



Half Year Results 2010

Conference Call

August 13, 2010

SKW Metallurgie on Significant Growth Path

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H1-2010: Successful Recovery from Economic Crisis



- Revenues more than doubled to 188.8 mill. € based on:
 - Strong increase of global steel production (EU +45%, USA +69%)
 - Significant contribution from newly acquired Tecnosulfur (BRA)
- EBITDA jumped from 0.8 mill. € to 16.1 mill. €
 - EBITDA includes currency effects of net 2.2 mill. € (H1-2009: 0.2 mill. €)
 - EBITDA margin at 8.5%
 - Full-year EBITDA guidance increased from minimum 20 mill. € to minimum 24 mill. €
- Working capital increase following general economic recovery, continued high investments in new production plants in BRIC countries
- Positive outlook for 2011



Strong EBITDA in H1-2010



in mill. €	H1-2010	H1-2009	Q2-2010	Q2-2009
Revenues	188.8	93.2	105.0	43.2
<i>Gross margin</i>	27.5%	26.4%	27.6%	24.7%
EBITDA	16.1	0.8	9.9	-1.2
EBIT	10.3	-2.2	6.8	-2.6
EBT	8.9	-3.5	5.8	-3.3
Earnings after taxes (<i>before min.</i>)	5.8	-2.7	4.0	-2.7
Earnings after taxes (<i>after min.</i>)	4.9	-2.6	3.8	-2.7
<i>EBITDA margin</i>	8.5%	0.9%	9.4%	negative
Earnings per share in €*	0.75	-0.39	0.58	-0.41

* Based on number of shares: 6,544,930



Cored Wire: Revenues More Than Doubled



in mill. €	H1-2010	H1-2009
Revenues	88.0	38.6
EBITDA	6.6	0.2
EBITDA margin	7.5%	0.5%

- Strong recovery of global steel production in H1-2010: +28% (EU: +45%, USA: +69%)
- Demand situation in NAFTA countries significantly improved, yet below pre-crisis levels
- Expansion into BRIC countries on track:
 - Additional cored wire plants in Russia and Bhutan to start production within the next twelve months
 - Vertical integration through calcium silicone plant in Bhutan will significantly improve margins from 2011 onwards



Powder and Granules: Strong Organic Growth and Solid Performance of Tecnosulfur



in mill. €	H1-2010	H1-2009
Revenues	90.3	47.0
EBITDA	11.0	0.6
EBITDA margin	12.2%	1.3%

- Solid contribution from Tecnosulfur (BRA)
 - Revenues of at least 30 mill. € expected for FY 2010
 - EBITDA margin above corporate average
- Strong performance of other units, in particular ESM Group
- New Specialty Magnesium plant (ESM) in construction in the USA



Continued Investment Strategy Drives Balance Sheet Structure



in mill. €	June 30, 2010	Dec. 31, 2009	
Total equity and liabilities/Total assets	288.5	231.7	
Equity*	124.5	109.0	
<i>Equity ratio*</i>	43.2%	47.0%	* Incl. minorities
Net financial debt	55.1	32.8	** Net financial debt div. by equity*
<i>Gearing**</i>	0.44	0.30	

- Very solid equity ratio of 43.2% despite ongoing high capex investments
- Net debt increase to 55.1 mill. € reflects increase in working capital due to economic recovery, high investments in BRIC countries, and valuation date-based currency effects (6.6 mill. €)
- Gearing at 0.44 still at very low level



Cash Flow Influenced by Increase in Working Capital and High Investments



in mill. €	H1-2010	H1-2009
Gross Cash Flow	7.3	-0.7
+/- Changes in Working Capital	-11.2	19.1
Net Cash Received From Operating Activities	-3.9	18.4
+/- Net Cash Used in Investing Activities	-12.1*	-3.7
Free Cash Flow After Investments	-16.0	14.7

* Mainly Bhutan

- Increase in working capital due to economic recovery; significantly lower changes expected for H2-2010
- Significant investments in line with BRIC expansion strategy (2010: focus on Bhutan)



Outlook: Confidence for H2-2010 and 2011



- Growth potential in steel production
 - In many countries (in particular EU and NAFTA), steel production has not (yet) returned to pre-crisis levels
 - Growth impetus from BRIC countries, in particular Brazil (Soccer World Cup and Olympic Games)
- 2010 EBITDA guidance increased by 20%
 - EBITDA for full year 2010 was guided at minimum 20 mill. €
 - Based on strong H1 figures, EBITDA guidance for full year 2010 has been increased to minimum 24 mill. €
- Contribution of new production sites from 2011 onwards
 - Bhutan: Construction affected by unexpectedly strong monsoon, yet still progressing
 - Russia: Permitting process for production site subject to extended red tape



Financial Calendar: 2010 (Remaining)



- November 12, 2010
Publication of Q3 Report, Conference Call
- November 23, 2010
Analysts' Conference („Eigenkapitalforum“)



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