



H1-2012

Solid performance in difficult environment

Guidance confirmed

Conference Call

August 16, 2012

A decorative graphic in the bottom right corner consisting of two slanted parallelogram shapes: a grey one on the left and a cyan one on the right, mirroring the graphic in the top left corner.



Highlights H1-2012

- Revenues up 2% to 219.9 million €
 - Growing steel production in North America
 - Slowdown in EU and Brazil (Q2)
- EBITDA at 13.5 million € (comparable H1-2011: 17.0 million €), despite significant start-up costs for new production sites (especially Bhutan)
- Strong improvement of cash flow from operating activities to +15.0 million € (H1-2011: -1.6 million €) due to efficient working capital management
- Guidance for 2012 and 2013 confirmed



Strong operative performance in North America compensates for slowdown in EU and Brazil

in million €	H1-2012	H1-2011	Q2-2012	Q2-2011
Revenues	219.9	215.6	106.7	114.6
EBITDA (comparable) ¹	13.5	17.0	7.5	9.7
EBITDA	13.5	19.7	7.5	9.7
EBIT (comparable) ¹	8.6	10.3	5.1	6.0
EBIT	8.6	13.0	5.1	6.0
Consolidated net result	3.7	8.0	3.6	3.4
EPS in €	0.66	1.13	0.53	0.48
<i>Gross margin</i>	28.2%	28.4%	29.8%	28.2%
<i>EBITDA margin (comparable) ¹</i>	6.1%	7.9%	7.0%	8.5%

¹: Q1-2011 adjusted for bargain purchase effect of 2.7 million € for acquisition in Sweden



Cored Wire: Improved contribution from new facilities confirmed for H2-2012

in million €	H1-2012	H1-2011
Revenues	102.0	101.2
EBITDA	2.6	6.8
<i>EBITDA margin</i>	2.5%	6.7%

- Start-up costs from new plants (Bhutan and Russia):
 - Start-up costs in Q2-2012 significantly lower than in Q1-2012, as announced
- Swing to positive EBITDA contribution from new plants expected during H2-2012:
 - Full year 2012: Contribution to remain negative
 - Full year 2013: Full positive EBITDA contribution, as announced
- Russia and Bhutan remain on track




Powder and Granules: EBITDA margin close to double digits again

in million €	H1-2012	H1-2011
Revenues	103.4	98.5
EBITDA	10.2	14.6
EBITDA (comparable) ¹	10.2	11.9
<i>EBITDA margin (comparable) ¹</i>	<i>9.9%</i>	<i>12.1%</i>

¹: Q1-2011 adjusted for bargain purchase effect of 2.7 million € for acquisition in Sweden

- Sweden (acquired furnace):
 - Operative EBITDA still negative, turnaround expected in H2-2012
- Brazil (plant expansion):
 - First deliveries of sintered slag to clients in H2-2012
 - Full contributions to revenues and earnings expected as of 2013




High-quality balance sheet – Focus on future net financial debt reduction

in million €	June 30, 2012	Dec. 31, 2011
Total equity & liabilities	328.4	315.7
Equity*	127.6	128.4
Equity ratio*	38.9%	40.7%
Net financial debt	83.4	77.9
Gearing**	0.65	0.61

* Incl. non-controlling interests ("minorities") ** Net financial debt divided by equity*

- Net financial debt increased to 83.4 million € due to investments in property, plant, and equipment, as well as final payments (earn-out) for acquisition of Tecnosulfur
 - Outlook: Clear focus on reduction of net financial debt
- Solid balance sheet structure with equity ratio of 38.9% and gearing of 0.65
- Comprehensive refinancing of debt in Q1-2012 secures expected growth of the SKW Metallurgie Group



Efficient working capital management – Cash flow significantly improved

in million €	H1-2012	H1-2011
Gross cash flow	+6.3	+10.4
+/- Changes in working capital	+8.7	-12.0
= Cash flow from operating activity	+15.0	-1.6
- Cash outflow for investments	-17.1	-18.7
= Free cash flow	-2.1	-20.3
+ Cash inflow from finance activities	+8.0	+18.7
= Changes in cash on hand	+5.9	-1.6

- Successful working capital management across all Group companies
- Investment cash outflow of 17.1 million €, thereof 8.0 million € for final payment (“earn out”) for Tecnosulfur
- Investments FY 2012 expected well below FY 2011
- Improved free cash flow expected for H2-2012



Global growth projects on track – Full earnings contributions as of 2013

- Bhutan:
 - Significant reduction of start-up costs in Q2-2012 (compared to Q1-2012)
 - Turn to positive EBITDA contribution expected during H2-2012
 - Negative EBITDA for FY 2012
- Brazil: First deliveries of sintered synthetic slag from new plant to clients in H2-2012
- Russia:
 - Increase of production and sales volumes during H2-2012
 - Target: Getting close to break-even in FY 2012
- Sweden: Restructuring on track, break-even targeted during H2-2012



Guidance for 2012 and 2013 confirmed despite ongoing economic uncertainties

Economic conditions:

- Ongoing macroeconomic uncertainties
- Steel production H2-2012:
 - Basically stable situation in North America
 - Continuously difficult environment in the European Union

Guidance 2012:

- Revenues (depending on macroeconomic development) expected slightly above 2011 figures
- EBITDA at or above level of 2011 operative EBITDA, but below reported 2011 figure of 31.7 million €

Guidance 2013:

- Full sales (Bhutan: mainly internal sales) and EBITDA contributions from growth projects should lead to significant increases especially in earnings (subject to macroeconomic developments)



Financial calendar 2012 (remaining)

- November 12, 2012:
Analysts' Conference 2012 at "Eigenkapitalforum" in Frankfurt/Main, Germany
- November 15, 2012:
Release of financial figures for first nine months of 2012



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