



## Media release

### **SCHMOLZ + BICKENBACH returns to profitability in the first quarter 2014 in a market environment that remains challenging**

- **Adjusted EBITDA increases 39.0% to EUR 65.6 million in the first quarter of 2014 (Q1 2013: EUR 47.2 million)**
- **Group generates net income of EUR 12.4 million (Q1 2013: net loss of EUR 7.7 million)**
- **Sales volume grows 9.6% in the first quarter of 2014; revenue up just 0.5% due to lower price level**
- **Outlook for 2014 confirmed**

Emmenbrücke, 22 May 2014 – SCHMOLZ + BICKENBACH AG, a global market leader in special steel (such as tool steel, stainless steel, and engineering steel) listed on the SIX Swiss Exchange (SIX: STLN), returned to profitability in the first quarter of 2014, generating net income in a market environment that remains challenging. The Group had recorded losses for the same period of the prior year and for 2013 as a whole.

Compared to the first quarter of 2013, the sales volume improved by 51 kilotonnes or 9.6% to 581 kilotonnes (1.1.–31.3.2013: 530 kilotonnes), while revenue increased by EUR 4.2 million or 0.5% to EUR 871.6 million (1.1.–31.3.2013: EUR 867.4 million). The fact that revenue failed to match the growth rate of sales is mainly attributable to lower commodity prices compared to the first quarter of 2013, which are passed on to customers via scrap and alloy surcharges, and a low level of base prices. Alloy prices – for nickel in particular – have increased compared to the fourth quarter of 2013, however, and pressure on base prices remains.

Order intake reflected further growth in the first quarter of 2014, building on the positive trend of the prior year. At 571 kilotonnes, the order backlog as at 31 March 2014 was up around 26.3% on the level as at 31 December 2013 (452 kilotonnes) and 36.9% on the level as at 31 March 2013 (417 kilotonnes).

With a percentage gross margin of 34.1%, the positive trend that emerged in 2013 continued into the first three months of the fiscal year 2014 (1.1.–31.3.2013: 31.8%, 1.1.–31.12.2013: 32.2%).

At EUR 63.8 million, operating profit before depreciation and amortisation (EBITDA) was up EUR 17.2 million or 36.9% on the same period of the prior year (1.1.–31.3.2013: EUR 46.6 million). Adjusted EBITDA (eliminating restructuring expenses and other special effects) came to EUR 65.6 million (1.1.–31.3.2013: EUR 47.2 million), giving an adjusted EBITDA margin of 7.5% (1.1.–31.3.2013: 5.4%).



Funds generated from the capital increase were used to reduce debt in the fourth quarter of 2013. This, as well as improved interest terms, led to a significant drop in net financial expense. Compared to the same period of the prior year, it fell by a considerable 31.2% or EUR 6.8 million to EUR 15.0 million in the first three months of fiscal 2014 (1.1.–31.3.2013: EUR 21.8 million). Net debt was also successfully reduced by a further EUR 60.9 million compared to 31.12.2013, falling from EUR 610.1 million to EUR 549.2 million despite the fact that business picked up.

At EUR 19.0 million, earnings before taxes (EBT) increased by EUR 23.5 million on the same period of the prior year (1.1.–31.3.2013: EUR -4.5 million). The net income (EAT) of EUR 12.4 million represents an increase of EUR 20.1 million (1.1.–31.3.2013: net loss of EUR 7.7 million) – a return to positive figures for the first time since the first quarter of 2012.

#### **Outlook 2014**

SCHMOLZ + BICKENBACH remains cautiously optimistic for the fiscal year 2014. The 571-kilotonne order backlog achieved in the first quarter of 2014 will ensure good capacity utilisation for the second quarter and leading into the third. Base prices seem to have bottomed out, bringing the prospect of price increases in some areas. They are not currently expected to increase across the board, however.

SCHMOLZ + BICKENBACH stands by its predictions for business development in 2014. Overall, the Group expects the sales volume to increase by around 2%–5% compared to the prior-year level of 2 054 kilotonnes. Revenue should also exceed the prior-year level by 2%–5%, although there is greater uncertainty surrounding this forecast due to somewhat unpredictable changes in scrap and alloy surcharges and exchange rate development.

The Group will press ahead in 2014 with the extensive cost-cutting programme and efficiency drive initiated last year, the results of which should be reflected in better earnings. Non-recurring expenses in the low single-digit millions are expected for these measures in 2014.

SCHMOLZ + BICKENBACH anticipates adjusted EBITDA in the region of EUR 190 million – EUR 230 million for 2014. Investments planned for 2014 match the prior-year level, and are once again well below the level of depreciation.

This forecast assumes that the economic outlook, commodity prices and exchange rates of relevance for SCHMOLZ + BICKENBACH (CHF/EUR and USD/EUR) will be stable over the course of the year and that no further unforeseen events hinder the Group's business development.

SCHMOLZ + BICKENBACH has now begun efforts to arrange refinancing of the syndicated loan and ABS financing programme. The Company will announce the outcome in due course. This process could be associated with origination fees, which will be included in the financial result in the appropriate period, but we nevertheless expect a significant reduction in the financial result.



**Key figures**

		1.1.- 31.3.2014	1.1.- 31.3.2013	2013	2012
Sales volume	kilotonnes	581	530	2 054	2 044
Revenue	million EUR	871.6	867.4	3 276.7	3 581.4
Adjusted EBITDA	million EUR	65.6	47.2	178.8	151.1
Operating profit before depreciation and amortisation (EBITDA)	million EUR	63.8	46.6	141.7	121.8
Operating profit (EBIT)	million EUR	34.0	17.3	17.8	-14.5
Earnings before taxes (EBT)	million EUR	19.0	-4.5	-87.6	-89.1
Net income (loss) (EAT)	million EUR	12.4	-7.7	-83.7	-162.8
Investments	million EUR	12.3	13.5	105.7	141.0
Free cash flow	million EUR	78.5	4.1	73.7	44.0
Total assets	million EUR	2 443.5	2 542.0	2 377.5	2 417.1
Shareholders' equity	million EUR	886.1	634.7	889.9	633.0
Net debt	million EUR	549.2	931.7	610.1	902.8
Employees per closing date	positions	10 015	10 079	10 095	10 278
Earnings per share (undiluted)	EUR	0.01	-0.07	-0.26	-1.38

For further information please contact:

Stefanie Steiner, Director Investor Relations, Telefon +41 41 209 50 42

Dr. Andreas Knaut, Director Corporate Communications and Marketing, Telefon +41 41 209 50 32

The annual report as at 31 March 2014 can be found here:

<http://www1.schmolz-bickenbach.com/en/investor-relations/reports/financial-reports/2014/>



## **About SCHMOLZ + BICKENBACH**

Today, the SCHMOLZ + BICKENBACH Group is one of the world's leading providers of customised solutions in the special long steel products business. A global name in tool steel and stainless long steel, the Group is one of three largest companies in Europe for alloy and high-alloy special and engineering steel. With around 10 000 employees at its own production and distribution companies in over 35 countries across five continents, the Company supports and supplies customers wherever they operate. Besides the comprehensive Production and Sales & Services portfolio, customers benefit from the Company's technological expertise, consistent high quality worldwide and in-depth knowledge of local markets.

## **Forward-looking statement**

Information in this release may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this release are based on information available to SCHMOLZ + BICKENBACH AG as of the date of this release, and we assume no duty to update any such forward-looking statements. The forward-looking statements in this release are not guarantees of future performance and actual results could differ materially from our current expectations. Numerous factors could cause or contribute to such differences. Factors that could affect the Company's forward-looking statements include, among other things: national and global GDP trends; changes in regulation relevant to the steel industry; intense competition in the markets in which the Company operates; integration of acquired companies; changes in the Company's ability to attract and retain qualified internal and external personnel or clients; the potential impact of disruptions related to IT; any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

## **Disclaimer**

This publication constitutes neither a prospectus within the meaning of article 652a and/or 1156 of the Swiss Code of Obligations nor a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange. This publication constitutes neither an offer to sell nor a solicitation to buy securities of Schmolz+Bickenbach. The securities have already been sold.

This document shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities referred to herein in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to U.S. persons (as such term is defined in Regulation S under the Securities Act) absent registration or an exemption from registration under the Securities Act. The issuer of the securities has not registered, and does not intend to register, any portion of the offering in the United States, and does not intend to conduct a public offering of securities in the United States.