



**Nine Months Results 2010**

**Conference Call**

**November 12, 2010**

**Guidance increased again following strong Q3 figures**



## 9M-2010: Strong Growth Following Economic Recovery



- Revenue increase of 93% to 285.2 mill. € based on:
  - Strong growth of global steel production (EU +33%, USA +50%)
  - Solid contribution from newly acquired Tecnosulfur (BRA)
- EBITDA up from 1.7 mill. € to 22.3 mill. €
  - EBITDA includes currency effect of net 1.3 mill. € (9M-2009: 0.1 mill. €)
  - EBITDA margin at 7.8%, up from 1.2%
- Investments into new production plants in Bhutan (calcium silicone; cored wire), Russia (cored wire), and the USA (specialty magnesium) on track

### Outlook:

- EBITDA guidance for 2010 increased again from minimum 24 mill. € to 27 mill. €



## Base Line of Increased Full Year Guidance (EBITDA) Almost Achieved after Nine Months



in mill. €	9M-2010	9M-2009	Q3-2010	Q3-2009
Revenues	285.2	147.6	96.4	54.4
<i>Gross Margin</i>	28.2%	24.9%	29.5%	22.3%
<b>EBITDA</b>	<b>22.3</b>	<b>1.7</b>	<b>6.2</b>	<b>1.0</b>
EBIT	13.4	-2.6	3.2	-0.4
EBT	11.2	-4.3	2.3	-0.9
Earnings after Taxes (before min.)	6.8	-3.3	1.1	-0.6
Earnings after Taxes (after min.)	5.7	-3.1	0.9	-0.5
<b>EBITDA Margin</b>	<b>7.8%</b>	<b>1.2%</b>	<b>6.4%</b>	<b>1.8%</b>
Earnings per Share in €*	0.88	-0.74	0.13	-0.08

\* Based on number of shares: 6,544,930



## Cored Wire: Strong US Business Drives Sales and Earnings Growth



in mill. €	9M-2010	9M-2009
Revenues	134.9	62.2
EBITDA	9.1	0.2
EBITDA Margin	6.8%	0.3%

- Strong recovery of global steel production in 9M-2010: +20% (EU: +33%, USA: +50%)
- Demand situation in Central Europe and particularly the USA significantly improved, yet pre-crisis levels not yet reached again
- Segment will benefit from opening of two new plants in 2011:
  - Vertical integration (calcium silicone furnace in Bhutan) will boost margins (no top-line sales growth)
  - Additional cored wire production in Russia (for Russia and CIS countries) and Bhutan (for India) will increase revenues and thereby earnings



## Powder and Granules: Strong Organic Growth and Solid Performance of Tecnosulfur



in mill. €	9M-2010	9M-2009
Revenues	133.1	73.5
EBITDA	16.0	1.6
EBITDA Margin	12.0%	2.2%

- Solid growth of newly acquired Tecnosulfur (BRA)
  - Revenue target of minimum 30 mill. € for FY 2010
- Dynamic growth in other activities and regions continues
- Construction of new Specialty Magnesium plant (ESM) in the USA on track, start of production in late 2011



# Very Solid Balance Sheet Structure



in mill. €	Sep. 30, 2010	Dec. 31, 2009	
Total Equity and Liabilities/Total Assets	270.6	231.7	
Equity*	119.5	109.0	
<i>Equity Ratio*</i>	<i>44.2%</i>	<i>47.0%</i>	* Incl. minorities ** Net financial debt div. by equity*
Net Financial Debt	50.6	32.8	
<i>Gearing **</i>	<i>0.42</i>	<i>0.30</i>	

- Very solid equity ratio of 44.2% despite ongoing high capex investments
- Net debt: Increase compared to year-end 2009 reflects high investments in BRIC countries (mainly Bhutan)
- Gearing (Sept. 30, 2010: 0.42) still very solid for a manufacturing company



# Strong Gross Cash Flow and High Investments



in mill. €	9M-2010	9M-2009
Gross Cash Flow	13.7	0.4
+/- Change in Working Capital	-13.8	19.3
Net Cash Received From Operating Activities	-0.1	19.7
+/- Net Cash Used in Investing Activities	-17.8*	-7.7
Free Cash Flow After Investments	-17.9	12.0

\* Mainly Bhutan

- Strong improvement in Gross Cash Flow
- Due to economic recovery, increase in working capital in Q1 and Q2; stabilization in Q3
- Gross Cash Flow sufficient to cover increased working capital requirements
- Significant investments in line with BRIC expansion strategy



## Outlook: EBITDA Guidance for 2010 Increased Again



- Solid forecast for steel production and demand in Q4-2010 and 2011
  - Good start of Q4 for SKW Metallurgie
- EBITDA guidance for 2010 increased again
  - March 2010: EBITDA for full year 2010 was guided at minimum 20 mill. €
  - August 2010: Based on strong H1 figures, EBITDA target for full year 2010 was increased to minimum 24 mill. €
  - November 2010: Second guidance increase due to strong Q3 figures and positive outlook for Q4-2010
    - **New EBITDA target: 27 mill. €**



## Outlook: Growing Confidence for 2011 ff.



- Continued potential from growing steel demand and production
  - In many countries (in particular EU and NAFTA), steel production has not (yet) returned to pre-crisis levels
  - Growth impetus from BRIC countries, in particular Brazil (Soccer World Cup and Olympic Games)
  - World Steel Association expects continued growth in steel demand for 2011: +7% to 741 million tons (excl. China)
- Contribution of new production sites from 2011 onwards
  - Bhutan: Start of production expected for H1-2011
  - Russia: Permitting process for production site subject to extended red tape
  - Growing contribution from new products, e.g. cored wire for copper and foundry industries



## Analysts' Conference 2010:

- November 23, 2010 at „Eigenkapitalforum“ in Frankfurt/M., Germany

## Publication of business figures full year 2010:

- March 25, 2011 (including Year-End Press Conference in Muenchen, Germany)

## Publication of business figures first quarter 2011:

- May 16, 2011

## Annual General Meeting:

- June 8, 2011 in Muenchen, Germany

## Publication of business figures first half 2011:

- August 12, 2011

## Publication of business figures first nine months 2011:

- November 14, 2011

## Analysts' Conference 2011:

- November 2011 at „Eigenkapitalforum“ in Frankfurt/M., Germany

*May be subject to change.*



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