Conference Call

Results First Half 2009

August 14, 2009

H1-2009 at a glance

- **Severe impacts from global recession**
- **Steel production H1 in SKW Metallurgie's core markets between -43% (EU) and**
  -52% (North America)
  - ➞ SKW Metallurgie revenues in line with steel production: -49% to €93.2 million
- **High cost flexibility softens impact on profitability**
- **One-off impact based on increase of provisions related to EU Commission investigation:**
  - ➞ Disclosed EBITDA of €0,8 million
  - ➞ Adjusted EBITDA of €1.2 million (€ 0.4 million increase of provisions for fine)
  - ➞ Additional € 0.4 million increase of provisions for legal fees
- **Focus on debt reduction and cash flow bears fruit:**
  - Net financial debt further decreased to €32.6 million
  - Reduction of working capital leads to sharp increase of operating cash flow to €18.4 million
- **Outlook confirmed:**
  - Increase in order intake indicates improvements in H2
    - ➞ Positive operative net result for 2009 possible
  - Long term outlook (2011) unchanged

Steep drop in global steel production in H1-2009

- More than 90% of SKW Metallurgie sales go to the steel industry and depend mainly on the steel volume produced
- Strong dependency of SKW Metallurgie`s operating business on development in core markets EU and North America (approx. 90%)
- Global steel production (excl. China) in H1 down -35%
- Worldsteel Association anticipates global drop in steel demand by ~20% (excl. China) in 2009 (year-on-year):
  - First signs of improvements for H2, based on increased order intake
  - Major steel plants indicate capacity utilization increase from < 50% to app. 65% towards end of 2009
  - EU steel demand expected to decline by 29%, US demand by 37% (year-on-year), based on April 2009 estimates (update announced for October)
  - Emerging nations in Asia led by China continue to expand

Positive EBITDA despite worst recession in the recent history

€ million	Q2-2009	Q2-2008	H1-2009	H1-2008
Revenues	43.2	102.4	93.2	183.4
EBITDA disclosed	-1.2	9.5	0.8	16.6
EBITDA adjusted	-0.8	9.5	1.2	16.6
EBIT	-2.6	8.1	-2.2	13.2
EBT	-3.3	7.5	-3.5	12.0
Consolidated net income (w/o min.)	-2.7	4.5	-2,7	7.8
Gross margin	24.7%	23.7%	26.4%	25.2%
Earnings per share in €	-0.61	1.02	-0.60	1.78

Adjustment:

- Increase of provisions by €0.4 million to a total of €6.7 million for antitrust fine based on decision of European Commission announced on July 22

Cored Wire: Cost discipline softens impacts of revenue drop

€ million	Q2-2009	Q2-2008	H1-2009	H1-2008
Revenues	17.9	42.0	38.6	75.1
EBITDA	-0.6	3.1	0.2	5.0
EBITDA margin	-3.4%	7.4%	0.5%	6.7%

- Short time work and head count reductions in all major production sites
- Outlook H2:
  - Improved cost structure supports turnaround in profitability
  - Improved order intake
  - Sales price levels still very low

Powder and Granules: Negative impacts from destocking in Q2

€ million	Q2-2009	Q2-2008	H1-2009	H1-2008
Revenues	21.9	54.9	47.0	96.6
EBITDA	-0.5	6.9	0.6	12.0
EBITDA margin	-2.3%	12.6%	+1.3%	12.4%

- Negative impacts from destocking of raw materials (e.g. magnesium)
- High share of variable costs (above EBITDA)
- Outlook H2
  - Cost structure further improved: good basis for H2-2009
  - Capacity utilization improves due to increased order intake
  - Destocking almost over ➞ Positive impact on profitability

Net debt reduced by more than 40% within nine months

€ million	June 30, 09	Dec. 31, 08	Sept. 30, 08
Total assets & liabilities	166.6	196.8	224.4
Equity *	78.5	83.8	88.4
*Equity ratio **	*47.1%*	*42.6%*	*39.4%*
Net financial debt	32.6	44.9	54.5
*Gearing ***	*0.42*	*0.54*	0.62

* Including minority interests
** Net financial debt divided by equity

- Equity ratio* increased to 47.1%
- Gearing improves to 0.42
- Net financial debt declines to €32.6 million (Sept. 30, 2008: €54.5 million)

→ Continued focus on operating cash flow management

Decision of EU Commission in antitrust case resolves uncertainty

- Decision of EU Commission (announced on July 22) determines maximum risk for SKW Metallurgie of antitrust case
- Fine of €13.3 million assessed (jointly and severally liable) for SKW Metallurgie and their former mother companies Evonik (€1.0 million) and ARQUES
- Assumed 50/50 split between SKW Metallurgie and its former parents reflected in increase of provision by €0.4 million (provision of €6.2 million already included in 2008 results)
- Even worst case can be financed (from existing cash holdings and available credit lines)
- SKW Metallurgie currently investigating potential for renegotiation/appeal
- Further upside potential based on possible legal recourse

Very sound financial structure
No risk for “credit crunch”

- Financial net debt reduced to €32.6 million
- No risk of “credit crunch” due to secured undrawn borrowing lines on Group level
- Financing of acquisition of ESM (2007) secured, financial covenant criteria already re-negotiated (limited impact on financial costs)
- Financing of potential antitrust payments fully secured
- Solid financial structure guarantees realization of BRIC expansion plans as scheduled

Strong operating cash flow

€ million	H1-2009	H1-2008
Gross cash flow	-0.7	11.0
Change in working capital	19.1	-19.5
Net cash flow from operating activities	18.4	-8.5

- Working capital significantly reduced
- Strong cash flow achieved from operating activities

Strategy: Reduce dependency on traditional steel markets

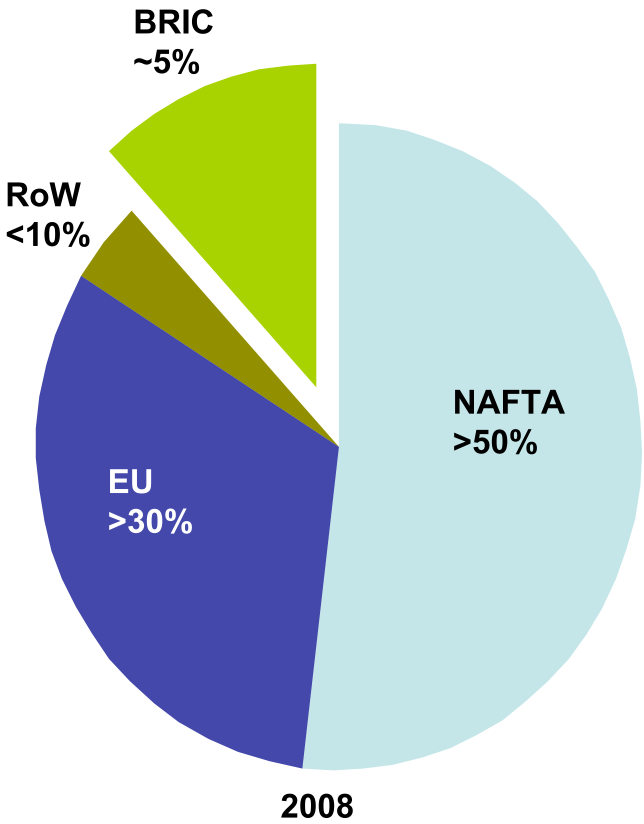
skw. metallurgie

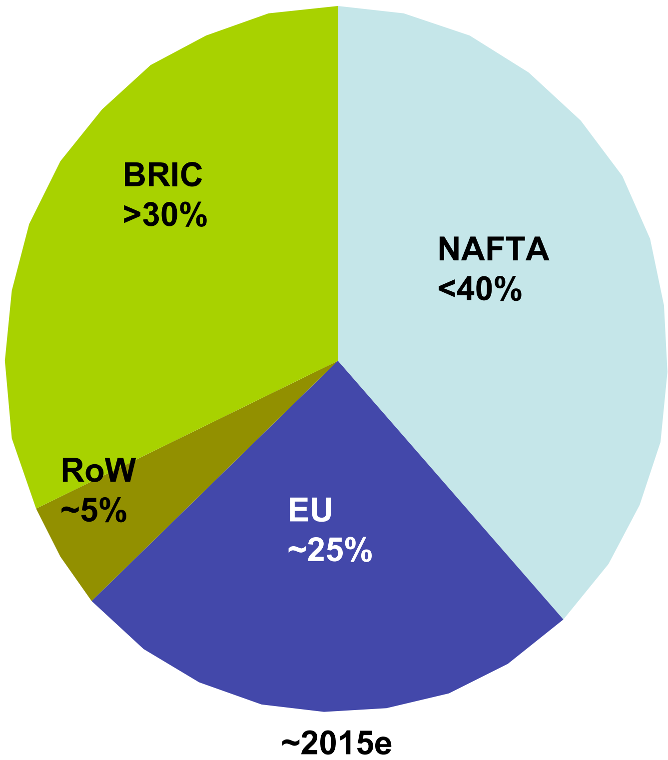
- Target: Reduce strong dependency on NAFTA and European markets

- Measures: Focus on strong-growing BRIC countries
  - Brazil
    - SKW Metallurgie has a ten-year-LOI to supply ThyssenKrupp CSA and will produce its own desulphurization mixtures
  - Russia
    - Cored Wire plant construction continued, start of production postponed to approx. Q1-2010
  - India
    - Vertical integration continues as scheduled (Calcium Silicone plant in Bhutan)
  - China
    - Presence already established with two production sites

Strategy: Strong shift towards developing countries with focus BRIC

Geographic split: Group revenue





Strategy: Future opportunities along the value chain

- Cored wire for:
  - Foundry industry ➞ cooperation with Elkem implemented, potential of several thousand tons
  - Copper industry ➞ newly introduced
- New technologies e.g. Papcal:
  - Significant increase of new clients
  - Financial crisis provided opportunity for extended on-site trials

➞ High margin potential

Outlook:
2011 Guidance confirmed

2009:

- H2 sales up compared to H1 due to improved order intake, but below record levels of 2008
- Full year 2009: positive net result (operative) remains possible

2010:

- Expansion into BRIC countries continues as scheduled
- Return to profitable growth track based on improved economic environment and higher capacity utilization in steel industry

2011:

- Guidance confirmed subject to general economic recovery: Revenues of €360 million, and operative EBITDA margin of ~9%

Financial calendar

November 9 - 11, 2009

Publication of Q3-2009 figures and

analysts' conference as part of “Eigenkapitalforum”

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