Decreasing Steel Production Influences 2012
Growth Potential for 2013

Year-end Press Conference and

Investors‘ Telephone Conference

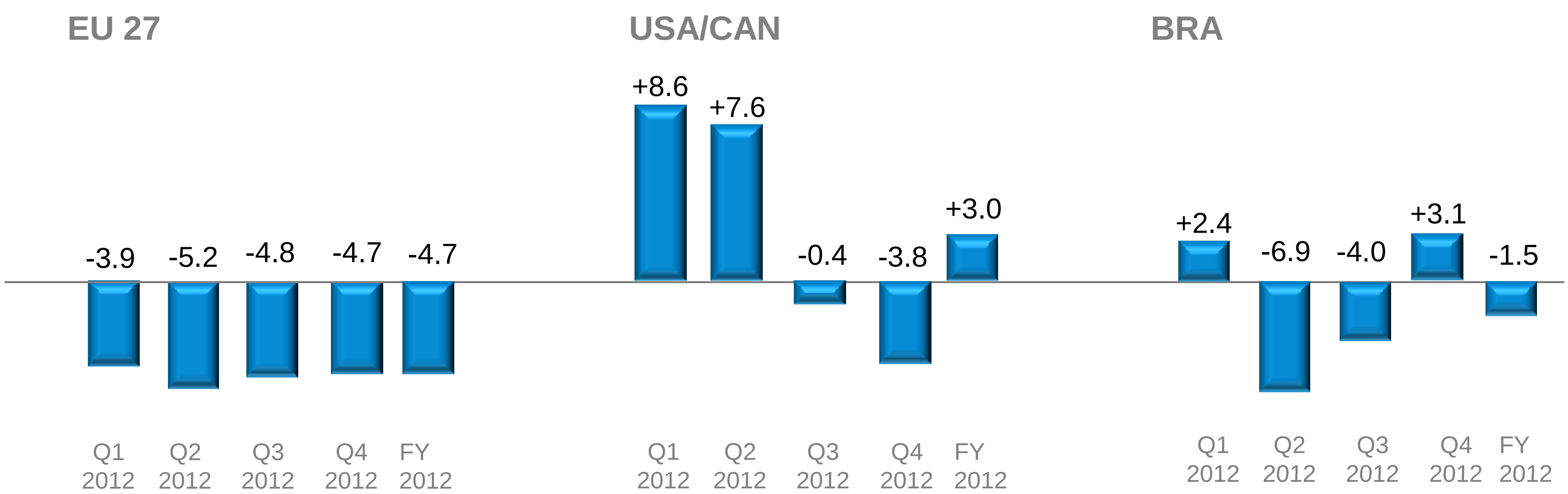
March 22, 2013

Overview Fiscal Year 2012

- Decreasing steel production and economic burden (in particular in the EU) lead to
  - Decrease in revenues by around 5 % to € 404.6 million
- EBITDA of € 20.8 million
  - Despite a challenging environment and start-up costs of new plants
- Continued sound balance-sheet quality
  - Net financial debt significantly reduced in Q4; equity ratio remains at around 40 %
- Net cash flow improved by € 24.3 million to € 30.4 million thanks to further streamlined working capital management
- Constant dividend (€ 0.50 per share) in spite of reduced consolided net income
- Outlook 2013 et seqq.: Growth potentials despite ongoing uncertainties

Close Correlation between Revenues and Steel Production – Demanding H2 in USA/CAN

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



- Around 90 % of revenues with clients from the steel industry
- Around 87 % of revenues in the EU, the USA and Canada as well as Brazil

* Source: Worldsteel Association

Y-on-y Influenced by Extraodinary Factors of 2011 Significantly Improved Gross Margin in Reporting Year

in € million	2012	2011
Revenues	404.6	428.9
EBITDA	20.8	31.7
*EBITDA adjusted**	*20.4*	*22.9*
EBIT	10.3	18.4
*EBIT adjusted **	*9.9*	*9.6*
EBT	6.1	16.2
*EBT adjusted **	*5.7*	*7.4*
Consolidated net income (SKW)	4.3	12.2
Gross margin	29.2 %	27.6 %
*EBITDA margin adjusted **	*5.0 %*	*5.3 %*
EPS in €	0.65	1.86

* Adjusted for Bargain Purchase Sweden (2011: +€ 2.6 million; 2012: € 0) and reversal of provision for antitrust fine (2011: +€ 6.2 million; 2012: +€ 0.4 million)

Cored Wire: Business Development Influenced by Steel Economy and Start-up Costs of New Plants

in € million	2012	2011
Revenues	183.7	202.1
EBITDA	6.6	7.6
EBITDA margin	3.6 %	3.8 %

- Development of revenues influenced by challenges in the steel sector
- ”Chapter XI“ RG Steel
- EBITDA margin almost constant nevertheless
- Improved EBITDA contributions from Bhutan and Russia:
  - Russia: Production and sales in H2 2012 started as expected
  - Bhutan: Q3 2012 first time (since start of production) positive EBITDA contribution

Powder and Granules: Increasing Intensity of Competition in Brazil

in € million	2012	2011
Revenues	192.7	197.3
EBITDA	13.5	26.8
*EBITDA adjusted**	*13.1*	*18.0*
EBITDA margin	7.0 %	13.6 %
*EBITDA margin adjusted **	*6.8 %*	*9.1 %*

* Adjusted for Bargain Purchase Sweden (2011: +€ 2.6 million; 2012: € 0) and reversal of provision for antitrust fine (2011: +€ 6.2 million; 2012: +€ 0.4 million)

- Brazil:
  - Decreasing steel economy (-1.5 %), at the same time increase of competition in hot metal desulfurization
  - Sintered synthetic slag: First production volumes from plant expansion; full contributions to revenues and earnings as of 2013
- North America: ”Chapter XI“ RG Steel
- Sweden: Business influenced by economy (sales mainly to EU countries)

Sound Balance Sheet Structure
Net Financial Debt Decreased by € 4.0 million

in € million	Dec. 31, 2012	Dec. 31, 2011
Total equity & liabilities	299.1	315.5
Equity*	121.9	128.4
Equity ratio*	40.8 %	40.7 %
Net financial debt	73.9	77.9
Gearing**	0.61	0.61

- Net financial debt significantly reduced:
  - Decrease by € 4.0 million (despite significant investments in H1 2012) to € 73.9 million
  - Decrease of net financial debt commenced earlier than scheduled so far
- Working capital significantly optimized
- Continously sound balance sheet structure with equity ratio of 40.8 % and gearing of 0.61

* Incl. non-controlling interests ** Net financial debt divided by equity

Significant Improvements of Net Cash Flow Through Working Capital Optimization

in € million	2012	2011
Gross cash flow	8.7	16.5
+/- Changes in net working capital	+21.7	-10.4
= Net cash flow	30.4	6.1
- Cash-out for investments	-22.4	-33.9
= Free cash flow	8.0	-27.8
+ Cash-in from finance activities	7.3	27.3
= Changes in cash on hand	15.3	-0.5

- Focus on working capital management is paying off
- Investment activity significantly reduced (in particular H2 2012)
- Target 2013: Further improved free cash flow

USPs of the SKW Metallurgie Group

- **Market leader**
  - Cored wire for secondary metallurgy (segment “Cored Wire”): clearly global no. 1
  - Hot metal desulfurization (segment “Powder and Granules”): clearly global no. 1
- Only market player with established **global presence**
- **Technology and innovation leader** (in-house R&D teams)
- Products with **high significance** for the **product quality** at the customers, at the same time very **low share of their production costs** (<1 % each)
- **Limited exposure to cycles**
  - Demand depends on steel production volumes, not steel prices
  - High flexibility of costs because of high share of variable costs

Expansion into Growth Regions and Along the Value Chain

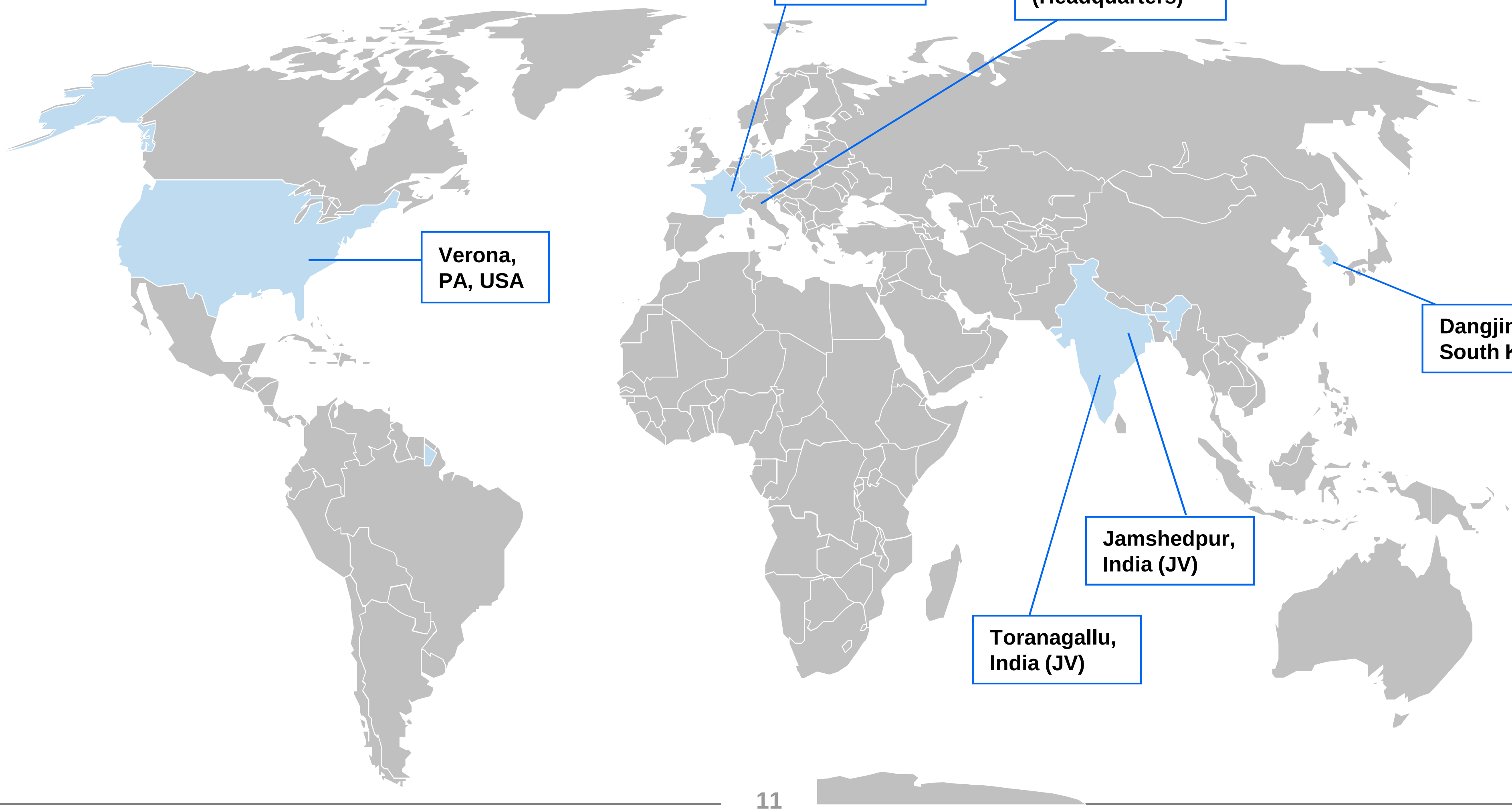
Growth drivers:

- Expansion into growth markets ✓
  - ▶ Brazil, India, Russia, Mexico
- Access to raw materials ✓
  - ▶ Bhutan, Sweden, China
- Production expansion ✓
  - ▶ Sintered slag, specialty magnesium,

    cored wire for the copper and foundry industries

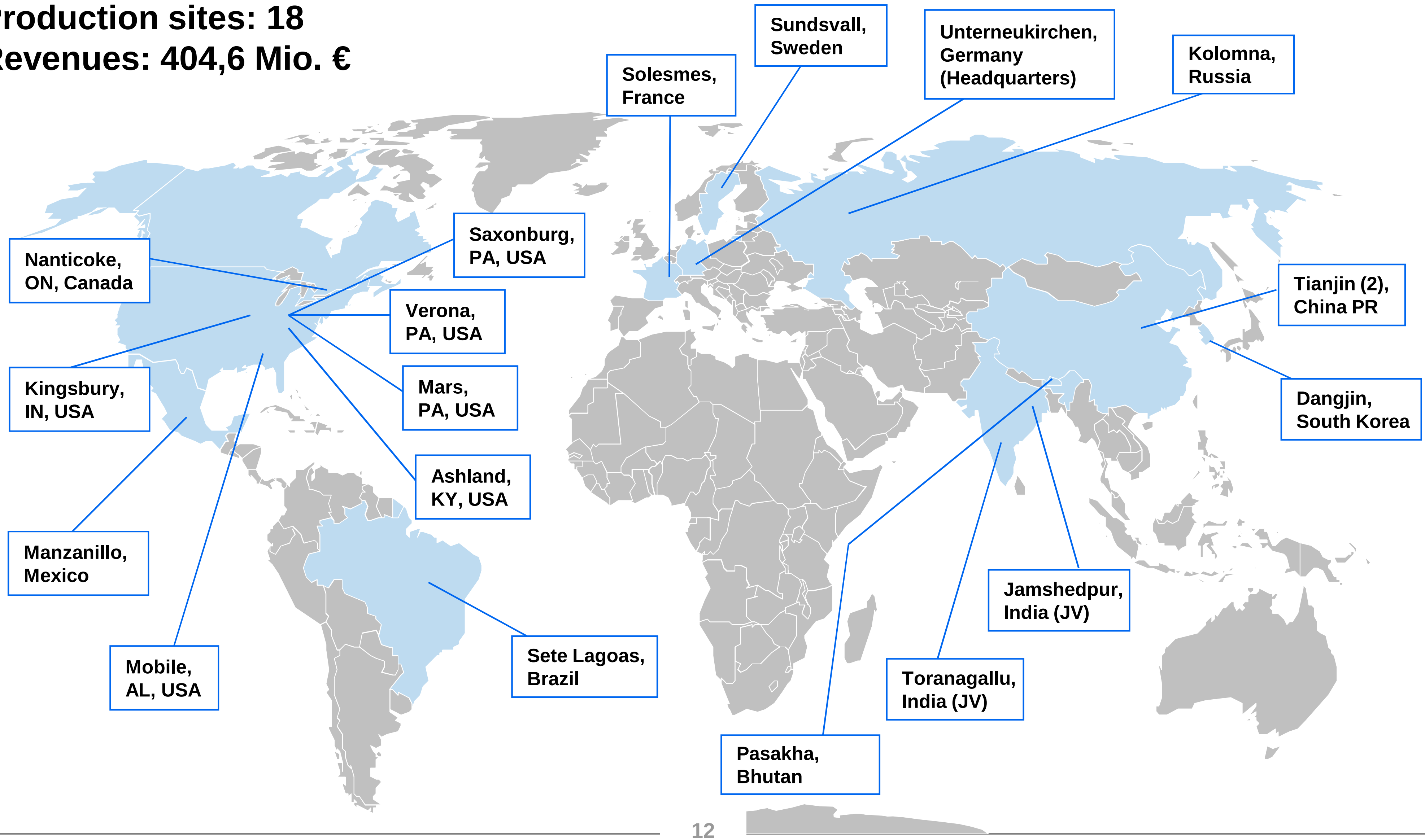
Status quo 2006:
Low Penetration of Value Chain, Traditional Markets

Production sites: 5
Revenues: 185.8 Mio. €



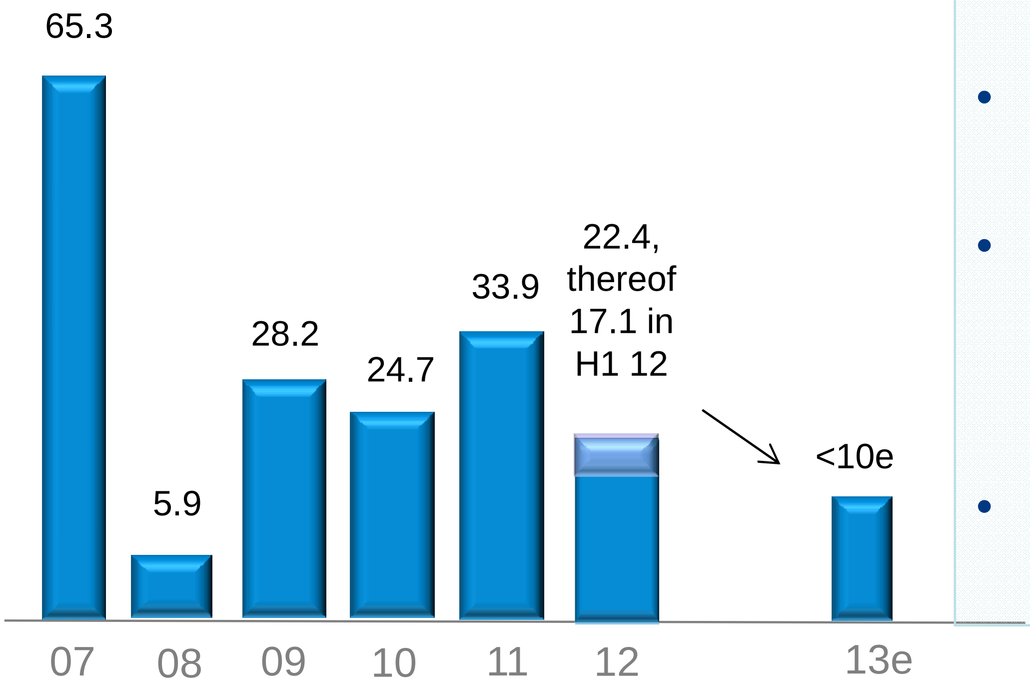
Status quo End of 2012:
Increased Penetration of Value Chain, New Markets

Production sites: 18
Revenues: 404,6 Mio. €



Expansion Phase 2007-2012: Successful Seed for Future Harvest

Investments
(net cash outflow from total investment activity, at respective exchange rates)



- Investments 2012 et seqq. significantly below previous years
- Investments 2013 et seqq.: focus on maintenance capital expenditure and conclusion of technical restructuring Sweden
- Positive free cash flow 2013 et seqq.

Outlook New Plants:
Profitable On-track Operations (1)

- Bhutan:
  - Scheduled maintenance at start of 2013
  - Positive EBITDA contribution (FY) expected as of 2013

- Brazil:
  - Sintered synthetic slag:
    - ✓ New plant in operation
    - ✓ Successful delivery to clients
    - ✓ Technological differentiation
    - ✓ Full contribution to revenues and earnings as of 2013

  => Compensation for effects from increasing competition on Brazilian market for hot metal desulfurization

Outlook New Plants:
Profitable On-track Operations (2)

- Russia:
  - 2012: production and sales started on-track
  - 2013 et seqq.: increasing contributions to revenues and earnings
- Sweden:
  - Continued burden from economic uncertainty in Europe => main share of revenues in Europe; other target markets have, so far, been difficult to serve due to limited transportability of product
  - Techical restructuring will be continued in 2013
  - Positive EBITDA contributions for full year 2013 expected

Guidance 2013:
Optimism despite Continuing Uncertainties (1)

<u>Economic frame:</u>

- Moderate global economic growth with regional disparities

  => Positive impetus from emerging markets and North America (re-industrialization)

  => Further downturn in some EU countries

- Steel demand 2013 expected at small plus*
  - EU: -0.8 %
  - NAFTA: +3.6 %
  - World: +3.2 %
- Limited visibilty due to short-term nature of client orders

* Source: Worldsteel Association (Nov. 2012), EUROFER

Guidance 2013:
Optimism despite Continuing Uncertainties (2)

Outlook SKW Metallurgie:

- Moderate increase of revenues and sales volumes:
  - Positive impetus from emerging markets and North America
  - Continuously challenging environment in Europe
  - Despite increasing competition, Brazil expected stable (through further technical differentiation and new products)
- Earnings potential through increasing operative earnings contributions and no more start-up costs at new plants (expansion Brazil; Bhutan; Russia; Sweden)
- Positive free cash flow through continued optimization of working capital and decreasing capital expenditure

⇒ Further significant potential for improvements in 2014 (assumption: stable development of global economy)

Financial Calendar 2013 (remaining)

- May 15, 2013:
  Publication of business figures for Q1 2013
- June 11, 2013:
  Annual General Meeting in München (Germany)
- August, 14, 2013:
  Publication of business figures for H1 2013
- November 15, 2013:
  Publication of business figures for 9M 2013
- November 2013:
  Analysts‘ Conference 2013 at „Eigenkapitalforum“ in Frankfurt/Main (Germany)

Contact

Christian Schunck

Head of Investor Relations and Corporate Communications

Phone: +49 89 5998923-22

ir@skw-steel.com

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. The SKW Metallurgie Group 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 restructuring 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. The SKW Metallurgie Group 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. The SKW Metallurgie Group 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 The SKW Metallurgie Group 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.