



Annual Press and Analysts Conference

March 18, 2008





Highlights of Business Year 2007



- Group sales jump by 29% to 239 Mio. €
- EBITDA at 21 Mio. € clearly above guidance of 18.5 – 19.5 Mio. €
- EPS +33% to 2.78 €
- Consequent continuation of expansion:
 - Integration of ESM Group largely completed
 - Extension of global company structure into high-growth emerging markets
- First-time distribution of a dividend of 0.50 € per share planned



Sound basis for further profitable growth

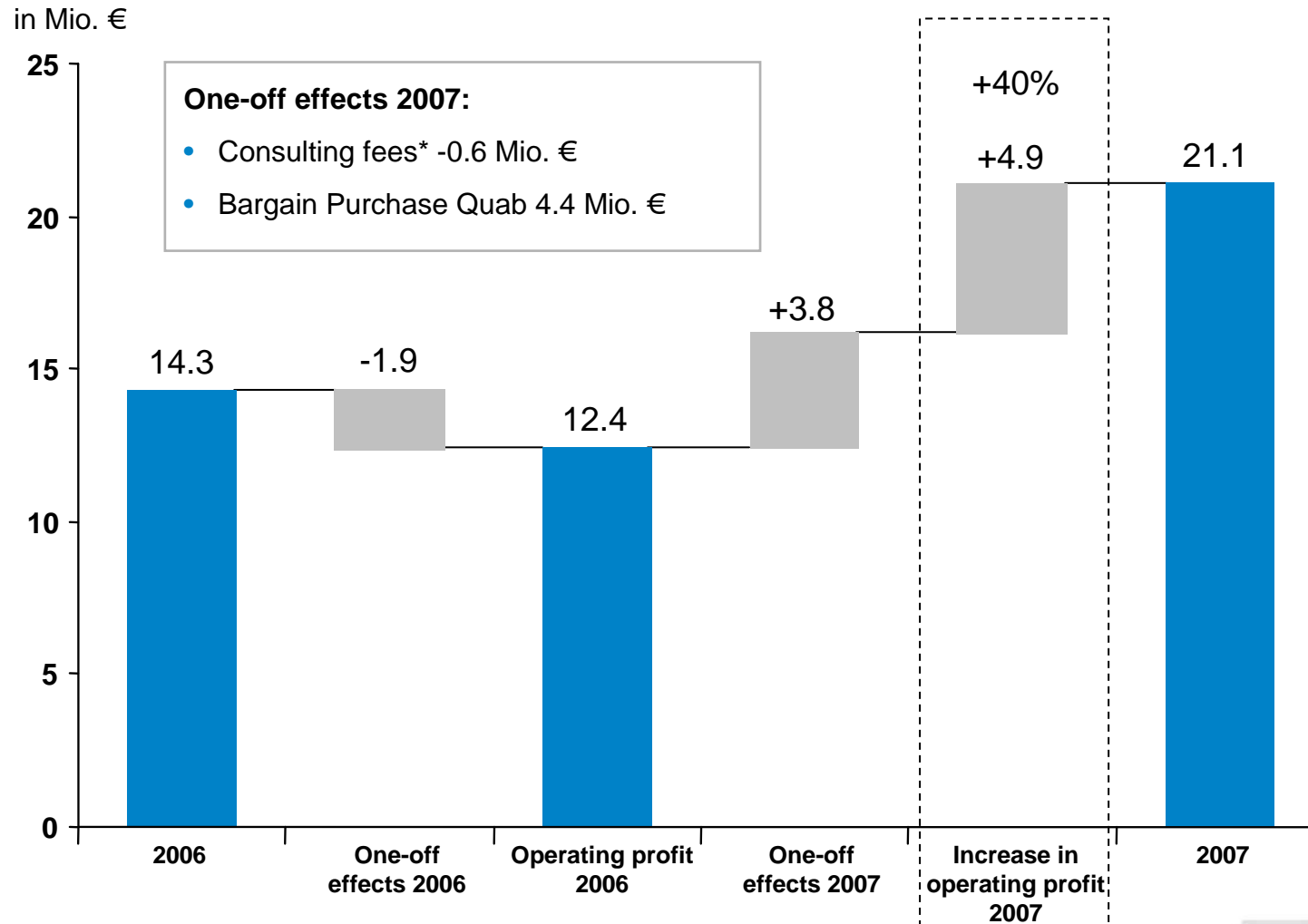


Group Profit and Loss Statement

In Mio. €	2007	2006	Change
Sales	239.0	185.8	+29%
Total op. performance	241.4	186.1	+30%
EBITDA	21.1	14.3	+48%
EBITDA (operating)	17.3	12.4	+40%
EBIT	17.7	11.7	+42%
EBT	16.9	12.0	+41%
Net profit	12.4	9.2	+34%
Gross margin	24.2%	21.5%	+270 BP
EBITDA margin (operating)	7.2%	6.7%	+50 BP
EPS in €* *	2.78	2.09	+33%

* unweighted

Operating Profit Rises by 40%



* Connected to J. Klaus Frizen, who left the Executive Board on April 30, 2007



Significant Influence of Dollar Exchange Rate Through Translation Effects

- Avoiding translational effects through a closed currency area in the USA („natural hedge“)
- Currency sensitivities 2007 (€ to US Dollar):

in Mio. €	Average rate € -10% (€1.23/US\$)	Average rate 2007 (€1.37/US\$)	Average rate € +10% (€1.51/US\$)
Sales	250.9	239.0	229.2
EBITDA	22.2	21.1	20.1



Cored Wire: EBITDA Margin Climbs to 8.8%

in Mio. €	2007	2006
Sales	134.8	139.7
EBITDA	11.8	11.2
EBITDA Margin	8.8%	8.0%

- Sales decrease primarily due to currency effects
- Margins significantly improved by focusing on high quality products and increased cost efficiency



Powder and Granules: Global Leadership Thanks to ESM Acquisition

in Mio. €	2007	2006
Sales	77.3	46.1
EBITDA	4.3	3.6
<hr/>		
EBITDA Margin	5.6%	7.8%

- ESM Group only consolidated in Q4 (as of Oct. 4, 2007):
 - Segment sales significantly increased because of ESM
 - Segment EBITDA: Only marginal ESM contributions due to one-time effects from IFRS first consolidation

Quab: Acquisition of a Highly Profitable Specialty Chemical Business

in Mio. €	2007*	2006
Sales	26.9	no data available
EBITDA (thereof operating)	7.2 (2.8)	no data available
EBITDA Margin (thereof op.)	26.8% (10.4%)	no data available

* As of Jan. 16, 2007

- High profitability underlines “Lucky Buy” strategy of Quab purchase in 2007
- Final purchase price was 9.9 Mio. € (without incidental acquisition costs)
- Ideal diversification of SKW Metallurgie’s portfolio within core competence “specialty chemicals”



Continuously Very Sound Balance Sheet Figures

in Mio. €	2007	2006
Total equity&liabilities	181.3	112.1
Equity	76.2	66.8
<i>Equity ratio</i>	<i>42.0%</i>	<i>59.6%</i>
Net financial position	-41.8	19.4
Operating Cash Flow	11.7	10.4

- Equity ration reduced to 42% due to acquisition
- Net debt affected by acquisitions
- Strong operating cash flow



First-time distribution of a dividend of 0.50 € per share planned



Investments in Growth



in Mio. €	2007	2006
Gross cash flow	14.4	9.8
Net cash from operating activities	11.7	10.4
Net cash used in investing activities	-65.3	-1.4
Free cash flow	-53.6	9.0
Net cash from IPO	0	27.7
Redemption of shareholder loans	-3.2	-3.8
Dividend to owners	0	0
Change in cash and cash equivalents	-28.1	33.5




Targets for 2007 (Almost All) Achieved

Targets for 2007	Achieved	Next Steps
Sales increase to 235 Mio. €	239 Mio. € ✓	More significant growth
Improvement of EBITDA to 18.5-19.5 Mio. €	21.1 Mio. € ✓	More significant improvement
Increase profitability: EBITDA Margin 2006: 6.7%	7.2% ✓	Further significant improvement
Extension of business of high-margin products	Gross margin climbs to 24.2% ✓	Further clear expansion of higher-margin products
Improvement of market position	Acquisition of ESM → Global market leadership in hot metal desulphurization ✓	Improvement of market position through organic growth
Diversification	Acquisition of Quab ("Lucky Buy") ✓	No steps currently planned here
Regional expansion in growth regions	Expansion in China Project start in Russia / Mexico (✓)	Short-term expansion steps - production start in Russia and Mexico



Outlook: Growth Based on Stable Regional and Product Markets

skw.
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- 
- Expansion into emerging markets
 - Vertical integration
 - New products
 - Acquisitions

Europe

NAFTA

Cored Wire

Powder and
Granules

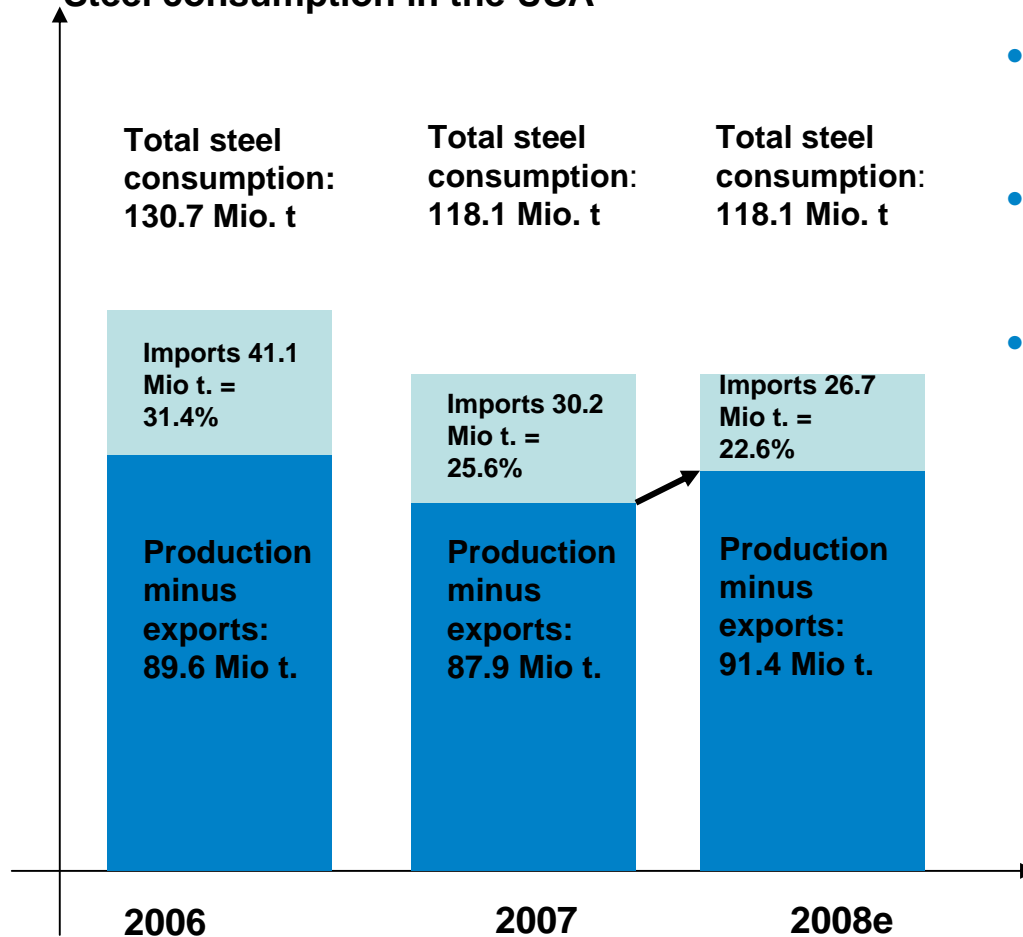


2008: Further Growth Expected for Global Steel Markets

- Global crude steel production is expected to rise by 6.1% as against 2007 (International Iron and Steel Institute)
- Growth is especially strong in BRIC countries and other emerging markets (“BRIC+”)
- Production in Germany expected to operate close to full capacity in 2008
- USA: Steel producers continue to profit from the weak US dollar

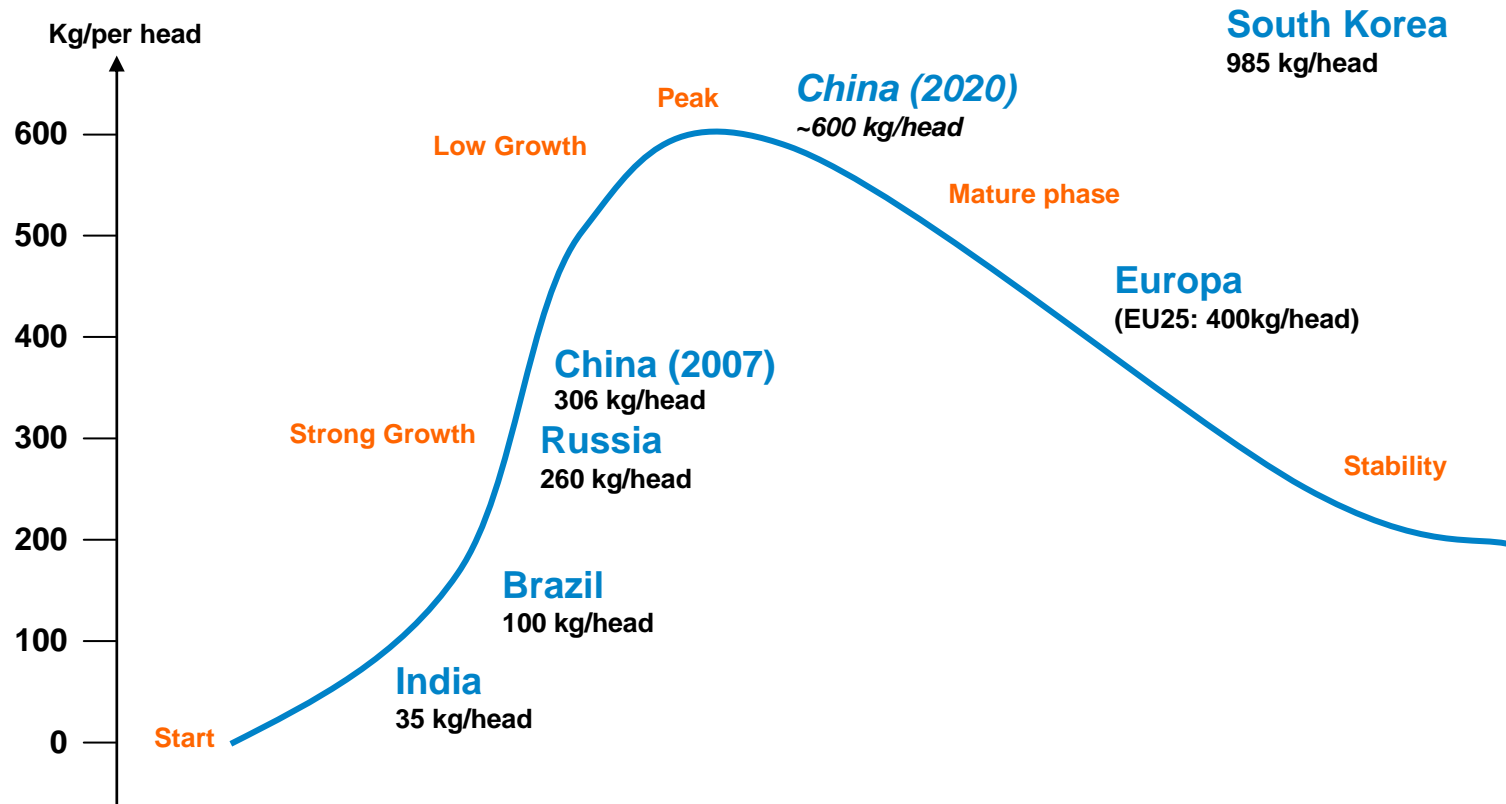
US Steel Industry Expects High Production Volumes in 2008

Steel consumption in the USA



- Customers' order books are full despite recession rumours
- In the short run, no maintenance at clients
- Inventories at service centers at lowest level for ten years

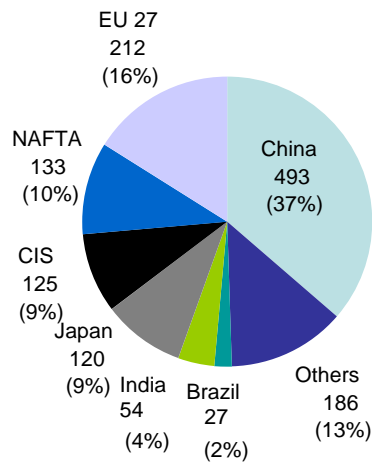
China and India With Significant Backlog



BRIC Countries Share of Global Steel Production – Continues to Increase Significantly



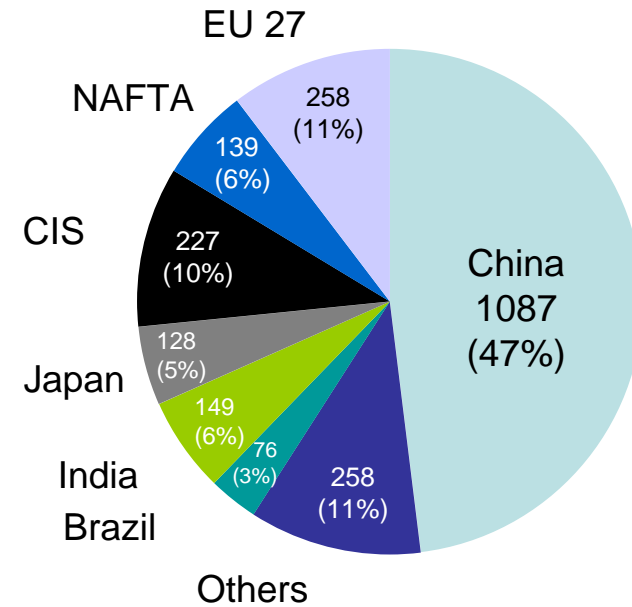
Total: **1350 Mio. tons**



2007



Total: **~2300 Mio. tons**



2020

CAGR: Compound Annual Growth Rate
Source: Economist Intelligence Unit, PwC Estimation



Likewise, SKW Metallurgie Grows in „BRIC+“ Countries



- Brazil
 - Hot metal desulphurization plant
- Russia
 - Cored Wire plant (start of production: 2008)
- India
 - Integrated plant in in Bhutan
- China
 - Local Cored Wire plant acquired in 2007
 - Local raw material plant acquired in 2007 (ESM Tianjin)
- Mexico
 - Cored Wire plant (start of production: 2008)

Further Expansion - Joint Venture Bhutan



- Backward integration
- Securing access to calcium silicon
- Expansion into strongly growing Indian steel market





General Conditions for 2008



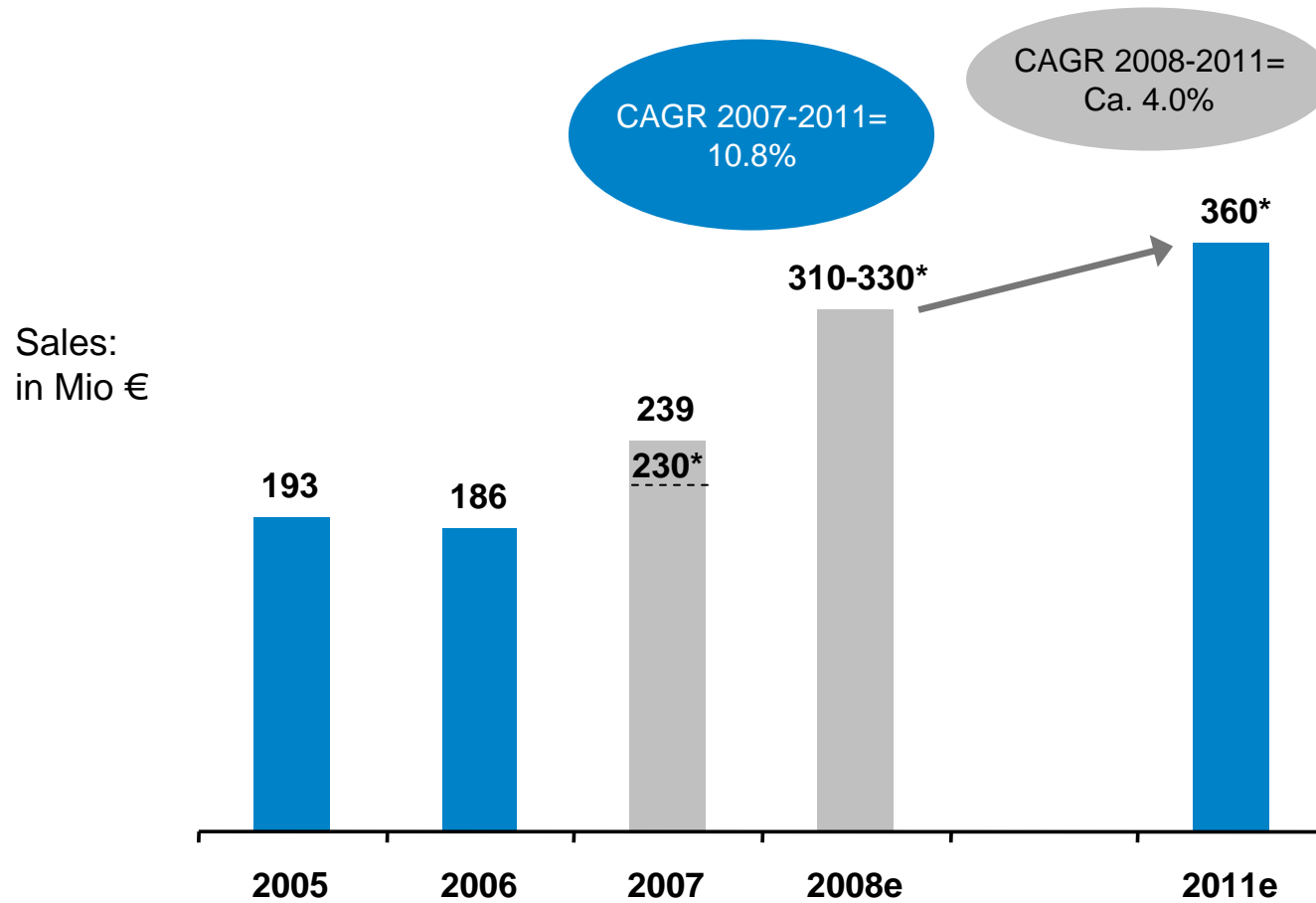
- Organic Growth ~2% p. a. expected in home markets
- Full consolidation ESM in 2008
- Positive signals from client industries
- High growth potential for high-margin products
- Further improved cost efficiency
- Euro = 1.50 US-Dollars



So far no negative effects from sub prime crisis visible



Broad Confidence for 2008-2011



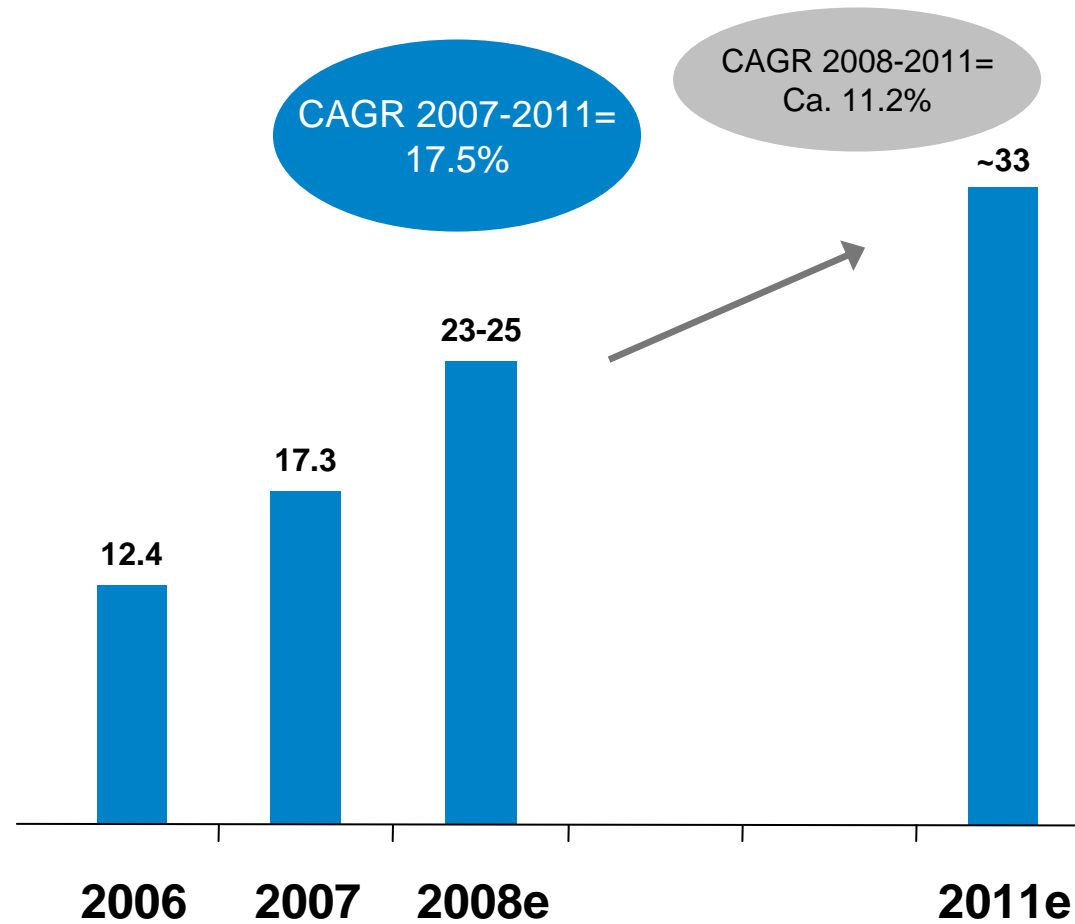
* At EUR 1 = USD 1.50



Constant Rise in Profitability



EBITDA:
operating
in Mio. €



May 15, 2008

- Publication of Q1/2008 business figures

June 4, 2008

- Annual General Meeting in Muenchen (Germany)

August 14, 2008

- Publication of Q2/2008 business figures

November 10 to 12, 2008

- Publication of Q3/2008 business figures and Analysts's Conference during „Eigenkapitalforum“ in Frankfurt/M. (Germany)



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