



2010: Targets exceeded
Optimism for 2011 and 2012

Year-end Press Conference

Conference Call

March 24, 2011

A decorative graphic in the bottom right corner consisting of two parallel diagonal bars: a grey one on the left and a cyan one on the right, mirroring the graphic in the top left.

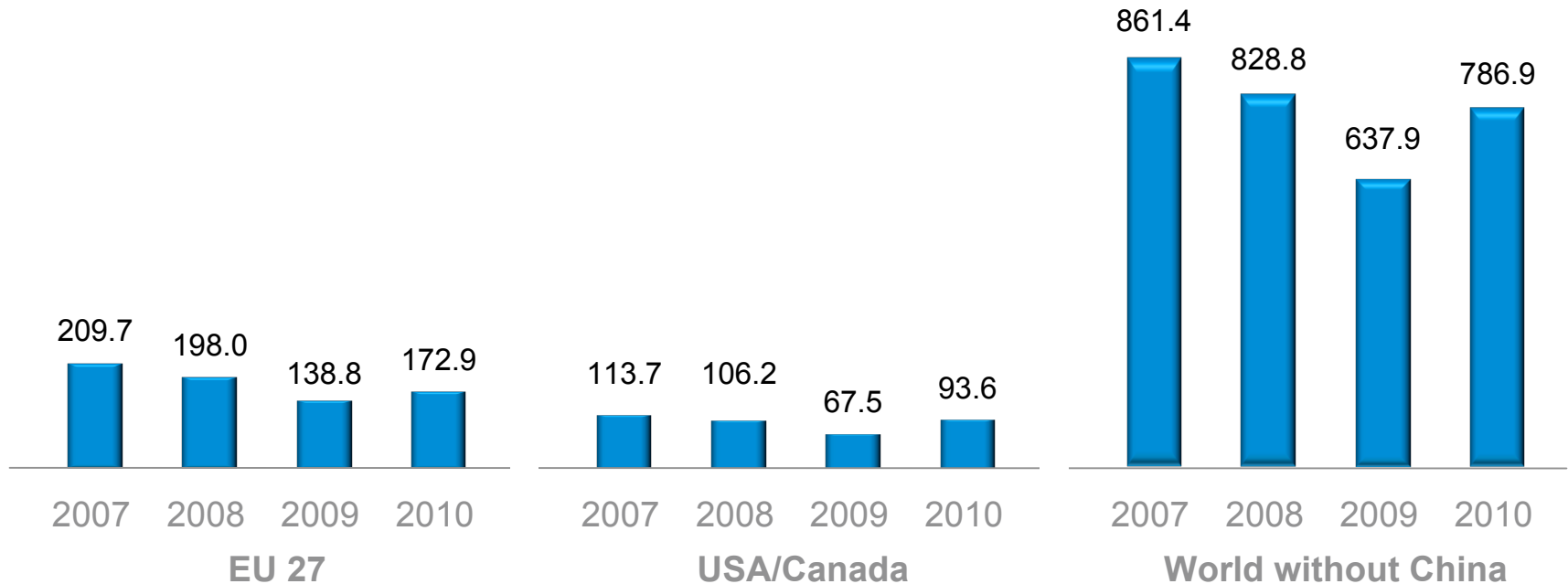


Highlights of business year 2010

- Economic recovery and full-year consolidation of Tecnosulfur ensure strong growth in revenues and earnings
 - Revenues +73% to € 380.8 million
 - EBITDA improves from € -0.5 million to € 28.8 million
 - Previous record-breaking EBITDA from 2008 (€ 26.0 million) exceeded by 11%
- Guidance (EBITDA) increased twice in 2010 and still exceeded
- Significant improvements in all key segments and regions
- Share price up approx. 40%;
proposed dividend: € 0.50 per share
- Global expansion consistently continued
- Confidence for 2011 and 2012

Substantial recovery of steel production, not yet returned to record-breaking figures of 2007

- Steel production in million tons



- More than 90% of the SKW Metallurgie Group's revenues with steel industry
- 75-80% of SKW Metallurgie Group's revenues (2010) in EU and USA/Canada
- Steel production in 2010 in EU and USA/Canada still substantially below record-breaking figures of 2007

Strong operating performance allows resumption of dividend payment

in € million	2010	2009
Revenues	380.8	220.6
EBITDA	28.8	-0.5
EBIT	17.3	-7.0
EBT	15.0	-9.5
Consolidated net income	9.1	-5.1
thereof SKW Metallurgie shareholders	7.5	-5.0
Gross margin	27.2%	21.5%
EBITDA margin	7.6%	-0.2%
Earnings per share in €*	1.15	-1.10

* 2010: Based on current number of 6.55 million shares

2009: Based on average number of shares (IFRS) for year of capital increase

➔ Dividends being paid again:
Proposal to General Meeting of € 0.50 per entitled share



Cored Wire: Revenues nearly doubled

in € million	2010	2009
Revenues	183.0	92.6
EBITDA	11.9	-3.0
EBITDA margin	6.5%	-3.2%


- Higher steel production in key regions (EU +25%, USA +39%)
- Strong development of special cored wire sales worldwide
- Successful entry into new technologies and markets:
Cored wire for foundry and copper industries
- Opening of additional production facilities in 2011:
 - Vertical integration in Bhutan (March 3, 2011)
 - Cored wire production in Russia (from mid-2011)



Powder and Granules: EBITDA margin increased nearly four-fold

in € million	2010	2009
Revenues	175.1	112.3
EBITDA	21.7	3.6
EBITDA margin	12.4%	3.2%

- Revenues in Brazil reinforced by on-schedule start of deliveries to new ThyssenKrupp steel plant
- Solid performance in all parts of the segment
- Market position in Europe significantly reinforced by acquisition of a calcium carbide plant in Sweden (Feb. 2011)
- New production facility for specialty magnesium at ESM (USA) and for sintered synthetic slag (Brazil) to go live during the course of 2011



Balance sheet structure continues to be very solid

in € million	2010	2009
Total assets	275.8	231.7
Equity*	122.3	109.0
Equity ratio*	44.3%	47.1%
Net financial debt	47.3	32.8
Gearing**	0.39	0.30
Net financial debt/EBITDA	1.64	neg.

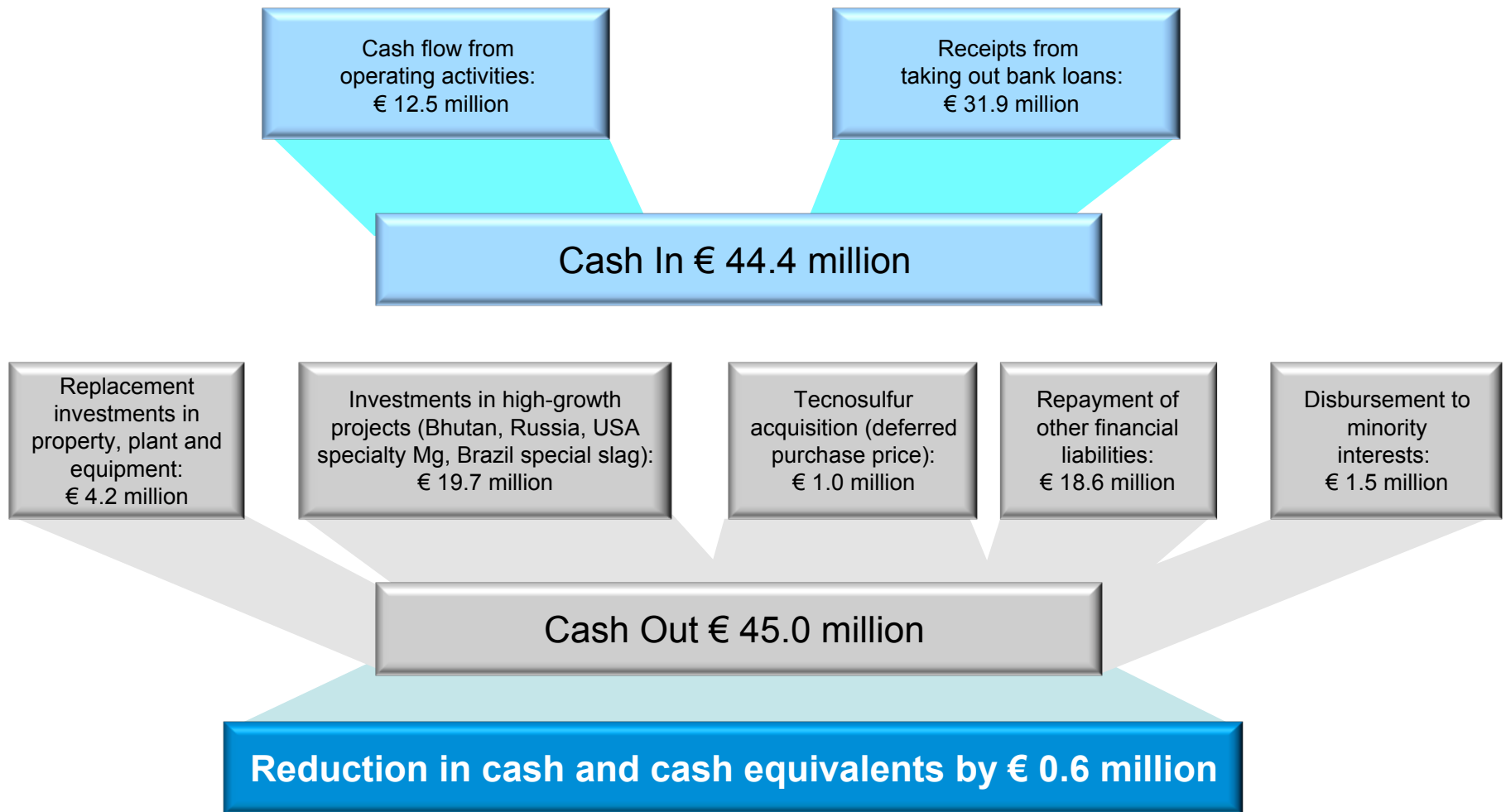
- Increase in total assets by € 44.1 million mostly influenced by construction progress in high-growth projects
- Net financial debt up due to continued investment activities - in particular in Bhutan - by € 14.5 million to € 47.3 million
- Gearing continues to be at a low level at 0.39, equity ratio solid at 44.3%

Significant increase in cash flow

in € million	2010	2009
Gross cash flow	14.9	1.5
+/- Change in working capital	-2.4	17.0
= Cash flow from operating activities	12.5	18.5
- Cash flow from investing activities	-24.7*	-28.2**
= Free cash flow	-12.2	-9.7
+ Cash flow from financing activities	11.6	11.1
= Net change in cash and cash equivalents	-0.6	1.4

- Moderate increase in working capital (+€ 2.4 million) despite revenues up more than 73% year on year
- Half of continued high capital expenditure (€ 24.7 million) could be covered from cash flow from operating activities
- Capital expenditure not covered by the cash flow from operating activities is covered by increasing bank loans

Continued significant capital expenditure






Strategy: Vertical integration and expansion of value chain from 2011

- **Bhutan:**
 - Backward integration for calcium silicon (key raw material for cored wire)
 - Annual production of 7,000-8,000t (around one third of the SKW Metallurgie Group's total requirements)
 - Potential to double production capacity (depending on additional contingent of electricity)
- **Sweden:**
 - Backward integration for calcium carbide (key raw material for hot metal desulphurization)
 - SKW Metallurgie Group's requirements in Europe fully covered
 - Additional external revenues with steel plants in Northern Europe as well as with customers from the gas industry



European antitrust proceedings: Current status

- In July 2009, the European Commission issued penalty notices due to behavior in violation of fair competition in the calcium carbide and magnesium sector
- The SKW Metallurgie Group has joint liability together with former parent companies for a maximum amount of € 13.3 million
- The SKW Metallurgie Group believes that, inter alia in view of the joint liability, at most 50% or € 6.65 million are due to the SKW Metallurgie Group; there has been a corresponding provision in this amount which has remained unchanged since 2009
- The SKW Metallurgie Group has filed for nullity against the penalty notice - no court decision has been taken in this regard yet. The SKW Metallurgie Group has provided bank guarantees in a corresponding amount, as a result there is no payment title for the European Commission until the decision on nullity will have been taken
- Former parent companies of the group, Evonik Industries AG and Gigaset AG (previously ARQUES Industries AG), have sued the SKW Metallurgie Group for indemnification or settlement of their penalties => the competent court rejected the suit by Evonik Industries AG in full on March 16, 2011 and thus confirmed the SKW Metallurgie Group's legal opinion



Outlook and guidance 2011

- Favorable underlying conditions point to new record-breaking earnings:
 - Demand for steel to increase again in 2011
 - World Steel Association: Global: +5.3%
EU: +5.7%
NAFTA: +8.7%
 - Initial contributions to revenues and earnings from new production facilities
- SKW Metallurgie guidance 2011:
 - EBITDA increase to € 32 million
 - Continued payment of an attractive dividend


As things stand today (March 24, 2011), economic consequences of the natural catastrophe and nuclear accidents in Japan cannot yet be fully assessed.



Outlook 2012

- Positive outlook for 2012:
 - Economy and steel production to grow still further
=> positive underlying conditions for SKW Metallurgie Group
 - Full positive EBITDA contributions from high-growth projects
 - EBITDA and revenues to increase further subject to positive economic development

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Financial calendar 2011 (remaining)

- Publication of figures for Q1 2011:
 - May 16, 2011
- Annual General Meeting:
 - June 8, 2011 in Muenchen (Munich), Germany
- Publication of figures for H1 2011:
 - August 12, 2011
- Publication of figures for first nine months of 2011:
 - November 14, 2011
- Analysts' conference 2011
 - November 2011 during "Equity Forum" in Frankfurt/Main, Germany

May be subject to change.



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