



Improved profitability despite continuously weak
steel demand – guidance for FY 2013 confirmed

Conference Call Q1-2013

May 15, 2013



Overview Q1-2013

- Continuously weak steel demand and economic uncertainties continue:
 - Sharp y-on-y reduction of steel production in USA (-7.6%) and EU (-5.4%) in Q1-2013
- Revenues:
 - Stabilized near level of Q4-2012
 - Down 22% to €87.8 million compared to extraordinarily strong prior year Q1
- Improved profitability, inter alia due to advantageous sales mix
- EBITDA in Q1 at €5.0 million (Q1-2012: €6.0 million) – increase of EBITDA margin from 5.3% to 5.7%
- EPS up by 46% compared to Q1-2012
- Further improvement of balance sheet quality
- Guidance for 2013 confirmed – visibility for upcoming quarters remains very limited

Improved profitability despite significant y-o-y revenue decline - Gross margin further improved

| in € million | Q1-2013 | Q1-2012 |
|-------------------------------|---------|---------|
| Revenues | 87.8 | 113.2 |
| EBITDA | 5.0 | 6.0 |
| EBIT | 2.3 | 3.5 |
| EBT | 1.0 | 2.0 |
| Consolidated net income (SKW) | 0.7 | 0.1 |
| <i>Gross margin *</i> | 30.6% | 27.7% |
| <i>EBITDA margin</i> | 5.7% | 5.3% |
| EPS in € | 0.19 | 0.13 |

* Definition: Sum of revenues plus change in inventories plus own work capitalized minus cost of materials divided by revenues

Cored Wire: Significant earnings improvement from new plants in 2013

| in € million | Q1-2013 | Q1-2012 |
|---------------|---------|---------|
| Revenues | 40.2 | 51.7 |
| EBITDA | 1.7 | 1.4 |
| EBITDA margin | 4.2% | 2.7% |

- Development of revenues influenced by significant drop in steel production
- EBITDA improved in both absolute and relative terms
- Improved EBITDA contribution from Bhutan:
 - Scheduled maintenance in January and February
 - Production is up and running smoothly (since early March)

Powder and Granules: Negatively impacted by weak steel demand and increased competition in Brazil

| in € million | Q1-2013 | Q1-2012 |
|---------------|---------|---------|
| Revenues | 41.9 | 54.3 |
| EBITDA | 2.3 | 5.6 |
| EBITDA margin | 5.5% | 10.3% |

- Brazil:
 - Decreasing steel production and increase of competition in hot metal desulfurization
 - Sintered synthetic slag: revenues and earnings development on track
- Sweden:
 - Cost position improved, but business influenced by sluggish economy in EU countries

Sound Balance Sheet Structure: Net Financial Debt stable on low level of Q4-2012

| In € million | Mar. 31, 2013 | Dec. 31, 2012 |
|----------------------------|---------------|---------------|
| Total equity & liabilities | 303.4 | 299.6 |
| Equity* | 124.5 | 120.6 |
| Equity ratio* | 41.0% | 40.2% |
| Net financial debt | 73.6 | 73.9 |
| Gearing** | 0.59 | 0.61 |

Including new requirements for IAS 19, figures for 2012 adjusted

* Incl. non-controlling interests

** Net financial debt divided by equity

- Equity ratio further improved, mainly driven by positive FX effects
- As a result, Gearing now below 0.6
- Further reduction in Working Capital

Strict focus on Cash Flow shows effect, strong improvement in Free Cash Flow

| in € million | Q1-2013 | Q1-2012 |
|---------------------------------------|---------|---------|
| Gross cash flow | 0.9 | 1.2 |
| +/- Changes in net working capital | 0.5 | -0.6 |
| = Net cash flow | 1.4 | 0.6 |
| - Cash-out for investments | -1.6 | -4.6 |
| = Free cash flow | -0.2 | -4.0 |
| + Cash-in/out from finance activities | -5.3 | 13.6 |
| = Changes in cash on hand (before FX) | -5.5 | 9.6 |

- Gross Cash Flow below previous year as net income before positive FX effects is below Q1 2012
- Investment activity significantly reduced as indicated
- Debt reduction will lead to lower interest base in the future



Guidance for 2013 confirmed despite ongoing economic uncertainties

Economic conditions:

- Weak economic outlook in EU, uncertainties for US economy from spending cuts
- Outlook for steel demand in 2013 lowered by World Steel Association:
 - Further decline of demand in EU (-0.5%) expected
 - NAFTA with moderate increase of 2.9% based on upswing in H2

Guidance 2013:

- Improvements in North American and emerging countries, no positive impact expected in EU countries
- Moderate revenue improvement for FY 2013 expected
- Earnings potential based on stronger operating contribution from new facilities
- Further improvement of balance sheet structure
- Positive free cash flow



Financial calendar 2013 (remaining)

- June 11, 2013:
Annual General Meeting in München (Germany)
- August 14, 2013:
Publication of business figures for H1-2013
- November 11-13, 2013:
Analysts' Conference 2013 at "Eigenkapitalforum" in Frankfurt/Main (Germany)
- November 15, 2013:
Publication of business figures for 9M-2013



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