

Report for the
1st Quarter 2017

SNOWW.

Interim Group Management Report of SKW Stahl-Metallurgie Holding AG for the First Quarter of 2017

1. General economic conditions

1.1. Global economy exhibits moderate growth

In its forecasts updated in April and published at www.imf.org, the International Monetary Fund (IMF) predicts that the global economy will grow at a rate of 3.5% in 2017, and thus somewhat more dynamically than in 2016 (+3.1%). However, the realization of this forecast will also depend on the economic policies of the new U.S. administration.

The IMF sees growth of +1.7% in 2017 in the Eurozone, which is at the level of 2016. It expects the US economy to expand by a faster rate of +2.3%. The aggregate growth of all the industrialized nations is estimated at 2.0%. Developing and emerging-market countries together are expected to achieve a growth rate of 4.5% in 2017, with China's economic output growing by 6.6%, again slower than in the preceding years. While India can expect its economic growth to accelerate (+7.2%), only minimal growth of 0.2% is predicted for Brazil. Russia's economic output is expected to grow by only 1.4% over the prior year, when growth was slightly negative.

1.2. Worldwide steel production is rising – positive developments in the USA and Brazil

The SKW Metallurgie Group generates most of its revenues with customers in the steel industry; the vast majority of revenues generated with other customer industries involve Quab specialty chemicals. The SKW Metallurgie Group offers its customers in the steel industry a broad portfolio of technologically advanced products and services, mainly for primary and secondary metallurgy. For most of these products, the quantities demanded by steel manufacturers are mainly dependent on the quantity of steel they produce. On the other hand, the price of steel is less directly important for the SKW Metallurgie Group because steel demand has little price elasticity in the short term, so that the effects of the steel price on production quantities are minor. However, the profit situation of steel manufacturers, which is also determined by the price of steel, can have indirect effects on the SKW Metallurgie Group. For example, customers facing profit pressure may increasingly demand changes in the terms and conditions of SKW Metallurgie, or the credit quality of receivables due from supplier of the SKW Metallurgie Group could deteriorate.

Interim Group Management Report

1. **General economic conditions**
2. Structure of the Group
3. Company and business developments
4. Segment report
5. Further optimization of the number of employees
6. Report on opportunities and risks
7. Events after the reporting date
8. Comparison of forecasts made in the prior period with actual developments

According to the World Steel Association, global steel production increased by 6.2% to 411 million tons in the first three months of 2017, compared to the prior-year period. China is still the world's largest producer by far, with a world market share of slightly less than 50%, as before. A growing share of Chinese steel production cannot be sold in the home market. Moreover, it will not be possible in the short term to appreciably and sustainably adapt production volumes in China to the true level of domestic demand.

Consequently, large quantities of steel produced by Chinese surplus capacities are still being offered in the world market at low prices. The export pressure from China will only ease when Chinese production capacities are taken off the market and particularly if actual production quantities are reduced. Based on profitability and environmental concerns, experts believe that such a production capacity adjustment could take place in China, but only in the medium term. In the Company's estimation, the steel being exported from China to Western countries is increasingly of good, competitive quality, therefore intensifying the price pressure on Western steel producers. This development is increasingly putting pressure on Western steel makers and is also leading to a further increase in price pressure on their suppliers, including the SKW Metallurgie Group.

Geographically, the SKW Metallurgie Group continues to focus on the sales markets of USA/North America (accounting for more than 55% of the Group's revenues in both 2017 and 2016), the European Union (primarily for the "Cored Wires" segment at the present time), and Brazil. The SKW Metallurgie Group currently has only a negligible value-added share of the steel produced in China.

The development of steel production in the main sales regions of the SKW Metallurgie Group was basically positive, albeit mixed, in the reporting period:

- In the United States (including Canada), the key market for the SKW Metallurgie Group, steel production had stabilized on a low level by the end of the third quarter of 2016; since this time, steel production has recovered in this region in terms of both production quantities and capacity utilization rates. Production in the first quarter of 2017 rose by 4.3% from the level of the prior-year comparison period. In addition to expectations for fiscal policy measures such as tax cuts, public-sector investments, etc., the protective tariffs imposed on dumping exports also contributed to this result.
- In the EU, last year's decline in steel production was not only arrested, but reversed to a greater-than-expected degree (+5.6% compared to previous reporting period); reasons for this development include the effect of protective trade policy measures by the EU and a generally lasting economic upturn. Nonetheless, it appears as though the import crisis in the EU has not been overcome, as declining steel imports from China have been offset by disproportionate increases in imports from other countries. As a result of growing protectionist tendencies in the global steel industry, the open EU steel market is threatened by further trade diversion effects.
- In Brazil, the steel industry performed better (+10.9%) than had been expected given the difficult macroeconomic situation in that country. Although the biggest economy in Latin America experienced the deepest recession in the country's history, steel production exhibited a countervailing development. There are justifiable doubts concerning the sustainability of this trend because economists have little hope that the Brazilian economy will recover anytime soon.

Interim Group Management Report

1. General economic conditions
2. Structure of the Group
3. Company and business developments
4. Segment report
5. Further optimization of the number of employees
6. Report on opportunities and risks
7. Events after the reporting date
8. Comparison of forecasts made in the prior period with actual developments

In some countries, moreover, steel consumption and steel production are becoming increasingly decoupled. In particular, it can be assumed that China's net exports (and therefore the net imports of countries and regions like South Korea, North America, and Europe) will remain at the levels of last year. Furthermore, the development of steel production is increasingly becoming decoupled from the revenues and unit sales of the SKW Metallurgie Group. Thus, the business conducted by the SKW Metallurgie Group in the United States, the European Union and Brazil increased at a faster rate than steel production in those countries.

1.3. The markets for SKW Metallurgie's core products follow the lead of the steel industry

The development of markets for primary and secondary metallurgy products and solutions is essentially dependent on the development of markets for steel, especially for high-quality and higher-quality steel grades. The more steel is produced, the more primary and secondary metallurgy products are needed. The quantity of the SKW Metallurgie Group's products which steel producers keep in stock is of minor importance. The demand for primary and secondary products is also influenced by the technical process employed to produce steel (e.g. blast furnace with primary metallurgy as opposed to electric arc furnaces without primary metallurgy) and the ingredients used in the process (e.g., quality levels of the coal and coke products used).

Interim Group Management Report

1. **General economic conditions**
2. Structure of the Group
3. Company and business developments
4. Segment report
5. Further optimization of the number of employees
6. Report on opportunities and risks
7. Events after the reporting date
8. Comparison of forecasts made in the prior period with actual developments

2. Structure of the Group

There was a small change in the consolidation group of the SKW Metallurgie Group between December 31, 2016 and March 31, 2017.

As at March 31, 2017 the SKW Metallurgie Group, the highest-level parent company of which is SKW Stahl-Metallurgie Holding AG, comprised seven fully consolidated direct subsidiaries of SKW Stahl-Metallurgie Holding AG (including three in Germany and one each in France, the United States, Hong Kong and Brazil) and 11 fully consolidated indirect subsidiaries (excluding the one inactive indirect subsidiary in Turkey that has been under liquidation and was closed recently).

As at March 31, 2017, 21 companies – as compared to previously 22 companies - (20 subsidiaries and the parent company) in 13 countries were fully consolidated in the SKW Metallurgie Group. The change from December 31, 2016 resulted from the deconsolidation of the Turkish subsidiary SKW Celik Metalürji Üretim Ticaret SLS as at March 31, 2017. As mentioned already in the “Events after the reporting date” section of the consolidated financial statements for 2016, the non-consolidated Bhutanese joint venture that is in bankruptcy proceedings was sold for a price of USD 2.0 million.

The Indian company Jamipol Ltd., in which the SKW Metallurgie Group still holds about one third of the equity, is still consolidated at equity.

The Group’s shareholder structure underwent only two notable changes. Dr. Olaf Marx as the controlling shareholder (obligated to file notifications) of MCGM GmbH, Munich, notified the Company on April 4, 2017 that the shares held by La Muza Inversiones, Madrid (Spain) were attributable to him because a voting rights proxy and power of representation had been granted to him for the time until July 6, 2017. Therefore, his holdings corresponded to 7.59% of the voting rights in the Company as at April 4, 2017. In addition, SE Swiss Equities AG based in Zurich (Switzerland) notified the Company on February 14, 2017 that its holdings had fallen below the threshold of 3% and only amounted to 2.75% of voting rights on this date. At the time of preparation of the present management report, the Company’s biggest shareholder was still First Holding GmbH, Munich (Germany), with a holding of 10.75%. That company’s Managing Director Dr. Klemens Joos and controlling shareholder is responsible for reporting the company’s holdings.

Otherwise, the Company is not aware of any shareholder holding 10% or more of the Company’s share capital.

Interim Group Management Report

1. General economic conditions
2. **Structure of the Group**
3. Company and business developments
4. Segment report
5. Further optimization of the number of employees
6. Report on opportunities and risks
7. Events after the reporting date
8. Comparison of forecasts made in the prior period with actual developments

3. Company and business developments

3.1. Revenues above expectations in the first quarter of 2017

The SKW Metallurgie Group generated revenues of EUR 65.4 million in the first three months of 2017. This figure was considerably higher than the revenues generated in the first quarter of last year (EUR 59.0 million) and therefore exceeded expectations (full-year guidance: revenues of at least EUR 230 million).

3.2. Gross profit margin remains above 30% despite massive price pressure

Particularly in a raw materials-intensive business like that of the SKW Metallurgie Group, revenues can be influenced simply by changes in the cost of raw materials and by the corresponding adjustment of sale prices, even though the operating performance may not have changed. Therefore, the gross profit margin (gross margin) is a much more meaningful indicator. In the SKW Metallurgie Group, the gross profit margin (gross margin) is defined as the percentage of revenues represented by the difference between the total operating performance (sum of revenues, changes in inventory, and internal production capitalized) and the cost of materials. In the first three months of 2017, the gross profit margin of 32.7% – calculated on the basis of a EUR 44.3 million cost of materials (PY: EUR 40.8 million) – was even higher than the prior-period figure of 32.3%. That implies that the SKW Metallurgie Group has been very successful resisting margin erosions in a tremendous surplus capacities environment (primarily due to China) and a still critical state of the global steel market by withstanding massive pressure on prices in SKW's customer industries. The improvements could be realized thanks to procurement successes and an optimized product

mix. These effects, combined with a 6.9% production increase over Q1 2016 and the above-mentioned efficiency gains, led to the positive development of gross profit margin.

3.3. Other operating result affected by contributions of SKW related to the financial restructuring

The SKW Metallurgie Group generated total operating income of EUR 5.1 million in the first three months of 2017 (Q1 2016: EUR 1.2 million) and incurred other operating expenses of EUR 10.6 million (Q1 2016: EUR 9.8 million).

Other operating income was influenced by two events in the reporting period, which were already mentioned in the “Events after the reporting date” section of the 2016 Annual Report. The first income item of EUR 1.9 million resulted from the successful negotiation and sale of the majority interest held in SKW Tashi Metals and Alloys Pvt. Ltd./Bhutan, which has been insolvent since 2015 and has since been completely written off (asset recovery); the second event influencing other operating income resulted from the final settlement of the legal disputes with the former Executive Board members Ms. Ines Kolmsee and Mr. Gerhard Ertl. Among other things, this settlement entails a waiver by the former Executive Board Chairwoman of a judicial review of the 50% reduction of her SKW Metallurgie pension entitlement by the Company to be resolved by the Supervisory Board, which led to a positive earnings effect for SKW of approximately EUR 2.0 million. Otherwise, this item was affected by foreign currency income in the amount of EUR 1.0 million (PY: EUR 0.7 million).

Interim Group Management Report

1. General economic conditions
2. Structure of the Group
3. **Company and business developments**
4. Segment report
5. Further optimization of the number of employees
6. Report on opportunities and risks
7. Events after the reporting date
8. Comparison of forecasts made in the prior period with actual developments

Other operating expenses particularly include variable, revenue-dependent cost components (such as shipping costs and sales commissions) in the operating Group companies, as well as legal and consulting expenses. Most of the reduction in other operating expenses is attributable to the rigorous implementation of the ReMaKe continuous improvement program. Even in the new format for the presentation of the foreign currency effects of intragroup dealings, foreign currency effects of EUR 0.9 million (PY: EUR 0.9 million), including effects resulting from the measurement of sight deposits and from intragroup trading and the corresponding payment obligations in foreign currencies, for example, are still presented within other operating expenses.

Thanks to the optimization measures implemented as part of the ReMaKe program, the personnel expenses of EUR 9.3 million in the reporting period remained unchanged from the prior-year comparison figure (EUR 9.3 million) despite the 6.7% increase in the production quantity; adjusted for the production quantity, i.e. assuming the same production quantity as in the prior-year comparison period, personnel expenses would only have been EUR 8.8 million.

3.4. Adjusted EBITDA exceeds expectations, thanks to positive market conditions and the effective ReMaKe measures

The stated EBITDA of the SKW Metallurgie Group for the first three months of 2017 amounted to EUR 6.5 million, which was considerably higher than the prior-period comparison figure (Q1 2016: EUR 1.3 million). However, this value is not a very useful indicator of the Group's operating performance in this period until it is adjusted for non-recurring effects, non-operating effects and foreign currency effects.

After adjusting for the non-recurring effects of the "Bhutan asset recovery" and the "settlement with former Executive Board members" in the amount of EUR 3.9 million, both of which are recognized in other operating income, as well as restructuring expenses (Q1 2017: EUR 1.1 million; Q1 2016: EUR 1.4 million) and currency translation effects included in other operating income and expenses (Q1 2017: EUR 0.1 million; Q1 2016: EUR -0.1 million), the EBITDA for the first quarter of 2017 came to EUR 3.4 million (Q1 2016: EUR 2.6 million).

Thus, this adjusted operating indicator confirms the full-year guidance of an adjusted EBITDA of approximately EUR 9 million; assuming a sustainably positive development of basic operating conditions, SKW expects a substantial increase in operating EBITDA.

3.5. Good start to the new year underscored by positive consolidated net income

The amortization, depreciation and impairments of the SKW Metallurgie Group amounted to 2017 EUR 1.1 million (Q1 2016: EUR 1.0 million) in the first three months of 2017. This amount of amortization, depreciation and impairments can be seen as a good indicator of the regular amortization, depreciation and impairments that can be expected in the coming periods.

Mathematically, the financial result for the first three months of 2017 amounted to EUR -1.5 million (Q1 2016: EUR -2.7 million). As explained in the discussion of other operating income and expenses, this decrease can be attributed to the fact that the mostly unrealized currency translation effects of intragroup financial dealings are now presented within net interest income/expenses of EUR -0.3 million (PY: EUR -1.5 million), as opposed to EBITDA. Adjusted for this effect, net interest expenses amounted to EUR -1.2 million, unchanged from the prior-period comparison figure.

Interim Group Management Report

1. General economic conditions
2. Structure of the Group
3. **Company and business developments**
4. Segment report
5. Further optimization of the number of employees
6. Report on opportunities and risks
7. Events after the reporting date
8. Comparison of forecasts made in the prior period with actual developments

The tax expenses of the SKW Metallurgie Group amounted to EUR 0.9 million (Q1 2016: EUR 0.3 million) in the first three months of 2017. However, the SKW Metallurgie Group is still affected by the different earnings reported in different tax jurisdictions. For example, expenses incurred in Germany and Russia cannot be set off against income in the United States and Brazil. Therefore, the tax rate is very volatile and tax expenses are incurred even though earnings before taxes were negative on the Group level, as in the case of the prior-year comparison period. On a positive note, tax expenses “normalized” in the reporting period compared to the prior-year comparison figure as a result of the positive business performance, which led to a tax rate of 23.0%, as compared to an “unreasonable” tax rate of -10.5% in the prior-year comparison period.

The consolidated net income after taxes of the consolidation group relevant for the present quarterly financial statements amounted to EUR 3.4 million (PY: EUR -2.5 million). This performance is a clear reflection of the effects of the ReMaKe continuous improvement program and the positive operating conditions. The consolidated net income for the first quarter is attributable in part to the shareholders of SKW Stahl-Metallurgie Holding AG, and in part to non-controlling interests in those subsidiaries in which the SKW Metallurgie Group is not the sole shareholder. These are the following fully consolidated Group companies:

→ Tecnosulfur Sistema de Tratamento de Metais Líquidos S/A (Brazil): 33.3% non-controlling interests

→ SKW QUAB Chemicals Inc. (USA): 10% non-controlling interests

In total, EUR 0.3 million is attributable to these non-controlling interests (Q1 2016: EUR 0.2 million). An amount of EUR 3.1 million, including EUR 2.7 million from continuing operations and EUR 0.4 million from discontinued operations, is attributable to the shareholders of SKW Stahl-

Metallurgie Holding AG in the reporting period (Q1 2016: EUR -2.7 million, including EUR -2.8 million from continuing operations and EUR 0.1 million from discontinued operations). The number of SKW Metallurgie shares outstanding was unchanged at 6,544,930. This yields consolidated earnings per share (EPS) of EUR 0.47 (PY: EUR -0.41).

3.6. Balance sheet picture determined by the maturity and amount of financial debt

The following table shows the most important items of the SKW Metallurgie Group's balance sheet as at March 31, 2017 and as at December 31, 2016:

ASSETS IN EUR'000s	03/31/2017	12/31/2016
Noncurrent assets	40,104	40,005
Current assets	107,863	105,942
thereof cash and cash equivalents	12,747	14,276
Balance sheet total	147,967	145,947
EQUITY AND LIABILITIES IN EUR'000s	03/31/2017	12/31/2016
Equity	-848	-5,444
Noncurrent liabilities	16,159	18,410
therefore noncurrent financial liabilities	1,911	1,857
Current liabilities	132,656	132,981
therefore current financial liabilities	82,158	83,933
Balance sheet total	147,967	145,947

In the first three months of 2017, the balance sheet total of the SKW Metallurgie Group rose modestly from EUR 145.9 million to EUR 148.0 million.

Interim Group Management Report

1. General economic conditions
2. Structure of the Group
3. **Company and business developments**
4. Segment report
5. Further optimization of the number of employees
6. Report on opportunities and risks
7. Events after the reporting date
8. Comparison of forecasts made in the prior period with actual developments

The principal changes on the assets side were the following:

- Working capital optimization: Thanks to the optimization program of the SKW Metallurgie Group that was established in prior years, the sum of inventories and trade receivables minus trade payables of EUR 36.6 million only rose by EUR 0.5 million to EUR 37.1 million (1.3%), despite a 6.7% increase in the production quantity and a corresponding 9.3% increase in revenues.
- Cash and cash equivalents declined by EUR 1.6 million, from EUR 14.3 million to EUR 12.7 million; these funds were used almost exclusively to pay down current financial liabilities.

The principal changes on the equity and liabilities side were the following:

- Accumulated other comprehensive income increased by EUR 4.2 million, from EUR -73.1 million to EUR -68.9 million; the main reasons for this increase were the positive consolidated net income attributable to the majority shareholders in the amount of EUR 3.1 million, the positive currency translation gains recognized in equity (EUR 0.7 million) and the adjustment of actuarial losses from previous reductions of the actual interest rate that resulted from the settlement with the former Executive Board Chairwoman. Considering that total consolidated equity was still appreciably negative as at December 31, 2016, this negative amount (in contrast to the equity of the Group's parent company) has now been largely made up (consolidated equity as at March 31, 2017: EUR -0.8 million; December 31, 2016: EUR -5.4 million).
- Pension obligations were reduced by EUR 2.4 million, from EUR 10.1 million to EUR 7.7 million, particularly as a result of the reduction of the pension entitlement of the former Executive Board Chairwoman and the resulting adjustments to actuarial losses.

Gross financial debt and net financial date are the key indicators used to analyze the financial position and cash flows of the SKW Metallurgie Group. Gross financial debt is defined as the sum of noncurrent and current financial liabilities. Net financial debt is defined as gross financial debt less cash and cash equivalents.

Accordingly, neither one of these indicators includes those parts of credit facilities that are not yet drawn down or only in the form of guarantees. Guarantees only played a minor role in the analysis of the debt situation of the SKW Metallurgie Group as at March 31, 2017 and this will be the case in the future as well.

Moreover, the above-mentioned indicators do not include pension liabilities of EUR 7.7 million (December 31, 2016: EUR 10.1 million).

Thus defined, the net financial debt of the SKW Metallurgie Group declined modestly from EUR 71.5 million to EUR 71.3 million as at March 31, 2017.

Besides the amount of net financial debt, the maturity is also significant: Both on the reporting date of March 31, 2017 and on the comparison date of December 31, 2016, the drawdowns under the syndicated loan agreement, which represents the principal instrument for the gross financial debt of the Group's parent company and limited parts of the Group as well, and the guarantees furnished by the Group are classified as "current" for technical reasons.

Interim Group Management Report

1. General economic conditions
2. Structure of the Group
- 3. Company and business developments**
4. Segment report
5. Further optimization of the number of employees
6. Report on opportunities and risks
7. Events after the reporting date
8. Comparison of forecasts made in the prior period with actual developments

3.7. Free cash flow positive again

The following table shows important items of the consolidated statement of cash flows:

EUR'000s	01/01-03/31/2017	01/01-03/31/2016
Consolidated net income/loss	3,419	-2,465
Gross cash flow	489	139
Cash inflow/outflow from operating activities	-676	978
Cash inflow/outflow from investing activities	733	-1,274
Cash inflow/outflow from financing activities	-1,802	-109
Change in cash and cash equivalents ¹	-1,751	1,151
Change in cash and cash equivalents at end of period ²	13,043	12,561
Free cash flow	57	-296

Based on the positive start to the year and the resulting positive consolidated net income, the SKW Metallurgie Group generated a positive gross cash flow (rounded EUR 0.5 million; Q1 2016: EUR 0.1 million) despite significant cash-effective, non-recurring restructuring expenses of EUR 1.1 million (PY: EUR 1.4 million). The cash flow from operating activities (also known as net cash flow) indicates the cash flow generated in operating activities during the period under consideration. It is calculated as the balance of gross cash flow and changes in working capital (in the broader sense, understood here to mean the sum of lines 13 to 22 of the cash flow statement, or the difference of the sub-total lines 12 to 23 of the cash flow statement). These changes in working capital (in the broader sense) amounted to EUR 1.2 million (PY: EUR 0.8 million) in the first quarter of 2017. The higher cash outflow from working capital resulted from the necessary build-up of temporary inventory positions for already contracted supply commitments and from negative currency effects.

Working capital (in the narrower sense) is composed of inventories, trade receivables, and trade payables. The changes in these items led to a cash flow of EUR -0.5 million in the reporting period (Q1 2016: EUR 4.0 million). Therefore, the cash flow resulting from changes in working capital (in the narrower sense) in the reporting period was EUR 0.9 million less than the prior-period comparison figure, due to the upswing. This development is attributable to the effects of the 9.3% increase in revenues coupled with the extremely low level of inventories and the implementation of countervailing ReMaKe measures.

In the reporting period, the changes in working capital (in both the narrower and the broader sense) remained within fluctuation margins that have been normal for the SKW Metallurgie Group to date. The SKW Metallurgie Group will continue to systematically pursue the working capital optimization initiative that was begun in financial year 2015 in order to reduce working capital (lower capital tie-up as a percentage of revenues) in the remainder of financial year 2017 and also to further reduce the fluctuation margin, to the extent that it is not induced by corresponding revenue fluctuations. Largely avoiding currency translation effects and presenting them separately are among the measures being taken to reduce the fluctuation margin.

Adjusting for the non-recurring restructuring charges of EUR 1.1 million (PY: EUR 1.4 million), the cash flow from operating activities was again operationally positive.

The cash flow from investing activities is influenced by two effects. First, the agreed price for the sale of the Group's majority interest in the insolvent company in Bhutan was collected in the amount of EUR 1.9 million; second, the cash outflow from investing activities in the first quarter in the amount of EUR -1.1 million was roughly equal to the corresponding prior-year comparison figure (EUR -1.3 million). This amount comprises investments (essentially maintenance investments), which were nearly unchanged from the comparison figure and were also on the level of depreciation and amortization. The cash flows from operating activities and from investing activities yielded a free cash flow of EUR 0.1 million in the reporting period (PY: EUR -0.3 million).

Interim Group Management Report

1. General economic conditions
2. Structure of the Group
3. **Company and business developments**
4. Segment report
5. Further optimization of the number of employees
6. Report on opportunities and risks
7. Events after the reporting date
8. Comparison of forecasts made in the prior period with actual developments

1. Including the effects of currency translation of cash and cash equivalents.
2. Including cash and cash equivalents of discontinued operations.

4. Segment report

As part of the ReMaKe program, the SKW Metallurgie Group has played a stronger role in management of its operating entities (SKW Stahl-Metallurgie Holding AG as the parent company coordinating the activities of the Group companies) and also aligned it more closely with the regions (across Group companies and products). A key advantage of the regional approach is the additional cross-selling effects realized by offering the SKW Metallurgie Group's entire portfolio of products and services to all major steel mills in the target markets.

According to IFRS, segments are to be formed on the basis of the enterprise's operating divisions, as determined by the internal organization and reporting structure of the SKW Metallurgie Group. Therefore, the segment report has been aligned with the new, regionalized internal management system since the consolidated financial statements as at December 31, 2015. However, this new segment report format is more transparent particularly with regard to regional market developments, the evaluation of the effects resulting from the ReMaKe continuous improvement program, and the evaluation of exchange rate effects.

The following changes resulted from the conversion of the segment report format:

→ The segment report is organized on the basis of regions and continuing operations in the core business of SKW Group ("North America," "Europe and Asia," "South America," and "Other and Holding Company"); thus, units designated as "discontinued operations" are not included in the presentation of segment results.

→ For the sake of enhanced transparency, the numbers of the operationally active company SKW Stahl-Metallurgie GmbH on the one hand, and those of the non-operationally active companies (mainly SKW Stahl-Metallurgie Holding AG), on the other hand, are presented separately in the "Other and Holding" segment.

→ All Group companies are assigned to one segment only, as before. Thus, there are no companies that are divided among different segments.

The new reportable segments of the SKW Metallurgie Group are composed of the following activities:

→ **North America:** the "North America" segment is composed of the management entity "SKW North America" introduced in financial year 2014. This entity comprises the two US companies Affival Inc. (cored wire products) and ESM Group Inc. (powder and granules), including their respective subsidiaries. These subsidiaries consist of a cored wire factory in Mexico, a production facility and distribution center for powder and granules in Canada and a magnesium procurement unit in PR China.

→ **Europe and Asia:** The "Europe and Asia" segment is composed of all the Group's cored wire companies that do not belong to "SKW North America." These include the French cored wire company Affival SAS; this company's cored wire factory, the Group's largest, produces cored wire primarily for the European market (excluding Russia), also for selected overseas customers (particularly in Japan, distributed via the

Interim Group Management Report

1. General economic conditions
2. Structure of the Group
3. Company and business developments
- 4. Segment report**
5. Further optimization of the number of employees
6. Report on opportunities and risks
7. Events after the reporting date
8. Comparison of forecasts made in the prior period with actual developments

local subsidiary Affival KK). This segment also comprises all the subsidiaries of Affival SAS, which produce cored wire products in Russia, South Korea, and the PR China for their respective regional markets.

→ **South America:** The “South America” segment is composed of the Brazilian company Tecnosulfur Sistema de Tratamento de metais Líquidos S/A, which produces and markets metallurgical powders and granules particularly for the South American market.

→ **Other and Holding Company:** The “Other and Holding” segment consists of the following companies:

SKW Stahl-Metallurgie GmbH is to be classified as an operating company: This is a trading unit for powders and granules that is primarily active in the European market. In connection with the implementation of the planned strategic growth initiatives for the pig iron desulfurization market in Europe, a reorganization of this company is expected; therefore, it is assigned to the “Other” segment pending further developments.

The following distinction is applicable with respect to the classification as non-operating companies: The German company SKW Stahl-Metallurgie Holding AG is the parent company of the SKW Metallurgie Group. As a holding company, it generates no revenues; in accordance with its defined task, its EBITDA is typically negative (aside from special cases such as high currency translation gains).

The results of the reportable segments in the reporting period are detailed in the following:

→ In the “North America” segment, total revenues increased by 3.5%, i.e. from EUR 34.3 million (Q1 2016) to EUR 35.5 million (Q1 2017). The corresponding EBITDA doubled from EUR 1.0 million (Q1 2016) to EUR 2.1 million (Q1 2017). This increase was in line with expectations and reflects the positive development of the North American steel industry.

→ In the “Europe and Asia” segment, the total first quarter revenues of EUR 20.3 million were likewise higher than the prior-year comparison figure (EUR 18.0 million). The corresponding segment EBITDA rose from EUR 1.0 million in Q1 2016 to EUR 1.2 million in the reporting period. The main reason for this increase was the strong recovery of the European steel industry, in which the segment participated to a disproportionately strong degree.

→ Fortunately, the business performance of the “South America” segment was completely contrary to the macroeconomic development in Brazil. The segment generated total revenues of EUR 7.2 million, which were 50% higher than the comparison figure (Q1 2016: EUR 4.8 million). The EBITDA rose from EUR 1.0 million (Q1 2016) to EUR 1.5 million (Q1 2017).

→ The result of the “Other and Holding” segment is composed of the results of two operating companies, on the one hand, and the results of the Group parent company and other non-operating companies, on the other hand:

The SKW Stahl-Metallurgie GmbH got off to a good start in financial year 2017 and registered modest revenue growth (Q1 2017: EUR 2.5 million; Q1 2016: EUR 2.4 million) with correspondingly stable earnings contributions.

The Group parent company SKW Stahl-Metallurgie Holding AG and the other non-operating companies assigned to this segment do not generate revenues, by definition, and usually post a negative EBITDA. After adjusting for the two exceptional effects of asset recovery Bhutan (EUR 1.9 million) and the reduction of the pension entitlement of the former Executive Board Chairwoman as part of a settlement (EUR 2.0 million), the parent company’s EBITDA amounted to EUR -2.1 million, or around 10% less than the prior-period comparison figure (PY: EUR -2.4 million). In interpreting these numbers, it should be remembered that most of the restructuring expenses for the overall Group (Q1 2017: EUR 1.1 million; Q1 2016: EUR 1.4 million) were incurred by the Group parent company.

Interim Group Management Report

1. General economic conditions
2. Structure of the Group
3. Company and business developments
4. **Segment report**
5. Further optimization of the number of employees
6. Report on opportunities and risks
7. Events after the reporting date
8. Comparison of forecasts made in the prior period with actual developments

5. Further optimization of the number of employees

As always, well trained and highly motivated employees are an important prerequisite for the business success of the SKW Metallurgie Group. As a result of restructuring measures, optimization measures and adjustments

to reflect the current state of the steel industry, the worldwide number of employees as at March 31, 2017 was 559, that being 614 fewer than the number as at March 31, 2016.

6. Report on opportunities and risks

The SKW Metallurgie Group attaches great importance to the continuous detection and evaluation of opportunities and risks, in order to take suitable measures to optimally exploit opportunities and limit risks. In 2016, the Group updated the risk inventory conducted and updated as at December 31, 2016 in the form of quarterly risk reports. These updates did not lead to any significant changes or new risks compared to the 2016 Risk Report. Nonetheless, we wish to point out the following risks again:

Risks of debt financing

SKW Stahl-Metallurgie Holding AG and its subsidiaries possessed adequate liquidity at all times in the reporting period. The Group's liquidity is secured particularly by the syndicated loan agreement concluded in early 2015 (with a term until early 2018) for an amount of up to EUR 86 million (of which EUR 46 million is an amortizing loan). This syndicated loan agreement satisfies the external financing needs of SKW Stahl-Metallurgie Holding AG (aside from overdraft facilities) and limited parts of the exter-

nal financing needs of the SKW Stahl-Metallurgie Group. It was agreed in the first quarter of 2017 that this syndicated loan agreement will be available until January 31, 2018, with only customary adjustments and a waiver of cancellation by the syndicated lenders, and that financial covenants and minimum principal payments will be suspended during this time.

At the same time, the parent company and the syndicated lenders also agreed on a plan for the fundamental financial restructuring of the balance sheet, under which the SKW Metallurgie Group will make its own financial contribution to debt repayment by selling peripheral activities. The plan also calls for a substantial capital increase, which shareholders will be entitled to subscribe, and a conditional waiver of claims by the syndicated lenders.

The SKW Stahl-Metallurgie Group continues to systematically implement the ReMaKe restructuring program initiated back in 2014, which it has since developed into a continuous improvement program. As is known, this restructuring program is a comprehensive strategic restructuring project

Interim Group Management Report

1. General economic conditions
2. Structure of the Group
3. Company and business developments
4. Segment report
5. Further optimization of the number of employees
6. Report on opportunities and risks
7. Events after the reporting date
8. Comparison of forecasts made in the prior period with actual developments

covering all entities of the Group, which aims to permanently increase the efficiency, revenues, earnings and cash flows of the SKW Metallurgie Group. Numerous supporting operational measures are expected to make a positive contribution to improving the liquidity situation in financial year 2017 and beyond.

The Executive Board considers it more-likely-than-not that this plan will be successfully implemented in 2017, thereby assuring the financing of the SKW Metallurgie Group and the parent company SKW Stahl-Metallurgie Holding AG also beyond January 31, 2018, so that the quarterly report as at March 31, 2017 can be prepared under the assumption of a positive going-concern forecast. This view of the Executive Board is supported by the concurring assessment of a renowned management consulting firm.

Nonetheless, it must be pointed out that the implementation of any future plan is fraught with uncertainties. Parts of the planned financial restructuring measures depend on the cooperation of third parties (shareholders, other stakeholders and investors), which cannot be influenced by the SKW Stahl-Metallurgie Group. In the event of a significant negative variance from the planned business performance and/or the unsuccessful implementation of operational measures under the ReMaKe program and/or a

failure of the financial structuring plan or the inability to obtain financing to replace the syndicated loan agreement, the liquidity of the Company and the Group would no longer be assured. In this case, the going-concern status of the parent company and therefore the Group would be endangered. Therefore, the future status of a going concern beyond January 31, 2018 will depend on the successful implementation of the aforementioned financial restructuring plan. Even before January 31, 2018, a foreseeable or actual failure of the financial restructuring plan would entail the risk that the financing of the SKW Metallurgie Group and the parent company SKW Stahl-Metallurgie Holding AG would no longer be assured, meaning that the going-concern status of the parent company and the Group would be endangered.

This uncertainty, the current equity situation and the related credit rating of SKW Stahl-Metallurgie Group may have negative effects on the assessments of bilateral business relationships.

Apart from the foregoing, there were no significant changes in the report on opportunities and risks as at March 31, 2017 compared to the statements made on opportunities and risks in the 2016 Annual Report.

Interim Group Management Report

1. General economic conditions
2. Structure of the Group
3. Company and business developments
4. Segment report
5. Further optimization of the number of employees
6. Report on opportunities and risks
7. Events after the reporting date
8. Comparison of forecasts made in the prior period with actual developments

7. Events after the reporting date

No transactions and events of particular importance for the SKW Metallurgie Group became known after the close of the reporting period on March 31, 2017 and before the time of preparation of the present quarterly report.

8. Comparison of forecasts made in the prior period with actual developments

As usual, the Forecast Report for the year 2017, which was only recently published in the 2016 Annual Report, referred to the full year 2017 and therefore did not include explicit statements concerning the first quarter of 2017. Subject to certain assumptions and definitions, the forecast called for revenues of approximately EUR 230 million and an adjusted EBITDA of at least EUR 9 million for the full year 2017.

The actually reported values confirm the full-year forecasts made at the time insofar as the revenues generated in the reporting period were proportionate to the full-year revenue forecast and the adjusted EBITDA generated in the first quarter of 2017 exceeded the proportionate share of the forecast amount.

The SKW Metallurgie Group is now set up in an operationally efficient manner and is therefore confident of being able to take advantage of opportunities in its core markets and improve its competitive position. Assuming a sustainably positive development of basic operating conditions, the Company predicts that it will be able to increase operating EBITDA considerably above the level of the guidance given for financial year 2017.

To achieve this increase, the Executive Board of the SKW Metallurgie Group will continue to systematically implement the “ReMaKe” and convert it into a “Continuous Improvement Program”. Key elements of this program include comprehensive efficiency enhancements, increased collaboration between individual Group entities to realize cross-selling effects, the business performance in regional markets, and new technology and application areas. The successes of this program are meant to offset and in some cases more than offset exogenous developments, particularly including the consequences of the steel crisis.

Munich (Germany), March 24, 2017

SKW Stahl-Metallurgie Holding AG
The Executive Board



Dr. Kay Michel

Interim Group Management Report

1. General economic conditions
2. Structure of the Group
3. Company and business developments
4. Segment report
5. Further optimization of the number of employees
6. Report on opportunities and risks
7. Events after the reporting date
- 8. Comparison of forecasts made in the prior period with actual developments**

Financial Statements of SKW Stahl-Metallurgie Holding AG for the first quarter of 2017

Consolidated income statement for the period from January 1 to March 31, 2017

EUR thousand	Q1 2017	Q1 2016*
Revenues	64,517	59,009
Change in inventories of finished and semi-finished goods	805	818
Internal production capitalized	17	17
Other operating income	5,147	1,156
Cost of materials	-44,257	-40,763
Personnel expenses	-9,327	-9,290
Other operating expenses	-10,613	-9,840
Income from associated companies	225	204
Earnings before interest, taxes, depreciation and amortization (EBITDA)	6,514	1,311
Amortization, depreciation, and impairments of intangible assets and property, plant and equipment	-1,124	-1,006
Earnings before interest and income taxes (EBIT)	5,390	305
Interest income and similar income	95	83
Interest and similar expenses	-1,343	-1,330
Other financial result	-256	-1,447
Earnings before taxes (EBT)	3,886	-2,389
Income taxes	-893	-250
Earnings from continuing operations (after taxes)	2,993	-2,639

Financial Statements

1. Consolidated income statement
2. Statement of comprehensive income
3. Consolidated statement of financial position
4. Consolidated statement of changes in equity
5. Consolidated cash flow statement

* The previous year figures were adjusted due to the classification of SKW Quab Chemicals Inc. as discontinued operation.

Consolidated income statement for the period from January 1 to March 31, 2017

EUR thousand	Q1 2017	Q1 2016*
→ Earnings before taxes (EBT) from discontinued operations	401	216
Income taxes for discontinued operations	25	-42
Earnings from discontinued operations (after taxes)	426	174
Consolidated net income/loss for the year	3,419	-2,465
Thereof share of SKW Stahl-Metallurgie Holding AG shareholders		
- in earnings from continuing operations	2,699	-2,843
- in earnings from discontinued operations	395	167
	3,094	-2,676
Thereof share of non-controlling interests	325	211
Earnings per share from continuing operations (EUR)**	0.41	-0.43
Earnings per share from discontinued operations (EUR)**	0.06	0.03
Consolidated earnings per share (EUR)**	0.47	-0.41

Financial Statements

1. Consolidated income statement
2. Statement of comprehensive income
3. Consolidated statement of financial position
4. Consolidated statement of changes in equity
5. Consolidated cash flow statement

* The previous year figures were adjusted due to the classification of SKW Quab Chemicals Inc. as discontinued operation

** Diluted earnings per share correspond to basic earnings per share.

Statement of comprehensive income from January 1 to March 31, 2017

EUR thousand	Q1 2017	Q1 2016*
Consolidated net income/loss for the year	3,419	-2,465
Items that will not be subsequently reclassified to profit or loss		
Change in actuarial gains and losses from defined benefit pension commitments	425	-1,275
Deferred taxes on items that will not be subsequently reclassified to profit or loss	0	0
Non-cash other income/expenses from associated companies	-10	0
Items that will be subsequently reclassified to profit or loss		
Net investment in a foreign operation	0	-15
Unrealized gains/losses on derivatives (hedge accounting)	0	0
Deferred taxes on items that will be subsequently reclassified to profit or loss	0	0
Currency differences	744	130
Non-cash income/expenses from associated companies that will subsequently be reclassified to profit or loss	18	0
Other comprehensive income	1,176	-1,160
Total other comprehensive income	4,596	-3,625
thereof attributable to shareholders of SKW Stahl-Metallurgie Holding AG	4,201	4,024
thereof attributable to non-controlling interests	395	399

Financial Statements

1. Consolidated income statement
2. **Statement of comprehensive income**
3. Consolidated statement of financial position
4. Consolidated statement of changes in equity
5. Consolidated cash flow statement

* The previous year figures were adjusted due to the classification of SKW Quab Chemicals Inc. as discontinued operation

Consolidated statement of financial position as of March 31, 2017

ASSETS in EUR thousand	03/31/2017	12/31/2016 ^{1,2}
Noncurrent assets		
Intangible assets	10,206	9,934
Property, plant and equipment	27,620	28,004
Other noncurrent assets	954	884
Deferred tax assets	1,324	1,183
Total noncurrent assets	40,104	40,005
Current assets		
Inventories	31,569	28,252
Trade receivables	30,187	30,140
Income tax assets	5,720	5,730
Other current assets	6,415	6,457
Cash and cash equivalents	12,747	14,276
Assets held for sale	21,225	21,087
Total current assets	107,863	105,942
Total assets	147,967	145,947

Financial Statements

1. Consolidated income statement
2. Statement of comprehensive income
3. **Consolidated statement of financial position**
4. Consolidated statement of changes in equity
5. Consolidated cash flow statement

¹ Interests in associated companies adjusted for a correction of the inclusion of currency differences from prior periods; see also Section C "Measurement and recognition principles."

² Adjusted for a reclassification of current securities that do not meet the definition of cash and cash equivalents according to IAS 7; see also Section C "Measurement and recognition principles."

EQUITY AND LIABILITIES in EUR thousand	03/31/2017	12/31/2016^{1,2}
Equity		
Subscribed capital	6,545	6,545
Share premium	50,741	50,741
Other comprehensive income	-68,911	-73,112
	-11,625	-15,826
Non-controlling interests	10,777	10,382
Total equity	-848	-5,444
Noncurrent liabilities		
Pension obligations	7,654	10,114
Other noncurrent provisions	3,811	3,672
Noncurrent liabilities under finance leases	81	93
Noncurrent financial liabilities	1,911	1,857
Deferred tax liabilities	2,463	2,439
Other noncurrent liabilities	239	235
Total noncurrent liabilities	16,159	18,410
Current liabilities		
Other current provisions	1,681	1,910
Current liabilities under finance leases	46	46
Current financial liabilities	82,158	83,933
Trade payables	24,710	21,807
Income tax liabilities	209	162
Other current liabilities	15,653	16,283
Liabilities related to assets held for sale	8,199	8,840
Total current liabilities	132,656	132,981
Total equity and liabilities	147,967	145,947

Financial Statements

1. Consolidated income statement
2. Statement of comprehensive income
- 3. Consolidated statement of financial position**
4. Consolidated statement of changes in equity
5. Consolidated cash flow statement

¹ Interests in associated companies adjusted for a correction of the inclusion of currency differences from prior periods; see also Section C "Measurement and recognition principles."

² Adjusted for a reclassification of current securities that do not meet the definition of cash and cash equivalents according to IAS 7; see also Section C "Measurement and recognition principles."

Consolidated statement of changes in equity as of March 31, 2017

EUR thousand	Subscribed capital	Share premium	Other comprehensive income	Consolidated equity of majority shareholders	Non-controlling interests	Total equity
Balance at Jan. 1, 2016	6,545	50,741	-59,959	-2,673	8,813	6,140
Consolidated net loss for the year	0	0	-2,676	-2,676	211	-2,465
Currency differences	0	0	-58	-58	188	130
Income and expenses recognized in equity (excluding currency differences)	0	0	-1,290	-1,290	0	-1,290
Total comprehensive income 2016	0	0	-4,024	-4,024	399	-3,625
Dividend payments	0	0	0	0	0	0
Balance sheet at March 31, 2016	6,545	50,741	-63,983	-6,697	9,212	2,515
Balance at Jan. 1, 2017	6,545	50,741	-73,112	-15,826	10,382	-5,444
Consolidated net loss for the year	0	0	3,094	3,094	325	3,419
Currency differences	0	0	674	674	70	744
Income and expenses recognized in equity (excluding currency differences)	0	0	433	433	0	433
Total comprehensive income 2017	0	0	4,201	4,201	395	4,596
Dividend payments	0	0	0	0	0	0
Balance sheet at March 31, 2017	6,545	50,741	-68,911	-11,625	10,777	-848

Financial Statements

1. Consolidated income statement
2. Statement of comprehensive income
3. Consolidated statement of financial position
- 4. Consolidated statement of changes in equity**
5. Consolidated cash flow statement

Consolidated Cash Flow Statement for the period from January 1 to March 31, 2017

EUR thousand	Jan. 1, 2017 - Mar. 31, 2017	Jan. 1, 2016 - Mar. 31, 2016*
1. Consolidated net income/loss for the year	3,419	-2,465
2. Earnings from discontinued operations (after taxes)	-426	174,
3. Consolidated earnings from continuing operations	2,993	-2,639
4. Write-ups/write-downs of noncurrent assets	1,124	1,006
5. Increase/decrease in pension provisions	-2,008	78
6. Earnings from associated companies	-225	-204
7. Gain/loss from disposal of noncurrent assets	-1,874	-12
8. Gain/loss from currency translation	160	1,512
9. Gain/loss from deferred taxes	-108	-33
10. Expenses from value adjustments of inventories and receivables	80	169
11. Other non-cash expenses and income	347	262
12. Gross cash flow	489	139
Changes in working capital		
13. Increase/decrease in current provisions	-173	-336
14. Increase/decrease in inventories (after down payments received)	-3,326	2,251
15. Increase/decrease in trade receivables	-119	1,922
16. Increase/decrease in income tax refund claims	59	-404
17. Increase/decrease in other assets	-11	-1,209
18. Increase/decrease in trade payables	3,020	-219
19. Increase/decrease in other liabilities	-77	-244
20. Increase/decrease in other equity and liabilities	-298	-562
21. Current translation effects in operating activities	-787	-360
22. Operating cash flow from discontinued operations	547	0
23. Cash inflow (+)/outflow (-) from operating activities	-676	978

Financial Statements

1. Consolidated income statement
2. Statement of comprehensive income
3. Consolidated statement of financial position
4. Consolidated statement of changes in equity
- 5. Consolidated cash flow statement**

* The prior-year values were adjusted to reflect the retroactive classification of SKW Quab as discontinued operations and an error correction; see also Section C "Measurement and recognition principles."

Consolidated Cash Flow Statement for the period from January 1 to March 31, 2017

EUR thousand	Jan. 1, 2017 - Mar. 31, 2017	Jan. 1, 2016 - Mar. 31, 2016*
→ 24. Proceeds on disposal of noncurrent assets	6	21
25. Payments for investments in noncurrent assets	-705	-1,295
26. Proceeds on the sale of financial assets	1,874	0
27. Cash flow from investing activities for discontinued operations	-442	0
28. Cash inflow (+)/outflow (-) from investing activities	733	-1,274
29. Decrease in liabilities under finance leases	-12	-12
30. Proceeds from the borrowing of bank loans	5,430	4,383
31. Payments for the repayment of bank loans	-7,121	-4,480
32. Cash flow from financing activities for discontinued operations	-99	0
33. Cash inflow (+)/outflow (-) from financing activities	-1,802	-109
34. Cash and cash equivalents at beginning of period	14,794	11,410
thereof cash and cash equivalents in discontinued operations	518	57
35. Change in cash and cash equivalents	-1,745	-405
36. Currency translation of cash and cash equivalents	-6	1,556
37. Cash and cash equivalents at end of period	13,043	12,561
thereof cash and cash equivalents in discontinued operations	296	679

Financial Statements

1. Consolidated income statement
2. Statement of comprehensive income
3. Consolidated statement of financial position
4. Consolidated statement of changes in equity
- 5. Consolidated cash flow statement**

* The prior-year values were adjusted to reflect the retroactive classification of SKW Quab as discontinued operations and an error correction; see also Section C "Measurement and recognition principles."

A. Basic accounting principles

Given the fact that exchange-listed corporations in Germany are no longer legally obligated to publish quarterly reports, SKW Stahl-Metallurgie Holding AG has decided to prepare a shorter quarterly release in accordance with Article 51a of the Stock Exchange Regulations of Frankfurt Stock Exchange. This was basically done in accordance with International Accounting Standard (IAS) 34. The same accounting methods applied accordingly in preparation of the consolidated financial statements as at December 31, 2016 were applied in preparation of the condensed consolidated interim financial statements. In addition, IAS 34 (Interim Financial Reporting) was applied in preparation of the condensed consolidated interim financial statements. SKW Stahl-Metallurgie Holding AG applied all International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) that were in effect at the time of preparation of the condensed consolidated interim financial statements and had been adopted by the European Commission for application in the European Union. To the knowledge of the Management, the present interim financial statements include all customary, regularly applicable adjustments required to ensure an appropriate presentation of the Group's financial position, cash flows and financial performance. The consolidated accounting principles and methods applied were explained in the notes to the consolidated financial statements as at December 31, 2016 (Section C. "Key recognition and measurement principles"); these notes can be found on the Internet at <http://www.skw-steel.com>.

The condensed consolidated interim financial statements should be read in combination with the consolidated financial statements as at December 31, 2016. Unless otherwise indicated, all figures are stated in euro thousands. With regard to the disclosures required under new or revised accounting standards for which application is mandatory in the time since

financial year 2017 in the present report, please refer to the explanations in Section A. "General information and presentation of the consolidated financial statements" of the notes to the consolidated financial statements as at December 31, 2016.

With regard to the estimation methods applied, reference is made to the explanations provided in Section C. "Key recognition and measurement principles" of the notes to the consolidated financial statements as at December 31, 2016. The same accounting and computation methods applied in the 2016 consolidated financial statements were applied in the preparation of the present financial statements.

Rounding practices may result in differences in the tables presented in the notes to the consolidated financial statements.

The operating business of SKW Metallurgie Group is not subject to significant seasonal fluctuations. Nonetheless, the comparability of interim periods may be influenced by maintenance measures performed by customers and by active inventory management in the steel mills. However, such measures are not performed in the same quarters year after year.

Assumptions regarding the going-concern status

These interim financial statements were prepared on the assumption of a going concern.

SKW Stahl-Metallurgie Holding AG and its subsidiaries possessed adequate liquidity at all times in the reporting period. The Group's liquidity is par-

Notes to the statements

- A. **Basic accounting principles**
- B. Group of consolidated companies and consolidation methods
- C. Financial position, cash flows and financial performance
- D. Dealings with related companies and persons
- E. Contingent assets and liabilities
- F. Important events after the reporting date
- G. Shareholder structure

ticularly secured by the syndicated loan agreement concluded in early 2015 (with a term until early 2018) for an amount of up to EUR 86 million (of which EUR 46 million is an amortizing loan). This syndicated loan agreement satisfies the external financing needs of SKW Stahl-Metallurgie Holding AG (aside from overdraft facilities) and most of the external financing needs of the SKW Stahl-Metallurgie Group. With respect to this syndicated loan agreement, it was agreed in the first quarter of 2017 that this financing instrument will be available until January 31, 2018, with only customary adjustments and a waiver of cancellation, and that financial covenants and minimum principal payments will be suspended during this time.

At the same time the parent company and the syndicated lenders also agreed on a fundamental financial restructuring plan under which the SKW Metallurgie Group will make its own financial contribution to debt repayment by selling peripheral activities. The plan also calls for a substantial capital increase, which shareholders will be entitled to subscribe, and a conditional waiver of claims by the financing banks.

The SKW Stahl-Metallurgie Group continues to systematically implement the ReMaKe restructuring program initiated in 2014, which has developed since then into a continuous improvement program. As is known, this restructuring program is a comprehensive strategic restructuring project covering all entities of the Group, which aims to permanently increase the revenues, earnings and cash flows of the SKW Metallurgie Group. Numerous supporting operational measures are expected to make a positive contribution to improve the liquidity situation in financial year 2017 and beyond.

The Executive Board considers it highly probable that this plan will be successfully implemented in 2017, thereby assuring the financing of the SKW Metallurgie Group and the parent company SKW Stahl-Metallurgie Holding AG also beyond January 31, 2018, so that the consolidated and separate financial statements as at March 31, 2017 can be prepared under the assumption of a positive going-concern prognosis. This view of the Executive Board is supported by a renowned management consulting firm.

Nonetheless, it must be pointed out that the implementation of any future plan is fraught with uncertainties. Parts of the planned financial restructuring measures depend on the cooperation of third parties (shareholders, other stakeholders and investors), which cannot be influenced by the SKW Stahl-Metallurgie Group. In the event of a significant negative variance from the planned business performance and/or the unsuccessful implementation of operational measures under the ReMaKe program and/or a failure of the financial structuring plan or the inability to obtain financing to replace the syndicated loan agreement, the liquidity of the Company and the Group would no longer be assured. In this case the going-concern status of the Company and the Group would be endangered. Therefore, the future status of a going concern beyond January 31, 2018 will depend on the successful implementation of the aforementioned financial restructuring plan. Even before January 31, 2018, a foreseeable or actual failure of the financial restructuring plan would entail the risk that the financing of the SKW Metallurgie Group and the parent company SKW Stahl-Metallurgie Holding AG would no longer be assured, meaning that the going-concern status of the Company and the Group would be endangered.

Adjustment of the previous year's figures to correct errors

In accordance with IAS 8.41 financial instruments have been reclassified from cash and cash equivalents to other current assets. As of March 31, 2016 other current assets increased by EUR 795 thousand to EUR 5,669 thousand (previous year: EUR 4,874 thousand) and the cash and cash equivalents decreased accordingly by EUR 795 thousand to EUR 11,882 thousand (previously EUR 12,677 thousand). As a result of this prior years figures to the cash flow statement's other assets decreased from EUR -414 thousand by EUR 795 thousand to EUR -1,209 thousand as well as the cash and cash equivalent funds which amounted priorly EUR 13,356 thousand and ended EUR 12,561 thousand at the end of the period.

Notes to the statements

A. Basic accounting principles

- B. Group of consolidated companies and consolidation methods
- C. Financial position, cash flows and financial performance
- D. Dealings with related companies and persons
- E. Contingent assets and liabilities
- F. Important events after the reporting date
- G. Shareholder structure

B. Group of consolidated companies and consolidation methods

The group of consolidated companies consisting of 21 (formerly 22) fully consolidated companies and one company accounted for by the equity method. Regarding further disclosures of the consolidation scope please refer to the explanations in section B. of the notes to the consolidated financial statements as at December 31, 2016.

The change compared to December 31, 2016 results from the deconsolidation of the liquidated Turkish subsidiary SKW Celik Metalürji Üretim Ticaret as of March 31, 2017.

The consolidation methods applied have not changed since the 2016 consolidated financial statements.

Notes to the statements

- A. Basic accounting principles
- B. Group of consolidated companies and consolidation methods**
- C. Financial position, cash flows and financial performance
- D. Dealings with related companies and persons
- E. Contingent assets and liabilities
- F. Important events after the reporting date
- G. Shareholder structure

C. Financial position, cash flows and financial performance

Statement of financial position

The balance sheet total of the SKW Metallurgie Group amounted to EUR 147,967 thousand as at March 31, 2017 (December 31, 2016: EUR 145,947 thousand). This was EUR 2,020 thousand more than the prior-period comparison figure.

On the assets side this change mainly reflected the positive steel market development and the need to increase temporary stock by EUR 3,317 thousand. Trade receivables stayed even during a remarkable revenue upside almost constant. Only cash and cash equivalents happened to be lower by EUR 1,529 thousand compared to prior year.

Property, plant and equipment amounting EUR 27,620 thousand or 18.7% of total assets, represented the main part of non-current assets and stayed almost unchanged since December 31, 2016 (EUR 28,004 thousand or 19.2% of total assets).

As in the prior year, the main items of current assets are inventories which amounted to EUR 31,569 thousand or 21.3% of the balance sheet total on the reporting date (December 31, 2016: EUR 28,252 thousand or 19.4% of the balance sheet total) and trade receivables which amounted to EUR 30,187 thousand or 20.4% of the balance sheet total on the reporting date (December 31, 2016: EUR 30,140 thousand or 20.7% of the balance sheet total).

Equity (including non-controlling interests) improved significantly to EUR -848 thousand on the reporting date (December 31, 2016: EUR -5,444 thousand). The equity ratio improved from -3.7% of the balance sheet total in the prior period to -0.6% in the reporting period.

The significant reduction in pension obligations compared to the previous year by EUR 2,460 thousand to EUR 7,654 thousand (December 31, 2016: EUR 10,114 thousand) is essentially the result of the legal dispute between the company and its former members of the Management Board, which resulted in a reduction in the pension obligations of the former Chairman of the Management Board of 50%. For further information, please refer to section E. "Contingent Assets and Liabilities" of this Notes. In addition, the accounting for pensions was adjusted in line with the discount rate for pensions to reflect the developments in applicable interest rates. This has slightly increased from 1.90% to 1.95% compared to December 31, 2016. The actuarial gain resulting from this was recognized directly in equity with no effect on profit or loss.

Trade payables increased by EUR 2,903 thousand to EUR 24,710 thousand in the first quarter of 2017 (December 31, 2016: EUR 21,807 thousand). The sum of inventories and trade receivables less trade payables rose slightly by EUR 461 thousand, from EUR 36,585 thousand as at December 31, 2016 to EUR 37,046 thousand. This increase was mainly attributable to temporary stock piling. In addition to that financial liabilities were repaid by EUR 1,721 thousand and reduced to EUR 84,069 thousand (December 31, 2016: EUR 85,790 thousand).

The sum of noncurrent and current liabilities declined modestly by EUR 2,576 thousand, from EUR 151,391 thousand as at December 31, 2016 to EUR 148,815 thousand as at March 31, 2017.

Notes to the statements

- A. Basic accounting principles
- B. Group of consolidated companies and consolidation methods
- C. Financial position, cash flows and financial performance**
- D. Dealings with related companies and persons
- E. Contingent assets and liabilities
- F. Important events after the reporting date
- G. Shareholder structure

Income statement

To improve the comparability of the reporting period and prior-year period, the comparison figures in the income statement have been adjusted for the figures from discontinued operations in accordance with IFRS 5. For further information on the discontinued operations, please refer to the notes to the consolidated financial statements as of December 31, 2016, in section B. “Group of consolidated companies and consolidation methods”.

The SKW Metallurgie Group generated revenues of EUR 64,517 thousand in the first quarter of 2017, reflecting a substantial increase of EUR 5,508 thousand (+9.3%) from the comparison figure for the first quarter of 2016 (EUR 59,009 thousand). The increase in revenues from the comparison figure was mainly caused by the strong steel producing customer's demand of SKW Groups products. However, the revenue increase was also accompanied by a 8.6% increase in material costs from the comparison figure, so that the gross profit, defined as the sum of revenues, changes in inventory, internal production capitalized and material costs as a percentage of revenues, rose by EUR 2,001 thousand, from EUR 19,081 thousand in the prior-year period to EUR 21,082 thousand in the reporting period. The gross profit margin, defined as the gross profit as a percent of revenues, increased slightly to 32.7% in the reporting period compared to the comparison period (32.3%).

The other operating income of EUR 5,147 thousand (PY: EUR 1,156 thousand) resulted mainly from the sale of shares in SKW Tashi Metals & Alloys Private Ltd. in the amount of EUR 1,875 thousand as well as the reversal of a provision of EUR 2,076 thousand which was dissolved in the context of an agreement between the company and the former members of the management board during the reporting period. For further information, please refer to section E. “Contingent Assets and Liabilities” of these notes disclosures.

The currency translation gains presented within other operating income of EUR 728 thousand (PY: EUR 618 thousand) are offset by the currency translation losses presented within other operating expenses (including currency effects resulting from the consolidation of liabilities). Currency translation losses amounted to EUR -653 thousand in the first quarter of 2017 (PY: EUR -643 thousand). Netting with the currency translation gains yields a positive net currency translation effect of EUR 75 thousand in the reporting period, as compared to EUR -25 thousand in the comparison period.

The personnel expenses of EUR -9,327 thousand were almost equal to the prior-period figure of EUR -9,290 thousand even though production linked workforce has risen due to market demand.

The other operating expenses of EUR -10,613 thousand were EUR -777 thousand higher than the comparison figure (EUR -9,840 thousand). This change resulted mainly from higher selling expenses (particularly for shipping and commissions), which increased in line with revenues by EUR -382 thousand from EUR -2,182 thousand to EUR -2,564 thousand, and higher costs for legal counsel EUR -2,199 thousand (PY: EUR -1,950 thousand).

The financial result of EUR -1,504 thousand was EUR -1,190 thousand less than the prior-period figure (EUR -2,694 thousand). The other financial result in the comparison period included expenses and income from currency translation differences in the amount of EUR -256 thousand and EUR 1,447 thousand, respectively. Barring these currency translation effects, the net balance of interest expenses and income would have been EUR -1,248 thousand in the reporting period and EUR -1,247 thousand in the comparison period; the interest burden was almost identically high in the reporting period as in the comparison period.

The consolidated net income for the first three months of 2017 amounted to EUR 3,419 thousand, as compared to consolidated net loss of EUR -2,465

Notes to the statements

- A. Basic accounting principles
- B. Group of consolidated companies and consolidation methods
- C. Financial position, cash flows and financial performance**
- D. Dealings with related companies and persons
- E. Contingent assets and liabilities
- F. Important events after the reporting date
- G. Shareholder structure

thousand in the comparison period. The share of the consolidated result attributable to non-controlling interests was EUR 325 thousand in the reporting period, as compared to EUR 211 thousand in the prior-year comparison period. The difference between the consolidated result in both periods (EUR 5,884 thousand) is mainly attributable to the sale of shares in SKW Tashi Metals & Alloys Private Ltd. as well as the reversal of a provision which was dissolved in the context of an agreement between the company and the former members of the management board totaling EUR 3,951 thousand and the better gross margin compared to the prior-year period.

Statement of cash flows

The consolidated net income for the first three months of 2017 amounted to EUR 3,419 thousand (Q1-2016: consolidated net loss of EUR -2,465 thousand). The gross cash flow of EUR 489 thousand in the reporting period was little higher than the prior-period figure of EUR 139 thousand.

The SKW Metallurgie Group generated a cash outflow of EUR -1,165 thousand (PY: cash inflow of EUR 839 thousand) in working capital. Therefore, the SKW Metallurgie Group generated a cash outflow of EUR -676 thousand from operating activities, as compared to a cash inflow of EUR 978 thousand from operating activities in the comparison period.

In accordance with IAS 8.41 certain investments were reclassified from cash and cash equivalents to other assets and the prior-period figures were adjusted accordingly; see also the notes to the statement of financial position. After the adjustment according to IAS 8.41, the increase/decrease in other assets amounted to EUR -1,209 thousand (previously EUR 414 thousand), the cash inflow/outflow from operating activities amounted

to EUR 978 thousand (previously: EUR 1,773 thousand), the change in cash and cash equivalents amounted to EUR -405 thousand (previously: EUR 390 thousand) and cash and cash equivalents at the end of the period amounted to EUR 12,561 thousand (previously: EUR 13,356 thousand) as at March 31, 2016 .

The cash outflow from investing activities during the reporting period, adjusted for the inflow of funds from the sale of the shares in SKW Tashi Metals & Alloys Private Ltd., (EUR 1,875 thousand), of EUR 1,141 thousand is approximately at the same level as prior-year period's amount of EUR -1,274 thousand.

The SKW Metallurgie Group generated a cash outflow of EUR -1,802 thousand from financing activities in the reporting period (PY: cash outflow of EUR -109 thousand). The cash inflows in mainly consisted of payments received under the syndicated loan agreement concluded in January 2015; the cash outflows mainly consisted of redemption payments associated with the syndicated loan.

The cash flow from operating activities in the reporting period included the following payments:

- Interest paid of EUR 82 thousand (PY: EUR 745 thousand)
- Interest received of EUR 0 thousand (PY: EUR 0 thousand)
- Income taxes paid of EUR 296 thousand (PY: EUR 608 thousand)
- Income tax refunds of EUR 0 thousand (PY: EUR 0 thousand)

Notes to the statements

- A. Basic accounting principles
- B. Group of consolidated companies and consolidation methods
- C. Financial position, cash flows and financial performance**
- D. Dealings with related companies and persons
- E. Contingent assets and liabilities
- F. Important events after the reporting date
- G. Shareholder structure

D. Dealings with related companies and persons

There were no significant dealings with related companies and persons in the reporting period that would have led to a significantly changed presentation of the financial position, cash flows and financial performance compared to the 2016 consolidated financial statements.

E. Contingent assets and liabilities

Contingent assets

The following contingent assets existed within the SKW Metallurgie Group on the reporting date:

By statement of claim dated July 5, 2015, SKW Stahl-Metallurgie Holding AG asserted a claim for damages based on directors' and officers' liability in the amount of approximately EUR 55 million against Ms. Ines Kolmsee and another former member of the Company's Executive Board, Mr. Gerhard Ertl, before the Traunstein Regional Court.

The background for this claim is the Company's allegation that the defendants failed to exercise the care of prudent and conscientious directors in establishing the joint venture SKW-Tashi Metals & Alloys Private Ltd. to operate a calcium silicon plant in the Kingdom of Bhutan and in acquiring a calcium carbide plant in Sundsvall, Sweden. The claim alleges that the Company incurred substantial financial losses because of the faulty decision to carry through with the two projects and seeks compensation of

these losses. The defendants completely deny the merits of these claims. The proceeding is currently suspended, at the request of the parties, to allow for settlement talks. The outcome of the proceeding is uncertain. It is also uncertain whether the dispute can be settled amicably without further cost to the Company, or even whether the Company will still collect a certain amount of money.

On March 21, 2017 SKW Metallurgie Group and its former members of the management board Ines Kolmsee (CEO) and Gerhard Ertl (CFO) and the D&O-Insurer have reached an amicable settlement for their ongoing legal disputes. These disputes involved particularly the disputed liability to pay damages in connection with the expansion projects in Bhutan and Sweden, which – from SKW Metallurgie Group's perspective – have been wound up in the meantime. The amicable settlement, the effectiveness of which is conditioned on the approval of the general assembly of SKW Stahl-Metallurgie Holding AG, does not contain any acknowledgement of any legal obligations for either party and otherwise contains the following major points:

Notes to the statements

- A. Basic accounting principles
- B. Group of consolidated companies and consolidation methods
- C. Financial position, cash flows and financial performance
- D. Dealings with related companies and persons**
- E. Contingent assets and liabilities**
- F. Important events after the reporting date
- G. Shareholder structure

- The D&O-Insurer will pay a total amount of EUR 3.35 Mio. to SKW group of companies.
- The former CEO waives her right to have the 50 per cent reduction of her pension rights (to be resolved by the supervisory board) judicially reviewed, resulting in a positive IFRS accounting effect in the amount of approximately EUR 2.1 Mio. for SKW.
- The Company undertakes to abandon its liability claim for damages pending at Landgericht Traunstein and undertakes to refrain from raising further claims against former members of the management board.
- The former members of the management board waive any potential rights to receive payment of a bonus based on a long-term-incentive program, respectively to compensation for a post-contractual non-compete obligation.

Furthermore, any payment by the insurance will be directly cash-effective and can thus be used as a contribution of SKW Metallurgie Group to the reduction of its financial debt. Additionally, the reduction of the pension obligations will strengthen the future liquidity of SKW group of companies.

In any case, to continue these legal proceedings would have resulted in significant risks and costs connected to long and complex legal proceedings. Management board and supervisory board will recommend to the general assembly to approve the amicable settlement.

Contingent liabilities

The following contingent liabilities existed within the SKW Metallurgie Group on the reporting date:

Fine in the total amount of EUR 13.3 million levied by the EU Commission against SKW Stahl-Metallurgie Holding AG, SKW Stahl-Metallurgie GmbH (“the SKW Metallurgie companies”) and Gigaset AG as joint and several debtors, for violation of cartel law.

By judgment of June 16, 2016, the European Court of Justice as the final instance completely dismissed the appeal against the fine lodged by the SKW Metallurgie companies. Thus, this fine levied by the EU Commission against the SKW Metallurgie companies has been definitively upheld and can no longer be appealed. The SKW Metallurgie companies met their payment obligation in due time by August 31, 2016. This payment consumed the full amount of the EUR 8.5 million provision recognized in respect of this liability.

Gigaset AG (formerly ARQUES Industries AG) filed a legal action already in 2010 to obtain compensation from the SKW Metallurgie companies of that part of the fine imposed with joint and several liability which it paid to the EU Commission (EUR 6.6 million). Gigaset AG has not been successful with this claim to date. The now competent Munich Higher Regional Court had initially suspended this proceeding (after it was referred back to this court by the Federal Supreme Court) pending the judgment in the appeal proceeding before the European Court of Justice (see above) and has since resumed the proceeding by resolution of July 22, 2016. The Company still believes that it is more probable than not that Gigaset AG’s claim will be dismissed.

Notes to the statements

- A. Basic accounting principles
- B. Group of consolidated companies and consolidation methods
- C. Financial position, cash flows and financial performance
- D. Dealings with related companies and persons
- E. Contingent assets and liabilities**
- F. Important events after the reporting date
- G. Shareholder structure

F. Important events after the reporting date

No transactions and events of importance for the SKW Metallurgie Group became known after the closure of the reporting period on March 31, 2017 and the date of issuance of this interim report.

G. Shareholder structure

The following holdings of SKW Metallurgie shares were subject to the notification requirement of the Securities Trading Act (WpHG) as at March 31, 2017 (3% or more of total voting rights):

Corporate bodies:

Name	Registered office	Holding	Share of equity held	Date	Comments
La Muza Inversiones SICAV	Madrid, Spain	303,596	4.64%	September 18, 2014	Stock will be represented until July 6, 2017 of Dr. Olaf Marx (see below).
Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte	Tübingen, Germany	369,559	5.65%	July 2, 2016	Additional notification by LBBW Asset Management due to attribution

Natural persons:

Name	Registered office	Holding	Share of equity held	Date	Comments
Dr. Klemens Joos	Munich, Germany	698,784	10.68 %	June 24, 2016	
Dr. Olaf Marx	Munich, Germany	497,080	7.59 %	April 4, 2017	Notification concerning the allocation of the stock of La Munza Inversiones SICAV Madrid, Spain, by virtue of the issuing of a right to vote and representation until July 6, 2017

Notes to the statements

- A. Basic accounting principles
- B. Group of consolidated companies and consolidation methods
- C. Financial position, cash flows and financial performance
- D. Dealings with related companies and persons
- E. Contingent assets and liabilities
- F. Important events after the reporting date
- G. Shareholder structure

On February 14, 2017, SE Swiss Equities AG, based in Zurich, Switzerland, announced that it had fallen below the threshold of 3% of the voting rights on this date (a total of 2.75%).

After the close of the reporting period, but before issuing the present interim financial statements, a voting rights notification concerning the threshold crossing of 5% was received from Mr. Dr. Marx on April 6, 2017. The notification stated the allocation of the stock of La Munza Inversiones SICAV Madrid, Spain, by virtue via issuing a right to vote and representation to Mr. Dr. Marx until July 6, 2017. As a result of the attribution of the portfolio of MCGM GmbH, Dr. Olaf Marx exceeded the threshold of 5% of the voting rights (total of 7.59%) pursuant to the voting rights notification on April 4, 2017.

Dr. Joos' notification (for First Holding) still falls within the notification range of more than 10% and less than 15%.

The stated holdings refer only to the stated dates; any subsequent changes would be subject to the notification requirement only if such a change would cause the holdings to rise above or fall below a notification threshold according to the WpHG.

The stated holdings may include attributable voting rights according to the WpHG. Because the same voting rights are attributed to more than one person in certain cases, such voting rights may be included in more than one voting rights notification.

The members of the Executive Board and Supervisory Board together held less than 1% of SKW Metallurgie shares both as at March 31, 2017 and at the time of preparation of the present consolidated financial statements.

Munich (Germany), March 24, 2017

SKW Stahl-Metallurgie Holding AG
The Executive Board

Dr. Kay Michel

Notes to the statements

- A. Basic accounting principles
- B. Group of consolidated companies and consolidation methods
- C. Financial position, cash flows and financial performance
- D. Dealings with related companies and persons
- E. Contingent assets and liabilities
- F. Important events after the reporting date
- G. Shareholder structure**

Contacts

SKW Stahl-Metallurgie Holding AG
Prinzregentenstr. 68
81675 München
Germany

Phone: +49 89 5998923-0
Fax: +49 89 5998923-29
ir@skw-steel.com
www.skw-steel.com

Imprint

Publisher/Editor:

Jérôme-Oliver Quella
Senior Vice President Finance

SKW Stahl-Metallurgie Holding AG
Prinzregentenstr. 68
81675 München
Germany

Concept, Layout, Production:

Helmut Kremers
Cosimastrasse 111
81925 München
Germany
contact@helmut-kremers.com

Further Informationen

1. [Contacts](#)
2. [Imprint](#)
3. Disclaimer und Hinweise

Disclaimer and Notes

This 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 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 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 group brand that is used externally is “SKW Metallurgie”. For this reason “SKW Metallurgie” and “SKW Metallurgie Group” are used in this report.

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

This is the English translation of the German original of this report; 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 report and those submitted to the electronic company register.

For several cities quoted in this 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 that may be contained in this report are for illustration only and are not intended to induce any political statements, such as the legitimacy of borders. In this report, the term “China” refers to the PR of China without its two Special Administrative Regions. In this 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 Joint Stock Companies Act) without any further information relate to the German acts of law in their respective applicable version.

This report was published in May, 2017 and is available at www.skw-steel.com to download free of charge.

© 2017 SKW Stahl-Metallurgie Holding AG

Further Informationen

1. Contacts
2. Imprint
3. [Disclaimer und Hinweise](#)

Report for the 1st Quarter 2017

Phone +49 89 5998923-0, Fax +49 8634 62720-16, www.skw-steel.com
© 2017 SKW Stahl-Metallurgie Holding AG

affival®

ESM®

TECNO
SULFUR®