SCHMOLZ + BICKENBACH AG
Providing special steel solutions

Our steel drives progress.

HALF-YEAR REPORT 2011

HIGHLIGHTS

- Net income significantly higher at EUR 69.8 million (H1 2010: EUR 4.4 million)
- EBITDA margin of 9.5% (H1 2010: 6.9%) in target corridor
- ROCE jumps to 18.9% (H1 2010: 10.6%)
- Cash flow clearly improved

KEY FIGURES AT A GLANCE

		1.1.-30.6.2011	1.1.-30.6.2010
SCHMOLZ + BICKENBACH Group			
Sales volume	kilotonnes	1 213	996
Revenue	million EUR	2 087.3	1 477.4
Operating profit before depreciation and amortisation (EBITDA)	million EUR	199.0	102.3
EBITDA margin	%	9.5	6.9
Operating profit (EBIT)	million EUR	142.9	49.2
Earnings before taxes (EBT)	million EUR	96.9	8.7
Net income (EAT)	million EUR	69.8	4.4
Investments	million EUR	38.1	41.3
Cash flow before acquisition of Group companies	million EUR	13.1	-135.9
Capital employed	million EUR	2 103.3	1 923.5
ROCE	%	18.9	10.6
Shareholders' equity	million EUR	862.2	559.4
Equity ratio	%	30.7	21.4
Net debt	million EUR	956.5	1 086.4
Gearing	%	110.9	194.2
Employees per closing date	positions	10 198	9 933
SCHMOLZ + BICKENBACH share			
Earnings per share	EUR/CHF	0.60/0.76	-0.07/-0.10
Shareholders' equity per share	EUR/CHF	7.26/8.85	15.88/20.94
Highest/lowest share price	CHF	12/8	38/24

STRATEGY OF REGIONAL EXPANSION AND FOCUS ON CUSTOMISED SPECIAL STEEL CONSISTENTLY SUSTAINED

Dear shareholders,

It is our pleasure to report a successful first half-year 2011 and a sustained positive outlook for the months ahead. All of our markets have confirmed the growth trends of the previous year and continue to display a growing demand for our products and services. This is reflected in the pleasing development of sales revenue as well as a good level of profitability and improved net income. The increased demand and changed product mix have favoured this development. Also in the future, the market drivers will be population growth and energy needs, as well as requirements for mobility, corrosion resistance, and hygiene.

Strategic measures for market development implemented

Our strategy is to follow our customers' expansion into new markets with the same high-quality special steel and services as we supply to them in their home markets. With this aim, we are focusing on customised solutions in special, engineering and free cutting steel as well as stainless and tool steel. During the reporting period, we have taken a major step towards this goal. To fulfil our customers' requirements even better in the future, we have reorganised our sales and marketing organisation, SCHMOLZ + BICKENBACH Distribution International. In our overseas markets this enables us to pursue a market-aligned dual strategy, which allows direct sales from our steel plants as well as sales from stock through our local distribution companies. We have consequently increased the workforce in Singapore to boost development of the South East Asian market, and with the newly constructed warehousing infrastructure in India we have created the conditions necessary to better serve this important market.

Cost structure maintained at low level

We have continued the cost management that we established in crisis-year 2009 without change. The focus was on maintaining the low fixed-cost component through numerous optimisation measures in the overhead and administration cost areas. Contrary to the variable costs, which change in line with production, the fixed costs must also in the future be held at the current low level to the greatest possible extent.

Targeted investment policy supports strategy implementation

In the first half of 2011, the focus of our investment activity was on expanding capacity and replacing the steel plant of A. Finkl & Sons Co. (US) in Chicago. The new steelworks, whose primary speciality is the manufacture of forging ingots, has successfully completed the first test phase of the electric furnace, the secondary metallurgy and the expanded forging presses. Phased startup of production is scheduled for the second half of 2011. The overriding goal throughout the entire expansion phase is the maintenance of supply capability, which with the currently high demand presents a substantial challenge. Through relocation to the new site and installation of state-of-the-art technology in virtually the entire manufacturing process, the future production capacity will be markedly increased. This will allow us in the future to benefit from efficiency gains and cost reductions in the manufacture of forged parts and forged ingots. We shall also be able to manufacture new products which open up additional growth potential.

Economic development

Despite the for us positive overall economic development in the first half of 2011, in the last few weeks there has been discussion of the further development of the economy under the negative impact of the debt crisis in Europe and the USA. However, there are so far no signals from our customers that indicate a relatively strong decline in demand for our products.

Hybrid capital successfully converted into share capital

SCHMOLZ + BICKENBACH AG completed the capital increase to completely replace the hybrid capital as planned. In the transaction, 13 125 000 new shares were issued and the hybrid capital was thereby completely replaced by formal equity. The share capital now comprises 118 125 000 shares with a nominal value of CHF 3.50 per share. As at 30 June 2011, the new shareholder structure is as follows: SCHMOLZ + BICKENBACH GmbH & Co. KG (DE) 43.21%, GEBUKA AG (CH) 5.59%, free float 51.20%.

Corporate governance adapted to increasing requirements

In the reporting period, the Board of Directors undertook various optimisations of the corporate governance to account for the needs of the shareholders and continuously improve the management structure. The Board of Directors reorganised itself and partly reallocated its responsibilities. As a consequence, and in view of his independence and extensive know-how in industrial companies, Dr Hans-Peter Zehnder has taken over the chairmanship of the Nomination and Compensation Committee. In parallel, Benoît D. Ludwig has been newly appointed a member of the Nomination and Compensation Committee, to which he can contribute Best Practice based on his many years of international practical experience. Furthermore, the communication activities have been strengthened by a wider range of information on the company website, and the dialogue with the capital markets has been intensified through the media as well as more roadshows and analyst presentations.

Thanks to shareholders and employees

The Board of Directors and the Executive Board wish to thank the shareholders for their continuing trust in the management bodies of our company. It is an important factor for the continuous further development of the company and the successful mastery of the new challenges. Our thanks also go to all employees, who devote themselves to the company every day with great motivation and personal commitment.

Michael Storm
Chairman of the Board of Directors

Benedikt Niemeyer
Chief Executive Officer

CORPORATE PROFILE

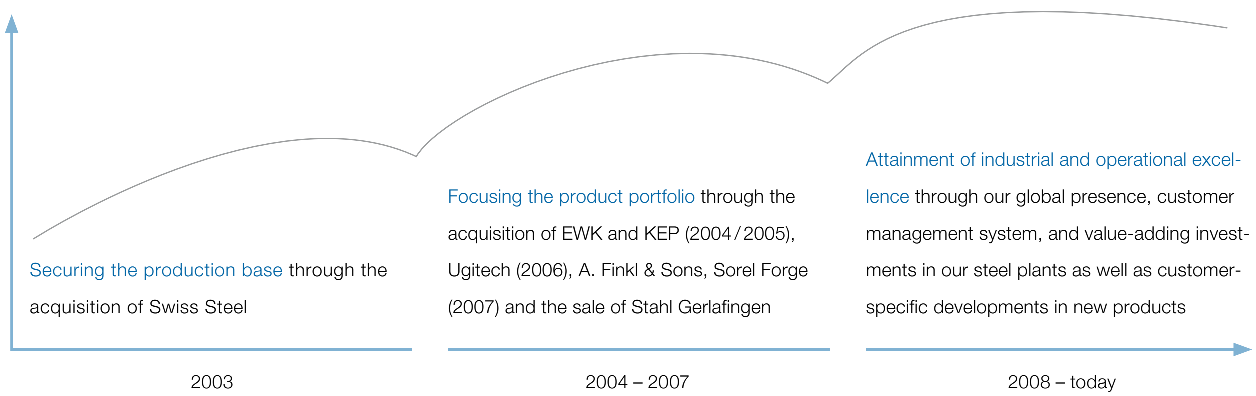
OUR STRATEGY

SCHMOLZ + BICKENBACH is an independent, globally active, integrated steel group. We offer high-quality special-steel long products and are leaders in important market segments for special steel. Our goal is to create a robust and globally positioned corporate group with long-term stability for special steel: Providing special steel solutions.

In the special steel segment, SCHMOLZ + BICKENBACH is active along the entire value chain: production, processing, distribution + services. This unique positioning qualifies us as a reliable and quality-conscious partner for our globally active customers from highly diverse industries. These include automotive manufacturers and components suppliers as well as companies from the mechanical engineering, energy and mining industries. We define ourselves as solution providers and technology drivers who offer intelligent, customised steel products along the entire value chain.

Through a successful buy-and-build investment strategy, in the last few years SCHMOLZ + BICKENBACH has developed into a fully integrated supplier of special steel and is today a global leader. With this solid basis, SCHMOLZ + BICKENBACH is well positioned to secure future benefits and long-term growth from the potential of the global megatrends – urbanisation, mobility and resource scarcity.

Our present market positioning results from completion of the following major strategic steps:



OUR COMPETITIVE ADVANTAGES

Our clear positioning in the market for special steels provides SCHMOLZ + BICKENBACH with clear benefits in relation to competition and differentiation:

- Technological expertise
- Low substitution due to highly diverse product characteristics
- Excellent potential for product differentiation
- High customer loyalty
- Global presence

OUR DIVISIONS

PRODUCTION – WITH SIX SPECIALISED STEEL PLANTS IN EUROPE AND NORTH AMERICA

SCHMOLZ + BICKENBACH produces in Germany, France, Switzerland, USA and Canada. The configuration of the six steel plants is complementary and covers the entire production spectrum of special steel. The product spectrum is composed of tool steel, free-cutting steel, engineering steel, stainless steel and special steel. We supply customised special materials as well as standard grades for the required applications.

Production companies

Swiss Steel, Switzerland / DEW, Germany / Ugitech, France / A. Finkl & Sons, USA / Sorel Forge, Canada

PROCESSING – THE FURTHER PROCESSING OF HIGH-GRADE STEEL IS A CORE COMPETENCE

SCHMOLZ + BICKENBACH is present with its own processing plants in Sweden, Germany, Switzerland, Italy, Denmark and Turkey. Through the further processing of high-grade steel, individual and special customer solutions are supplied with the required production depth.

Main processing companies

Steeltec, Switzerland / SCHMOLZ + BICKENBACH Blankstahl – Germany, Denmark, Turkey / Boxholm Stål, Sweden / Ugitech, Italy / SMEZ, Germany

DISTRIBUTION + SERVICES – COMPLETE SPECIAL STEEL SOLUTIONS

Through its own global distribution + service companies as well as through distribution partners, SCHMOLZ + BICKENBACH guarantees the reliable supply of special steel and offers complete customer solutions. These include technical consulting and downstream processes such as sawing, milling and hardening, as well as just-in-time delivery, etc.

Distribution + service subdivisions

SCHMOLZ + BICKENBACH Distribution Germany / SCHMOLZ + BICKENBACH Distribution Europe / SCHMOLZ + BICKENBACH Distribution International

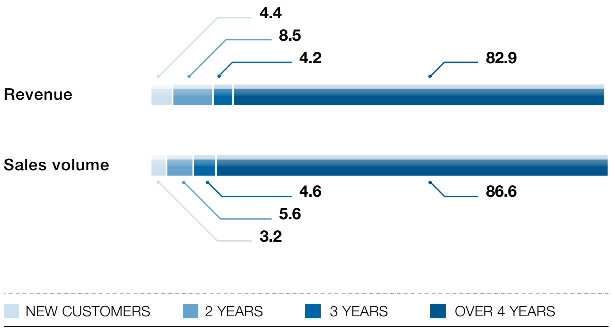
Providing special steel solutions

OUR CUSTOMERS

SCHMOLZ + BICKENBACH has a broad spectrum of direct industrial customers which are active in various application areas. These customers in turn supply many different end-user markets. With this balanced diversification, SCHMOLZ + BICKENBACH is well positioned to compensate normal fluctuations in business activity and can therefore reduce the volatility of its revenue and income development. SCHMOLZ + BICKENBACH has a loyal customer base. The long-term customer loyalty is apparent from the share in revenue and volume figures. 83% of the revenue and 87% of the sales volume are attributable to companies with a customer relationship that has existed for more than four years. In the recent past, we have also been successful in gaining new customers. The newly won customers will positively affect the sales volume, revenue and income in the short and medium term.

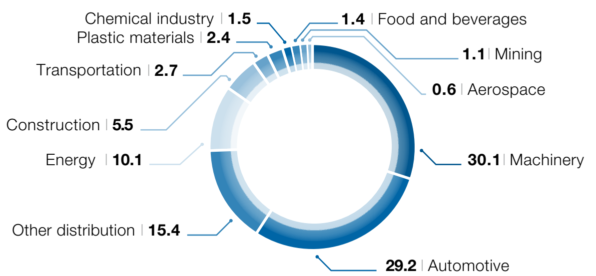
CUSTOMER LOYALTY

Revenue and sales volume in %, 2010

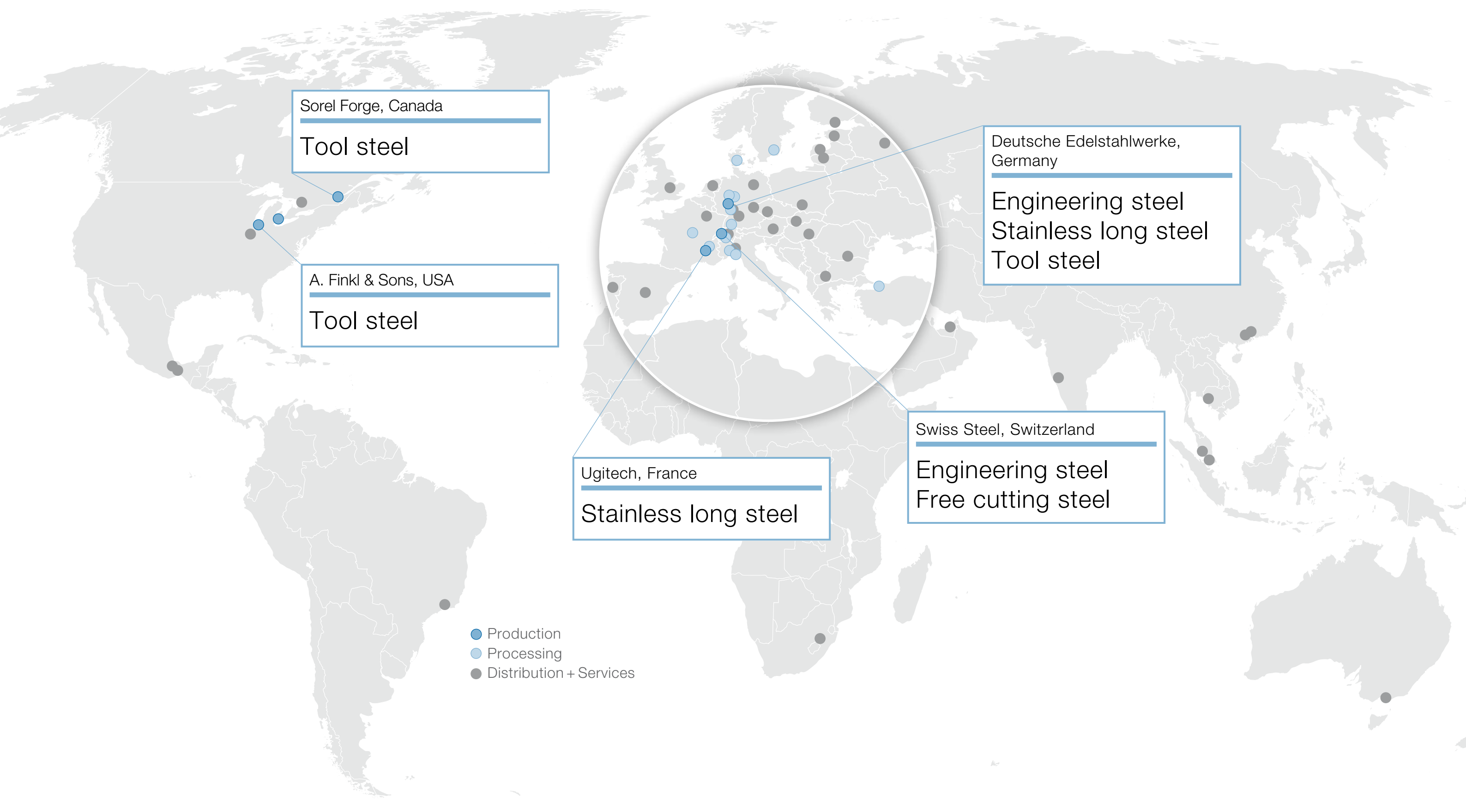


REVENUE BY MARKET SEGMENTS

End-user (Break-down metal appliances, primary metal industry, steel distribution) in %, 2010



OUR GLOBAL PRESENCE



OUR CUSTOMISED SOLUTIONS

In line with our strategy of supplying our customers with customised solutions, each of our special steel products fulfils highly specific requirements. In addition to pure production, we define customised service as also guaranteeing the global and punctual availability of our steel solutions in identical quality.

ENGINEERING STEEL – SPECIAL ALLOYS FOR HIGH STRESSES

SCHMOLZ + BICKENBACH is proud to play an important role in this high-quality segment. Wind generator manufacturers, machine constructors and the automotive industry place their trust in our ultimate quality for gearboxes, engines and machines. Every customer receives exactly the right steel for their individual application.

FREE CUTTING STEEL – HIGH SPEED AND LOW TOOL WEAR

For automatic turning and milling processes, the steel must not only possess high strength but also outstanding machining behaviour as well as dimensionally precise and smooth surface qualities. Only then can the precision parts reliably fulfil their purpose and be manufactured from the raw material in a cost-effective way. An example of such a customer is the automotive industry, which uses special steel for applications that include steering and braking systems.

STAINLESS STEEL – IMMUNE TO CORROSION, HEAT AND ACIDS

In the chemical, aircraft and aerospace industries, steel is subjected to special effects of acids, heat and corrosion. The food, energy, medical and traffic-systems industries also have highly specific requirements. In this segment, SCHMOLZ + BICKENBACH possesses proven competence in the manufacture of austenitic, ferritic and martensitic standard and special steels.

TOOL STEEL – HARDENING PLANT TECHNOLOGY IN FOCUS

Because the key to success in the manufacture of tool steel lies in highly sophisticated hardening technology, SCHMOLZ + BICKENBACH has its own hardening plants. Only in an integrated process in our own plants can the steel properties be optimally made to match the specific customer requirements along the entire production chain: single-source manufacturing and further processing with heat and surface treatment convince numerous customers worldwide.

SPECIAL PRODUCTS – UNIQUE PROPERTIES FOR EXTREME APPLICATIONS

It need not always be Ultrafort – the world's best bulletprooof steel – for an armoured limousine. Characteristics such as heat-resistance, heat stability, magnetism and other special properties are further important specifications that must be fulfilled for steel applications in the oil and gas as well as the aircraft and aerospace industries. In many cases, the special properties of ETG® special steel make it the right choice. It eliminates cost-intensive additional operations such as hardening and straightening, making it an inexpensive material despite its high-quality characteristics.

MARKET AND INDUSTRY DEVELOPMENT

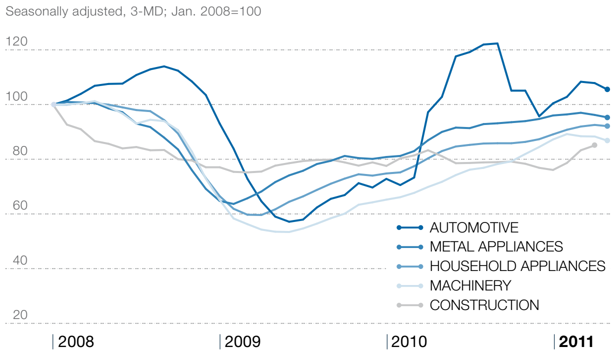
CLEAR MARKET RECOVERY

The recovery in the key markets of SCHMOLZ + BICKENBACH that already began in financial year 2010 gained further dynamism in the first half of 2011. In consequence, the Asian, American and European automotive and automotive component supply plants continued to experience strong demand in their respective home markets as well in the expanding countries. The permanent trend towards new technologies places growing demands on special steel in terms of the pressures and temperatures that they can withstand as well as weight savings and general quality requirements.

In the financial crisis, many projects in the energy industry were postponed. These are now being progressively implemented in both the energy exploitation and energy generation segments, which is resulting in constantly increasing orders. The same applies for the mining industry. Here, too, the technological transformation is clearly perceptible, which is reflected in higher specifications for steel products. The result for our company has been an especially increased demand for high-grade steel products in the offshore segment as well as for projects in shale-gas extraction. Rising energy prices are making the technologically challenging exploitation of shale gas increasingly attractive. This is particularly noticeable in the North American market.

In the machinery, equipment and hydraulic industries, the upturn began later. This is now becoming visible through increased investment activity in various segments and resulting in higher ordering activity. The plastics, chemical and food industries are also showing a sustained good business development. The trend is finally rounded off by the aerospace industry, which uses special steel for applications such as undercarriages and seat fastenings.

ORDERS RECEIVED IN SELECTED INDUSTRIES IN GERMANY

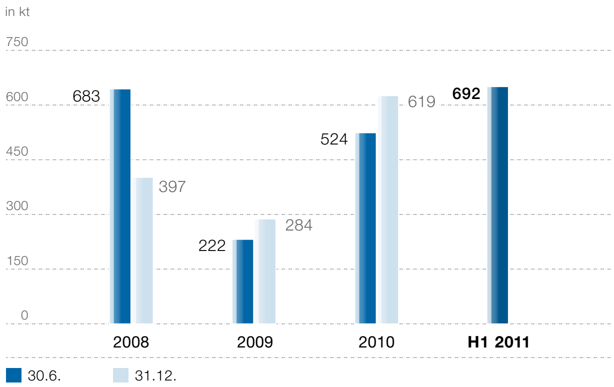


SOURCE: STATISTISCHES BUNDESAMT (LAST DATA: MAY 11, CONSTRUCTION: APRIL 11)

ORDER BOOKINGS UNDIMINISHED

At 1 132 kilotonnes, orders received in the first half of 2011 were essentially unchanged from the same period last year (H1 2010: 1 158 kilotonnes), which underscores the sustainable market development. The order backlog of 692 kilotonnes at 30 June 2011 was at approximately the pre-crisis level (H1 2008), and will assure full capacity utilisation at the production and processing plants for the next four to five months.

ORDER BACKLOG



EARNINGS POSITION

EARNINGS OF THE GROUP

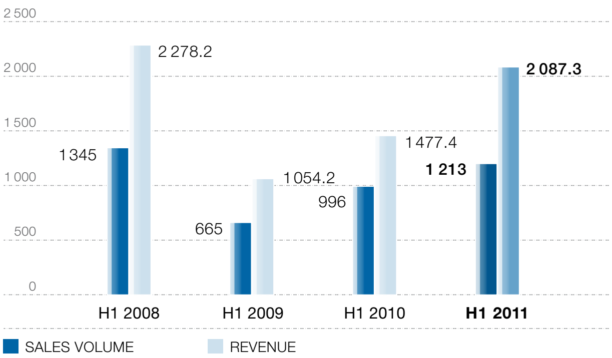
	H1 2011	H1 2010	Change
Sales volume in kilotonnes	1 213	996	21.8%
Revenue in million EUR	2 087.3	1 477.4	41.3%
Operating profit before depreciation and amortisation (EBITDA) in million EUR	199.0	102.3	94.5%
EBITDA margin in %	9.5	6.9	37.7%
ROCE in %	18.9	10.6	78.3%
Operating profit (EBIT) in million EUR	142.9	49.2	190.4%
Earnings before taxes (EBT) in million EUR	96.9	8.7	1 013.8%
Net income (EAT) in million EUR	69.8	4.4	1 486.4%

MARKED INCREASE IN SALES VOLUME AND REVENUE

In the first half of 2011, the Group experienced a marked increase of 217 kilotonnes in the sales volume to a total of 1 213 kilotonnes (H1 2010: 996 kilotonnes). This represents an increase of 21.8%.

SALES VOLUME AND REVENUE

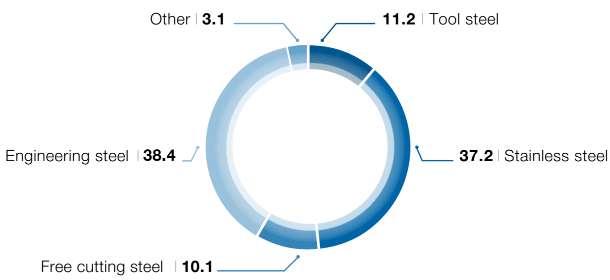
in kt / in million EUR



The main driver of the volume growth was stronger demand in our established sales markets. On the back of the automotive boom, the growth impulses for SCHMOLZ + BICKENBACH also improved in the sales markets for the machinery construction, oil and gas, and mining industries. By comparison with the first half of last year, this brought a significant increase in sales revenue of EUR 609.9 million, or 41.3%, to EUR 2 087.3 million (H1 2010: EUR 1 477.4 million).

REVENUE BY PRODUCT GROUPS

Half-year 2011, in %



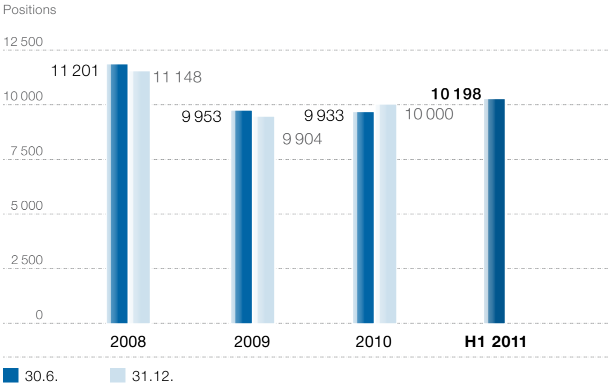
HIGHER RAW MATERIAL PRICES PASSED ON TO CUSTOMERS

The higher raw material costs, which are attributable to the high level of scrap prices compared with the last several years, and the currently stable but slightly higher nickel prices relative to the start of the year, could be progressively passed on to customers based on the surcharge system that was already in place. Energy costs rose in proportion to the higher production volumes. While prices for oil and natural gas fell slightly, electricity prices rose further. Net of the change in semi-finished and finished products, the total cost of materials rose by 46.4% relative to the same period last year. The gross margin increased by 31.5% to EUR 665.9 million (H1 2010: EUR 506.4 million).

Other operating income fell in the reporting year by 8.2% to EUR 22.4 million (H1 2010: EUR 24.4 million). This was mainly because the previous year's amount included the gain of EUR 6.7 million on the disposal of the remaining interests in Stahl Gerlafingen AG (CH).

As a result of the higher capacity utilisation of the plants, with a substantial increase in overtime and more employees than in the same period last year, personnel costs in the reporting year rose by 13.3% to EUR 306.1 million (H1 2010: EUR 270.2 million). To maintain fixed costs at a low level, in some cases the requirements were met with temporary employees.

EMPLOYEES



Other operating expenses rose by 15.7% to EUR 183.1 million (H1 2010: EUR 158.2 million), mainly due to higher shipping costs caused by additional shipping volumes and higher maintenance and repair costs caused by greater plant utilisation.

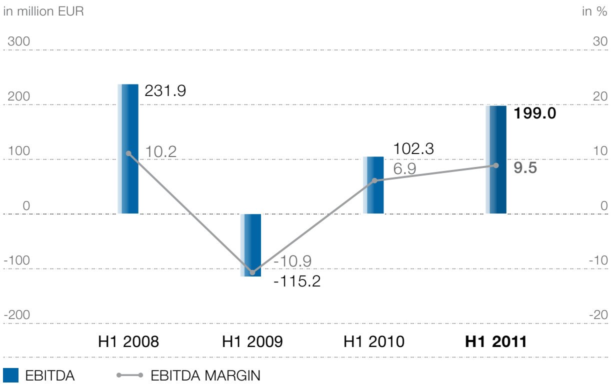
LOWER COSTS RELATIVE TO REVENUE

The long-term effect of the cost-reduction measures that were introduced in 2009 substantially reduced other operating expenses to 8.8% of revenue (H1 2010: 10.7%) and personnel costs to 14.7% of revenue (H1 2010: 18.3%).

EBITDA ALMOST DOUBLED

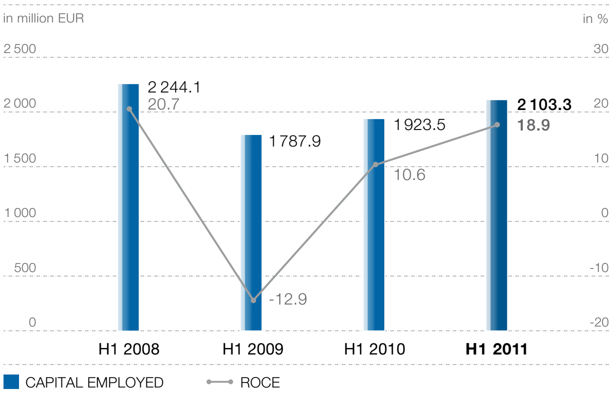
Operating profit before depreciation and amortisation (EBITDA) rose by 94.5% to EUR 199.0 million (H1 2010: EUR 102.3 million). The EBITDA margin increased to 9.5% (H1 2010: 6.9%). This is within the target corridor of 8 -12% and close to the pre-crisis level of about 10% in the first half of 2008.

EBITDA AND EBITDA MARGIN



The return on capital employed (ROCE) jumped to 18.9% (H1 2010: 10.6%). The pleasing development of profit and return was a result of the enormous increase in sales, the cost-reduction measures that were implemented in the crisis, and the return to almost full capacity utilisation. The continuing increase in value of the Swiss franc relative to the euro presents a challenge to our Swiss companies, which mainly export to the eurozone. Our Canadian subsidiary is confronted with similar challenges in its main sales market in the USA.

CAPITAL EMPLOYED AND ROCE



Because of the typically lower investment budget in the first half-year and the still outstanding finalisation of the A. Finkl & Sons Co. (US) rebuilding, depreciation/amortisation rose only slightly in the first half-year by 5.6% to EUR 56.1 million (H1 2010: EUR 53.1 million). Operating profit (EBIT) almost tripled from the previous year to 142.9 million (H1 2010: EUR 49.2 million).

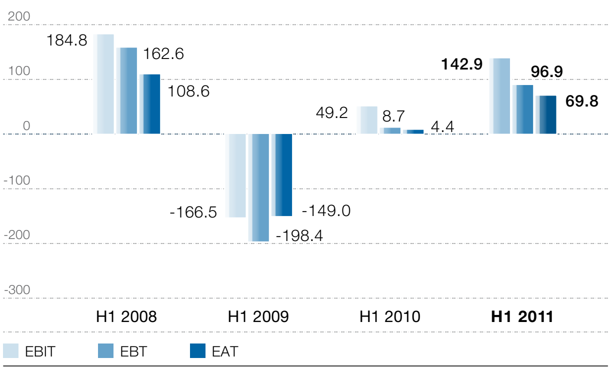
The increase in tied-up capital as a result of the rising net working capital, and higher borrowing costs following the financial restructuring, caused net financial expense to increase by 13.6% from the same period last year to EUR 46.0 million (H1 2010: EUR 40.5 million).

SIGNIFICANTLY INCREASED NET INCOME

Earnings before taxes (EBT) increased more than ten times to EUR 96.9 million (H1 2010: EUR 8.7 million). The total tax expense was EUR 27.1 million (H1 2010: EUR 4.3 million), including EUR 14.8 million noncash deferred taxes. For the first half of 2011, this gave an effective Group tax rate of 28.0% (H1 2010: 49.4%). Net income (EAT) also increased significantly by EUR 65.4 million to EUR 69.8 million (H1 2010: EUR 4.4 million). Basic earnings per share improved to EUR 0.60 (H1 2010: EUR -0.07) and were positive for the first time since 2008.

EBIT, EBT AND EAT

in million EUR



EARNINGS OF THE DIVISIONS

PLEASING BUSINESS DEVELOPMENT IN ALL DIVISIONS

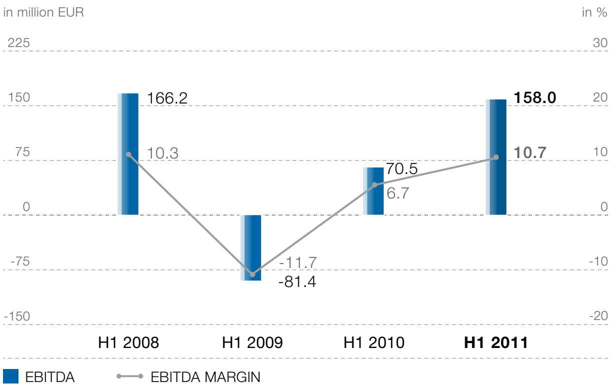
All three divisions contributed to the pleasing development of the Group in the first half of 2011 and improved their operating performance.

PRODUCTION DIVISION FULLY UTILISED

	H1 2011	H1 2010	Change
Revenue in million EUR	1 476.4	1 044.6	41.3%
EBITDA in million EUR	158.0	70.5	124.1%
EBITDA margin in %	10.7	6.7	59.7%
Capital employed in million EUR	1 456.7	1 358.8	7.2%
ROCE in %	21.7	10.4	108.7%
Investments in million EUR	29.1	31.1	-6.4%
Employees Positions	6 566	6 501	1.0%

The Production Division comprises the steel plants and rolling mills of Swiss Steel AG (CH), Deutsche Edelstahlwerke GmbH (DE), Ugitech S.A. (FR) and A. Finkl & Sons Co. (US), including Composite Forgings L.P. (US) in the USA and Sorel Forge Co. (CA) in Canada. All plants operated at full capacity. The strong demand was encouraged by the economic upswing, compensating orders following customers' inventory reductions during the crisis, and entry into new market segments. The greatly increased shipment volumes resulted in higher revenue, which attained EUR 1 476.4 million (H1 2010: EUR 1 044.6 million). This was an increase of 41.3% relative to the previous year. Thanks to the substantially improved capacity utilisation of our plants, and continuous optimisation of the product mix towards more tool and stainless steel, the EBITDA margin rose from 6.7% in the comparable period last year to 10.7%. Operating profit before depreciation and amortisation (EBITDA) jumped by 124.1% to EUR 158.0 million (H1 2010: EUR 70.5 million), thereby comprising almost 80% of Group EBITDA.

EBITDA AND EBITDA MARGIN PRODUCTION

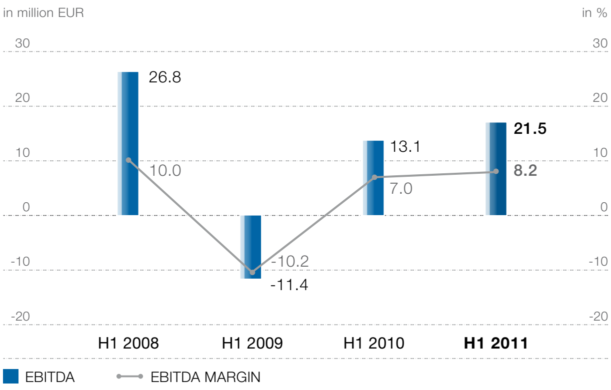


PROCESSING DIVISION HIGH ORDER BOOKINGS

	H1 2011	H1 2010	Change
Revenue in million EUR	260.9	187.1	39.4%
EBITDA in million EUR	21.5	13.1	64.1%
EBITDA margin in %	8.2	7.0	17.1%
Capital employed in million EUR	184.2	165.8	11.1%
ROCE in %	23.3	15.8	47.5%
Investments in million EUR	3.7	2.4	54.2%
Employees Positions	995	930	7.0%

The Processing Division, which comprises Steeltec AG (CH) in Switzerland, SCHMOLZ + BICKENBACH Blankstahl GmbH (DE) in Germany, Boxholm Stål AB (SE) in Sweden, and the other bright-steel and special-steel wire-drawing mills in Germany, Italy, Denmark and Turkey, also registered high order bookings. These resulted in improved capacity utilisation as well as increased shipping volumes and revenues relative to the previous year. Although higher raw material prices could only be passed on to customers progressively, the division's revenue increased to EUR 260.9 million. This was an increase of 39.4% on the previous year's amount of EUR 187.1 million. Operating profit before depreciation and amortisation (EBITDA) rose by 64.1% to EUR 21.5 million (H1 2010: EUR 13.1 million). The growth rates in revenue and earnings were lower than in the Production Division because already in the previous year's first half, the Processing Division benefited from the incipient boom in the automotive industry and hence from improved capacity utilisation.

EBITDA AND EBITDA MARGIN PROCESSING

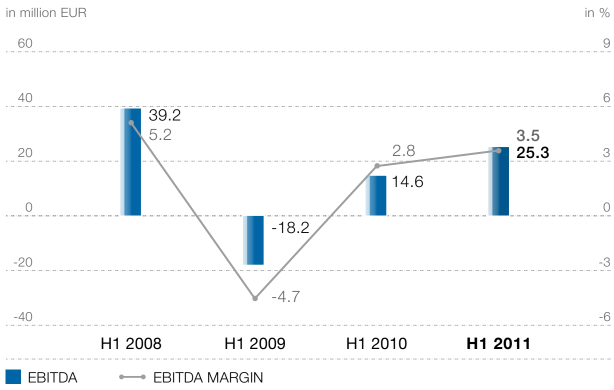


DISTRIBUTION + SERVICES DIVISION POSITIVE DEVELOPMENT

	H1 2011	H1 2010	Change
Revenue in million EUR	732.3	526.7	39.0%
EBITDA in million EUR	25.3	14.6	73.3%
EBITDA margin in %	3.5	2.8	25.0%
Capital employed in million EUR	448.7	387.6	15.8%
ROCE in %	11.3	7.5	50.7%
Investments in million EUR	4.2	4.5	-6.7%
Employees Positions	2 354	2 235	5.3%

The Distribution + Services Division, which is composed of the sales organisations Germany, Europe and International, experienced a positive growth-driven development overall. The US and German markets booked particularly strong growth rates. In Europe, the markets in Italy, Spain, France and Portugal displayed a weaker trend due to their comparatively worse economic development. Brazil was also somewhat slow to recover, which was due to the currency situation, high import duties, and the still sluggish release of planned investments by the state oil company. Despite the in some places still unsatisfactory economic situation, revenue of the Distribution + Services Division increased by 39.0% from EUR 526.7 million in the same period last year to EUR 732.3 million. This brought a pleasing increase in operating profit before depreciation and amortisation (EBITDA) of 73.3% to EUR 25.3 million (H1 2010: EUR 14.6 million).

EBITDA AND EBITDA MARGIN DISTRIBUTION + SERVICES



NET ASSETS AND FINANCIAL POSITION

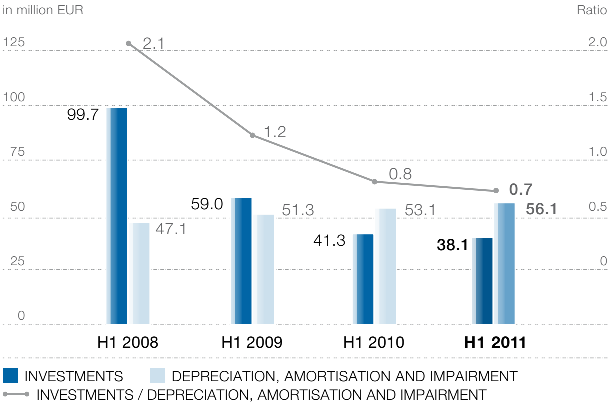
NET ASSETS

	30.6.2011	31.12.2010	Change
Total assets in million EUR	2 807.9	2 557.8	9.8%
Non-current assets in million EUR	1 004.2	1 056.6	-5.0%
Current assets in million EUR	1 803.7	1 501.2	20.2%
Net working capital in million EUR	1 210.4	1 027.6	17.8%
Shareholders' equity in million EUR	862.2	795.8	8.3%
Equity ratio in %	30.7	31.1	-1.3%
Non-current liabilities in million EUR	1 003.0	1 026.1	-2.3%
Current liabilities in million EUR	942.7	735.9	28.1%
Net debt in million EUR	956.5	926.9	3.2%
Gearing in %	110.9	116.5	-4.89%

LESS THAN PROPORTIONAL INVESTMENTS

As at 30 June 2011, non-current assets were 5.0% lower at EUR 1 004.2 million (31 December 2010: EUR 1 056.6 million). This was mainly attributable to investment activity in the first half-year being less than the planned depreciation/amortisation, an exchange-related reduction in the property, plant and equipment of our US companies, and a reduction in deferred tax assets resulting from the utilisation of tax-loss carry-forwards. At EUR 38.1 million, investments in the first half-year were a further 7.7% below the already low level of the previous year (H1 2010: EUR 41.3 million). This was because most of the investments planned for 2011 will be made in the second half of the year. Our currently largest single investment, construction of the new steel plant of A. Finkl & Sons Co. (US), is progressing according to plan, and phased commissioning is scheduled for the second half-year. In view of the good demand situation in the USA, during the startup phase both the existing and the new steel plant will be temporarily operated together to ensure supplies to customers.

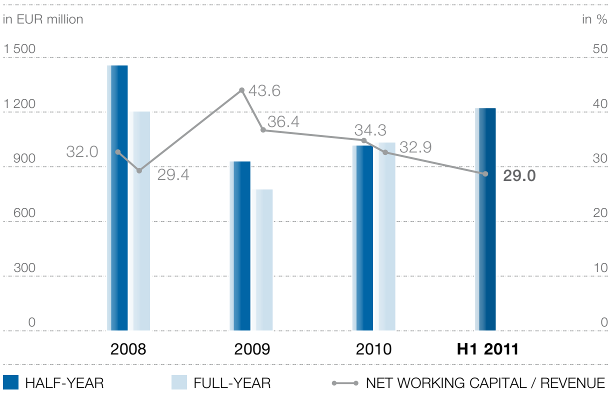
INVESTMENTS / DEPRECIATION, AMORTISATION AND IMPAIRMENT



INCREASE IN NET WORKING CAPITAL

The strong increase in total assets of 9.8% to EUR 2 807.9 million (31 December 2010: EUR 2 557.8 million) was mainly attributable to the increase in inventories and trade accounts receivable. Before the start of the works holidays in the production and processing plants, as of 30 June 2011 these items rose by EUR 299.5 million to EUR 1 683.8 million (31 December 2010: EUR 1 384.3 million). This was a result of the positive business activity and the seasonal increase in inventories of semi-finished products before the start of the plant holidays. After the deduction of trade accounts payable, net working capital increased by 17.8% to EUR 1 210.4 million (31 December 2010: EUR 1 027.6 million). In the second half-year, this effect will be reversed, and net working capital will decrease accordingly.

NET WORKING CAPITAL AND NET WORKING CAPITAL / REVENUE

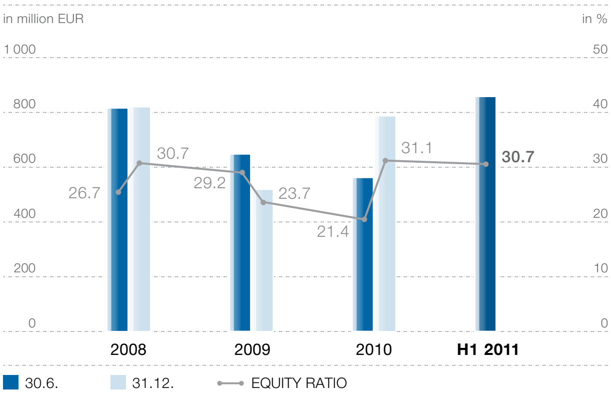


During the last several years, particularly in connection with the general economic and financial crisis, management of the working capital was continuously optimised, which is evidenced by the clearly improved ratio of net working capital to revenue, which at 29.0% (31 December 2010: 32.9%) was below the pre-crisis level.

SUCCESSFUL CONVERSION OF HYBRID CAPITAL

By means of the conversion of the hybrid capital into ordinary share capital that was completed at the end of April, the equity structure of the company has been simplified. The starting position for successful refinancing of the Group beyond 2012 has thereby been substantially improved. Within the framework of the capital increase, the shareholders were offered a total of 13 125 000 new registered shares with a nominal value of CHF 3.50 per share at an issue price of CHF 10.00. Through implementation of the capital increase, the former share capital of SCHMOLZ + BICKENBACH AG was increased by CHF 45 937 500.00 from CHF 367 500 000.00 to CHF 413 437 500.00, divided into 118 125 000 registered shares.

SHAREHOLDERS' EQUITY AND EQUITY RATIO



Thanks to the positive net income, and despite negative exchange effects, shareholders' equity increased substantially by 8.3% from the end of the previous year to EUR 862.2 million (31 December 2010: EUR 795.8 million). However, as a result of the simultaneous increase in total assets caused by the build-up of inventories, the equity ratio decreased slightly to 30.7% (31 December 2010: 31.1%).

Non-current liabilities fell slightly by 2.3% to EUR 1 003.0 million (31 December 2010: EUR 1 026.1 million).

ABS PROGRAMME FULLY UTILISED

The increase in current liabilities of 28.1% to EUR 942.7 million (31 December 2010: EUR 735.9 million) resulted partly from the already mentioned increase of EUR 116.7 million in trade accounts payable and partly from an increase in other current liabilities such as sales tax liabilities and seasonal accruals for holidays and overtime. In addition, the ABS financing programme, which at the start of the year was increased by EUR 50.0 million to EUR 250.00 million, was fully utilised at 30 June 2011.

FINANCIAL POSITION

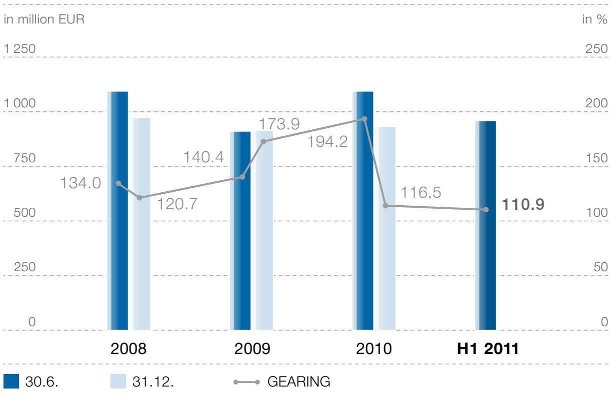
	H1 2011	H1 2010	Change
Cash flow before changes in net working capital in million EUR	231.6	117.1	97.8%
Cash flow from operations in million EUR	46.0	-122.4	137.6%
Cash flow from investing activities in million EUR	-32.9	-13.5	-143.7%
Cash flow before acquisition of Group companies in million EUR	13.1	-135.9	109.6%
Free cash flow in million EUR	13.1	-135.9	109.6%

STABLE FINANCING

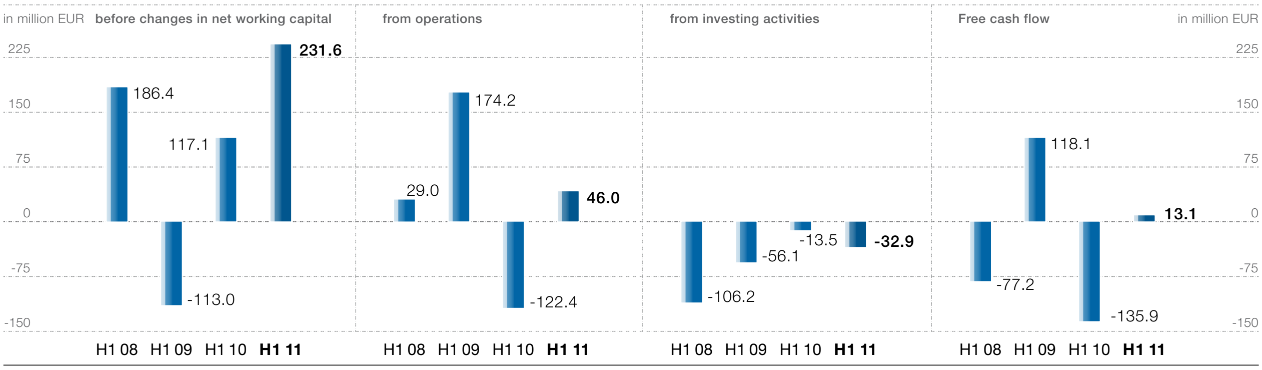
In addition to loans and bilateral credit facilities, the Group has a syndicated loan of EUR 525.0 million, a club deal of EUR 300.0 million, and an ABS financing programme of EUR 250.0 million. Against the backdrop of the positive business outlook, in July 2011 agreement was reached with the lenders for the ABS financing programme to include Swiss Steel AG (CH), and to simultaneously increase the financing amount by a further EUR 50.0 million to a total of EUR 300.0 million. This provides SCHMOLZ + BICKENBACH with sufficient financial resources to finance a potential increase in tied-up capital that may result from the expected increase in revenue.

Net debt, comprising current and non-current financial liabilities less cash and cash equivalents, increased slightly by 3.2% to EUR 956.5 million at 30 June 2011 (31 December 2010: EUR 926.9 million) due to the marked increase in net working capital. The strengthened equity base allowed the gearing (ratio of net debt to shareholders' equity) to be reduced to 110.9% as at 30 June 2011 (31 December 2010: 116.5%) and thus further towards the medium-term target. In addition, the debt factor (ratio of net debt to EBITDA) was also significantly lower at the end of the first and second quarters. This allowed the margin surcharge of the banks on EURIBOR to be reduced in the second quarter. A further reduction will take place in the third quarter.

NET DEBT AND GEARING



CASH FLOW



CASH FLOW SUBSTANTIALLY IMPROVED

The positive business climate was also reflected in a strong increase in the cash flow before changes in net working capital, which almost doubled to EUR 231.6 million (H1 2010: EUR 117.1 million). Even after the changes in net working capital, the cash flow from operations was positive at EUR 46.0 million (H1 2010: EUR -122.4 million), an increase of 137.6%.

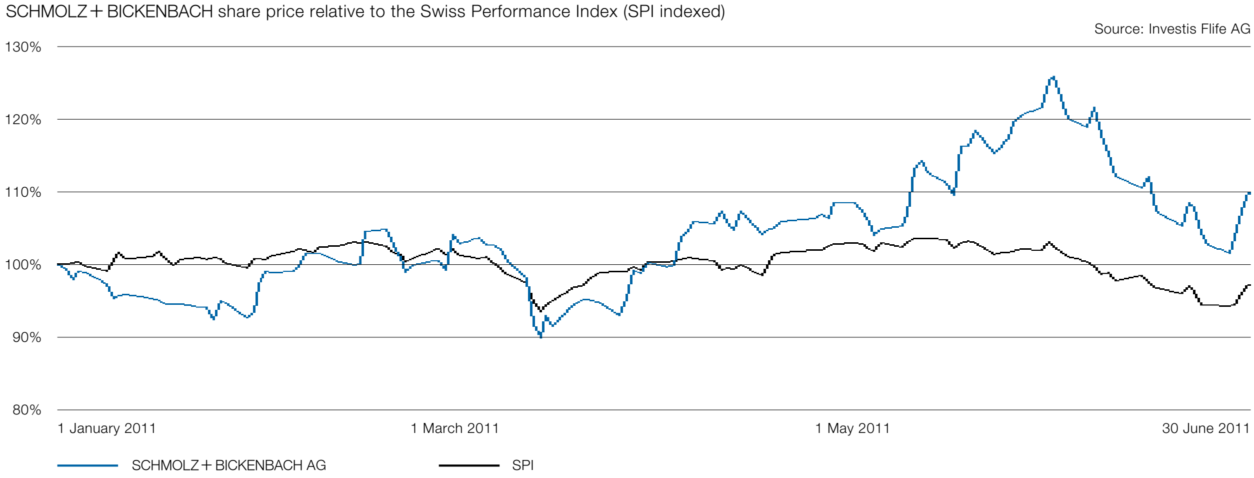
Despite lower investments in property, plant and equipment and intangible assets, the cash flow from investing activities in the first half of 2011 rose by 143.7% to EUR -32.9 million (H1 2010: EUR -13.5 million). This was mainly because the amount for the comparable period last year included positive cash flows of EUR 27.7 million from the disposal of financial assets, particularly from the sale of the interests in Stahl Gerlafingen AG (CH). Without this effect, the cash flow from investing activities would have been EUR 8.3 million less than in the comparable period of the previous year.

The free cash flow improved by a total of EUR 149.0 million to EUR 13.1 million (H1 2010: EUR -135.9 million).

SCHMOLZ + BICKENBACH SHARE

DEVELOPMENT OF THE SHARE PRICE FROM 1 JANUARY 2011 TO 30 JUNE 2011

SCHMOLZ + BICKENBACH share price relative to the Swiss Performance Index (SPI indexed)



At the start of the year, the favourable development of the stock markets was supported by positive economic data and good company reports. The upward trend that started in 2010 therefore continued. However, as the year progressed, the earthquake in Japan, mixed economic data in Europe, and the ongoing sovereign debt crisis had a negative impact on the stock market climate and the further development of share prices. By the end of June, both the Swiss Market Index (SMI) and the Swiss Performance Index (SPI) closed at a slight loss. Particularly in the second half-year, the SCHMOLZ + BICKENBACH share price developed positively. It closed at CHF 10.40 on 30 June 2011, an increase of around 10% in the first half-year.

TICKER SYMBOLS

Listed at:	SIX Swiss Exchange
Ticker:	STLN
Security number:	579 566
ISIN code:	CH0005795668
Bloomberg:	STLN SE
Reuters:	STLN.S

FURTHER INFORMATION FOR INVESTORS

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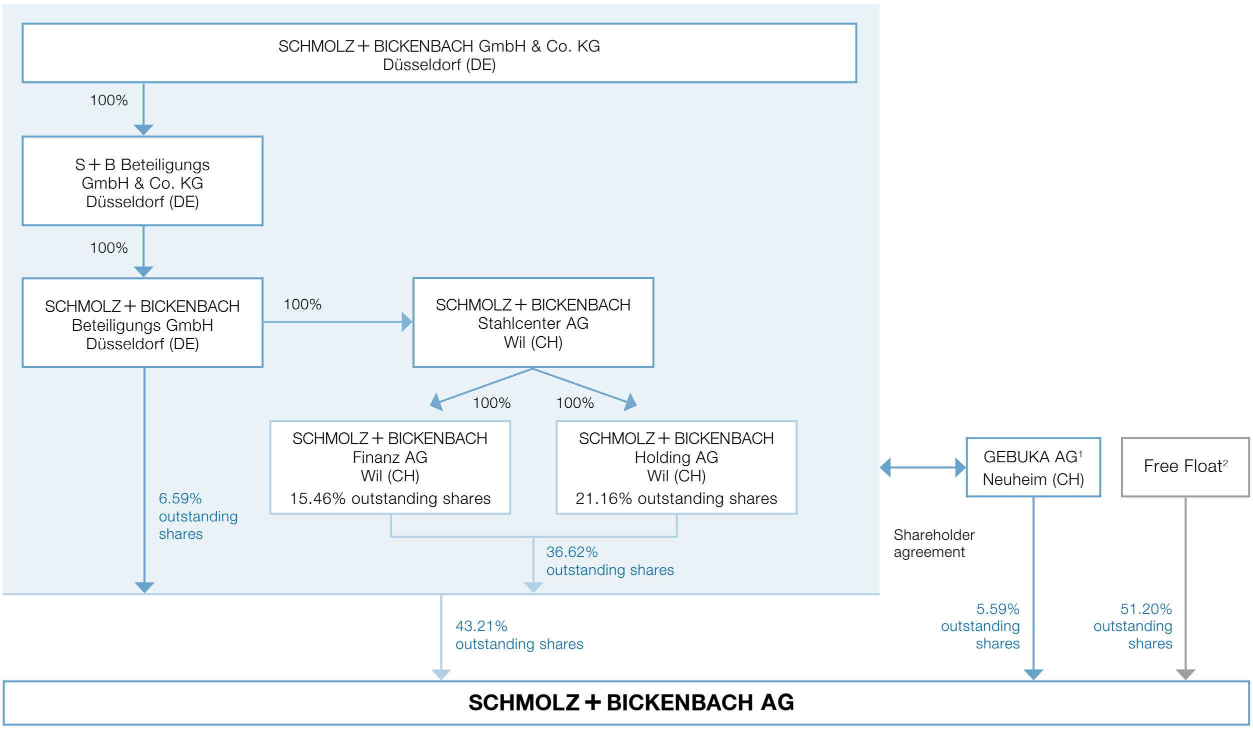
SHAREHOLDER STRUCTURE AT 30 JUNE 2011

Within the framework of a capital increase, in the first half of 2011, 13 125 000 new shares with a nominal value of CHF 3.50 per share were issued at a price of CHF 10.00 per share. The objective of the capital increase was to replace the hybrid capital. After the capital increase, the share capital is composed of 118 125 000 fully paid-up registered shares with a nominal value of CHF 3.50 per share.

As at 30 June 2011 this results in the following shareholder structure, which is slightly different than that of 31 December 2010:



[1] Shareholdings of Dr Gerold Büttiker, Member of the Board of Directors.
[2] Thereof 3.02% UBS Fund Management (Switzerland) AG.

OUTLOOK

OUTLOOK GENERALLY POSITIVE

For the second half-year, SCHMOLZ + BICKENBACH expects a sustained positive overall development in all core markets and segments. In our production and processing plants, full capacity utilisation is already scheduled for the next several months. This will result in higher shipped volumes than in the previous year. Although the presently very high order bookings will decline somewhat, we expect demand to remain at a high level. Major contributors to the demand will be the automotive segment in Asia and the not yet fully complete restocking by the machine and equipment construction and hydraulic industries. Revenue and earnings will benefit not only from the increased demand but also from the optimised product mix in the form of higher value-added solutions in the second half of the year. In addition, the investments that were made in the past will have an increasingly positive effect on the exploitation of new market opportunities. Since flexible worktime models are available to master the anticipated growth, the workforce need only be very slightly expanded. The cost optimisation projects will also be continued unchanged, so that costs will increase on average less rapidly than the rate of growth and hence allow improvement in the operating performance.

Despite the overall positive outlook to date, in the last few weeks the uncertainty regarding the further economic development under the influence of the debt crisis in Europe and the USA has significantly increased. The strong increase in the Swiss franc relative to the euro is particularly disadvantageous for the earnings contribution and competitiveness of our Swiss companies. Against the backdrop of the latest turbulence in the capital markets, the further development of raw material and energy prices is also difficult to foresee. So far, however, particularly in the automotive and mechanical engineering industries, there are no signals from our customers in the form of order cancellations or postponements that indicate a relatively strong decline in demand for our products. We therefore continue to expect net income for the financial year 2011 to be substantially above the previous year's amount, although the second half-year will be seasonally weaker than the first half-year due to seasonal effects such as holidays and general overhaul of the plants. Investments will increase according to plan in the second half-year, and for the full year will be at approximately the same level as depreciation/amortisation. Provided that purchasing costs remain stable, for 2011 we again expect a positive, if low, free cash flow.

Provided that the current uncertainties in the capital markets do not negatively affect the real economy, we continue to be confident that the year-end EBITDA margin and ROCE will be within our target range. We expect the year-end equity ratio and gearing to show further improvement relative to 30 June 2011.

VALUE-RELATED CONTROL PARAMETERS AND FINANCIAL TARGETS

	Status 30.6.2011	Mid-term targets
EBITDA margin in %	9.5	8-12
ROCE in %	18.9	12-18
Equity ratio in %	30.7	35-40
Gearing in %	110.9	80-100

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF SCHMOLZ + BICKENBACH AG AS AT 30 JUNE 2011

CONSOLIDATED INCOME STATEMENT

(million EUR)		**1.1.- 30.6.2011**	**1.1.- 30.6.2010**
Revenue		2 087.3	1 477.4
Change in semi-finished and finished goods		61.7	118.5
Cost of materials		-1 483.1	-1 089.5
Gross margin		**665.9**	**506.4**
Other operating income		22.4	24.4
Personnel costs		-306.1	-270.2
Other operating expenses		-183.1	-158.2
Income/loss on investments accounted for using the equity method		-0.1	-0.1
Operating profit before depreciation and amortisation		**199.0**	**102.3**
Depreciation/amortisation and impairment		-56.1	-53.1
Operating profit		**142.9**	**49.2**
Financial income		8.6	6.1
Financial expense		-54.6	-46.6
Financial result		**-46.0**	**-40.5**
Earnings before taxes		**96.9**	**8.7**
Income taxes		-27.1	-4.3
Net income		**69.8**	**4.4**
of which attributable to			
- registered shareholders of SCHMOLZ + BICKENBACH AG		65.3	-2.0
- providers of hybrid capital [1]		4.0	6.0
Total attributable to the shareholders of SCHMOLZ + BICKENBACH AG [2]		**69.3**	**4.0**
- non-controlling interests		0.5	0.4
Earnings per share in EUR (basic/diluted)	**EUR**	**0.60**	**-0.07**

[1] Cf. 6.3 of the notes regarding the distributions to providers of hybrid capital.
[2] Including providers of hybrid capital.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(million EUR)	1.1.- 30.6.2011	1.1.- 30.6.2010
Net income	**69.8**	**4.4**
Change in unrealised gains/losses	-14.3	51.0
Realised gains/losses	0.0	-3.9
Gains/losses from currency translation	**-14.3**	**47.1**
Change in unrealised gains/losses	3.8	0.6
Realised gains/losses	0.9	-0.5
Gains/losses from cash flow hedges	**4.7**	**0.1**
Actuarial gains/losses from pension-related and similar obligations and effects due to an asset ceiling	**3.9**	**-26.1**
Tax effect	-3.2	6.5
Other comprehensive income	**-8.9**	**27.6**
Total comprehensive income [1]	**60.9**	**32.0**
of which attributable to		
- registered shareholders of SCHMOLZ + BICKENBACH AG	56.4	25.6
- providers of hybrid capital [2]	4.0	6.0
Total attributable to the shareholders of SCHMOLZ + BICKENBACH AG [3]	**60.4**	**31.6**
- non-controlling interests	0.5	0.4

[1] The comprehensive income in the first half-year 2011 includes EUR -0.1 million (H1 2010: EUR -0.1 million) which relates to investments accounted for using the equity method.
[2] Cf. 6.3 of the notes regarding the distributions to providers of hybrid capital.
[3] Including providers of hybrid capital.

CONSOLIDATED BALANCE SHEET

(million EUR)	30.6.2011	%	31.12.2010	%	30.6.2010	%
Intangible assets	43.1		47.8		46.2	
Property, plant and equipment	855.3		883.3		868.6	
Investments accounted for using the equity method	1.8		1.2		0.7	
Other non-current financial assets	15.9		17.8		24.0	
Non-current income taxes	13.5		13.5		12.5	
Other non-current assets	0.8		0.4		0.5	
Deferred tax assets	73.8		92.6		79.1	
Total non-current assets	**1 004.2**	35.8	**1 056.6**	41.3	**1 031.6**	39.6
Inventories	1 047.6		900.1		845.6	
Trade accounts receivable	636.2		484.2		545.5	
Current financial assets	15.5		12.7		4.2	
Current income tax assets	2.6		4.0		9.2	
Other current assets	50.3		44.8		45.9	
Cash and cash equivalents	49.9		53.8		122.2	
Non-current assets held for sale	1.6		1.6		3.8	
Total current assets	**1 803.7**	64.2	**1 501.2**	58.7	**1 576.4**	60.4
Total assets	**2 807.9**	100.0	**2 557.8**	100.0	**2 608.0**	100.0
Share capital	297.6		261.7		192.6	
Capital reserves	703.7		638.9		499.7	
Hybrid capital	0.0		79.3		79.3	
Retained earnings (accumulated losses)	-120.7		-173.8		-207.8	
Accumulated income and expense recognised directly in equity	-23.3		-14.4		-8.1	
Attributable to shareholders of SCHMOLZ + BICKENBACH AG [1]	**857.3**		**791.7**		**555.7**	
Non-controlling interests	4.9		4.1		3.7	
Total shareholders' equity	**862.2**	30.7	**795.8**	31.1	**559.4**	21.4
Provisions for pensions and similar obligations	191.1		193.7		191.2	
Other non-current provisions	35.9		39.4		34.4	
Deferred tax liabilities	10.0		10.1		7.0	
Non-current financial liabilities	746.4		749.5		61.3	
Other non-current liabilities	19.6		33.4		51.7	
Total non-current liabilities	**1 003.0**	35.7	**1 026.1**	40.1	**345.6**	13.3
Current provisions	35.8		34.3		45.5	
Trade accounts payable	473.4		356.7		376.8	
Current financial liabilities	260.0		231.2		1 147.3	
Current income tax liabilities	15.5		8.9		10.5	
Other current liabilities	158.0		104.8		122.9	
Total current liabilities	**942.7**	33.6	**735.9**	28.8	**1 703.0**	65.3
Total liabilities	**1 945.7**	69.3	**1 762.0**	68.9	**2 048.6**	78.6
Total shareholders' equity and liabilities	**2 807.9**	100.0	**2 557.8**	100.0	**2 608.0**	100.0

[1] Including providers of hybrid capital.

CONSOLIDATED CASH FLOW STATEMENT

(million EUR)	1.1.-30.6.2011	1.1.- 30.6.2010
Earnings before taxes	96.9	8.7
Depreciation, amortisation and impairment	56.1	53.1
Income/loss on investments accounted for using the equity method	0.1	0.1
Gain/loss on disposal of intangible assets, property, plant and equipment, and financial assets	0.7	-6.1
Increase/decrease in other assets and liabilities	35.8	19.6
Financial income	-8.6	-6.1
Financial expense	54.6	46.6
Income taxes paid/received	-4.0	1.2
Cash flow before changes in net working capital	**231.6**	**117.1**
Change in inventories	-151.7	-165.8
Change in trade accounts receivable	-152.1	-208.5
Change in trade accounts payable	118.2	134.8
Cash flow from operations	**46.0**	**-122.4**
Investments in property, plant and equipment	-34.8	-38.2
Proceeds from disposal of property, plant and equipment	2.0	1.3
Investments in intangible assets	-1.1	-2.4
Investments in financial assets	-0.1	-2.5
Proceeds from disposal of financial assets	0.3	27.7
Interest received	0.8	0.6
Cash flow from investing activities before acquisition of Group companies	**-32.9**	**-13.5**
Cash flow before acquisition of Group companies	**13.1**	**-135.9**
Investments in consolidated Group companies (less cash and cash equivalents acquired)	0.0	0.0
Cash flow from investing activities	**-32.9**	**-13.5**
Free cash flow	**13.1**	**-135.9**
Increase in financial liabilities	53.4	146.2
Repayment of financial liabilities	-36.5	-34.8
Proceeds from capital increase	30.5	0.0
Repayment of the unconverted hybrid capital	-9.1	0.0
Distributions to providers of hybrid capital	-16.2	0.0
Interest paid	-37.7	-32.8
Cash flow from financing activities	**-15.6**	**78.6**
Change in cash and cash equivalents	-2.5	-57.3
Effect of foreign currency translation	-1.4	5.9
Change in cash and cash equivalents	**-3.9**	**-51.4**
Cash and cash equivalents as at 1.1.	53.8	173.6
Cash and cash equivalents as at 30.6.	49.9	122.2
Change in cash and cash equivalents	**-3.9**	**-51.4**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(million EUR)	Share capital	Capital reserves	Hybrid capital	Retained earnings (accu-mulated losses)	Accumulated income and expense recognised directly in equity	Attributable to shareholders of S+B AG [1]	Non-controlling interests	Total shareholders' equity
As at 1.1.2010	**192.6**	**499.7**	**79.3**	**-211.8**	**-35.7**	**524.1**	**3.3**	**527.4**
Total comprehensive income								
Net income	0.0	0.0	0.0	4.0	0.0	**4.0**	0.4	**4.4**
Other comprehensive income	0.0	0.0	0.0	0.0	27.6	**27.6**	0.0	**27.6**
As at 30.6.2010	**192.6**	**499.7**	**79.3**	**-207.8**	**-8.1**	**555.7**	**3.7**	**559.4**
As at 1.1.2011	**261.7**	**638.9**	**79.3**	**-173.8**	**-14.4**	**791.7**	**4.1**	**795.8**
Capital transactions with shareholders								
Distributions to providers of hybrid capital	0.0	0.0	0.0	-16.2	0.0	**-16.2**	0.0	**-16.2**
Capital increase including conversion of hybrid capital	35.9	64.8	-70.2	0.0	0.0	**30.5**	0.0	**30.5**
Replacement of the uncon-verted hybrid capital	0.0	0.0	-9.1	0.0	0.0	**-9.1**	0.0	**-9.1**
Total comprehensive income								
Net income	0.0	0.0	0.0	69.3	0.0	**69.3**	0.5	**69.8**
Other comprehensive income	0.0	0.0	0.0	0.0	-8.9	**-8.9**	0.0	**-8.9**
Change in scope of consolidation	0.0	0.0	0.0	0.0	0.0	**0.0**	0.3	**0.3**
As at 30.6.2011	**297.6**	**703.7**	**0.0**	**-120.7**	**-23.3**	**857.3**	**4.9**	**862.2**

[1] Including providers of hybrid capital.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. INFORMATION ABOUT THE COMPANY

SCHMOLZ + BICKENBACH AG (SCHMOLZ + BICKENBACH) is a Swiss public limited company which is listed on the SIX Swiss Exchange and has its registered office at Emmenweidstrasse 90 in Emmen. SCHMOLZ + BICKENBACH is a global steel company in the special steel and engineering steel sector of the long-products business and is subdivided along its value chain into the divisions Production, Processing, and Distribution + Services. The ultimate parent of the entire Group is SCHMOLZ + BICKENBACH GmbH & Co. KG, with registered office at Eupener Strasse 70, Düsseldorf, Germany.

These condensed interim consolidated financial statements were released for publication by the Board of Directors on 23 August 2011.

2. ACCOUNTING POLICIES

With these condensed interim consolidated financial statements of SCHMOLZ + BICKENBACH AG for the first half of 2011, the Group presents interim financial statements in accordance with IAS 34 “Interim Financial Reporting”. The condensed interim consolidated financial statements are based on the mandatorily applicable standards and interpretations as at 30 June 2011, and contain all information that is required for condensed interim financial statements according to IFRS. Further information about the accounting policies is contained in the consolidated annual financial statements as at 31 December 2010.

The interim financial report is presented in euros. Unless otherwise stated, monetary amounts are denominated in millions of euros.

In preparing these condensed interim consolidated financial statements according to IAS 34, assumptions and estimates have been made which affect the amounts and presentation of the assets and liabilities recognised in the balance sheet, of the revenue and expenses, and of the contingent liabilities. The definitive amounts may differ from these estimates.

The principle accounting policies applied in these condensed interim consolidated financial statements are essentially identical to those of the last consolidated financial statements as at the end of financial year 2010. Exceptions are those amended and new IFRSs that became mandatorily applicable from 1 January 2011. One of these is the new Interpretation IFRIC 19, “Extinguishing Financial Liabilities with Equity Instruments”, which contains rules regarding the elimination of financial liabilities by the issue of shares or other equity instruments. The other is an amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards” with the title “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters”. This relieves first-time adopters from the requirement to make disclosures in the notes as required by the amendment to IFRS 7 introduced in March 2009.

In addition, in May 2010 the IASB again published a collective standard “Annual Improvements 2008-2010”. This contains a total of eleven minor amendments to six already existing standards and one interpretation.

The changes to the standards and interpretations had no material effects on the accounting policies which apply consistently throughout the Group, or on these condensed interim consolidated financial statements of SCHMOLZ + BICKENBACH AG.

3. SCOPE OF CONSOLIDATION AND ACQUIRED COMPANIES

In the first half of 2011 relative to 31 December 2010, there were no material changes in the scope of the consolidation concerning fully consolidated companies. In view of its increasing importance, the formerly unconsolidated Finnish subsidiary SCHMOLZ + BICKENBACH Oy (FI), in which SCHMOLZ + BICKENBACH holds 60% of the equity interests, is included in the consolidated financial statements from 1 January 2011. Through its inclusion for the first time, the non-controlling interests increased by EUR 0.3 million as at the date of the first-time consolidation.

4. SEGMENT REPORTING

The Group is presented according to its internal reporting and organisational structure by its three divisions – hereafter also referred to as operating segments – of Production, Processing, and Distribution + Services. The separation into operating segments corresponds with the corporate strategy of SCHMOLZ + BICKENBACH, which provides for vertical integration along the value chain for special steel applications. For the first half-year, the segment reporting is presented as follows:

1.1.-30.6.2011

(million EUR)	Production	Processing	Distribution + Services	Total operating segments	Other activities	Eliminations/ adjustments	Total
Third-party revenue	1 187.6	169.9	728.4	**2 085.9**	1.4	0.0	**2 087.3**
Inter-segment revenue	288.8	91.0	3.9	**383.7**	18.5	-402.2	**0.0**
Total revenue	**1 476.4**	**260.9**	**732.3**	**2 469.6**	**19.9**	**-402.2**	**2 087.3**
Segment result (EBITDA)	**158.0**	**21.5**	**25.3**	**204.8**	**-5.3**	**-0.5**	**199.0**
Depreciation and amortisation of property, plant and equipment and intangible assets	-41.7	-7.4	-5.6	**-54.7**	-1.4	0.0	**-56.1**
Impairment of property, plant and equipment and intangible assets	0.0	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Financial income	6.6	1.5	1.2	**9.3**	36.0	-36.7	**8.6**
Financial expense	-24.7	-4.1	-10.9	**-39.7**	-51.6	36.7	**-54.6**
Earnings before taxes (EBT)	**98.2**	**11.5**	**10.0**	**119.7**	**-22.3**	**-0.5**	**96.9**
Segment assets[1]	1 818.0	268.8	651.3	**2 738.1**	31.2	38.6	**2 807.9**
Segment liabilities[2]	361.3	84.6	202.6	**648.5**	8.2	1 289.0	**1 945.7**
Segment assets less segment liabilities (capital employed)	**1 456.7**	**184.2**	**448.7**	**2 089.6**			
Segment investments[3]	29.1	3.7	4.2	**37.0**	1.1	0.0	**38.1**
Employees	6 566	995	2 354	**9 915**	283	0	**10 198**

[1] Segment assets: Intangible assets (excluding goodwill) + property, plant and equipment + inventories + trade accounts receivable (total value matches total assets in the balance sheet)

[2] Segment liabilities: Trade accounts payable (total value matches total liabilities in the balance sheet)

[3] Segment investments: Additions to intangible assets (excluding goodwill) + additions of property, plant and equipment

1.1.-30.6.2010

(million EUR)	Production	Processing	Distribution + Services	Total operating segments	Other activities	Eliminations/ adjustments	Total
Third-party revenue	825.8	122.2	522.2	**1 470.2**	7.2	0.0	**1 477.4**
Inter-segment revenue	218.8	64.9	4.5	**288.2**	15.1	-303.3	**0.0**
Total revenue	**1 044.6**	**187.1**	**526.7**	**1 758.4**	**22.3**	**-303.3**	**1 477.4**
Segment result (EBITDA)	**70.5**	**13.1**	**14.6**	**98.2**	**7.2**	**-3.1**	**102.3**
Depreciation and amortisation of property, plant and equipment and intangible assets	-40.1	-6.6	-5.6	**-52.3**	-0.8	0.0	**-53.1**
Impairment of property, plant and equipment and intangible assets	0.0	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Financial income	8.4	1.7	2.7	**12.8**	22.1	-28.8	**6.1**
Financial expense	-20.1	-2.6	-7.4	**-30.1**	-45.3	28.8	**-46.6**
Earnings before taxes (EBT)	**18.7**	**5.6**	**4.3**	**28.6**	**-16.8**	**-3.1**	**8.7**
Segment assets[1]	1 670.2	231.0	548.7	**2 449.9**	27.7	130.4	**2 608.0**
Segment liabilities[2]	311.4	65.2	161.1	**537.7**	8.8	1 502.1	**2 048.6**
Segment assets less segment liabilities (capital employed)	**1 358.8**	**165.8**	**387.6**	**1 912.2**			
Segment investments[3]	31.1	2.4	4.5	**38.0**	3.3	0.0	**41.3**
Employees	6 501	930	2 235	**9 666**	267	0	**9 933**

[1] Segment assets: Intangible assets (excluding goodwill) + property, plant and equipment + inventories + trade accounts receivable (total value matches total assets in the balance sheet)

[2] Segment liabilities: Trade accounts payable (total value matches total liabilities in the balance sheet)

[3] Segment investments: Additions to intangible assets (excluding goodwill) + additions of property, plant and equipment

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.1 OTHER OPERATING INCOME

(million EUR)	**1.1.-30.6.2011**	**1.1.-30.6.2010**
Net exchange gains/losses	2.1	0.0
Income from reversal of provisions	1.9	1.8
Gains on disposal of intangible assets, property, plant and equipment, and financial assets	1.6	7.1
Rent and lease income	1.0	0.9
Commission income	0.2	0.3
Miscellaneous income	15.6	14.3
Total	**22.4**	**24.4**

In the comparable period last year, the gains on disposal of intangible assets, property, plant and equipment, and financial assets include a gain of EUR 6.7 million from the sale of the remaining 35% shareholding in Stahl Gerlafingen AG (CH).

Exchange gains and losses are reported in the income statement net and, depending on their net amount, as either other operating income or other operating expense. The composition of the net values is as follows:

(million EUR)	**1.1.-30.6.2011**	**1.1.-30.6.2010**
Exchange gains	44.7	44.0
Exchange losses	42.6	44.4
Net exchange gains/losses	**2.1**	**-0.4**

The miscellaneous income comprises a number of individually immaterial items which cannot be allocated to another line item.

5.2 OTHER OPERATING EXPENSES

(million EUR)	**1.1.-30.6.2011**	**1.1.-30.6.2010**
Freight, commissions	60.5	51.2
Maintenance, repairs	30.6	21.6
Rent and lease expenses	14.9	14.7
Advisory, audit and IT services	14.2	14.8
Insurance fees	6.5	5.5
Non-income taxes	5.0	4.4
Losses on the disposal of intangible assets, property, plant and equipment, and financial assets	2.3	0.9
Net exchange gains/losses	0.0	0.4
Miscellaneous expense	49.1	44.7
Total	**183.1**	**158.2**

Miscellaneous expense comprises a number of individually immaterial items which cannot be allocated to another line item.

5.3 FINANCIAL RESULT

(million EUR)	**1.1.-30.6.2011**	**1.1.-30.6.2010**
Expected return on plan assets	5.8	5.5
Interest income	0.9	0.6
Other financial income	1.9	0.0
Financial income	**8.6**	**6.1**
Interest expense on financial liabilities	-47.0	-35.7
Interest expense on pension provisions	-7.8	-7.8
Capitalised borrowing costs	2.0	0.7
Other financial expense	-1.8	-3.8
Financial expense	**-54.6**	**-46.6**
Financial result	**-46.0**	**-40.5**

Other financial income and other financial expense mainly comprise gains and losses resulting from marking interest derivatives to market.

5.4 INCOME TAXES

(million EUR)	1.1.-30.6.2011	1.1.-30.6.2010
Current income taxes	12.3	6.9
Deferred income taxes	14.8	-2.6
Income tax expense	**27.1**	**4.3**

The local tax rates for the measurement of current and deferred taxes have not materially changed by comparison with the previous year. For the first half of 2011 the effective Group tax rate was 28.0%, which is composed of the tax rates of the individual countries in which the Group is active weighted for their pre-tax earnings. In the previous year's periods, the Group tax rates saw strong positive effects from the non-capitalisation of deferred taxes (H1 2010: 49.4%), or strong negative effects from the subsequent capitalisation of previously unrecognised deferred taxes (2010: -15.9%), meaning that they cannot be used as a basis of comparison for the current year.

In the first half of 2011, total deferred tax assets fell sharply, mainly due to the utilisation of tax-loss carry-forwards. The change in the net amount of the deferred tax assets and deferred tax liabilities is explained as follows:

(million EUR)	2011	2010
As at 1.1.	**82.5**	**62.6**
Changes recognised through profit and loss	-14.8	2.6
Changes recognised directly in equity	-3.4	6.4
Change in scope of consolidation	-0.1	0.1
Foreign currency effects	-0.4	0.4
As at 30.6.	**63.8**	**72.1**

6. NOTES TO THE CONSOLIDATED BALANCE SHEET

6.1 INTANGIBLE ASSETS, AND PROPERTY, PLANT AND EQUIPMENT

Investments of EUR 38.1 million in total (H1 2010: EUR 41.3 million) are composed of investments of EUR 1.1 million (H1 2010: EUR 2.4 million) in additions to intangible assets, and investments of EUR 37.0 million (H1 2010: EUR 38.9 million) in additions to property, plant and equipment. The investments in property, plant and equipment arose mainly in the Production Division and relate to the reconstruction of the steel plant of A. Finkl & Sons Co. (US).

6.2 INVENTORIES

(million EUR)	30.6.2011	31.12.2010	30.6.2010
Raw materials and supplies	136.9	117.4	124.0
Semi-finished products and work in progress	373.2	310.9	305.6
Finished products and merchandise	537.5	471.8	416.0
Total	**1 047.6**	**900.1**	**845.6**

In the first half of 2011, inventories increased relative to the previous year as a result of the greatly improved demand situation and the increase in raw material prices. In addition, the inventories of semi-finished and finished products at at 30 June 2011 had to be increased to assure supplies to customers after the end of the plant holidays due to the high demand.

6.3 SHAREHOLDERS' EQUITY

Within the framework of a capital increase, in the first half of 2011, 13 125 000 new shares with a nominal value of CHF 3.50 per share were issued at a price of CHF 10.00 per share. The purpose of the capital increase was to replace the hybrid capital of EUR 80.0 million plus accumulated interest of EUR 16.2 million, of which EUR 4.0 million relate to the current year and EUR 12.2 million to previous years. Where shareholders who were not also providers of hybrid capital exercised their subscription rights, the positive cash flows were used for partial repayment of the hybrid capital. The remaining hybrid capital was converted into shares in the capital increase.

In consequence, the share capital increased by EUR 35.9 million to EUR 297.6 million and after the capital increase is composed of 118 125 000 fully paid-up registered shares with a nominal value of CHF 3.50 per share.

The amount of the capital reserves is derived from share premiums that were generated upon the issue of shares in the course of capital increases, less the transaction costs that were directly allocable to the capital increases. In connection with the capital increase that was completed in the first half of 2011, the capital reserves increased by EUR 64.8 million. Associated transaction costs of EUR 2.5 million were directly offset against the capital reserves without recognition in profit or loss.

After conversion and replacement of the hybrid capital that was not converted into share capital, there is no longer any hybrid capital component in shareholders' equity. Within the framework of the replacement of the hybrid capital, distributions for accumulated interest of EUR 16.2 million and repayments of the unconverted hybrid capital of EUR 9.1 million were made to the providers of hybrid capital.

6.4 PROVISIONS

For the measurement of pension obligations, the following updated discount rates, which differ from those of 31 December 2010, were applied:

	30.6.2011				31.12.2010			
(in %)	Switzerland	Euro area	USA	Canada	Switzerland	Euro area	USA	Canada
Discount rate	2.8	5.1	5.3	5.3	2.7	4.8	5.3	5.3

The actuarial gains that result from the increase in the discount rates in Switzerland and the Euro area were partly compensated by actuarial losses occurring on the plan assets due to weaker performance than expected. As at 30 June 2011, actuarial gains and losses of EUR 3.9 million (H1 2010: EUR -26.1 million) in total before taxes are recognised in other comprehensive income.

Compared to 31 December 2010, there were no material changes in other provisions.

6.5 FINANCIAL LIABILITIES

In March 2011, in response to the increase in accounts receivable caused by rises in prices and volumes, the ABS financing programme was increased from EUR 200.0 million to EUR 250.0 million. As at 30 June 2011, this amount was fully utilised.

7. CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS

The increase in the total amount of contigent liabilities under pledges, guarantees and purchase commitments to EUR 119.5 million (31 December 2010: EUR 67.2 million) is primarily attributable to the increase of EUR 53.7 million in the purchase commitments for pending investments. The majority of the new purchase commitments agreed relates to investments in the secondary metallurgy centre at Deutsche Edelstahlwerke GmbH (DE) which extend over several years.

8. TRANSACTIONS WITH RELATED PARTIES

Compared to 31 December 2010, no material changes have taken place in the type of the relationships with related parties. As a consequence of the general market recovery, the volume of sale and purchase transactions has increased again relative to the comparable period of the previous year.

Within the framework of the conversion and replacement of the hybrid capital, payments of EUR 16.2 million were made to the providers of the hybrid capital for accumulated interest. Of this amount, EUR 14.2 million accrued to SCHMOLZ + BICKENBACH Holding AG (CH), which is controlled by SCHMOLZ + BICKENBACH GmbH & Co. KG (DE), and EUR 2.0 million to GEBUKA AG (CH), which is controlled by Dr Gerold Büttiker, a member of the Board of Directors. Hybrid capital of EUR 9.1 million that was not converted into share capital was repaid to the providers of the hybrid capital. Of this amount, EUR 8.0 million accrued to SCHMOLZ + BICKENBACH Holding AG (CH) and EUR 1.1 million to GEBUKA AG (CH). In connection with the replacement of the hybrid capital, and the conversion of the hybrid capital interests into ordinary share capital, as well as additional share purchases, the interests controlled by SCHMOLZ + BICKENBACH GmbH & Co. KG (DE) increased from 39.53% to 43.21% and those controlled by GEBUKA AG (CH) from 5.20% to 5.59%. Information about the hybrid capital conversion is given in note 6.3.

9. EVENTS AFTER THE BALANCE SHEET DATE

In response to the further increase in the volume of accounts receivable, the total amount of the ABS financing programme was increased by EUR 50.0 million to EUR 300.0 million in July 2011. In addition, Swiss Steel AG (CH), has entered into the contracts as a further Group company that is entitled to sell receivables under the programme.

4-YEAR OVERVIEW HALF-YEAR

SCHMOLZ + BICKENBACH	Unit	2008	2009	2010	2011
Operational key figures					
Sales volume	kilotonnes	1 345	665	996	**1 213**
Income statement					
Revenue	million EUR	2 278.8	1 054.2	1 477.4	**2 087.3**
Operating profit before depreciation and amortisation (EBITDA)	million EUR	231.9	-115.2	102.3	**199.0**
Operating profit (EBIT)	million EUR	184.8	-166.5	49.2	**142.9**
Earnings before taxes (EBT)	million EUR	162.6	-198.4	8.7	**96.9**
Net income (EAT)	million EUR	108.6	-149.0	4.4	**69.8**
Cash flow/investments/depreciation					
Cash flow before changes in net working capital	million EUR	186.4	-113.0	117.1	**231.6**
Cash flow from operations	million EUR	29.0	174.2	-122.4	**46.0**
Cash flow from investing activities	million EUR	-106.2	-56.1	-13.5	**-32.9**
Cash flow before acquisition of group companies	million EUR	-69.3	118.7	-135.9	**13.1**
Free cash flow	million EUR	-77.2	118.1	-135.9	**13.1**
Investments	million EUR	99.7	59.0	41.3	**38.1**
Depreciation/amortisation and impairment	million EUR	47.1	51.3	53.1	**56.1**
Net assets and financial structure					
Total assets	million EUR	3 044.2	2 213.7	2 608.0	**2 807.9**
Total non-current assets	million EUR	908.2	979.4	1 031.6	**1 004.2**
Total current assets	million EUR	2 136.0	1 234.3	1 576.4	**1 803.7**
Net working capital	million EUR	1 460.3	918.6	1 014.3	**1 210.4**
Shareholders' equity	million EUR	813.4	646.6	559.4	**862.2**
Total non-current liabilities	million EUR	969.7	318.9	345.6	**1 003.0**
Total current liabilities	million EUR	1 261.1	1 248.2	1 703.0	**942.7**
Net debt	million EUR	1 089.6	907.9	1 086.4	**956.5**
Employees					
Employees per closing date	positions	11 201	9 953	9 933	**10 198**
Value management					
Capital employed	million EUR	2 244.1	1 787.9	1 923.5	**2 103.3**
Return on capital employed (ROCE)	%	20.7	-12.9	10.6	**18.9**
Key figures Profit/net assets and financial structure					
EBITDA margin	%	10.2	-10.9	6.9	**9.5**
EBIT margin	%	8.1	-15.8	3.3	**6.8**
EBT margin	%	7.1	-18.8	0.6	**4.6**
Equity ratio	%	26.7	29.2	21.4	**30.7**
Gearing	%	134.0	140.4	194.2	**110.9**
Net debt/EBITDA	factor	2.3	-3.9	5.3	**2.4**
Share key figures					
Number of registered shares	shares	30 000 000	30 000 000	30 000 000	**118 125 000**
Share capital	million EUR	192.6	192.6	192.6	**297.6**
Earnings per share	EUR/CHF	3.60/5.78	-5.17/-7.78	-0.07/-0.10	**0.60/0.76**
Shareholders' equity per share	EUR/CHF	26.96/43.32	18.78/28.30	15.88/20.94	**7.26/8.85**
Dividend per share	CHF	0.50	0.00	0.00	**0.00**
Share price, highest	CHF	97	32	38	**12**
Share price, lowest	CHF	60	11	24	**8**
Share price per closing date	CHF	81	30	29	**10**

4-YEAR OVERVIEW FULL-YEAR

SCHMOLZ + BICKENBACH	Unit	2007	2008	2009	2010
Operational key figures					
Sales volume	kilotonnes	–	2 306	1 375	2 001
Income statement					
Revenue	million EUR	4 247.3	4 091.9	2 052.1	3 119.3
Operating profit before depreciation and amortisation (EBITDA)	million EUR	416.8	233.9	-181.1	232.9
Operating profit (EBIT)	million EUR	326.0	138.4	-288.2	121.9
Earnings before taxes (EBT)	million EUR	279.8	72.2	-365.4	33.3
Net income (EAT)	million EUR	188.5	62.8	-276.0	38.6
Cash flow/investments/depreciation					
Cash flow before changes in net working capital	million EUR	301.3	154.7	-199.8	206.6
Cash flow from operations	million EUR	162.3	250.0	261.7	-46.0
Cash flow from investing activities	million EUR	-350.5	-217.5	-104.7	-90.4
Cash flow before acquisition of group companies	million EUR	-45.5	41.1	158.3	-134.2
Free cash flow	million EUR	-188.2	32.5	157.0	-136.6
Investments	million EUR	243.4	221.4	116.4	120.6
Depreciation/amortisation and impairment	million EUR	90.8	95.5	107.1	111.0
Net assets and financial structure					
Total assets	million EUR	2 661.0	2 670.2	2 222.0	2 557.8
Total non-current assets	million EUR	837.8	968.9	1 022.9	1 056.6
Total current assets	million EUR	1 823.2	1 701.3	1 199.1	1 501.2
Net working capital	million EUR	1 299.3	1 203.3	746.7	1 027.6
Shareholders' equity	million EUR	730.0	818.5	527.4	795.8
Total non-current liabilities	million EUR	854.1	976.8	313.4	1 026.1
Total current liabilities	million EUR	1 076.9	874.9	1 381.2	735.9
Net debt	million EUR	950.7	988.0	917.2	926.9
Employees					
Employees per closing date	positions	11 272	11 148	9 904	10 000
Value management					
Capital employed	million EUR	2 034.8	2 069.8	1 617.9	1 953.0
Return on capital employed (ROCE)	%	20.5	11.3	-11.2	11.9
Key figures Profit/net assets and financial structure					
EBITDA margin	%	9.8	5.7	-8.8	7.5
EBIT margin	%	7.7	3.4	-14.0	3.9
EBT margin	%	6.6	1.8	-17.8	1.1
Equity ratio	%	27.4	30.7	23.7	31.1
Gearing	%	130.2	120.7	173.9	116.5
Net debt/EBITDA	factor	2.3	4.2	-5.1	4.0
Share key figures					
Number of registered shares	shares	30 000 000	30 000 000	30 000 000	105 000 000
Share capital	million EUR	192.6	192.6	192.6	261.7
Earnings per share	EUR/CHF	6.27/10.30	2.08/3.30	-9.58/-14.47	0.63/0.87
Shareholders' equity per share	EUR/CHF	24.23/40.11	27.15/40.17	14.82/21.99	6.78/8.48
Dividend per share	CHF	1.25	0.50	0.00	0.00
Share price, highest	CHF	124	97	42	17
Share price, lowest	CHF	85	12	11	7
Share price per closing date	CHF	92	16	25	9

GOVERNING BODIES

BOARD OF DIRECTORS

Michael Storm (1951, elected until 2012) [4]
Chairman of the Board of Directors

Dr Hans-Peter Zehnder (1954, elected until 2013) [3]
Vice Chairman

Benedikt Niemeyer (1958, elected until 2012)
Delegate to the Board of Directors

Dr Helmut J. Burmester (1939, elected until 2012) [2, 4]

Dr Gerold Büttiker (1946, elected until 2012) [2, 4]

Manfred Breuer (1951, elected until 2012)

Benoît D. Ludwig (1945, elected until 2012) [2, 4]

Dr Alexander von Tippelskirch (1941, elected until 2012) [1]

HEADS OF THE BUSINESS SEGMENTS

Carlo Mischler (1958)
Swiss Steel AG

Karl Haase (1951)
Deutsche Edelstahlwerke GmbH

Patrick Lamarque d'Arrouzat (1965)
Ugitech S.A.

Bruce Liimatainen (1956)
A. Finkl & Sons Co.

Peter Schubert (1958)
SCHMOLZ + BICKENBACH Blankstahl GmbH

Gerd Münch (1962)
Steeltec AG

Bernd Grotenburg (1964)
SCHMOLZ + BICKENBACH Distributions GmbH

Thiery Crémailh (1961)
SCHMOLZ + BICKENBACH International GmbH

EXECUTIVE MANAGEMENT COMMITTEE

Benedikt Niemeyer (1958)
Chief Executive Officer

Dr Marcel Imhof (1948)
Chief Operating Officer

Axel Euchner (1961)
Chief Financial Officer

AUDITORS

Ernst & Young Ltd, Zurich

[1] Chairman of the Audit Committee
[2] Member of the Audit Committee
[3] Chairman of the Nomination and Compensation Committee
[4] Member Nomination and Compensation Committee

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