



## **First Quarter Results 2010**

**May 12, 2010**

**Return to Profitable Growth**

A decorative graphic in the bottom-right corner consisting of a blue right-angled triangle with a white diagonal line running from the top-left to the bottom-right, set against a light blue background.

## Return to Profitable Growth in Q1-2010



- Revenues up 68% to 83.8 mill. € based on:
  - Increase of global steel production (the key driver of demand for SKW Metallurgie products)
  - Significant contribution from newly acquired Tecnosulfur (BRA)
- EBITDA increased from 1.9 mill. € to 6.2 mill. €
  - EBITDA margin almost doubled (q-on-q) to 7.4%
- Very solid balance sheet structure despite increase in working capital due to general economic recovery
- Outlook for 2010 und 2011 confirmed
  - Significant increase in revenues
  - EBITDA
    - **in 2010: > 20 mill. €**
    - in 2011: margin (op.) of 9%



# Well on Track to Achieve Full Year Guidance



in mill. €	Q1-2010	Q1-2009
Revenues	83.8	50.0
<b>EBITDA</b>	<b>6.2</b>	<b>1.9</b>
EBIT	3.5	0.4
EBT	3.2	-0.2
Earnings after taxes (incl. min.)	1.8	0.1
Earnings after taxes (excl. min.)	1.2	0.1
Gross margin	27.4%	27.8%
EBITDA margin	7.4%	3.8%
Earnings per share in €*	0.18	0.02

\* Based on number of shares at the time



## Cored Wire: Segment Performance Reflects Upswing in Global Steel Production



in mill. €	Q1-2010	Q1-2009
Revenues	36.8	20.7
EBITDA	2.8	0.8
EBITDA margin	7.5%	3.9%

- Development follows recovery of global steel production in Q1-2010: +29% (EU: +37%, North America: +54%)
- Expansion on track:
  - Additional cored wire plants in Russia and Bhutan to be inaugurated in H2-2010
  - Vertical integration through calcium silicone plant (in constr.) in Bhutan will significantly improve margins from 2011 onwards



## Powder and Granules: Strong Performance of Newly Acquired Tecnosulfur (BRA)



in mill. €	Q1-2010	Q1-2009
Revenues	42.9	25.1
EBITDA	4.5	1.1
EBITDA margin	10.5%	4.4%

- Strong performance of Tecnosulfur (BRA)
  - Revenue contribution of at least 30 mill. € expected for FY 2010
  - EBITDA margin in line with ambitious expectations
- Tecnosulfur integration on track, further synergies (e. g., from increased R&D cooperation) expected



# Very Solid Balance Sheet Structure



in mill. €	March 31, 2010	Dec. 31, 2009	
Total equity and liabilities/Total assets	254.7	231.7	
Equity*	114.9	109.0	
<i>Equity ratio*</i>	<i>45.1%</i>	<i>47.0%</i>	* Incl. minorities
Net financial debt	38.5	32.8	** Net financial debt div. by equity*
<i>Gearing **</i>	<i>0.34</i>	<i>0.30</i>	

- Very solid balance sheet structure: Equity ratio relatively stable at 45.1%
- Net debt increase to 38.5 mill. € caused by increase in working capital due to economic recovery and by further expansion into BRIC countries (partly financed by long-term loans)
- Gearing at 0.34 still at very low level



## Cash Flow Influenced by Increase in Working Capital and High Investments



in mill. €	Q1-2010	Q1-2009
Gross Cash Flow	3.0	1.0
+/- Change in Working Capital	<u>-3.4</u>	<u>5.5</u>
Net Cash Received From Operating Activities	-0.4	6.5
Net Cash Used in Investing Activities	-5.7*	-1.7
Free Cash Flow After Investments	-6.1	4.8

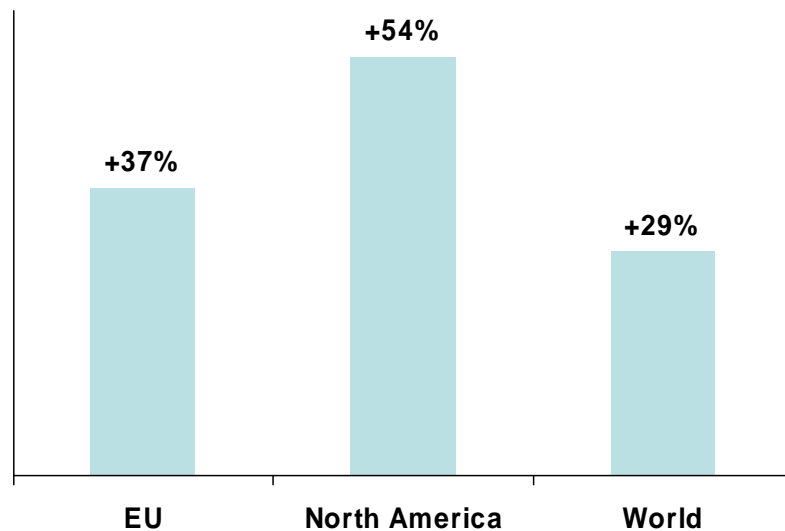
\* Mainly Bhutan

- Increase in working capital due to economic recovery
- Significant investment activities (mainly Bhutan)

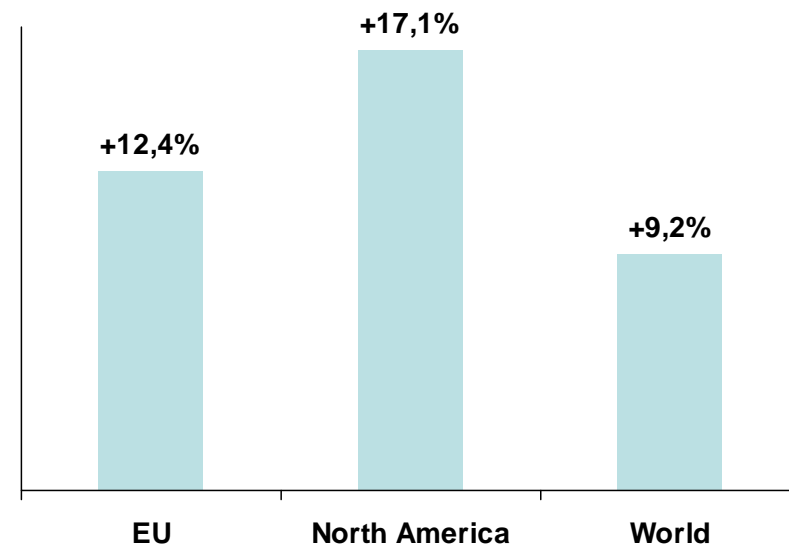


# World Steel Market with Dynamic Recovery in 2010

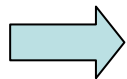
Steel Production Q1-2010 (yoy)



Change in Steel Demand 2009/2010e



- Increase of world steel production from 1.2 bill. tons in 2010 to 2.3 bill. tons in 2020e expected (Source: PwC study)



## SKW Metallurgie:

- Business development in **Q2-2010** continues to be positive
- So far no negative impacts expected from PIIGS crisis



# Outlook and Guidance Confirmed by Convincing Q1 Performance



	2010e	2011e
Revenues	Significant increase in revenues	> 360 mill. €
EBITDA	Minimum 20.0 mill. €	Margin (op.) of 9%
Analysis	<ul style="list-style-type: none"> <li>• Recovery of steel economy</li> <li>• Tecnosulfur contribution</li> <li>• No extra-ordinary effects expected</li> </ul>	<ul style="list-style-type: none"> <li>• Further improving steel economy</li> <li>• Bhutan contribution</li> <li>• Russia contribution</li> <li>• Increasing importance of new markets</li> </ul>



## Financial Calendar: 2010 (Remaining)



- June 9, 2010:  
Annual General Meeting, Muenchen (Germany)
- August 13, 2010:  
Publication of H1 Report, Conference Call
- November 2010  
Publication of Q3 Report, Analysts' Conference, Conference Call



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