



SCHMOLZ + BICKENBACH

Q1 2019 Results – Investors' & Analysts' Conference Call

Lucerne, May 9, 2019



SCHMOLZ + BICKENBACH
Group



Disclaimer

Forward-looking statements

This presentation contains forward-looking statements about developments, plans, intentions, assumptions, expectations, convictions, possible impacts or the description of future events, outlooks, revenues, results or situations, for example. These are based upon the company's current expectations, convictions and assumptions, but could materially differ from any future results, performance or achievements. We are providing this communication as of the date hereof and do not undertake to update any forward-looking statements contained herein as a result of new information, future events or otherwise.

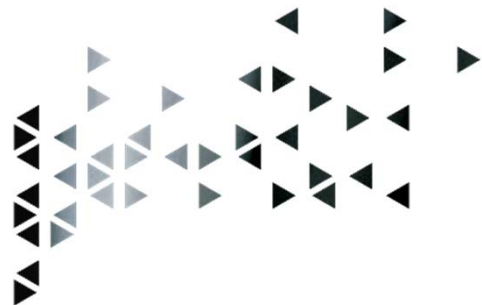
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01 Business Review Q1 2019



First Quarter – a Subdued Start Into 2019

- ▶ Rapid deterioration in demand during the fourth quarter 2018 turned into a sideways trend at a low level in Q1 2019
- ▶ No signs of short-term improvement from the important European automotive industry
- ▶ Other industrial segments remained robust but order entries declined
- ▶ Lower EBITDA year-on-year
- ▶ Cash Flow improved vs Q1 2018



Weak Market Conditions Leave Their Marks on Earnings

Sales volume	551 kilotons	+1.1% (545 kilotons)
Revenue	EUR 884 million	+6.7% (EUR 829 million)
Adj. EBITDA	EUR 42.2 million	-40.0% (EUR 70.3 million)
Group result (EAT)	EUR 0.7 million	EUR 59.0 million in Q1 2018
Free cash flow	EUR -23.7 million	EUR -102.7 million in Q1 2018

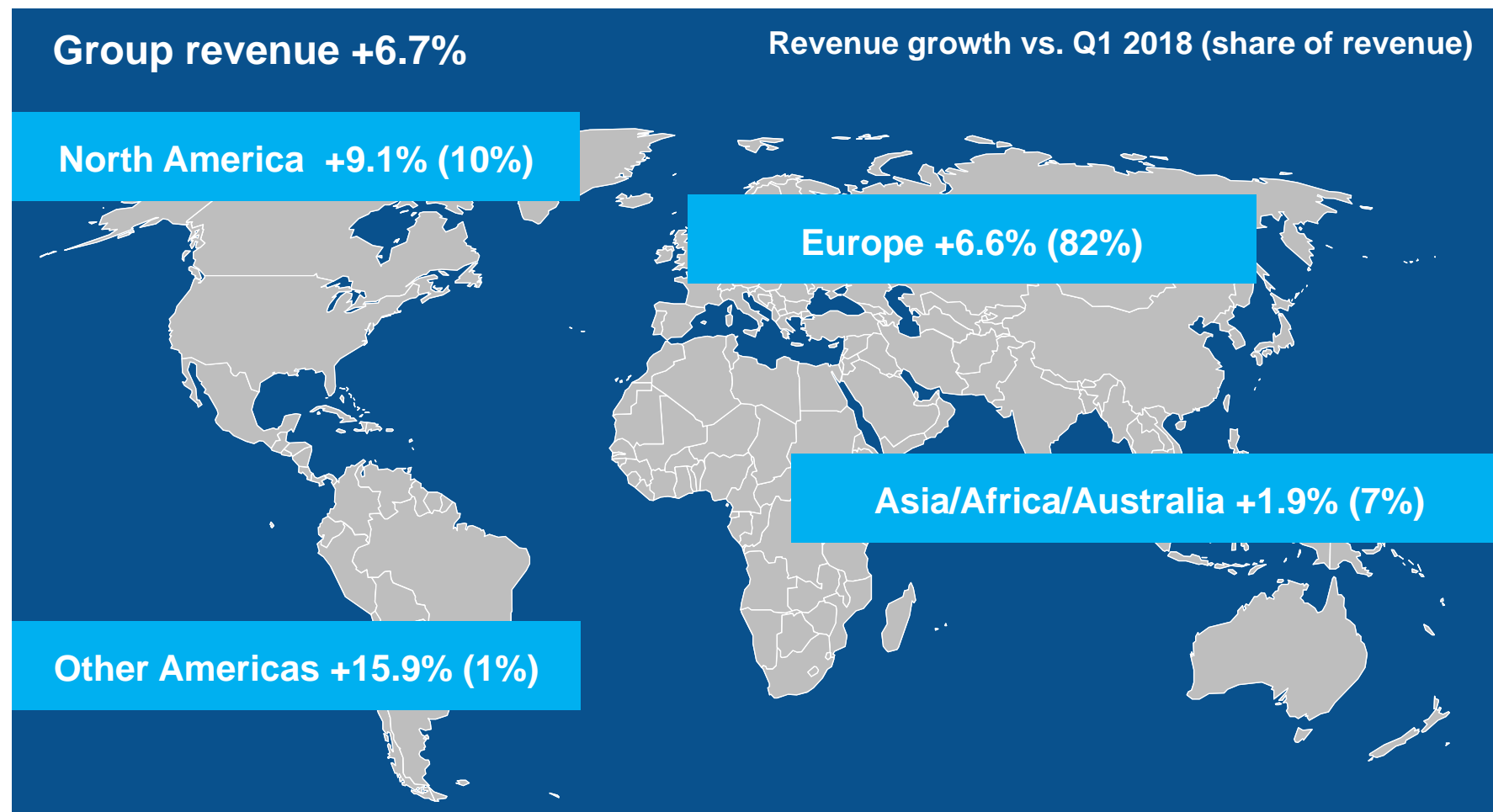
Figures of Q1 2018 include only two months of results of Business Unit Ascometal

Robust Raw Material Prices Despite Weakness in Demand

Commodity prices vs. Q1 2018 (quarterly averages in USD per ton)	<table border="0"> <tr> <td>Nickel</td> <td>+7%</td> </tr> <tr> <td>Scrap (FOB Rotterdam)</td> <td>-2%</td> </tr> <tr> <td>Ferrochrome</td> <td>-7%</td> </tr> </table>	Nickel	+7%	Scrap (FOB Rotterdam)	-2%	Ferrochrome	-7%		
Nickel	+7%								
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Oil price per barrel (WTI)	<table border="0"> <tr> <td>USD 60</td> <td>+33% vs. year-end 2018 (USD 45)</td> </tr> </table>	USD 60	+33% vs. year-end 2018 (USD 45)						
USD 60	+33% vs. year-end 2018 (USD 45)								
VDMA order entry	<table border="0"> <tr> <td>-10%</td> <td>Q1 2019 vs. Q1 2018</td> </tr> </table>	-10%	Q1 2019 vs. Q1 2018						
-10%	Q1 2019 vs. Q1 2018								
New passenger car registrations (EU)	<table border="0"> <tr> <td>-3.3%</td> <td>Q1 2019 vs. Q1 2018</td> </tr> </table>	-3.3%	Q1 2019 vs. Q1 2018						
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Total passenger car production: Europe USA China	<table border="0"> <tr> <td colspan="2">Q1 2019 vs. Q1 2018:</td> </tr> <tr> <td></td> <td>-12.5%</td> </tr> <tr> <td></td> <td>-1.2%</td> </tr> <tr> <td></td> <td>-12.5%</td> </tr> </table>	Q1 2019 vs. Q1 2018:			-12.5%		-1.2%		-12.5%
Q1 2019 vs. Q1 2018:									
	-12.5%								
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Sources: ACEA, WTI, VDMA, Platts, LME, ICDA (International Chromium Development Association)

Revenue Growth in All Key Regional Markets



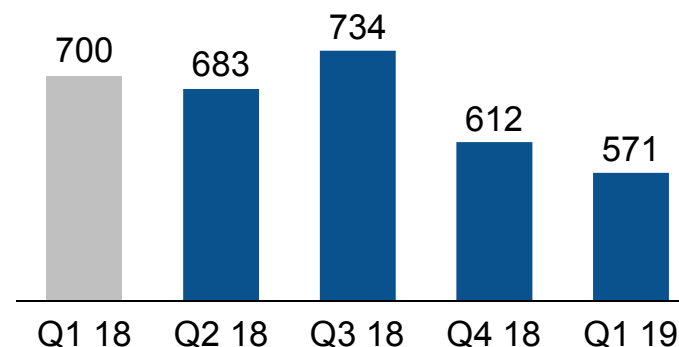
02 Financial Performance Q1 2019



Production and Sales Volume at Unchanged Levels, Order Backlog Declined

Crude Steel Production	592 kilotons	+0.5%	vs. Q1/18 (589 kilotons)
Sales Volume	551 kilotons	+1.1%	vs. Q1/18 (545 kilotons)
Order Backlog	571 kilotons	-18.4%	vs. end Q1/18 (700 kilotons)

- ▶ Sales volume slightly up by 1.1%
 - Consolidation of Ascometal for the full quarter
 - Supply of “carry-over” from Q4 2018 (Swiss Steel)
 - But overall lower demand than in Q1 2018
- ▶ Crude steel production approximately unchanged
 - Consolidation of Ascometal for the full quarter
 - Reduction to adapt to lower demand and to decrease inventories
- ▶ Order backlog 18% below previous-year and 7% lower than in Q4 as weakened market momentum of year-end continued



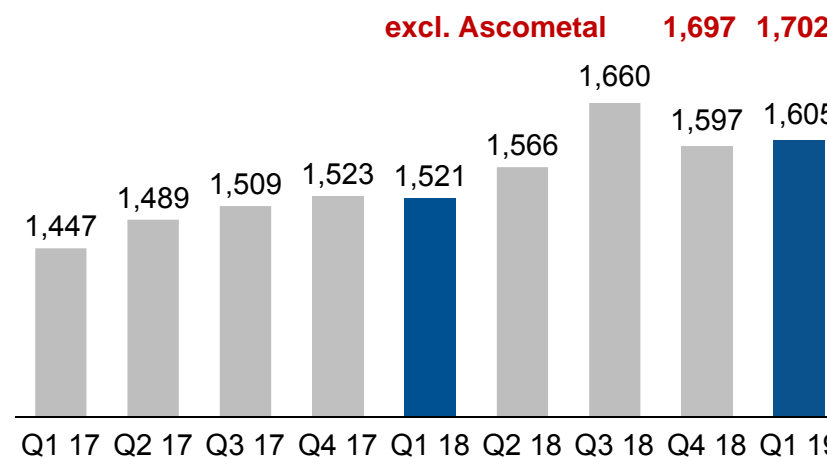
Average Sales Price Benefitting from Specialized Steels

Revenue	EUR 884.2 million	+6.7%	vs. Q1/18 (EUR 828.9 million)
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- ▶ Ascometal contribution to sales volume and higher average sales price

Average sales price (ASP)	EUR 1,605/t	+5.5%	vs. Q1/18 (EUR 1,521/t)
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- ▶ Sales prices overall robust
 - Based on continued reasonable pricing environment
 - Long-term contracts and specialities supporting stability
 - Recovery in raw material prices in Q1 2019 vs. Q4 2018 positively influenced surcharges
 - Some product areas facing downward trends



Average Sales Price (EUR/t)

Lower Demand and Inflation Weighed on Adjusted EBITDA

Adjusted EBITDA	EUR 42.2 million	–40.0% vs. Q1/18 (EUR 70.3 million)
– EUR/t	EUR 77/t	–41.1% vs. Q1/18 (EUR 129/t)
– margin	4.8%	8.5% in Q1/18
EBITDA	EUR 38.8 million	–62.4% vs. Q1/18 (EUR 103.1 million)

- ▶ Adj. EBITDA below previous year – inventory reduction and inflation of personnel and energy costs
- ▶ One-time effects of EUR 3.4 million predominantly for restructuring and transaction expenses Ascometal
- ▶ EBITDA in Q1 2018 included EUR 46 million badwill from Ascometal acquisition

Group Result	EUR 0.7 million	EUR 59.0 million in Q1/18
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- ▶ Tax income of EUR 1.0 million

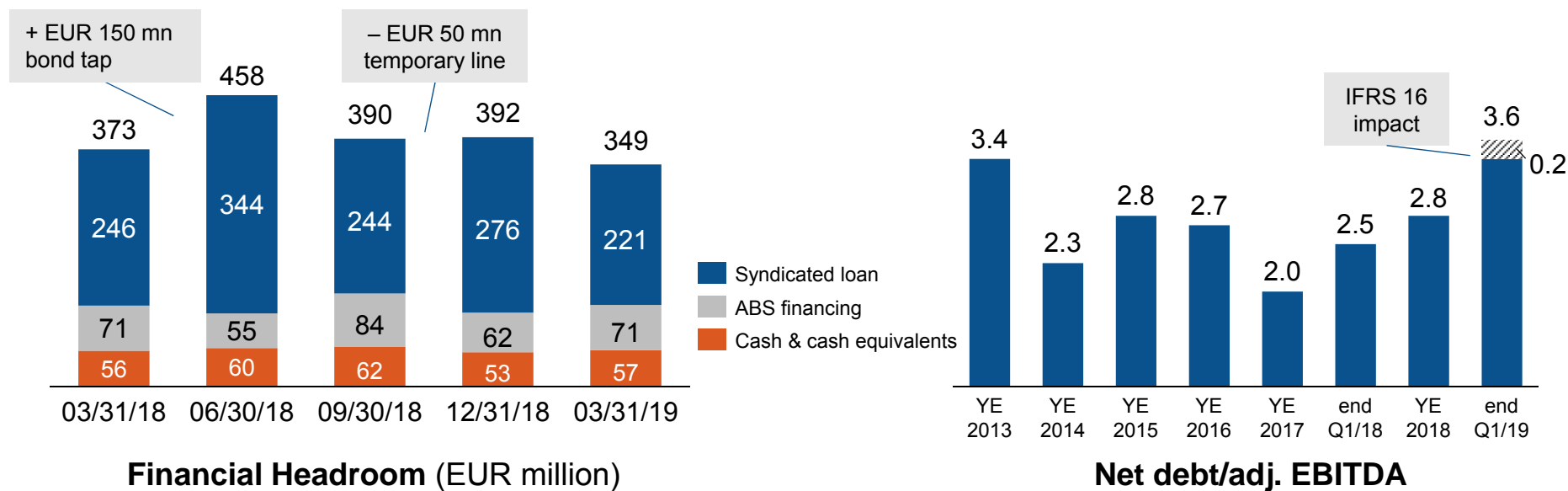
Seasonal Increase in Net Debt Lower Than Usual in First Quarter – Successful Inventory Management

Free Cash Flow	EUR –23.7 million	EUR –102.7 million in Q1/18
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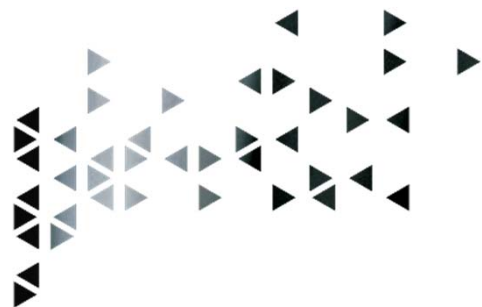
Net debt	EUR 752 million	EUR 655 million year-end 2018
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► Impact from first-time application of IFRS 16 on net debt: EUR 59 million and 0.2 on leverage

Leverage	3.6 (excl. impact from IFRS 16: 3.4)	2.8 year-end 2018
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03 Outlook



Risks and Uncertainties Will Shape the Business Performance in 2019

View on macroeconomic developments and steel industry

- ▶ Global economic growth remained subdued in the first three months of 2019
- ▶ This trend is likely to continue into the second quarter, but with a gradual normalization of demand and a more pronounced recovery in H2/19
- ▶ This assumes no disruptive macro-economic developments
- ▶ Regardless of any uncertainties, the special long steel industry will grow in 2019

Outlook and Priorities For Full-Year 2019

Priorities for the Group

- ▶ Push industrial integration of Ascometal
- ▶ Implement measures to turn around Finkl Steel
- ▶ Execute continuous improvement measures to offset cost inflation (energy, salaries)
- ▶ Normalize working capital investments

Guidance for full-year 2019

Due to political and macroeconomic risks, SCHMOLZ + BICKENBACH expects the dip in growth to continue in the coming months before economic growth gradually recovers.

On this assumption, **adjusted EBITDA of between EUR 190 million and EUR 230 million** is forecasted.



Q & A



Appendix



Nickel Price Development – 1 Year



Source: Bloomberg, LME Nickel USD/mt

Nickel Price Development – 10 Years



Source: Bloomberg, LME Nickel USD/mt

Financial Calendar and Contact

Date	Event
May 9, 2019	Interim Report Q1 2019, Media and Investor Conference Call
August 8, 2019	Interim Report Q2 2019, Media and Investor Conference Call
November 12, 2019	Interim Report Q3 2019, Media and Investor Conference Call

Contact

Dr Ulrich Steiner

Vice President Corporate Communications & Investor Relations

Phone +41 41 581 4120

u.steiner@schmolz-bickenbach.com