



Q1 negatively affected by FX impacts and severe weather conditions in main market North America

**Conference Call Q1-2014**

**May 15, 2014**





## Overview Q1-2014

in € million	Q1-2014	Q1-2013
Group revenues	83.9	87.8
EBITDA	3.0	5.0
Net result	-2.4	0.7
EPS in €	-0.20	0.19
<i>Equity ratio</i>	<i>41.6 %</i>	<i>41.3 %</i>
Net financial debt	66.5	63.8
Free cash flow	-2.0	-0.2

- Revenues affected by severe weather conditions in main market North America
  - Group revenues decrease by € 3.9 million
  - North American revenues down by approx. € 5.0 million; slightly positive development in EU
- EBITDA at € 3.0 million (Q1-2013: € 5.0 million)
  - Decrease mainly due to net FX result (in Q1-2014 € 2.3 million below Q1-2013), mainly non-cash due to inter-company loans
  - FX-adjusted EBITDA up € 0.3 million (+ 6 %) due to improved margins on selected markets
- Continued sound balance-sheet quality





## Gross margin increased to 31.0 %

in € million	Q1-2014	Q1-2013	△
Revenues	83.9	87.8	-3.9
EBITDA	3.0	5.0	-2.0
EBIT	0.0	2.3	-2.3
EBT	-1.2	1.0	-2.2
Consolidated net result	-2.4	0.7	-3.1
<i>of which attributable to SKW M. shareholders</i>	-1.3	1.2	-2.5
Gross margin	31.0 %	30.6 %	+0.4 %p
<i>EBITDA margin</i>	3.6 %	5.7 %	-1.9 %p
EPS* in €	-0.20	0.19	-0.39

- Revenues slightly decreased due to harsh winter in Eastern parts of North America (negative revenue effect of more than € 5 million)
- EBITDA significantly decreased due to decline in FX results of € 2.3 million

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



## Segment reporting: Slightly improved margins in “Cored Wire” segment

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### **Cored Wire:**

in €million	Q1-2014	Q1-2013	△
Revenues	38.9	40.2	-1.3
EBITDA	1.8	1.7	+0.1
EBITDA margin	4.6 %	4.2 %	+0.4 %p

### **Powder and Granules:**

in €million	Q1-2014	Q1-2013	△
Revenues	37.6	41.9	-4.3
EBITDA	1.4	2.3	-0.9
EBITDA margin	3.7 %	5.5 %	- 1.8 %p



## Sound balance sheet structure

in € million	Mar. 31, 2014	Dec. 31, 2013	△
Total equity & liabilities	250.6	255.1	-4.5
Equity*	104.1	105.5	-1.4
Equity ratio*	41.6 %	41.3 %	+0.3 %p
Net financial debt	66.5	63.8	+2.7
Gearing**	0.64	0.60	+0.04

\* Incl. non-controlling interests    \*\* Net financial debt divided by equity\*

- Equity ratio further improved to a solid 41.6 %
- Gearing slightly increased to 0.64
- Net financial debt up in line with free cash flow (€ -2.0 million) and disbursements to non-controlling interests (€ 0.7 million)



## Free cash flow affected by higher working capital

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in € million	Jan. 1 to March 31, 2014	Jan. 1 to March 31, 2013
Gross cash flow	0.9	0.9
+/- Changes in working capital	-2.0	0.5
= Net cash flow	-1.1	1.4
- Cash-out for investments	-0.9	-1.6
= Free cash flow	-2.0	-0.2
+/- Cash-in/out from finance activities	2.3	-5.3
= Changes in cash on hand (before FX)	0.3	-5.5

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## Strategy and outlook (1)

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- Moderate optimism for operating business in 2014 due to increased steel production
  - Global steel use expected to rise 3.1 % in 2014 (EU: + 3.1 % / NAFTA: + 3.8 %)  
(Source: Worldsteel Association, April 2014)
  - Increase in steel use should lead to increased steel production and in turn to higher sales volumes for the SKW Metallurgie Group
- Detailed analysis of Group business started by new management
  - Short term one-off impacts possible from efficiency and restructuring measures
  - Further details to be announced in due course





## Strategy and outlook (2)

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### Activity Scope:

- Consolidation/restructuring of cash-burning and/or loss-making units
- Efficiency improvement programs in traditional core business combined with active Group management
- Concepts for improved penetration of strategic key markets

### Rationale:

- Leverage of the Group's profitability base
- Improvement of profitability/cost position, use of synergies between the established brands
- Close gaps in global market coverage to over-compensate stagnation in mature markets







## Financial calendar 2014 (remaining)

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- 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)





## Contact

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