



Promising start into 2011

Q1-2011

Conference Call

May 16, 2011



Highlights Q1-2011

Promising start

- Dynamic revenue and earnings growth based on continued economic recovery
 - Revenues up 20% to € 101.0 million
 - EBITDA improves from € 6.2 million to € 10.0 million
 - Excluding impact from takeover of Swedish calcium carbide plant comparable EBITDA would have been € 8.2 million
- Continued improvements in all key segments and regions
- Contribution from Bhutan and Russia activities starting H2-2011
- Guidance confirmed for 2011 and 2012
 - New record levels for revenues and earnings to be expected

Comparable EBITDA up 31%

in € million	Q1-2011	Q1-2010
Revenues	101.0	83.8
EBITDA	10.0	6.2
EBITDA comparable ¹	8.2	6.2
EBIT	7.0	3.5
EBIT comparable ¹	5.3	3.5
EBT	6.5	3.2
EBT comparable ¹	4.8	3.2
Consolidated net income	4.7	1.8
thereof SKW Metallurgie shareholders	4.3	1.2
Gross margin	28.6%	27.4%
EBITDA margin	9.9%	7.4%
EBITDA margin comparable ¹	8.1%	7.4%
Earnings per share in € ²	0.65	0.18

¹ Excl. impact from takeover of Swedish calcium carbide plant

² Based on current number of 6.55 million shares

Cored Wire: Revenues up 30%

in € million	Q1-2011	Q1-2010
Revenues	47.8	36.8
EBITDA	3.3	2.8
EBITDA margin	6.9%	7.6%

- Revenue growth follows higher steel production in key regions (Q1-2011: EU +7%, USA +7%)
- Margin decrease due to start up costs for Bhutan and Russia (~€ 0.4 million), comparable EBITDA margin Q1-2011: 7.7%
- Additional production facilities start contributing in H2-2011:
 - Vertical integration in Bhutan
 - Cored wire production in Russia

Powder and Granules: Comparable EBITDA margin increased to 13.5%

in € million	Q1-2011	Q1-2010
Revenues	45.6	42.9
EBITDA	8.0	4.5
EBITDA comparable ¹	6.2	4.5
EBITDA margin	17.5%	10.5%
EBIT margin comparable ¹	13.6%	10.5%

¹ Excluding impact from takeover of Swedish calcium carbide plant

² Based on current number of 6.55 million shares

- 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 in H2-2011

Balance sheet structure continues to be very solid

in € million	March 31, 2011	Dec. 31, 2010
Total assets	290.6	275.8
Equity*	122.9	122.3
Equity ratio*	42.3%	44.3%
Net financial debt	59.5	47.3
Gearing**	0.48	0.39

- Increase in total assets by € 14.8 million mostly influenced by takeover in Sweden, higher other investments and working capital increase
- Net financial debt up due to continued high investment activities - in particular in Sweden and Bhutan - to € 59.5 million
- Gearing continues to be at a low level at 0.48, equity ratio solid at 42.3%

Continued high investments affect cash flow figures

in € million	Q1-2011	Q1-2010
Gross cash flow	3.3	3.0
+/- Change in working capital	-4.4	-3.4
= Cash flow from operating activities	-1.1	-0.4
- Cash flow from investing activities	-12.5	-5.7
= Free cash flow	-13.6	-6.1
+ Cash flow from financing activities	12.0	4.5
= Net change in cash and cash equivalents	-1.6	-1.6

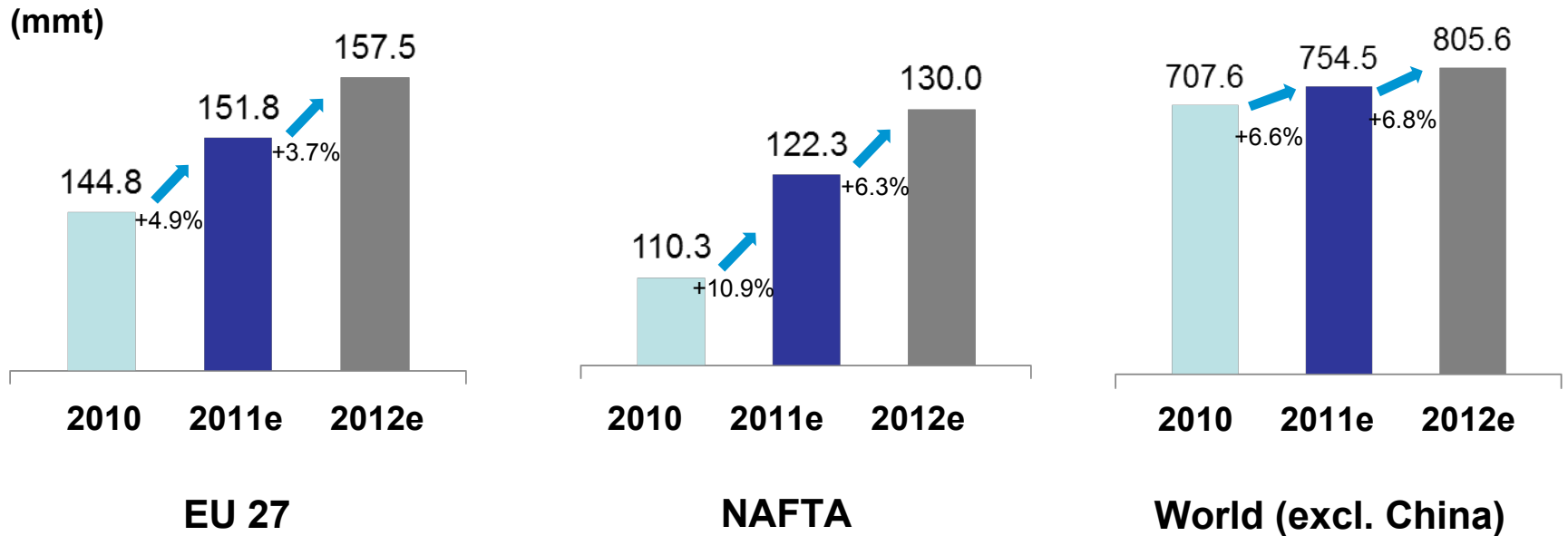
- Increase in working capital (€ 4.4 million) due to dynamic operating performance
- High investments for further expansion in Q1-2011. Major part of investing activities relate to acquisition in Sweden (€ 5.6 million) and new facility in Bhutan (€ 4.0 million)
- Capital expenditure mainly covered by increasing bank loans



Impact of takeover of Swedish calcium carbide activity

- Closing of takeover February 1, 2011
- 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
- Q1-2011: Limited revenue impact and negative operating EBITDA as expected, bargain purchase (badwill) realized in Q1 will be compensated by operating and restructuring losses during 2011
- Restructuring measures focused on optimization of system and process technology
- Annual sales 2011 from new activity expected to be in the low double-digit million Euro range
- Positive earnings contribution from 2012 onwards

Outlook: Growing confidence for continued increase of steel use in 2011 and 2012

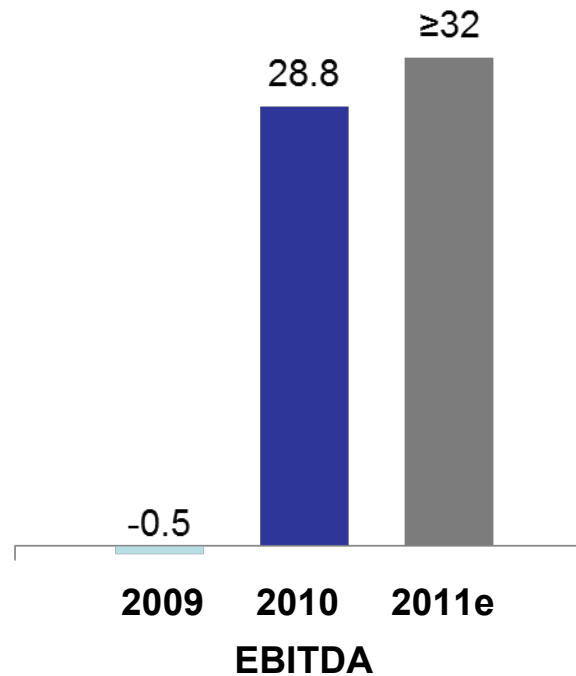
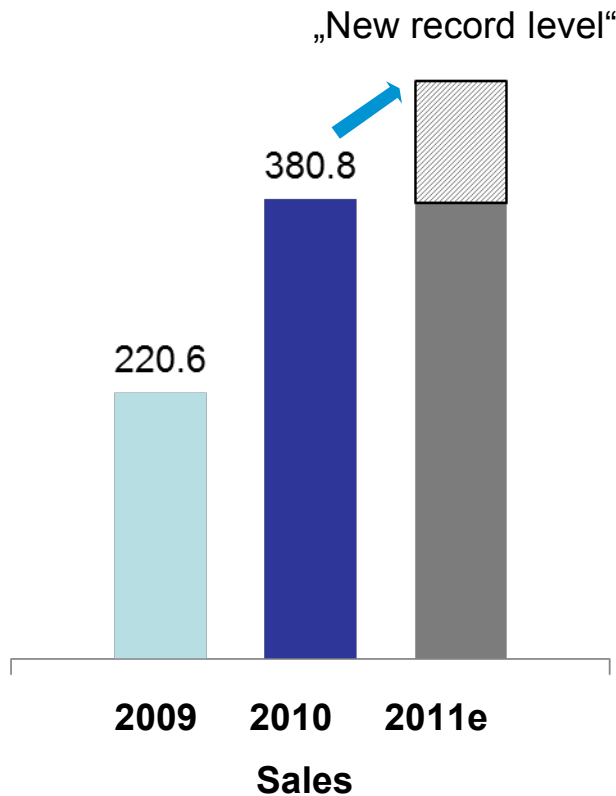


Source: worldsteel association, April 2011

- More than 90% of SKW Metallurgie Group's revenues with steel industry
- 75-80% of Group's revenues in EU and NAFTA
- Gap to record levels of 2007 in EU and NAFTA getting smaller, but still substantial

Guidance for 2011 confirmed

(in € million)



Assumptions:

- **Significant organic growth**
- **External growth**
 - Sweden: Sales of low double-digit million Euro. Negative EBITDA, compensated by Bargain Purchase
 - Bhutan, Russia: Limited sales contribution from H2-2011. Small Earnings contribution in budget for 2011.

Outlook 2012

- Positive outlook for 2012:
 - Economy and steel production to grow further
=> positive underlying conditions for further organic growth
 - Full positive revenue and earnings contributions from external growth projects:
 - Bhutan: Sales impact marginal due to backward integration of calcium silicon, high earnings contribution
 - Russia: Single-digit million Euro sales, EBITDA margin targeting Group level
 - Sweden: Low double-digit million Euro sales, small earnings contribution in 2012. Targeting EBITDA margin Group level from 2013 onwards

➔ SKW Metallurgie Group EBITDA and revenues to increase further subject to positive economic development



Financial calendar 2011 (remaining)

- Annual General Meeting:
 - June 8, 2011 in München (Munich), Germany
- Publication of figures for H1 2011:
 - August 16, 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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