

# SCHMOLZ + BICKENBACH

## Investor Presentation

### Q3/9M 2015 Results

Lucerne, 12 November 2015





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- 1 BUSINESS OVERVIEW Q3/9M 2015**
- 2 FINANCIAL PERFORMANCE Q3/9M 2015**
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# **1 BUSINESS OVERVIEW Q3/9M 2015**



# Operational overview Q3/9M 2015

## Markets and prices

- » Order intake decreased, order backlog 20.7% below prior year
- » Customer industries: automotive still with good demand, demand from the engineering industry lower as expected, ongoing low oil price continues to burden the oil & gas industry
- » Nickel price declining to lowest level since May 2007, scrap price decreasing
- » Persisting pressure on base prices

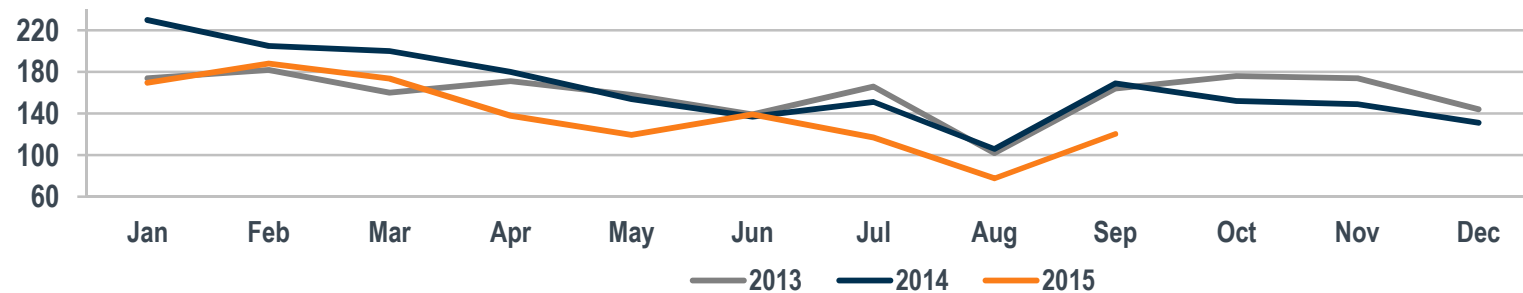
## Operational development (continued operations)

- » Sales volume decreased by 4.9% (21 kt) to 410 kt (Q3 2014: 431 kt)
- » Revenue dropped by 12.0% to EUR 619.7 m (Q3 2014: EUR 704.0 m)
- » Gross margin fell to 33.1% (Q3 2014: 36.4%)
- » EBITDA declined by 81.4% to EUR 10.3 m (Q3 2014: EUR 55.5 m)
- » EBITDA margin sank to 1.7% (Q3 2014: 7.9%)

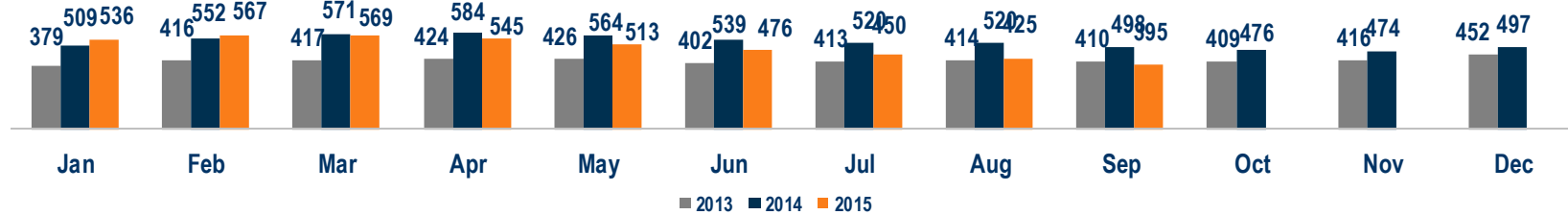


# Order intake, order backlog and sales volume

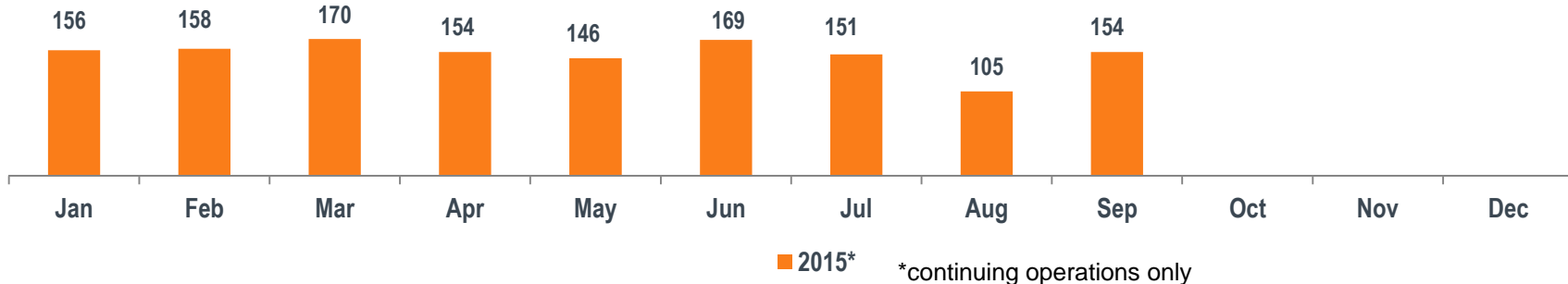
Incoming orders 2013 – 2015 | in kt



Order backlog 2013 – 2015 | in kt



Sales volume 2015 | in kt



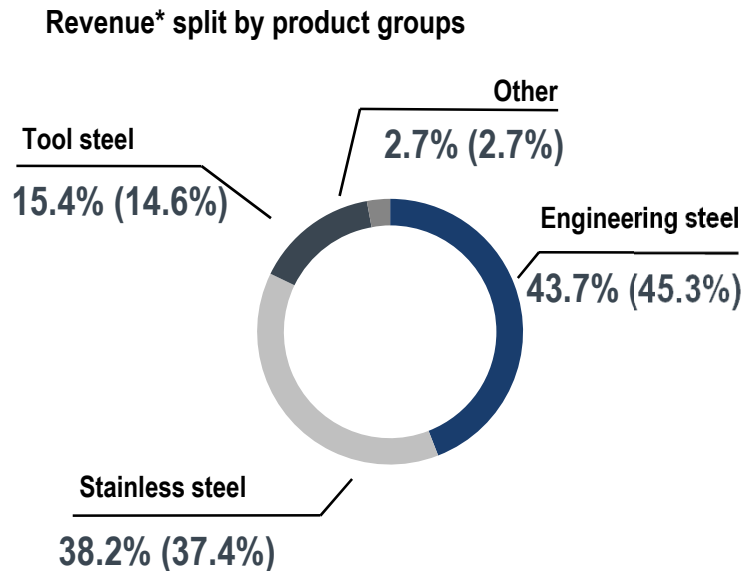
2015\*

\*continuing operations only



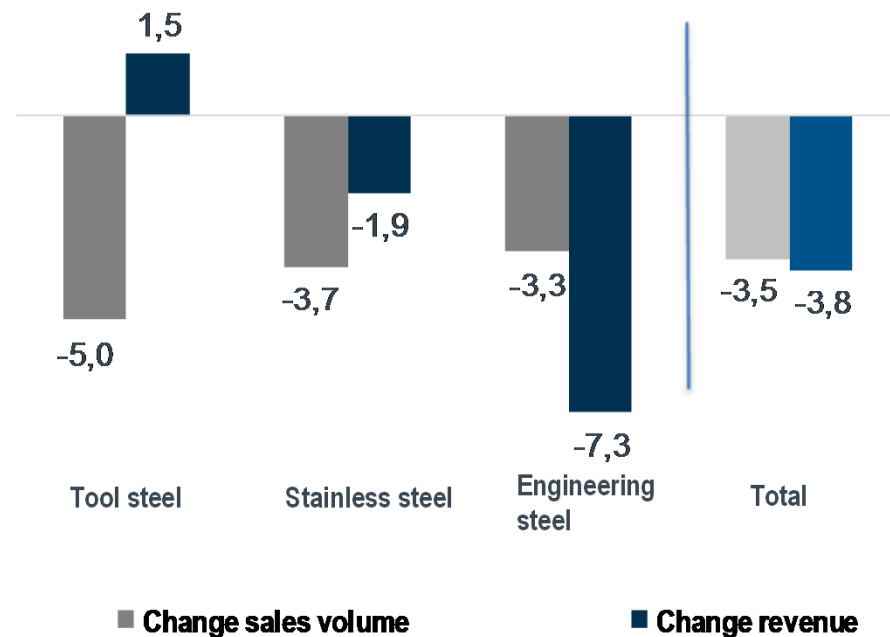


# Sales volume and revenue by product groups



9M 2015 (9M 2014 in brackets)\*

Change in sales volume\* and revenue\* (9M 2015 to 9M 2014) | in %

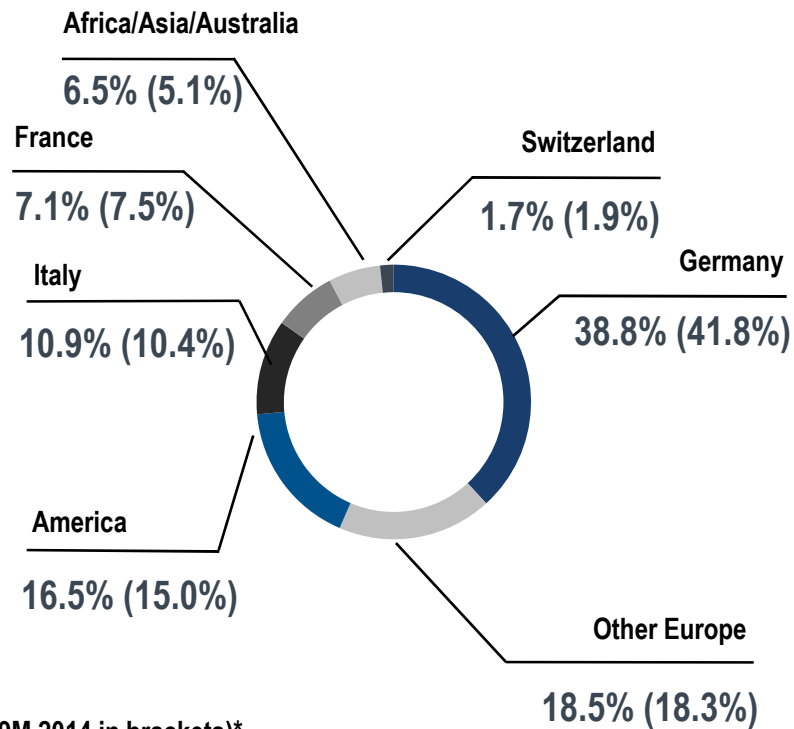


- » Better product mix with higher portion of tool steel and stainless steel revenues
- » Nevertheless, revenue decreased due to lower raw material prices and pressure on base price

\*continuing operations, 2014-figures have been adjusted accordingly



## Revenue by regions



9M 2015 (9M 2014 in brackets)\*

- » Revenue share of Germany decreased due to appreciation of USD against EUR and thereby higher share of the Americas

\*continuing operations, 2014-figures have been adjusted accordingly





## **2 FINANCIAL PERFORMANCE Q3/9M 2015**



## Result of operations – key figures

in EUR m	9M 2015	9M 2014	Change on prior year (%)	Q3 2015	Q3 2014	Change on prior year (%)
Sales volume (kt) <sup>1)</sup>	1 362	1 411	-3.5	410	431	-4.9
Revenue <sup>1)</sup>	2 108.6	2 191.5	-3.8	619.7	704.0	-12.0
Adjusted EBITDA <sup>1)</sup>	129.0	192.0	-32.8	11.5	58.2	-80.2
Adjusted EBITDA margin (%) <sup>1)</sup>	6.1	8.8	-270 bp	1.9	8.3	-640 bp
Operating profit before depreciation and amortisation (EBITDA) <sup>1)</sup>	122.8	186.3	-34.1	10.3	55.5	-81.4
EBITDA margin (%) <sup>1)</sup>	5.8	8.5	-270 bp	1.7	7.9	-620 bp
Operating profit (loss) (EBIT) <sup>1)</sup>	29.5	98.9	-70.2	-19.6	25.1	< -100
Earnings before taxes (EBT) <sup>1)</sup>	-6.0	65.1	< -100	-32.4	15.5	< -100
Earnings after taxes from continuing operations	-20.5	44.1	< -100	-32.7	10.6	< -100
Net income (loss) (EAT)	-151.7	45.8	< -100	-34.1	10.6	< -100

» Net income includes EAT from continuing operations as well as from discontinued operations; discontinued operations burdened by impairments of EUR –128.1 m

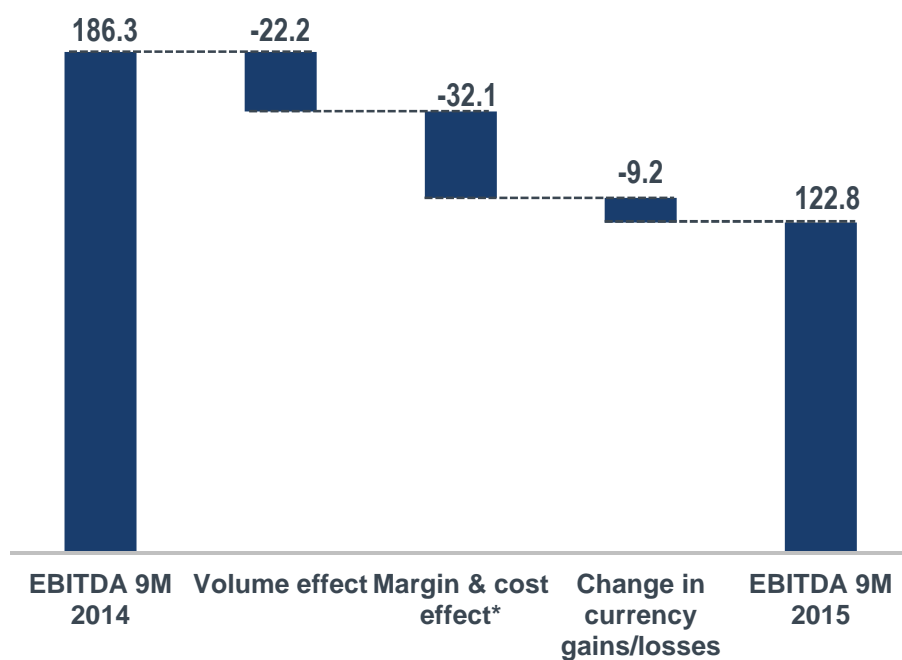
Financial Performance

1) Continuing operations, 2014-figures have been adjusted accordingly

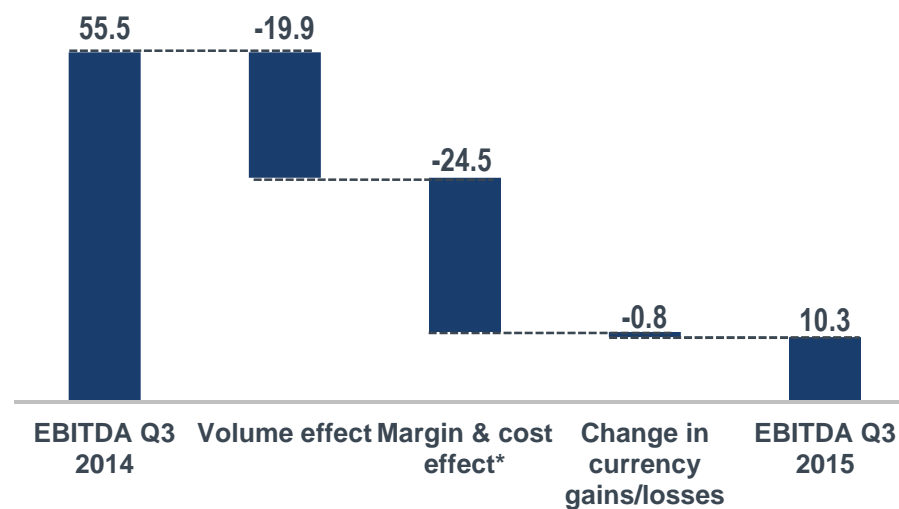


# EBITDA significantly affected by volume and margin losses

EBITDA bridge 9M 2014 – 9M 2015



EBITDA bridge Q3 2014 – Q3 2015



\* Excluding change in currency gains/losses

Financial Performance

## Revenue by division

	9M 2015	9M 2014	Change on prior year (%)	Q3 2015	Q3 2014	Change on prior year (%)
Production <sup>1)</sup>	1 938.0	2 040.2	-5.0	555.6	651.5	-14.7
Sales & Services <sup>1)</sup>	426.2	372.9	14.3	133.2	126.8	5.0
SCHMOLZ + BICKENBACH Group <sup>1) 2)</sup>	2 108.6	2 191.5	-3.8	619.7	704.0	-12.0

- » *Production* division: revenue in 9M 2015 decreased by 5.0% to EUR 1 938.0 m compared to 9M 2014
- » *Sales & Services* division: increase in revenues by 14.3% to EUR 426.2 m compared to 9M 2014

1) Continuing operations, 2014-figures pro-forma

2) Group figures include Other and consolidation/eliminations

## Adjusted EBITDA and adjusted EBITDA margin by division

Adjusted EBITDA	9M 2015	9M 2014	Change on prior year (%)	Q3 2015	Q3 2014	Change on prior year (%)
Production <sup>1)</sup>	118.7	176.3	-32.7	7.1	50.0	-85.8
Sales & Services <sup>1)</sup>	16.6	20.2	-17.8	5.5	6.9	-20.3
SCHMOLZ + BICKENBACH Group <sup>1) 2)</sup>	129.0	192.0	-32.8	11.5	58.2	-80.2

Adjusted EBITDA margin	9M 2015	9M 2014	Change on prior year	Q3 2015	Q3 2014	Change on prior year
Production <sup>1)</sup>	6.1	8.6	-250 bp	1.3	7.7	-640 bp
Sales & Services <sup>1)</sup>	3.9	5.4	-150 bp	4.1	5.4	-130 bp
SCHMOLZ + BICKENBACH Group <sup>1) 2)</sup>	6.1	8.8	-270 bp	1.9	8.3	-640 bp

1) Continuing operations

2) Group figures include Other and consolidation/eliminations



## Financial position: key figures

		30.9.2015	31.12.2014	Change on 31.12.2014 in %	30.9.2014
Shareholders' equity	EUR m	765.7	900.9	-15.0	910.9
Equity ratio	%	34.9	35.9	-100 bp	35.7
Net debt	EUR m	543.7	587.2	-7.4	627.4
Net debt/Adjusted EBITDA <sup>1)</sup>	factor	2.8	2.2	-	2.6
Net working capital (NWC)	EUR m	843.8	992.3	-15.0	1 085.4
NWC/Revenue <sup>2)</sup>	%	30.0	29.7	30 bp	31.9
		1.1.–30.9.2015	1.1.–30.9.2014	Change on prior year in %	
Financial result	EUR m	-35.5	-33.8	5.0	
Investments	EUR m	101.6	57.8	75.8	
Free cash flow	EUR m	102.8	10.5	>100	

1) LTM

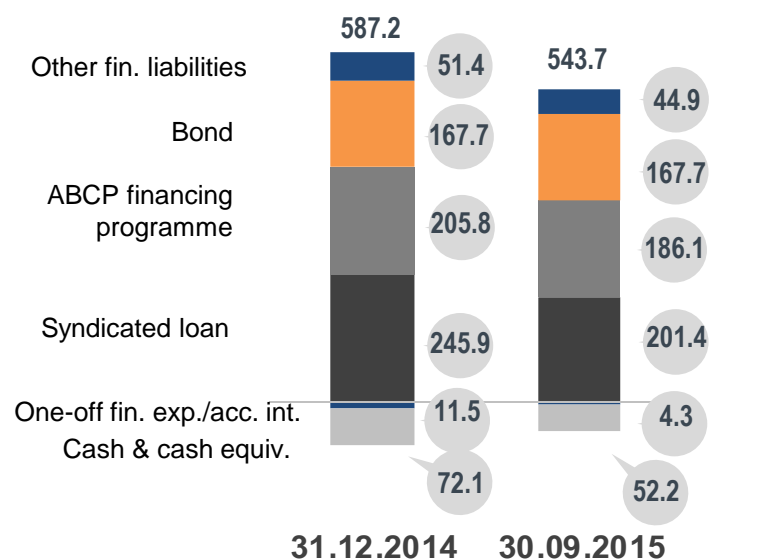
2) Annualised

Financial Performance



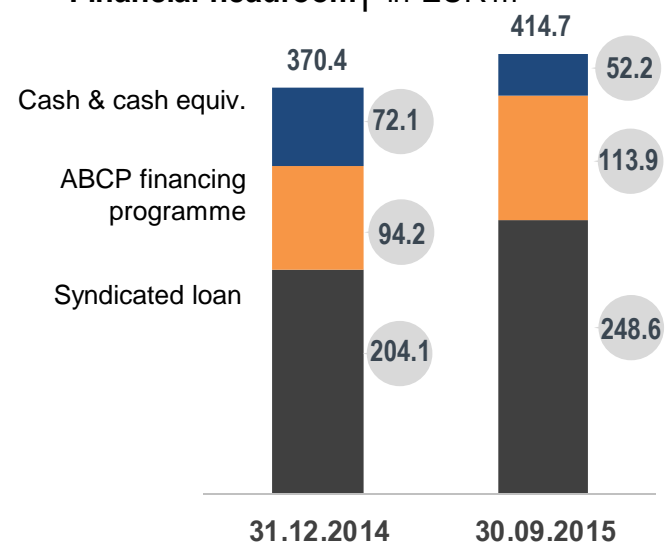
# Net debt and financial headroom

## Net debt | in EUR m



- Cash and cash equivalents
- One-off financing expenses / accrued interest
- Other financial liabilities
- Bond
- ABCP financing programme
- Syndicated loan

## Financial headroom | in EUR m



- Cash and cash equivalents
- ABCP financing programme
- Syndicated loan





# **3 OUTLOOK AND GUIDANCE 2015**



## Ongoing difficult environment in Q4 2015

### Environment

- » Competitive pressure from Asia stays on high level
- » Ongoing weakness in demand from oil & gas industry
- » Historically low and volatile prices in raw material markets lead to hesitant order behaviour of customers
- » World Steel Association significantly lowered expectations, general steel consumption expected to decrease by 1.7% (previously growth of 0.5%), most important steel consumers with partially significantly lower growth rates than 2014 (Asia -2.1%, Europe 1.3%, NAFTA -2.7%)
- » Oil price unlikely to reach previous levels, on average only USD 50 per barrel expected; constant decline in fracking business with significant impact on North American business units
- » Risks of inventory write-downs when prices continue to fall
- » Automotive still on track

### Measures

- » Internal cost measures as well as focus on efficient procurement are further pursued.
- » Ongoing decrease in net debt



## Guidance 2015

	2014 reported	Initial guidance 2015 (as at 12 March 2015)	Guidance 2015 (as at 19 May 2015)	Guidance 2015 (as at 12 November 2015, unchanged to 13 October 2015)
<b>Sales volume</b>	2 135 kilotonnes	Should roughly match the 2014 level	Should roughly match the 2014 level less non mill-own volumes from specific distribution units (ca. 300 kilotonnes)	<b>Slightly below the 2014 level less non mill-own volumes from specific distribution units (ca. 300 kilotonnes)</b>
<b>Reported EBITDA</b>	EUR 252.6 m	EUR 210 m – EUR 250 m	EUR 190 m – EUR 230 m (continuing operations, currently lower end of guidance likely)	<b>EUR 160 m – EUR 180 m</b>
<b>CAPEX</b>	EUR 100.8 m	Around EUR 150 m, due to one-off effects in the amount of EUR 44 m	Around EUR 150 m, due to one-off effects in the amount of EUR 44 m	<b>Around EUR 150 m, due to one-off effects in the amount of EUR 44 m</b>



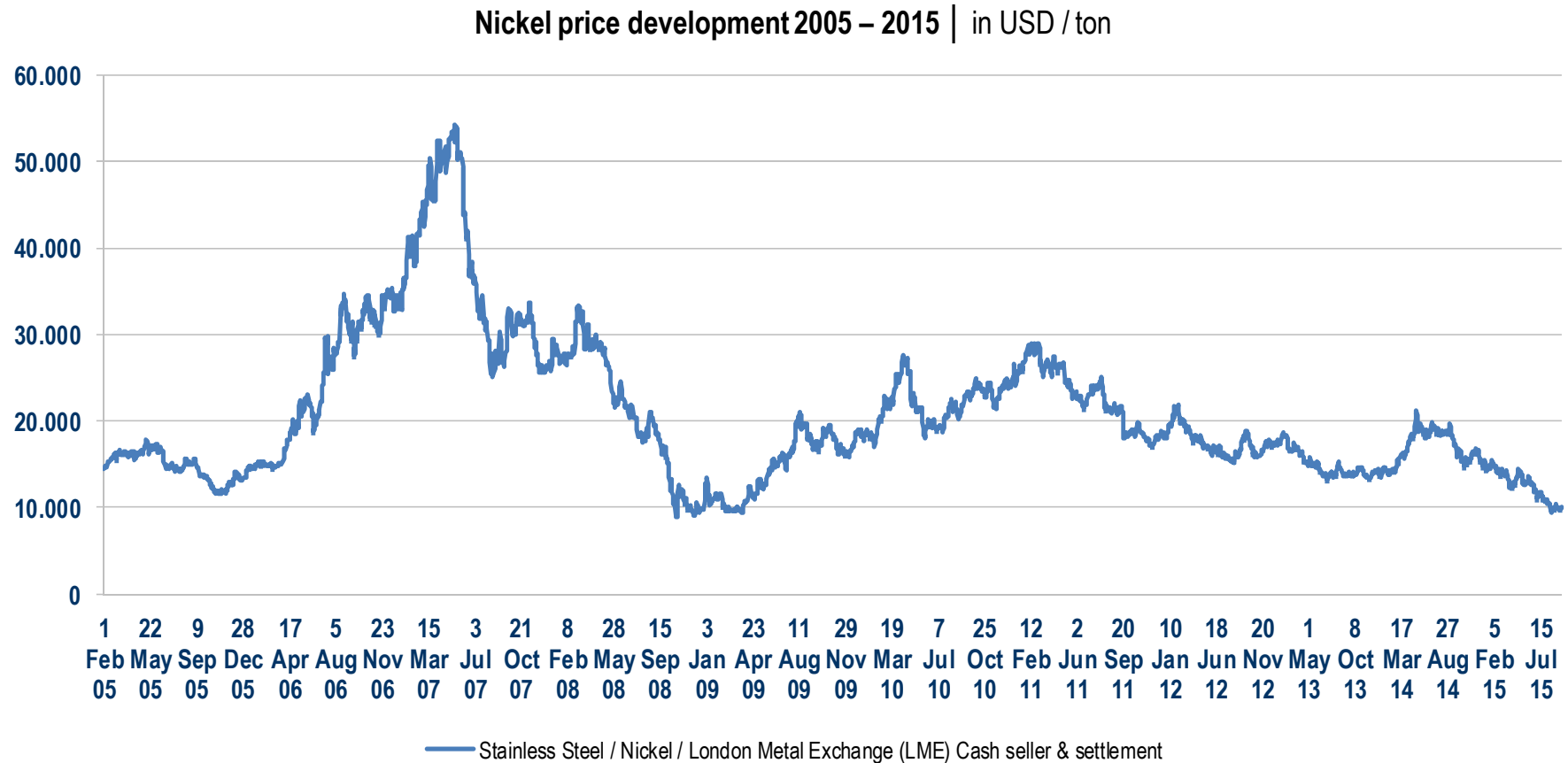
**Q&A**

**THANK YOU FOR YOUR ATTENTION**



# 4 APPENDIX

# Nickel price development



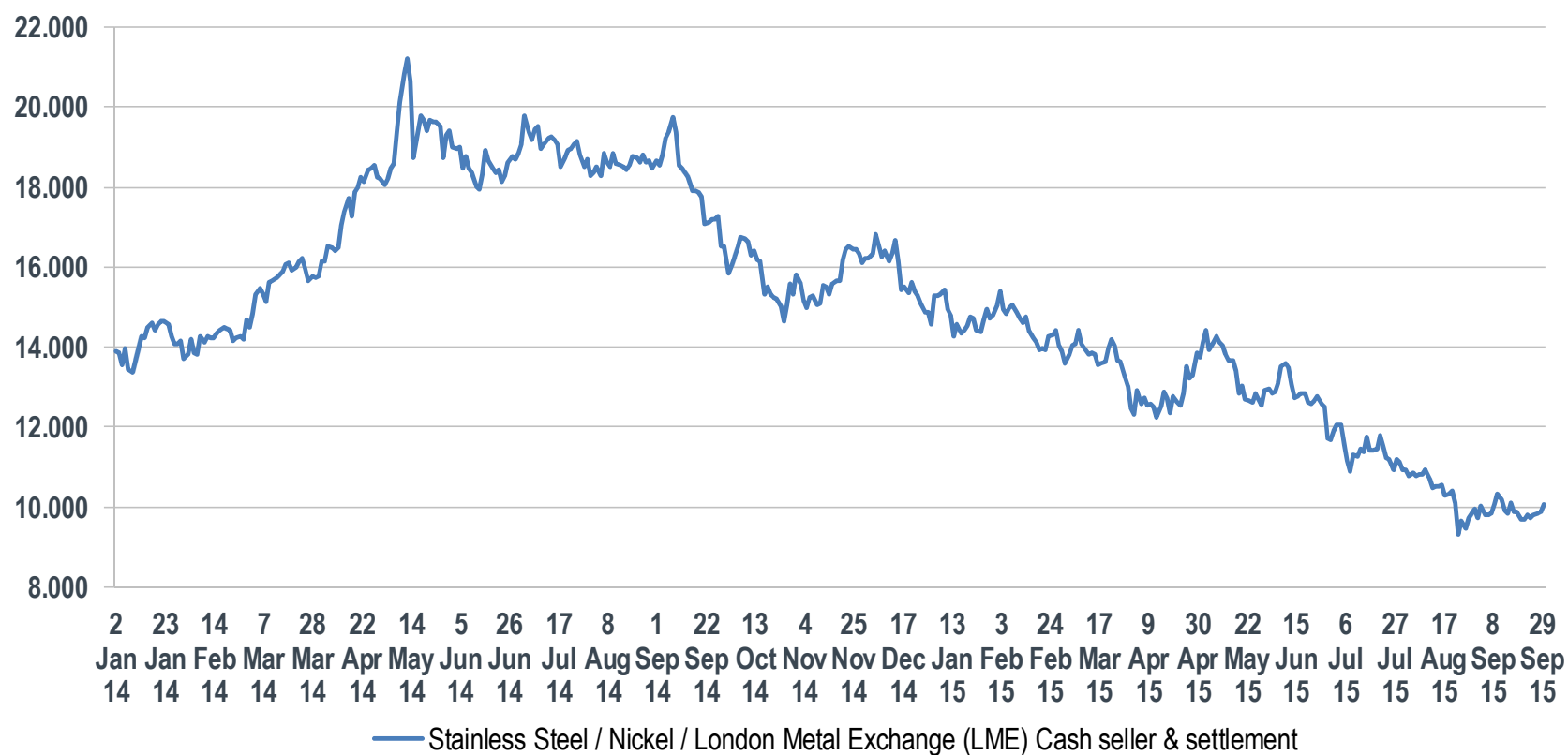
Source: Steel Business Briefing

Appendix



# Nickel price development

Nickel price development 1.1.2014 – 30.9.2015 | in USD / ton



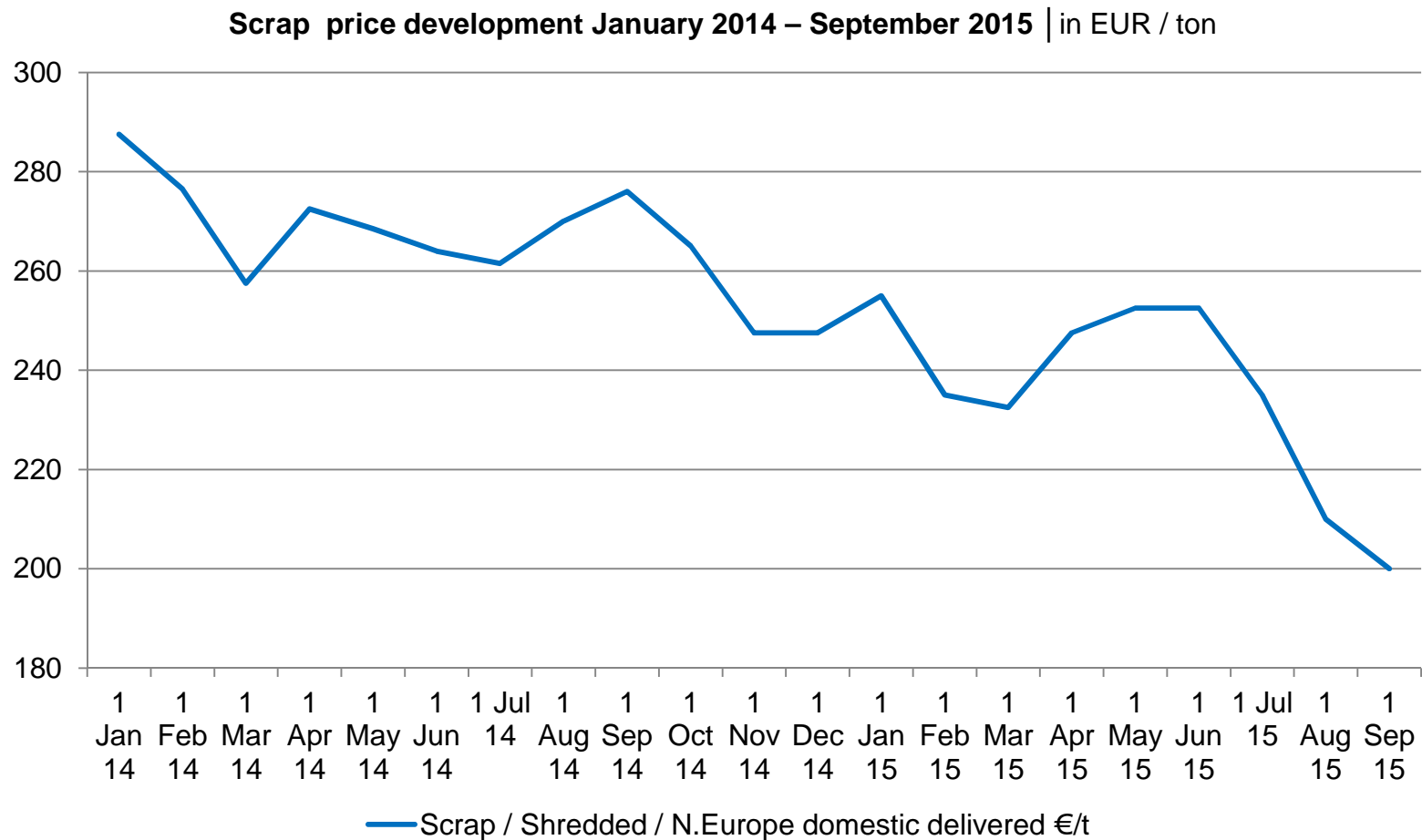
Source: Steel Business Briefing

Appendix





# Scrap price development

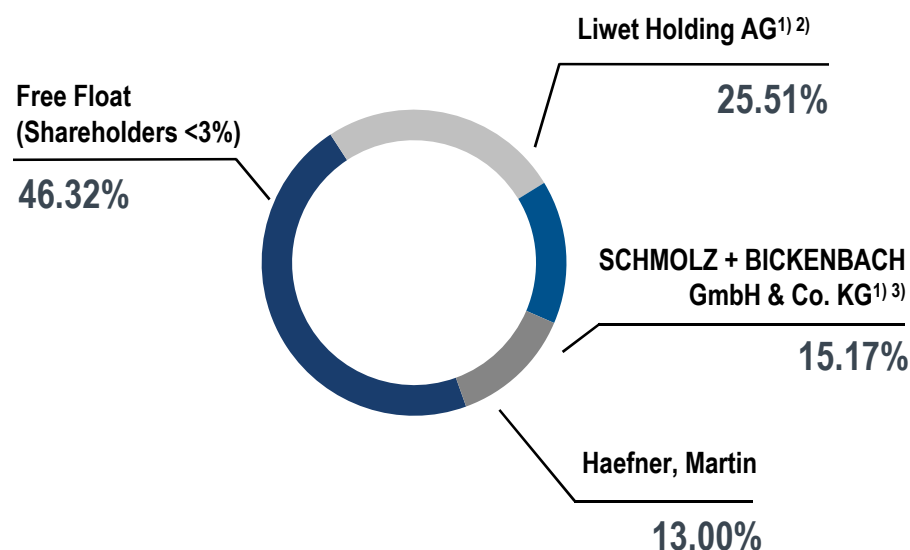


Source: Steel Business Briefing

Appendix



## Swiss listed company with supportive anchor shareholders



Shareholder Structure as of 30 September 2015

Key facts	
ISIN	CH0005795668
Securities symbol	STLN
Type of security	Registered share
Trading currency	CHF
Listing	SIX Swiss Exchange
Membership in indices	SPI, SPI Extra, SPI ex SLI, Swiss All Share Index
Number of shares	945 000 000
Nominal value in CHF	0.50

1) Form a group according to stock exchange act.

2) Renova group company, the shares held by Venetos Holding AG were transferred to Liwet Holding AG in Zurich as a result of a merger.

3) Indirectly via subsidiaries SCHMOLZ + BICKENBACH Beteiligungs GmbH and SCHMOLZ + BICKENBACH Holding AG.



## Financial calendar and contact details Investor Relations

Date	Event
<b>24 March 2016</b>	<b>Annual Report 2015, Media Conference, Investor Conference</b>
<b>3 May 2016</b>	<b>Annual General Meeting</b>
19 May 2016	Q1 Report 2016, Media Call, Investor Call
11 August 2016	Q2 Report 2016, Media Call, Investor Call
15 November 2016	Q3 Report 2016, Media Call, Investor Call

Dr Ulrich Steiner	Head of Investor Relations and Corporate Communications
Phone	+41 41 581 4120
Fax	+41 41 581 4283
Email	<a href="mailto:u.steiner@schmolz-bickenbach.com">u.steiner@schmolz-bickenbach.com</a>
Internet	<a href="http://www.schmolz-bickenbach.com">www.schmolz-bickenbach.com</a>





**Thank you for your attention**

