

SCHMOLZ + BICKENBACH

Investor Presentation

Q1 2015 Results

Emmenbrücke, 19 May 2015





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1 BUSINESS OVERVIEW Q1 2015



Operational overview Q1 2015

Markets and prices

- » Order intake decreased slightly, order backlog on previous year's level
- » Customer industries: automotive still with strong demand, engineering with positive expectations at beginning of the year, significantly lower oil price leads to substantial decrease in active rig count (fracking)
- » Persisting pressure on base prices
- » Nickel price plunged since September and recovered only recently

Operational development (continued operations)

- » Sales volume decreased by 3.4% (17 kt) to 483 kt
- » Revenue increased by 2.3% to EUR 765.7 m (Q1 2014: EUR 784.4 m) due to higher average revenue
- » Gross margin improved to 37.1% (Q1 2014: 35.9%)
- » EBITDA amounted to EUR 54.5 m (EUR 60.9 m) due to an increase in net exchange losses of EUR 8.5 m; EBITDA margin decreased to 7.1% (Q1 2014: 8.1%)



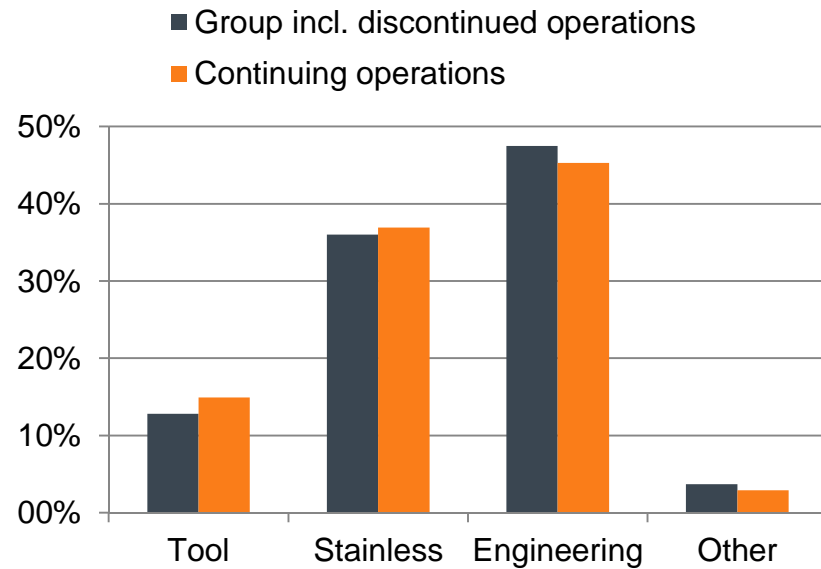
Sale of specific distribution units

- » End of March, SCHMOLZ + BICKENBACH signed a contract to sell its distribution units in Germany, Belgium, the Netherlands and Austria to JACQUET METAL SERVICE for a total consideration (enterprise value) of EUR 88.6m . Therefore, those activities have been classified as discontinued operations in the Q1 financial statements
- » Cash settlement price (equity value) will be finally determined based on the combined balance sheets as of 30 April 2015 of the affected distribution units.
- » Strategic realignment of SCHMOLZ + BICKENBACH initiated in 2013 with focus on the production and distribution of own mill products; divested distribution units with high percentage of “third party products”
- » In 2014, activities achieved on a stand-alone basis revenues of ca. EUR 600 m and employed about 1 000 people
- » SCHMOLZ + BICKENBACH will keep the important tool steel business
- » Completion of transaction planned in 3rd Quarter 2015

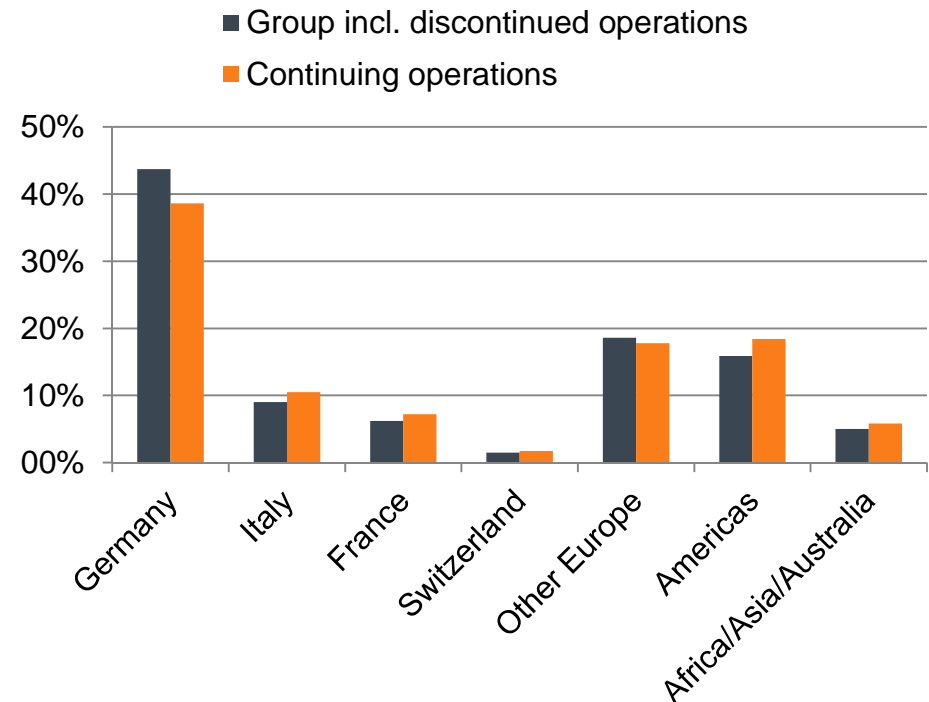


Impacts of the sale of specific distribution units (I)

Revenue split by product groups 1.1.-31.3.2015



Revenue split by regions 1.1.-31.3.2015

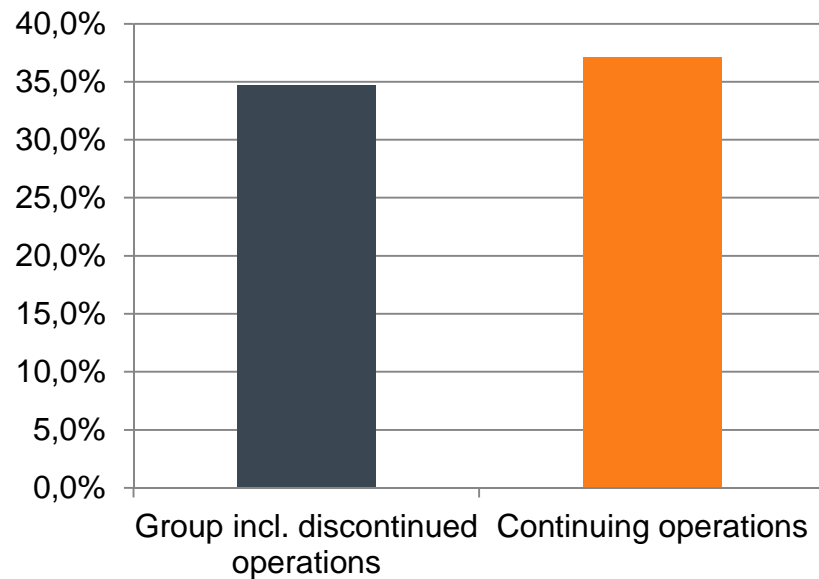


- » Revenue share of tool and stainless steel increases, while share of lower margin engineering steel decreases
- » Revenue share of Germany decreases while non-European share increases

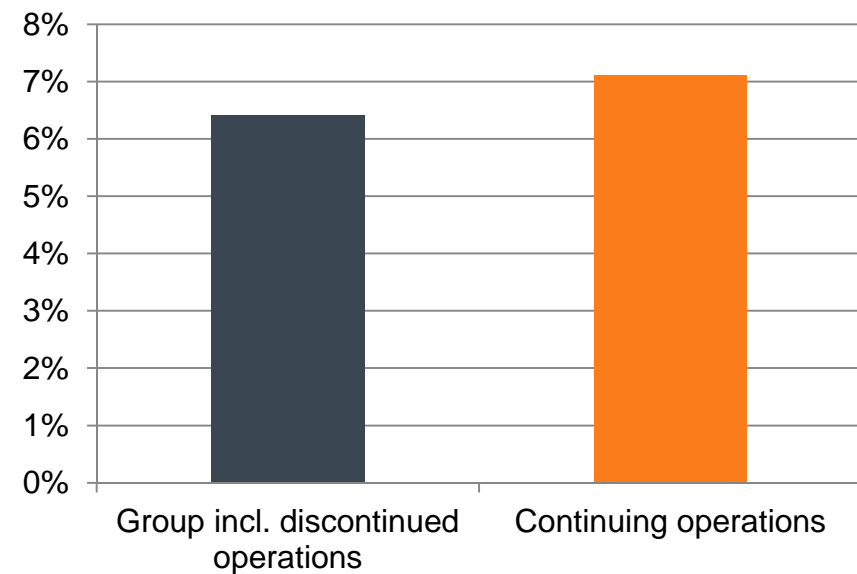


Impacts of the sale of specific distribution units (II)

Gross margin 1.1.-31.3.2015 | in %



EBITDA margin 1.1.-31.3.2015 | in %

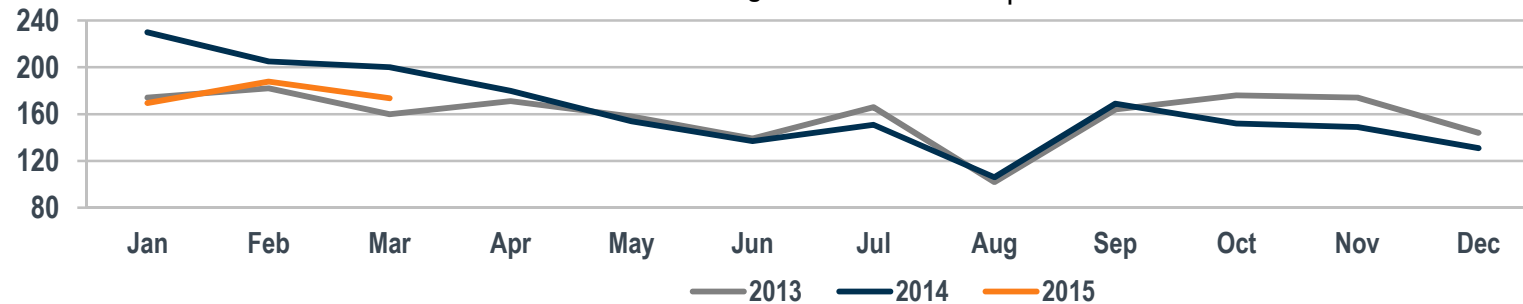


» Concentration on core business results in higher margins

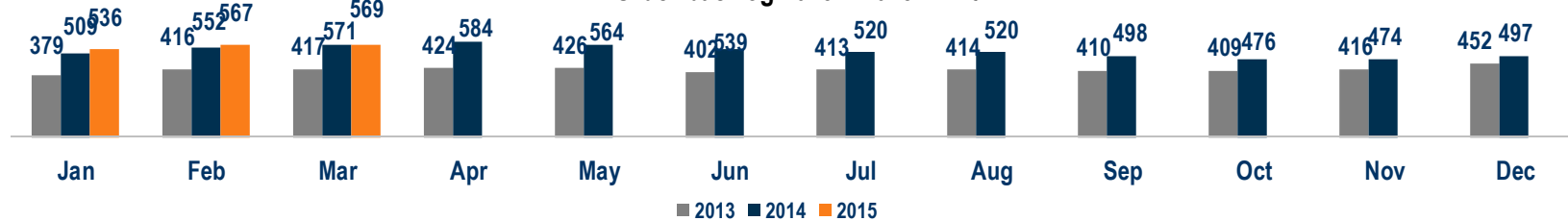


Order intake, order backlog and sales volume

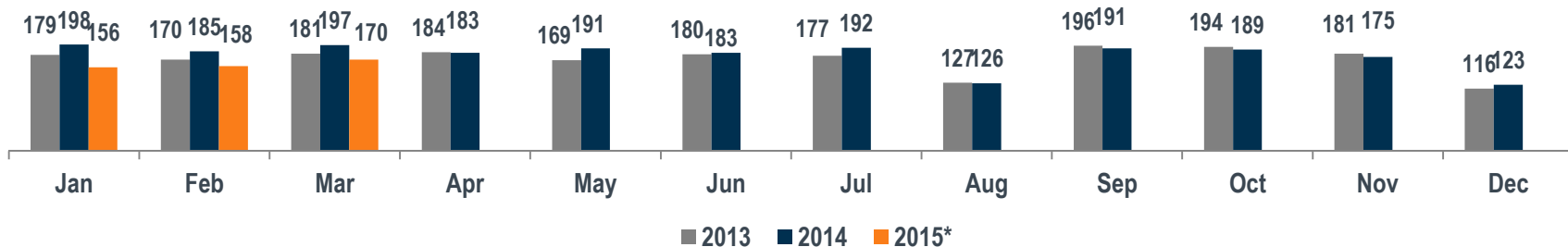
Incoming orders 2013 – 2015 | in kt



Order backlog 2013 – 2015 | in kt

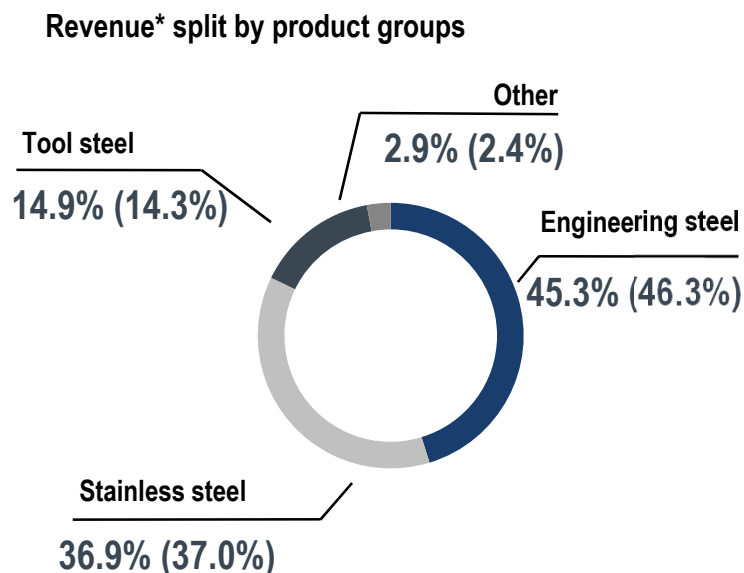


Sales volume 2013 - 2015 | in kt

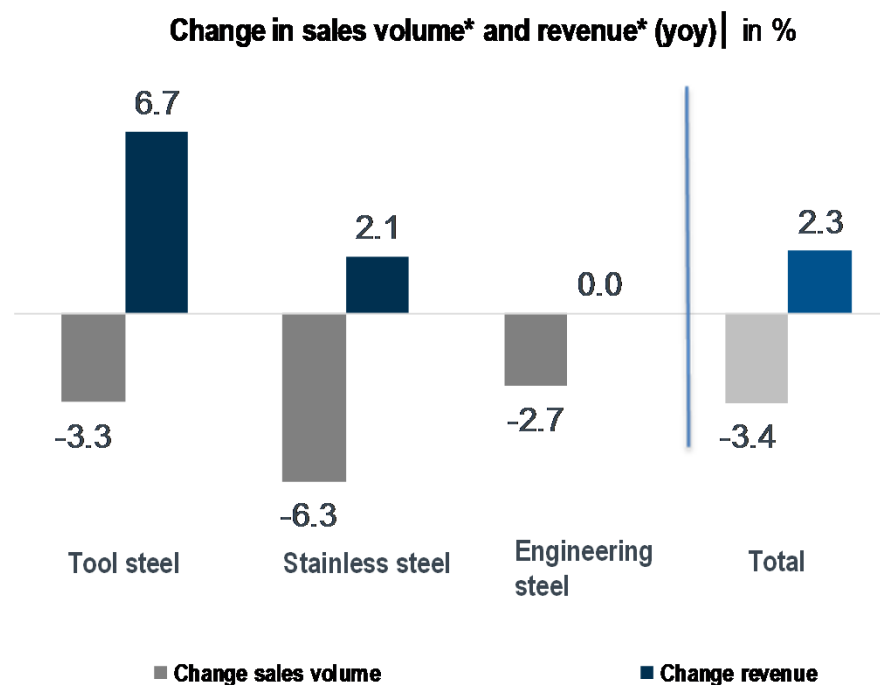




Sales volume and revenue by product groups



Q1 2015 (Q1 2014 in brackets)*

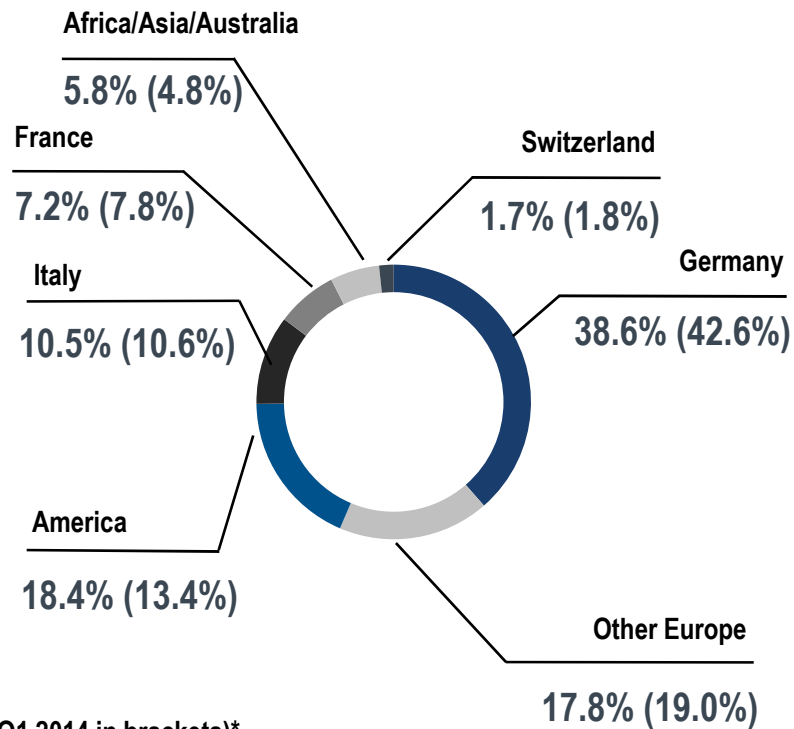


- » Better product mix with higher portion of tool steel revenues
- » Revenue increase despite lower sales volume due to product mix and appreciation of CHF and USD against EUR

*continuing operations, 2014-figures have been adjusted accordingly



Revenue by regions



Q1 2015 (Q1 2014 in brackets)*

- » Strong growth in America, mainly driven by the oil & gas industry as well as positive FX effects

*continuing operations, 2014-figures have been adjusted accordingly



2 FINANCIAL PERFORMANCE Q1 2015



Result of operations – key figures

| in EUR m | Q1 2015 | Q1 2014 | Change on prior year (%) |
|--|---------|---------|--------------------------|
| Sales volume (kt) ¹⁾ | 483 | 500 | -3.4 |
| Revenue ¹⁾ | 765.7 | 748.4 | 2.3 |
| Adjusted EBITDA ¹⁾ | 56.4 | 62.6 | -9.9 |
| Adjusted EBITDA margin (%) ¹⁾ | 7.4 | 8.4 | -100 bp |
| Operating profit before depreciation and amortisation (EBITDA) ¹⁾ | 54.5 | 60.9 | -10.5 |
| EBITDA margin (%) ¹⁾ | 7.1 | 8.1 | -100 bp |
| Operating profit (loss) (EBIT) ¹⁾ | 21.5 | 32.5 | -33.8 |
| Earnings before taxes (EBT) ¹⁾ | 9.0 | 17.4 | -48.3 |
| Earnings after taxes from continuing operations | 1.9 | 11.3 | -83.2 |
| Net income (loss) (EAT) | -122.4 | 12.4 | n.a. |

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

» Net income includes EAT from continuing operations as well as from discontinued operations; discontinued operations burdened by impairments of EUR –123.7 m



Revenue by division

| | Q1 2015 | Q1 2014 | Change from prior year (%) |
|---|---------|---------|----------------------------|
| Production ¹⁾ | 715.9 | 698.4 | 2.5 |
| Sales & Services ¹⁾ | 147.3 | 122.4 | 20.3 |
| SCHMOLZ + BICKENBACH Group ^{1) 2)} | 765.7 | 748.4 | 2.3 |

- » *Production* division: revenue increased by 2.5% due to a better product mix and the appreciation of USD and CHF against the EUR
- » *Sales & Services* division: significant increase in revenue by 20.3% to EUR 147.3 m due to a higher sales volume and positive translation effects from USD into EUR accounts

1) Continuing operations, 2014-figures pro-forma

2) Group figures include Other and consolidation/eliminations



EBITDA and EBITDA margin by division

| EBITDA | Q1 2015 | Q1 2014 | Change from prior year (%) |
|---|---------|---------|----------------------------|
| Production ¹⁾ | 51.4 | 58.8 | -12.6 |
| Sales & Services ¹⁾ | 5.4 | 6.4 | -15.6 |
| SCHMOLZ + BICKENBACH Group ^{1) 2)} | 54.5 | 60.9 | -10.5 |

| EBITDA margin | Q1 2015 | Q1 2014 | Change from prior year (%) |
|---|---------|---------|----------------------------|
| Production ¹⁾ | 7.2 | 8.4 | -120 bp |
| Sales & Services ¹⁾ | 3.7 | 5.2 | -150 bp |
| SCHMOLZ + BICKENBACH Group ^{1) 2)} | 7.1 | 8.1 | -100 bp |

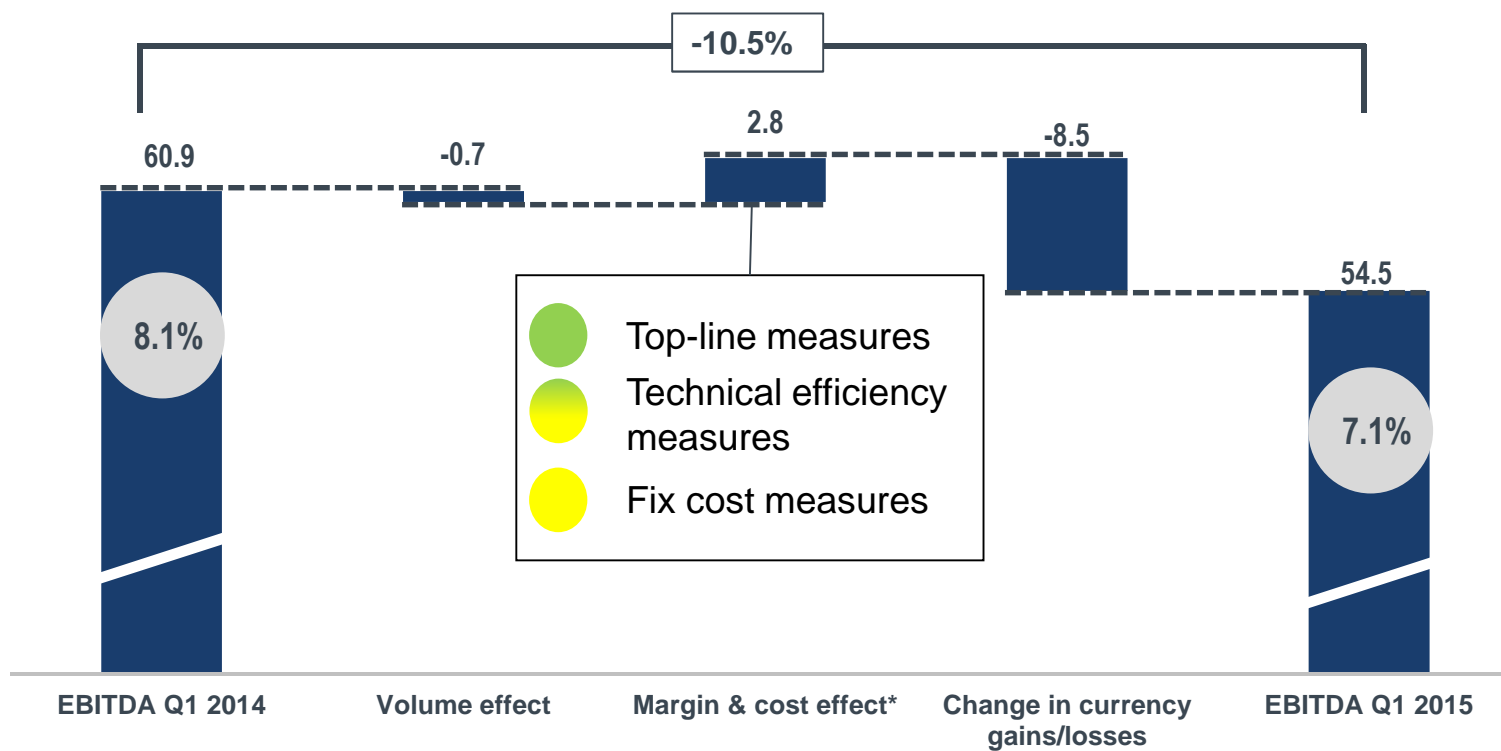
1) Continuing operations,

2) Group figures include Other and consolidation/eliminations

Financial Performance Q1 2015



EBITDA significantly affected by change in currency gains and losses



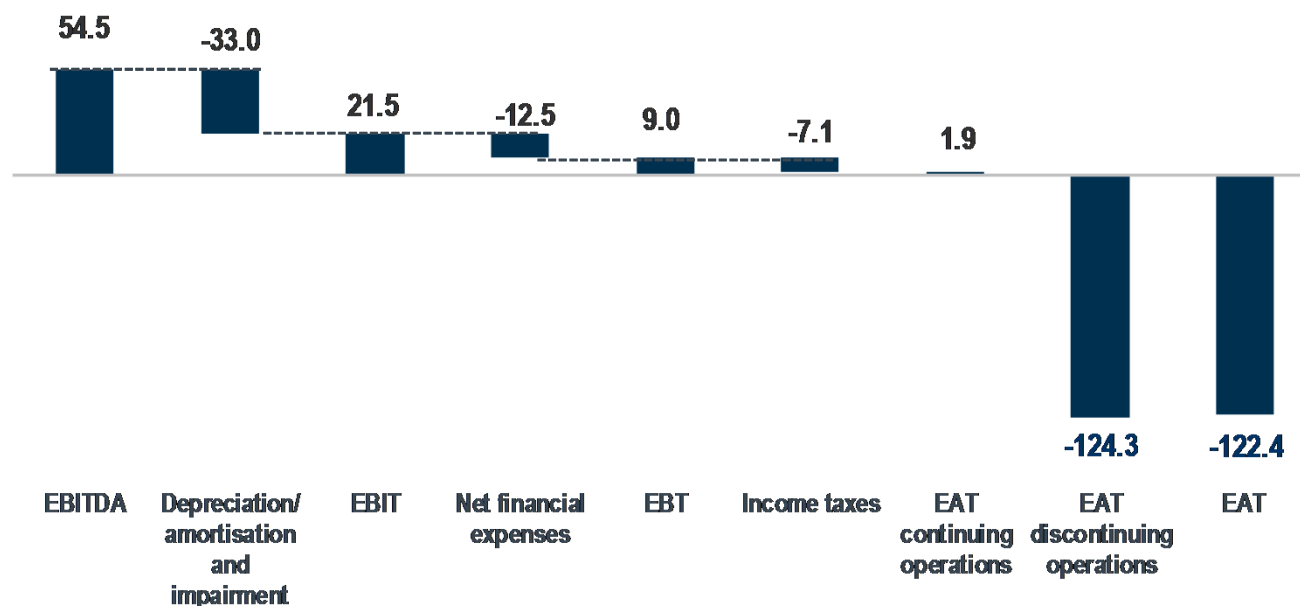
* Excluding change in currency gains/losses

Financial Performance Q1 2015



Impairments led to negative EAT

Breakdown of results 1.1.-31.03.2015 | in EUR m



- » Net financial expenses decreased by EUR 2.6 m or 17.2% to EUR 12.5 m (Q1 2014: EUR 15.1 m)
- » Impairments on discontinued operations led to significantly negative EAT



Financial position: key figures

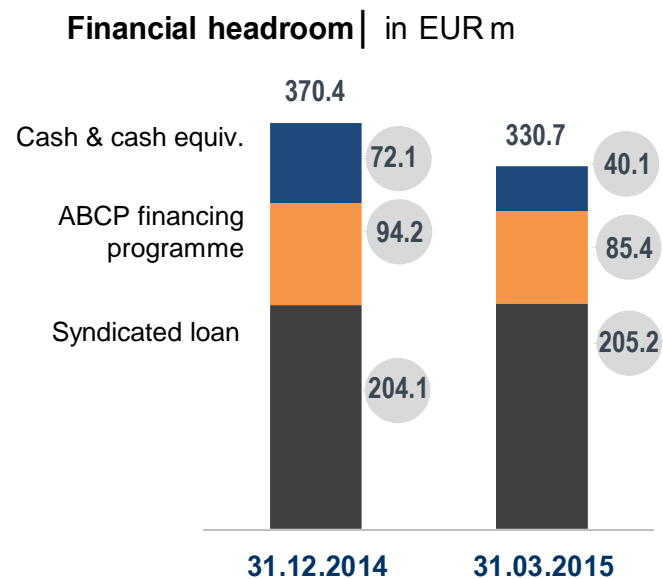
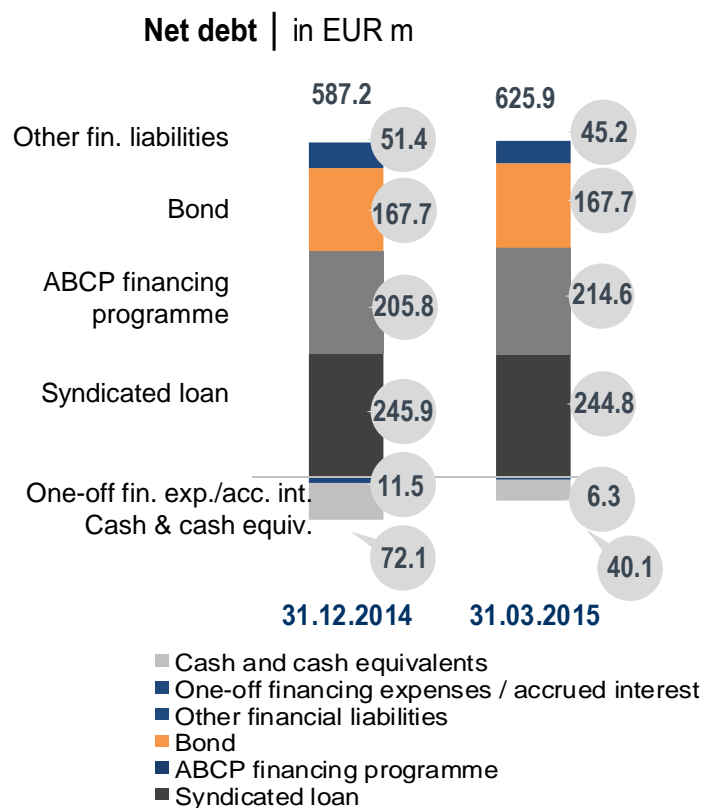
| | | 31.3.2015 | 31.12.2014 | Change on 31.12.2014 in % | 31.3.2014 |
|--|--------|----------------|----------------|------------------------------|-------------------------|
| Shareholders' equity | EUR m | 781.6 | 900.9 | -13.2 | 886.1 |
| Equity ratio | % | 31.3 | 35.9 | -460 bp | 36.3 |
| Net debt | EUR m | 625.9 | 587.2 | 6.6 | 549.2 |
| Net debt/Adjusted EBITDA ¹⁾ | factor | 2.5 | 2.2 | - | 2.8 |
| Net working capital (NWC) | EUR m | 923.0 | 992.3 | -7.1 | 935.2 |
| NWC/Revenue ²⁾ | % | 30.1 | 29.7 | 40 bp | 26.8 |
| | | 1.1.-31.3.2015 | 1.1.-31.3.2014 | Change on prior year in % | |
| Financial result | EUR m | -12.5 | -15.1 | -17.2 | 1) LTM 2) Annualised |
| Investments | EUR m | 19.2 | 11.9 | 61.3 | |
| Free cash flow | EUR m | -4.3 | 78.5 | n.a. | |

- » The impairments of EUR –123.7 m on the discontinuing operations had to be recognised with signing, while the assets remain in the balance sheet until closing; this led to a temporarily reduced equity ratio
- » After closing and assuming all other parameters remain unchanged, a recovery of the equity ratio is assumed

Financial Performance Q1 2015



Net debt and financial headroom





3 OUTLOOK AND GUIDANCE 2015



Outlook 2015

- » Global economic growth between 3.0% and 3.7% expected, USA 3.1% – 3.6%, but Eurozone only 1.1% – 1.5% (IMF, OECD and World Bank)
- » World Steel Association significantly lowered expectations, general steel consumption expected to grow by only 0.5% (previously 2.0%), most important steel consumers with partially significantly lower growth rates than 2014 (Asia 0.6%, Europe 2.1%, NAFTA -0.9%)
- » Economic environment for SCHMOLZ + BICKENBACH with mixed signals, steel demand in the relevant markets raises concerns
- » Customer industries: global automotive industry expected to grow by ca. 2%, engineering industry more optimistic than in 2014, expecting growth of 2%
- » Oil price unlikely to reach previous levels, on average USD 60 per barrel expected
- » Experts do not expect the Swiss franc to weaken significantly against the Euro



Measures in response to CHF development

- » SCHMOLZ + BICKENBACH's Swiss entities examined and assessed the impacts of the Swiss franc appreciation
- » The Business units are evaluating and implementing counter-measures like
 - Adjustments in the personnel area:
 - Two additional working hours per week until year-end at Swiss Steel
 - Preliminary hiring freeze
 - Reduction of temporary workers
 - Stretching/shifting of capex
 - Negotiating purchasing conditions
 - Switching contracts from CHF to EUR
 - Discussing rebates with suppliers, negotiating prices with customers
 - Enlargement of already existing cost measures
 - Increase of cost awareness, e.g. for business trips



Guidance 2015 – adjusted after disposal of specific distribution units

| | 2014 reported | Initial guidance 2015 (as at 12 March 2015) | Guidance 2015 (as at 19 May 2015) |
|-----------------|------------------|--|--|
| Sales volume | 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) |
| Reported EBITDA | EUR 252.6 m | EUR 210 m – EUR 250 m | EUR 190 m – EUR 230 m (continuing operations, currently lower end of guidance likely) |
| CAPEX | 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 |



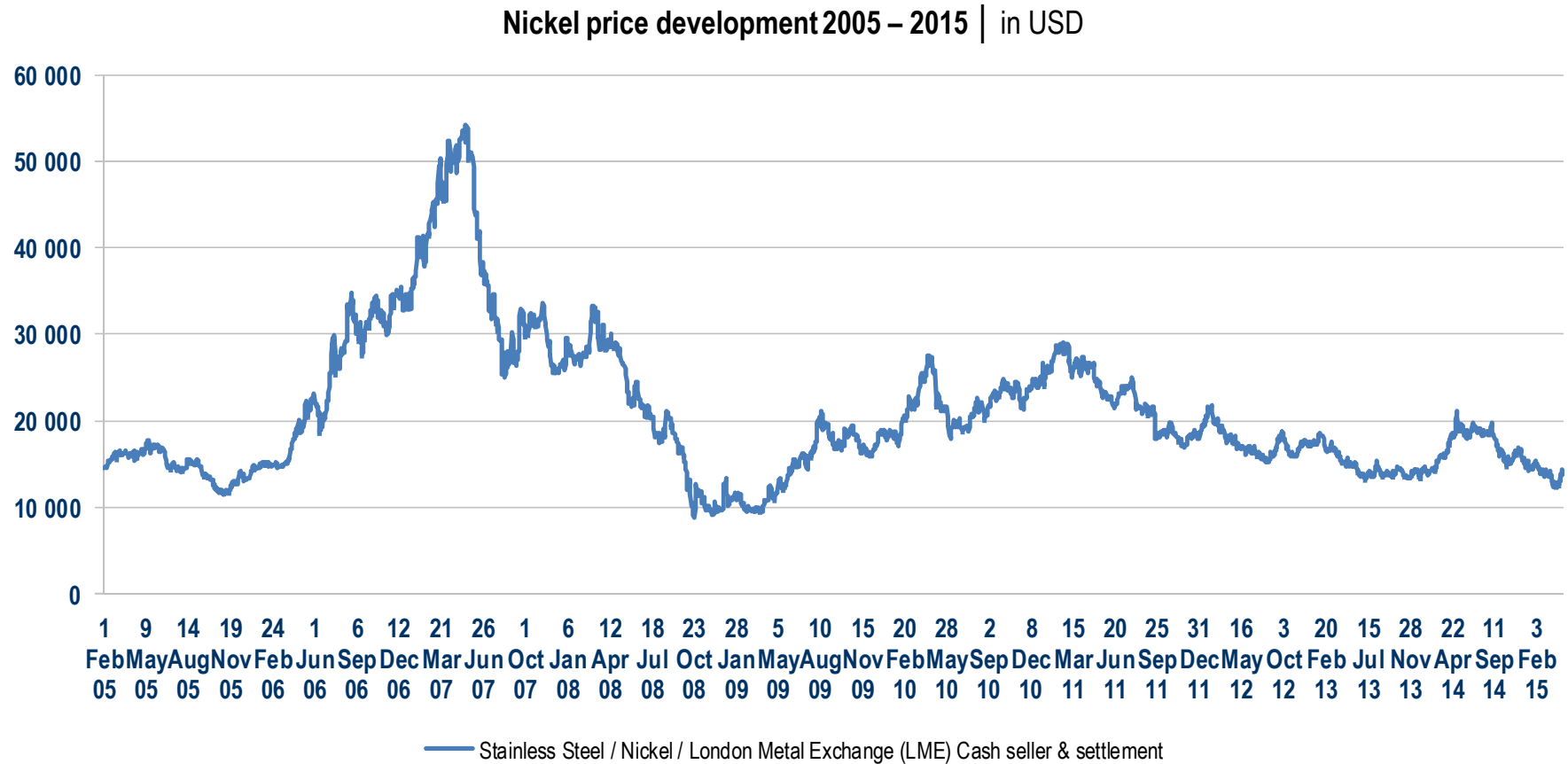
Q&A

THANK YOU FOR YOUR ATTENTION



4 APPENDIX

Nickel price development



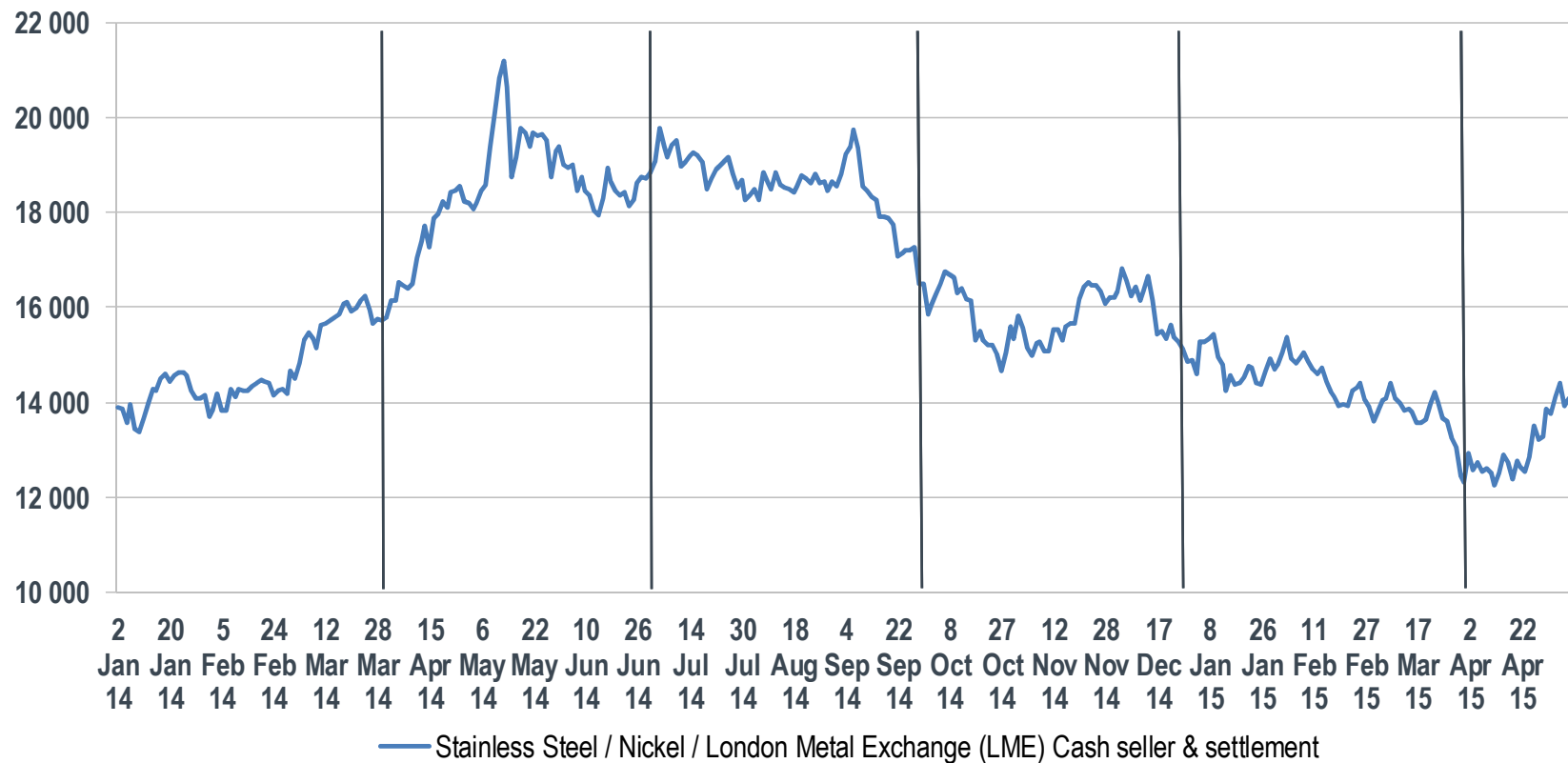
Source: Steel Business Briefing

Appendix



Nickel price development January 2014 – May 2015

Nickel price development 1.1.2014 – 11.5.2015 | in USD / ton



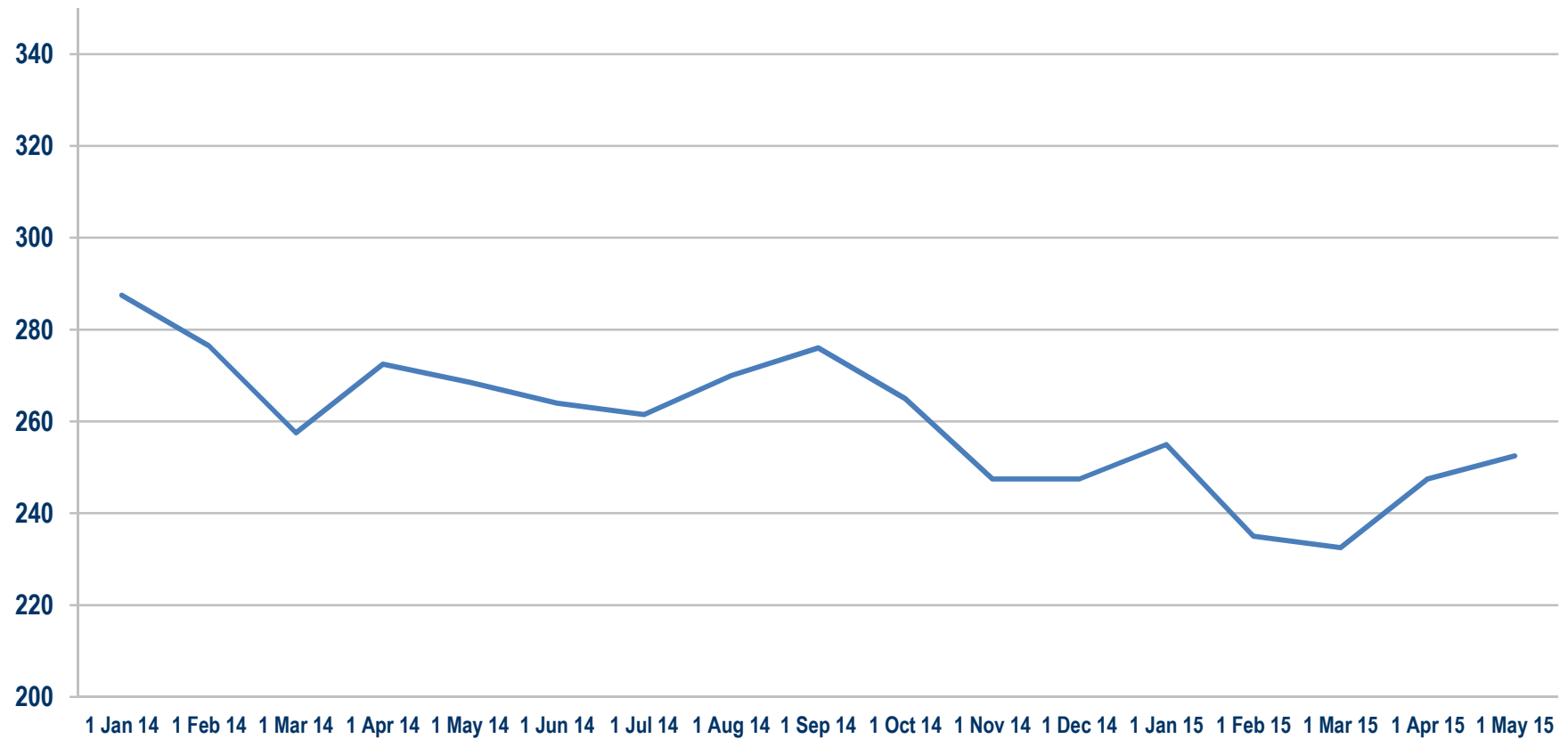
Source: Steel Business Briefing

Appendix



Scrap price development

Scrap price development January 2014 – May 2015 | in EUR/t



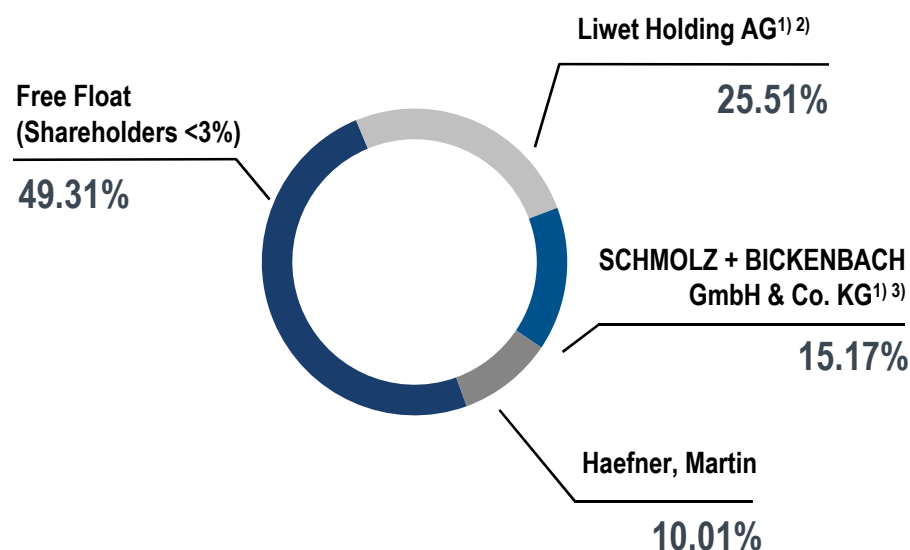
Source: Steel Business Briefing

Scrap / Shredded / N.Europe domestic delivered 6t

Appendix



Swiss listed company with supportive anchor shareholder



Shareholder Structure as of 31 March 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 |
|-------------------------|--|
| 20 May 2015 | Vontobel Summer Conference, Interlaken |
| 11 August 2015 | Q2 Report 2015, Media Call, Investor Call |
| 10/11 September 2015 | UBS Best of Switzerland Conference, Ermatingen |
| 12 November 2015 | Q3 Report 2015, Media Call, Investor Call |

| | |
|------------------|--|
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Thank you for your attention

