



On track for further growth

H1-2011

Conference Call

August 16, 2011





Highlights H1-2011

On track for further growth

- Revenue and earnings affected by organic and external growth
 - Revenues up 14% to € 215.6 million
 - EBITDA improves from € 16.1 million to € 19.7 million despite one-off effects
 - Start-up costs in new facilities (Sweden, Bhutan, Russia) impact result
- Investments in future growth projects in 2011 peak in H1
- Guidance confirmed for 2011 and 2012
 - 2011: new record levels for revenues and EBITDA of € 32 million, limited contribution from new factories in Bhutan and Russia
 - Further profitable growth in 2012 with full positive impact from new activities and based on continued growth in steel industry
- Increasing uncertainties regarding impacts of financial turbulences on operating business





EPS increase of more than 50%

in € million	H1-2011	H1-2010
Revenues	215.6	188.8
EBITDA	19.7	16.1
EBIT	13.0	10.3
EBT	11.9	8.9
Consolidated net income	8.0	5.
thereof SKW Metallurgie shareholders	7.4	4.9
Gross margin	28.4%	27.5%
EBITDA margin	9.1%	8.5%
Earnings per share in € ¹	1.13	0.75

¹ Based on current number of 6.55 million shares

Earnings impacted by one-off effects:

- Bargain Purchase (Sweden)
- Start-up losses in new facilities (Bhutan, Russia, Sweden)
- FX impact € -0.5 million in H1-2011 (H1-2010: € +2.2 million)



Cored Wire: Earnings affected by start-up costs of new facilities

in € million	H1-2011	H1-2010
Revenues	101.2	88.0
EBITDA	6.8	6.6
EBITDA margin	6.7%	7.5%

- Revenue growth follows higher steel production in key regions (H1-2011: EU +4,1%, USA +4,3%)
- Margin decrease due to start-up costs for Bhutan and Russia (~€ -1,1 million), and changes in product mix
- Limited impact of new production facilities in Bhutan and Russia in H2-2011



Powder and Granules: Good operating performance

in € million	H1-2011	H1-2010
Revenues	98.5	90.3
EBITDA	14.6	11.0
EBITDA margin	14.8%	12.2%

- Earnings impacted by new calcium carbide facility in Sweden
- Continued solid performance in all other parts of the segment
- New business activity at existing site with full impact in 2012:
 - New production facilities for sintered synthetic slag at Tecnosulfur (Brazil)





Strong impact of Group expansion on balance sheet structure

in € million	June 30, 2011	Dec. 31, 2010
Total assets	305.4	275.8
Equity ¹	122.3	122.3
Equity ratio ¹	40.0%	44.3%
Net financial debt	71.5	47.3
Gearing ²	0.58	0.39

1 incl. non-controlling interests

2 Net financial debt to equity (incl. non-controlling interests)

- Total assets up € 29.6 million due to expansion projects in Sweden and Bhutan
- Increase of net financial debt to € 71.5 million due to continued high investment activities and temporary higher working capital requirements
- Investments peak in H1-2011, decrease expected for H2-2011



Investments peak in H1-2011

in € million	H1-2011	H1-2010
Gross cash flow	10.4	7.3
+/- Change in working capital	-12.0	-11.2
= Cash flow from operating activities	-1.6	-3.9
+/- Cash flow from investing activities	-18.7	-12.1
= Free cash flow	-20.3	-16.0
+/- Cash flow from financing activities	18.7	16.5
= Net change in cash and cash equivalents	-1.6	+0.5

- Increase in working capital (€ 12.0 million) due to strong operating performance and including ramp-up related and temporary working capital increase for new facilities
- Major part of investing activities relate to acquisition in Sweden, new facility in Bhutan and expansion in USA and Brazil
- Capital expenditure mainly covered by increased bank loans



Strategy: Strong expansion in 2011 to tap significant future growth potential

- Historic global expansion of SKW Metallurgie as key success factor for the Group
- Successful integration of large investment projects: e.g. ESM (USA), Tecnosulfur (Brazil)
- Investments in 2011 enable company to reach next growth level regarding
 - Leading market and technology position
 - Diversification of product portfolio
 - Cost reduction (through vertical integration)
 - Long-term profitable growth
- Investment peak in H1-2011
- Investment projects in H2-2011 focus on broadening of product portfolio
 - New production facilities for sintered slag at Tecnosulfur site (Brazil)
- 2012 ff focus on integration of new activities and significantly reduced investment activities
 - Positive Free Cash Flow



Guidance confirmed despite increasing economic uncertainties

2011e:

- New record sales level (2010: € 380.8 million)
- EBITDA \geq € 32 million (2010: € 28.8 million)
- Limited contribution from new production facilities

2012e:

- Assumption: Further growth of global economy and steel production
- Full positive revenue and earnings contributions from growth projects Bhutan, Russia, Sweden and from new sintered slag plant in Brazil
 - ➔ SKW Metallurgie Group EBITDA and revenues to further increase

Risk factor: Uncertain impact of financial turbulences on operating activities



Financial calendar 2011 (remaining)

- Publication of figures for first nine months of 2011:
 - November 14, 2011
- Analysts' conference 2011:
 - November 22, 2011 during "Equity Forum" in Frankfurt/Main, Germany

May be subject to change.





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