SCHMOLZ + BICKENBACH AG
Providing special steel solutions

Press release

SCHMOLZ + BICKENBACH achieves sound operating profit in the third quarter 2013 in a market that continues to be challenging

- **Adjusted EBITDA for the third quarter 2013 came to EUR 39.8 million (Q3 2012: EUR 20.6 million)**
- **Sales volume up on the same quarter of the prior year, revenue fell due to lower commodity prices**
- **More detailed revenue and earnings forecast**

Emmenbrücke, 20 November 2013 – SCHMOLZ + BICKENBACH a global market leader in special steel (such as tool steel, stainless steel, and engineering steel) listed on the SIX Swiss Exchange (SIX: STLN), achieved a sound operating profit in the third quarter 2013 in a market that continues to be challenging. Adjusted EBITDA for the third quarter came to EUR 39.8 million, considerably up on the adjusted EBITDA for the third quarter of the prior year of EUR 20.6 million, but below the figures reported in the first two quarters 2013 due to seasonal effects. For the first three quarters 2013 an adjusted EBITDA of EUR 135.8 million (1.1.–30.9.2012: EUR 152.4 million) has been achieved.

Having remained well below the prior-year level throughout the first half of 2013, sales volume increased by 6.6% to 500 kilotons (Q3 2012: 469 kt) in the third quarter of 2013 compared to the same period of the prior year. In contrast revenue fell by 5.7% to EUR 784.2 million (Q3 2012: EUR 832.0 million), mainly due to lower commodity prices, which are passed on to customers in the form of scrap and alloy surcharges. Sales volume was down 40 kilotons or 2.5% to 1 563 kilotons in the first three quarters of 2013 (1.1.–30.9.2012: 1 603 kt), while revenue slipped 10.1% to EUR 2 524.7 Mio. (1.1.–30.9.2012: EUR 2 806.9 million). The order backlog as at 30 September 2013 came to 410 kilotons (31.12.2012: 351 kt, 30.9.2012: 337 kt), a marked increase on the third quarter of 2012.

The net financial expense in the third quarter 2013 saw a considerable increase of 39.3% or EUR 7.9 million to EUR 28.0 million (Q3 2012: EUR 20.1 million). For the first three quarters 2013 net financial expense was at EUR 73.0 million (1.1.-30.9.2012: EUR 53.4 million). Below the line Group reports a net loss in the third quarter 2013 of EUR 25.6 million (Q3 2012: net loss of EUR 43.0 million) and in the first nine months of EUR 44.5 million (1.1.-30.9.2012: net loss of EUR 27.2 million).

We will press ahead with the restructuring and cost-cutting programme. Besides the cost savings already initiated in 2012, the new 2016 earnings improvement programme will begin to take effect. Personnel costs in the first nine months 2013 were cut by EUR 31.8 million or 6.8% to f EUR 438.6 million as at the end of the third quarter of 2013 compared to the same period of the prior year (1.1–30.9.2012: EUR 470.4 million).

Outlook
The fourth quarter opened with a satisfactory order backlog, the order intake remains stable. In light of the lower commodity prices, which are passed on to our customers as surcharges, as well as continued pressure on base prices, we now expect revenue for the entire year to fall short of the prior-year figure by 6–8%. Sales volume, on the other hand, is set to match or even slightly exceed the prior-year level. In light of lower prices, we now predict adjusted EBITDA in the range of EUR 155-175 million. After deducting government grants, the investment volume will come in at just under EUR 100 million.

Following the successful capital increase in October 2013 we used some of the proceeds to repay a portion of the loans. Another share will be used to redeem 35% of the nominal value of the bond (equity clawback). These debt-reducing measures will be reflected in a sustainably lower financial expense from next year onwards. First though, financial expense will climb in the fourth quarter due to non-recurring expenses of EUR 14 million in connection with the early redemption of part of the bond.

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

Key figures

		1.1.- 30.9.2013	**1.1.- 30.9.2012**	**Q3 2013**	**Q3 2012**
Sales volume	kilotons	1‘563	1‘603	500	469
Revenue	million EUR	2‘524.7	2‘806.9	784.2	832.0
Adjusted EBITDA	million EUR	135.8	152.4	39.8	20.6
Operating profit before depreciation and amortisation (EBITDA)	million EUR	126.6	137.3	36.2	11.0
Operating profit (EBIT)	million EUR	33.9	47.2	3.5	-18.9
Earnings before taxes (EBT)	million EUR	-39.1	-6.2	-24.5	-39.0
Net income (loss) (EAT)	million EUR	-44.5	-27.2	-25.6	-43.0
Investments	million EUR	61.7	85.4	29.4	38.5
Free Cash Flow	million EUR	17.5	101.8	--	--
Total assets	million EUR	2‘437.2	2‘631.7	--	--
Shareholders‘ equity	million EUR	596.3	792.0	--	--
Net debt	million EUR	971.5	821.4	--	--
Employees per closing date	positions	10‘099	10‘365	--	--
Earnings per share (undiluted)	EUR	-0.39	-0.24	--	--

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The interim report as of 30 September 2013 can be found here:

http://www.schmolz-bickenbach.com/en/investor-relations/annual-reports-financial-reports/2013/

About SCHMOLZ + BICKENBACH
The SCHMOLZ + BICKENBACH GROUP is one of the world's leading providers of special high-grade steels. The GROUP is one of the leading producers on the global market both in tool steels as well as for stainless long steels and is one of the three largest companies in Europe for alloy and high-alloy special and engineering steels. With circa 10,000 employees and its own production and distribution companies in more than 35 countries on five continents, the company guarantees its customers global support and supply and offers them the entire portfolio consisting of production and sales + services at locations worldwide. They benefit from the technological expertise of the company, the same high product quality wherever in the world, as well as a detailed knowledge of local markets.

Forward-looking statement
Information in this release may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this release are based on information available to SCHMOLZ + BICKENBACH AG as of the date of this release, and we assume no duty to update any such forward-looking statements. The forward-looking statements in this release are not guarantees of future performance and actual results could differ materially from our current expectations. Numerous factors could cause or contribute to such differences. Factors that could affect the Company's forward-looking statements include, among other things: national and global GDP trends; changes in regulation relevant to the steel industry; intense competition in the markets in which the Company operates; integration of acquired companies; changes in the Company's ability to attract and retain qualified internal and external personnel or clients; the potential impact of disruptions related to IT; any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.