SCHMOLZ + BICKENBACH

Q1 2018 Results – Investors’ & Analysts’ Conference Call

Lucerne, May 8, 2018

SCHMOLZ + BICKENBACH 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 Q1 2018

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First Quarter – A Strong Start Into the Year 2018

Sales volume	**545 kilotons**	**+11.5%**
Revenue	**EUR 828.9 million**	**+17.1%**
Adj. EBITDA	**EUR 70.3 million**	**+5.6%**
Group result	**EUR 59.0 million**	**EUR 16.5 million Q1 2017**
Free cash flow	**EUR –102.7 million**	**EUR –31.4 million Q1 2017**

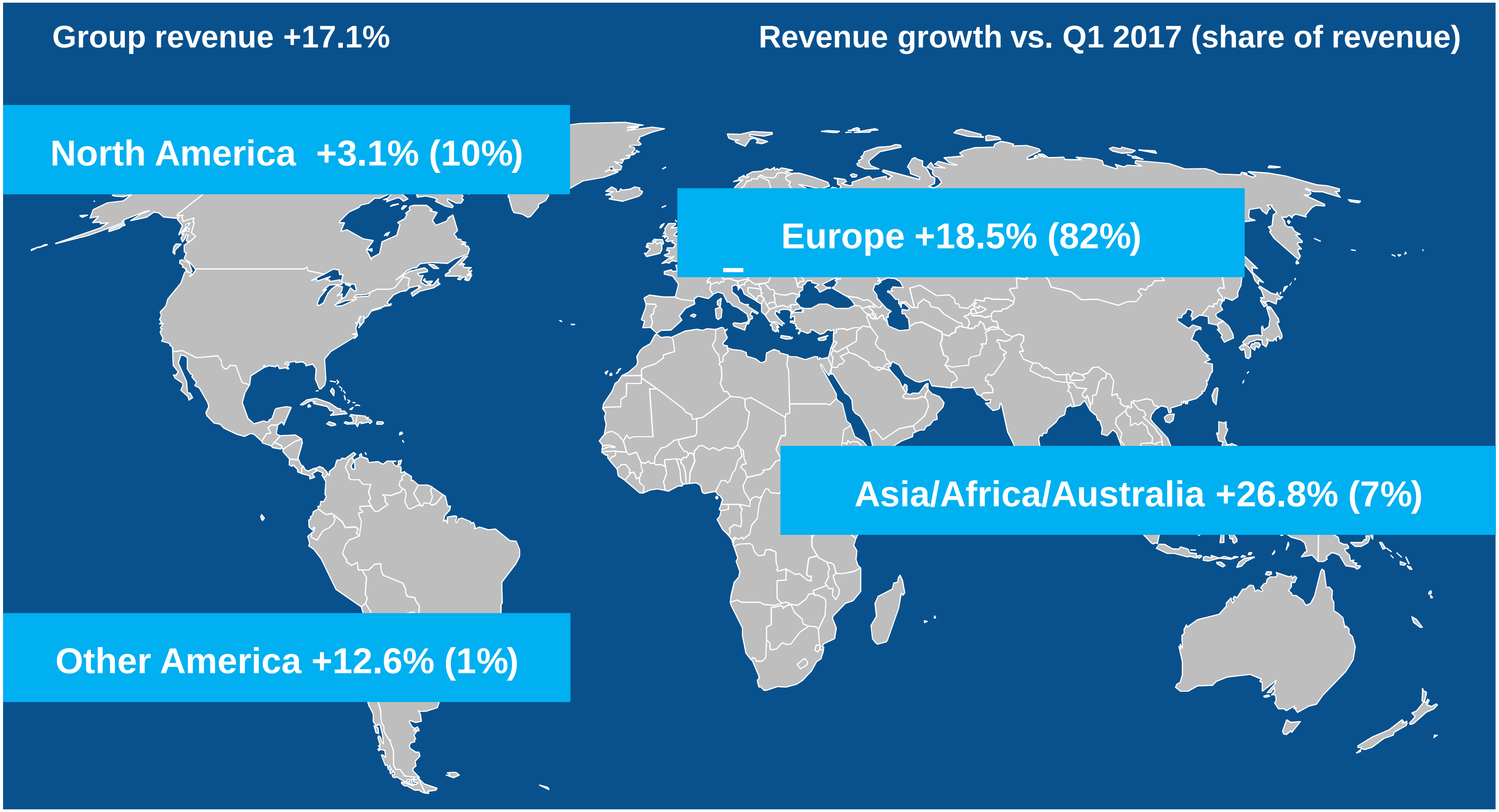
- All figures include Business Unit Ascometal results for two months; fully consolidated as of February 1, 2018
- Q1 2017 figures not restated

Persistently Favourable Market Situation in First Three Months

Commodity prices continued their upward trend from Q4 2017 (quarterly averages in USD per ton)	Nickel +14% Scrap (FOB Rotterdam) +13% Ferrochrome +3%
Oil price per barrel	USD 65 +8% vs. year-end 2017 (USD 60)
VDMA order entry February	+13% vs. February 2017
New passenger car registrations (EU)	+0.7% in Q1 2018 vs. Q1 2017
North American rotary rig counts	1,127 end Q1 2018 vs. 1,065 at year-end 2017

Sources: ACEA, Baker Hughes, WTI, VDMA, Platts, LME, ICDA (International Chromium Development Association)

Ascometal Acquisition Drives Double-Digit Growth in Europe



Differentiated Developments in the Three Product Groups

Sales volume by product group *% of total Group sales volume*		
	Quality & Engineering (~ 75%)	**+17.2%**
	Stainless (~ 18%)	**–2.0%**
	Tool (~ 7%)	**–4.8%**

- Ascometal only Q & E steel ➔ shift in product group mix:

Q&E	70% ➔ 75%
Stainless	20% ➔ 18%
Tool	10% ➔ 7%

Average sales prices			
	Total	**EUR 1,521/t**	**+5.1%**
	Q & E	**EUR 1,006/t**	**+18.3%**
	Stainless	**EUR 3,007/t**	**+3.9%**
	Tool	**EUR 2,737/t**	**+4.4%**

- Shift in product mix results in lower average sales prices for the Group – low-alloyed engineering steels with lower average sales prices than stainless and tool steel

All figures compared to Q1 2017

Integration Timeline – Three Phases, Successfully Started

Business Stabilization

Industrial Integration

- Reallocation of crude steel production and downstream processing between France, Germany and Switzerland
- Homologation of new production and processing routes
- Leverage R&D expertise of Ascometal

Optimization, Growth, Efficiency Gains, e.g.

systems / trainings / processes
customers / suppliers / R&D

2018 **2019** **2020+**

Feb 1, 2018 – asset transfer and consolidation of figures

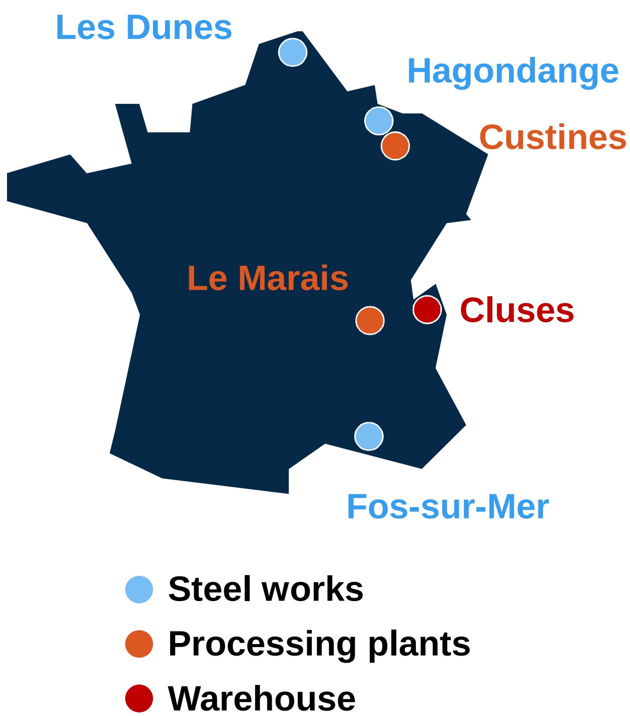
Ascometal – Preparing the Ground for the Industrial Integration

Ascometal Integration

- Fully consolidated since February 1, 2018
- Managed as separate Business Unit

Structural progress since transfer of assets on Feb. 1

- Validation of industrial concept nearing completion
- CFO and CSO recruited
- Legal structure established – five legal entities
- Sales entities reporting into Sales & Services
- IT infrastructure harmonization – e.g. mapping of chart of accounts, SAP integration, firewalls, intranet
- ABS program – approx. EUR 30 mn of receivables included
- Investments – new equipment for Hagondange approved (EUR 800k)
- Marketing – integration of new BU at flagship trade fair



02 Financial Performance Q1 2018

Opening Balance Sheet Ascometal *(preliminary, as of February 1, 2018)*

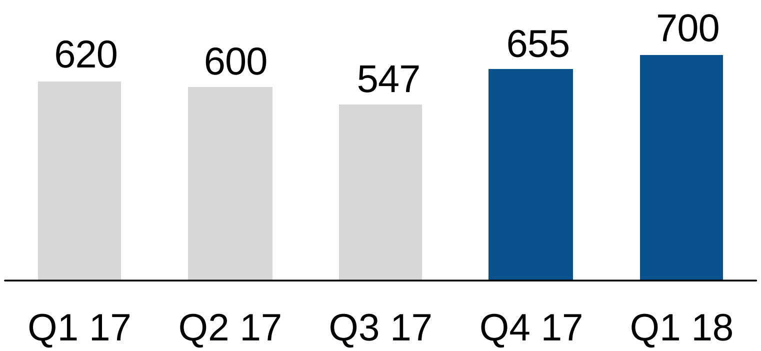
	Feb 1, 2018 / in million EUR	
Total non-current assets	28.6	
Total current assets	113.0	
Total assets	➔	**141.6**
Total non-current liabilities	45.7	
Total current liabilities	14.8	
Total liabilities	➔	**60.5**
Fair value of net assets acquired		**81.1**
Purchase price		35.1
Badwill		**46.0**
Acquired cash and cash equivalents	7.0	

- Positive impact from badwill on EBITDA expected to be largely offset by future restructuring cost

Production and Sales Volumes Increased on Good Demand

Crude Steel Production	**589 kilotons**	**+11.8%**	**vs. Q1/17 (527 kilotons)**
Sales Volume	**545 kilotons**	**+11.5%**	**vs. Q1/17 (489 kilotons)**
Order Backlog*	**700 kilotons**	**+6.9%**	**vs. end Q4/17 (655 kilotons)**

- Production and sales volume benefits from Ascometal
- No growth in sales volume ex-Ascometal :
  - high comparables in Q1 2017
  - One-time effect: Steeltec portfolio optimization
- Order backlog reflects current good market environment



Order Backlog *
(end of quarter, in kt)

** excluding Ascometal*

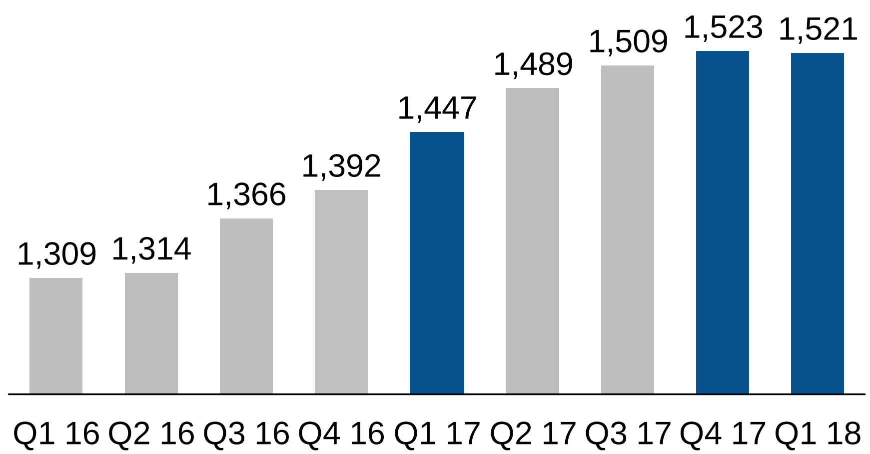
Strong Pricing Environment Persisted

Revenue	EUR 828.9 million	+17.1%	vs. Q1/17 (EUR 707.6 million)

- Revenue rose on Ascometal acquisition, base prices and higher alloy surcharges due to rising prices for raw materials

Average sales price	EUR 1,521/t	+5.1%	vs. Q1/17 (EUR 1,447/t)

- Overall favourable pricing environment
- Successful price negotiations with customers in Q4 2017 and Q1 2018 compensated graphite electrodes cost increase in H2 2017
- Average sales prices slightly down compared to Q4 2017 due to product mix (Ascometal consolidation)



Average Sales Prices (EUR/t)

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Adjusted EBITDA Rose by 5.6%

Adjusted EBITDA	**EUR 70.3 million**	**+5.6%**	**vs. Q1/17 (EUR 66.6 million)**
– EUR/t	**EUR 129/t**	**–5.2%**	**vs. Q1/17 (136)**
– margin	**8.5%**	**9.4%**	**in Q1/17**

- Adjusted EBITDA increase on the back of higher revenue
- Change in product mix resulted in lower unit EBITDA and lower margin

EBITDA	**EUR 103.1 million**	**+55.5%**	**vs. Q1/17 (EUR 66.3 million)**

- Positive net adjustments EUR 32.8 million: Badwill 46.0, Ascoval contract –10.8, Acquisition /other –2.4

Group Result	**EUR 59.0 million**	**EUR 16.5 million**	**in Q1/17**

Cash Flow Impacted by Acquisition and Seasonality

Free Cash Flow	EUR –102.7 million	EUR –31.4 million	in Q1/17

- Lower FCF mainly due to increase in NWC as a result of Ascometal acquisition
- In addition, FCF shows normal seasonality with lower FCF in the first half-year

Investments	EUR 15.1 million	+33.6%	vs. Q1/17 (EUR 11.3 million)

- Investments above previous year period, partly for Ascometal, Swiss Steel and Ugitech investments

Net working capital	EUR 906.8 million	+32.4%	at year-end 2017

- Net working capital increased to EUR 907 million from EUR 685 million compared to year-end 2017
- NWC increase resulted from the increase in trade receivables and higher inventories

NWC / Revenue	27.4%	26.0%	at year-end 2017

- Rising raw material prices and higher NWC due to Ascometal

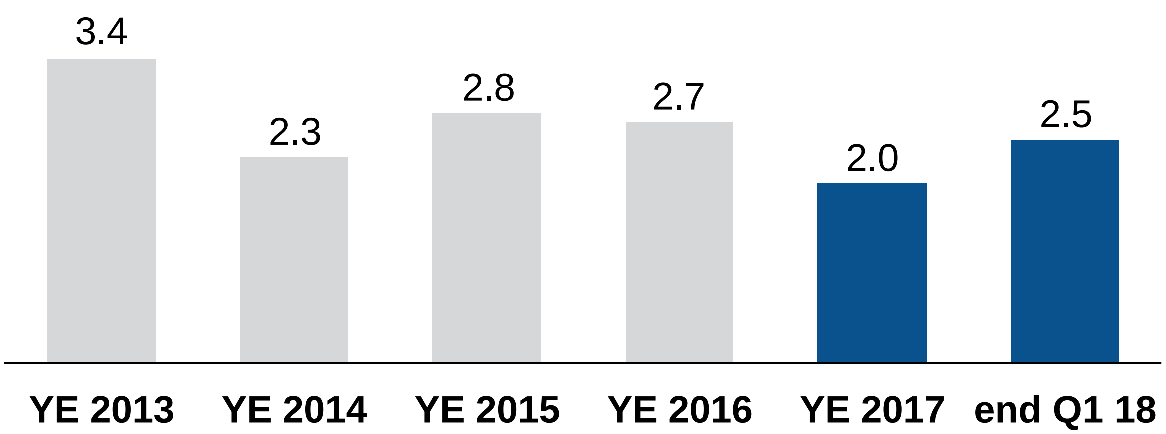
Leverage Increased as Expected – Significantly Below Historical Values

Net debt	EUR 557 million end Q1/18	EUR 442 million end Q1/17

- Higher net debt due to net working capital increase in absolute terms

Leverage	2.5 x end Q1/18	2.0 x year-end 2017

- Acquisition-related increase in leverage (net debt / adj. EBITDA), still at a comfortable level



Net debt/adj. EBITDA (x)

03 Outlook 2018

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Outlook For Full-Year 2018

Supportive business environment

- Synchronized global economic upswing largely intact
- No signs of weakness in customer industries currently
- Further volume growth expected in the special long steel industry in 2018
- Strong order backlog at the end of Q1 2018
- Raw material price volatility to remain high, but so far positive for the business
- Risk of cost inflation (e.g. labor) in a strong economic environment

Outlook for full-year 2018 confirmed

SCHMOLZ + BICKENBACH expects an adjusted EBITDA in a range between EUR 200 million and EUR 230 million

Q & A

Appendix

Nickel Price Development – 1 Year

Source: Bloomberg, LME Nickel USD/mt

Nickel Price Development – 10 Years

Source: Bloomberg, LME Nickel USD/mt

Financial Calendar and Contact

Date	Event
August 8, 2018	Interim Report Q2 2018, Media and Investor Conference Call
November 8, 2018	Interim Report Q3 2018, Media and Investor Conference Call

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