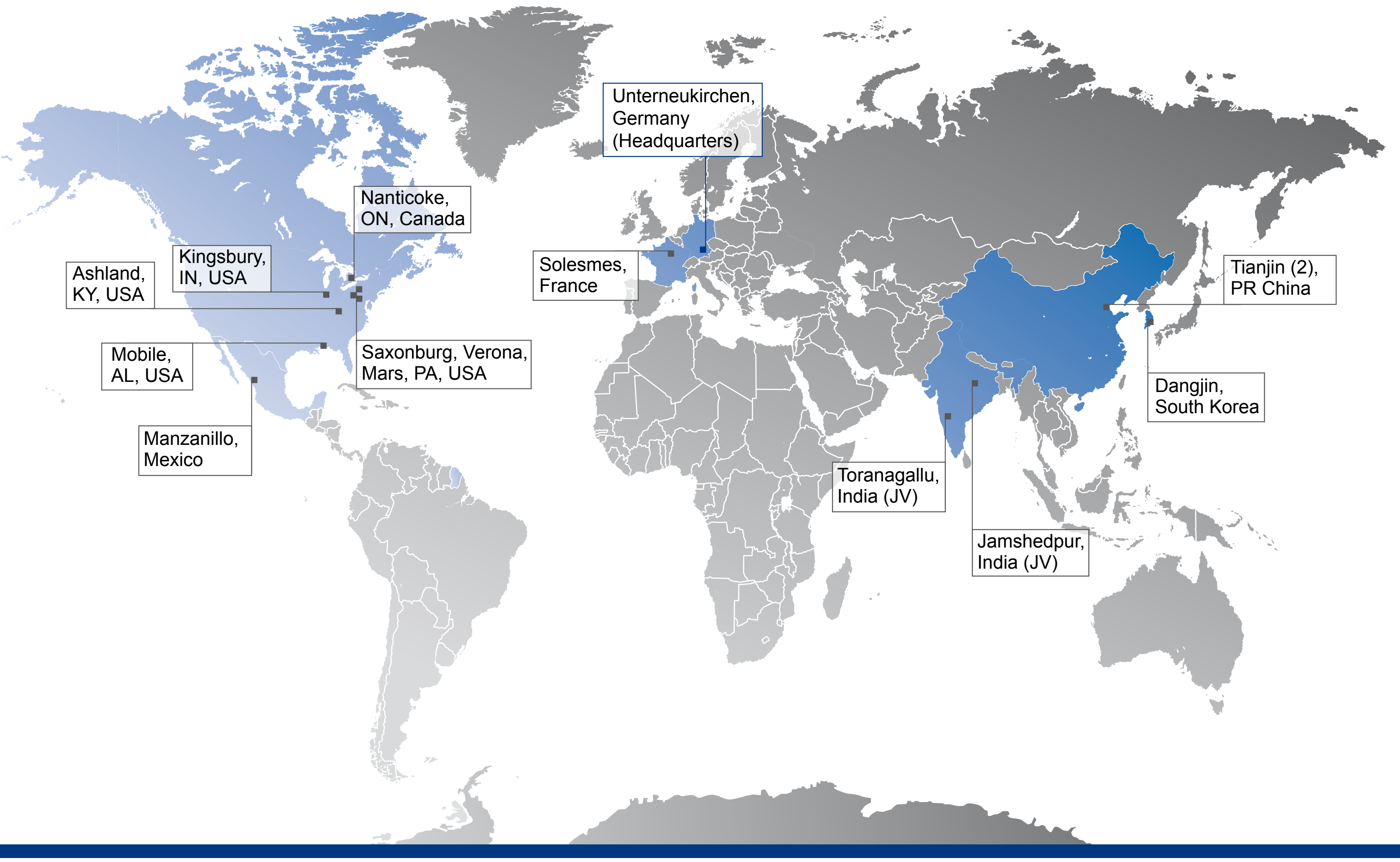
FINANCIAL REPORT FOR THE 1ST QUARTER OF 2009

GROWTH WITH SUBSTANCE

skw. metallurgie



Shown are the locations of the production plants and of corporate headquarters, as at March 31, 2009.

THE SKW METALLURGIE WORLD IN FIGURES

Key Figures	Unit	Q1 2009	Q1 2008
Revenues	EUR million	50.0	81.0
EBITDA	EUR million	1.9	7.1
EBIT	EUR million	0.4	5.1
EBT	EUR million	-0.2	4.5
Consolidated net income (before min.)	EUR million	0.1	3.3
EPS	EUR	0.00	0.76
EBITDA margin	%	3.8	8.7
Amortization and depreciation	EUR million	1.5	2.0
Gross cash flow	EUR million	1.0	5.2
Net cash from operating activities	EUR million	6.5	3.0

		March 31, 2009	Dec. 31, 2008
Total equity&liabilities	EUR million	181.4	196.8
Equity (incl. min.)	EUR million	85.8	83.8
Equity ratio (incl. min.)	%	47.3	42.6
Net financial debt	EUR million	40.0	44.9

INTERIM MANAGEMENT REPORT FOR THE SKW METALLURGIE GROUP FOR THE FIRST QUARTER OF 2009

UNDERLYING ECONOMIC CONDITIONS 2009

STRONGEST GLOBAL RECESSION IN MORE THAN 60 YEARS

The world's economy is in global recession – and experts believe that this is the strongest recession the world has seen in more than 60 years. In mid-April, the International Monetary Fund (IMF) forecast global economic output to fall by 1.3%. Gross domestic product in industrialized nations is even expected to fall by 3.8%. This will hit export-dependent countries such as Germany and Japan particularly hard. Gross domestic product is forecast to fall by 5.6% in Germany, and even by 6.2% in Japan. The IMF's forecast for the entire Eurozone of minus -4.2% is hardly any more optimistic. The US will also have to accept a painful downturn of 2.8% in economic output. Despite the clear trend to revitalization, in particular in China, hardly any positive impulses are expected from emerging nations that will compensate for the crisis in industrialized nations. The IMF is only forecasting slight growth of 1.6% for this group of countries. Economic programs in China are already bearing fruit, and in view of this, it is believed that this economy will grow significantly by 6.5%. However, as is also the case in China, economic expansion in the other BRIC countries will be significantly lower than the comparable prior-year figures. India (up 4.5%) is still enjoying reasonable growth, whereas growth in Brazil (-1.3%) and Russia (-6.0%) will suffer greatly from the slump on the commodities and energy markets.

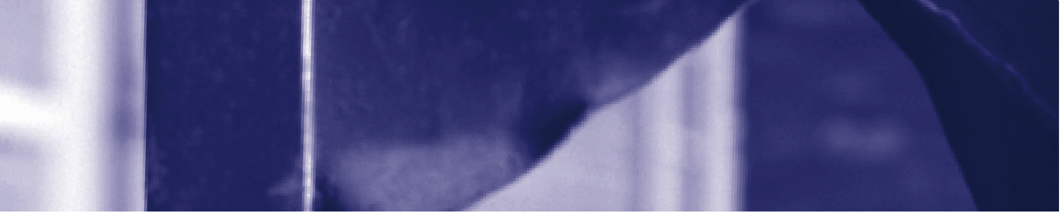
The indicators named by the IMF are based on economic growth stabilizing in the second half of the year – this will primarily be due to a reduction in base rates and a large number of economic programs.

STEEL PRODUCTION DOWN SIGNIFICANTLY

The SKW Metallurgie Group's most important customer industry is the steel industry. Broken down into steel types, the SKW Metallurgie Group's top quality products tend to be used in high and higher-quality steels.

As a result of the global recession, global demand for steel is expected to have to take an enormous downturn of 14.9% to 1,019 million tons for 2009 as a whole, according to information from the Worldsteel Association. The US is expected to be affected by the strongest downturn since the end of World War II, slumping by almost 36.6%. The 28.8% downturn forecast for the 27 countries of the European Union is hardly any better. The lower demand in BRIC countries is likely to be comparatively moderate, down by almost 5.9%. The proportion accounted for by China (minus 5.0%), the world's largest steel nation, in global steel consumption is expected to increase again compared to 2008 from 35.6% to 39.7%. During the course of the year, growth in the first half of the year is regarded as being particularly weak; however the Worldsteel Association believes that is potential for effects that stimulate demand in the second half of the year as a result of the economic programs that have been announced, as many elements of these programs focus on expanding infrastructure, which is of key importance for steel production, and on stimulating demand for cars.

Global steel production fell by 22.8% in the first quarter of 2009 compared to the same quarter of the previous year. The downturn was particularly clear cut on SKW Metallurgie's core markets: Steel production fell by 52.5% in the USA, and by 43.8% in the European Union (Germany: -39.4%). In contrast, production in China was up slightly (1.4%), and India also only reported a slight downturn in steel production by 7.9%.



DEMAND FOR SKW METALLURGIE'S PRODUCTS MOSTLY IN LINE WITH DEMAND FOR STEEL

As a result of the trends described above in the global economy in general, and more specifically in the steel industry, demand for the SKW Metallurgie Group's products in the year to date has fallen greatly compared to the previous year. The forecasts for the markets that SKW Metallurgie serves are also for a downturn over 2009 as a whole.

ORGANIZATION AND COMPANY STRUCTURE

The company's organization and structure did not change materially during the quarter under review.

The Group's shareholder structure continues to be characterized by being almost fully held in free float. At the end of the quarter the UK pension fund BriTel Fund Nominees Limited continued to hold an interest in the Group of between 5% and 10%; all of the other shareholders held interests of less than 5% in SKW Stahl-Metallurgie Holding AG's unchanged share capital.

COMPANY AND BUSINESS GROWTH

COURSE OF BUSINESS IMPACTED BY GLOBAL ECONOMIC CRISIS

The SKW Metallurgie Group's operating structure was mostly identical in the first quarters of 2008 and 2009; the only exception is the plant in Mexico opened in the third quarter of 2008. The figures for both quarters also do not include any extraordinary factors. As a result, the figures for both quarters can be compared with each other without any pro forma statements. This shows that the SKW Metallurgie Group's business was marred significantly by the global economic and financial crisis in the period from January to March 2009; all of the KPIs from the income statement are lower than the comparable figures for the first quarter of 2008.

REVENUES SIGNIFICANTLY LOWER

The SKW Metallurgie Group's revenues fell significantly in the first three months of 2009 compared to the previous year – from EUR 81.0 million to EUR 50.0 million. This downturn is primarily due to sales volumes, as fewer of SKW Metallurgie's products were required as a result of the greatly throttled global steel production.

A regional analysis shows that steel production in Q1 was down 46.6% year-on-year on SKW Metallurgie's core markets (European Union and USA). However, in a quarter-by-quarter comparison, the SKW Metallurgie Group's revenues were only down by 38.3%. This shows that the SKW Metallurgie Group with its top quality products has been able to maintain and, in some cases, even increase its position on the market, even in a difficult economic period. In addition, the SKW Metallurgie Group's strategy of also penetrating new markets outside Central Europe and North America has been confirmed. This increase in the SKW Metallurgie Group's market position in the so-called BRIC countries (Brazil, Russia, India and China) will be consistently continued despite the economic and financial crisis.

Personnel expenses were clearly lower than in the previous year at EUR 6.0 million (EUR 7.1 million). This downturn is due in particular to the lower variable remuneration components, the lower number of employees resulting from staff cuts and the implementation of short-time work in France.

Other operating income is significantly higher than in the previous year at EUR 1.6 million (EUR 0.5 million). This includes significantly higher currency translation gains (EUR 0.8 million) compared to Q1 2008 (EUR 0.2 million). However these are mostly compensated for by corresponding currency translation losses which are included in other operating expenses. These currency translation losses totaled EUR 0.7 million (Q1 2008: EUR 0.5 million), which results in a positive net currency translation effect in the quarter under review of EUR 0.1 million compared to a net currency translation effect in Q1 2008 of EUR 0.3 million.

In total, other operating expenses fell from EUR 8.1 million to EUR 6.5 million. This downturn is due, in particular, to the high proportion of revenue-related expenses (e.g., freight and sales commission).

The income from associated companies which result exclusively from the Indian joint venture Jamipol, totaled EUR 0.2 million in Q1 2009. The difference to Q1 2008 (EUR 0.3 million) is due to rounding differences.

EBITDA STILL POSITIVE DESPITE ECONOMIC CRISIS

As a result of the high variability that the SKW Metallurgie Group has for its cost items above its EBITDA, it was possible to still record positive EBITDA during the quarter under review of EUR 1.9 despite the significant downturn in revenues caused by the global economic and financial crisis, however this is significantly lower than the previous year's figure of EUR 7.1 million. However, the slump in revenues in the quarter under review was so significant that it led to a reduction in the EBITDA margin from 8.7% to 3.8% despite the very low proportion of fixed to total costs at the SKW Metallurgie Group.

Amortization and depreciation in the period under review totaled EUR 1.5 million, significantly less than the previous year's figure of EUR 2.0 million. This downturn is due, in particular, to the amortization of advantageous supply agreements in the first quarter of 2008. These had to be capitalized as part of the first-time consolidation of the ESM Group.

EBIT totaled EUR 0.4 million and was significantly lower year-on-year (EUR 5.1 million), however it was still positive despite the economic and financial crisis.

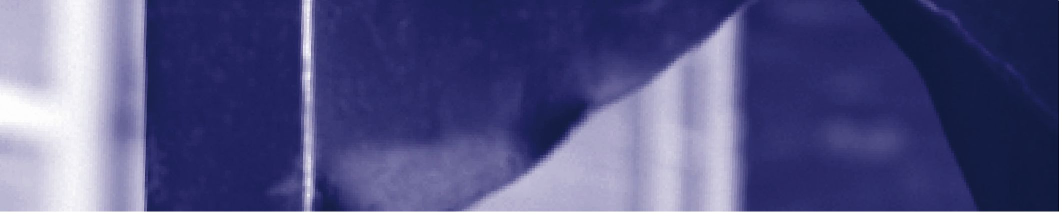
Net interest remains unchanged with net interest expenses of EUR 0.6 million.

Taking interest into account, earnings from ordinary activities (EBT) totaled EUR -0.2 million (previous year: EUR 4.5 million).

Tax income in the quarter under review of EUR 0.2 million (previous year: tax expense of EUR 1.2 million) means that the consolidated earnings for the period and the proportion due to the parent company's shareholders are slightly positive and total a rounded EUR 0.1 million in each case, which gives rounded EPS of EUR 0 (previous year: EUR 0.76) with an unchanged number of 4,422,250 shares.

SKW METALLURGIE GROUP'S ASSETS CONTINUE TO BE SOLID

The following table shows the SKW Metallurgie Group's KPIs from its balance sheet at the end of the first three months of 2009 and at the end of business year 2008:



IN EUR MILLION	MARCH 31, 2009	DEC. 31, 2008
ASSETS	**181.4**	**196.8**
Non-current	71.8	68.6
Current	109.7	128.2
Thereof cash and cash equivalents	11.5	9.6
EQUITY AND LIABILITIES	**181.4**	**196.8**
Equity	85.8	83.8
Non-current liabilities	29.4	28.9
Thereof non-current financial liabilities	17.8	17.1
Current liabilities	66.2	84.0
Thereof current financial liabilities	33.7	37.4

Equity (including minority interests) increased by EUR 2.0 million from EUR 83.8 million to EUR 85.8 million during the quarter under review compared to December 31, 2008. In addition, the SKW Metallurgie Group's total assets fell from EUR 196.8 million (as of December 31, 2008) to EUR 181.4 million (as of March 31, 2009), mostly due to the downturn in net current assets. These two factors resulted in a significant increase in the equity ratio (including minority interests) from 42.6% as of December 31, 2008 to 47.3% as of March 31, 2009.

The reduction in net current assets meant that in the first quarter of 2009 it was also possible to significantly reduce the SKW Metallurgie Group's net financial debt by EUR 4.9 million from EUR 44.9 million as of December 31, 2008 to EUR 40.0 million as of March 31, 2009. This means that SKW Metallurgie's management was able to successfully continue its focus on generating cash that it declared at the start of the fourth quarter of 2008. The SKW Metallurgie Group's net financial debt improved from September 30, 2008 (EUR 55.0 million) to March 31, 2009 (EUR 40.0 million) by EUR 15.0 million.

STRONG CASH FLOW FROM OPERATING ACTIVITIES

The following table shows the changes in the SKW Metallurgie Group's cash flow from January 1 to March 31, 2009 compared to the first corresponding quarter of 2008:

IN EUR MILLION	JAN. 1 – MARCH 31, 2009	JAN. 1 – MARCH 31, 2008
Consolidated net income for the period	0.1	3.3
Non-cash income and expense	0.9	1.9
Gross cash flow	1.0	5.2
Change in working capital	5.5	-1.3
Net cash provided by operating activities	6.5	3.9

The gross cash flow of EUR 1.0 million is substantially lower than the previous year's figure of EUR 5.2 million. This downturn is mostly due to the significant reduction in consolidated net income for the period as a result of the financial and economic crisis. As a result of the fact that working capital was lower once again in the first quarter of 2009, totaling EUR 5.5 million (Q1 2008: EUR -1.3 million), the SKW Metallurgie Group was thus able to generate significant net cash provided by operating activities of EUR 6.5 million (previous year: EUR 3.9 million).

SEGMENT REPORTING

The SKW Metallurgie Group currently comprises three segments: The two core segments of "Cored Wire" and "Powder and Granules" as well as the "Other" segment (including Quab business). Intra-group sales between the segment are eliminated in the Consolidation column (see segment reporting in the Notes).

The two segments “Cored Wire” and “Powder and Granules” mostly include products and services for the steel industry and their composition remains unchanged compared to the first quarter of the previous year.

The “Other” segment was increased compared to the previous year to include the non-steel Quab business. This division still formed its own segment in the first quarter of 2008. As a result of the application of IFRS 8 and the fact that the size criteria were not met, it was no longer possible to present the Quab business as a stand-alone segment.

The two core segments grew as follows during the quarter under review:

- The “Cored Wire” segment recorded segment EBITDA in the first quarter of EUR 0.8 million (previous year: EUR 1.9 million) as a result of the lower external revenues caused by the economic and financial crisis (change from EUR 33.1 to EUR 20.7 million).

- In the “Powder and Granules” segment, revenues with third parties fell from EUR 41.7 million to EUR 25.1 million during the first three months. Segment EBITDA fell from EUR 5.1 million to EUR 1.1 million.

Both segment results reflect the high cost variability and the results of the cost optimization programs that the SKW Metallurgie Group has already put in place. Management has succeeded in realizing positive EBITDA despite massive reductions in income thanks to successful cost management.

FOCUS ON FURTHER DEVELOPMENT OF HIGH TECHNICAL COMPETENCE

Well-trained, highly motivated employees were again a key foundation for the SKW Metallurgie Group’s successful business activities during the quarter under review, in particular given the difficult economic environment. In spite of this, however, the SKW Metallurgie Group was not able to avoid reacting to the significant reduction in demand via HR activities. As a result, the number of employees was cut by approx. 10% (in particular in North America). At the end of the quarter the group had roughly 510 employees. In addition, short-time work was introduced at the French facility in Solesmes during the first quarter of 2009.

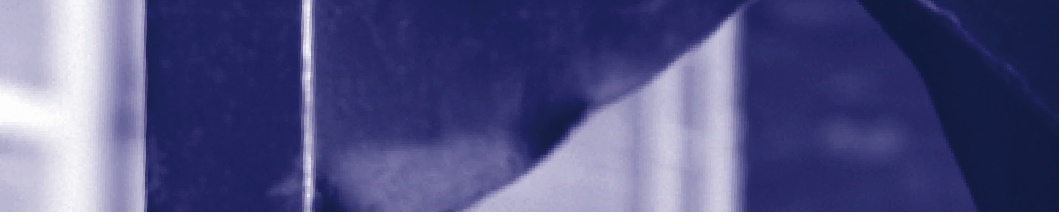
In the quarter under review, research and development (R&D) was once again a key USP for the Group; the successful business policy employed in 2008 was also continued in this division.

REALIZING OPPORTUNITIES – LIMITING RISKS

Managing opportunities and risks is an integral part of the SKW Metallurgie Group’s management. Recognizing and evaluating opportunities and risks, and putting suitable activities in place if required to make optimum use of opportunities and limit risks is an ongoing process in the SKW Metallurgie Group. As a result, the risk inventory performed in 2008 was further updated in the first quarter of 2009 in the form of the quarterly risk report. The risk report did not result in any material changes compared to the statements on opportunities and risks made in the 2008 annual report.

REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

After the end of the quarter under review on March 31, 2009, there were no transactions and events of significance to the group which occurred before this interim management report was prepared.



OUTLOOK

SLIGHT GLOBAL ECONOMIC RECOVERY EXPECTED FOR 2010

The large number of economic programs and the fact that central banks have already intervened massively with regard to the quantity of money and interest rate cuts, moderate growth in the global economy is being forecast again for 2010. The International Monetary Fund is forecasting global economic output to recover again by 1.9% in the coming calendar year. This upswing will be driven by a four-percent plus in emerging nations, in particular China (up 7.5%) and India (up 5.6%). Industrialized nations will have to expect stagnation in 2010. This applies in particular to the world's largest industrial nation, the USA. In contrast, Japan can hope for a small plus of 0.5%, the Eurozone is expected to once again have to accept a downturn of 0.4%. Germany is likely to bring up the rear for the larger EU countries, down 1.0%. However, the IMF is only forecasting a real industrial turnaround when the crisis in the financial sector comes to and end, and thus demand in the real economy is driven again by more efficient lending.

RECOVERY IN STEEL DEMAND IN 2010 DEPENDS ON THE SUCCESS OF THE ECONOMIC PROGRAMS.

The forecasts for global demand for steel in calendar year 2010 are currently still associated with major insecurities. Based on the slight economic recovery forecast by the IMF and announcements by many nations that they plan to drive expansion of their infrastructures, which is key for the steel industry, global steel consumption is also likely to pick up again. The umbrella organization, the Worldsteel Association, has announced a detailed annual forecast for 2010, albeit only in October 2009.

The SKW Metallurgie Group expects demand for its products to continue to grow more or less in step with demand for steel.

OUTLOOK 2009: SKW METALLURGIE INFLUENCED BY ECONOMIC DEVELOPMENT

The Worldsteel Association has forecast a downturn in global steel production by 14.9% to 1,019 million tons for 2009. This downturn will affect SKW Metallurgie's core markets (EU: -28.8%; NAFTA: -32.2%) disproportionately strongly. Revenues and operating EBITDA for the SKW Metallurgie Group will thus be significantly lower than the figures for business year 2008. At the same time, the Managing Board believes that a positive operating result for the full year can be achieved, if the economic development in H2-2009 is going to show a certain stabilization.

Assuming an economic recovery from 2010, the Managing Board is confident that, at the latest in 2011, it will again be able to return to the profitable growth enjoyed before the economic and financial crisis. As a result, the Managing Board has confirmed the SKW Metallurgie Group's medium-term targets of recording revenues of EUR 360 million and an operating EBITDA margin of 9% in 2011.

Unterneukirchen (Germany), May 2009
SKW Stahl-Metallurgie Holding AG
The Managing Board

Ines Kolmsee   Gerhard Ertl

SKW STAHL-METALLURGIE HOLDING AG CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 – MARCH 31, 2009

EUR THOUSAND	Q1 2009	Q1 2008
Revenues	50,001	80,961
Changes in stocks of finished goods and work in progress	-1,297	-390
Other operating income	1,555	479
Cost of materials	-36,104	-58,987
Personnel expenses	-5,984	-7,147
Other operating expenses	-6,501	-8,116
Income from associated companies	240	250
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**1,910**	**7,050**
Amortization of intangible fixed assets and depreciation of property, plant and equipment	-1,471	-1,960
Earnings before interest and taxes (EBIT)	**439**	**5,090**
Other interest and similar income	18	59
Interest and similar expenses	-625	-650
Result from ordinary activities	**-168**	**4,499**
Taxes on income	231	-1,159
Net income for the period	**63**	**3,340**
Thereof parent company	*91*	*3,334*
Thereof minority interests	*-28*	*6*
Earnings per share in EUR	0.00	0.76

RECONCILIATION TO NON-OWNER MOVEMENTS IN EQUITY FROM JANUARY 1 TO MARCH 31, 2009

EUR THOUSAND	Q1 2009	Q1 2008
Consolidated net income for the period	**63**	**3,440**
Net investments in a foreign operation	+495	-1,419
Unrealized losses from derivatives (hedge accounting)	-41	0
Changes in exchange rates	1,487	-2,183
Put option minority interests	-56	-625
Share-based remuneration	0	29
Taxes on income and expenses carried directly under equity	16	0
Income and expenses recognized directly under equity	**1,901**	**-4,198**
Non-owner movements in equity	**1,964**	**-758**
Thereof parent company	*1,946*	*-720*
Thereof minority interests	*18*	*-38*

SKW STAHL-METALLURGIE HOLDING AG
CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2009

ASSETS IN EUR THOUSAND	MARCH 31, 2009	DEC. 31, 2008
Noncurrent assets		
Intangible assets	33,309	32,195
Property, plant and equipment	28,721	27,115
Interests in associated companies	4,291	3.960
Other non-current assets	441	458
Deferred tax assets	5,007	4,863
Total non-current assets	**71,769**	**68,591**
Current assets		
Inventories	62,954	72,559
Trade accounts receivable	29,149	38,987
Income taxes	1,028	1,349
Other assets	5,020	5,689
Cash and cash equivalents	11,501	9,577
Total current assets	**109,652**	**128,161**
Total assets	**181,421**	**196,752**

EQUITY AND LIABILITIES IN EUR THOUSAND	MARCH 31, 2009	DEC. 31, 2008
Equity		
Subscribed capital	4,422	4,422
Share premium	29,144	29,144
Other accumulated equity	50,137	48,191
	83,703	**81,757**
Minority interest	2,103	2,085
Total equity	**85,806**	**83,842**
Non-current liabilities		
Pension obligations	1,747	1,677
Obligations from finance leases	128	175
Non-current financial liabilities	17,787	17,116
Deferred tax liabilities	9,671	9,339
Other non-current liabilities	61	566
Total non-current liabilities	**29,394**	**28,873**
Current liabilities		
Provisions	7,108	7,289
Obligations from finance leases	234	242
Current financial liabilities	33,738	37,397
Trade accounts payable	15,622	26,597
Other tax liabilities	1,902	2,523
Other current liabilities	7,617	9,989
Total current liabilities	**66,221**	**84,037**
Total equity and liabilities	**181,421**	**196,752**

SKW STAHL-METALLURGIE HOLDING AG
CONSOLIDATED CASH FLOW STATEMENT AS OF MARCH 31, 2009

EUR THOUSAND	JAN. 1, 2009 - MARCH 31, 2009	JAN. 1, 2008 - MARCH 31, 2008
1. Consolidated net income for the period	63	3,340
2. Write-ups/write-downs for non-current assets	1,471	1,960
3. Increase/decrease in provisions for pensions	71	63
4. Net income from associates	-240	-250
5. Gains on the disposal of non-current assets	-2	0
6. Result from currency conversion	-122	244
7. Results from deferred taxes	107	-161
8. Other non-cash income/expenses	-353	34
9. Gross cash flow	**995**	**5,230**
Change in working capital		
10. Increase/decrease in current provisions	-181	100
11. Increase/decrease in inventories (after advance payments received)	9,091	-2,091
12. Increase/decrease in trade accounts receivable	7,948	-337
13. Increase/decrease in other receivables	4	1
14. Increase/decrease in other assets	827	-450
15. Increase/decrease in trade payables	-10,108	3,652
16. Increase/decrease in other liabilities	-621	-226
17. Increase/decrease in other equity and liabilities	-1,494	-2,016
18. Net cash received from (+)/used by (-) operating activities (net cash flow)	**6,461**	**3,863**
19. Payments for investments in non-current assets	-1,723	-574
20. Net cash provided by (+)/used in (-) investing activities	**-1,723**	**-574**
23. Decrease in liabilities from finance leases	-55	-53
24. Decrease/increse in financial liabilities	-2,778	-4,344
25. Net cash provided by (+)/used in (-) financing activities	**-2,833**	**-4,397**
26. Cash and cash equivalents – start of period	9,576	6,811
27. Change in cash and cash equivalents	1,905	-1,108
28. Currency translation for cash and cash equivalents	20	-187
29. Cash and cash equivalents - end of period	**11,501**	**5,516**

SKW STAHL-METALLURGIE HOLDING AG
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY FOR BUSINESS YEARS 2008 AND 2009

EUR THOUSAND	SUBSCRIBED CAPITAL	SHARE PREMIUM	OTHER RESERVES	CONSOLIDATED EQUITY OF THE CONTROLLING SHAREHOLDER	MINORITY INTERESTS	TOTAL EQUITY
Balance at Jan. 1, 2008	**4,422**	**29,144**	**40,924**	**74,490**	**1,680**	**76,170**
Consolidated net income for the period	0	0	3,434	3,434	6	3,440
Changes in exchange rates	0	0	-2,139	-2,139	-44	-2,183
Income and expense carried under equity (without exchange rate changes)	0	0	-2,015	-2,015	0	-2,015
Balance as of March 31, 2008	**4,422**	**29,144**	**40,204**	**73,770**	**1,642**	**75,412**
Balance at Jan. 1, 2009	**4,422**	**29,144**	**48,191**	**81,757**	**2,085**	**83,842**
Consolidated net income for the period	0	0	91	91	-28	63
Changes in exchange rates			1,441	1,441	+46	1,487
Income and expense carried under equity (without exchange rate changes)	0	0	414	414	0	414
Balance as of March 31, 2009	**4,422**	**29,144**	**50,137**	**83,703**	**2,103**	**85,806**

NOTES TO THE INTERIM REPORT AS OF MARCH 31, 2009

A. BASIS OF PRESENTATION

The interim report of SKW Stahl-Metallurgie Holding AG was prepared in line with International Financial Reporting Standards (IFRS) as these are to be applied in the European Union and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC). The information provided in the notes to the consolidated financial statements as of December 31, 2008 in Section “C: Key accounting policies” also apply to this unaudited interim report as of March 31, 2009.

The SKW Metallurgie Group’s 2008 annual report can be found online at www.skw-steel.com.

For further information on the accounting and valuation principles applied, please refer to the consolidated financial statements as of December 31, 2008 which form the basis for these interim financial statements.

With regard to the methods used for estimates the comments in the notes to the consolidated financial statements as of December 31, 2008, Section “B: Consolidated Group and Consolidation Methods” apply. In addition, there may be differences in the tables in the notes to the consolidated financial statements as a result of rounding differences.

The SKW Metallurgie Group’s operating business in the Cored Wire and Powder and Granules segments is not subject to seasonal fluctuations. In spite of this, however, a comparison of periods during the course of the year can be impacted by maintenance work to be conducted by the customers and active inventory management in the steel plants. However, these activities are not conducted in the same quarters each year.

B. CONSOLIDATED GROUP

The group of consolidated companies and the consolidation methods applied have not changed compared to the 2008 consolidated financial statements.

C. FINANCIAL POSITION AND RESULTS OF OPERATIONS

BALANCE SHEET

The SKW Metallurgie Group’s total assets on March 31, 2009 amounted to EUR 181,421 thousand (December 31, 2008: EUR 196,752 thousand). The reduction in total assets is mostly due to the reduction in current assets. Both inventories and also trade receivables were lower.

The key assets items are, as was the case in the previous year, inventories totaling EUR 62,954 thousand or 34.7% of total assets and trade receivables in the amount of EUR 29,149 thousand or 16.1% of total assets.

Equity on March 31, 2009 totaled EUR 85,806 thousand (December 31, 2008: EUR 83,842 thousand). The group’s equity ratio increased from 42.6% on December 31, 2008 to 47.3% as of March 31, 2009 (incl. minority interests). Although current financial liabilities of EUR 33,738 thousand were substantially lower than the previous year at EUR 37,397 thousand, non-current financial liabilities were practically unchanged at EUR 17,787 thousand in 2009 compared to EUR 17,116 thousand in 2008.

INCOME STATEMENT

In the first quarter of 2009, the SKW Metallurgie Group recorded revenues of EUR 50,001 thousand compared to EUR 80,961 thousand in the same quarter of 2008. The downturn in revenues is due exclusively to the lower demand for the SKW Metallurgie Group's products by steel manufacturers, which have had to significantly reduce the quantities of crude steel that they produce as a result of the difficult market.

Other operating income of EUR 1,555 thousand (Q1 2008: EUR 479 thousand) mostly includes EUR 830 thousand from exchange rate gains (Q1 2008: EUR 214 thousand). These are offset by corresponding currency translation losses, which are included in other operating expenses. These currency translation losses totaled EUR 0.7 million (Q1 2008: EUR 0.5 million), which results in a positive net currency translation effect in the quarter under review of EUR 0.1 million compared to a net currency translation effect in Q1 2008 of EUR 0.3 million.

In total, expenses in 2009 fell compared to the previous year. It was possible to reduce expenses by cutting staff levels in the USA and Mexico, short-time work in France and lower variable remuneration components in personnel expenses. These totaled EUR 5,984 thousand in 2009 compared to EUR 7,147 thousand in 2008. Other operating expenses in 2009 were also significantly below the 2008 figure at EUR 6,501 thousand (EUR 8,116 thousand). This reduction is mostly due to lower transport costs in 2009 compared to 2008. These totaled EUR 1,985 thousand in 2009 and EUR 3,479 thousand in 2008.

The financial result is down slightly year-on-year at EUR -607 thousand (previous year: EUR -591 thousand).

Consolidated net income for the period on March 31, 2009 totaled EUR 63 thousand compared to EUR 3,340 thousand last year. Minority interests in the first quarter of 2009 totaled EUR -28 thousand compared to EUR 6 thousand last year.

CASH FLOW STATEMENT

Gross cash flow was down significantly year-on-year at EUR 995 thousand (previous year: EUR 5,230 thousand).

The group recorded net cash provided by operating activities of EUR 6,461 thousand compared to net cash used in operating activities last year in the amount of EUR 3,863 thousand. This resulted in net cash provided of EUR 5,466 thousand in the first quarter of 2009 compared to net cash used of EUR -1,367 thousand in the previous year as a result of the change in net working capital.

During the second quarter, the SKW Metallurgie group recorded net cash used in investing activities in the amount of EUR 1,723 thousand. Financing activities used net cash totaling EUR 2,833 thousand. This cash was used exclusively to repay liabilities to third parties.

During the period under review, the cash flow from operating activities included the following payments:

- Interest paid to third parties totaling EUR 293 thousand
- Interest received from third parties totaling EUR 1 thousand
- Income tax payments totaling EUR 390 thousand

D. SEGMENT REPORTING

At present the SKW Metallurgie Group is broken down into business segments in line with the regulations under IFRS 8. These segments correspond to the SKW Metallurgie Group's internal organization and reporting structure. As a result, three segments with a reporting segment have been identified within the SKW Metallurgie Group:

a) Cored Wire

b) Powder and Granules

c) Other

The segment information on the business segments in 2009 is as follows:

Q1 2009 IN EUR THSD	CORED WIRE	POWDER AND GRANULES	OTHER	CONSOLIDATION	GROUP
Revenues					
External	20,671	25,113	4,217	0	50,001
Internal	0	1,385	0	-1,385	0
Total	20,671	26,498	4,217	-1,385	50,001
EBITDA	**811**	**1,105**	**-6**	**0**	**1,910**
Depreciation and Amortization	-513	-706	-252	0	-1,471
EBIT	**298**	**399**	**-258**	**0**	**439**

The following table shows the corresponding primary segment information for the previous year:

Q1 2008 IN EUR THSD	CORED WIRE	POWDER AND GRANULES	OTHER	CONSOLIDATION	GROUP
Revenues					
External	33,067	41,666	6,228	0	80,961
Internal	0	3,937	0	-3,937	0
Total	33,067	45,603	6,228	-3,937	80,961
EBITDA	**1,903**	**5,124**	**23**	**0**	**7,050**
Depreciation and amortization	-450	-1,306	-204	0	-1,960
EBIT	**1,453**	**3,818**	**-181**	**0**	**5,090**

E. TRANSLATION EFFECTS ON CONSOLIDATED EARNINGS

The following table shows the translation effects on revenues and EBITDA given a change of +/-5% in the EUR/USD exchange rate compared to the actual average exchange rate in the first quarter of 2009 ceteris paribus:

AVERAGE RATE Q1 2009 IN EUR THOUSAND	-5% (EUR/USD 1.2378)	(EUR/USD 1.3029)	+5% (EUR/USD 1.3680)
Revenues	51,527	50,001	48,620
EBITDA	1,978	1,910	1,849

F. RELATED PARTIES

There were no major changes in key transactions with related parties in the second quarter compared to the 2008 consolidated financial statements.

G. CONTINGENT LIABILITIES

The SKW Metallurgie Group's contingent liabilities did not change materially compared to December 31, 2008:

H. KEY EVENTS AFTER THE BALANCE SHEET DATE

There were no events of particular importance for the Group after the end of the second quarter and before this interim report was prepared.

I. NOTIFICATIONS OF VOTING RIGHTS AND SHAREHOLDER STRUCTURE

There were the following shareholdings in SKW Metallurgie that carry a reporting requirement on January 1, 2009:

NAME	REGISTERED OFFICE	SHARES HELD	SHARES HELD CORRESPOND TO	DATE	REMARKS
Universal-Investment-Gesellschaft mbH	Frankfurt/M., Deutschland	134.500	3.04%	Sept. 24, 2007	
BriTel Fund Nominees Limited	London, United Kingdom	247,464	5.60%	Dec. 20, 2007	5 individual notifications for the same shareholding
Maga Smaller Companies Master Fund Limited	George Town, Cayman Islands	136,500	3.09%	Jan. 25, 2008	5 individual notifications for the same shareholding
Baden-Württembergische Investmentgesellschaft mbH	Stuttgart, Germany	148,613	3.36%	May 27, 2008	
	Total	**807,077**	**15.08%**		

The company received additional notifications of voting rights in the first quarter of 2009. There were thus the following shareholdings in SKW Metallurgie that carry a reporting requirement on March 31, 2009:

NAME	REGISTERED OFFICE	SHARES HELD	SHARES HELD CORRESPOND TO	DATE	REMARKS
Universal-Investment-Gesellschaft mbH	Frankfurt/M., Deutschland	134,500	3.04%	March 13, 2009	
BriTel Fund Nominees Limited	London, United Kingdom	247,464	5.60%	Dec. 20, 2007	5 individual notifications for the same shareholding
Baden-Württembergische Investmentgesellschaft mbH	Stuttgart, Germany	148,613	3.36%	May 27, 2008	
	Total	**807,077**	**15.08%**		

The shareholdings shown in the above table only relate to the stated date; any possible subsequent changes only have to be reported if a reporting limit within the meaning of the Wertpapierhandelsgesetz (German Securities Trading Act) is reached, exceeded or fallen below. According to the WpHG, the shareholdings stated can include allocable voting rights; as the same votes can, in certain cases, be allocated to more than one person, these voting rights can be included in more than one notification of voting rights. Both of these characteristics of notifications of voting rights significantly restrict the meaningfulness of the totals included in the two tables above.

All of the above information is based on the information available when the financial statements were prepared; it may be the case that retroactive notices or corrections are received, which means that it cannot be ruled out that there may still be retroactive changes to the above information after the financial statements have been prepared.

Unterneukirchen (Germany), May 2009
SKW Stahl-Metallurgie Holding AG
The Managing Board

Ines Kolmsee | Gerhard Ertl

FINANCIAL CALENDAR

JUNE 4, 2009
Annual General Meeting in Muenchen (Germany)

AUGUST 14, 2009
Publication of business figures for Q2 2009

NOVEMBER 9-11, 2009 (“EIGENKAPITALFORUM”)
Publication of business figures for Q3 2009 and Analysts’ Conference

DECEMBER 31, 2009
End of business year 2009

May be subject to modifications

The current financial calendar may be viewed at: www.skw-steel.com

CONTACTS

SKW Stahl-Metallurgie Holding AG | Fabrikstrasse 6 | 84579 Unterneukirchen | Germany
Phone: +49 8634 617596 | Fax: +49 8634 617594 | ir@skw-steel.com | www.skw-steel.com

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Christian Schunck | Head of Investor Relations and Corporate Communications

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DISCLAIMER AND NOTES

This Quarterly Report contains statements about forthcoming developments that are based on currently available information and that entail risks and uncertainties. This may result in deviations between the actual situation in the future and the forward-looking statements. These risks and uncertainties include, for example, unpredictable changes in political and economic conditions, particularly in the steel and paper industry, the competitive situation, interest and currency risks, technological development as well as other risks and unexpected circumstances. SKW Stahl-Metallurgie Holding AG, Unterneukirchen (Germany) and its group companies do not accept any responsibility to update such forward-looking statements.

When reference is made in this Quarterly Report to groups of people who factually or potentially include both genders (such as “shareholders” or “employees”) or when gender neutral references are made to a single person (such as “the responsible officer”), the report usually only quotes one gender. This is solely done in the interest of improved readability (translator’s note: in most instances this not only applies to the German original, since there are no distinct terms in English for male or female shareholders, experts, employees, etc.).

SKW Stahl-Metallurgie Holding AG’s proprietary name for the Group that is used externally is “SKW Metallurgie”. For this reason “SKW Metallurgie” and “SKW Metallurgie Group” are used in this Quarterly Report.

Names such as “SKW Metallurgie”, “Quab” and “SDAX” that are used in this Quarterly Report may be registered trademarks whose use by third parties for their purposes could infringe the rights of the proprietors.

The number of employees is based on the respective national definitions (e.g., for whether or not to include in calculations executive body members or trainees). Due to the low number of part-time employees in the group and the different definition and calculation standards, the group refrains from breaking the headcount figure down into the pure number of employees (heads) and the number of full-time equivalents.

This Quarterly Report is also published as an English translation; in case of any discrepancies the German version prevails. In addition, for technical reasons (e.g., the conversion of electronic formats) there may be differences between the accounting documents included in this Quarterly Report and those submitted to the electronic company register.

For several cities quoted in this Quarterly Report, different names and/or transcriptions into the Latin alphabet are in use. The use of a certain name or transcription is for information only and is not intended to imply any political statement. Maps contained in this Quarterly Report are for illustration only and are not intended to induce any political statements, such as the legitimacy of borders. In this Quarterly Report, the term “China” refers to the PR of China without its two Special Administrative Regions. In this Quarterly Report, the term “Hong Kong” refers to the PR of China’s Special Administrative Region of Hong Kong.

References to acts of law (e.g. the German Public Limited Companies Act) without any further information relate to the German acts of law in its respective applicable version.

This Quarterly Report was published on May 15, 2009 and is available at www.skw-steel.com to download free of charge. On request, printed copies will be supplied.

SKW Stahl-Metallurgie Holding AG / Fabrikstraße 6 / 84579 Unterneukirchen / Germany
Phone: +49 8634 617596 / Fax: +49 8634 617594
ir@skw-steel.com / www.skw-steel.com