



Press Release from SCHMOLZ+BICKENBACH AG of December 6, 2006

SCHMOLZ+BICKENBACH AG plans to acquire the A. Finkl & Sons Group, of Chicago. This will give it access to the North American market and make it the largest producer of tool steel on the world market.

SCHMOLZ+BICKENBACH AG has signed a Letter of Intent for the acquisition of A. Finkl & Sons Co., Chicago (AFS). With steelworks and finishing plants (forging plants) in the USA and Canada (Sorel Forge, Quebec), AFS is market leader for forged tool steels in the North American market where it has a market share of more than 50%. Its activities include processing plants and sales depots in the UK, Mexico and Thailand. With raw steel production of around 160,000 tonnes, and some 900 employees, AFS generates annual sales revenue of approximately USD 260 million. Thanks to available space for expansion, and measures that have already been introduced, as well as synergies with the SCHMOLZ+BICKENBACH Group, a sharp increase in production of more than 50 % should be possible in the next few years, which will allow the market position to be substantially strengthened also outside North America. The company enjoys an excellent reputation in the industry.

The highly profitable AFS fits outstandingly well into the strategy of SCHMOLZ+BICKENBACH AG, which specializes in the production, processing and distribution of high-grade steel products. The products manufactured by AFS also ideally complement the products of Deutsche Edelstahlwerke GmbH, of Witten. The main sales markets are the automotive, aircraft and energy supply industries. Major potential for synergy will result from ensuring supplies to already existing US activities through the availability of large-dimensioned forged parts for the entire Group, as well as penetration into new markets that were formerly not accessible. The planned acquisition expands the distribution network of SCHMOLZ+BICKENBACH AG in North America (including Mexico) by a further 7 subsidiaries at 23 locations in all, and gives it total coverage in all important industrial regions. The acquisition will also make it possible to reduce planned major investments at other works in the Group.

With the acquisition, SCHMOLZ+BICKENBACH AG can further expand its position in the special steels it produces. In addition to its good position in the tool steels segment, SCHMOLZ+BICKENBACH AG is also Number 1 in the "stainless long" segment and among the ten largest producers of medium- and high-alloy engineering steels.

At the same time, the regional portfolio will also be expanded, so that the vision of SCHMOLZ+ BICKENBACH AG as a robust company can be further materialized. Another important objective of that vision is to ensure long-term security of employment in the Group.

It has been agreed not to disclose the purchase price. After completion of the Due Diligence report and receipt of approval from the competition authorities, it is planned to complete the



transaction in the first quarter of 2007. The former highly successful local management will continue to manage AFS.

Increase in capital

The Extraordinary General Meeting of September 20, 2006, authorized an ordinary increase in capital of CHF 111,308,610. Payment took place by transferring the entire share capital of SCHMOLZ+BICKENBACH (France) S.A.S., Chambly, France, and the entire partnership capital of SCHMOLZ+BICKENBACH Distributions GmbH, Düsseldorf, Germany.

In the meantime, SCHMOLZ+BICKENBACH AG – having received all the official approvals – has completed this capital increase and fully integrated the transferred assets. The new amount of the share capital is CHF 300,000,000.

Bank financing

Parallel to this capital increase and the corresponding acquisition, SCHMOLZ+ BICKENBACH Group has rearranged its financing requirements. These will now be made available by a high-calibre international banking consortium for a period of several years.

About SCHMOLZ+BICKENBACH AG

SCHMOLZ+BICKENBACH AG was created in 2006 through the merger of the former Swiss Steel AG with the processing operations and international distribution organisation of SCHMOLZ+BICKENBACH KG and of the French company Ugitech S.A. SCHMOLZ+ BICKENBACH AG is a strategically well-positioned group that is focused on special steels (engineering steels, stainless steels, acid-resistant and heat-resistant steels, tool steels) with the business segments production, processing, and distribution and services. It is present with subsidiaries on all continents. The consolidated sales revenue of approximately CHF 5 billion (approx. EUR 3.5 billion) is generated with a workforce of around 10,000 employees.

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