Report for the 1st Quarter 2015

skw. metallurgie

TABLE OF CONTENTS

Interim management report for the SKW Stahl-Metallurgie Holding AG Group for the 1st quarter of 2015

1. Global economic conditions

1.1 Cautious growth of the world economy

According to the World Economic Outlook Reports published by the International Monetary Fund (IMF), the global economy is continuing to grow so slowly that the IMF is warning of a continuing global growth crisis. However, the IMF is forecasting stronger growth this year in the United Kingdom (+2.7%), the USA (+3.1%), Japan (+1.0%) and India (+7.2%), and believes that there are also improved perspectives for the Eurozone (1.5%). In contrast, developing and emerging nations are facing many challenges. For example, according to the IMF growth in Brazil is slowing still further year-on-year by -1.1 percentage points to -1.0%. The IMF is also forecasting growth to be -0.6 percentage points lower in China at 7.4%; the forecasts for the Russian economy are -4.4 percentage points lower, down to -3.8%. In order to boost the economy in these countries the IMF is advising structural reforms and activities to increase innovations and productivity.

In January 2015 the European Central Bank (ECB) announced further purchases of bonds in order to stabilize prices. This support is planned with a monthly amount of EUR 60 billion through to September 2016. According to a current EU forecast the Eurozone is anticipating deflation of 0.1% this year, with the outlook for growth at 1.3%, down by 0.2 percentage points against the IMF forecast. In Germany, the joint forecast by CES ifo Group Munich is for growth of 2.1%.

1.2 Steel production fell worldwide in Q1 2015 – above-average slump in the USA

The SKW Metallurgie Group records the majority of its revenues with customers in the steel industry. The sale of SKW Metallurgy Sweden AB (significant revenues with the gas industry) in November 2014 to a non-group buyer means that the proportion of steel producers in SKW Metallugie's consolidated revenues has increased, now totaling more than 90% (Q1 2014: 85-90%).

The SKW Metallurgie Group offers its steel industry customers a broad range of technologically demanding products and services, in particular for primary and secondary metallurgy. The quantities demanded by steel producers for most of these products depend, primarily, on the amount of steel produced. In contrast, the price of steel is less important for the SKW Metallurgie Group, as demand for steel has a low level of price elasticity over the short term, and the impact the price of steel has on the quantities produced is low. Steel manufacturers' earnings can have an indirect impact on the SKW Metallurgie Group, for example if customers' tense earnings lead to increased requests for conditions to be changed or to a lower credit rating for the SKW Metallurgie Group's receivables from the customer. The amount of stocks of the SKW Metallurgie Group's products held by steel producers is not significant.

According to information from World Steel Association, in 2014 global steel production fell in the quarter under review by -1.8% year-on-year to 400.034 million tons. China is indisputably the largest individual market, accounting for 50% of the global market.

In geographic terms, the SKW Metallurgie Group is only present in China to a negligible extent (primarily with supply operations for the Group). During the year under review the focus was still on the sales markets in the USA (more than 50% of consolidated revenues in the year under review and in the previous year, the European Union (primarily for the Cored Wire segment) and Brazil. The key indicator for these regions in this regard is “Steel production world without China” from World Steel Association, and this increased by 2.0% year-on-year, however, the individual regions exhibited different growth: While the 28 countries in the EU recorded growth of just 0.6% and the USA recorded 7.6% (of which March: 12.7%), the quantity of steel produced in the first three months in Brazil fell by 0.7% (of which in March: down by 7.4%).

1.3 Markets for SKW Metallurgie’s products follow customer industries

As a rule, growth on the markets for primary and secondary metallurgy products and solutions follows growth on the markets for high and higher-quality steel production: The more steel is produced, the more primary and secondary metallurgy products are required. There is an additional impact on demand for primary and secondary metallurgy products depending on the technical methods used (e.g., blast furnace versus electric steel plants) and which additives are used to produce steel (e.g. quality stages for the carbons used).

The SKW Metallurgie Group records almost 10% of its revenues with customers outside the steel industry. This relates, roughly 50:50 to “Quab” specialty chemicals, which are mostly sold to producers of industrial starch (pre-product for paper production) and also to the fracking industry, and to products that are technologically related to the products for the steel industry (e.g., cored wire for the copper and casting industries). The development of customer industries outside the steel industry and, as a result, sales of SKW Metallurgie’s products to these industries, is mostly in line with the general economic trends.

2. Organization and Company structure

Dr. Dirk Markus announced his resignation from the Company's Supervisory Board in the first quarter of 2015 with effect from February 28, 2015. The agenda for the Annual General Meeting on June 9, 205 was published at the end of the period under review, however before the date on which this interim management report was prepared. This includes a proposal to elect Mr. Reto Garzetti to the Supervisory Board to replace Dr. Markus.

There were no other material changes to the organization and corporate structure during the first quarter compared to December 31, 2014.

On March 31, 2015 the SKW Metallurgie Group thus comprised 25 fully consolidated companies (24 subsidiaries and the parent company) in 13 countries.

The SKW Metallurgie Group's goal is still to reduce complexity in the Group's structure.

The Group's shareholder structure continues to be characterized by being held fully in free float (Deutsche Börse's definition). During the quarter under review and in the period thereafter, the Company was not aware of any shareholder who holds an interest of 10% or more in the unchanged share capital.

3. Corporate and business development

3.1 Successful adjustment of the portfolio of participating interests

In November 2014 the SKW Metallurgie Group sold its Swedish subsidiary SKW Metallurgy Sweden AB to a purchaser outside the Group. This adjustment to the portfolio of participating interests was a successful milestone in the implementation of ReMaKe (rapid restructuring of peripheral areas and areas with a negative cash flow) and marks a move away from the previous strategy of vertical integration. SKW Metallurgy Sweden AB was deconsolidated in the annual financial statements for 2014 and is carried as discontinued operations. In the income statement, this means that the contributions made by SKW Metallurgy Sweden AB to the individual income and expense items are included neither in fiscal year 2015 nor in 2014. As a result, the comparable figures for 2014 in the income statement in this management report differ from those published in the management report and consolidated financial statements for the first quarter of 2014, which still included figures from SKW Metallurgy Sweden AB.

3.2 Revenues in Q1 2015 higher than in previous year

The SKW Metallurgie Group's revenues in the first quarter of 2015 totaled EUR 83.5 million, significantly higher than in the first quarter of 2014 (EUR 77.2 million). However, these improved revenues include contradictory FX effects (in particular from the USD/EUR exchange rate): While currency translation effects had a positive impact on revenue growth, the stronger US dollar in the USA meant that foreign steel was increasingly used as a substitute for domestic steel, causing sales of SKW Metallurgie's products to fall. Without currency translation effects, revenues in the quarter under review would have been on a par with Q1 2014.

3.3 Increase in gross profit margin underscores the Group's operating strength

The SKW Metallurgie Group's business demands the use of large quantities of raw materials, and in this type of business any change in the costs of raw materials and corresponding adjustments to selling prices can affect revenues, without this necessitating any change in operating output. As a result, a much more meaningful figure for the SKW Metallurgie Group is the gross profit margin (gross margin).[1]

During the year under review, the SKW Metallurgie Group increased this figure significantly – with costs of materials totaling EUR 57.0 million (previous year: EUR 56.0 million) – as a result of its consistent orientation to high-margin products to 32.8% compared to 30.6% in the previous year. With regard to its gross margin, the SKW Metallurgie Group aims to continue the positive growth by continuing to focus on high-margin divisions and products, and improving the quality of its margin via active supply chain management, as well as corresponding packages of activities as part of the ReMaKe program.

Other operating income for the SKW Metallurgie Group includes, in particular, exchange rate gains from currency translation (mainly non-realized); this foreign currency income totaled EUR 16.3 million in the first quarter of 2015, compared to EUR 0.7 million in the same period of the previous year.

1. The gross profit margin (gross margin) is defined at SKW as the ratio of total operating revenue minus costs of material to revenues.

Other operating expenses in the first quarter include the following factors:

→ EUR 11.2 million is due to other operating expenses without expenses from foreign currency translation (Q1 2014: EUR 9.9 million) This includes, in particular, variable (sales-related) cost components such as transport costs as well as expenses for sales commission.

→ EUR 4.7 million is due to exchange rate losses from foreign currency translation (Q1-2014: EUR 1.2 million); this expense is mainly non-realized.

Personnel expenses in the quarter under review (EUR 10.8 million) are practically the same as in the same quarter of the previous year (EUR 10.7 million).

3.4 ReMaKe activities taking effect – significant increase in EBITDA

The SKW Metallurgie Group's EBITDA totaled EUR 17.7 million in the three-month period, and was thus substantially higher than in the same period of the previous year (Q1 2014: EUR 3.2 million).

Of this EUR 14.5 million increase, however, EUR 12.1 million is due to the net currency translation effect from other operating income and other operating expense (Q1 2015: EUR 11.6 million; Q1 2014: EUR -0.5 million).

After adjustment for these effects EBITDA for the quarter was up by EUR 2.4 million (from EUR 3.7 million to EUR 6.1 million). This was due in particular to increases in efficiency from the ReMaKe program. The SKW Metallurgie Group is convinced that the course it has taken will also bear fruit in the remainder of 2015.

3.5 Q1 2015: solid growth below EBITDA

Amortization/depreciation in Q1 2014 period totaled EUR 1.5 million (Q1 2014: EUR 2.7 million). This downturn is due, in particular, to the lower basis for depreciation for property, plant and equipment as a result of the extraordinary write-downs performed in the second quarter of 2014.

Interest expenses (net) in the first three months of 2015 were substantially higher than the previous year's figure at EUR 2.0 million (EUR 1.2 million). This was due to refinancing expenses based on the syndicated credit agreement concluded in the period under review (January 2015). Part of these expenses relate to one-off expenses (H1 2015e: EUR 0.7 million).

Tax expenses for the SKW Metallurgie Group totaled EUR 2.2 million in the first quarter of 2014 (Q1 2014: EUR 1.2 million). This increase is due, to a large extent, to the improved pre-tax earnings (Q1 2015: EUR 14.1 million; Q1 2014: EUR -0.7 million). In addition, part of the tax expenses are deferred tax expenses; in contrast the taxes paid are lower than in the previous year despite pre-tax earnings being up (income taxes paid netted with income tax refunds in the quarter under review EUR 0.7 million compared to EUR 1.0 million in Q1 2014).

3.6 ReMaKe bears fruit – positive earnings per share

According to IFRS, consolidated earnings from continuing operations are netted with earnings from discontinued operations (after taxes). In these consolidated financial statements the latter item includes SKW Metallurgy Sweden AB with an amount of EUR 0 million (compared to EUR -0.5 million in Q1 2014). The consolidated net income for the year in the amount of EUR 12.0 million (previous year: EUR -2.4 million) is distributed between the shareholders of SKW Stahl-Metallurgie Holding AG, and to non-controlling interests for the subsidiaries in which the SKW Metallurgie Group does not hold a 100% interest. These are the following fully-consolidated Group companies.

Management report

- → Tecnosulfur (Brazil): Non-controlling interests: 33.3%
- → Quab (USA): Non-controlling interests: 10%
- → SKW-Tashi (Bhutan): Non-controlling interests: 49%
- → SKW Technology companies: in liquidation

EUR 0.2 million was due to these non-controlling interests (Q1 2014: EUR -1.1 million).

EUR -11.7 million is attributable to shareholders of SKW Stahl-Metallurgie Holding AG (all from continuing operations) compared to EUR -1.3 million in Q1 2014 (of which EUR -0.8 million was from continuing operations).

The number of SKW Metallurgie shares did not change and totaled 6,544,930. This results in earnings per share (EPS) from continuing operations of EUR 1.80 (previous year: EUR -0.12).

3.7 Successful refinancing: Terms of financial debt are congruent once again

The following table shows the key items of the SKW Metallurgie Group's balance sheet as of March 31, 2015 compared to December 31, 2014 (and thus already without SKW Metallurgy Sweden AB):

Assets in EUR thousand	03/31/2015	12/31/2014
Non-current assets	72,593	68,838
Current assets	122,682	111,813
thereof cash and cash equivalents	16,287	17,972
Total assets	**195,275**	**180,651**

Equity and Liabilities EUR thousand	03/31/2015	12/31/2014
Equity	27,930	24,440
Non-current liabilities	72,676	24,758
thereof non-current financial liabilities	53,059	6,907
Current liabilities	94,669	131,453
thereof current financial liabilities	40,058	77,142
Total assets	**195,275**	**180,651**

The SKW Metallurgie Group's total assets increased substantially by EUR 14.6 million in the first quarter of fiscal year 2015 from EUR 180.7 million to EUR 195.3 million.

On the assets side, the increases were due, in particular, to inventories (from EUR 43.6 million to EUR 48.9 million) and to trade receivables (from EUR 39.1 million to EUR 46.7 million).

On the equity and liabilities side, there were major changes in financial debt. The SKW Metallurgie Group's **gross financial debt**[2] increased by EUR 9.1 million from EUR 84.0 million to EUR 93.1 million. Over and above the amount, the maturities also shifted substantially: As a result of the fact that the refinancing agreements were not concluded before January 2015, financial liabilities for the Group's parent company SKW Stahl-Metallurgie Holding AG had to be technically qualified as "current" as of December 31, 2014. On the date this management report was prepared the conclusion of the new syndicated credit agreement, which has a three-year term, means that maturities in the financial statements are congruent again.

In addition, as a result of the ongoing period of low interest rates, the carrying amount for pension commitments has been increased by EUR 1.6 million to a current total of EUR 10.8 million in line with the market.

2. Both gross and net financial debt do not include, by definition, the portions of credit lines which have not been used or which are only used with guarantees.

As equity increased to a significantly greater amount than total assets in the period under review, the **equity ratio** (including non-controlling interests) was 14.3%, up 0.8 percentage points compared to previous year's figure (December 31, 2014: 13.5%). The SKW Metallurgie Group aims to increase its equity ratio again. It the agenda for the Annual General Meeting on June 9, 2015, which was published on April 24, 2015, it made a proposal to its shareholders that the Company's share capital be increased by up to 100% by way of a capital increase against cash contributions.

In addition to the equity ratio, **net financial debt**[3] is a key performance indicator for the SKW Metallurgie Group. This figure totaled EUR 76.8 million on March 31, 2015 and has thus increased in line with the increase in gross financial debt compared to the previous year's figure (EUR 66.0 million).

3.8 Gross cash flow improves substantially year-on-year

The following table shows the key items of the consolidated cash flow statement:

EUR thousand	01.01.-03/31/2015	01.01.-03/31/2014
Consolidated annual earnings from continuing operations	11,987	-1,936
Gross cash flow	2,330	984
Cash flow from operating activities	-10,659	-1,085
Cash flow from investing activities	-509	-904
Cash flow from financing activities	9,061	2,260
Change in cash and cash equivalents[4]	-1,685	260
Cash and cash equivalents – end of period, continuing activities	16,287	10,322

Based on significantly positive consolidated net earnings for the year, the SKW Metallurgie Group recorded a significantly positive gross cash flow of EUR 2.3 million in the quarter under review (previous year: EUR 1.0 million).

Cash flow from operating activities (also net or operating cash flow) indicates the surplus cash generated by the operating activities in the period under review. This is calculated as the balance of gross cash flow and changes in working capital (in the wider sense).

During Q1 2015 net cash of EUR 13.0 million are shown for changes to working capital (previous year: EUR 2.1 million). The key factors influencing this development were:

→ Changes in trade receivables resulted in capital being locked-up in the amount of EUR 8.1 million (Q1 2014: EUR 0.7 million). This effect is mainly due to FX translation. In addition, ithe quarter under review saw, in the context of the refinancing process, a further reduction in factoring; thereby the amount of trade receivables increased by EUR 3.6 million.

→ Changes to inventories caused a cash flow effect in the amount of EUR -5.5 million (Q1-2014: EUR +1.9 million) , which is mainly FX-induced and otherwise due to the unexpectedly weak sales in March 2015.

→ Changes to trade payables caused the capital lock-up to decrease by EUR 2.2 million as a result of optimized cash dispositions (Q1 2014: outflow of EUR 3.7 million).

→ A one-off factor in the quarter under review was the cash outflow of USD 2 million as the provision formed in 2013 for the conclusion of long-standing litigation with the US customs authority as detailed in the financial statements as of December 31, 2014 was used.

3. Net financial debt is defined as the amount by which financial liabilities exceed cash and cash equivalents.
4. Including impact of currency translation on cash and cash equivalents

In total, the changes in working capital in the quarter under review were within the same bandwidth as in the previous quarters. In spite of this, however, the SKW Metallurgie Group has launched a drive to optimize its working capital in the remainder of 2015.

As a result of these effects on the changes in working capital, the cash flow from operating activities disclosed in the quarter under review (EUR -10.7 million) and in the comparable quarter (EUR -1.1 million) is negative.

Net cash used in investing activities totaled EUR -0.5 million during the year under review, lower than in the previous year (EUR -0.9 million). During the year under review and in the same quarter of the previous year this mostly comprised maintenance investments. The downturn is primarily due to the receipt of the last instalment of the purchase price from the sale of SKW Metallurgy Sweden AB in the amount of EUR 0.5 million in Q1 2015. There was no corresponding item in the same quarter of the previous year.

This resulted in a free cash flow[5] for the SKW Metallurgie Group of EUR -11.2 million in the quarter under review (Q1 2014: EUR -2.0 million). This negative free cash flow in the quarter under review is primarily due to the one-off factors for working capital discussed above. The SKW Metallurgie Group is forecasting a positive free cash flow for 2015 as a whole and thereafter – without considering investments in growth projects – in line with the expert opinion on the Group's reorientation.

3.9 Segment reporting

The SKW Metallurgie Group comprised three segments in the period under review. The breakdown into these segments is in line with the previous year.

The development of the three operating segments in the year under review is set out below:

- External sales in the Cored Wire segment were up slightly at EUR 43.7 million compared to Q1 2014 (EUR 38.9 million). The increase in segment EBITDA was even more significant – up from EUR 1.8 million to EUR 5.4 million.

- Annual revenues with non-Group customers in the Powder and Granules segment were also higher than in the same quarter of the previous year at EUR 32.9 million (Q1 2014: EUR 30.9 million). Segment EBITDA increased substantially from EUR 1.6 million to EUR 3.8 million in the quarter under review. The SKW Metallurgie Group's participation in the Indian company Jamipol, which belongs to this segment, is less than 50%. As a result this interest is carried at equity and is included in EBITDA, however not in the segment's revenue figures.

- The Other segment includes SKW Quab Chemicals Inc., which runs the operating Quab business, and also the top-level Group company SKW Stahl-Metallurgie Holding AG and additional German companies which perform central Group functions and thus do not generate any revenues. Revenues with Quab specialty chemicals totaled EUR 6.9 million in the first quarter of 2015, lower than than the previous year's figure of EUR 7.5 million, primarily due to a downturn in sales with the fracking industry. Quab business continues to make a substantially positive contribution to EBITDA. However, the substantial increase in segment EBITDA (from EUR -0.2 million to EUR 8.4 million) is mostly due to non-realized currency translation gains by the Group's parent company.

5. Free cash flow is defined as net cash flow minus net investments.

4. Optimized number of employees

Excellently trained, highly motivated employees continue to be a key component of the SKW Metallurgie Group's successful business operations. The number of employees worldwide totaled 837 on March 31, 2015 as a result of activities to improve efficiency, and was slightly lower than the figure on December 31, 2014 (888) and also lower than the figure on March 31, 2014 (970).

5. Report on Opportunities and Risks

The SKW Metallurgie Group attaches great importance to the constant recognition and evaluation of opportunities and risks, and to the implementation of appropriate measures where necessary to best realize those opportunities and best limit those risks. As a result, during the first quarter of 2015, the risk inventory performed in 2014 was updated in the form of a quarterly risk report.

The downturn in the steel economy, in the USA in particular, means that the issues discussed in the 2014 annual report under "Economic risks" and "Risks from the restructuring process" have become more important. In other respects, while considering the issues already published in the section on events after the balance sheet date in the 2014 annual report, on March 31, 2015, the risk report did not include any major changes compared to the statements made on opportunities and risks in the 2014 annual report.

6. Report on events after the balance sheet date

On April 24, 2015, in the agenda for its Annual General Meeting, the SKW Metallurgie Group made a proposal to its shareholders that the Company's share capital be increased by up to 100% by way of a capital increase against cash contributions.

After the end of the period under review on March 31, 2015, and up to the date on which this interim report was prepared, there were no other events of particular importance for the SKW Metallurgie Group.

7. Forecast

7.1 Comparison of the prior period's forecast with actual developments

In the 2014 annual report the Executive Board did not make any explicit statements on Q1 2015. It was much rather the case that positive growth in revenues and EBITDA was forecast. The actual figures recorded in Q1 2015 are in line with the forecasts made.

7.2 Outlook for 2015 as a whole: ReMaKe program for strategic orientation gains pace

The SKW Metallurgie Group's new Executive Board is consistently continuing the strategic reorientation program ("ReMaKe"). In particular this program aims to further reinforce the fundamentally profitable core divisions. This program's key components include top-level improvements to efficiency, stronger cooperation between individual Group units to realize cross-selling effects and business growth on regional markets and new areas of technology and applications. In addition, over the medium term, it aims to substantially increase revenues in Asia (in particular in India) and in Russia.

In 2015 we could already clearly see the success of the ReMaKe program in our earnings indicators and in the SKW Metallurgie Group's cash flow. As a result the Executive Board is confirming the forecast it made in the 2014 annual report and has added greater detail. The forecast is now for consolidated revenues in the SKW Metallurgie Group that are higher than the previous year's figure (EUR 316.0 million) and EBITDA of more than EUR 20 million (previous year: EUR 17.5 million) based on the Group's current structure and the exchange rates included in the forecasting process.

Unterneukirchen (Germany), May 2015

SKW Stahl-Metallurgie Holding AG
The Executive Board

Dr. Kay Michel
CEO

Sabine Kauper

Consolidated income statement for the period from January 1 to March 31, 2015

EUR thousand	Q1 2015	Q1 2014
Revenues	83,522	77,210
Change in finished goods and work in progress	839	2,426
Own work capitalized	16	16
Other operating income	16,721	1,036
Cost of materials	-56,984	-55,993
Personnel expenses	-10,762	-10,652
Other operating expenses	-15,912	-11,133
Income from associated companies	212	247
EBITDA	**17,653**	**3,157**
Amortization of intangible assets and depreciation of property, plant and equipment	-1,508	-2,676
EBIT	**16,145**	**481**
Interest and similar income	312	33
Interest and similar expenses	-2,309	-1,256
EBT	**14,148**	**-742**
Income taxes	-2,161	-1,194
Earnings from continuing operations (after taxes)	**11,987**	**-1,936**
Earnings from discontinued operations (after taxes)	0	-492
Consolidated net income/loss for the period	**11,987**	**-2,428**
Thereof shareholders of SKW Stahl-Metallurgie Holding AG		
in earnings from continuing operations	11,783	-793
in earnings from discontinued operations	0	-492
	11,783	-1,285
Thereof non-controlling interests	204	-1,143
	11,987	**-2,428**
Earnings per share from continuing operations (in EUR)*	**1.80**	**-0.12**
Earnings per share from discontinued operations (in EUR)*	**0.00**	**-0.08**
Consolidated earnings per share (EUR)*	**1.80**	**-0.20**

* Basic earnings per share corresponds to diluted earnings per share.

Reconciliation to comprehensive income from January 1 to March 31, 2015

EUR thousand	Q1 2015	Q1 2014
Consolidated net income/loss for the period	**11,987**	**-2,428**
Items that will not be reclassified subsequently to profit or loss		
Change in actuarial gains and losses from defined benefit pension commitments	-1,458	0
Deferred taxes on items that will not be subsequently reclassified to profit or loss	0	0
Items that will be reclassified subsequently to profit or loss		
Net investments in a foreign operation	112	-13
Unrealized losses from derivatives (hedge accounting)	220	-77
Exchange rate fluctuations	-6,082	1,840
Deferred taxes on items that will be reclassified subsequently to profit or loss	-73	23
Other result	**-7,279**	**1,773**
Total result	**4,706**	**-655**
Thereof shareholders of SKW Stahl-Metallurgie Holding AG	8,118	107
Thereof non-controlling interests	-3,412	-762

Consolidated balance sheet as of March 31, 2015

Assets in EUR thousand	03/31/2015	12/31/2014
Non-current assets		
Intangible assets	27,085	24,966
Property, plant and equipment	36,874	36,095
Interests in associated companies	6,628	5,618
Other non-current assets	553	478
Deferred tax assets	1,453	1,681
Total non-current assets	**72,593**	**68,838**
Current assets		
Inventories	48,946	43,552
Trade receivables	46,692	39,104
Income taxes	4,486	4,570
Other current assets	6,271	6,615
Cash and cash equivalents	16,287	17,972
Total current assets	**122,682**	**111,813**
Total assets	**195,275**	**180,651**

Equity and Liabilities in EUR thousand	03/31/2015	12/31/2014
Equity		
Subscribed capital	6,545	6,545
Share premium	50,741	50,741
Other comprehensive income	-12,066	-20,184
	45,220	37,102
Non-controlling interests	-17,290	-12,662
Total equity	**27,930**	**24,440**
Non-current liabilities		
Pension obligations	10,767	9,241
Other non-current provisions	3,268	3,429
Obligations from finance leases	189	185
Non-current financial liabilities	53,059	6,907
Deferred tax liabilities	5,129	4,740
Other non-current liabilities	264	256
Total non-current liabilities	**72,676**	**24,758**
Current liabilities		
Other current provisions	3,978	5,777
Obligations from finance leases	35	46
Current financial liabilities	40,058	77,142
Trade payables	35,176	32,809
Income taxes	1,762	1,153
Other current liabilities	13,660	14,526
Total current liabilities	**94,669**	**131,453**
Total equity and liabilities	**195,275**	**180,651**

Consolidated statement of changes in equity as of March 31, 2015

EUR thousand	Subscribed Capital	Share premium	Other comprehensive income	Consolidated equity of majority shareholders	Non-controlling interests	Total equity
Balance at Jan. 1, 2014	**6,545**	**50,741**	**36,405**	**93,691**	**11,789**	**105,480**
Consolidated net loss for the period	-	-	-1,285	-1,285	-1,143	-2,428
Exchange rate fluctuations	-	-	1,459	1,459	381	1,840
Income and expense carried under equity (without exchange rate changes)	-	-	-67	-67	0	-67
Total result 2014	**-**	**-**	**107**	**107**	**-762**	**-655**
Dividend	-	-	-	-	-700	-700
Balance as of March 31, 2014	**6,545**	**50,741**	**36,512**	**93,798**	**10,327**	**104,125**
Balance at Jan. 1, 2015	**6,545**	**50,741**	**-20,184**	**37,102**	**-12,662**	**24,440**
Consolidated net income for the period	-	-	11,783	11,783	204	11,987
Exchange rate fluctuations	-	-	-2,466	-2,466	-3,616	-6,082
Income and expense carried under equity (without exchange rate changes)	-	-	-1,199	-1,199	0	-1,199
Total result 2015	**-**	**-**	**8,118**	**8,118**	**-3,412**	**4,706**
Dividend	-	-	0	0	-1,216	-1,216
Balance as of March 31, 2015	**6,545**	**50,741**	**-12,066**	**45,220**	**-17,290**	**27,930**

Consolidated cash flow statement for the period from January 1 to March 31, 2015

EUR thousand		01/01/2015 - 03/31/2015	01/01/2014 - 03/31/2014
1.	Consolidated net income/loss for the period	11,987	-2,428
2.	less earnings from discontinued operations (after taxes)	0	+492
3.	Earnings from continuing operations	11,987	-1,936
4.	Write-ups/write-downs of non-current assets	1,508	2,676
5.	Increase/decrease in provisions for pensions	68	86
6.	Income from associated companies	-213	-247
7.	Result from the disposal of non-current assets	-8	0
8.	Result from currency conversion	-11,231	672
9.	Result from deferred taxes	300	-247
10.	Expenses from impairment of inventories and receivables	10	49
11.	Other non-cash income and expense	-74	-69
12.	**Gross cash flow**	**2,330**	**984**
	Changes in working capital		
13.	Increase/decrease in current provisions	-1,959	709
14.	Increase/decrease in inventories (after advance payments received)	-5,506	1,885
15.	Increase/decrease in trade receivables	-8,070	-738
16.	Increase/decrease in other receivables	0	-3
17.	Increase/decrease in receivables from income taxes	84	388
18.	Increase/decrease in other assets	347	1,821
19.	Increase/decrease in trade payables	2,239	-3,670
20.	Increase/decrease in other liabilities	607	-215
21.	Increase/decrease in other equity and liabilities	-731	-2,450
22.	Cash flow from operating activities from discontinued operations	0	204
23.	**Net cash provided by (+)/used in (-) operating activities**	**-10,659**	**-1,085**

↓

EUR thousand	01/01/2015 - 03/31/2015	01/01/2014 - 03/31/2014
24. Income from the disposal of assets	196	0
25. Payments for investments in non-current assets	-1,205	-532
26. Proceeds from the sale of previously consolidated companies less cash and cash equivalents disposed of	500	0
27. Cash flow from investing activities - discontinued operations	0	-372
28. Net cash provided by (+)/used in (-) investing activities	**-509**	**-904**
29. Decrease in liabilities from finance leases		
30. Dividend payments to non-controlling interests	-8	-7
31. Income from taking out bank loans	0	-700
32. Payments for the repayment of bank loans	68,061	4,877
33. Net cash provided by (+)/used in (-) financing activities	-58,992	-1,910
34. Cash and cash equivalents – start of period	**9,061**	**2,260**
35. Change in cash and cash equivalents		
36. Currency translation for cash and cash equivalents	17,972	10,673
37. Cash and cash equivalents - end of period	**16,287**	**10,933**
of which cash and cash equivalents for discontinued operations	0	611

Information on the condensed consolidated interim financial statements as of March 31, 2015

A. Basis of presentation

SKW Stahl-Metallurgie Holding AG has prepared its condensed consolidated interim financial statements as of March 31, 2015 according to International Accounting Standard (IAS) 34. The same accounting principles were applied for preparation of the condensed consolidated interim financial statements as were applied for the preparation of the consolidated financial statements as of December 31, 2014, and IAS 34 (Interim Reporting) was also applied. SKW Stahl-Metallurgie Holding AG applied all of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) which applied on the date the condensed consolidated interim financial statements were prepared and which had been endorsed by the European Commission for application in the EU. From the perspective of the Company’s management, the unaudited financial report as of March 31, 2015 includes all of the standard adjustments which have to be applied on an ongoing basis and which are required for true and fair presentation of the financial position, net assets and results of operations. The accounting principles and methods applied for consolidated accounting are detailed in the notes to the consolidated financial statements as of December 31, 2014 (Section C. “Key Accounting and Valuation Principles”); this can be found online at http://www.skw-steel.com.

The new and revised accounting standards for which application has been mandatory since fiscal year 2015 form an exception. In this regard, for this interim report please refer to the comments made in the notes to the consolidated financial statements as of December 31, 2014 in Section A. “General Information and Presentation of the Consolidated Financial Statements”.

With regard to the methods used for estimates the comments in the notes to the consolidated financial statements as of December 31, 2014, Section C. “Key Accounting and Valuation Principles” apply.

There may be differences in the tables in the notes to the consolidated financial statements as a result of rounding.

The SKW Metallurgie Group’s operating business in the Cored Wires and Powder and Granules segments is not subject to major seasonal fluctuations. In spite of this, however, a comparison of periods during the course of the year can be impacted by maintenance work to be conducted by the customers and active inventory management in the steel plants. However, these activities are not conducted in the same quarters each year.

B. Group of consolidated companies and consolidation methods

The consolidation methods applied have not changed compared to the 2014 consolidated financial statements.

Discontinued operations

As part of the Group's reorientation, the Executive Board sold the Swedish subsidiary SKW Metallurgy Sweden AB in November 2014. The former sub sidiary produces calcium carbide for customers in the steel and gas industry.

In order to ensure that the current figures can be compared with the same period of the previous year the earnings of the Swedish subsidiary are disclosed separately in the consolidated income statement as earnings from discontinued operations for the first quarter of 2014. The earnings and cash flows from discontinued operations are also shown separately in the cash flow statement. In addition, segment reporting shows the contributions made by the segments to the consolidated earnings from continued operations, in each case without the Swedish subsidiary SKW Metallurgy Sweden AB.

C. Net assets, financial position and results of operations

Balance sheet

The SKW Metallurgie Group's total assets on March 31, 2015 amounted to EUR 195,275 thousand (December 31, 2014: EUR 180,651 thousand). The change in total assets is due mainly to the increase in receivables and inventories.

The key items of current assets are, as was the case in the previous year, inventories totaling EUR 48,946 thousand or 25.1% of total assets (December 31, 2014: EUR 43,552 thousand or 24.1% of total assets) and trade receivables in the amount of EUR 46,692 thousand or 23.9% of total assets (December 31, 2103: EUR 39,104 thousand or 21.6% of total assets).

Equity (including non-controlling interests) on March 31, 2015 totaled EUR 27,930 thousand (December 31, 2014: EUR 24,440 thousand). The equity ratio improved slightly year-on-year from 13.5% to 14.3% of total assets.

Trade accounts payable (EUR 35,176 thousand) increased in the first quarter of 2015 by EUR EUR 2,367 thousand compared to the previous year (EUR 32,809 thousand). The total amount of inventories and trade receivables less trade payables thus increased by EUR 10,615 thousand compared to December 31, 2014 (EUR 49,847 thousand), to a current total of EUR 60,462 thousand.

The increase in liabilities for pensions by EUR 1,526 thousand from EUR 9,241 thousand as of December 31, 2014 to EUR 10,767 thousand as of March 31, 2015 is mainly due to the adjustment to the interest rate for pensions in line with the market. This fell once again in Q1 2015; this adjustment was taken directly to equity.

The total amount of non-current and current liabilities increased by EUR 11,134 thousand, from EUR 156,211 thousand in the previous year to EUR 167,345 thousand in the period under review.

Notes to the statements

The Company concluded a new syndicated credit agreement with a three-year term in the amount of EUR 86 million on January 23, 2015. The syndicated credit agreement comprises two tranches. The first tranche in the amount of EUR 40 million is to be used as working capital and replaces the credit lines under the master credit agreement in the same amount. The second tranche of the syndicated credit agreement in the amount of EUR 46 million is a repayment loan which will primarily be used to repay due tranches of the promissory note loan and other financial liabilities. The repayment loan also includes mandatory repayments. Collateral has been provided as part of the syndicated credit agreement. This includes pledges of shareholders' interests and a guarantor concept. In this commitment, the Company has made an undertaking to its creditors to uphold its covenants. Violating these covenants gives creditors an extraordinary cancellation right. Based on the current Group forecast, the Executive Board believes that the covenants will not be breached.

Additional information on financial instruments

This section provides a comprehensive overview of the significance of financial instruments for the SKW Metallurgie Group and provides additional information on balance sheet items that include financial instruments.

The following table shows the fair values and the carrying amounts of financial assets and liabilities.

	03/31/2015		12/31/2014	
EUR thousand	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets				
Assets held to maturity	553	553	478	478
Loans and receivables	46,708	46,708	39,657	39,657
Financial assets held for trading	567	567	321	321
Available-for-sale financial assets	0	0	0	0
Derivative financial instruments (with hedge accounting)	0	0	0	0
	0	0		
Financial liabilities	0	0		
Financial liabilities at amortized cost	135,056	135,056	120,500	120,500
Derivative financial instruments with no hedge accounting	696	696	202	202
Derivative financial instruments with hedge accounting	0	0	220	220

The disclosed market value of the financial assets which are classified as held to maturity is given by level 3 of the fair value hierarchy. The carrying amount is used as the market value in this regard.

The following table shows the allocation of the individual balance sheet items on the assets side of the balance sheet to the measurement categories:

Assets in EUR thousand	Valuation according to IAS 39					
		Loans and receivables	Assets held to maturity	Available-for-sale financial assets	Financial assets at fair value through profit and loss	
	Carrying amount 03/31/2015	Amortized cost	Amortized cost	Fair value taken directly to equity	Fair value through profit and loss	Fair value 03/31/2015
Other assets	569	16	553	0	0	569
Receivables from construction contracts	0	0	0	0	0	0
Trade receivables	46,692	46,692	0	0	0	46,692
Derivatives without hedge accounting	567	0	0	0	567	567

The corresponding allocation as of December 31, 2014 was as follows:

Assets in EUR thousand	Valuation according to IAS 39					
		Loans and receivables	Assets held to maturity	Available-for-sale financial assets	Financial assets at fair value through profit and loss	
	Carrying amount 12/31/2014	Amortized cost	Amortized cost	Fair value taken directly to equity	Fair value through profit and loss	Fair value 12/31/2014
Other assets	1,031	552	479	0	0	1,031
Receivables from construction contracts	0	0	0	0	0	0
Trade receivables	39,104	39,104	0	0	0	39,104
Derivatives without hedge accounting	321	0	0	0	321	321

The following table shows the individual items of equity and liabilities as of March 31, 2015 with their valuation categories and classes: This also includes derivatives with hedge accounting, although they do not belong to any valuation category under IAS 39:

Equity and liabilities in EUR thousand	Valuation according to IAS 39			
		Financial liabilities measured at amortized cost	Financial liabilities at fair value through profit or loss	
	Carrying amount 03/31/2015	Amortized cost	Fair value	Fair value 03/31/2015
Financial debt	93,117	93,117	0	93,117
Trade payables (without PoC)	35,070	35,070	0	35,070
Other liabilities	6,869	6,869	0	6,869
Derivatives without hedge accounting	696	0	696	696
Derivatives with hedge accounting	0	0	0	0

The figures for the previous year as of December 31, 2014 are as follows:

Equity and liabilities in EUR thousand	Valuation according to IAS 39			
		Financial liabilities measured at amortized cost	Financial liabilities at fair value through profit or loss	
	Carrying amount 12/31/2014	Amortized cost	Fair value	Fair value 12/31/2014
Financial debt	84,048	84,048	0	84,048
Trade payables (without PoC)	32,708	32,708	0	32,708
Other liabilities	3,744	3,744	0	3,744
Derivatives without hedge accounting	202	0	202	202
Derivatives with hedge accounting	220	0	0	220

The carrying amount of the trade receivables and other current receivables is equal to their fair value in each case.

The fair value of forward currency contracts is calculated on the basis of the average spot exchange rate as of the balance sheet date, adjusted for forward premiums and discounts for the respective residual term of the contract, as compared to the contracted forward exchange rate. Recognized models, such as the Black Scholes model, are used to identify the option price. The fair value of an option is – in addition to the residual term of an option - also influenced by other determining factors, e.g. the current level and volatility of the underlying exchange rate or the underlying base rate.

Financial instruments are measured exclusively using market data that is obtained from recognized market data providers.

The carrying amount of the trade payables and other current liabilities is equal to their fair value in each case. In the case of variable-interest liabilities, the carrying amount is the same as the fair value.

The following table shows the allocation of our financial assets and liabilities to the three stages in the fair value hierarchy as of March 31, 2015:

EUR thousand	Level 1	Level 2	Level 3	Total
Financial assets measured at market value				
Derivative financial instruments	-	567	-	567
Financial liabilities measured at market value				
Derivative financial instruments	-	696	-	696

Comparable figures as of December 31, 2014 are as follows:

EUR thousand	Level 1	Level 2	Level 3	Total
Financial assets measured at market value				
Derivative financial instruments	-	321	-	321
Financial liabilities measured at market value				
Derivative financial instruments	-	422	-	422

The levels of the fair value hierarchy and their use for the assets and liabilities are as follows:

Level 1: Listed market prices for identical assets or liabilities on active markets.

Level 2: Information other than listed market prices that can be observed directly (for example prices) or indirectly (for example derived from prices) and

Level 3: Information for assets and liabilities that is not based on observable market data.

The Stage 2 derivative financial instruments are caps, interest rate swaps and currency forwards on the asset side and currency forwards on the liabilities side.

The hedge accounting within the meaning of IAS 39 in 2014 was dissolved in the first quarter of 2015 as the underlying transaction no longer applied as a result of the long-term financing being replaced by the syndicated credit agreement concluded in January 2015. The reserve under equity was recycled in profit and loss. The other derivatives which continue to exist will be carried as derivatives without hedge accounting. The changes resulting from measurement at fair value will be recognized in income.

Information on subsidiaries

The following section presents details of the subsidiaries which are not wholly owned, and in which there are material non-controlling interests:

	Participation and voting rights for non-controlling interest		Gain/loss due to non-controlling interests		Accumulated non-controlling interests	
Company	03/31/2015	12/31/2014	01-03/2015	01-03/2014	03/31/2015	12/31/2014
	%	%	EUR thousand	EUR thousand	EUR thousand	EUR thousand
“Cored Wire” segment						
SKW Tashi Pte. Ltd., Bhutan	49	49	-195	-985	-28,817	-25,356
“Powder and Granules” segment						
Tecnosulfur S/A, Brazil	33.33	33.33	378	64	4,841	6,415

The following table presents summarized financial information for the subsidiaries which are not wholly owned, and in which there are material non-controlling interests:

EUR thousand	SKW Tashi Pte. Ltd, Bhutan		Tecnosulfur S/A, Brazil	
	03/31/2015	12/31/2014	03/31/2015	12/31/2014
Current assets	3,028	4,227	11,964	11,477
Non-current assets	0	0	18,575	20,353
Current liabilities	9,822	9,651	9,103	5,253
Non-current liabilities	52,016	46,322	6,910	7,331
Interest in equity allocable to shareholders of the parent company	-29,993	-26,391	9,685	12,831
Interest in equity allocable to non-controlling shareholders.	-28,817	-25,356	4,841	6,415
	01-03/2015	01-03/2014	01-03/2015	01-03/2014
Revenues	2,945	2,371	7,654	6,455
Other expenses	-3,343	-4,382	-6,521	-6,264
Consolidated net loss/income for the period	**-398**	**-2,011**	**1,133**	**191**
Proportion of the net loss/net income due to shareholders of the parent company	-203	-1,026	755	127
Proportion of the net loss/net income due to non-controlling shareholders	-195	-985	378	64
Total net loss/net income for the period	**-398**	**-2,011**	**1,133**	**191**
Proportion of other result due to shareholders of the parent company	-3,399	5	-830	781
Proportion of other result due to non-controlling shareholders	-3,266	6	-414	390
Total other result	**-6,665**	**11**	**-1,244**	**1,171**
Proportion of total result due to shareholders of the parent company	-3,602	-1,021	-75	908
Proportion of total result due to non-controlling shareholders	-3,461	-979	-36	454
Total result	**-7,063**	**-2,000**	**-111**	**1,362**
Dividends paid to non-controlling shareholders	0	0	0	-685
Net cash flows from operating activities	383	-133	7,035	3,972
Net cash flows from investing activities	-10	-16	-180	-135
Net cash flows from financing activities	-252	461	-4,831	-3,248
Total net cash flows	**121**	**312**	**2,024**	**589**

Notes to the statements

Income statement

In order to allow Q1 2015 to be compared with Q1 2014 the comparable figures in the income statement have been adjusted for the contributions from discontinued operations in line with IFRS 5. The earnings from discontinued operations stated in the comparable figures relate to SKW Sweden Metallurgy AB, which exited the Group in November 2014 when it was sold.

In the first quarter of 2015, the SKW Metallurgie Group recorded revenues of EUR 83,522 thousand, up from EUR 77,210 thousand in the same period of 2014. Revenues were mainly higher due to currency translation, in particular as a result of the stronger US dollar. In contrast, the cost of materials only increased marginally compared to Q1 2014.

The gross margin is total revenues, changes in inventories, own work capitalized and costs of materials divided by revenues, and totaled 32.8% in the period under review. This has thus improved compared to Q1 2014 (30.6%) as the cost of materials has increased less than revenues and the increase in inventories.

Other operating income of EUR 16,721 thousand in the period under review (previous year: EUR 1,036 thousand) results mainly from exchange rate gains in the amount of EUR 16,339 thousand (previous year: EUR 723 thousand).

Exchange rate gains are offset by corresponding exchange rate losses under other operating expenses (including exchange rate effects which result from debt consolidation). These totaled EUR -4,741 thousand in Q1 2015 (previous year: EUR -1,233 thousand). This resulted in a positive exchange effect in the period under review of EUR 11,599 thousand compared to a negative effect EUR -505 thousand in the same period of the previous year.

Other operating expenses were up by EUR 4,779 thousand in the period under review at EUR 15,912 thousand compared to EUR 11,133 thousand in the previous year. This change is mainly due to the exchange rate effects set out above.

Personnel expenses were up by EUR 110 thousand and thus slightly higher than the previous year's figure of EUR 10,652 thousand at EUR 10,762.

Net interest is lower year-on-year at EUR -1,997 thousand (previous year: EUR -1,223 thousand).

Consolidated net income for the first quarter of 2015, 2010 totaled EUR 11,987 compared to EUR -2,428 in the same period of the previous year. Non-controlling interests in the first three months of 2015 totaled EUR 204 thousand compared to EUR -1.143 thousand in the same period of the previous year. The difference compared to the previous year is mostly due to exchange rate gains.

Notes to the statements

Cash flow statement

Consolidated net income for the first quarter of 2015 totaled EUR 11,987 compared to EUR -2,428 in the same period of the previous year. Gross cash flow is up significantly to EUR 2,330 thousand (previous year: EUR 984 thousand).

During the first quarter of 2015, net cash used in working capital totaled EUR 12,989 thousand (previous year: net cash used of EUR 2,069 thousand). The SKW Metallurgie Group thus recorded net cash used in operating activities of EUR -10,659 thousand compared to net cash used of EUR -1,085 thousand in the first quarter of 2014.

Net cash used in investing activities amounted to EUR -1,205 thousand in Q1 2015 compared to EUR 532 thousand in the same period of the previous year. Net cash provided by the sale of previously consolidated companies relates to the second and final instalment for SKW Sweden Metallurgy Ab, sold in 2014.

Net cash of EUR 9,061 thousand was provided by financing activities (previous year: net cash provided of EUR 2,260 thousand). The receipts mostly relate to cash received as part of the syndicated credit agreement concluded in January 2015; the payments mostly relate to the dissolution of the promissory note loan.

During the period under review, the cash flow from operating activities included the following payments:

→ Interest expenses of EUR 1,102 thousand (previous year: EUR 1,809 thousand).
→ Interest income of EUR 0 thousand (previous year: EUR 0 thousand)
→ Income taxes paid of EUR 885 thousand (previous year: EUR 1,020 thousand).
→ Income taxes refunds of EUR 164 thousand (previous year: EUR 0 thousand).

D. Segment reporting

The segments described below correspond to the SKW Metallurgie Group's internal organizational and reporting structure. The identification of segments takes into account the Group's different products and services and is based on the steel production process. The SKW Metallurgie Group's products and services are used in two process stages within this process: In hot metal desulphurization in which various powders and granules are used, and also in steel refining, which is conducted using cored wire. As a result, two segments with a reporting requirement have been identified for the SKW Metallurgie Group's core business:

Cored Wire

The Cored Wire segment focuses on the production and sale of wire filled with specialty chemicals, so-called cored wires. The program is consistently geared to steel refining. The steel is given specific metallurgical characteristics thanks to the use of cored wire. The services offered include, in particular, advice on selecting suitable substances for the core, product-specific production of cored wire according to the customer's specific objectives and production parameters and the construction and set-up of the requisite equipment at the customer's facility and taking this into operation.

Powder and Granules

The Powder and Granules segment bundles all of the production and sales functions for hot metal desulphurization. The Powder and Granules segment supports its customers in producing top-quality end products thanks to its highly reliable deliveries, flexibility and far-reaching service. At the same time, it advises customers on selecting and implementing suitable desulphurization solutions and the use of secondary metallurgical additives for the refining process.

Other

The Other segment includes the business activities of SKW Quab Chemicals Inc., which sells special cationizing chemical reagents in more than 40 countries. As SKW Quab Chemicals Inc. is primarily regarded as being a financial engagement and as it is not strategically managed by the Group's management, it is allocated to the Other segment. This segment also includes the Group's management including intra-group services.

Consolidation

Business relationships between the segments are consolidated. Revenues between the segments are performed at intragroup prices which as mostly based on the re-sale method.

Segment assets

The reported segment assets correspond to all of the assets of the respective segment; interests in associated companies are shown separately. The reported segment liabilities correspond to all of the liabilities of the respective segment.

The following section includes information on the business segments for the first quarter of and as of March 31, 2015:

EUR thousand	Cored Wire	Powders and Granules	Other	Consolidation	Group
Revenues					
Third-party revenues	43,721	32,916	6,885	0	83,522
Internal revenues	0	52	0	-52	0
Total revenues	**43,721**	**32,968**	**6,885**	**-52**	**83,522**
Income from associated companies	-	212	-	-	212
EBITDA	**5,403**	**3,807**	**8,443**	**0**	**17,653**
Scheduled amortization/depreciation	-525	-518	-366	0	-1,409
Non-scheduled amortization/depreciation	0	-99	0	0	-99
EBIT	**4,878**	**3,190**	**8,077**	**0**	**16,145**
Dividends from subsidiaries	0	0	3,129	-3,129	0
Transfer of profit		12	-12	0	0
Interest income	2	128	1,310	-1,128	312
Interest expenses	-1,052	-659	-1,726	1,128	-2,309
Earnings before taxes	**3,828**	**2,671**	**10,778**	**-3,129**	**14,148**
Income taxes					-2,161
Earnings from discontinued operations (after taxes)					**11,987**
Earnings from discontinued operations (after taxes)					0
Consolidated net income for the period					**11,987**
Balance sheet					
Assets					
Segment assets	75,887	107,113	148,047	-142,400	188,647
Interests in associated companies	-	6,628	-	-	6,628
Consolidated assets					**195,275**
Equity and liabilities					
Segment liabilities	112.850	76,698	63,648	-85,851	167,345
Consolidated liabilities					**167,345**
ongoing capital expenditure (property, plant and equipment, intangible assets)	**435**	**494**	**791**	**0**	**1,720**

The segment information for the corresponding period and the 2014 balance sheet date is presented in the table below:

EUR thousand	Cored Wire	Powders and Granules	Other	Consolidation	Group
Revenues					
Third-party revenues	38,890	30,870	7,450	0	77,210
Internal revenues	99	236	17	-352	0
Total revenues	**38,989**	**31,106**	**7,467**	**-352**	**77,210**
Income from associated companies		247			247
EBITDA	**1,807**	**1,589**	**-239**	**0**	**3,157**
Scheduled amortization/depreciation	-928	-987	-313	0	-2,228
Non-scheduled amortization/depreciation	0	-448	0	0	-448
EBIT	**879**	**154**	**-552**	**0**	**481**
Dividends from subsidiaries	-	-	2,564	-2,564	0
Transfer of profit	-	-	-	-	-
Interest income	6	27	1,072	-1,072	33
Interest expenses	-857	-692	-779	1,072	-1,256
Earnings before taxes	**28**	**-511**	**2,305**	**-2,564**	**-742**
Income taxes					-1,194
Earnings from discontinued operations (after taxes)					**-1,936**
Earnings from discontinued operations (after taxes)					-492
Consolidated net income for the period					**-2,428**
Balance sheet					
Assets					
Segment assets	95,640	132,150	156,987	-138,851	245,926
Interests in associated companies	-	4,653	-	-	4,653
Consolidated assets					**250,579**
Equity and liabilities					
Segment liabilities	83,237	85,047	69,425	-91,255	146,454
Consolidated liabilities					**146,454**
ongoing capital expenditure (property, plant and equipment, intangible assets)	**180**	**255**	**61**	**0**	**496**

E. Related parties

There were no major changes in key transactions with related parties in the period under review compared to the 2014 consolidated financial statements.

F. Contingent receivables and liabilities

The SKW Metallurgie Group's contingent receivables and liabilities did not change materially compared to December 31, 2014.

G. Key events after the balance sheet date

On April 24, 2015, in the agenda for its Annual General Meeting, the SKW Metallurgie Group made a proposal to its shareholders that the Company's share capital be increased by up to 100% by way of a capital increase against cash contributions.

After the end of the period under review on March 31, 2015, and up to the date on which this interim report was prepared, there were no other events of particular importance for the SKW Metallurgie Group.

H. Shareholder structure

The following shareholdings in SKW Metallurgie carried a reporting requirement according to the WpHG (German Securities Trading Act) (3% or more of total voting rights) on March 31, 2015: No individual shareholder held an interest of 10% or more on the balance sheet date.

Legal entities:

Name	Registered office	Number of shares	Shares held correspond to	Date	Remarks
Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte	Tübingen, Germany	388,625	5.94%	01/11/2013	
Kreissparkasse Biberach	Biberach, Germany	200,803	3.07%	03/27/2013	two notifications for the same shareholding
La Muza Inversiones	Madrid, Spain	240,322	3.67%	09/18/2014	
LBBW Asset Management Investmentgesellschaft mbH	Stuttgart, Germany	331,599	5.07%	09/23/2010	
SE Swiss Equities AG	Zurich (Switzerland)	328,820	5.02%	03/23/2015	

Private individuals:

Country	Country	Number of shares	Shares held correspond to	Date	Remarks
Gerd Schepers	Singapore	201,453	3.08%	02/10/2015	

The shareholdings only relate to the stated date; any possible subsequent changes only have to be reported if a reporting threshold within the meaning of the Wertpapierhandelsgesetz (German Securities Trading Act) is reached or crossed.

The interests stated can include allocable votes according to the German Securities Trading Act. As the same votes can, in certain cases, be allocated to more than one person, these voting rights can be included in more than one notification of voting rights.

The members of the Executive and Supervisory Boards together held less than 1% of SKW Metallurgie's shares on March 31, 2015.

Unterneukirchen (Germany), May 2015

SKW Stahl-Metallurgie Holding AG
The Executive Board

Dr. Kay Michel
CEO

Sabine Kauper

Notes to the statements

Financial Calendar 2015 (remaining)

June 9, 2015

in München, Germany

→ Annual General Meeting

August 14, 2015

→ Publication of business figures first half year 2015

November 13, 2015

→ Publication of business figures first nine months 2015

November 23 - 25, 2015

during “Eigenkapitalforum“ (Equity Forum) in Frankfurt/M., Germany

→ Analysts‘ Conference

May be subject to change.

Contacts

SKW Stahl-Metallurgie Holding AG
Rathausplatz 11
84579 Unterneukirchen
Germany
Phone: +49 8634 62720-0
Fax: +49 8634 62720-16
ir@skw-steel.com
www.skw-steel.com

Imprint

Publisher:

SKW Stahl-Metallurgie Holding AG
Rathausplatz 11
84579 Unterneukirchen
Germany

Editor:

Christian Schunck
Head of Investor Relations and Corporate Communications

Concept, Layout, Production:

Helmut Kremers
Cosimastrasse 111
81925 München
Germany
contact@helmut-kremers.com

Disclaimer and Notes

This report contains statements about forthcoming developments that are based on currently available information and that entail risks and uncertainties. This may result in deviations between the actual situation in the future and the forward-looking statements. These risks and uncertainties include, for example, unpredictable changes in political and 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 Stahl-Metallurgie Holding AG, Unterneukirchen (Germany) and its group companies do not accept any responsibility to update such forward-looking statements.

When reference is made in this report to groups of people who factually or potentially include both genders (such as “shareholders” or “employees”) or when gender neutral references are made to a single person (such as “the responsible officer”), the report usually only quotes one gender. This is solely done in the interest of improved readability (translator’s note: in most instances this only applies to the German original, since there are no distinct terms in English for male or female shareholders, experts, employees, etc.).

SKW Stahl-Metallurgie Holding AG’s group brand that is used externally is “SKW Metallurgie”. For this reason “SKW Metallurgie” and “SKW Metallurgie Group” are used in this report.

Names such as “SKW Metallurgie”, “Quab” and “SDAX” that are used in this report may be registered trademarks whose use by third parties for their purposes could infringe the rights of the proprietors.

This is the English translation of the German original of this report; in case of any discrepancies the German version prevails. In addition, for technical reasons (e.g., the conversion of electronic formats) there may be differences between the accounting documents included in this report and those submitted to the electronic company register.

For several cities quoted in this report, different names and/or transcriptions into the Latin alphabet are in use. The use of a certain name or transcription is for information only and is not intended to imply any political statement. Maps that may be contained in this report are for illustration only and are not intended to induce any political statements, such as the legitimacy of borders. In this report, the term “China” refers to the PR of China without its two Special Administrative Regions. In this report, the term “Hong Kong” refers to the PR of China’s Special Administrative Region of Hong Kong.

References to acts of law (e.g. the Joint Stock Companies Act) without any further information relate to the German acts of law in their respective applicable version.

This report was published on May 13, 2015 and is available at www.skw-steel.com to download free of charge.

SKW Stahl-Metallurgie Holding AG
Tel. +49 8634 62720-0, Fax +49 8634 62720-16, www.skw-steel.com