

FORGING THE FUTURE



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Search for new management successfully completed

- Johannes Nonn (born 1965) elected as new CEO
Member of the Executive Management of Salzgitter AG, with responsibility for the steel division. Has outstanding knowledge of the steel industry and many years of experience in customer-oriented and process-optimised business establishment and expansion
- Hans-Jürgen Wiecha (born 1962) elected as new CFO
CFO of Gerresheimer AG. Extensive specialist knowledge and experience as a financial executive
- Both will take over their new functions on 1 February 2013



Overview 01.01.–30.09.2012

- _ Increasing difficulties in market environment due to uncertainties caused by the financial and economic crisis, especially in Europe
- _ Decline in sales volume (-7.4%) and revenue (-7.1%) despite significant growth rates in North America
- _ Decline in earnings could not be compensated for in the short term by cost-saving measures
- _ EBITDA before restructuring costs fell by 38.6% to EUR 152.6 million due to decreasing sales volume and increasing margin pressure in Europe
- _ Q3 weaker than the other quarters due to summer shutdowns and general overhauls in some plants
- _ Major restructuring measures initiated in some business units



Major restructuring programs already started at business units most impacted

Division	Measures	Status	Expected restructuring costs	Expected cost savings (Total/Effective 2013)
Production	Deutsche Edelstahlwerke GmbH: _ Reduction of non-production staff by 15% _ Variabilization of all relevant other cost items (> 100 individual measures)	In preparation	EUR ~13.0 million expected to be recognized in Q4 2012	million EUR Total 21.0 Effective 2013 13.5
Processing	SCHMOLZ + BICKENBACH Denmark: Relocation of coil-to-bar drawing to Düsseldorf	Completed	EUR 0.0 million	Total/Effective 2013 0.8
Distribution + Services	SCHMOLZ + BICKENBACH Distributions GmbH: _ Reduction of personnel expenses by 20% _ Closure of several branches _ Savings in freight and temporary staff	In implementation	EUR 9.9 million recognized in Q3 2012	Total 12.5 Effective 2013 8.5



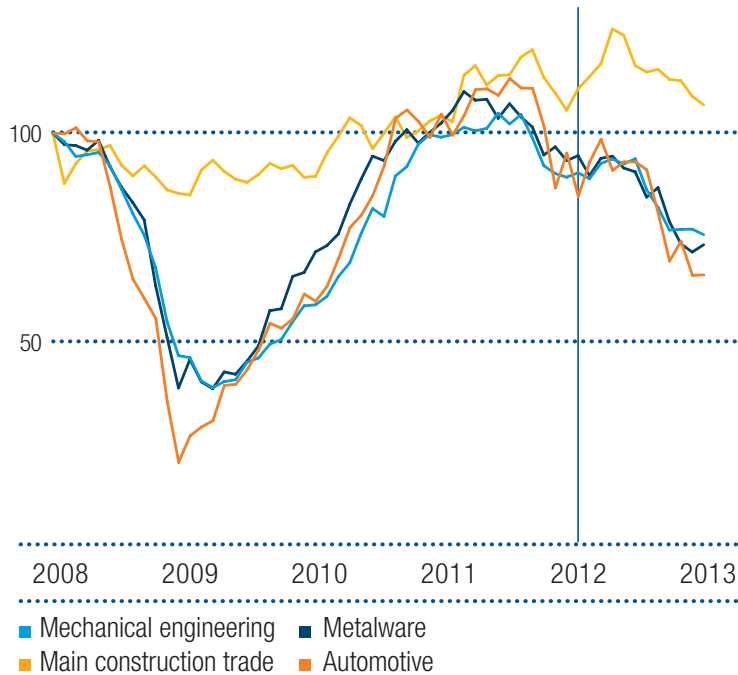
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BUSINESS DEVELOPMENT 01.01.–30.09.2012

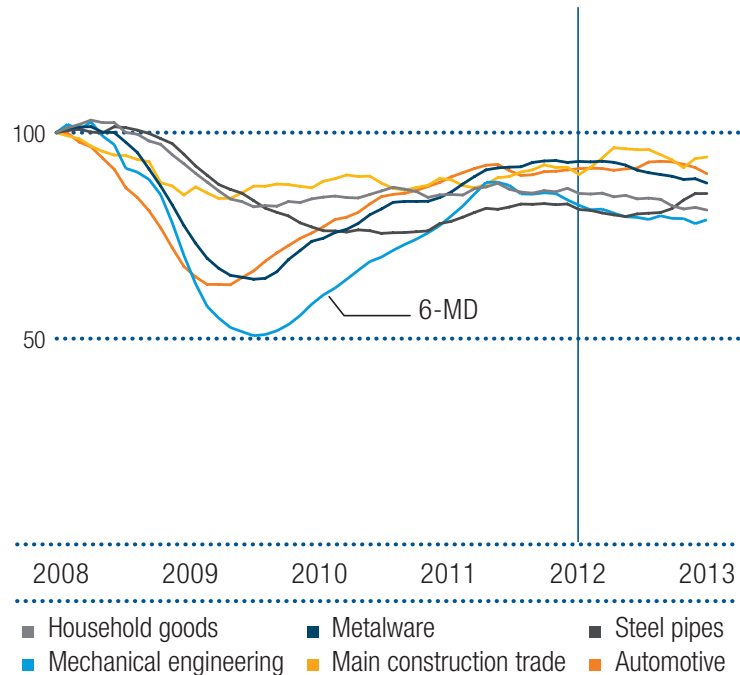


Deteriorating business climate and incoming orders noticeable

Ifo business climate of selected steel processing industries | 2008=100



Incoming orders of selected industries (Germany) | 2008=100, seasonally adjusted, 3-MD

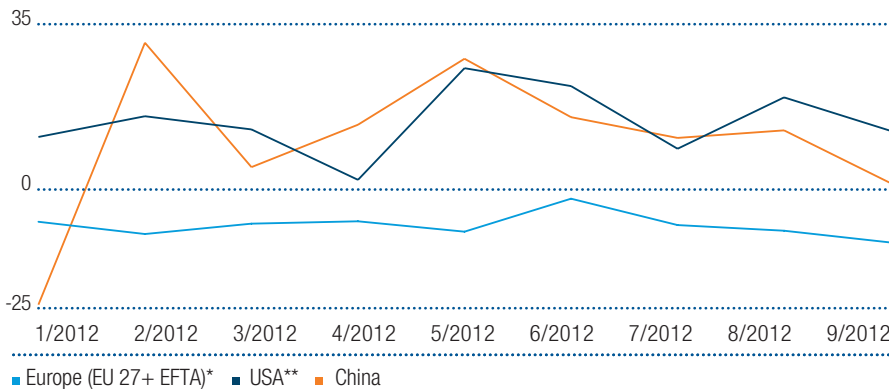


Source: ifo Institute, Federal Statistical Office



Important customer industries weakened

Passenger car registrations in selected countries, 2012
Percent change in comparison to 2011 on monthly basis



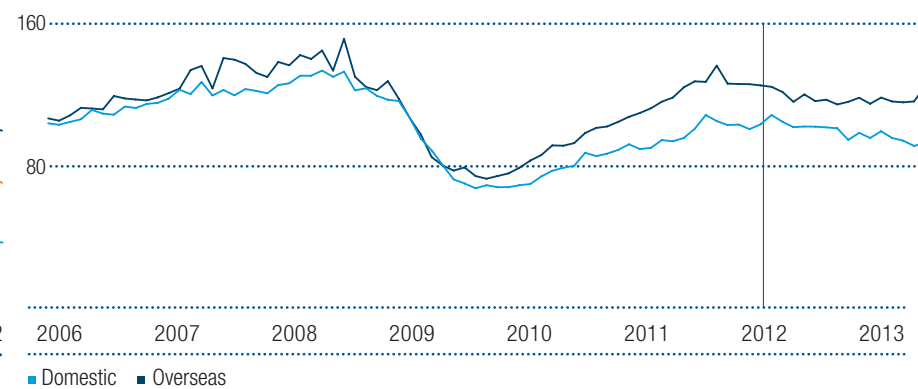
* Without Malta and Cyprus

** Light vehicles

Source: VDA, ACEA

- New car registrations declining in Europe
- Growth in China cooling
- USA still positive

Engineering in Germany, order intake domestic and overseas I
seasonally adjusted, 2005=100



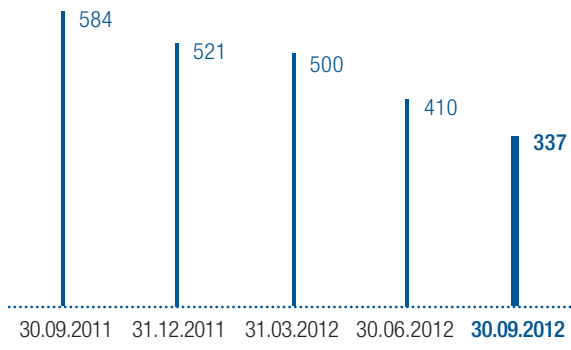
Source: Ausschuss Wirtschaft und Märkte, WV Stahl September 2012

- From November 2011 order intake declining compared to previous year. Recently showing signs of stabilization, slight increase in September
- Overseas demand increasing again. Clear restraint in purchasing in Germany

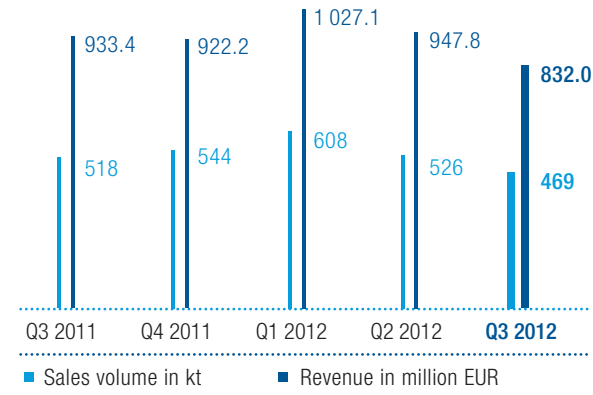


Order backlog, sales volume and revenue declining due to market

Order backlog Q3 2011–Q3 2012 | in kt



Sales volume and revenue Q3 2011–Q3 2012 |
in kt and in million EUR

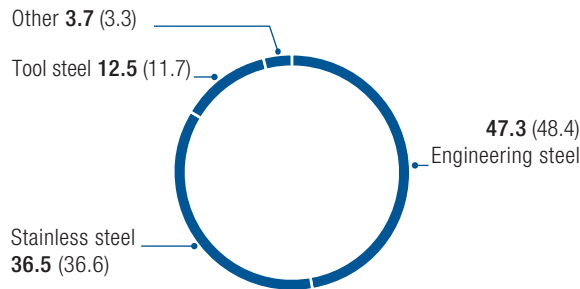


- Continued fall in order backlog, order income increasing since September
- Low capacity utilization of production and processing sites compared to previous year
- Q3 2012 sales volume decreased by 9.5% and revenue by 10.9% compared to Q3 2011



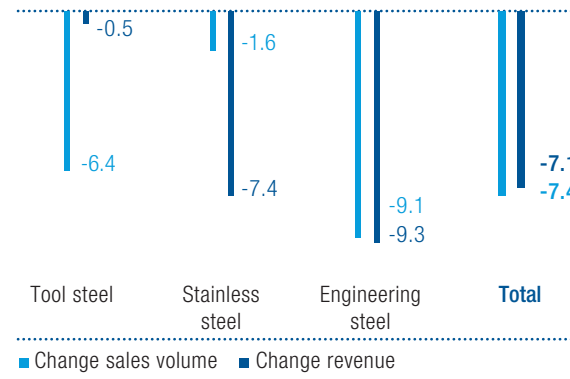
Variable decline in individual product groups

Revenue by product groups 01.01.–30.09.2012 |
in %



■ Revenue | Compared to 01.01.–30.09.2011 (in brackets)

Change in revenue and sales volume by
product groups to previous year | in %



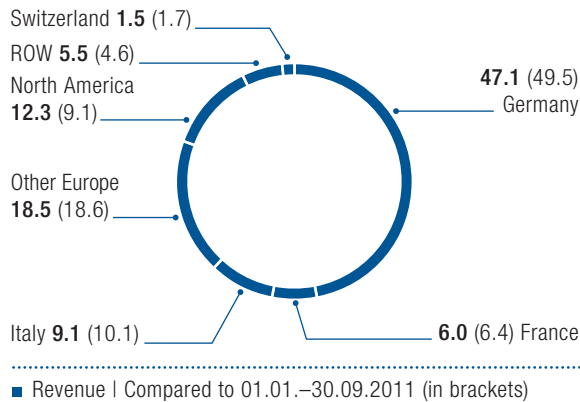
■ Change sales volume ■ Change revenue

- In tool steel, both sales volume (H1 2012: -4.8%, Q3 2012: -9.7%) and revenue (H1 2012: +2.3%, Q3 2012: -6.0%) decreased in Q3
- In stainless steel, sales volume remains nearly unchanged (H1 2012: -1.1%, Q3 2012: -2.6%), revenue decreased due to lower alloy surcharges (H1 2012: -7.6%, Q3 2012: -7.0%)
- Engineering steel, and especially free-cutting steel showed the greatest decline in sales volume (H1 2012: -7.9%, Q3 2012: -11.8%) and revenue (H1 2012: -6.7%, Q3 2012: -15.3%)

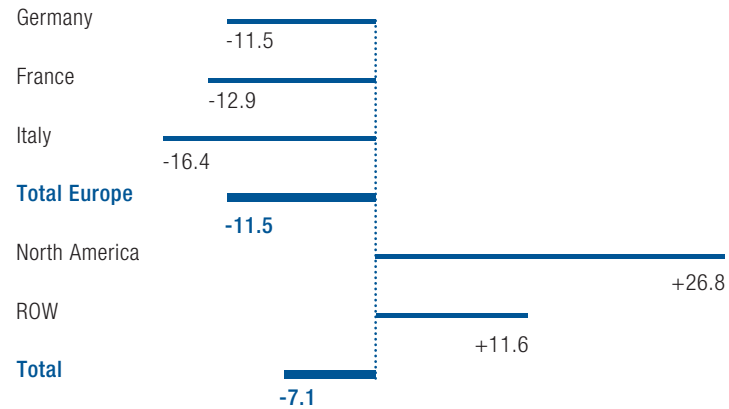


Europe: Lower demand – more competition pressure

Revenue by regions 01.01.–30.09.2012 | in %



Change in revenue by regions to previous year | in %



- Revenue in Europe still decreasing (H1 2012: -10.4%)
- Recession in some European countries (e.g. Italy and Spain), first signs of weakening in Germany, the North European countries and the USA
- The increase in revenue outside of Europe is weakening in Q3 2012 (H1 2012: North America +35.8%, ROW +14.7%)



Group – Decline in revenue and earnings

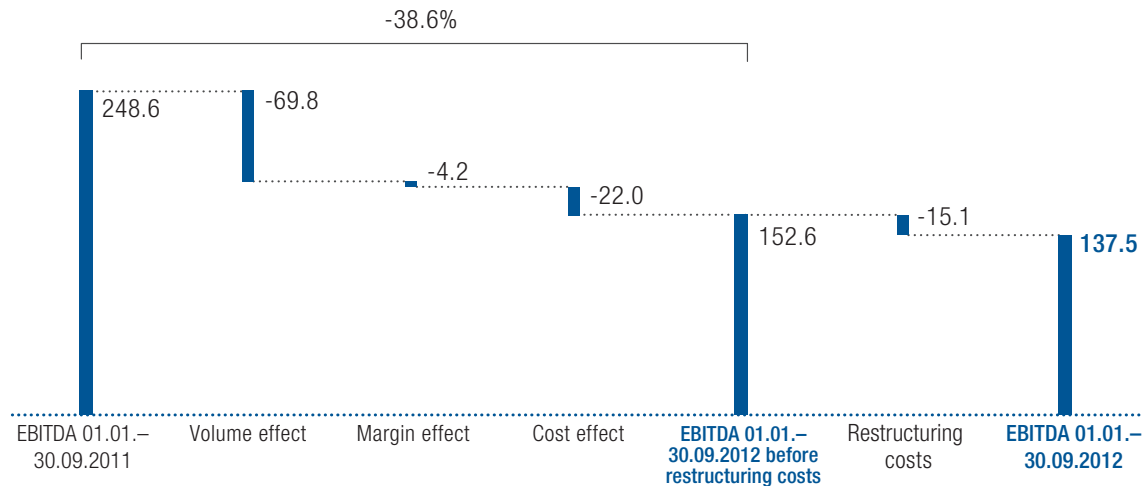
	01.01.– 30.09.2012	01.01.– 30.09.2011	Change on previous year %	Q3 2012	Q3 2011	Change on previous year %
million EUR						
Sales volume (kilotonnes)	1 603	1 731	-7.4	469	518	-9.5
Revenue	2 806.9	3 020.7	-7.1	832.0	933.4	-10.9
EBITDA before restructuring costs	152.6	248.6	-38.6	20.6	49.6	-58.5
Operating profit (loss) before depreciation and amortisation (EBITDA)	137.5	248.6	-44.7	11.0	49.6	-77.8
EBITDA margin before restructuring costs (%)	5.4	8.2	-34.1	2.5	5.3	-52.8
EBITDA margin (%)	4.9	8.2	-40.2	1.3	5.3	-75.5
Operating profit (loss) (EBIT)	47.4	163.9	-71.1	-18.9	21.0	-190.0
Earnings before taxes (EBT)	-2.3	93.2	-102.5	-37.7	-3.7	918.9
Net income (loss) (EAT)	-23.9	65.9	-136.3	-41.9	-3.9	974.4
ROCE (%)	9.3	15.5	-40.0	–	–	–

- EBITDA before restructuring costs fell by 38.6% to EUR 152.6 million
- Net loss of EUR -23.9 million
- Q3 results impacted by seasonal and wider economic effects



Negative volume effects in Europe reduce EBITDA

EBITDA reconciliation I in million EUR

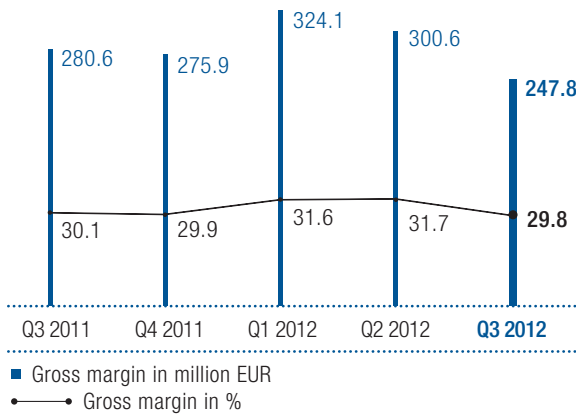


- Lower demand causing negative volume effects in Europe, which cannot be compensated for by higher volumes in North America
- In Q3, positive margin effects in North America can no longer compensate for the increasing margin losses in Europe
- Expenses increase mainly due to higher production and sales volume in North America

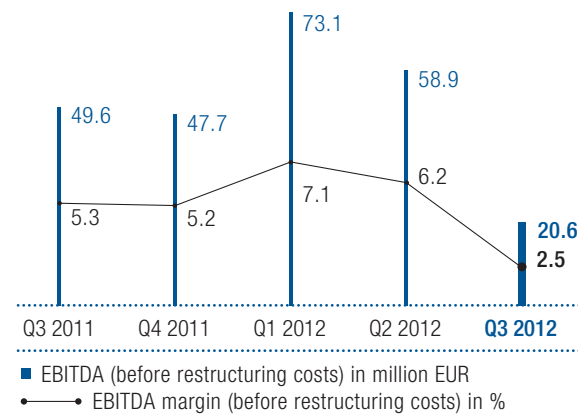


Decline accelerated in Q3 2012

Gross margin Q3 2011–Q3 2012 I
in million EUR and in %



EBITDA and EBITDA margin Q3 2011–Q3 2012 (each before restructuring costs) I in million EUR and in %

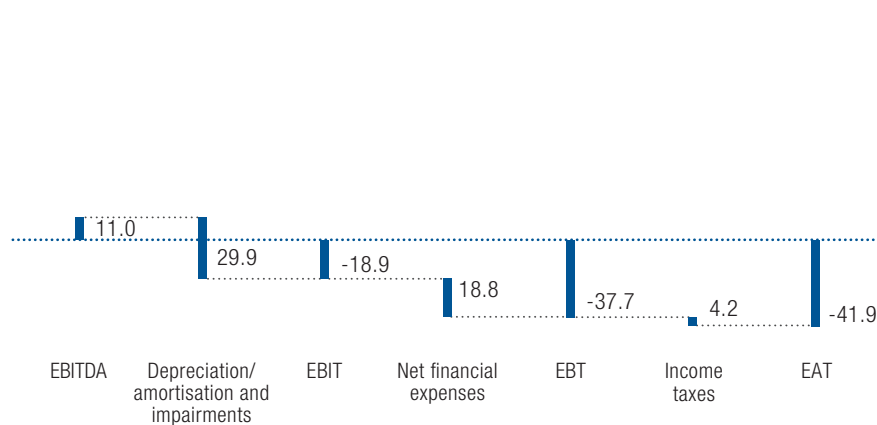


- In revenue, good start at the beginning of the year (Q1 2012: +11.4% vs. Q4 2011) could not be continued in Q2 (-7.7% vs. Q1 2012), Q3 due to seasonal effects and economic slowdown again significantly lower (-12.2% vs. Q2 2012)
- Gross margin decreased in Q3 to 29.8% due to increased pressure on sales prices
- Decline in EBITDA before restructuring costs, which already started in Q2 (-19.4% vs. Q1 2012), further accelerated in Q3 (-65.0% vs. Q2 2012; -71.8% vs. Q1 2012)

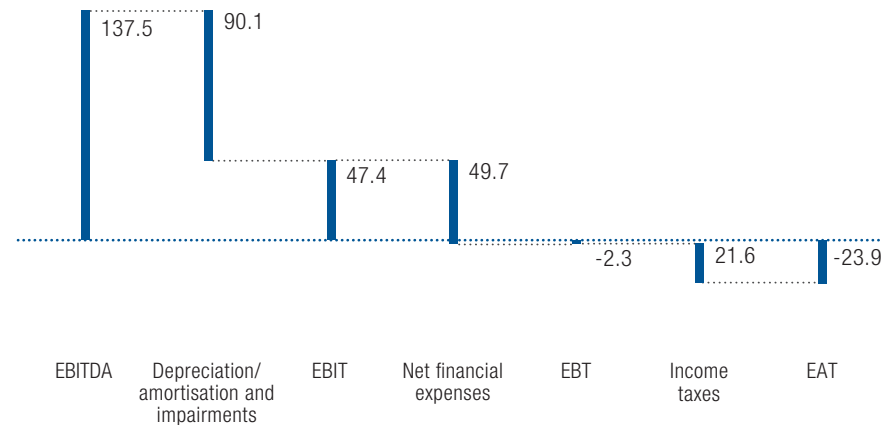


Operating loss in Q3 2012

Composition of the results Q3 2012 | in million EUR



Composition of the results 01.01.–30.09.2012 | in million EUR

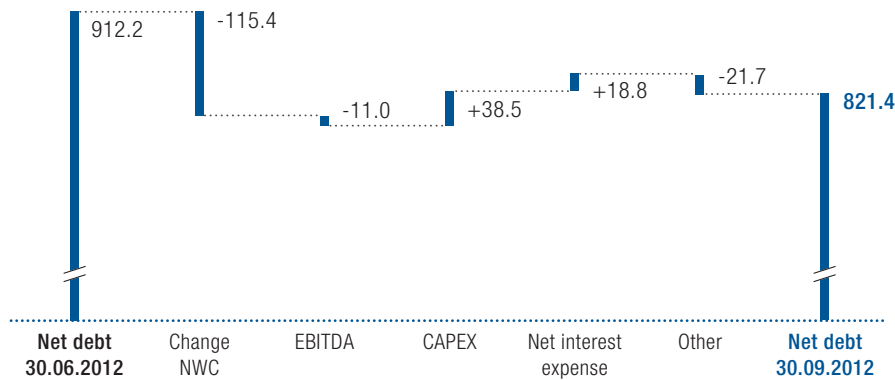


- Depreciation, amortisation and impairments increased by 6.4% on the previous year due to commissioning of the new steel plant of A. Finkl & Sons Co.
- Decline in net financial expenses (-29.7% vs. 01.01.–30.09.2011) attributable to conclusion of the new syndicated loan contract in December 2011
- Due to change in the earnings mix returned by the individual countries the Group tax rate rose significantly. Since Q3 2012 no deferred tax assets recognized for current losses in Germany

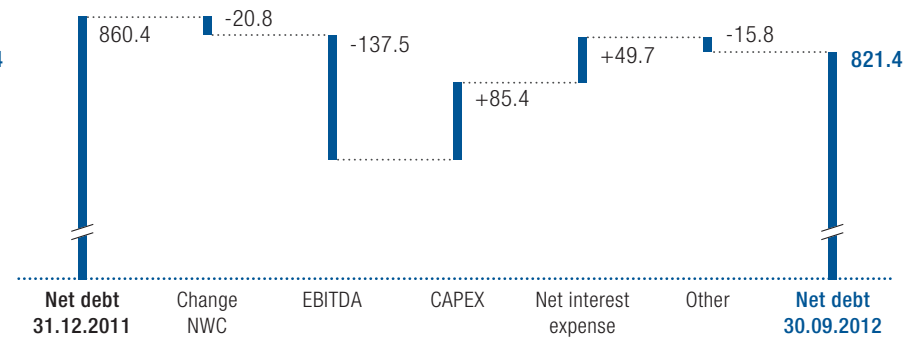


Net debt fell substantially in Q3

Change in net debt Q3 2012 | in million EUR



Change in net debt 31.12.2011–30.09.2012 | in million EUR

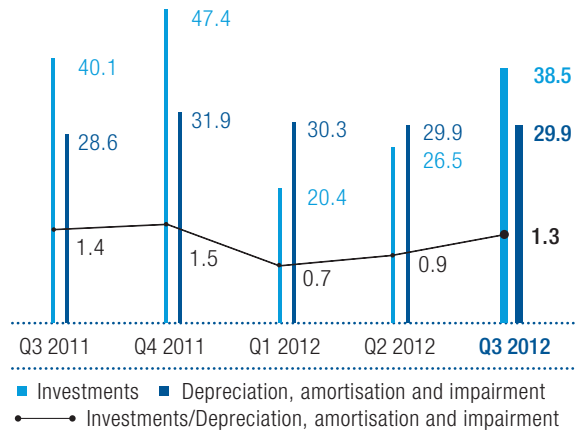


- Reduction in net debt by EUR 90.8 million achieved by planned lowering of NWC
- Investments increased due to seasonal effects to EUR 38.5 million in Q3
- At EUR 101.7 million free cash flow increased more than 4-fold compared to previous year (01.01.–30.09.2011: EUR 24.0 million)

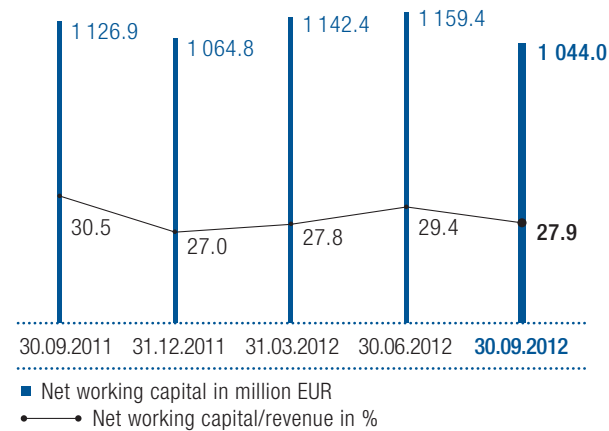


Ratio of NWC to revenue improved substantially in Q3

Investments/Depreciation, amortisation and impairment Q3 2011–Q3 2012 I in million EUR and in ratio



Net working capital Q3 2011–Q3 2012 I in million EUR and as a percentage of annualized revenue

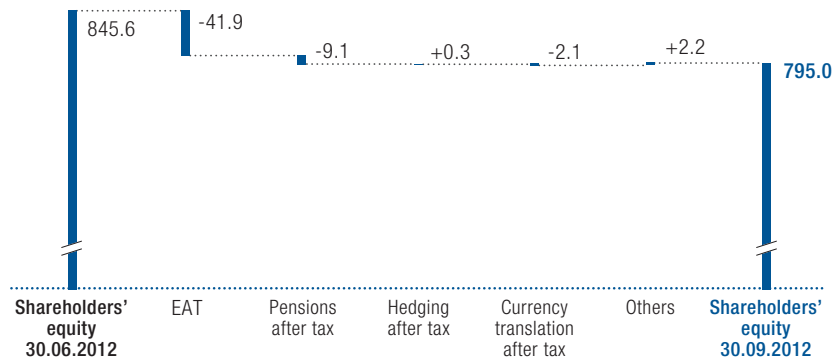


- Investment ratio at 0.9 for the first nine months just below amortization, depreciation and impairment
- Following the seasonally high level of NWC in Q2 2012, ratio of NWC/revenue returned to level of Q4 2011 and Q1 2012

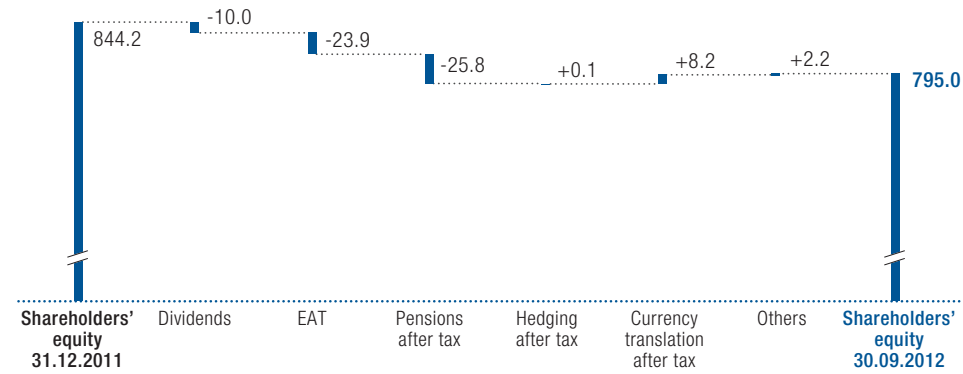


Equity decreased significantly since the beginning of the year

Shareholders' equity Q3 2012 | in million EUR



Shareholders' equity 31.12.2011–30.09.2012 | in million EUR



- Shareholders' equity fell by EUR 50.6 million, mainly due to negative net income and negative effects from the measurement of pension provisions
- Due to substantially lower total assets, equity ratio stayed at the level of 30.06.2012 (30.2%)



Sufficient liquidity headroom available

	Granted financing lines 30.09.2012	Book value 30.09.2012
million EUR		
Syndicated loan	600	295.3
ABS financing programme	300	230.9
Other financing lines	92	79.9
Bond	258	241.7
Liabilities from finance lease	-	9.1
Total financial liabilities	1 250	856.9
Cash and cash equivalents		35.5
Net debt		821.4

- Leverage ≤ 4.25 as at 30.09.2012 achieved
- Gearing increased from 101.9% to 103.3% compared to 31.12.2011, but fell when compared to 30.06.2012 (107.9%)



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OUTLOOK



Difficult market environment complicates assessment

- _ Cautious stance of our customers, order postponements and delayed shipments caused by our customers
- _ For Q4 2012 we do not foresee a significant change in the market situation and expect the typical year-end inventory reductions of our customers to begin earlier, or even the year-end plant downtime to start earlier or last longer
- _ 2012: EBITDA before restructuring costs > EUR 150.0 million; EBT in negative territory
- _ A covenant holiday for 31.12.2012 has pro-actively been agreed because weakened key figures are expected



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QUESTIONS & ANSWERS



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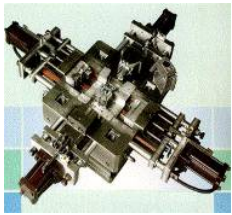
APPENDIX



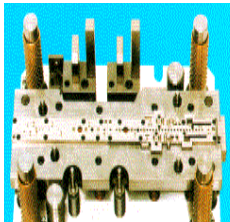
Leading position in attractive niche markets of special long steel

Tool Steel

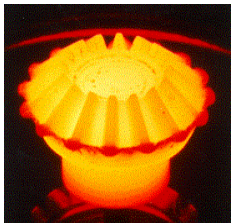
Application examples:



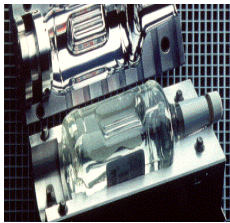
Die casting



Cutting/die cutting



Forging



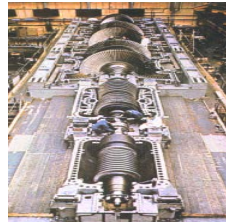
Glass processing

Stainless Long Steel

Application examples:



Turbines



Crankshafts



Medical engineering



Medical engineering

Quality and Engineering steel

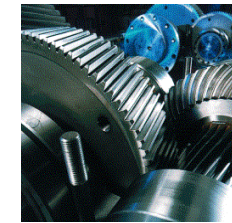
Application examples:



Gear unit



Anti-friction bearings



Gear unit



Ball bearings

#1 PRODUCER GLOBALLY

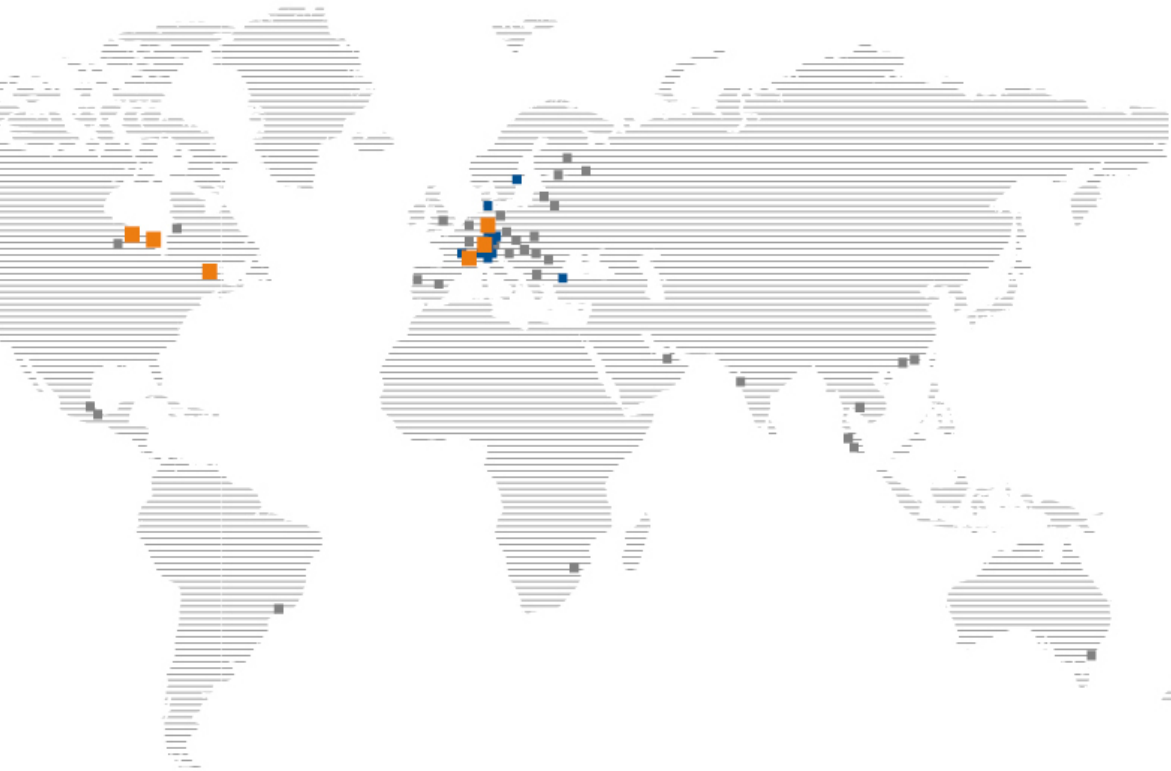
#2 PRODUCER GLOBALLY,
#1 IN EUROPE

#10 PRODUCER GLOBALLY,
#3 IN EUROPE

Source: Production volumes from SMR, 2012, ranking by volume



Worldwide presence – Focus on special long steel products



- 9 production plants worldwide
- 9 processing plants worldwide
- Distribution + Services
86 branches worldwide



Production Division – Lower capacity utilization at some production sites

Key figures of the Production Division

	01.01.– 30.09.2012	01.01.– 30.09.2011	Change on previous year %	Q3 2012	Q3 2011	Change on previous year %
million EUR						
Revenue	1 971.5	2 122.0	-7.1	573.2	645.6	-11.2
EBITDA before restructuring costs	126.1	199.5	-36.8	18.8	41.5	-54.7
EBITDA	126.1	199.5	-36.8	18.8	41.5	-54.7
EBITDA margin before restructuring costs (%)	6.4	9.4	-31.9	3.3	6.4	-48.4
EBITDA margin (%)	6.4	9.4	-31.9	3.3	6.4	-48.4
Capital employed	1 403.3	1 475.1	-4.9	–	–	–
ROCE (%)	12.0	18.0	-33.3	–	–	–
Investments	72.1	60.2	19.8	33.4	31.1	7.4
Employees per closing date (positions)	6 711	6 660	0.8	–	–	–

- The revenue decrease in Europe could not be compensated for by the revenue increase in North America and other regions



Processing Division – Influenced by unfavourable market environment

Key figures of the Processing Division

	01.01.– 30.09.2012	01.01.– 30.09.2011	Change on previous year %	Q3 2012	Q3 2011	Change on previous year %
million EUR						
Revenue	310.6	375.2	-17.2	89.0	114.3	-22.1
EBITDA before restructuring costs	15.6	25.6	-39.1	2.1	4.1	-48.8
EBITDA	15.6	25.6	-39.1	2.1	4.1	-48.8
EBITDA margin before restructuring costs (%)	5.0	6.8	-26.5	2.4	3.6	-33.3
EBITDA margin (%)	5.0	6.8	-26.5	2.4	3.6	-33.3
Capital employed	173.9	194.0	-10.4	–	–	–
ROCE (%)	12.0	17.6	-31.8	–	–	–
Investments	4.8	6.5	-26.2	2.2	2.8	-21.4
Employees per closing date (positions)	972	999	-2.7	–	–	–

— Considerable revenue decrease due to the focus on European market and engineering steel



Distribution + Services Division – Regionally inconsistent

Key figures of the Distribution + Services Division

	01.01.– 30.09.2012	01.01.– 30.09.2011	Change on previous year %	Q3 2012	Q3 2011	Change on previous year %
million EUR						
Revenue	1 013.0	1 080.2	-6.2	311.7	347.9	-10.4
EBITDA before restructuring costs	20.8	29.5	-29.5	1.8	4.2	-57.1
EBITDA	10.9	29.5	-63.1	-8.1	4.2	-292.9
EBITDA margin before restructuring costs (%)	2.1	2.7	-22.2	0.6	1.2	-50.0
EBITDA margin (%)	1.1	2.7	-59.3	-2.6	1.2	-316.7
Capital employed	389.9	456.6	-14.6	–	–	–
ROCE (%)	3.7	8.6	-57.0	–	–	–
Investments	6.7	9.4	-28.7	2.4	5.2	-53.8
Employees per closing date (positions)	2 366	2 333	1.4	–	–	–

— EBITDA burdened by restructuring costs of EUR 9.9 million



Financial calendar and contact details Investor Relations

- 14 March 2013 Annual Financial Statements 2012
Media and Analyst Conference, Investor Call
- 18 April 2013 Annual General Meeting
- 22 May 2013 Interim Report Q1 2013, Investor Call
- 21 August 2013 Half-Year Report 2013, Media and Analyst Conference,
Investor Call

— Martin Poschmann, Head Investor Relations

— Tel.: +41 41 209 5042

— Fax: +41 41 209 5043

— Email: m.poschmann@schmolz-bickenbach.com

— Internet: www.schmolz-bickenbach.com



Foreward-looking statements

- The statements in this presentation relating to matters that are not historical facts are forward-looking statements. They are no guarantee of future performance and involve risks and uncertainties with regard to future global economic conditions, foreign exchange rates, regulatory rules, market conditions, the actions of competitors and other factors beyond the control of SCHMOLZ + BICKENBACH AG.

