



## Highlights of Q1 2015

May 13, 2015

Significant impact of FX fluctuations

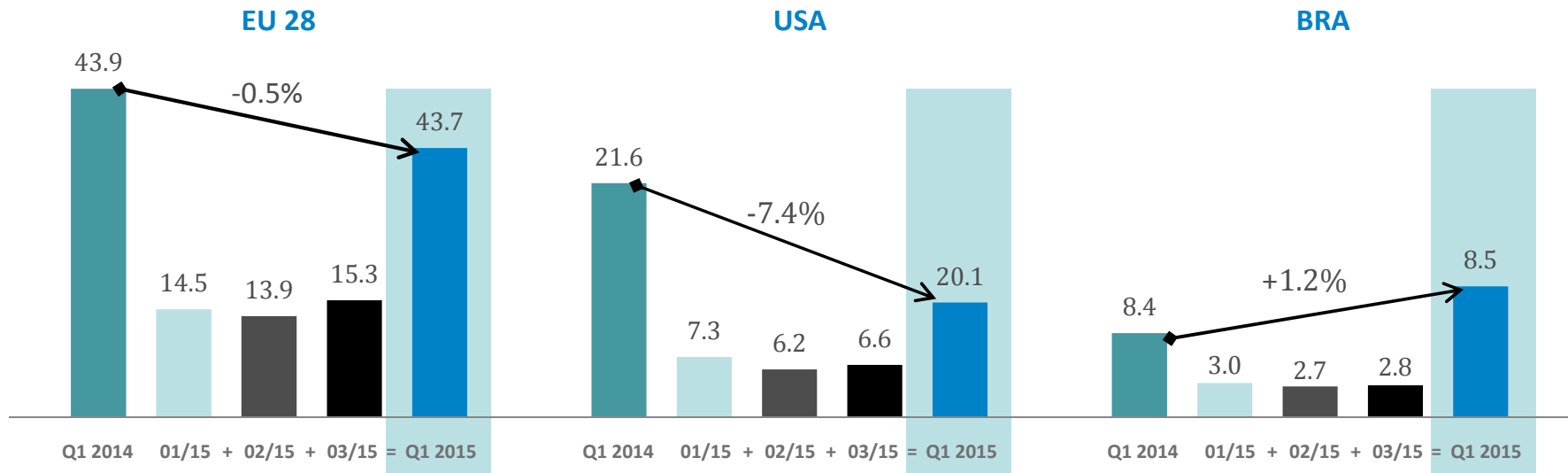
Downturn of steel production particularly in the US

ReMaKe initiatives overcompensate constraints in demand

# Client industry update

## Downturn of steel production particularly in the US

### Crude steel production in million tons



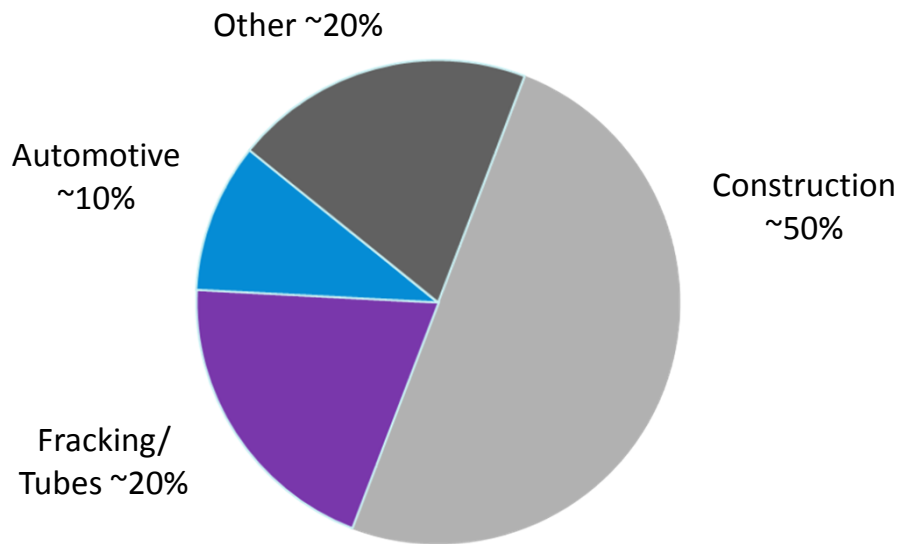
- Steel production in EU 28 almost stable, albeit on low level
- Steel producers still suffering from overcapacities and government interventions (e.g., Italy)

- -7.4 % steel production decline compared to previous year quarter due to strong US-Dollar and corresponding increase of imports

- Steel production in Brazil stable despite economic downturn
- Reserved expectations for the remainder of the year

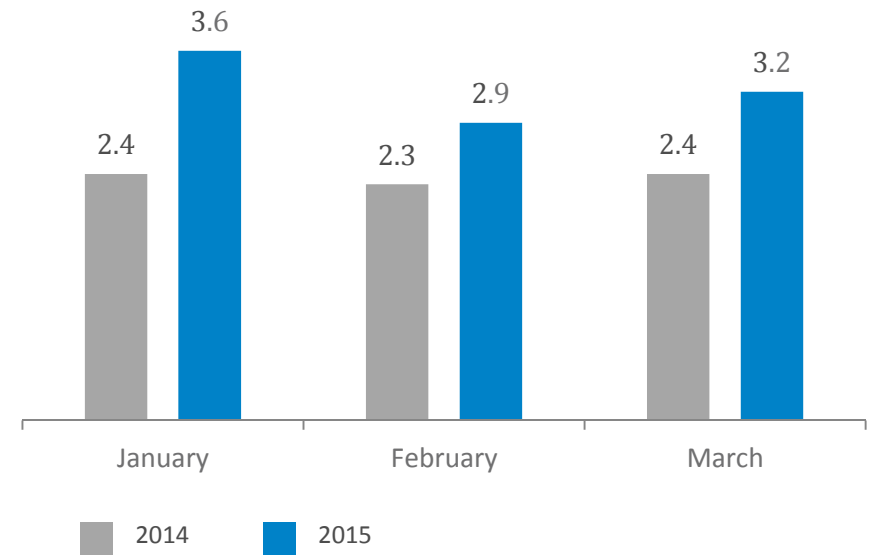
# Focus on US steel market

Estimated use of steel in the US by industries



- Imports into the US increased significantly due to strong US-Dollar

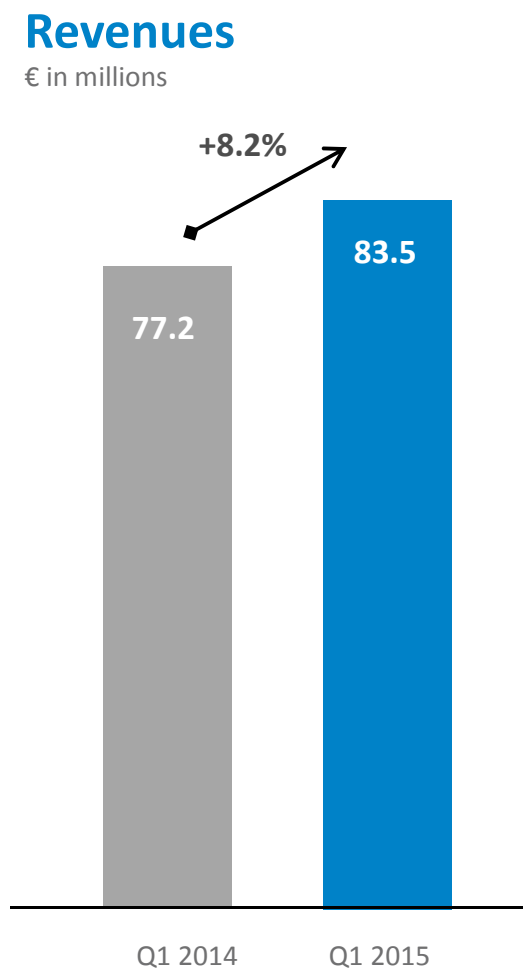
US steel imports (finished) in million tons



- Construction activity lower due to weather conditions
- Fracking influenced by low oil and gas prices
- End of downturn in demand seems reached – we expect an upswing in US steel production

# Q1 revenues above previous year, yet subject to FX

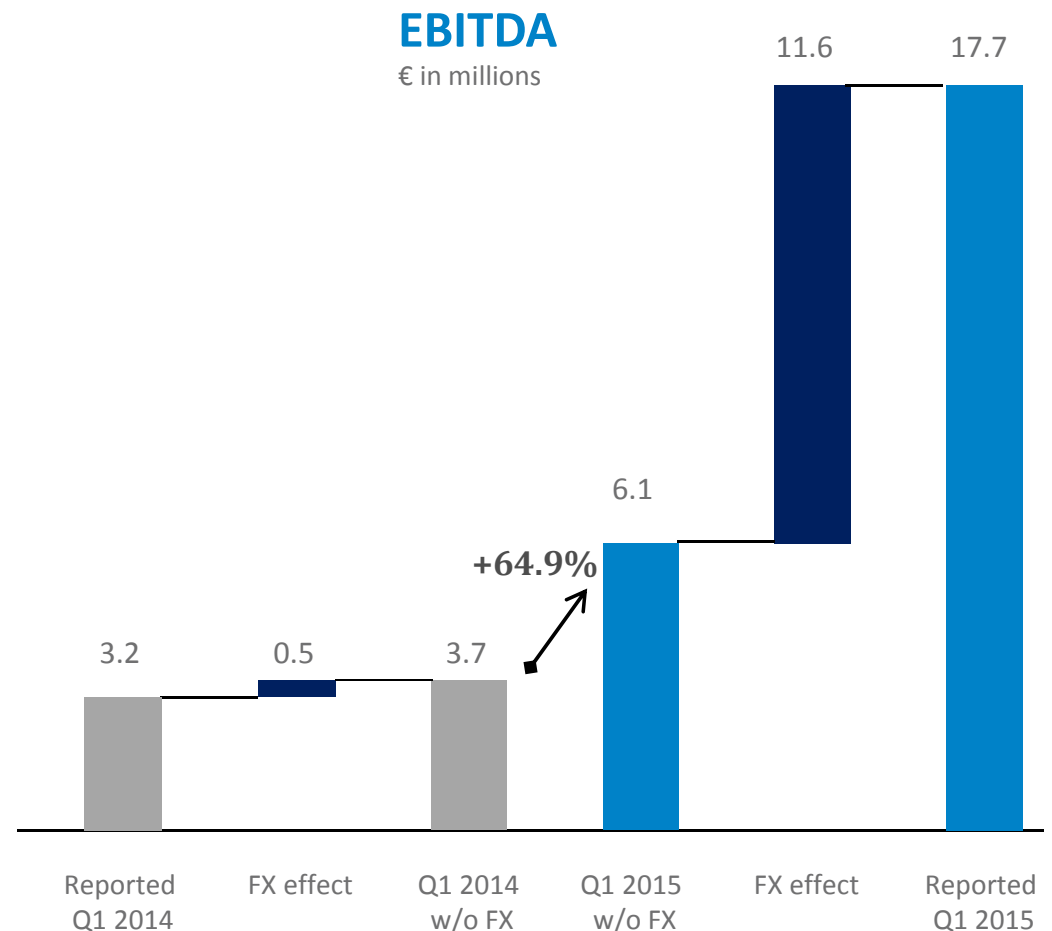
- Revenues up by 8.2% versus Q1 2014
- Without FX effects, revenues would have been around previous year's level:
  - Positive translation effect
  - Negative effect on sales in US due to higher imports
- Regional trends:
  - Lower sales in the US (in local currency)
  - Stable sales in Brazil despite macroeconomic challenges



SKW Metallurgy Sweden AB was sold in the fall of 2014 and is for this reason not included in the figures shown

# Significant increase of EBITDA in Q1 2015

- EBITDA contains significant FX effects in “Other operating income”/”Other operating expenses”, mostly unrealized
- Main reason for FX effects: intercompany loans
- More than 80% of those FX effects related to US-Dollar
- **Even adjusted for those effects, EBITDA shows significant increase**



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## P&L – Profitability improved in Q1 2015

€ in millions	Q1 2015	Q1 2014	Δ
Revenues	83.5	77.2	+6.3
EBITDA	17.7	3.2	+14.5
EBIT	16.1	0.5	+15.6
EBT	14.1	-0.7	+14.8
Consolidated net result	12.0	-2.4	+14.4
<b>Gross margin</b>	<b>32.8%</b>	<b>30.6%</b>	<b>+2.2% p</b>
EBITDA margin (FX-adjusted)	7.3%	4.8%	+2.5% p
EPS in €	1.80	-0.12	+1.92

- Significant increase of gross margin reflects efficiency gains from ReMaKe

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## Balance sheet Q1 2015

€ in millions	Mar 31, 2015	Dec 31, 2014	Δ
Non-current assets	72.6	68.8	+3.8
Current assets	122.7	111.8	+10.9
Total assets	195.3	180.7	+14.6
Equity	27.9	24.4	+3.5
<b>Non-current liabilities</b>	<b>72.7</b>	<b>24.8</b>	<b>+47.9</b>
<b>Current liabilities</b>	<b>94.7</b>	<b>131.5</b>	<b>-36.8</b>
Total equity and liabilities	195.3	180.7	+14.6

- Significant shift from current to non-current liabilities due to successful refinancing in January 2015 (= situation returned to normal)
- Improved equity ratio
- Further improvements of balance sheet expected by proposed capital increase

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# Cash flow Q1 2015

€ in millions	Q1 2015	Q1 2014	Δ
Gross cash flow	2.3	1.0	+1.3
+/-Cash flow effects from changes in working capital	-13.0	-2.1	-10.9
= Net cash flow	-10.7	-1.1	-9.6
- Cash flow effects from investments	-0.5	-0.9	+0.4
= Free cash flow	-11.2	-2.0	-9.2
+/-Cash flow effects from financing activities	9.1	2.3	+6.8
= Changes in cash on hand (before FX)	-2.1	0.3	-0.9

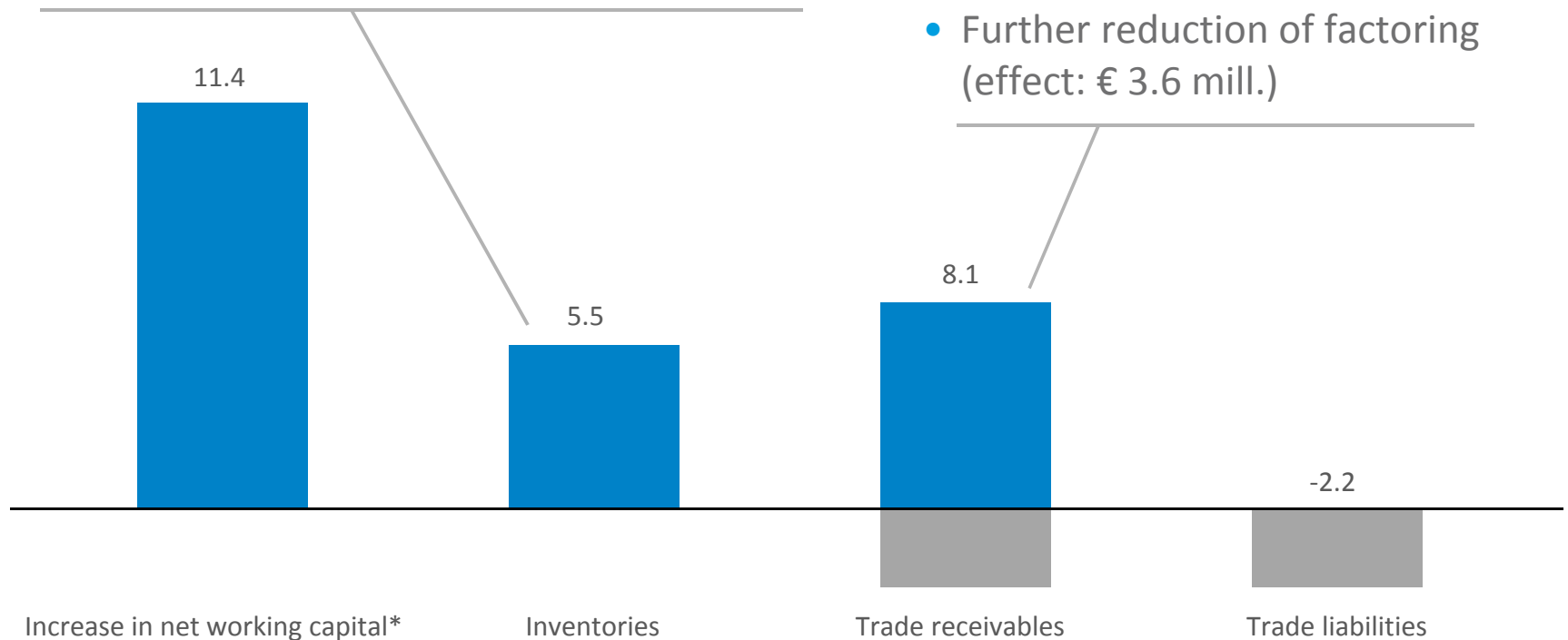
- Low investment CapEx due to cash inflow from Sweden sale (€ 0.5 mill.) and due to ReMaKe investment focus in second half of the year
- Gross cash flow significantly improved due to ReMaKe
- Net cash flow in Q1 2015 below Q1 2014 due to higher increase in working capital (mainly FX-induced)

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# Cash Flow – Increase in working capital mainly due to FX

- Unusually high inventory level on balance-sheet date due to weaker demand in March



- Increased receivables due to higher revenues (in €)
- Further reduction of factoring (effect: € 3.6 mill.)

- All working capital items significantly influenced by FX effects

\*Working capital in a narrow sense (Inventories + trade receivables + trade liabilities)

€ in millions



## Capital increase to support identified strategic growth projects

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- ReMaKe modules 1 & 2 in continuous execution – sufficiently financed through new syndicated loan
- Growth initiatives within ReMaKe module 3 require additional equity with the objectives of:
  - Closing gaps in the scope of global market coverage in core business
  - Penetrating markets with high volume and with high growth potential (e. g., Indian subcontinent)



# Capital increase proposal - Technical details

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- Capital increase proposal to AGM was published on April 24, 2015
- Decision to be taken by AGM on June 9, 2015
- Proposal:
  - Increase of subscribed capital by up to 100%  
(= up to 6,544,930 new shares)
  - Against cash
  - With full subscription rights for current shareholders
- Sole lead manager: ODDO SEYDLER BANK AG
- **New shares expected to be offered in fall 2015** (subject to AGM approval and legal process) on the basis of a prospectus



## Guidance 2015 – Positive outlook

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**Basis:** Budget exchange rates, current Group composition, and excluding any extraordinary legal issues

- **Revenues:** Despite challenging market conditions in Q1 2015, revenues for full year 2015 to exceed those of full year 2014
- **EBITDA:** Additional earnings expected from ReMaKe = full year EBITDA forecast at over € 20 mill.
- **Consolidated net result** for the Group expected in the middle single-digit million Euro range



# Financial calendar

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## 2015

Annual General Meeting (in Munich/Germany)

June 9, 2015

Publication of business figures first half year

August 14, 2015

Publication of business figures first nine months

November 13, 2015

Equity Forum (Frankfurt am Main/Germany)

November 23- 25, 2015

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# Further questions

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**PLEASE CONTACT THE INVESTOR RELATIONS DEPARTMENT**

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