

SCHMOLZ + BICKENBACH  
Investor Presentation  
Q1 2014 Results  
Emmenbrücke, 22 May 2014



## Disclaimer

This publication constitutes neither a prospectus within the meaning of article 652a and/or 1156 of the Swiss Code of Obligations nor a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange. This publication constitutes neither an offer to sell nor a solicitation to buy securities of SCHMOLZ + BICKENBACH. The securities have already been sold.

This document shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities referred to herein in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to U.S. persons (as such term is defined in Regulation S under the Securities Act) absent registration or an exemption from registration under the Securities Act. The issuer of the securities has not registered, and does not intend to register, any portion of the offering in the United States, and does not intend to conduct a public offering of securities in the United States.



- 1** BUSINESS OVERVIEW Q1 2014
- 2** FINANCIAL PERFORMANCE Q1 2014
- 3** OUTLOOK AND GUIDANCE 2014
- 4** APPENDIX







# 1

## BUSINESS OVERVIEW Q1 2014



# Operational overview Q1 2014

## Markets and prices

- » Demand for special long-steel products picked up, in January also influenced by restocking effects
- » Customer industries show differing trends: automotive and oil & gas with strong demand, engineering still hesitant
- » Pressure on base prices continued
- » Nickel price on average in Q1 2014 below level of Q1 2013, started to rally in April 2014

## SCHMOLZ + BICKENBACH operational development

- » Sales volume increased by 9.6% (51 kt) to 581 kilotonnes
- » Revenue increased by 0.5% (EUR 4.2 m) to EUR 871.6 m; continued to be influenced by low price levels for both base prices and raw materials (scrap, alloys)
- » Gross margin improved to 34.1%
- » Adjusted EBITDA amounted to EUR 65.6 m, an increase of 39.0%; adjusted EBITDA margin improved to 7.5%
- » Group returns to profitability: positive earnings before taxes of EUR 19.0 m and positive net income of EUR 12.4 m
- » Net debt further reduced despite higher business volumes
- » Selling process for specific distribution units in Germany, Belgium, the Netherlands and Austria started



## Start of selling process for specific distribution units

- » SCHMOLZ+BICKENBACH is a leading producer of special long steel with a dedicated global Sales & Services network focusing on own mill products
- » The specific distribution units in Germany, Belgium, the Netherlands and Austria act as full range provider, therefore have a high percentage of “third party products”, thus do not longer fit into the new business model
- » Board of Directors approved the start of a selling process
- » Revenues of around EUR 600 m p.a. and around 1 000 employees affected
- » In parallel, the initiated restructuring programme for the distribution units will be continued
- » SCHMOLZ+BICKENBACH will continue to deliver its products to the specific distribution units after a successful sale



## Improvement in order intake, order backlog and sales volume

Incoming orders 2012 – March 2014 | in kt



Order backlog 2012 – March 2014 | in kt

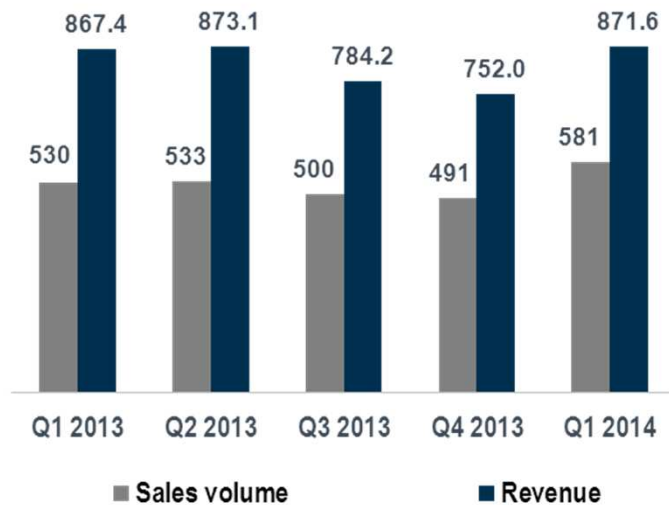


Sales volume 2012 – March 2014 | in kt

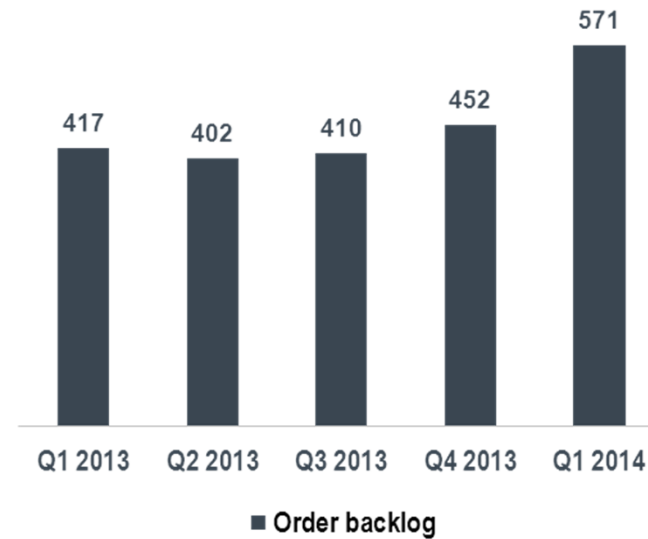


## Sales volume, revenue and order backlog

Sales volume and revenue Q1 2013 – Q1 2014 | in EUR m



Order backlog Q1 2013 – Q1 2014 | in kt

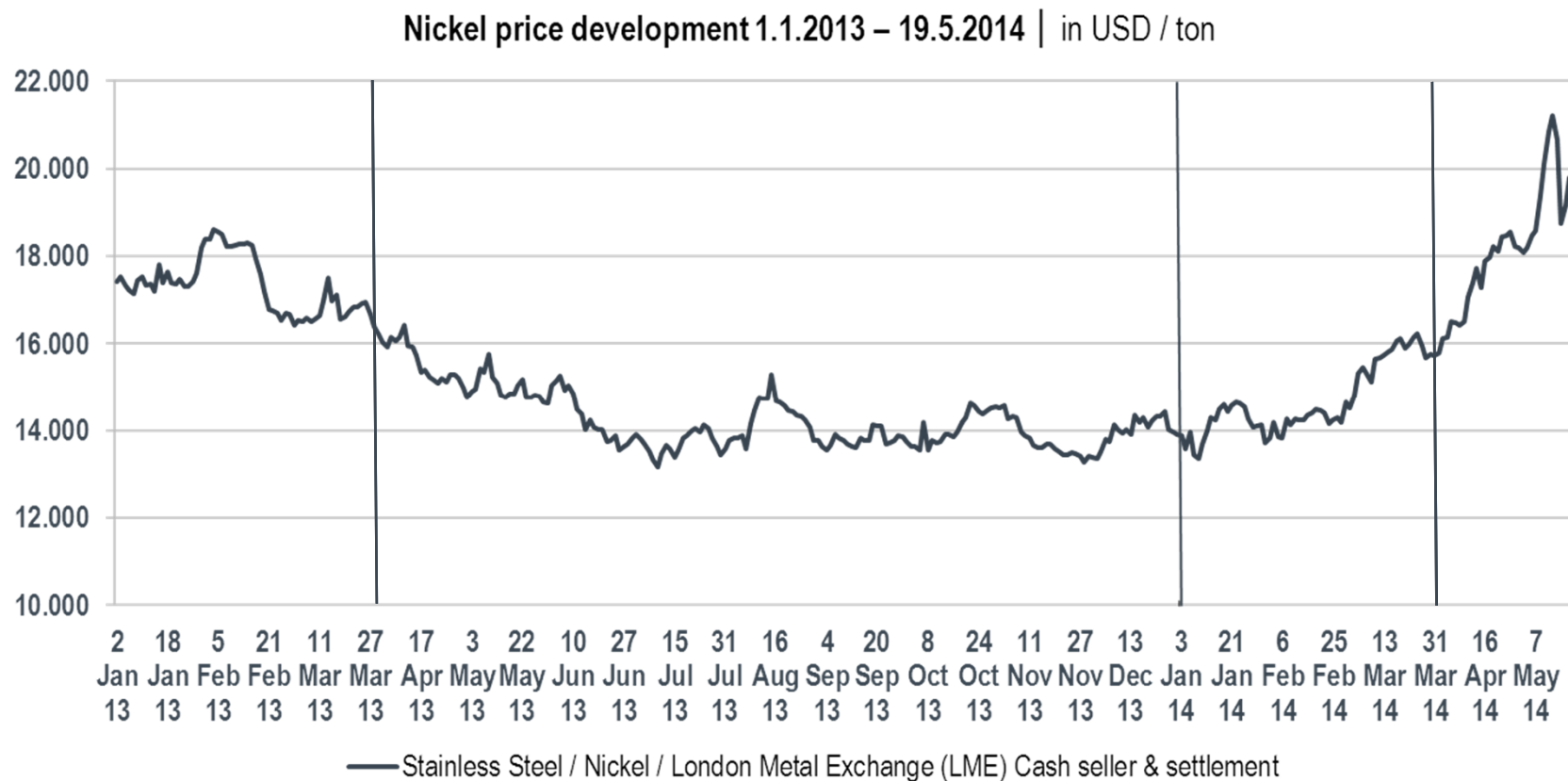


- » Order backlog started to increase since Q3 2013
- » Sales volume picked up significantly by 9.6% in Q1 2014





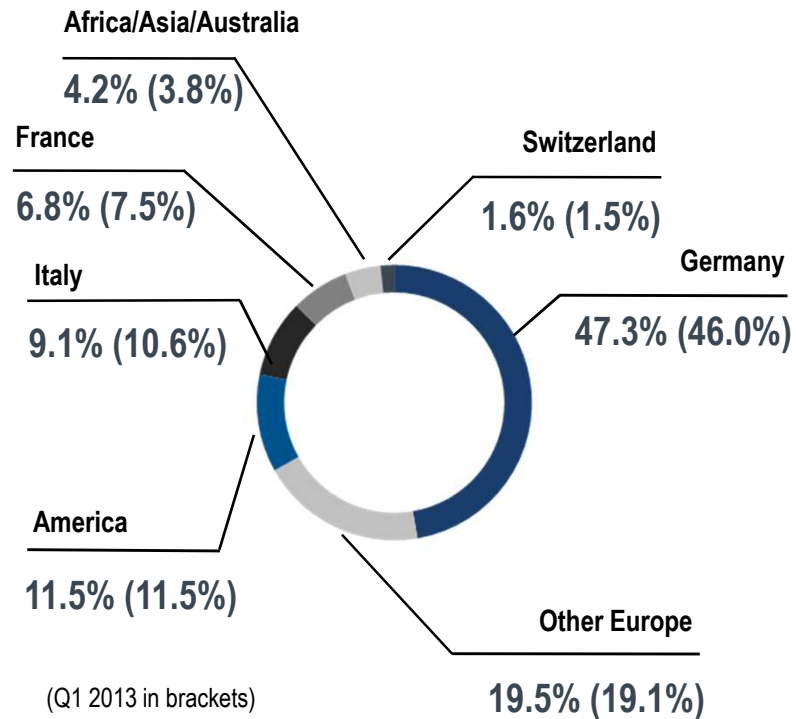
## Nickel price development January 2013 – May 2014



Source: Steel Business Briefing



## Revenue by regions

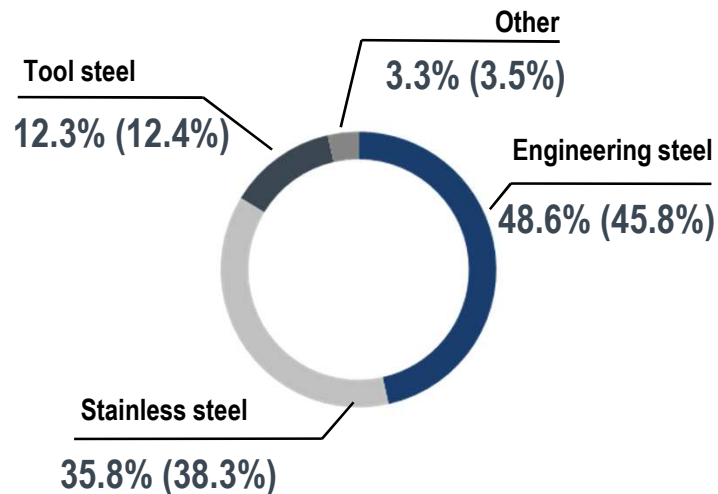


- » Germany and Central European countries remain the most important regions
- » Strong development in Germany increased share in SCHMOLZ + BICKENBACH's revenues



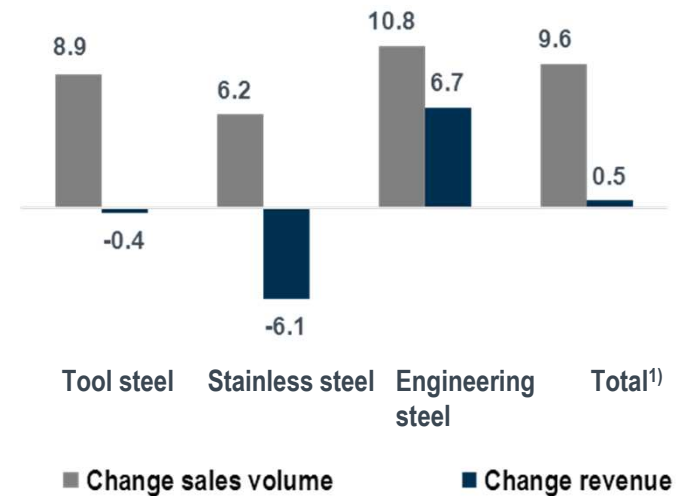
## Sales volume and revenue by product groups

Revenue by product groups | in EUR m



(Q1 2013 in brackets)

Change in revenue and sales volume | in %



- » All product groups show significant increases in sales volumes
- » Stainless steel with strong decrease in revenue, offset by high increase in engineering steel

1) Total includes Other/Consolidation





# 2

## FINANCIAL PERFORMANCE Q1 2014



## Results of operations – key figures

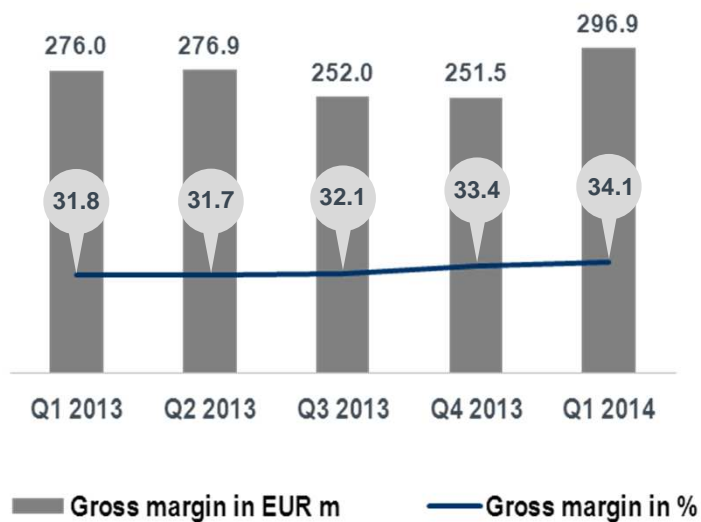
in EUR m	Q1 2014	Q1 2013	Change from prior year (%)
Sales volume (kt)	581	530	9.6
Revenue	871.6	867.4	0.5
Adjusted EBITDA	65.6	47.2	39.0
Adjusted EBITDA margin (%)	7.5	5.4	38.9
Operating profit before depreciation and amortisation (EBITDA)	63.8	46.6	36.9
Operating profit (loss) (EBIT)	34.0	17.3	96.5
Earnings before taxes (EBT)	19.0	-4.5	>100
Net income (loss) (EAT)	12.4	-7.7	>100





## Gross margin development

Gross margin Q1 2013 – Q1 2014 | in EUR m and in %

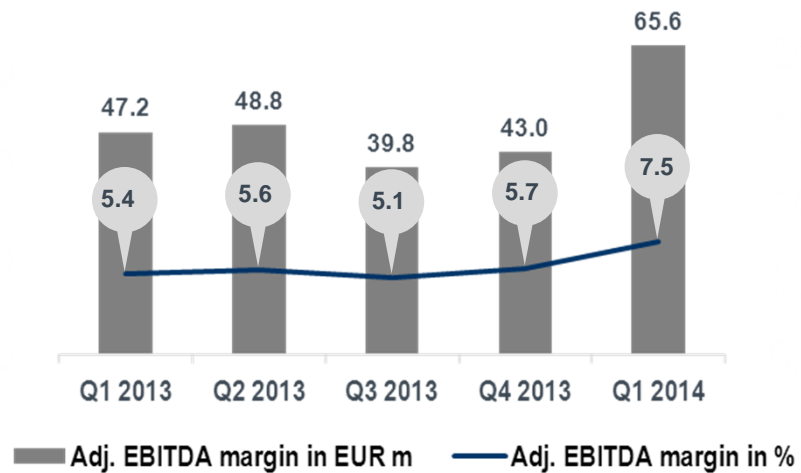


- » Absolute gross margin increased by EUR 20.9 m or 7.6% to EUR 296.9 m (1.1.-31.3.2013: EUR 276.0 m)
- » In percentage terms, gross margin increased from 31.8% in Q1 2013 to 34.1% in Q1 2014



## Adjusted EBITDA development

Adjusted EBITDA and adjusted EBITDA margin Q1 2013 –  
Q1 2014 | in EUR m and in %



» Adjusted EBITDA and adjusted EBITDA margin development continues to show positive impacts from both higher gross margins and earnings improvement programme



## Revenue by division

	Q1 2014	Q1 2013	Change from prior year (%)
<i>Production</i>	698.4	669.3	4.3
<i>Sales &amp; Services</i>	280.3	310.9	-9.8
SCHMOLZ + BICKENBACH Group*	871.6	867.4	0.5

\* Group figures include Other and consolidation/eliminations



## Adjusted EBITDA and adjusted EBITDA margin by division

Adjusted EBITDA	Q1 2014	Q1 2013	Change from prior year (%)
<i>Production</i>	59.2	41.6	42.3
<i>Sales &amp; Services</i>	9.7	6.8	42.6
SCHMOLZ + BICKENBACH Group*	65.6	47.2	39.0

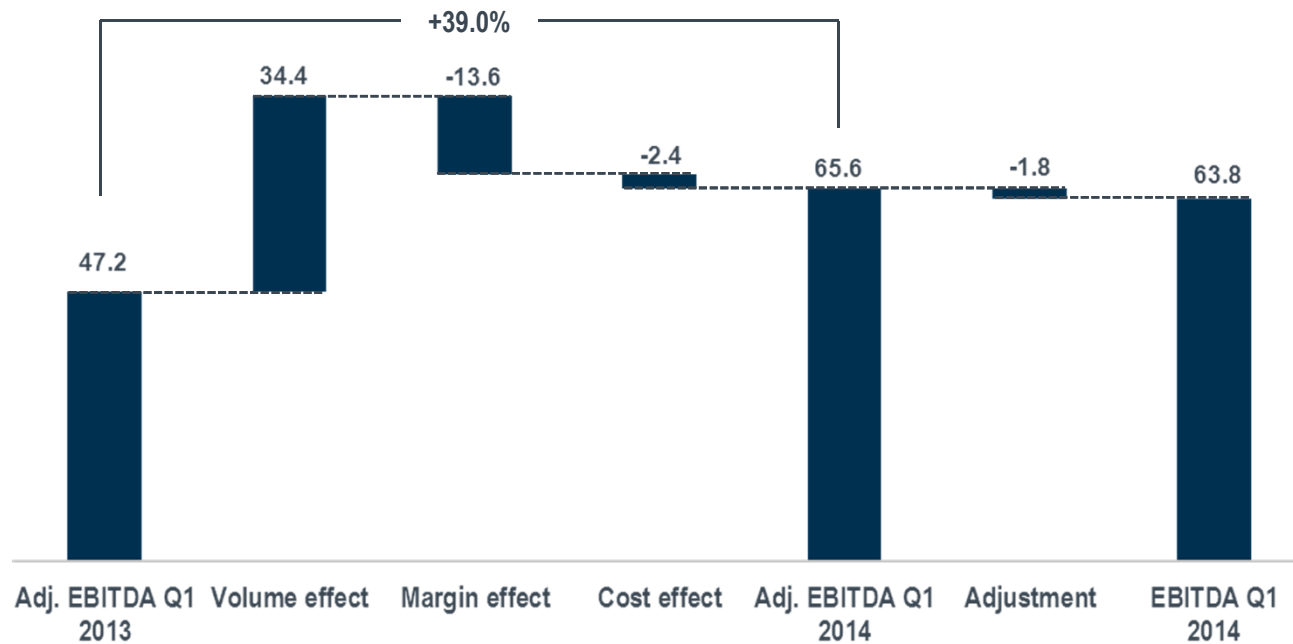
Adjusted EBITDA margin	Q1 2014	Q1 2013	Change from prior year (%)
<i>Production</i>	8.5	6.2	37.1
<i>Sales &amp; Services</i>	3.5	2.2	59.1
SCHMOLZ + BICKENBACH Group*	7.5	5.4	38.9

\* Group figures include Other and consolidation/eliminations



## Positive volume effect, price pressure continued

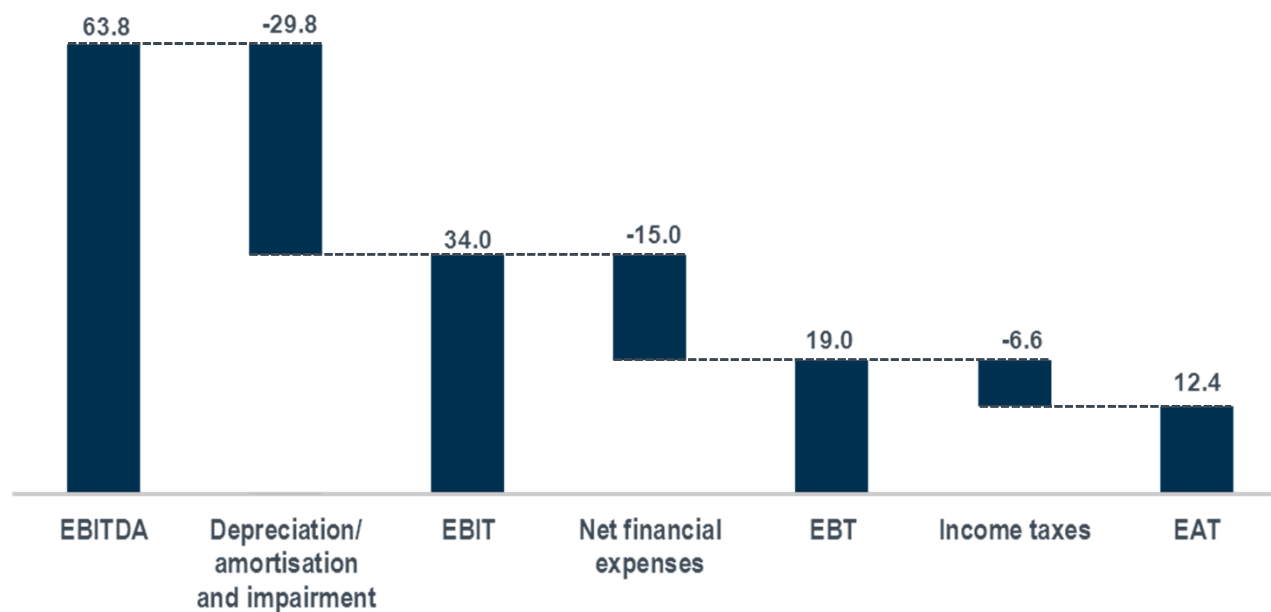
Adjusted EBITDA reconciliation 1.1.-31.3.2014 | in EUR m





## Positive operating results and lower financing costs result in positive earnings after taxes

Breakdown of results 1.1.-31.3.2014 | in EUR m



» Net financial expenses decreased by EUR 6.8 m or 31.2% to EUR 15.0 m (1.1.-31.3.2013: EUR 21.8 m)



## Financial position: key figures

		31.3.2014	31.12.2013	Change from 31.12.2013 in %	31.3.2013
Shareholders' equity	EUR m	886.1	889.9	-0.4	634.7
Equity ratio	%	36.3	37.4	-2.9	25.0
Net debt	EUR m	549.2	610.1	-10.0	931.7
Net debt/Adjusted EBITDA <sup>1)</sup>	factor	2.8	3.4	-38.2	7.4
Net working capital (NWC)	EUR m	935.2	949.5	-1.5	1 054.6
NWC/Revenue <sup>2)</sup>	%	26.8	29.0	-1.5	30.4

		1.1.-31.3.2014	1.1.- 31.3.2013	Change from prior year in %
Investments	EUR m	12.3	13.5	-8.9
Free cash flow	EUR m	78.5	4.1	>100

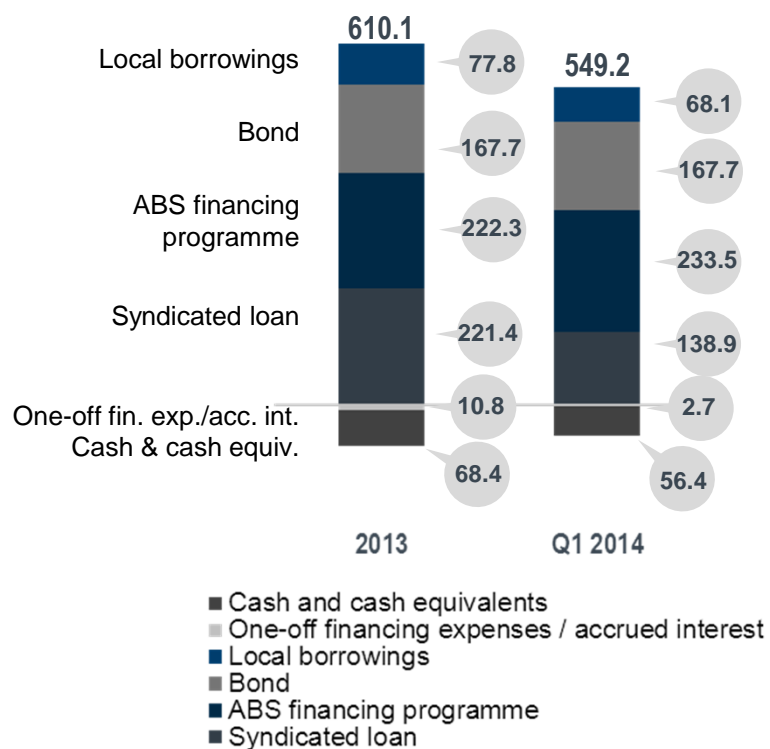
1) LTM

2) Annualised

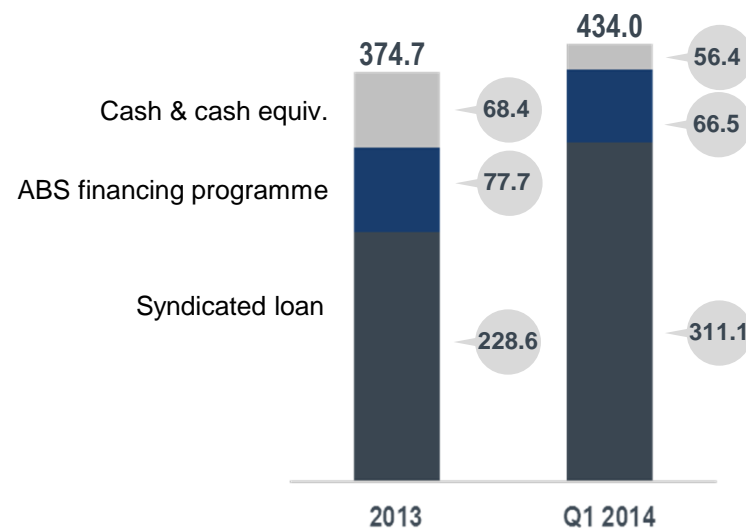


## Net debt and financial headroom

Net debt | in EUR m



Financial headroom | in EUR m





# 3

## OUTLOOK AND GUIDANCE 2014



## Outlook 2014

- » Prospects for global economy improve, with an expected global GDP growth of 3.2 to 3.7% in 2014<sup>1)</sup>
- » Eurozone and USA are expected to grow by around 1% and 3% respectively<sup>1)</sup>
- » Worldwide steel consumption is expected to increase by 3.1%<sup>2)</sup>
- » Stable currency exchange rates for the relevant currency relations CHF/EUR and USD/EUR expected
- » Steel prices are expected to have bottomed out in 2013. However, base prices remain on low levels with moderate increases throughout the year
- » Scrap prices expected to increase modestly, nickel price influenced by speculation on Indonesia's nickel ore export ban
- » Strategic realignment strengthens SCHMOLZ + BICKENBACH to assert itself in markets that become slightly less challenging
- » Earnings improvement programme and reduction of indebtedness will support earnings in 2014

1) Source: World Bank, "Global Economic Prospects, January 2014", Economist Intelligence Unit, OECD, IWF

2) Source: World Steel Association, April 2014





## Guidance 2014 – unchanged

	2013 reported	2014 expected
Sales volume	2 054 kilotonnes	Increase of 2% – 5%
Revenue <sup>1)</sup>	EUR 3 276.7 m	Increase of 2% – 5%
Adjusted EBITDA	EUR 178.8 m	EUR 190 m – EUR 230 m
CAPEX	EUR 105.7 m	At prior year level, significantly below depreciation/amortisation

1) Predictability of surcharges for scrap and alloying elements and exchange rates is very limited



# Q&A

THANK YOU FOR YOUR  
ATTENTION!





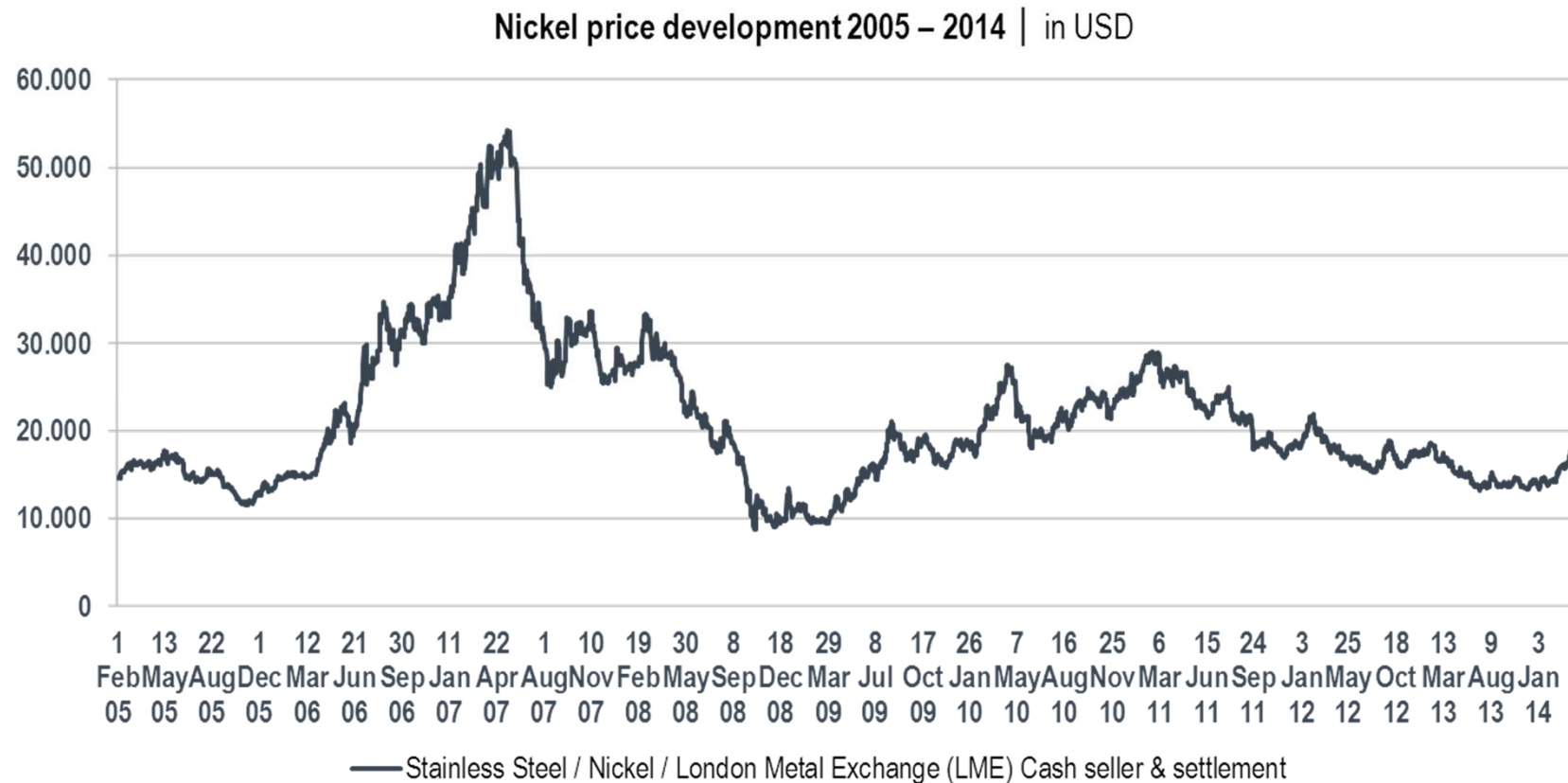


# 4

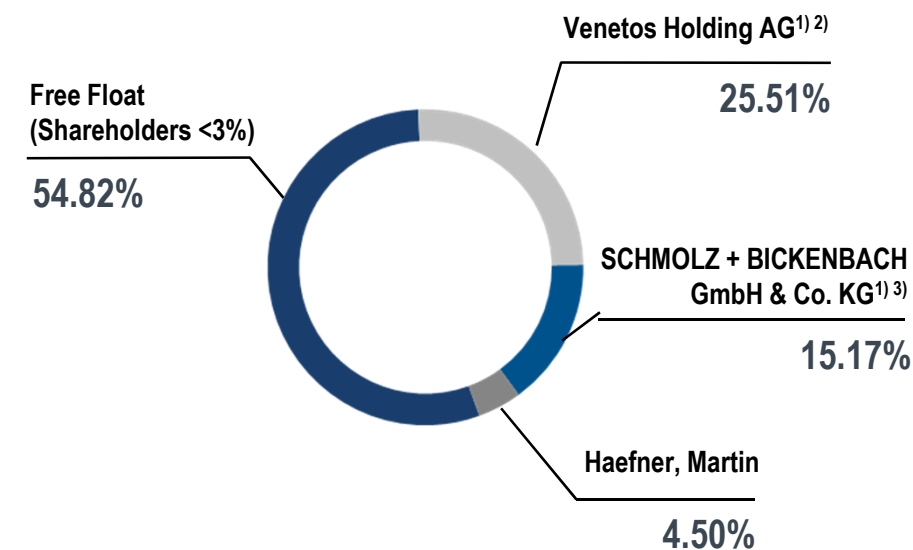
## APPENDIX



## Nickel price development



## Swiss listed company with supportive anchor shareholder



Shareholder Structure

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) Member of the Renova Group

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





## 5-year overview

		2009	2010	2011	2012	2013
Sales volume	kilotonnes	1 375	2 001	2 274	2 044	2 054
Revenue	million EUR	2 052.1	3 119.3	3 942.9	3 581.4	3 276.7
Adjusted EBITDA	million EUR	-181.1	232.9	296.2	151.1	178.8
Operating profit (loss) (EBIT)	million EUR	-288.2	121.9	179.6	-14.5	17.8
Net income (loss) (EAT)	million EUR	-276.0	38.6	42.7	-162.8	-83.7
Investments	million EUR	116.4	120.6	125.6	141.0	105.7
Free cash flow	million EUR	157.0	-136.6	191.6	44.0	73.7
Equity ratio	%	23.7	31.1	30.9	26.2	37.4
Net debt	million EUR	917.2	926.9	860.4	902.8	610.1
Gearing	%	173.9	116.5	101.9	142.6	68.6

2012 figures adjusted to IAS 19R



## 5-quarter overview

		Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
Sales volume	kilotonnes	530	533	500	491	581
Revenue	million EUR	867.4	873.1	784.2	752.0	871.6
Adjusted EBITDA	million EUR	47.2	48.8	39.8	43.0	65.6
Operating profit (loss) (EBIT)	million EUR	17.3	13.1	3.5	-16.1	34.0
Net income (loss) (EAT)	million EUR	-7.7	-11.2	-25.6	-39.2	12.4
Investments	million EUR	13.5	18.8	29.4	44.0	12.3
Equity ratio	%	25.0	24.5	24.5	37.4	36.3
Net debt	million EUR	931.7	952.7	971.5	610.1	549.2
Gearing	%	146.8	152.3	162.9	68.6	62.0



## Financial calendar and contact details Investor Relations

Date	Event
21 August 2014	Q2 Report 2014, Media and Analyst Conference
20 November 2014	Q3 Report 2014, Media Call, Investor Call

Stefanie Steiner	Director Investor Relations
Phone	+41 41 209 5042
Fax	+41 41 209 5043
Email	s.steiner@schmolz-bickenbach.com
Internet	www.schmolz-bickenbach.com



## Disclaimer

This publication constitutes neither a prospectus within the meaning of article 652a and/or 1156 of the Swiss Code of Obligations nor a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange. This publication constitutes neither an offer to sell nor a solicitation to buy securities of SCHMOLZ + BICKENBACH. The securities have already been sold.

This document shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities referred to herein in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to U.S. persons (as such term is defined in Regulation S under the Securities Act) absent registration or an exemption from registration under the Securities Act. The issuer of the securities has not registered, and does not intend to register, any portion of the offering in the United States, and does not intend to conduct a public offering of securities in the United States.

