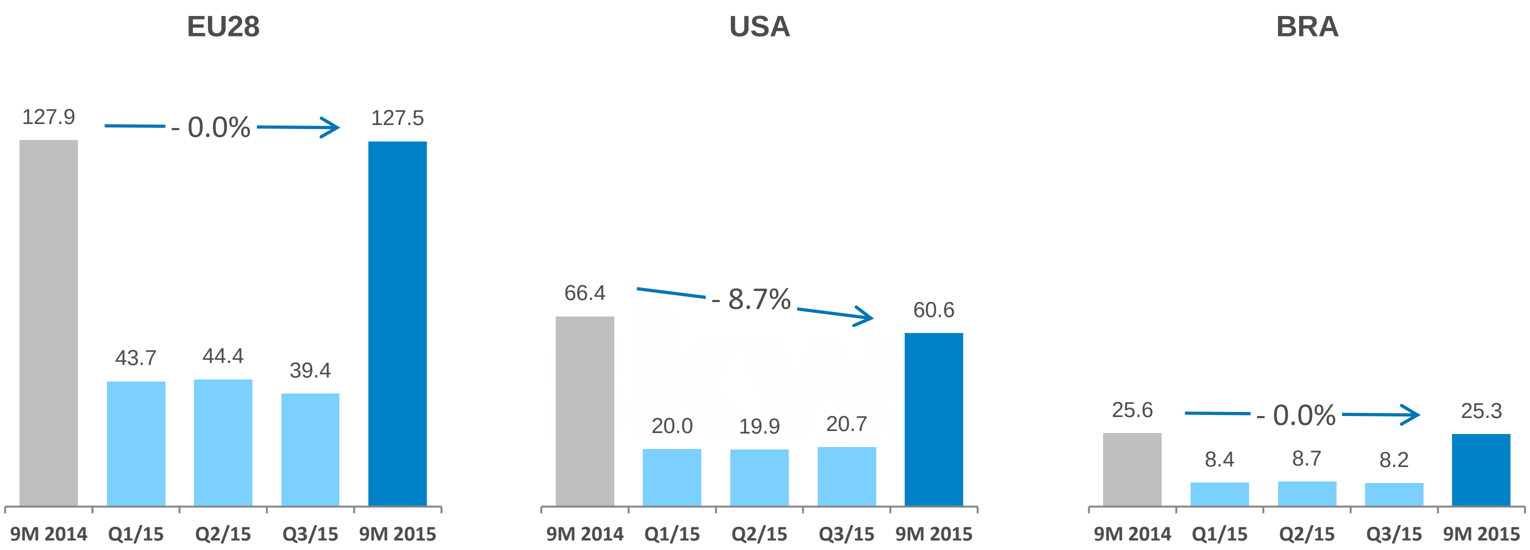
Highlights of Q3 2015

November 13, 2015

- Ongoing economic downturn in steel and steel consumables
- Free cash flow positive despite weak economic environment
- Guidance reconfirmed

Client industry update - Deterioration in EU and BRA, US downturn stabilizing on low level

Crude steel production in million tons



- Quarter over quarter trend changed (-11%) and results in significant lower volume
- Pressure from overcapacities, government intervention (e.g. Italy)
- Intensifying competition from non-EU producers both inside the EU and on export markets

- Quarterly volume in 2015 seems to be stabilized on low level compared to previous year
- Strong US-Dollar favors imports
- Fracking and oil demand sluggish

- Declining Q3 volume following the economic downturn
- Political and macroeconomic uncertainties
- Further significant deterioration expected for steel industry

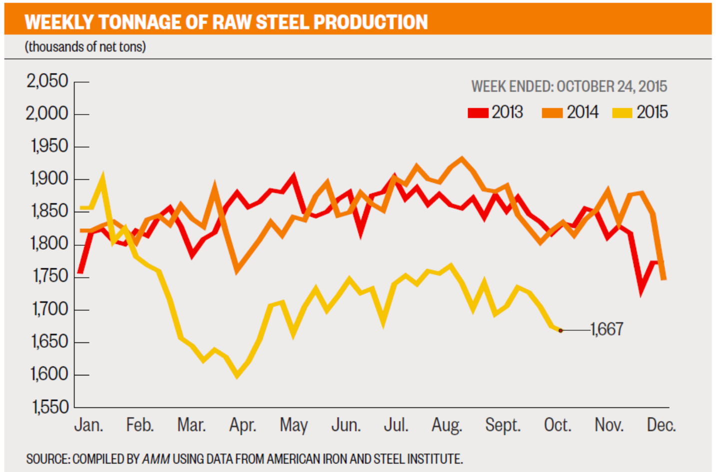
Source: Worldsteel Association

Decreasing steel production in the US is challenging SKW Metallurgie

Main sales shortfall of SKW is caused by the ongoing steel crises in North America, which counts for approx. 2/3 of the Group's core business:

- Break down of oil and fracking demand affects steel production directly
- Related industries reduce their demand for steel
- Dollar FX-rate continuously favors imports

US Steel Production per Oct. 24, 2015



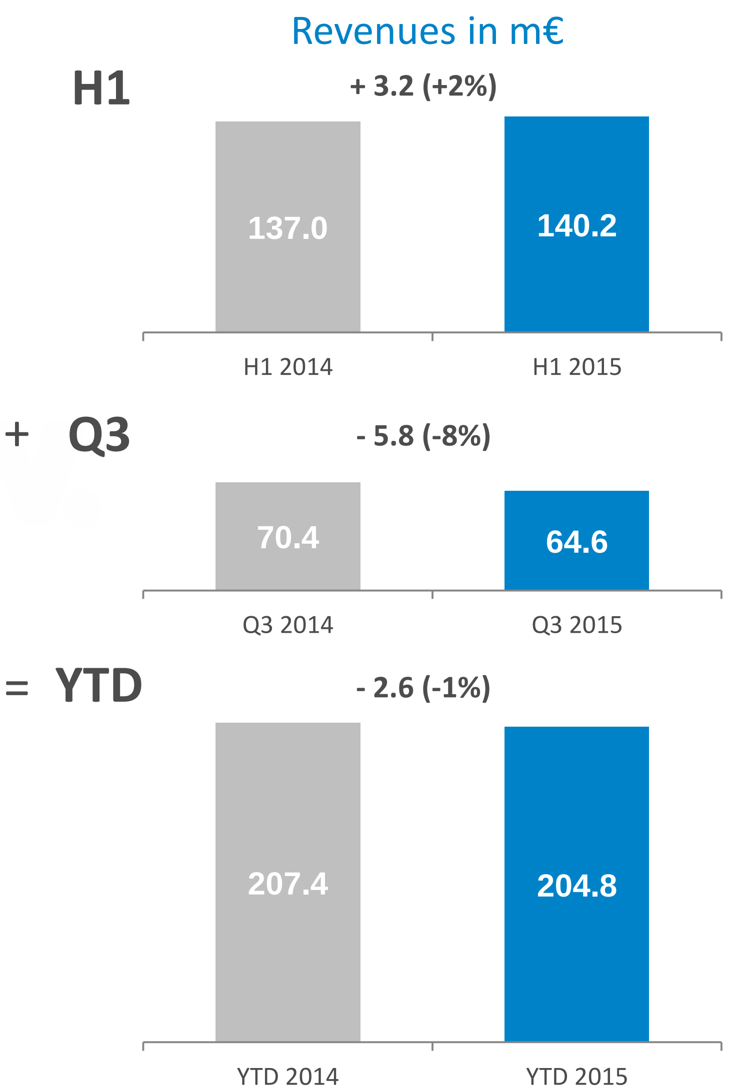
Other factors triggering the revenue shortfall of SKW Group:

- Pressure on local production through imports/market entries from China and other countries (e.g. Korea and India)
- Price erosion of steel consumables interferes with introduction of higher margin products (e.g. shortfall in HDx sales cause by CaSi price collapse)
- Macro economical downturn in key markets (e.g. Brasil)

Sales decline in Q3 2015 compared to previous year

Sales Q3 2015 vs 2014:

- Sales deviation from previous year almost fully caused by SKW NA
- SKW SAS (Europe and Asia) is almost on previous year level
- SKW SA is short against previous year due to negative FX translation



IFRS 5 entities (Quab; STM, Bhutan) and 2014 SMS, Sweden excluded

Regional comments on YTD sales

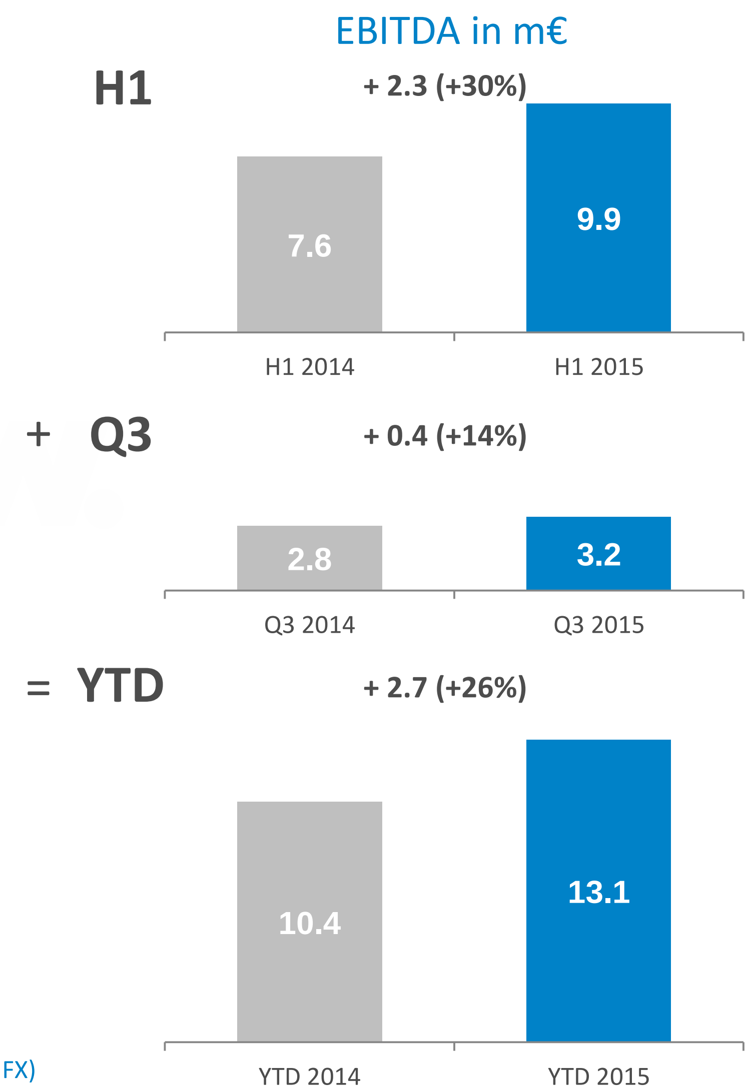
Sep 2015 YTD Sales (204.8 m€) are 1% lower than previous year (207.4 m€) and significantly short against internal targets

- **SKW NA:**
  - FX translation effect in excess of 25 m€ almost compensates operational shortfall due to market break down
  - Powder and Granules business declining in line with market volume decrease – in future to be partially compensated by market share rebound
  - Cored wire business suffers even more due to high exposure to tube producing steel facilities
- **SKW SAS Group (Europe and Asia):**
  - With sales of more than 60 m€ slightly above previous year
  - Overall negligible FX effects
  - Downsides in Korea and Japan are overcompensated by upsides in Europe, Russia and China
- **SKW SA:**
  - Upside in operational business performance is slightly equalized by negative FX effect

EBITDA* improvement in Q3 2015 due to Holding savings

EBITDA Q3 2015 vs 2014:

- Negative deviations in excess of 2.0 m€ in Q3 in operational business
  - SKW NA underperforms significantly
  - SKW SAS Group (Europe and Asia) only with minor deviations
  - SKW SA operationally in line, but negative FX effects
- SKW Holding compensates shortfalls due to decrease of extraordinary expenses vs. Q3 2014



IFRS 5 entities (Quab; STM, Bhutan) and 2014 SMS, Sweden excluded

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

Deviations from earlier reported figures (incl. realized FX effects) result from consideration of unrealized FX effects only

Comments on YTD EBITDA

Sep 2015 YTD EBITDA of 13.1 m€ exceeds 2014 performance (10.4 m€) by 26% (2.7 m€)

- **SKW NA:**
  - Powder and Granules business slightly above previous year despite volume shortfall
  - Cored Wire looses substantially because of high oil and fracking exposure
  - Total SKW NA with more than 2.0 m€ short against previous year
- **SKW SAS Group (Europe and Asia):**
  - On previous year EBITDA level
  - Shortfalls in Korea have been compensated by others entities
- **SKW SA:**
  - With operational performance improvement vs. 2014 overcompensating FX shortfall
- **SKW Holding:**
  - Holding savings outperform underperformance of SKW NA

Summary Q3 and YTD P&L

m€	Q3 2015	Q3 2014*	Δ	YTD 2015	YTD 2014*	Δ
Revenues	64.6	70.4	-5.8	204.8	207.4	-2.6
EBITDA	2.0	6.5	-4.5	18.6	14.4	4.2
EBITDA, FX adjusted	3.2	2.8	0.4	12.9	10.5	2.4
EBIT	1.1	4.8	-3.7	15.4	9.8	5.6
EBT	-0.5	4.0	-4.5	10.5	6.9	3.6
Consolidated net result	-1.6	1.6	-3.2	5.9	2.5	3.4
Gross Margin	31%	33%	-2% p	33%	33%	+0% p
EBITDA margin (FX adjusted)	5%	4%	+1% p	6%	5%	+1% p
EPS in €	-0.21	0.18	-0.39	0.95	1.08	-0.13

*adjusted for extraordinary impairment charges (in respective lines)

FX-adjusted means adjusted by unrealized FX effects

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

Balance sheet Q3 2015

m€	Sep.30, 2015	Dec.31, 2014	Δ
Non-current assets	58.5	68.8	-10.3
Current assets	105.7	111.8	-6.1
Total assets	164.2	180.6	-16.4
Equity	21.3	24.4	-3.1
Non-current liabilities	15.8	24.8	-9.0
Current liabilities	127.1	131.4	-4.3
Total equity and liabilities	164.2	180.6	-16.4

- IFRS 5 reconciliation requirements caused 85% of non-current asset/ liabilities decrease
- Inventory and receivables have been reduced by 10.2 m€
- Equity highly impacted by non-cash FX volatilities of BRL and USD which consumed away the net result of 5.9 m€ of 2015
- Current liabilities reduction derives from Homeland Security payment and reduced payables

Cash flow YTD 2015

m€	YTD 2015	YTD 2014	Δ
Gross cash flow	5.5	6.1	-0.6
+/- Cash flow effects from changes in working capital	-0.6	-11.8	11.2
= Net cash flow	4.9	-5.7	10.6
- Cash flow effects from investments	-3.8	-3.1	-0.7
= Free cash flow	1.1	-8.8	9.9
+/- Cash flow effects from financing activities	-5.3	8.0	-13.3
= Changes in cash on hand (before FX)	-4.2	-0.8	-3.4

- Net cash flow in YTD 2015 above YTD 2014 due to significant decrease in working capital:
  - Reduction of stock and receivables by 6.6 m€ due to implemented WC management program (FX-adjusted) plus additional compensation of factoring loss due to new financing by 3.6 m€ in January 2015; totaling up to 10.2 m€
  - Remarkable counter effects have been Homeland Security settlement in H1, payables reductions, tax payments and FX-Effects
- Appropriate CapEx of 3.7 m€ fully financed through operations (gross cash flow)
- Ordinary repayment of financial liabilities amounting 3.2 m€

IFRS 5 related activities

- STM, Bhutan deconsolidation expected to be executed within Q4 2015
  - Options: Sale or insolvency
  - Deconsolidation will provide positive impact on group equity
- Quab Sale
  - Final negotiations in process
  - Execution of divestment uncertain
  - Existing offers have incorporated substantial discounts for the weak economical environment

Financing status

- Financial Covenants
  - A covenant breach per Q3 2015 occurred due to the crisis related sales short falls and technical aspects such as FX translation
  - The banks and SKW have entered into a waiver agreement
- A covenant reset is in preparation based on:
  - A validation of short/midterm scenarios for SKW's key markets
  - An extension and adaption of the ReMaKe Module 2 activities with main focus on:
    - Further efficiency improvements through increased group coordination
    - Evaluation of knowhow transfer opportunities
    - Second overhead reduction layer on company and holding level
    - Evaluation of a revised midterm business plan

Further comments/other issues

- Capital increase was canceled on Oct. 2 due to the unfavorable conditions in the steel and capital market
- Guidance reconfirmed

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: 279.0 m€; relevant EBITDA 2014: 14.8 m€)

Basis:
- *Continuation of current steel market situation until year end (in particular: steel crisis in the USA)*
- *Current (IFRS5-affected) group composition*
- *Excluding net currency effect*

- Resignation of Group CFO, Sabine Kauper, by end of October; Kay Michel to take over responsibility for Finance on an intermediate basis

Financial calendar

2016

• Publication of business figures full year 2015	Mar. 18
• AGM 2015, Munich (Germany)	Jun. 21
• Publication of business figures H1, 2016	Aug. 12

Note:

With regard to the publication of figures for the 1st quarter of 2016, as well as to the 3rd quarter 2016 is the SKW Stahl Metallurgie Group announce details as soon as the pending legal and stock market regulatory changes are in force.

Subject to change

Further questions

PLEASE CONTACT THE INVESTOR RELATIONS DEPARTMENT

Christian Schunck

Head of Investor Relations and Corporate Communications

Phone: +49 89 5998923-0 (-22)

ir@skw-steel.com

http://www.skw-steel.com

Disclaimer

This presentation is exclusively designated for publication in Germany and a limited number of other select countries. In particular, it may not be sent in whole or in part to the USA, Canada, Japan, Australia, or one of their dependent territories, or disseminated, published or otherwise made accessible in these countries. This also applies to other jurisdictions in which these actions are restricted or prohibited by law, directives or other legal acts.

This presentation contains statements on future developments that are based on currently available information and involve risks and uncertainties that could cause the actual results to differ from these forward-looking statements. These risks and uncertainties include, for example, unpredictable changes in political, business or economic conditions, particularly in the steel and paper industry, the competitive situation, interest and currency risks, technological development as well as other risks and unexpected circumstances. SKW Metallurgie does not enter into any undertaking to continue any such forward-looking statements. We believe that there are additional risks, including in price developments, unanticipated changes in connection with companies acquired and consolidated, ongoing Efficiency activities and unforeseeable events.

This presentation is neither an offer for sale nor an instruction to subscribe for or an instruction or recommendation for the purchase of securities. In addition, neither this document nor the statements contained therein form the basis for a contract or any undertaking, nor are they conceived as a recommendation for action in connection with such a contract or undertaking. SKW Metallurgie does not make any assurances and it does not assume any guarantee for the completeness and correctness of the information and opinions included in this presentation. SKW Metallurgie is also not liable for losses that result as a result of the dissemination and/or use of this presentation, or for losses that are connected in any way with the dissemination and/or use of this presentation. This presentation is not to be used as a replacement for personal investment advice. Any decision relating to an investment in the securities issued by SKW Metallurgie is to be taken based on the information in the stock offering prospectus (2006).

For some of the cities that may be named in this presentation there are several standard names and/or transcription in Latin script. The use of a specific name or transcription is only to express business information and does not have any political connotations. Any maps that may be included in this presentation are for visualization only and do not have any political connotations, such as an assessment of the legality of borders.