Operating Results Increased as Guided

Despite Difficult Steel Market Environment

Release of Full-Year Figures 2013

March 28, 2014

Overview Fiscal Year 2013

- Decreasing steel production and macroeconomic environment affect sales development
  - Drop in revenues by around 14 % to € 347.4 million
- Operating earnings improved as anticipated despite difficult environment
  - Adjusted operating EBITDA at € 22.1 million (2012: € 19.5 million)
  - Guidance achieved due to focus on high-margin products
- Continued sound balance-sheet quality
  - Net financial debt significantly reduced; equity ratio remains at solid level
- Free cash flow improved to € 15.3 million thanks to further streamlined working capital management and focus on maintenance investments
- Dividend proposal to AGM: € 0.00 per share, based on negative EPS

Group Sales with Close Correlation to Steel Production

Development of steel production in million tons*

- Around 90 % of revenues with clients from the steel industry
- Around 86 % of revenues in the EU, USA/Canada and Brazil

* Source: Worldsteel Association

Adjusted Operating EBITDA Reflects True Economic Performance of SKW Metallurgie Group

Transformation from EBITDA (IRFS) to “adjusted operating EBITDA”

in € million	**2013**	**2012**
EBITDA **IFRS**	15.2	20.7
Unrealized FX	*-3.4*	*1.0*
Expenses EPC	*-0.7*	*0*
Historic legal cases	*-2.8*	*0.2*
Total extraordinary	*-6.9*	*1.2*
EBITDA adjusted **operating**	22.1	19.5

- Main adjustment item is unrealized FX effects
- Other adjustments refer to expenses in connection with the efficiency program “Every Penny Counts” (EPC), and to legal topics referring to fiscal year 2009 and earlier

Adjusted Operating Results Improved – Adjusted Operating EBITDA Margin at 6.4 %

in € million	2013	2012
Revenues	347.4	404.6
EBITDA adjusted operating	*22.1*	*19.5*
EBITDA	15.2	20.8
EBIT adjusted operating	11.1	9.0
EBIT	4.2	10.3
EBT	-0.4	6.1
EBT adjusted operating	*6.5*	*4.8*
Consolidated net income (SKW M.)	-1.7	4.3
Gross margin	31.6 %	29.2 %
EBITDA margin adjusted operating	*6.4 %*	*4.8 %*
EPS* in €	-0.26	0.64

=> Proposal to AGM: No dividend for 2013 to reflect negative EPS

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

Including new requirements for IAS 19, figures for 2012 adjusted

Earnings Contributions from Bhutan Increased – Tecnosulfur with Sound Profitability

Cored Wire:

in € million	2013	2012
Revenues	159.0	183.8
EBITDA (adjusted operating)	10.6	9.1
EBITDA margin (adjusted operating)	6.7 %	5.0 %

- Reduced steel production
- Increase of EBITDA contribution from Bhutan

Powder and Granules:

in € million	2013	2012
Revenues	165.7	192.7
EBITDA (adjusted operating)	11.3	12.6
EBITDA margin (adjusted operating)	6.8 %	6.5 %

- FX impacts (translation)
- Continued sound profitability of ESM (USA) and Tecnosulfur (BRA; despite changes in competitive environment) in 2013

Net Financial Debt Reduced by more than € 10 million

in € million	Dec. 31, 2013	Dec. 31, 2012
Total equity & liabilities	255.1	299.6
Equity*	105.5	120.6
Equity ratio*	41.3 %	40.2 %
Net financial debt	63.8	73.9
Gearing**	0.60	0.61

Including new requirements for IAS 19, figures for 2012 adjusted * Incl. non-controlling interests ** Net financial debt divided by equity*

- Equity ratio further improved to a solid 41.3 %
- Gearing slightly better at 0.60
- Net financial debt reduced significantly

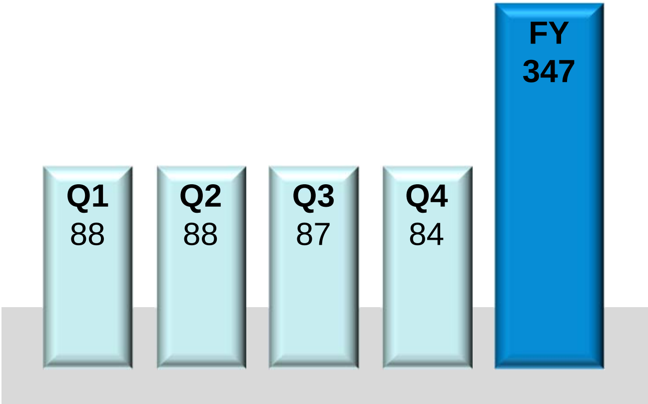
Significant Free Cash Flow due to Streamlined CapEx, and Efficient NWC Management

in € million	2013	2012
Gross cash flow	9.8	8.7
+/- Changes in working capital	10.6	21.7
= Net cash flow	20.4	30.4
- Cash-out for investments	-5.1	-22.4
= Free cash flow	15.3	8.0
+/- Cash-in/out from finance activities	-28.5	7.3
= Changes in cash on hand (before FX)	-13.3	15.3

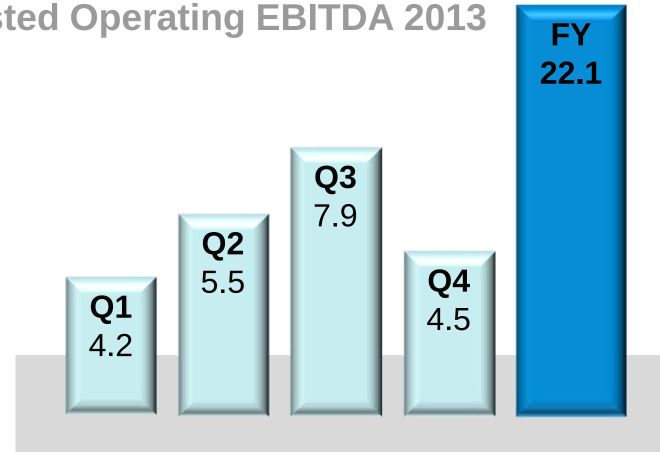
- Increase of free cash flow
- Investment focus on maintenance
- Working capital management further improved

Summary of Financials

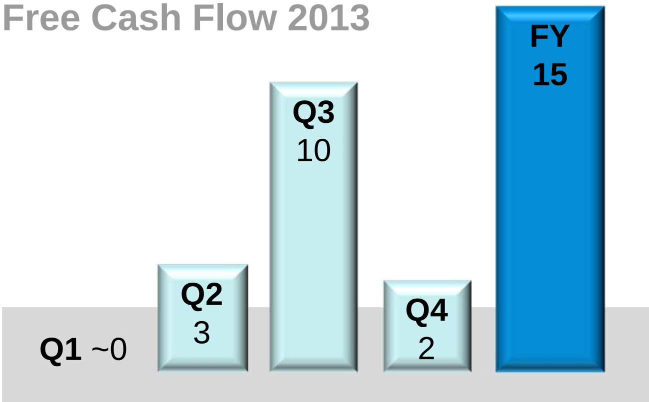
Revenues 2013



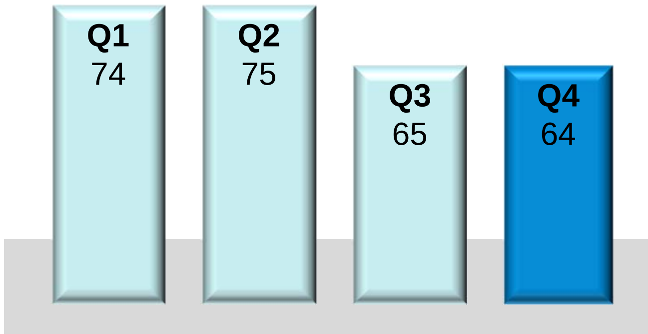
Adjusted Operating EBITDA 2013



Free Cash Flow 2013



Net financial debt at end of quarters 2013



All figures in € million

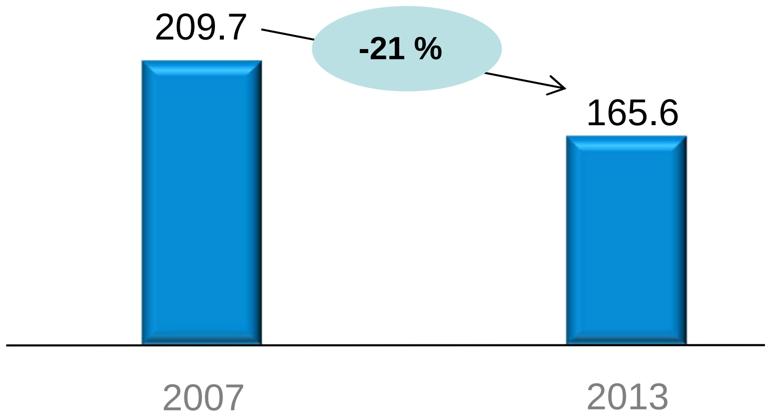
EPC - **E**very **P**enny **C**ounts
Efficiency Program Launched in 2013

- Positive EBITDA effect (<u>recurring</u>):
  - About € 8 million annually (full contribution scheduled to commence during 2015)
  - Some effects already in 2013, most effects commencing during the course of 2014
- Negative EBITDA effect:
  - Less than € 1 million; thereof € 0.7 million one-off incurred in 2013
  - Not included in adjusted operating EBITDA (adjustment made)
- Five areas, each of which with similar contribution to EPC targets:
  - Sales push (e. g., sintered slag to India)
  - Raw material (e. g., strategic negotiations)
  - Staff & Organization (e. g., degree of centralization)
  - Production & Processes (e. g., furnace operations)
  - Others (e. g., insurance)

What we Cannot be Pleased with yet

Market environment European Union

Development of steel production* in million tons within the EU



- Revenues in EU 2007: € 105.7 million
- Revenues in EU 2013: € 78.3 million

-26 %

=> Sluggish EU market is of particular concern for the Swedish SKW Metallurgie plant (very high share of EU sales)

Other topics (RoW)

- Bhutan: EBITDA contribution in 2013 positive, yet below expectations
- Brazil: changes in competitive environment => expansion along the value chain (e.g. sintered slag)
- Russia: difficult market environment and sub-standard former local management => new local management implemented

*Source: Worldsteel Association

Financial Calendar 2014 (remaining)

- May 15, 2014:

  Publication of business figures for Q1-2014
- June 3, 2014:

  AGM 2014 in München (Germany)
- August 14, 2014:

  Publication of business figures for H1-2014
- November 14, 2014:

  Publication of business figures for 9M-2014
- November 24-26, 2014:

  Analysts’ Conference 2014 at “Eigenkapitalforum” in Frankfurt/Main (Germany)

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