

Swiss Steel AG Media Release dated 19 August 2005

Very positive first-half results

Swiss Steel has transformed into a globally active steel group since its acquisition of Edelstahlwerke Südwestfalen GmbH (EWS) and Edelstahl Witten-Krefeld GmbH (EWK). Net sales rose year-on year from CHF 440.5 million to CHF 1'272.0 million. The operating result increased to CHF 112.4 million (2004: CHF 20.6 million).

Swiss Steel reported a very successful first half of 2005, with the momentum gained last year continuing into this year. In most segments, average sales have increased year-on-year. This is evidence that we have transferred last year's higher raw material prices to product prices, albeit with some time delay.

Swiss Steel Group's net sales totalled CHF 1'272.0 million (2004: CHF 440.5 million). The operating result amounted to CHF 112.4 million (2004: CHF 20.6 million), or 8.8% of net sales (2004: 4.7%). Of this figure, organic growth in sales accounted for CHF 76.8 million and organic growth in profits at operating result level for CHF 25.0 million. The increase in turnover as a result of the acquisitions (EWS und EWK) amounted to CHF 754.7 million while the contribution to the operating result totalled CHF 66.8 million. The figures for 2005 contain the results of Edelstahlwerke Südwestfalen GmbH from 1 January 2005 and those of Edelstahl Witten-Krefeld GmbH from 1 April 2005. The operating result of Edelstahl Witten-Krefeld GmbH, not consolidated in the 2005 first-quarter statement, was added to Swiss Steel's shareholders' equity.

Swiss Steel Group posted a net profit of CHF 63.9 million (2004: CHF 16.2 million).

Shareholders' equity grew from CHF 252.5 million to CHF 432.5 million. The CHF 180.0 million rise is attributable to the capital increase in the spring from a contribution in kind, the positive trend in profits and consolidation effects.

Net debts rose to CHF 539.1 million (2004: CHF 94.2 million) as a result of higher market prices, the enlarged consolidation and the financing relating to the acquisition. Group financing is secured by a multi-year syndicated loan from a German-Swiss banking pool.

Through its acquisition of Edelstahlwerke Südwestfalen GmbH (EWS) and Edelstahl Witten-Krefeld GmbH (EWK), Swiss Steel has become a globally active steel group with branches on every continent. The move has also enabled the Group to strengthen its strategic focus on higher-grade steels. The acquired sales offices and processing centres in North, Central and South America, as well as in Asia, Australia and South Africa will operate in future under the name "Swiss Steel International". In addition to selling the products sold up to now by Edelstahl Witten-Krefeld GmbH, they will also sell products from the other Swiss Steel Group companies as well as from SCHMOLZ + BICKENBACH Group, the main shareholder of Swiss Steel.

The Group's strong growth has necessitated an alignment of the management organisation. Benedikt Niemeyer, Chairman of the Board of Directors, and Marcel Imhof, Chief Executive Officer (CEO), are responsible for operations management. Axel Euchner, who is stepping down from Swiss Steel's Board of Directors as part of this reorganization, will assume the role of Chief Financial Officer (CFO) and Joseph Koller will take on the position of Chief Controlling Officer (CCO) / Chief Risk Officer (CRO). Max C. Diggelmann (Stahl Gerlafingen AG), Walter J. Hess (von Moos Stahl AG), Stephan Schmid (Steeltec) and Karl Haase (Edelstahlwerke Südwestfalen GmbH/Edelstahl Witten-Krefeld GmbH) are responsible for business unit management.

On account of the Group's good earnings and liquidity situation and the multi-year syndicated loan, no cash capital increase is envisaged for the time being.

The high inventory levels of our customers in individual market segments have slowed new orders slightly over the last few months. We have responded, like others in the steel industry, by lowering production to support the level of revenues. Predicting price movements for our raw materials, in particular scrap and alloys, remains difficult.

While the second half will not be as strong as the first due to plant shutdowns in July and December for maintenance work as well as to the changed market situation, the 2005 results will be considerably higher than the previous year thanks to the enlarged consolidation.

For further information can be contacted on 19 August 2005 between 7:30 a.m. and 10 a.m, Marcel Imhof, CEO. on +41 (0)41 209 51 82 for Swiss Steel and Benedikt Niemeyer, CEO, on +49 211 509 2935 for SCHMOLZ + BICKENBACH Group.