SCHMOLZ + BICKENBACH

Q2 2017 Results – Investors & Analysts Conference Call

Lucerne, August 11, 2017

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Group

Disclaimer

Forward-looking statements

This presentation contains forward-looking statements about developments, plans, intentions, assumptions, expectations, convictions, possible impacts or the description of future events, outlooks, revenues, results or situations, for example. These are based upon the company's current expectations, convictions and assumptions, but could materially differ from any future results, performance or achievements. We are providing this communication as of the date hereof and do not undertake to update any forward-looking statements contained herein as a result of new information, future events or otherwise.

Content

01 Business Review Q2 2017

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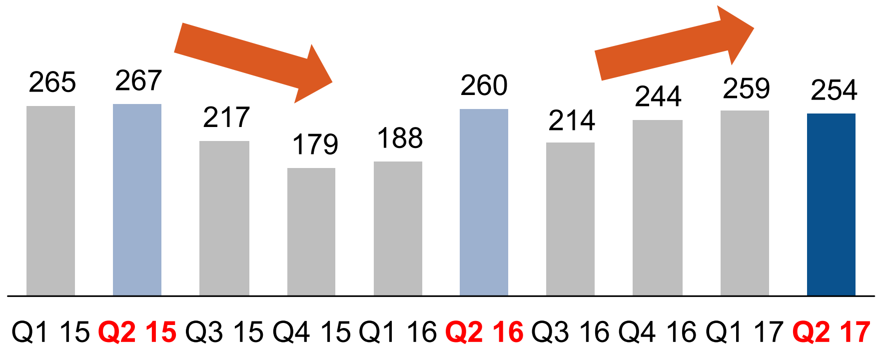
A Good Result in the Second Quarter 2017

- **Friendly Business Environment Continued**
  - Favorable market conditions from Q1 continued into Q2
  - Robust demand from main customer industries but with differentiated patterns
- **Improvement and Expansion Initiatives Well on Track**
  - Production at Steeltec's Swedish operations in Boxholm stopped
  - Implementation of new Sales & Services business model in Germany
  - Opening of Sales & Services location in Chile; closing of JV transaction with Tsingshan
- **Marked Improvement in Profitability**
  - Double-digit revenue growth and higher gross profit, supported by cost improvement measures
  - Adjusted EBITDA margin at 9.9%, from 8.5% in Q2 2016
- **Leverage at historically low level**
  - Positive Free Cash Flow despite higher net working capital needs
  - Leverage – net debt / adj. EBITDA at 2.2

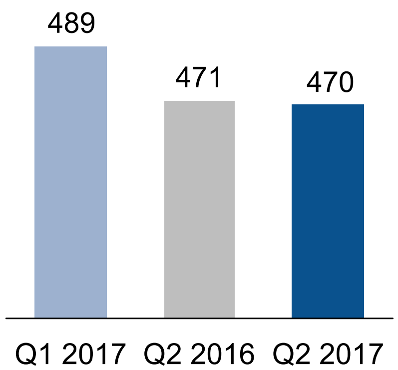
A More Normal Market Environment Similar to Q1 2017

- **Continued Favorable Market Environment**
  - Strength in the European automotive industry
  - Mechanical & Plant Engineering robust
  - Selective growth in Oil & Gas
- **Raw Material Prices Slightly Weaker Compared to Q1**
  - Scrap prices stable in Q2 vs. Q1 (–0.5%)
  - Nickel (–10%) and Ferrochrome (–6%) lower vs. Q1
- **Stable Volumes, Higher Sales Prices**
  - Volumes on par with Q2 16
  - Lower volumes vs. Q1 17 – restocking in Q1, Steeltec restructuring
  - Higher average sales prices – improved product mix, positive impact of contract renewals

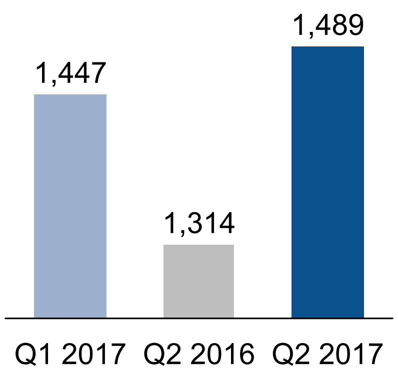
Steel Scrap Shredded fob Rotterdam
(quarterly average, USD/kt)



Sales volume
(kilotons)



Average sales price
(per ton)



Improvement Initiatives – Restructuring of Steeltec With Good Progress

Footprint Optimization on Track

- Production in Boxholm, Sweden, stopped in June
- First Swedish drawing line transferred to Steeltec in Dusseldorf started in June
- Relocation of equipment to Turkey on schedule
- Real estate in Nørresundby/Denmark sold
- New sales office for remaining sales team in Denmark

Sustainable Cost Reduction

- 95 FTEs / 13 contract workers
- Approx. EUR 4 million, fully effective 2018

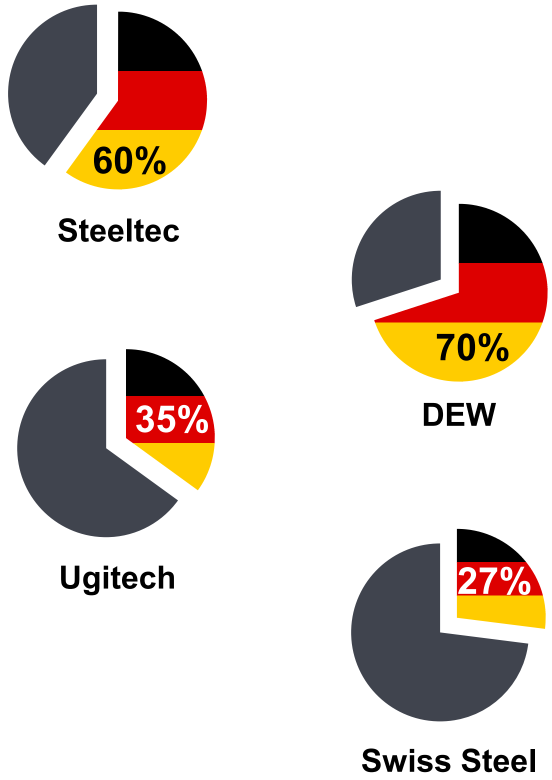

Steeltec A/S, Nørresundby (DK)


Steeltec, Boxholm (SWE)

Improvement Initiatives – New Sales & Services Business Model to Optimize Footprint in Germany

- **One face to the customer** – align and coordinate sales channels / sales strategies between BUs
- **Combine sales power** of all BUs – achieve additional volumes and increase market penetration
- **Optimized** and **cost efficient** sales and logistics footprint across all BUs – capture synergies (back-office and administration, logistics)
- **Leverage** local **market intelligence** and access across all BUs (sharing of know-how)

Germany – main market for the Group
(% of total Business Unit sales in 2016)



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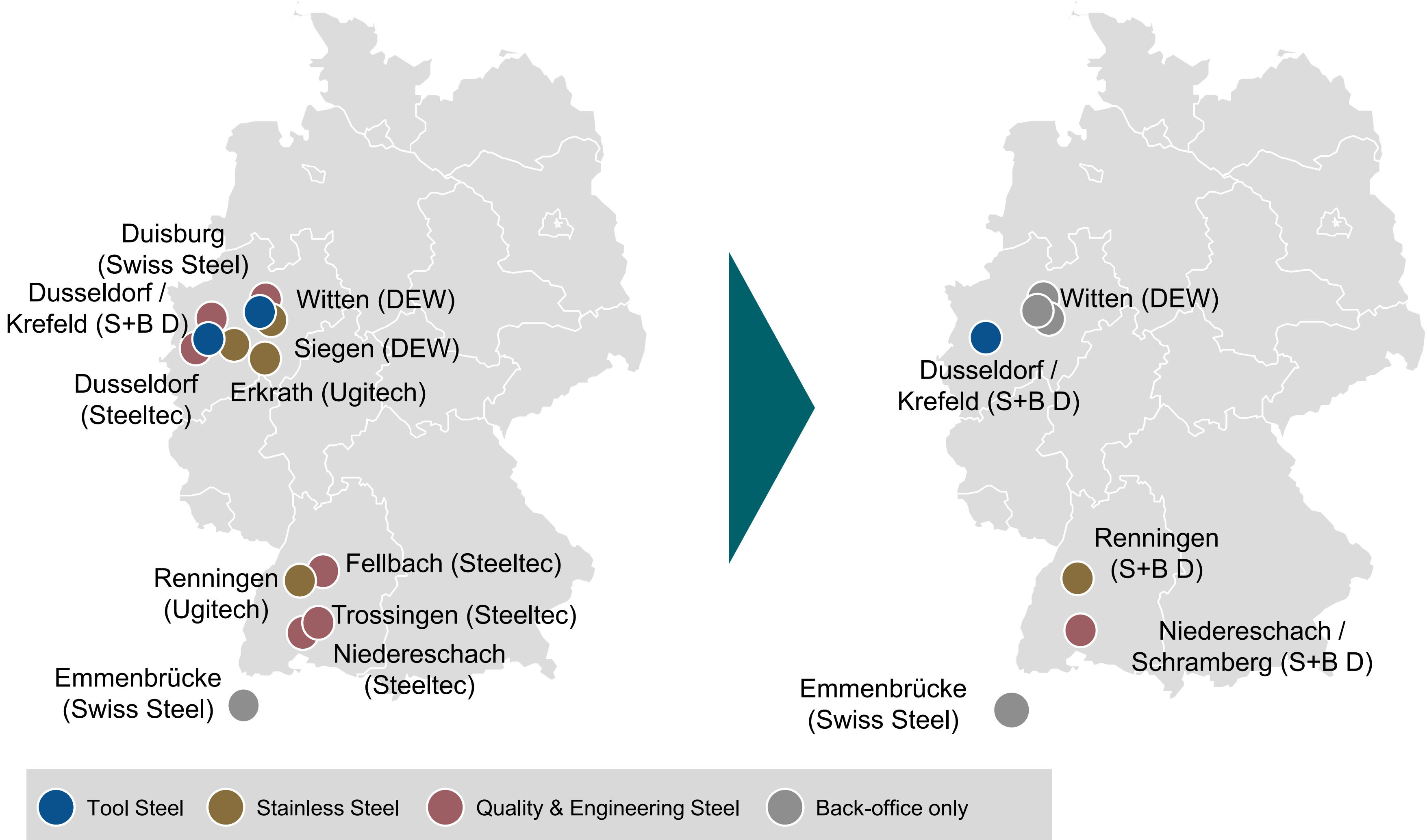
Improvement Initiatives – Reducing Complexity of Sales Organization in Germany



Improvement Initiatives – Opportunities Outweigh Threats in the United States

- **New Investment in the South of the United States**
  - Acquisition of Machine Shop in North Houston (Texas)
  - Addresses machining bottleneck at Chicago plant, results in faster lead times, creates local market presence and credibility in the market
  - Total investment: USD 6.5 mn (2017–2019)
- **Footprint Optimization**
  - Sale of warehouse in Brampton near Toronto, Canada
  - Cash inflow of ~ EUR 3 mn in June, P&L impact EUR 3 mn
- **Technology & Innovation**
  - Successful market launch – HVX high performance stainless fluid end material
- **Limited Exposure to Steel Imports Investigation**
  - Exports from Europe to the United States approx. EUR 75 mn annually or 3% of total revenues = max. of sales under threat of punitive tariffs
  - Approx. 75% of sales in the United States produced locally

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02 Financial Performance Q2 2017

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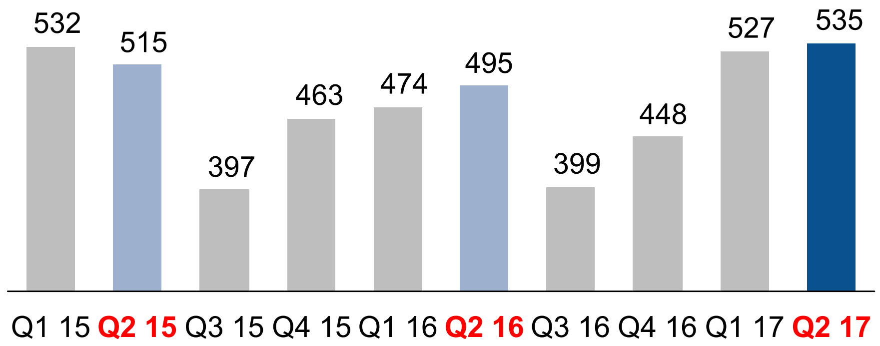
Strong Crude Steel Production to Ensure Ability of Supply

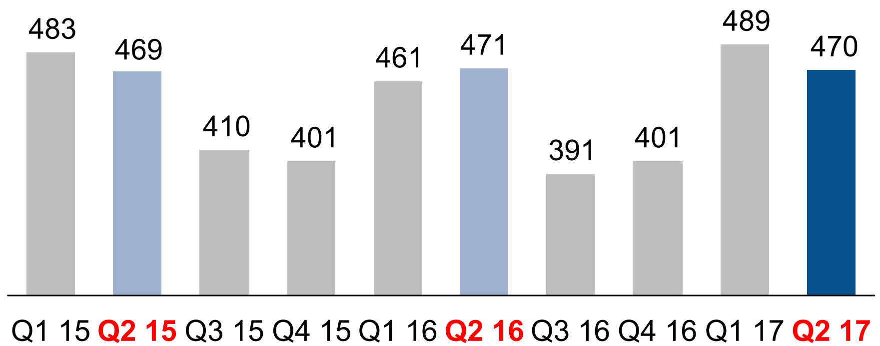
- **Growth in Crude Steel Production**
  - Crude steel production increased 8.1% compared to Q2 2016
  - Best production figure since Q1 2015
  - Pre-production in Q2 to ensure ability to supply during summer maintenance period in Q3

Crude Steel Production (kt)



- **Sales Volume Almost Stable on Solid Q2 2016 Level**
  - Sales volume almost stable – selective order intake to improve product mix
  - Lower sales vs. Q1 17 – restocking in Q1, restructuring of Steeltec
  - Order backlog: 600 kt vs 620 kt end of Q1 17

Sales Volume (kt)



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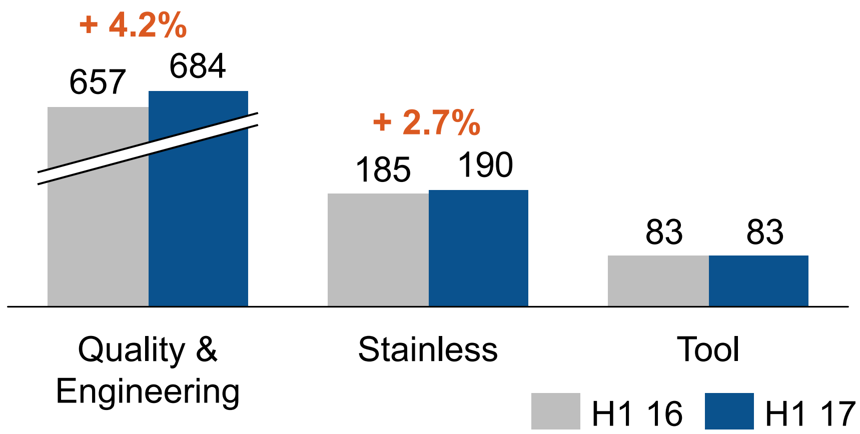
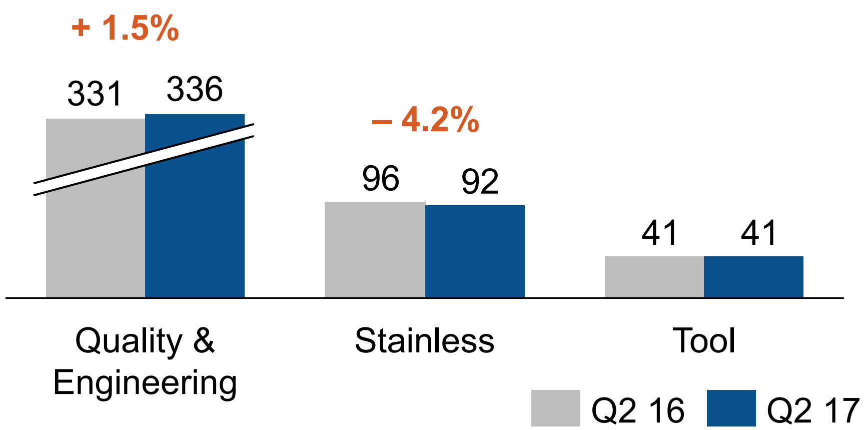
Strong Order Backlog Allowed a Selective Order Intake

- **Underlying Growth Trend Intact, Seasonal Fluctuations in Q1 / Q2**
- **Selective Order Intake to Improve Product Mix**
- **Quality & Engineering and Stainless with Growth in H1**
  - Strength in European automotive industry
  - Successful renegotiation of yearly contracts in late 2016 / early 2017
- **Tool Steel Stable with Least Dynamic**
  - Regional pockets of growth, no widespread uptick yet

Sales Volume by Product Group (kt)

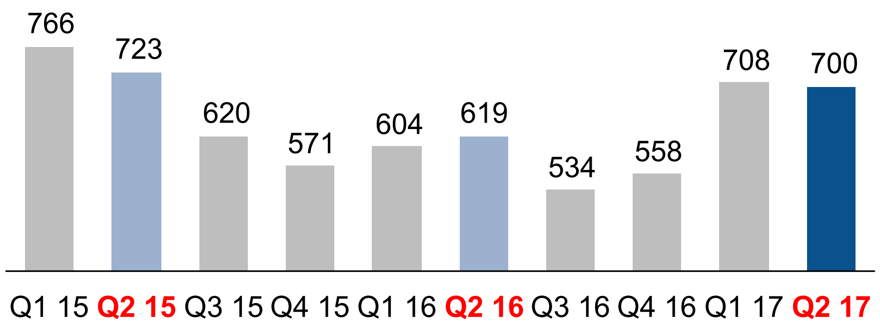




Revenue Growth Driven by Prices and Product Mix

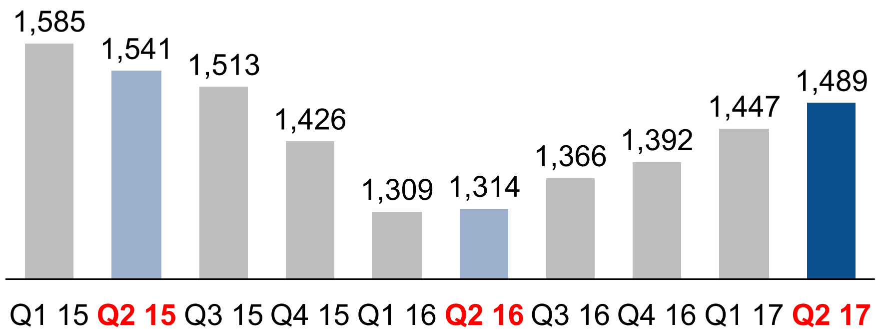
- **Revenue Grew by 13.1% vs. Q2 16**
  - Double-digit revenue growth due to higher sales prices and a better product mix

Revenue (EUR million)



- **Improving Trend of Sales Prices – Positive Gap Widened**
  - Quarterly sales price significantly increased in Q2 17 compared to Q2 16
  - Prices not yet back to pre-crisis levels

Average Sales Price (EUR/t)



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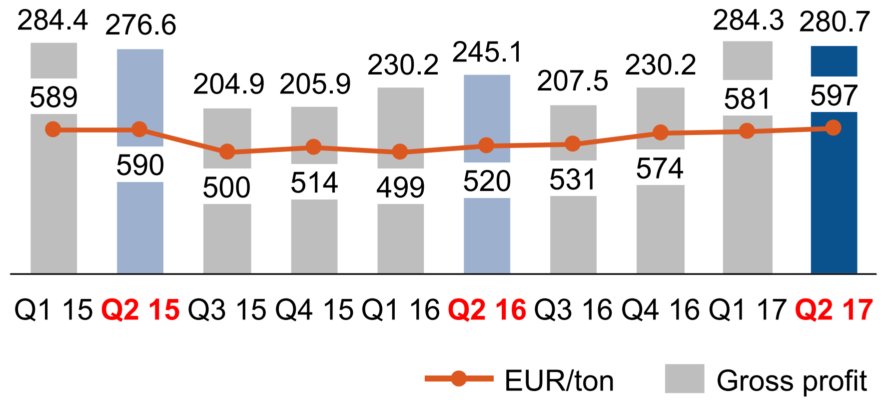
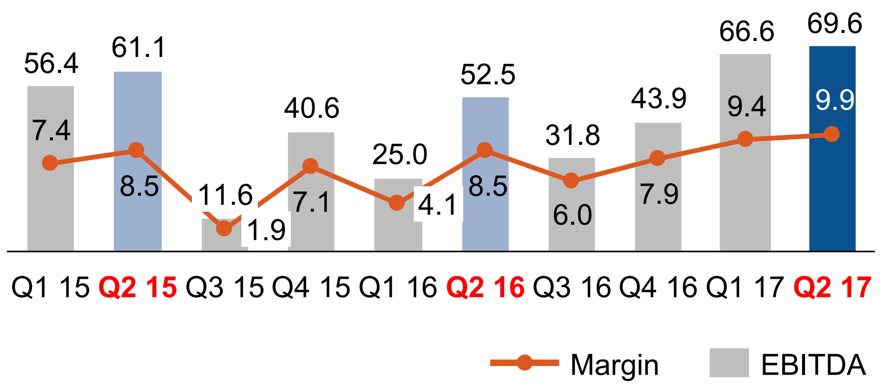
EBITDA Growth Supported by Continuing Performance Improvement Measures

- **Gross Profit/ton Highest Since 2015**
  - Gross profit/ton almost back to Q1 15 levels despite lower sales prices
- **Adjusted EBITDA Further Improved**
  - EUR 7.4 million sustainable cost savings
  - One-offs included in EBITDA amounted to EUR 5.8 million
- **Adjusted EBITDA Margin Mirrors Positive Impact of Efficiency Measures**
  - Highest margin in the last > 5 years

Gross Profit (EUR million / EUR/t)



Adj. EBITDA / margin (EUR million / %)



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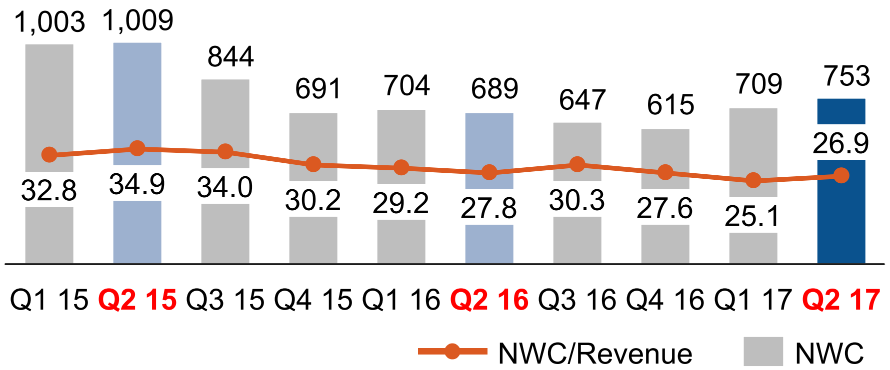
Positive Free Cash Flow Despite Higher NWC Needs, Leverage Ratio at Multi-Year Low

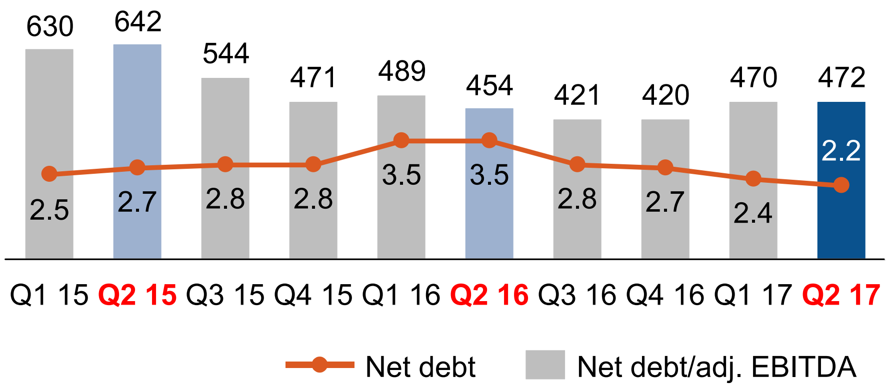
- **Positive Free Cash Flow Despite Higher NWC Needs**
  - FCF EUR 7.1 mn (Q2 16: EUR 38.9 mn)
  - NWC increased by EUR 44 million – strong sales and pre-production for Q3
  - Capex spend FY 2017e of approximately EUR 110 mn: investment in Texas, JV China
  - Prudent cash management – additional capex covered by asset sales (CAN, DK)
- **Short-term Lower NWC Efficiency**
  - NWC/sales 90 basis points below Q2 16 but higher vs. Q1 17
- **Leverage Lower on Rising EBITDA**
  - Net debt stable compared to Q2 16
  - Leverage ratio (net debt/adj. EBITDA) improved to 2.2

NWC / NWC/Revenue last 3M (EUR million / %)



NWC as at the reporting date as a percentage of annualized quarterly revenue

Net Debt / ND/adj. EBITDA (EUR million / ratio)



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03 Outlook 2017

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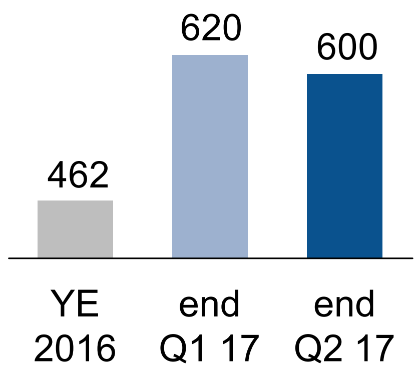
Outlook For Full-Year 2017 Raised – Cautious Optimism

- Strong order backlog at the end of H1
- Business expectations still good
- Robust demand in seasonally weak summer months expected
- Political and macroeconomic risks remain high
- Impact of any events unpredictable
- Raw material price volatility to remain high
- Costs pressure from electrodes and refractories

Order Backlog (kt)



Outlook for Full-Year 2017 Raised

- **SCHMOLZ + BICKENBACH expects an adjusted EBITDA between EUR 200 million and EUR 220 million**

Q & A Session

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Appendix

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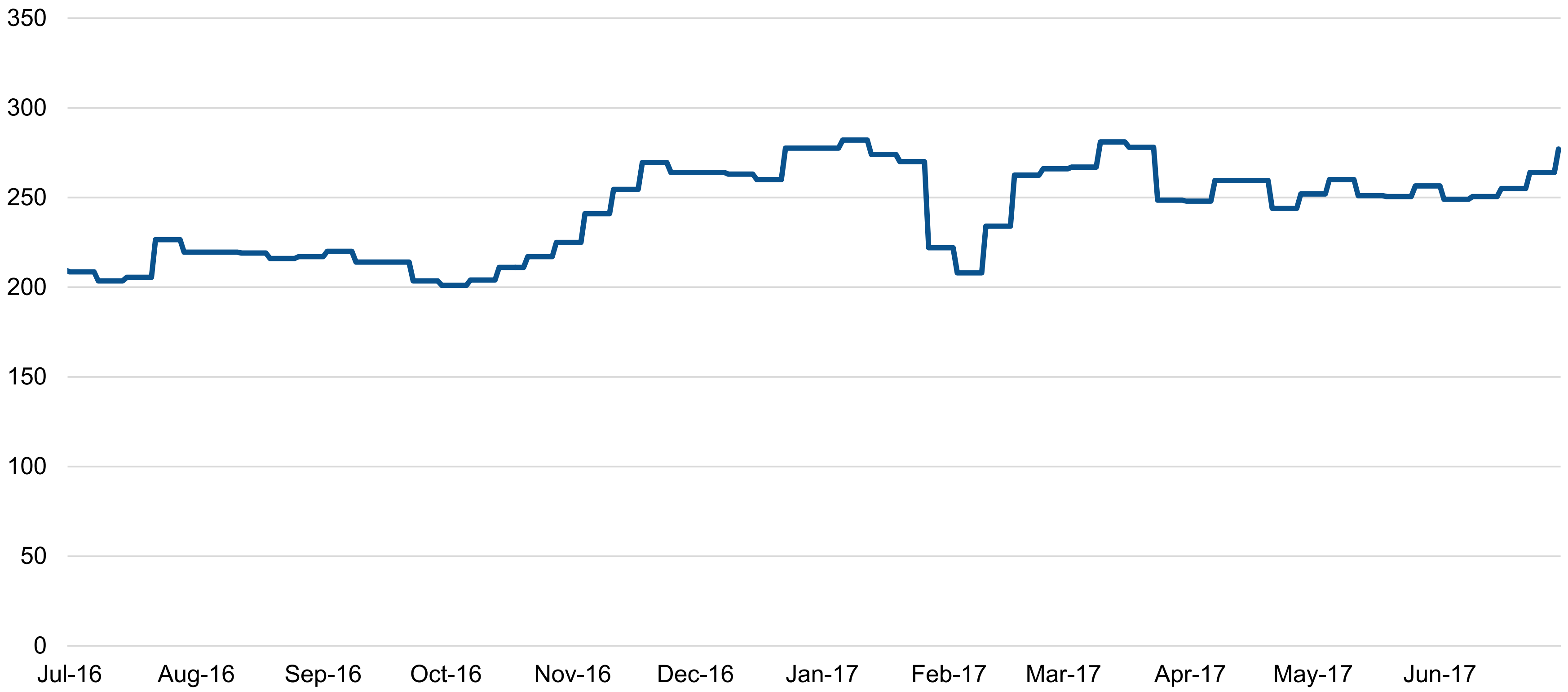
Nickel Price Development – 10 Years

Source: Bloomberg, LME Nickel USD/mt

Nickel Price Development – 1 Year

Source: Bloomberg, LME Nickel USD/mt

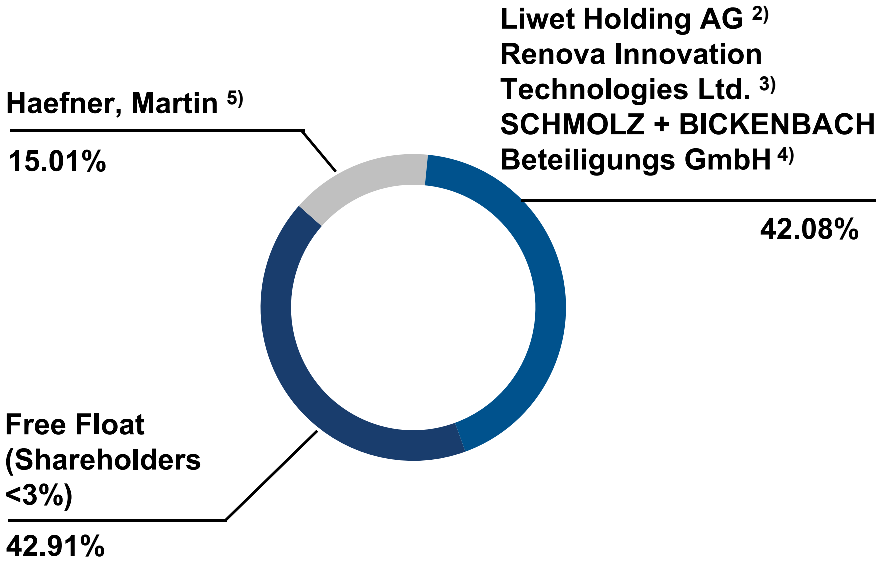
Scrap Price Development – 1 Year



Source: Bloomberg, Steel Scrap Shredded fob Rotterdam USD/t monthly average

Shareholder Structure

Shareholder Structure as at June 30 2017 [1)]



Key facts	
ISIN	CH0005795668
Ticker 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) Percentage of shares issued as at reporting date.
2) Acquisition of assets and liabilities of Venetos Holding AG, in Zurich (CHE-114.533.183), pursuant to the merger agreement dated Feb 18, 2015 and balance sheet as at Dec 29, 2014.
3) Until Mar 24, 2017 Lamesa Holding S.A. was a direct shareholder of the company.
4) Until Apr 12, 2016 Schmolz+Bickenbach Holding AG was a direct shareholder of the company.
5) Figures as reported to the Company and to the disclosure office of the SIX Swiss Exchange in accordance with applicable stock market regulations.

Financial Calendar and Contact

Date	Event
November 9, 2017	Interim Report Q3 2017, Conference Call for Media and Investors
March 8, 2018	Annual Result 2017, Media & Investors Conference, Zurich

Contact

Dr Ulrich Steiner

Vice President Corporate Communications & Investor Relations

Phone +41 41 581 4120

u.steiner@schmolz-bickenbach.com