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REPORT FOR THE 3RD QUARTER 2013

Growth with Substance

SKW Metallurgie Key Figures

Key Figures	Unit	Q1-3 2013	Q1-3 2012
P&L			
Revenues	EUR mill	262.9	315.4
EBITDA operative	**EUR mill**	17.6	16.9
EBIT operative	EUR mill	9.3	9.4
EBT operative	EUR mill	5.9	6.4
Net result of the period (shareholders of parent company)	EUR mill	1.7	5.7
EPS (6,544,930 shares)	EUR	0.25	0.87
Gross margin		32.1%	29.4%
EBITDA margin operative		6.7%	5.3%
D&A	EUR mill	8.3	7.4
Cash Flow			
Cash flow from operations	EUR mill	17.0	13.8
Cash flow for investments	EUR mill	4.0	19.0
Free cash flow	EUR mill	13.0	-5.2
		09/03/2013	12/31/2012*
Balance Sheet			
Total e&l	EUR mill	266.4	299.6
Corporate equity	EUR mill	112.9	120.6
Corporate equity ratio		42.4%	40.3%
Net financial debt	EUR Mio.	65.4	73.9
		09/30/2013	09/30/2012
Employees	Heads	1,022	1,167

*Adjusted as a result of the impact of application of IAS 19R, see Basis of Presentation, Item A in the Notes

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Interim management report for the SKW Metallurgie Group for the first nine months of fiscal year 2013

Economic conditions

Pace of global economy slows further

In its most recent issue of "World Economic Outlook" dated October 2013, the International Monetary Fund once again reduced its growth forecast for the global economy in 2013. The forecast for 2013 fell by 0.3 percentage points compared to July, which means that global economic growth of 2.9% is now being forecast. The IMF is taking a cautiously more optimistic view of the situation in the eurozone: A downturn of 0.4% is forecast for GDP in the eurozone this year. In July, the IMF was still forecasting a higher downturn. This change is also due to the higher growth forecast for Germany, where growth of 0.5% is now expected. In addition the experts believe that France will also grow slightly at 0.2%, whereas Italy (-1.8%) and Spain (-1.3%) continue to be in recession.

In previous years emerging and developing nations drove growth; however, industrialized nations are increasingly moving to the forefront. The US economy is expected to grow by 1.6% in 2013, thanks in particular to robust private consumer and investment demand. The IMF experts are forecasting growth of 2.0% for Japan.

It believes that the greatest challenges will be for emerging and developing nations; where economic growth of 4.5% is forecast, compared to 5.0% in July.

The pace of growth is continuing to decline in China: The forecast growth for the current year has fallen by 0.2 percentage points to 7.6%. Figures have also been reduced or shifted sideways in the other BRIC countries. For example, growth of just 3.8% is now being forecast for India, while Russia's economy is expected to grow by 1.5% and Brazil's by 2.5%.

Steel industry only slightly higher year-on-year in first nine months

Growth of the steel industry, and in particular the quantity of steel produced are critical factors for sales of the SKW Metallurgie Group's products, as business with customers in this industry accounts for 85-90% of the SKW Metallurgie Group's revenues.

In geographical terms, steel production outside China is the decisive factor for the SKW Metallurgie Group. In the first nine months of 2013, the figure "World without China" fell by 2.0% year-on-year. In the SKW Metallurgie Group's key sales regions EU27 (-4.2%) and USA (-4.0%) steel production figures in the first nine months even fell by a higher than average amount compared to the previous year; only the key Brazilian steel market (-0.6%) fared slightly better, although it too was lower year-on-year.

In China and thus also worldwide, steel production increased slightly; however this was mostly for steel types that are only of minor importance for the SKW Metallurgie Group.

For 2013 as a whole, the World Steel Association published an update at the start of October 2013 for its steel consumption forecasts, which are an excellent indicator for steel production. They show that the global economic environment for steel companies remains volatile and challenging.

In addition, growth continues to be very different in the individual regions: steel consumption in the European Union (EU27) is forecast to fall by 3.8% in 2013 as a whole. The World Steel Association is forecasting steel consumption to grow by just 0.2% for the year as a whole in NAFTA countries. Emerging nations will continue to play a leading role in steel demand. Steel consumption is forecast to grow by a total of 2.9% in Brazil, Russia and India (BRIC countries without China).

The SKW Metallurgie Group records 10-15% of its revenues with customers outside the steel industry.

- → This relates, roughly 50:50 to “Quab” specialty chemicals, which are mostly sold to producers of industrial starch (pre-product for paper production).
- → The other half of revenues with non-steel customers is due to products from both core segments that are technologically related to products for the steel industry (e.g. calcium carbide for the gas industry and cored wire for the copper and foundry industries).

Sales of SKW Metallurgie’s products outside the steel industry are mostly in line with general economic trends.

Organization and company structure

On September 22, 2013, the Supervisory Board of SKW Stahl-Metallurgie Holding AG announced that the company’s CEO, Ms. Ines Kolmsee, had informed it that she would not be available for an extension to her current contract as the company’s CEO, for personal reasons. Her current contract ends on March 31, 2014. Ms. Kolmsee has declared that, if necessary, she would remain available to the company after March 31, 2014 until a suitable successor was able to take over.

At the end of September, the Executive and Supervisory Boards presented details of the extensive efficiency program “Every Penny Counts” (EPC). The bulk of the anticipated improvements to earnings of approx. 8 million per year (EBITDA) are to be realized from fiscal year 2014 onwards. The one-off costs expected in connection with this (mostly in 2013) are expected to be less than 1 million (EBITDA). The Group is thus reacting consistently, as announced in the H1 report in mid-August, to the challenging macroeconomic environment. The measures, some of which have already been put in place, will both increase revenues and cut costs. The program includes a large number of individual measures which affect all segments and locations.

As a result of several companies which are newly listed on Deutsche Börse, and which have been included in the indices due to their size (e.g., Evonik, Osram), shares of five other companies had to leave the SDAX index on September 23, 2013. These include shares of SKW Metallurgie, which had been included in the SDAX since 2008. This does not affect the SKW Metallurgie Group’s belonging to the “Prime Standard” (highest transparency standard). In addition, the SKW Metallurgie Group is aiming to be re-included in the German small-cap index in the near future.

There were no other material changes to the organization and corporate structure during the first nine months and in particular the third quarter of 2013. This also relates to changes in the group of consolidated companies. The total number of **consolidated group companies** thus continued to total 27 on September 30, 2013 (26 subsidiaries and the parent company) in 14 countries. The number of SKW Metallurgie’s **production facilities** (without the Jamipol joint venture with two plants in India) did not change in the period under review and continues to total 16 plants (including one facility with production by two group companies) in 10 countries.

In particular, the Group’s **shareholder structure** continues to be characterized by being held fully in free float (Deutsche Börse’s definition): However, within the free float there has been one shareholder (Mellinckrodt 1 fund) with an interest of more than 10% in the share capital of SKW Stahl-Metallurgie Holding AG, which has remained unchanged since the capital increase in 2009.

Corporate and business development

SKW Metallurgie Group improves profitability in quarter under review despite continued difficult underlying circumstances

In the nine-month period from January to September 2013, the global economy was characterized by moderate growth and in some economies even by a downturn in economic output. As a result, steel production for the first nine months of the year on all of the markets relevant for the SKW Metallurgie Group was lower in 2013 than was the case in 2012. Demand for the SKW Metallurgie Group’s products was thus correspondingly lower.

In parallel, most raw material prices fell during the period under review. As a result, the costs of materials for the SKW Metallurgie Group fell substantially, which was, in principle, passed on to customers and which thus led to correspondingly lower revenues. However, raw material prices and selling prices for the SKW Metallurgie Group continued to change in parallel (price changes being passed on) which, together with a relatively price-inelastic demand for SKW Metallurgie’s products, meant that the SKW Metallurgie Group is largely independent of fluctuations in raw material prices.

The SKW Metallurgie Group also reduced all the other major cost items besides the lower cost of materials (personnel expenses and other operating expenses). As a result of this continued high cost variability, it was possible to almost fully compensate for the downturn in revenues of EUR 52.4 million via short-term savings, with the result that EBITDA continued to be solid, and earnings per share were positive in the first nine months of 2013.

However, the EBITDA figure reported under IFRS includes several distorting factors, which are eliminated in an analysis geared to operations. These are unrealized (i.e., non-cash) currency translation effects (mostly from financial relationships within the group), non-periodic litigation over and above the usual (at present “EU antitrust proceedings” and “US Homeland Security”) as well as one-off expenses for the “Every Penny Counts” (EPC) efficiency program. The exact reconciliation of accounting to operative EBITDA is presented in the notes in Note C. EBITDA, EBIT and EBT in the following management report are operative figures.

Revenues characterized by weaker steel demand and lower commodities prices

Steel production in the European Union (EU27), the USA and Brazil fell by 3.7% in the first nine months of the year from 223.2 million tons (2012) to 214.9 million tons (2013). As a result, the SKW Metallurgie Group’s nine-month revenues also fell year-on-year. In addition to the downturn in steel production (quantity effects), the lower revenues for the SKW Metallurgie Group in all segments were due to lower raw material prices (passed on to customers in the form of lower selling prices) and currency translation effects (most important foreign currency: USD). In total, after the first nine months, the Company’s revenues were down by 16.6% to EUR 262.9 million and this figure was down by almost 10% in the third quarter to EUR 86.7 million.

The gross margin (**ratio of total operating revenue and cost of materials to revenues**) increased once again by 2.7 percentage points from the already pleasing 29.4%, and totaled 32.1% in the first nine months of of 2013. This success is due to even more consistent focusing on higher-margin products. The gross margin is also relatively insensitive to fluctuations in raw material prices, because these can, fundamentally, be passed on to customers via fluctuations in selling prices.

Other operating income of EUR 4.2 million (9M 2012: EUR 9.3 million) is mostly due to currency translation effects, which are mainly unrealized and thus not included in operative EBITDA.

Other operating expenses fell substantially by EUR 47.4 million to EUR 41.9 million. These are mostly variable (sales-related) cost components such as transport costs and expenses for sales commissions, and currency translation effects that are mostly not unrealized and are thus not part of operative EBITDA.

Increase in EBITDA despite lower revenues

In the quarter under review, the SKW Metallurgie Group recorded operative EBITDA of EUR 17.6 million despite the sluggish economy and substantially lower revenues (9M-2012: EUR 16.9 million). Operative EBITDA in the third quarter totaled EUR 7.9 million (Q3 2012: EUR 4.1 million). The operative EBITDA margin was thus 6.7% after nine months (Q1-Q3 2012: 5.3%) and 9.1% in the quarter under review (Q3 2012: 4.3%).

The EUR 52.4 million downturn in revenues with a simultaneous increase in operative EBITDA shows that lower sales are due to factors including fluctuations in material costs (raw material prices) and that most of the other cost positions are also variable. The SKW Metallurgie Group already proved this high cost variability (via EBITDA) during the financial and economic crisis in 2008/2009.

Amortization/depreciation from January to September 2013 totaled EUR 8.3 million and was slightly higher than the previous year’s figure (EUR 7.4 million), in particular as a result of taking the equipment in the new plants into operation (and the corresponding start of amortization/depreciation for this equipment).

Correspondingly, the Group recorded **EBIT** of EUR 9.3 million compared to EUR 9.4 million in the first nine months of 2012. Net interest totaled EUR -3.4 million, and is lower than the previous year's figure of EUR -3.0 million; this change includes two opposing effects:

→ In the previous year's period, investment projects in Bhutan (new plant construction) and Brazil (plant expansion) had not yet been fully completed. As a result in the first nine months of 2012 interest expenses were partially capitalized in this connection, and were thus not directly recognized in the p&l statement; in contrast, corresponding interest expenses in the first nine months of 2013 are recognized directly in the p&l statement.

→ In the same period of the previous year, the reorganization of borrowing resulted in one-off effects similar to interest of EUR 0.7 million in the first quarter, for which there was no comparable position in the first nine months of 2013.

Taking interest into account and also the adjustments to EBITDA presented in Note C for non-operative effects, the earnings before taxes (EBT) for the period under review totaled EUR 5.9 million. (9M 2012: EUR 6.4 million).

The **consolidated earnings for the period** totaled EUR 0.5 million in the first nine months of 2013, after EUR 5.0 million in the same period of the previous year.

These earnings after taxes include tax expenses of EUR 2.7 million (9M 2012: EUR 4.3 million), which corresponds to a tax rate of 83% (previous year: 46%). Taking the third quarter in isolation, the tax rate of 52% has moved even closer to the unchanged target bandwidth of 35-40%.

In addition, the disproportionately high tax rate in accounting terms for the first nine months of 2013 mostly stems from the first six months of 2013. The key reasons for the temporary increase in the tax rate in the first half of 2013 were, as already discussed in the H1 2013 report:

→ Positive contributions to earnings in the first six months mostly stemmed from countries with a high tax rate.

→ As is standard practice in international groups, the SKW Metallurgie Group pays dividends. These dividends are not included in EBT as they are consolidated as inter-company payments. In spite of this, however, income taxes are charged on these inter-company dividends. These payments were made, in particular, in the first six months of 2013.

→ Due to the fundamental difference between EBT and the tax result, the tax rate under IFRS only has restricted meaning. This fundamental effect was particularly strong in the first half of 2013.

The consolidated net income for the period due to the parent company's shareholders after taxes in the amount of EUR 1.7 million (9M 2012: EUR 5.7 million) and the unchanged number of 6,544,930 shares result in **earnings per share** (EPS) of EUR 0.25 (9M-2012: EUR 0.87).

Net debt reduced faster than forecast

The following table shows the key figures from the SKW Metallurgie Group's balance sheet at the end of the first nine months of 2013 and the end of fiscal year 2012:

Assets in EUR million	09/30/2013	12/31/2012*
Non-current	156.2	167.2
Current	110.2	132.4
thereof: Cash and cash equivalents	11.6	25.3
Total assets	**266.4**	**299.6**

Equity and liabilities in EUR million	09/30/2013	12/31/2012*
Equity	112.9	120.6
Non-current liabilities	75.1	80.9
thereof: Non-current financial liabilities	54.4	58.5
Current liabilities	78.5	98.1
thereof: Current financial liabilities	22.6	40.8
Total equity and liabilities	**266.4**	**299.6**

The SKW Metallurgie Group's total assets totaled EUR 266.4 million at the end of the period under review, and thus only fell slightly by EUR 33.2 million compared to the year-end figure in 2012 of EUR 299.6 million (December 31, 2012).

This change in total assets is due to several items of the balance sheet. Equity fell to EUR 112.9 million compared to EUR 120.6 million on December 31, 2012. This is mostly due to currency translation effects. However as total assets fell by more than equity, on September 30, 2013 the **equity ratio** was 42.4%, slightly higher than on December 31, 2012 (40.2%). The equity ratio is equity to total assets.

Net financial debt (defined as current and non-current financial liabilities less cash and cash equivalents) at the SKW Metallurgie Group totaled EUR 65.4 million on September 30, 2013 and was thus substantially lower than on December 31, 2012 (EUR 73.9 million). Reducing net financial debt continues to be a major priority in the SKW Metallurgie Group.

Gearing, or the ratio of net financial debt to equity, thus fell correspondingly from 0.61 (December 31, 2012) to 0.58 (September 30, 2013).

On the whole, the group has succeeded in maintaining its traditionally strong financials despite more difficult underlying economic conditions.

*Adjusted according to IAS 19R

Substantially positive free cash flow

The following table shows the changes in the SKW Metallurgie Group's cash flow from January 1 to September 30, 2013 compared to the corresponding nine-month period in 2012:

In EUR million	01/01/-09/30/2013	01/01/-09/30/2012
Consolidated net result for the period	0.5	5.0
Non-cash income and expenses	9.2	3.5
Gross cash flow	9.7	8.5
Changes in working capital	7.3	5.3
Cash flow from operating activities	17.0	13.8

In the first nine months of 2013 the **gross cash flow** totaled EUR 9.7 million, at around the same level as in the same period of the previous year (EUR 8.5 million). Consolidated net income for the period has fallen significantly: in contrast, net earnings from non-cash income and expenses are substantially higher than in the previous year at EUR 9.2 million (EUR 3.5 million).

Working Capital in the closer sense (inventories plus trade receivables less trade payables) showed further success of the optimization program: In the first nine months of 2013 funds were once again released (a further EUR 6.3 million after EUR 5.8 million in the first nine months of 2012).

The SKW Metallurgie Group thus recorded net proceeds from operating activities in the period under review of EUR 17.0 million compared to EUR 13.8 million in the first nine months of 2012.

As announced, the first stage of the SKW Metallurgie Group's expansion and investment phase, which started with the IPO, has now been successfully completed. As a result, in 2013 the SKW Metallurgie Group's capital expenditure focused, in particular, on maintenance investments. Accordingly, the net cash used in investing activities in the period under review of EUR 4.0 million (net) is clearly below the comparable figure from the previous year of EUR 19.0 million (net). It was thus also possible to improve **free cash flow**, the sum of net proceeds from operating activities and net cash used in investing activities, by EUR 18.3 million to EUR 13.0 million: As a result of investments a negative free cash flow was recorded in the previous year (EUR -5.3 million).

Segment reporting

The SKW Metallurgie Group currently comprises an unchanged number of three segments: the two core segments of Cored Wire and Powder and Granules and the Other segment (including Quab business). Internal revenue between the segments is eliminated in the “consolidation” column (see segment reporting in the notes); internal revenues within a segment are already eliminated in the disclosure of the segment figures.

The two core segments Cored Wire and Powder and Granules mostly include products and services for the steel industry, and in turn for hot metal desulfurization in furnaces (core activities for Powder and Granules) and secondary metallurgy (core activities for Cored Wire).

Growth in the two core segments during the period under review was as follows:

The **Cored Wire** segment recorded lower external revenues of EUR 121.3 million in the first nine months due to the tepid demand as a result of the economy (9M 2012: EUR 143.9 million). However, the improved contributions to earnings from the new plants and stronger operating performance by some segment companies meant that operative segment EBITDA improved substantially from EUR 6.7 million to EUR 8.2 million - in contrast to the downturn in revenues.

In the **Powder and Granules** segment, external revenues fell slightly during the nine-month period as a result of the economy from EUR 149.8 million to EUR 124.9 million, in line with the reduction for Cored Wire. This led to a substantial downturn in operative segment EBITDA from EUR 12.4 million to EUR 9.3 million; as a result both revenues and also operative EBITDA in the two core segments were practically on the same levels in the first nine months of 2013.

Staff remains oriented internationally

Excellently trained, highly motivated employees continue to be a key component of the SKW Metallurgie Group’s successful business operations. The number of employees worldwide totaled 1,022 on September 30, 2013 and was lower than the comparable figure on September 30, 2012 (1,167) due to efficiency measures. An unchanged approx. 98% of our employees work outside Germany.

Report on opportunities and risks

The SKW Metallurgie Group and SKW Stahl-Metallurgie Holding AG as the holding company attach great importance to the constant recognition and evaluation of opportunities and risks, and to the implementation of appropriate measures where necessary to best realize those opportunities and best limit those risks. As a result, as is standard practice, during the third quarter of 2013, the risk inventory performed in 2012 (and updated on March 31, 2013 and June 30, 2013) was updated in the form of a quarterly risk report, in particular with regard to the possible impact of the increased macroeconomic risks. The risk report did not include any major changes to the statements made on opportunities and risks in the 2012 annual report, the report on the first quarter of 2013 and the report on the second quarter of 2013.

Report on events after the balance sheet date

On October 30, 2013, the SKW Metallurgie Group announced that the current CFO Oliver Schuster is to leave the Group effective December 31, 2013, in order to pursue new professional challenges. The Supervisory Board of SKW Stahl-Metallurgie Holding AG named Ms. Sabine Kauper as his successor. Other than that, there were no events of particular importance for the Group after the end of the period under review on September 30, 2013 and before this interim report was prepared.

Outlook is cautiously optimistic for 2013

The economic uncertainties, which had increased once more and which could be seen in the first nine months of 2013, as well as what are mostly still unresolved problems in the sovereign debt crisis in key European countries and also major public budgets in the USA have led to a highly challenging macroeconomic environment in the first nine months of 2013. The SKW Metallurgie Group has actively taken on these challenges; however, it was not able to fully escape the substantial slump in the steel and commodities economy.

Looking forward, these macroeconomic insecurities mean that it has become more difficult to forecast our business and in addition, the forecasts and budgets that are still available indicate a restrained, albeit positive fourth quarter.

In its Full-year Guidance for 2013, the Executive Board continues to believe that the SKW Metallurgie Group's revenues in the current fiscal year will not fully reach the previous year's figure (EUR 404.6 million), due to the economy.

Operative EBITDA totaled EUR 19.5 million in 2012 as a whole. As operating EBITDA of EUR 17.6 million has already been recorded in the first nine months of the current year 2013, the Executive Board believes that operative EBITDA of at least the previous year's level can be recorded.

The Group is also aiming for a substantially positive free cash flow for 2013 as a whole, and also net financial debt which is notably lower than the previous year's level.

From 2014 onwards, as announced, significant EBITDA increases are expected from the efficiency program "Every Penny Counts" (EPC), which was launched in the current year. Concrete guidance for 2014 will be announced, as usual, at the financials press conference at the end of March 2014 in Munich (Germany). By implementing the efficiency program, the Executive Board aims to bring the Group back to its former profitability with EBITDA margins of more than seven percent, subject to stable economic growth. With SKW Metallurgie Group's global expansion, which had been driven over the past few years, having been successfully completed at the end of 2012, improved EBITDA should result in significantly higher positive free cash flows, which will also allow the Group's net financial debt to be sustainably further reduced.

Unterneukirchen (Germany), November 2013

SKW Stahl-Metallurgie Holding AG
The Executive Board

Ines Kolmsee CEO	Oliver Schuster	Reiner Bunnenberg

Consolidated income statement for the period from January 1 to September 30, 2013

EUR thousand	Q1-3 2013	Q1-3 2012
Revenues	262,908	315,362
Change in finished goods and work in progress	2,852	3,291
Own work capitalized	50	53
Other operating income	4,210	9,275
Cost of materials	-181,290	-225,854
Personnel expenses	-32,732	-35,574
Other operating expenses	-41,910	-47,382
Income from associated companies	814	638
EBITDA	**14,902**	19,809
Amortization of intangible non-current assets and depreciation of property, plant and equipment	-8,306	-7,408
EBIT	**6,596**	12,401
Net interest	-3,399	-3,041
Result from ordinary business activities	**3,197**	9,360
Income taxes	-2,669	-4,328
Consolidated net income/loss for the period	**528**	5,032
Thereof shareholders of SKW Stahl-Metallurgie Holding AG	1,654	5,694
Thereof non-controlling interests	-1,126	-662
Earnings per share (in EUR)*	**0.25**	0.87

* Basic earnings per share correspond to diluted earnings per share.

Consolidated income statement for the period from July 1 to September 30, 2013

EUR thousand	Q3 2013	Q3 2012
Revenues	86,748	95,422
Change in finished goods and work in progress	-110	1,607
Own work capitalized	17	11
Other operating income	987	3,644
Cost of materials	-57,314	-67,938
Personnel expenses	-10,403	-12,045
Other operating expenses	-14,132	-14,557
Income from associated companies	389	195
EBITDA	**6,182**	6,339
Amortization of intangible non-current assets and depreciation of property, plant and equipment	-2,826	-2,557
EBIT	**3,356**	3,782
Net interest	-1,006	-993
Result from ordinary business activities	**2,350**	2,789
Income taxes	-1,213	-1,467
Consolidated net income/loss for the period	**1,137**	1,322
Thereof shareholders of SKW Stahl-Metallurgie Holding AG	1.217	1,363
Thereof non-controlling interests	-80	-41
Earnings per share (in EUR)*	**0.18**	0.21

* Basic earnings per share correspond to diluted earnings per share.

Reconciliation to comprehensive income from January 1 to September 30, 2013

EUR thousand	Q1-3 2013	Q1-3 2012*
Consolidated net income/loss for the period	**528**	5,032
Items that will not be reclassified to the income statement at a later date:		
Change in actuarial gains and losses from defined benefit pension commitments	-1,773	-733
Deferred taxes on items that will not be reclassified to the income statement at a later date	501	218
Items that will be reclassified to the income statement at a later date:		
Net investments in a foreign operation	-335	-1,539
Unrealized losses from derivatives (hedge accounting)	67	448
Exchange rate fluctuations	-4,225	-3,004
Taxes on income and expenses carried directly under equity	-21	-175
Other result	**-5,786**	-4,785
Comprehensive income	**-5,258**	247
Thereof shareholders of SKW Stahl-Metallurgie Holding AG	-2,894	1,904
Thereof non-controlling interests	-2,364	-1,657

*Adjusted as a result of the impact of application of IAS 19R, see Basis of Presentation, Item A in the Notes

Reconciliation to comprehensive income from July 1 to September 30, 2013

EUR thousand	Q3 2013	Q3 2012*
Consolidated net income/loss for the period	**1,137**	1,322
Items that will not be reclassified to the income statement at a later date:		
Change in actuarial gains and losses from defined benefit pension commitments	-30	0
Deferred taxes on items that will not be reclassified to the income statement at a later date	0	0
Items that will be reclassified to the income statement at a later date:		
Net investments in a foreign operation	-496	-1,532
Unrealized losses from derivatives (hedge accounting)	-70	6
Exchange rate fluctuations	-1,332	-1,569
Taxes on income and expenses carried directly under equity	19	-2
Other result	**-1,909**	-3,097
Comprehensive income	**-772**	-1,774
Thereof shareholders of SKW Stahl-Metallurgie Holding AG	-232	-1,261
Thereof non-controlling interests	-540	-513

*Adjusted as a result of the impact of application of IAS 19R, see Basis of Presentation, Item A in the Notes

Consolidated balance sheet as of September 30, 2013

Assets in EUR thousand	09/30/2013	12/31/2012*
Non-current assets		
Intangible assets	47,603	52,389
Property, plant and equipment	87,347	92,816
Interests in associated companies	4,869	4,793
Other non-current assets	534	536
Deferred tax assets	15,872	16,709
Total non-current assets	**156,225**	**167,243**
Current assets		
Inventories	49,398	54,904
Trade receivables	37,833	39,949
Income taxes	5,413	5,839
Other current assets	5,972	6,370
Cash and cash equivalents	11,592	25,330
Total current assets	**110,208**	**132,392**
Total assets	**266,433**	**299,635**

Equity and liabilities in EUR thousand	09/30/2013	12/31/2012*
Equity		
Subscribed capital	6,545	6,545
Share premium	50,741	50,741
Other comprehensive income	42,757	47,633
	100,043	104,919
Non-controlling interests	12,849	15,681
Total equity	**112,892**	**120,600**
Non-current liabilities		
Pension obligations	5,798	5,419
Other non-current provisions	2,919	2,787
Non-current obligations from finance leases	5	22
Non-current financial liabilities	54,426	58,466
Deferred tax liabilities	11,611	13,535
Other non-current liabilities	305	660
Total non-current liabilities	**75,064**	**80,889**
Current liabilities		
Other current provisions	1,784	2,174
Current obligations from finance leases	23	36
Current financial liabilities	22,612	40,774
Trade payables	36,994	38,450
Income taxes	1,338	709
Other current liabilities	15,726	16,003
Total current liabilities	**78,477**	**98,146**
Total equity and liabilities	**266,433**	**299,635**

*Adjusted as a result of the impact of application of IAS 19R, see Basis of Presentation, Item A in the Notes

Consolidated statement of changes in equity as of September 30, 2013

EUR thousand	Sub-scribed capital	Share premium	Other compre-hensive income	Consolida-ted equity of majority shareholders	Non-cont-rolling interests	Total equity
Balance at Jan. 1, 2012	**6,545**	**50,741**	**53,462**	**110,748**	**17,608**	**128,356**
Consolidated net income/ loss for the period	0	0	5,694	5,694	-662	5,032
Exchange rate fluctuations	0	0	-1,943	-1,943	-1,061	-3,004
Income and expense car-ried under equity (without exchange rate changes)	0	0	-1,332	-1,332	66	-1,266
Total result 2012	**0**	**0**	**2,419**	**2,419**	**-1,657**	**762**
Dividend payment	0	0	-3,272	-3,272	-468	-3,740
Balance as of September 30, 2012*	**6,545**	**50,741**	**52,609**	**109,895**	**15,483**	**125,378**
Balance at Jan. 1, 2013	**6,545**	**50,741**	**48,923**	**106,209**	**15,681**	**121,890**
Consolidated net income/ loss for the period	0	0	1,654	1,654	-1,126	528
Exchange rate fluctuations	0	0	-2,987	-2,987	-1,238	-4,225
Income and expense car-ried under equity (without exchange rate changes)	0	0	-1,561	-1,561	0	-1,561
Total result 2013	**0**	**0**	**-2,894**	**-2,894**	**-2,364**	**-5,258**
Dividend payment	0	0	-3,272	-3,272	-468	-3,740
Balance as of September 30, 2013	**6,545**	**50,741**	**42,757**	**100,043**	**12,849**	**112,892**

*Adjusted as a result of the impact of application of IAS 19R, see Basis of Presentation, Item A in the Notes

Consolidated cash flow statement
January 1 to September 30, 2013

EUR thousand		01/01/2013 - 09/30/2013	01/01/2012 - 09/30/2012
1.	Consolidated net income/loss for the period	**528**	5,032
2.	Write-ups/write-downs of non-current assets	8,306	7,408
3.	Increase/decrease in provisions for pensions	461	313
4.	Income from associated companies	-143	-199
5.	Result from the disposal of non-current assets	-418	-13
6.	Result from currency conversion	1,912	-1,823
7.	Result from deferred taxes	-1,496	-367
8.	Capitalization of interest on borrowing	0	-901
9.	Other non-cash income and expense	588	-998
10.	**Gross cash flow**	**9,738**	8,452
	Change in working capital		
11.	Increase/decrease in current provisions	-258	769
12.	Increase/decrease in inventories (after advance payments received)	5,484	-5,001
13.	Increase/decrease in trade receivables	2,274	6,454
14.	Increase/decrease in other receivables	5	-18
15.	Increase/decrease in receivables from income taxes	425	0
16.	Increase/decrease in other assets	394	2,736
17.	Increase/decrease in trade payables	-1,456	4,384
18.	Increase/decrease in other liabilities	530	-1,682
19.	Increase/decrease in other liabilities	-157	-2,330
20.	**Net cash provided by (+)/used in (-) operating activities**	**16,979**	13,764
21.	Income from the disposal of assets	772	55
22.	Payments for investments in non-current assets	-4,731	-11,095
23.	Downstream purchase price paid for corporate acquisitions	0	-8,004
24.	**Net cash provided by (+)/used in (-) investing activities**	**-3,959**	-19,044
25.	Decrease in liabilities from finance leases	-30	0
26.	Dividend payment to shareholders of the parent company	-3,272	-3,272
27.	Dividend payments to non-controlling interests	-468	0
28.	Income from taking out bank loans	902	17,889
29.	Payments for the repayment of bank loans	-23,105	0
30.	**Net cash provided by (+)/used in (-) financing activities**	**-25,973**	14,617
31.	Cash and cash equivalents – start of period	25,330	10,382
32.	Change in cash and cash equivalents	-12,953	9,337
33.	Currency translation for cash and cash equivalents	-785	-126
34.	**Cash and cash equivalents - end of period**	**11,592**	19,593

Information on the quarterly report as of September 30, 2013

A. Basis of presentation

SKW Stahl-Metallurgie Holding AG prepares its interim report according to International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS). This interim report of SKW Stahl-Metallurgie Holding AG was prepared in line with the International Financial Reporting Standards (IFRS) as these are to be applied in the European Union, and the interpretations of the IFRS Interpretations Committee. With regard to the methods used for estimates, the comments in the notes to the consolidated financial statements as of December 31, 2012, Section “C. Accounting and Valuation Principles” also apply to this unaudited interim report as of September 30, 2013. The SKW Metallurgie Group’s 2012 annual report can be found online at www.skw-steel.com. For further information on the accounting and valuation principles applied, please refer to the consolidated financial statements as of December 31, 2012, which form the basis for these interim financial statements.

The new and revised accounting standards for which application has been mandatory since fiscal year 2013 form an exception. In this regard, for the interim report as of September 30, 2013 please refer to the comments made in the notes to the consolidated financial statements as of December 31, 2012 in Section “A. General Information and Presentation of the Consolidated Financial Statements”. The IASB published changes to IAS 19 Employee benefits in June 2011, which were endorsed by the EU in June 2012. The changes to IAS 19 are, as a rule, to be applied with retrospective effect for financial statements for fiscal years beginning on or after January 1, 2013. The SKW Metallurgie Group has adjusted the figures reported for the previous year for the effects from the changes to IAS 19.

With regard to the methods used for estimates, the comments in the notes to the consolidated financial statements as of December 31, 2012, Section “B. Consolidated Group and Consolidation Methods” apply. In addition, there may be rounding differences in the tables in the notes to the consolidated financial statements.

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

B. Consolidated group

The consolidation methods applied have not changed compared to the 2012 consolidated financial statements.

C. Net assets, financial position and results of operations

Balance sheet

The SKW Metallurgie Group's total assets on September 30, 2013 amounted to EUR 266,433 thousand (December 31, 2012: EUR 299,635 thousand). The lower total assets are due to a reduction in non-current assets by EUR 10,255 thousand as a result of negative net investments and exchange rate effects due to consolidation. In addition, cash and cash equivalents fell in the period under review by EUR 13,738 thousand, which is primarily due to the fact that to the Group could reduce its financial liabilities against the end of fiscal year 2012 by EUR 22,202 thousand to EUR 77,038 thousand.

The key items of current assets are, as was the case in the previous year, inventories totaling EUR 49,398 thousand or 18.5% of total assets and trade receivables in the amount of EUR 37,833 thousand or 14.2% of total assets.

The SKW Metallurgie Group's equity on September 30, 2013 amounted to EUR 112,892 thousand (December 31, 2012: EUR 120,600 thousand*); the Group's equity ratio increased slightly to 42.4% as of September 30, 2013 compared to 40.2% on December 31, 2012 (all figures including non-controlling interests). The trade accounts payable fell in the first nine months of 2013 by EUR 1,456 thousand to EUR 36,994 thousand. It was thus possible to reduce the total amount of inventories and trade receivables less trade receivables by EUR 6,166 thousand compared to December 31, 2012, to a current total of EUR 50,237 thousand.

Income statement

In the first nine months of 2013, the SKW Metallurgie Group recorded revenues of EUR 262,908 thousand compared to EUR 315,362 thousand in the same period of 2012. After the substantial reductions in revenue since the second quarter of 2012, we can see that demand has stabilized at a level slightly higher than in the previous quarter with revenues of EUR 86,748 thousand in Q3 2013 (QII 2013: EUR 88,376 thousand). The gross margin, being the ratio of revenues, changes in inventories, own work capitalized and costs of materials to revenues, totaled 32.1% in the first nine months of 2013; this has improved substantially compared to the first nine months of 2012 (29.4%).

Of the other operating income of EUR 4,210 thousand (9M 2012: EUR 9,275 thousand), EUR 2,421 thousand stem from exchange rate gains (9M 2012: EUR 7,327 thousand). The currency translation gains are offset by corresponding currency translation losses and exchange rate effects which result from debt consolidation and which are included in other operating expenses. The exchange rate losses totaled EUR 4,598 thousand in the first nine months of 2013 (previous year: EUR 4,373 thousand), which resulted in a negative currency translation effect in the period under review of EUR 2,177 thousand (previous year: positive, 2,954 thousand). A large part of the positive and negative currency translation effects are unrealized.

Besides the currency translation effects described above, the downturn in other operating expenses from EUR 47,382 thousand in the previous year to EUR 41,910 thousand in the period under review is due in particular to lower transport costs and lower expenses for sales commissions.

*Adjusted as a result of the impact of application of IAS 19R, see Basis of Presentation, Item A in the Notes.

Personnel expenses in the first nine months of 2013 totaled EUR 32,732 thousand compared to EUR 35,574 thousand for the same period of the previous year.

The interest result is lower year-on-year at EUR -3,399 thousand (previous year: EUR -3,041 thousand). This is due to the fact that the figure for the first nine months of 2012 included capitalized interest of EUR 901 thousand in connection with our investment projects in Bhutan and Brazil; no borrowing costs were capitalized in the period under review. In addition, the previous year's figure included one-off expenses of EUR 651 thousand in connection with the restructuring of the SKW Metallurgie Group's financing.

The consolidated net earnings for the first nine months of 2013 totaled EUR 528 thousand compared to EUR 5,032 thousand last year. Non-controlling interests in the first nine months of 2013 totaled EUR -1,126 thousand compared to EUR -662 thousand in the same period of the previous year.

Extraordinary factors in the result

EBITDA is impacted by various extraordinary factors. The following table shows adjusted ("operative") EBITDA after adjustment for these extraordinary factors.

EUR thousand	Q1-3 2013	Q1-3 2012	Q3 2013	Q3 2012
EBITDA	**14,902**	19,809	**6,182**	6,339
Non-realized exchange rate effects	-1,915	2,735	-1,656	2,192
Expenses from EPC program	-295	0	-36	0
Non-periodic litigation	-478	223	-15	72
Total extraordinary factors	-2,688	2,958	-1,707	2,264
Operative EBITDA	**17,590**	16,851	**7,889**	4,075

Cash flow statement

Gross cash flow reflects the consolidated earnings for the period after adjustment for non-cash income and expenses. During the period under review this totaled EUR 9,738 thousand and was thus higher than the previous year's figure of EUR 8,452 thousand.

Concerning working capital, in the first nine months of 2013 we recorded an inflow of funds of EUR 7,241 thousand (first nine months 2012: EUR 5,312 thousand). The SKW Metallurgie Group thus recorded net proceeds from operating activities of EUR 16,979 thousand compared to EUR 13,764 thousand in the first nine months of 2012.

Net cash used in investing activities amounted to EUR 3,959 thousand in the period under review, compared to EUR 19,044 thousand in the same period of the previous year. This results in a positive cash flow after investments in the period under review (free cash flow) of EUR 13,020 thousand after a negative figure of EUR 5,280 thousand in the same period of the previous year. As a result of the redemption of liabilities to banks in 2013, financing activities resulted in a net cash outflow of EUR 25,973 thousand compared to net proceeds of EUR 14,617 thousand in the same period of the previous year.

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

→ Interest paid to third parties totaling EUR 3,230 thousand

→ Interest received from third parties totaling EUR 1 thousand

→ Income tax payments totaling EUR 3,061 thousand

→ Income tax refunds totaling EUR 436 thousand

D. Segment reporting

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

a) Cored Wire

b) Powder and Granules

c) Other

The segment information on the business segments in the first nine months of 2013 is as follows:

Q1-3 2013 in EUR thousand	Cored Wire	Powder and Granules	Other	Consolidation	Group
Revenues					
Third-party revenues	121,251	124,894	16,763	0	262,908
Internal revenues	1,424	1,975	0	-3,399	0
Total revenues	**122,675**	**126,869**	**16,763**	**-3,399**	**262,908**
EBITDA	**7,717**	**8,575**	**-1,390**	**0**	**14,902**
Amortization/depreciation	-2,942	-4,369	-995	0	-8,306
EBIT	**4,775**	**4,206**	**-2,385**	**0**	**6,596**

Operative EBITDA in the segments after adjustment for extraordinary effects is as follows:

Q1-3 2013 in EUR thousand	Cored Wire	Powder and Granules	Other	Conso-lidation	Group
EBITDA	**7,717**	**8,575**	**-1,390**	**0**	**14,902**
Non-realized exchange rate effects	-489	-198	-1,228	0	-1,915
Expenses from EPC program	-29	-184	-82	0	-295
Non-periodic litigation	0	-387	-91	0	-478
Total extraordinary factors	-518	-769	-1,401	0	-2,688
Operative EBITDA	**8,235**	**9,344**	**11**	**0**	**17,590**

The table below presents the corresponding segment information for the previous year:

Q1-3 2012 in EUR thousand	Cored Wire	Powder and Granules	Other	Conso-lidation	Group
Revenues					
Third-party revenues	143,928	149,864	21,570	0	315,362
Internal revenues	158	10,974	0	-11,132	0
Total revenues	**144,086**	**160,838**	**21,570**	**-11,132**	**315,362**
EBITDA	**6,058**	**13,449**	**302**	**0**	**19,809**
Amortization/depreciation	-1,750	-4,583	-1,075	0	-7,408
EBIT	**4,308**	**8,866**	**-773**	**0**	**12,401**

Operative EBITDA in the segments after adjustment for extraordinary effects in the same period of the previous year was as follows:

Q1-3 2012 in EUR thousand	Cored Wire	Powder and Granules	Other	Conso-lidation	Group
EBITDA	**6,058**	**13,449**	**302**	**0**	**19,809**
Non-realized exchange rate effects	-611	735	2,611	0	2,735
Expenses from EPC program	0	0	0	0	0
Non-periodic litigation	0	355	-132	0	223
Total extraordinary factors	-611	1,090	2,479	0	2,958
Operative EBITDA	**6,669**	**12,359**	**-2,177**	**0**	**16,851**

E. Related parties

There were no major changes in key transactions with related parties in the period under review compared to the 2012 consolidated financial statements.

F. Contingent receivables and liabilities

The following changes have occurred since the annual financial statements as of December 31, 2012:

ESM Group

The maritime law dispute from 2005 has now been conclusively ended. With regard to the charges by the US Department of Homeland Security against ESM Group Inc. from 2005 for the incorrect customs treatment of specialty magnesium, settlement discussions have been started between the US authorities and ESM Group Inc. A provision was formed.

SKW Stahl-Metallurgie Holding AG / SKW Stahl-Metallurgie GmbH

In the appeal pending with the Federal Court of Justice between Gigaset AG and SKW Stahl-Metallurgie GmbH, the Federal Court of Justice has suspended the proceedings until several issues of European law have been clarified with the European Court of Justice.

SKW Stahl-Metallurgie GmbH

With regard to the incident in September 2011, in which an explosion occurred during rail transport, an out-of-court settlement has now been reached.

SKW Stahl-Metallurgie Holding AG / Tecnosulfur SA

The former shareholders are demanding an amount for the acquisition of the share in Tecnosulfur SA which exceeds the second installment of the purchase price paid in 2012. In order to clarify this issue, Tecnosulfur SA and SKW Stahl-Metallurgie Holding AG have filed a negative application for declaratory judgment with the responsible arbitration tribunal, with the aim of ascertaining no further claims by the former shareholder. The former shareholders have filed suit with both the local court and also the arbitration tribunal, and also against Tecnosulfur SA and SKW Stahl-Metallurgie Holding AG. In our own opinion and also in the opinion of our attorneys, it seems improbable that these suits by the former shareholders will be successful.

There were no further material changes in SKW Metallurgie Group's contingent receivables and liabilities compared to December 31, 2012.

G. Key events after the balance sheet date

On October 30, 2013, the SKW Metallurgie Group announced that the current CFO Oliver Schuster is to leave the Group effective December 31, 2013, in order to pursue new professional challenges. The Supervisory Board of SKW Stahl-Metallurgie Holding AG named Ms. Sabine Kauper as his successor. Other than that, there were no events of particular importance for the Group after the end of the period under review on September 30, 2013 and before this interim report was prepared.

H. Shareholder structure

There were the following shareholdings in SKW Metallurgie that carry a reporting requirement according to the WpHG (German Securities Trading Act) (3% or more of total voting rights) on September 30, 2013:

Name	Registered office	Number of shares	Shares held correspond to	Date	Remarks
LBBW Asset Management Investmentgesellschaft mbH	Stuttgart, Germany	331,599	5.07%	September 23, 2010	
N más Uno IBG, S.A.	Madrid, Spain	360,051	5.50%	November 7, 2012	two notifications for the same shareholding
EQMC Europe Development Capital Fund plc.	Dublin, Ireland	336,340	5.14%	November 16, 2012	
Mellinckrodt 1	Luxemburg-Strassen, Luxembourg	654,915	10.01%	December 28, 2012	
Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte	Tübingen, Germany	388,625	5.94%	January 11, 2013	
Kreissparkasse Biberach	Biberach, Germany	200,803	3.0981%	March 27, 2013	two notifications for the same shareholding

The shareholdings only relate to the stated date; any possible subsequent changes only have to be reported if a reporting threshold according to the Wertpapierhandelsgesetz (German Securities Trading Act) is reached, exceeded or fallen below.

The interests stated can include allocable votes according to the German Securities Trading Act. As the same votes can, in certain cases, be allocated to more than one person, these voting rights may be included in more than one notification of voting rights.

The notifications of voting rights were disseminated throughout Europe by the service provider DGAP/EQS. The original wording of the notifications can be viewed online at www.dgap.de.

The members of the Executive and Supervisory Boards together held less than 1% of SKW Metallurgie's shares on September 30, 2013.

Unterneukirchen (Germany), November 2013

SKW Stahl-Metallurgie Holding AG
The Executive Board

Ines Kolmsee
CEO

Oliver Schuster

Reiner Bunnenberg

Financial Calendar 2014

March 28, 2014

(incl. Year-end Press Conference in Muenchen, Germany)

→ Publication of business figures full year 2013

May 15, 2014

→ Publication of business figures first quarter 2014

June 3, 2014

in München, Germany

→ Annual General Meeting

August 14, 2014

→ Publication of business figures first half year 2014

November 14, 2014

→ Publication of business figures first nine months 2014

November 24-26, 2014

during "Eigenkapitalforum" (Equity Forum) in Frankfurt/M., Germany

→ Analysts' Conference

May be subject to change.

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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 Public Limited Companies Act) without any further information relate to the German acts of law in their respective applicable version.

This report was published on November 15, 2013 and is available at www.skw-steel.com to download free of charge.

Growth with Substance

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