



Strategic realignment successfully kicked off
Positive operational trend in Q3

Conference Call 9M-2014

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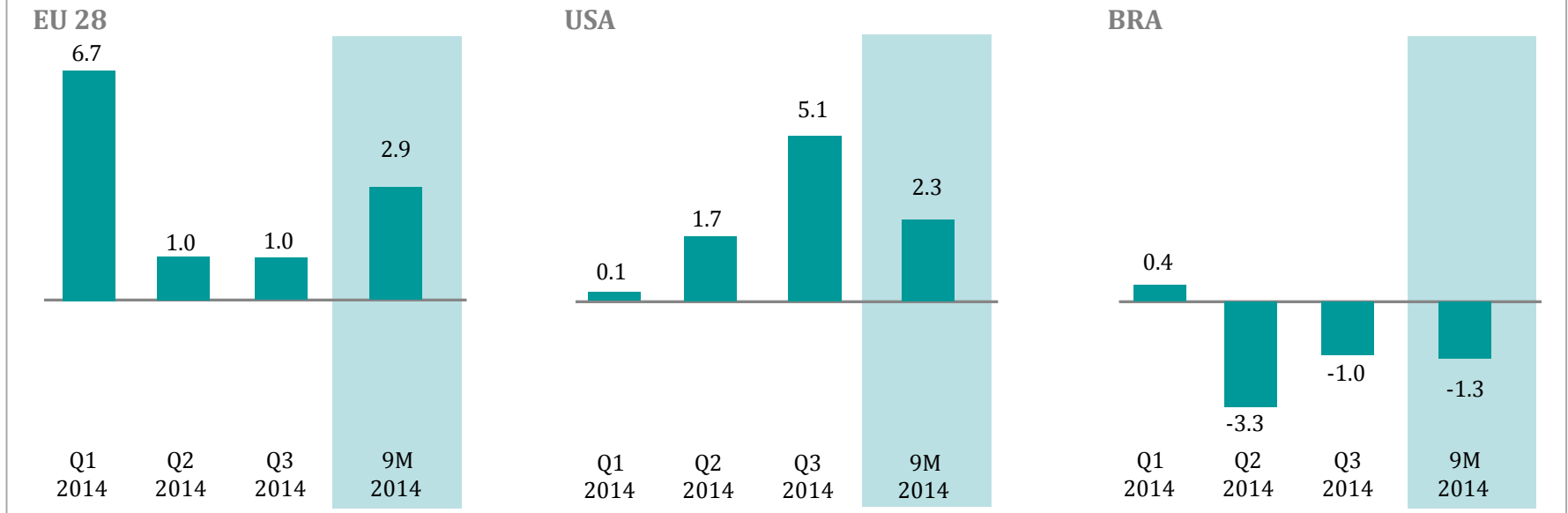
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* SKW Metallurgy Sweden has been reclassified as “discontinued operation“ as per IFRS 5; hence, profit & loss figures (for both 2014 and 2013) in this presentation exclude the Swedish affiliate

1. Financial reporting – Client industry update

Positive trend in 9M steel production (except BRA)

Development of steel production volume compared to previous year in %*



Positive development at the beginning of the year, though from low base; slow-down during the course of the year

Temporary loss of SKW Metallurgie revenues (and associated EBITDA) because of harsh winter effects in Q1-2014

Temporary economic halt due to men's soccer world cup in summer, and due to national elections in fall

* Source: Worldsteel Association

1. Financial reporting – P&L summary

Solid operational performance in Q3 2014

Revenues

- Revenues 9M-2014 (€ 234.8 mill.) below the comparable figures of 2013 (€ 243.6 mill.):
 - Shortfall against 2013, though decreasing
 - Q1 negatively affected by harsh winter in North America
 - Q3 revenues (€ 78.8 mill.) only slightly below the comparable figure of 2013 (€ 80.8 mill.)
- Optimism for Q4 and beyond due to strong North American steel industry and due to ReMaKe

EBITDA

- Q3-2014 (€ 7.3 mill.) > Q3-2013 (€ 6.0 mill.); 9M-2014 (€ 13.6 mill.) only slightly below 9M-2013 (€ 15.0 mill.)
- Q3-2014 close to level of Q3-2013 after adjustments for FX effects and extraordinary items

1. Financial reporting – P&L Q3 2014

€ in millions	Q3 2014	Q3 2013	△
Revenues	78.8	80.8	-2.0
EBITDA	7.3	6.0	+1.3
EBIT	4.1	3.6	+0.5
EBT	3.3	2.9	+0.4
Consolidated net result	1.6	1.5	+0.1
Gross margin	32.4 %	33.2 %	-0.8 %p
<i>EBITDA margin</i>	<i>9.3 %</i>	<i>7.4 %</i>	<i>+1.8 %p</i>

- Main upward extraordinary effect: net currency result
- Main downward extraordinary effect: expenses for repositioning and realignment
- Eliminating extraordinaries: Q3-2014 close to level of Q3-2013

1. Financial reporting – P&L 9M 2014

€ in millions	9M 2014	9M 2013	△
Revenues	234.8	243.6	-8.8
EBITDA	13.6	15.0	-1.4
EBIT	-56.4	7.4	-63.8
EBIT adj. (by € 62.3* m eo impairments in Q2 2014)	5.9	7.4	-1.5
EBT	-59.2	4.8	-64.0
EBT adj. (by € 62.3* m eo impairments in Q2 2014)	3.1	4.8	-1.7
Consolidated net result	-69.2	1.8	-71.0
Consolidated net result adj. (by € 70.8** m eo impairments in Q2 2014)	1.6	1.8	-0.2
Gross margin	30.7 %	31.3 %	-0.6 %p
<i>EBITDA margin</i>	<i>5.8 %</i>	<i>6.1 %</i>	<i>-0.3 %p</i>
EPS in €	-7.23	0.44	-7.67

* Impairment charges without impairments on working capital; all eo figures at Q2 FX rates

** Including extraordinary impairments of deferred tax assets

1. Financial reporting – Balance sheet Q3

Equity ratio has remained stable

€ in millions	Sep. 30, 2014	June 30, 2014
Total equities & liabilities	174.6	170.8
Equity	24.7	24.1
Equity ratio	14.1 %	14.1 %
Net financial debt	74.7	60.1
Gearing	3.02	2.49

- Total equities & liabilities, as well as equity slightly improved; equity ratio stable
- Net financial debt increase reflects working capital increase, which is caused by the following extraordinary effects:
 - Revised cash management policies around the closing dates
 - Temporary amendment of trade credit terms due to ad hoc release of August 2014
 - Increased sales at the end of the quarter

1. Financial reporting – Gross cash flow remains positive; FCF reflects working capital adjustments

€ in millions	9M-2014	9M-2013
Gross cash flow	6.3	10.4
+/- Cash-in/out from changes in working capital	-14.0	6.6
= Net cash flow	-7.7	17.0
- Cash-out for investments	-3.0	-4.0
= Free cash flow	-10.7	13.0
+/- Cash-in/out from financing activities	+9.1	-26.0
= Changes in cash on hand (before FX)	-1.6	-13.0

- Core business expected to remain cash-positive; further improvements in cash flow expected through ReMaKe

2. ReMaKe update – Disposal of SKW Metallurgy Sweden AB

Portfolio optimization advanced

- Swedish subsidiary "SKW Metallurgy Sweden AB" reclassified as discontinued operation from Q3-2014 (according to IFRS 5)
- Divestment process under way, closing expected for Q4-2014
- Financial impact: Negative deconsolidation effect expected to be at least partially compensated by purchase price

2. ReMaKe update – Integration of SKW entities in North America

Unified approach leading to higher sales and reduced costs

- North American core business units (Affival Inc. and ESM Group Inc., each with subsidiaries) acting as SKW North America (Quab not affected)
- New umbrella approach fully operational as of January 1, 2015: One management responsible for the combined business, one budget
- Impacts for the Group:
 - Improve efficiencies by shared use of internal service functions
 - Systematic cross-selling and enhanced value proposition to customers to yield higher sales figures
 - EBITDA and free cash flow to increase sustainably
 - Switch from an entity-oriented, multi-brand strategy to a regional, Group-comprehensive approach
 - BLUEPRINT for the successful penetration of other key markets

3. Outlook FY 2014

FY 2014

- Revenue shortfall from Q1-Q3 2014 is not expected to be entirely compensated, despite expectations for a strong Q4 2014
- EBITDA (before ReMaKe) expected to slightly exceed FY 2013
- Q4 2014: Revenues and EBITDA (before ReMaKe) expected above the level of Q4 2013

4. Financial calendar

2015

- Release of full-year figures 2014: March 20, 2015
- Annual General Meeting (in München/Germany): June 9, 2015

- Release of Q1-2015 figures: May 13, 2015
- Release of Q2-2015 figures: August 14, 2015
- Release of Q3-2015 figures: November 13, 2015



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