



Conference Call

Nine Months 2011

November 11, 2011





Highlights 9M-2011

Growing uncertainties , but still on track

- Revenues and earnings further increased
 - Revenues increased 14% to € 324.7 million
 - EBITDA up 16% to € 25.8 million despite one-off effects
 - Start-up costs in new facilities (Bhutan, Russia) and restructuring costs in Sweden impact result, improvements in Bhutan and Russia expected for Q4-2011
 - Negative one-off (€ 0.8 million) from fraud regarding raw material purchase from China
- Solid balance sheet structure with reduced net financial debt in Q3 following investment peak in H1-2011
- Increasing uncertainties regarding impacts of financial turbulences on operating business, short-term slow down in steel dynamics possible
- Still on track to achieve financial guidance for 2011 and 2012
- Bhutan: Furnace is producing calcium silicon of highest quality



EBITDA plus 16% despite negative one-offs

in € million	9M-2011	9M-2010
Revenues	324.7	285.2
EBITDA	25.8	22.3
EBIT	16.0	13.4
EBT	14.2	11.2
Consolidated net income	9.0	6.8
thereof SKW Metallurgie shareholders	8.0	5.7
Gross margin	27.5%	28.2%
EBITDA margin	7.9%	7.8%
Earnings per share in € ¹⁾	1.22	0.88

1) Based on current number of 6.55 million shares

Earnings impacted by one-off effects:

- Start-up costs in new facilities (Bhutan, Russia)
- Sweden: Bargain purchase and restructuring costs netting off
- FX impact: € -0.4 million in 9M-2011 (9M-2010: € +1.3 million)



Cored Wire: Positive impacts from new facilities from Q1-2012 onwards

in € million	9M-2011	9M-2010
Revenues	153.1	134.9
EBITDA	7.8	9.1
EBITDA margin	5.1%	6.8%

- Steel production in key regions (9M-2011: EU +4.3%, USA +6.2%) drives revenue growth
- Start-up costs for Bhutan and Russia (9M-2011: ~€ -1,6 million), improvements expected
- Earnings margin negatively affected by adjustment of product mix



Powder and Granules: EBITDA margin of 13%

in € million	9M-2011	9M-2010
Revenues	148.4	133.1
EBITDA	19.3	16.0
EBITDA margin	13.0%	12.0%

- One-off effects of new calcium carbide facility in Sweden (bargain purchase and restructuring costs) netting off
- Negative one-off impact on earnings of € 0.8 million from fraud regarding raw material purchase from China
- New production facility for sintered synthetic slag at Tecnosulfur (Brazil) to start production in late Q4-2011, positive earnings contribution expected for 2012



Solid balance sheet despite investments in growth projects

in € million	Sept. 30, 2011	Dec. 31, 2010
Total assets	305.0	275.8
Equity ¹	122.4	122.3
Equity ratio ¹⁾	40.1%	44.3%
Net financial debt	67.8	47.3
Gearing ²⁾	0.55	0.39

1) incl. non-controlling interests

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

- Total assets up € 29.2 million, mainly due to expansion projects in Sweden and Bhutan
- Net financial debt reduced by € 3.7 million to € 67.8 million compared to June 30, 2011
- Solid balance sheet structure with equity ratio above 40% and gearing at 0.55



Focus on working capital management

in € million	9M-2011	9M-2010
Gross cash flow	13.0	13.7
+/- Change in working capital	-3.3	-13.8
= Net cash flow from operating activities	9.7	-0.1
+/- Cash flow from investing activities	-26.7	-17.8
= Free cash flow	-17.0	-17.9
+/- Cash flow from financing activities	16.6	22.2
= Net change in cash and cash equivalents	-0.4	+4.3

- Optimization of working capital management leads to limited increase of working capital (€ 3.3 million) despite strong operating performance and new facilities
- Major part of investing activities relates to new facility in Bhutan and expansion in USA and Brazil (especially Q3)
- Capital expenditure covered partly by increased bank loans, partly from cash flow



Growing economic uncertainties - Confidence for 2012

2011e: Still on track to achieve financial guidance

- If steel production volumes in SKW Metallurgie's core markets remain at least stable, SKW Metallurgie should achieve its operative guidance

2012e: New production sites support confident outlook

- Assumption: Further growth of global economy and steel production
 - IMF prognosis of Sept. 2011 for world output +4.0%
 - Worldsteel Association prognosis of Oct. 2011: Steel demand +5.4% (EU +2.5%, NAFTA +4.9%)
- Full positive revenue and earnings contributions from growth projects Bhutan (revenues mostly internal), Russia, Sweden and from new sintered slag plant in Brazil
 - ➔ SKW Metallurgie Group revenues and EBITDA to further increase

Risk factor: Uncertain impact of financial turbulences on operating activities



Financial calendar 2011 and 2012

2011 (remaining):

- November 22 Analysts' Conference during "Equity Forum" in Frankfurt/Main, Germany

2012:

- March 21 Publication of business figures full year 2011 incl. Year-end Press Conference in Munich, Germany
- May 15 Publication of business figures first quarter 2012 (Conference Call)
- June 14 Annual General Meeting in Munich, Germany
- August 16 Publication of business figures first half 2012 (Conference Call)
- November 15 Publication of business figures first nine months 2012 (Conference Call)
- November Analysts' Conference 2012 during "Equity Forum" in Frankfurt/Main, Germany

May be subject to change.



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