Highlights of H1 2015

August 21, 2015

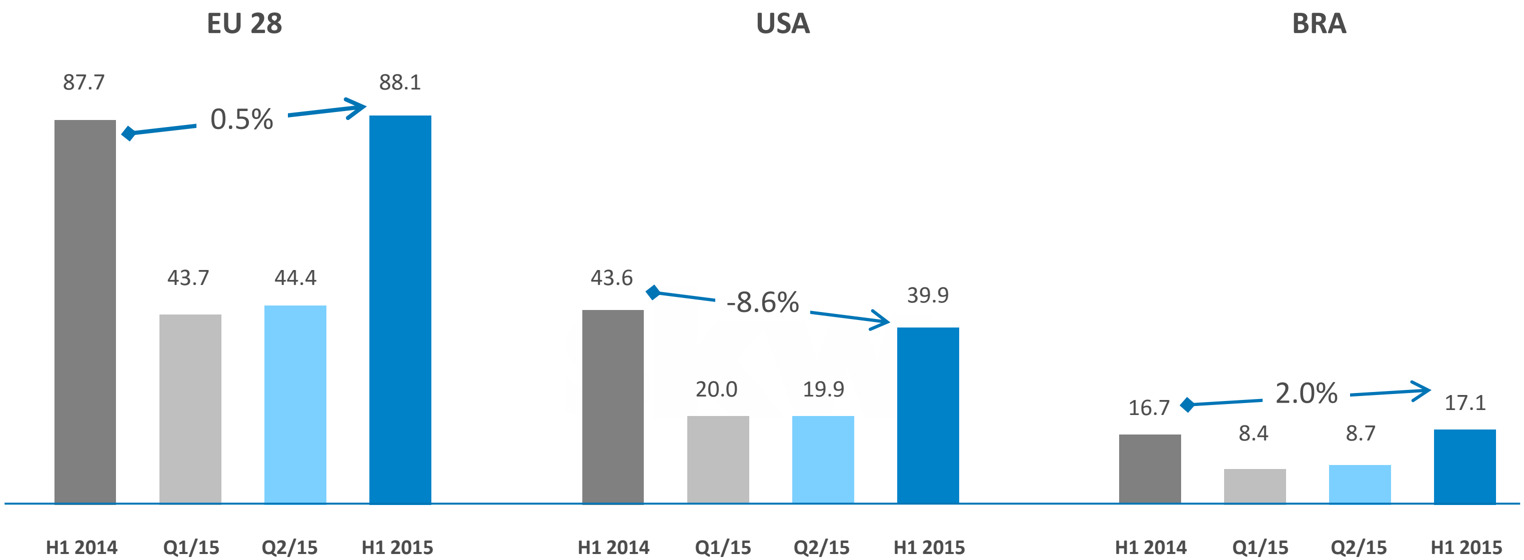
Q1: Significant impact of FX fluctuations

Q2: Accelerated deterioration of US steel production and of overall steel economy

H1: ReMaKe and counter actions to battle with adverse markets

Client industry update
Further severe downturn of steel production in the US

Crude steel production in million tons



- Steel production in EU 28 with slight increase, albeit on low level
- Pressure from overcapacities, government intervention (e.g. Italy)
- Intensifying competition from non-EU producers both inside the EU and on export markets

- -8.6% (Q2: -9.4%) steel production decline compared to 2014 due to strong US-Dollar (and corresponding increase of imports) and due to sluggish demand from fracking (details on next slide)

- Steel production in Brazil growing slightly despite economic downturn
- Political and macroeconomic uncertainties
- Significant deterioration expected for steel industry

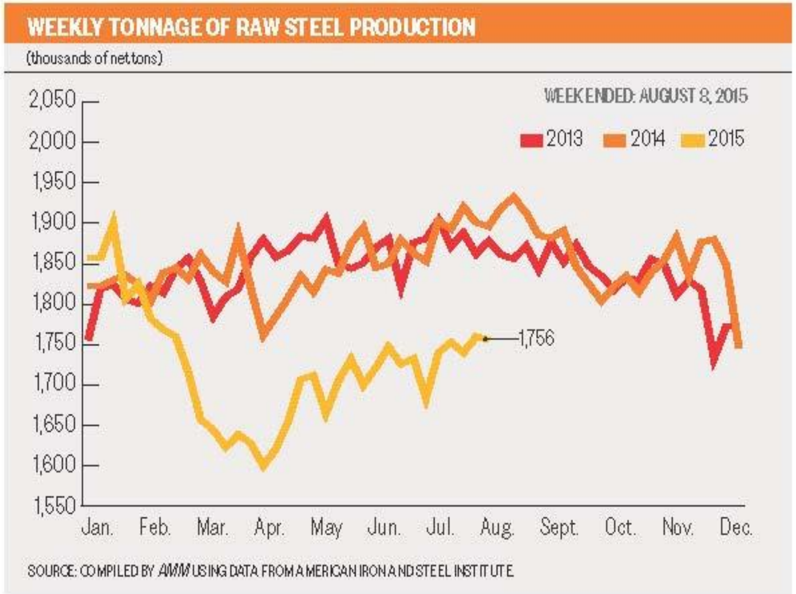
Source: Worldsteel Association; Graphics not to scale

Decreasing steel production in the US is challenging SKW Metallurgie

Macroeconomic developments (US Dollar exchange rates and oil prices) leading to:

- Less demand for steel, in particular from oil & gas industry
- Remaining steel demand increasingly covered by net imports
- Decrease of US steel production by about 15% from year-high to year-low in 2015

US Steel Production in 2015



Approximately two thirds of SKW Metallurgie core business revenues are generated in North America:

- Powder & Granules affected, but re-gaining market share
- Cored Wire has been strongly positioned at the high end tube market, hence severely affected by downward trends

Effects of global steel industry trends and other parameters on the SKW Metallurgie Group

1. Decrease of US steel production	• Volume/revenue reduction • Pressure on high-margin market segments • Increased competitive pressure – chances to gain/regain market share
2. Export pressure from PR of China and other countries	• Higher risk of substitution of local steel production • Capacity reductions and closures (e.g. closure of key customer in S. Korea)
3. Price pressure on steel production consumables	• Example: Massive decline in CaSi prices • Budgeted sales volumes of HDx cored wire cannot yet be reached • Bhutan works financially in dire straits
4. Local macroeconomic/political crises	• Russian SKW Metallurgie business still underperforming • Brazilian SKW Metallurgie business outperforming local crisis

Summary H1 P&L

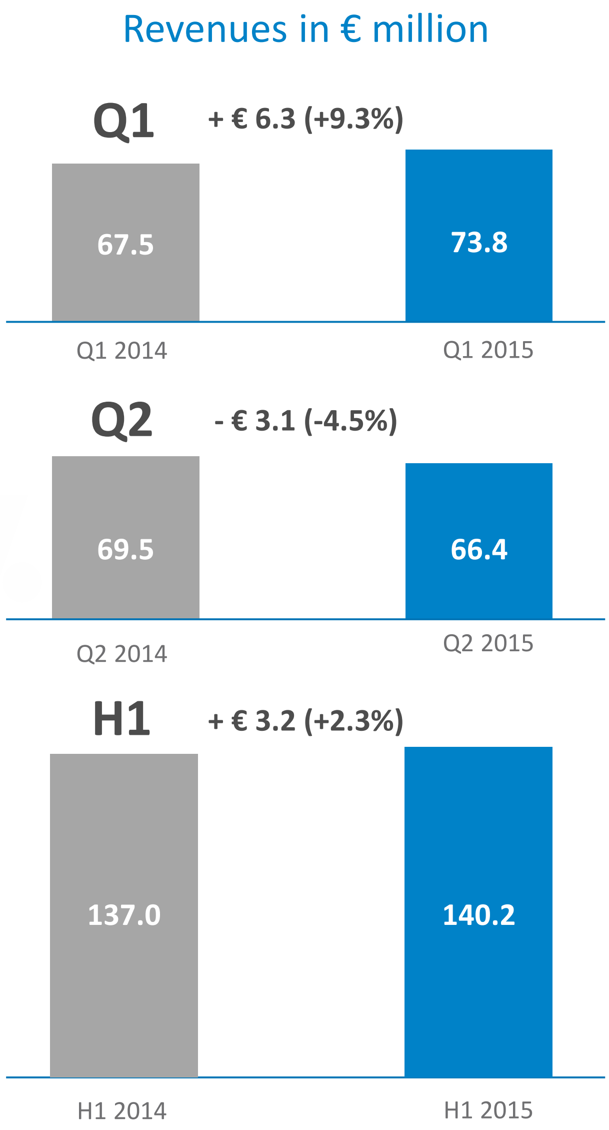
€ in millions	H1 2015	H1 2014*	Δ
Revenues	140.2	137.0	+3.2
EBITDA	16.5	8.1	+8.4
EBITDA FX-adjusted	9.1	7.8	+1.3
EBIT	14.3	5.1	+9.2
EBT	11.1	3.1	+8.0
Consolidated net result	7.5	1.2	+6.3
Gross margin	33.8%	31.3%	+2.5% p
EBITDA margin (FX-adjusted)	6.5%	5.7%	+0.6% p
EPS in €	1.15	0.18	+0.97

*adjusted for extraordinary impairment charges (in respective lines)

IFRS 5 entities (Quab; Bhutan; 2014: Sweden) excluded, except for net result

H1 revenues above previous year due to strong Q1; decreasing revenues in Q2

- Q1: Revenues up by 9.3%
- Q2 significantly weaker than Q1
- USA: Lower sales in the US due to steel crisis at end of Q1 and during entire Q2
- South Korea: Loss of major account due to aggressively-priced imports from PR of China



IFRS 5 entities (Quab; Bhutan; 2014: Sweden) excluded

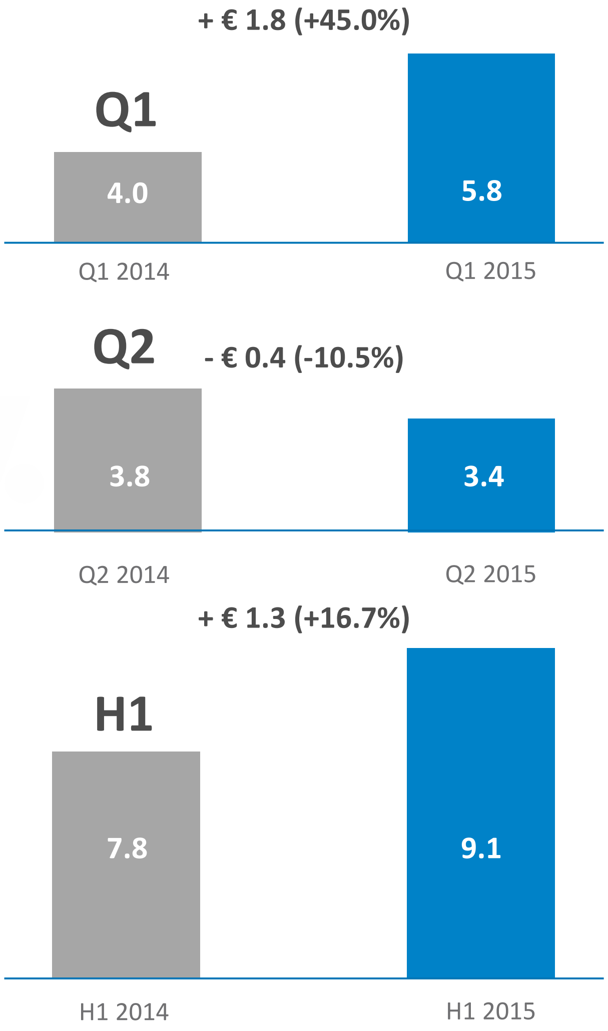
Graphics not to scale

EBITDA* in H1 2015: Strong Q1, depressed Q2

- Due to outlined market downturns, EBITDA deteriorating in Q2 versus both Q1 and previous year quarter

- Adverse markets reduced EBITDA in Q2-2015 by more than EUR 3 million, about half of which was compensated by ReMaKe and ad-hoc counter-measures

EBITDA* in € million



*EBITDA operative (adjusted for extraordinary depreciation 2014, and for FX)

IFRS 5 entities (Quab; Bhutan; 2014: Sweden) excluded

Graphics not to scale

Balance sheet H1 2015

€ in millions	June 30, 2015	Dec 31, 2014	Δ
Non-current assets	62.7	68.8	-6.1
Current assets	116.0	111.8	+4.2
Total assets	178.6	180.7	-2.1
Equity	26.5	24.4	+2.1
Non-current liabilities	**60.2**	**24.8**	**+35.4**
Current liabilities	**91.9**	**131.5**	**-39.6**
Total equity and liabilities	178.6	180.7	-2.1

- Significant shift from current to non-current liabilities due to successful refinancing in January 2015 (= situation returned to normal)
- Slightly improved equity ratio from 13.5% to 14.8%
- Further improvements of balance sheet expected

Cash flow H1 2015

€ in millions	H1 2015	H1 2014	Δ
Gross cash flow	4.5	4.9	-0.4
+/-Cash flow effects from changes in working capital	-8.9	1.9	-10.8
= Net cash flow	-4.4	6.8	-11.2
- Cash flow effects from investments	-2.1	-1.7	-0.4
= Free cash flow	-6.5	5.1	-11.6
+/-Cash flow effects from financing activities	-0.4	-1.8	+1.4
= Changes in cash on hand (before FX)	-6.9	3.3	-10.2

- Net cash flow in H1 2015 below H1 2014 due to higher increase in working capital:
  - Partly FX-induced (no cash out)
  - Cash-out differences mainly due to one-offs (such as settlement with US customs) and impact from discontinued operations
  - Cash flow effects from traditional working capital (inventories, trade payables, trade receivables) improved by € 3.5 million
- Low investment CapEx due to adjustments of ReMaKe investments to market uncertainties (in particular, less short-term potential for HDx)

Capital increase update

- Capital increase approved by AGM on June 9, 2015
- Resolution content:
  - Management may increase subscribed capital by up to 100% (= up to 6,544,930 new shares)
  - Against cash
  - With full subscription rights for current shareholders

➔ Realization (timing, scope etc.) will be decided based on further development of steel economy, SKW Metallurgie performance and degree of realization of strategic options, taking the interests of the company and its shareholders into due consideration

Revision of 2015 guidance caused by adverse steel markets

Basis:

- Continuation of current steel market situation until year end (in particular: steel crisis in the US)
- Current (IFRS 5-affected) Group composition
- Excluding net currency effect

Guidance (as communicated by ad-hoc):

Revenues and EBITDA are expected “significantly below the level of the previous year; for EBITDA given a lacking revitalization of the US-American steel economy a decrease by up to 20 %” (revenues 2014: EUR 279.0 million; relevant EBITDA 2014: EUR 14.8 million)

EBITDA excluding any extraordinary legal issues, and deconsolidation effects

Financial calendar

2015

• Publication of business figures first nine months	November 13, 2015
• Analysts' Conference at Equity Forum (Frankfurt am Main/Germany)	November 24, 2015

Further questions

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