Asia/Australia	**113.4**	**94.3**	**56.3**	**50.0**
Total	**1,999.0**	**1,573.7**	**518.2**	**444.7**

9 Other operating income and expenses

Other operating income of EUR 80.8 million (2017: EUR 26.6 million) mainly comprises the badwill of EUR 45.7 million resulting from the acquisition of Ascometal.

Other operating expenses can be broken down as follows:

in million EUR	9M 2018	9M 2017
Freight, commission	72.0	62.5
Maintenance, repairs	70.1	54.4
Holding and administration expenses	34.6	23.0
Fees and charges	17.3	15.7
Rent and lease income	15.4	13.3
Consultancy and audit services	19.4	10.3
IT expenses	15.2	15.0
Losses on disposal of intangible assets, property, plant and equipment, and financial assets	0.5	0.6
Non-income taxes	9.0	8.7
Foreign exchange loss (net)	3.2	0.0
Miscellaneous expense	17.6	18.2
Total	**274.3**	**221.7**

Miscellaneous expense of EUR 17.6 million (2017: EUR 18.2 million) comprises a number of individually immaterial items which cannot be allocated to any other 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.

10 Financial result

in million EUR	9M 2018	9M 2017
Interest income	0.5	0.5
Other financial income	0.0	3.6
Financial income	**0.5**	**4.1**
Interest expense on financial liabilities	–21.6	–23.5
Net interest expense on pension provisions and plan assets	–3.1	–3.6
Capitalized borrowing costs	0.5	0.2
Other financial expense	–5.3	–14.8
Financial expense	**–29.5**	**–41.7**
Financial result	**–29.0**	**–37.6**

Other financial expense in the first nine months of 2018 includes a loss of EUR 0.6 million from the measurement of the call option on the bond issued in May 2017. Other financial expense in the nine months of 2017 contained expenses related to the early redemption of the bond issued in 2012. These included the realization and derecognition of the capitalized repurchase right of EUR 4.6 million, as well as amortization of the remaining transaction costs and the redemption premium for early payment totaling EUR 6.6 million.

Other financial income in the first nine months of 2017 included a measurement gain of EUR 3.6 million on the call option of the bond issued in May 2017.

11 Income taxes

in million EUR	9M 2018	9M 2017
Current taxes	29.0	13.2
Deferred taxes	−7.7	4.8
Income tax effect	**21.3**	**18.0**

Apart from in the USA, the local tax rates used to determine current and deferred taxes have not changed materially in comparison with the prior year. The effective Group tax rate for the first nine months of 2018 was 18.7 % (2017: 48.0 %). This rate derives from the tax rates of the individual countries in which the Group operates, weighted for earnings before taxes. The fall in the effective Group tax rate compared with the previous year is primarily attributable to the tax-favorable distribution of pre-tax earnings to individual countries and to the badwill on the acquisition of Ascometal, which does not entail any income tax consequences.

The deferred tax liabilities, recognized upon the acquisition of the locations and plants of Ascometal, were offset in the first nine months of 2018, which resulted in deferred tax income as well as simultaneous, approximately comparable inverse current tax expenses.

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

in million EUR	9M 2018	2017	9M 2017
Opening balance at the beginning of the period	32.5	17.3	17.3
Changes recognized in profit and loss	7.7	16.4	−4.8
Changes recognized in other comprehensive income	−2.7	−5.4	−2.3
Change in scope of consolidation	−20.5	0.0	0.0
Foreign currency effects	−0.9	4.2	4.1
Closing balance at the end of the period	**16.1**	**32.5**	**14.3**

12 Intangible assets and property, plant and equipment

Intangible assets did not change significantly in the first nine months of 2018. The carrying amount of intangible assets as at September 30, 2018 was EUR 30.1 million (December 31, 2017: EUR 28.7 million). Scheduled amortization of intangible assets in the first nine months of 2018 amounted to EUR 3.0 million (2017: EUR 2.9 million). There were no restrictions on ownership or disposal as at each reporting date.

The breakdown of property, plant and equipment into their subcategories can be seen in the table below. Most of the additions are attributable to the *Production* division. From January 1, 2018, the useful life of the assets was revised on the basis of historical values. This led to a reduction of EUR 15.8 million of depreciation and amortization in the first nine months of 2018.

in million EUR	Land and buildings	Plant and equipment	Prepayments for property and plants under construction	Total
Cost value as at 1.1.2017	**706.6**	**2,420.0**	**59.8**	**3,186.4**
Changes in the scope of consolidation	3.3	0.5	0.0	3.8
Reclassification to assets held for sale	−0.8	0.0	0.0	−0.8
Additions	2.2	37.8	58.2	98.2
Disposals	−7.6	−25.8	0.0	−33.4
Reclassifications	4.5	41.5	−46.0	0.0
Foreign currency effects	−31.5	−83.3	−2.7	−117.5
Cost value as at 31.12.2017	**676.7**	**2,390.7**	**69.3**	**3,136.7**
Changes in the scope of consolidation	1.5	23.4	1.2	26.1
Additions	1.7	16.4	46.0	64.1
Disposals	−3.2	−28.3	0.0	−31.5
Reclassifications	8.1	19.6	−27.7	0.0
Foreign currency effects	6.3	18.6	0.6	25.5
Cost value as at 30.9.2018	**691.1**	**2,440.4**	**89.4**	**3,220.9**
Accumulated depreciation and impairments as at 1.1.2017	**−401.6**	**−1,895.7**	**0.0**	**−2,297.3**
Reclassification to assets held for sale	0.5	0.0	0.0	0.5
Scheduled depreciation and amortization	−16.5	−105.2	0.0	−121.7
Impairment	0.0	−1.3	0.0	−1.3
Disposals	5.7	24.7	0.0	30.4
Foreign currency effects	17.6	59.9	0.0	77.5
Accumulated depreciation and impairments as at 31.12.2017	**−394.3**	**−1,917.6**	**0.0**	**−2,311.9**
Scheduled depreciation and amortization	−10.1	−67.5	0.0	−77.6
Disposals	3.0	27.7	0.0	30.7
Reclassifications	−0.3	0.3	0.0	0.0
Foreign currency effects	−4.3	−14.1	0.0	−18.4
Accumulated depreciation and impairments as at 30.9.2018	**−406.0**	**−1,971.2**	**0.0**	**−2,377.2**
Net carrying amount as at 31.12.2017	**282.4**	**473.1**	**69.3**	**824.8**
Net carrying amount as at 30.9.2018	**285.1**	**469.2**	**89.4**	**843.7**

13 Inventories

Inventories as at September 30, 2018 and as at December 31, 2017 break down as follows:

in million EUR	30.9.2018	31.12.2017
Raw materials, consumables and supplies	215.9	123.8
Semi-finished goods and work in progress	384.7	278.5
Finished products and merchandise	383.7	295.5
Total	**984.3**	**697.8**

The Group-wide reassessment of value adjustments for slow-moving and non-transhipment inventory items had a one-off positive effect of EUR 1.9 million on earnings in the first nine months of 2018.

14 Pensions

The Group has both defined benefit plans and defined contribution plans, where contractually defined amounts are transferred to an external pension institution. Most of the plans are defined benefit plans, however, 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:

Pension liabilities, plan assets and funded status

	Defined benefit obligation		Fair value of plan assets		Net liability	
in million EUR	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017
Present value of defined benefit obligations/fair value of plan assets at the beginning of the period	**579.1**	**636.9**	**302.7**	**311.6**	**276.4**	**325.3**
Current service cost	7.0	10.7	0.0	0.0	7.0	10.7
Administration expenses	0.0	0.0	–0.5	–0.7	0.5	0.7
Interest result	5.3	7.4	2.2	2.7	3.1	4.7
Past service costs	–4.4	–2.7	0.0	0.0	–4.4	–2.7
Net pension result	**7.9**	**15.4**	**1.7**	**2.0**	**6.2**	**13.4**
Return on plan assets less interest income	0.0	0.0	1.1	16.9	–1.1	–16.9
Actuarial result from changes in demographic assumptions	0.0	–11.9	0.0	0.0	0.0	–11.9
Actuarial result from changes in financial assumptions	–14.4	–12.8	0.0	0.0	–14.4	–12.8
Actuarial result from experience-based assumptions	0.7	1.9	0.0	0.0	0.7	1.9
Remeasurement effects included in other comprehensive income	**–13.7**	**–22.8**	**1.1**	**16.9**	**–14.8**	**–39.7**
Employer contributions	0.0	0.0	6.5	8.9	–6.5	–8.9
Employee contributions	3.4	4.8	3.4	4.8	0.0	0.0
Change in scope of consolidation	11.3	0.0	0.0	0.0	11.3	0.0
Benefits paid	–19.2	–22.6	–14.3	–13.9	–4.9	–8.7
Foreign currency effects	10.6	–32.6	8.1	–27.6	2.5	–5.0
Present value of defined benefit obligations/fair value of plan assets at the end of the period	**579.4**	**579.1**	**309.2**	**302.7**	**270.2**	**276.4**
Provisions from obligations similar to pensions	1.1	1.4	0.0	0.0	1.1	1.4
Total provisions for pensions and obligations similar to pensions	**580.5**	**580.5**	**309.2**	**302.7**	**271.3**	**277.8**

Actuarial gains primarily result from the slight increase in discount rates as at September 30, 2018 compared with December 31, 2017 for the pension plans in all currency areas.

An improvement in earnings was recognized in the income statement in 2018 and 2017. This resulted from the renewed reduction of pension conversion rates in Switzerland, which as a result of the recalculation of the present value of the defined benefit obligations, led to a non-recurring gain of EUR 4.4 million in 2018 and EUR 2.8 million in 2017 that was posted immediately to other comprehensive income.

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

Valuation assumptions for pensions

	Switzerland		Euro area		USA		Canada	
in million EUR	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017
Discount rate	0.8	0.6	1.9	1.8	4.0	3.4	3.8	3.4
Salary trend	1.5	1.3	1.8-3.0	1.8-2.8	nm	nm	3.0	3.0

15 Financial liabilities

As at September 30, 2018, financial liabilities were as follows:

in million EUR	30.9.2018	31.12.2017
Syndicated loan	126.9	82.4
Other bank loans	12.0	16.0
Bond	343.4	195.3
Liabilities from finance leases	6.4	3.1
Other financial liabilities	1.1	0.5
Total non-current	**489.8**	**297.3**
Other bank loans	7.0	7.0
ABS financing program	210.8	178.3
Liabilities from finance leases	1.1	0.9
Other financial liabilities	4.6	5.6
Total current	**223.5**	**191.8**

Other current financial liabilities include accrued interest of EUR 4.1 million for the bond (December 31, 2017: EUR 5.2 million).

On June 25, 2018, SCHMOLZ + BICKENBACH topped up the senior notes of EUR 200 million issued in April 2017 by another EUR 150 million at an issue price of 101.5 % of the nominal value plus accrued interest since January 15, 2018. The issue thus forms part of a total issue at the same conditions, with a coupon of 5.625 % p.a. The bond was issued by the subsidiary SCHMOLZ + BICKENBACH Luxembourg Finance S.A. and matures on July 15, 2022. Interest is payable semi-annually on January 15 and July 15.

The bond issued in 2017 replaced the old bond (issue date: May 15, 2012) early on May 15, 2017. Also in April 2017, 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 also extended, both until 2022.

Following the acquisition on February 1, 2018, the Ascometal companies were also integrated into the Group-wide ABS financing program, which resulted in a higher utilization of the program as at the end of the first nine months of 2018. The proceeds from the increase in the bond were used to finance the ongoing operations of Ascometal.

The syndicated loan rose by EUR 44.5 million compared with December 31, 2017. The increased credit was used to repay the interim financing of EUR 40.0 million taken out in connection with the acquisition of Ascometal.

16 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. As at September 30, 2018, the bonds had a fair value (Level 1) of EUR 365.6 million (December 31, 2017: EUR 213.4 million). The carrying amount of the bonds as at September 30, 2018 was EUR 343.4 million (December 31, 2017: EUR 195.3 million).

As at September 30, 2018, a positive fair value of EUR 3.4 million (December 31, 2017: EUR 3.8 million) was recognized for embedded derivative financial instruments (Level 2). This figure is attributable to the call option on the bond issued by SCHMOLZ + BICKENBACH Luxembourg Finance S.A. (LU) in April 2017 and topped up in the first nine months of 2018. The effect recognized in the income statement from the measurement of this call option was EUR 0.6 million in the first nine months of 2018 and is presented as other financial expense (note 10).

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 change in market interest rates, the change in the credit spread, and the volatility of market interest rates and credit spread. The payment profile of the repurchase options is determined on each exercise date, taking into account the deviation in the present value of future interest and principal repayments from the repayment amount at each date of termination. The acquisition costs recognized for the bond take into consideration the value determined for the embedded option during the issue.

17 Segment reporting

The Group is presented in accordance with its internal reporting and organizational structure, comprising the two divisions *Production* and *Sales & Services*. Optimization of *Sales & Services* activities in Germany saw numerous reclassifications from the *Production* division to the *Sales & Services* division, which were completed during fiscal year 2017.

The total adjustment effect of EUR 26.4 million primarily comprises the correction of badwill in the amount of EUR 45.7 million (divided into EUR 39.4 million in the *Production* segment and EUR 6.3 million in *Sales & Services*). In addition, EUR 10.8 million were recognized in the *Production* segment for the booking of existing, onerous supply contracts with Ascoval as well as transaction costs in connection with the integration of the acquired assets and companies.

The table below shows the segment reporting as at September 30, 2018.

	Production		Sales & Services	
in million EUR	**9M 2018**	**9M 2017**	**9M 2018**	**9M 2017**
Third-party revenue	1,999.0	1,573.7	518.2	444.7
Internal revenue	321.2	285.4	18.8	0.5
Total revenue	**2,320.2**	**1,859.1**	**537.0**	**445.2**
Segment result (= adjusted EBITDA)	**174.6**	**161.4**	**32.2**	**20.8**
Adjustments	26.7	−1.0	5.2	−0.2
Operating profit before depreciation and amortization (EBITDA)	201.3	160.4	37.4	20.6
Depreciation and amortization of intangible assets, property, plant and equipment	−74.8	−88.3	−3.5	−3.6
Impairment of intangible assets, property, plant and equipment and assets held for sale	0.0	−1.3	0.0	0.0
Operating profit (EBIT)	**126.5**	**70.8**	**33.9**	**17.0**
Financial income	1.2	2.0	2.6	2.4
Financial expense	−26.7	−25.0	−5.3	−5.4
Earnings before taxes (EBT)	**101.0**	**47.8**	**31.2**	**14.0**
Segment investments [1]	63.2	50.3	3.0	2.2
Segment operating free cash flow [2]	−108.4	11.0	6.7	23.5
in million EUR	**30.9.2018**	**31.12.2017**	**30.9.2018**	**31.12.2017**
Segment assets [3]	2,168.1	1,734.9	294.9	247.8
Segment liabilities [4]	472.0	375.8	137.0	109.4
Segment assets less segment liabilities (capital employed)	**1,696.1**	**1,359.1**	**157.9**	**138.4**
Employees as at closing date (positions)	8,892	7,389	1,424	1,430

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

[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 (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)

			Reconciliation					
	Total operating segments		Corporate activities		Eliminations/adjustments		Total	
	9M 2018	9M 2017	9M 2018	9M 2017	9M 2018	9M 2017	9M 2018	9M 2017
	2,517.2	2,018.4	0.0	0.0	0.0	0.0	2,517.2	2,018.4
	340.0	285.9	0.0	0.0	−340.0	−285.9	0.0	0.0
	2,857.2	**2,304.3**	**0.0**	**0.0**	**−340.0**	**−285.9**	**2,517.2**	**2,018.4**
	206.8	**182.2**	**−9.3**	**−7.6**	**−0.5**	**−0.4**	**197.0**	**174.2**
	31.9	−1.2	−5.2	−3.0	−0.3	1.1	26.4	−3.1
	238.7	181.0	−14.5	−10.6	−0.8	0.7	223.4	171.1
	−78.3	−91.9	−2.4	−2.8	0.0	0.0	−80.7	−94.7
	0.0	−1.3	0.0	0.0	0.0	0.0	0.0	−1.3
	160.4	**87.8**	**−16.9**	**−13.4**	**−0.8**	**0.7**	**142.7**	**75.1**
	3.8	4.4	35.0	28.3	−38.3	−28.6	0.5	4.1
	−32.0	−30.4	−28.3	−39.9	30.8	28.6	−29.5	−41.7
	132.2	**61.8**	**−10.2**	**−25.0**	**−8.3**	**0.7**	**113.7**	**37.5**
	66.2	52.5	1.4	0.8	0.0	0.0	67.6	53.3
	−101.7	34.5	−14.1	−10.6	0.0	−3.1	−115.8	20.8
	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017	30.9.2018	31.12.2017
	2,463.0	1,982.7	44.0	43.0	110.4	87.4	2,617.4	2,113.1
	609.0	485.2	1.0	2.9	1,188.8	907.5	1,798.8	1,395.6
	1,854.0	**1,497.5**						
	10,316	8,819	108	120	0	0	10,424	8,939

Legal notice

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This interim 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. These 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 interim report is also available in German. The German version is binding.

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