



Media release

SCHMOLZ + BICKENBACH confirms upward trend in operating result in the third quarter of 2014

- **Adjusted EBITDA increases 50.8% to EUR 60.0 million in the third quarter of 2014 (Q3 2013: EUR 39.8 million)**
- **Positive bottom line with net income of EUR 10.6 million (Q3 2013: net loss of EUR 25.6 million)**
- **Sales volume up 1.8% and revenue increased by 5%**
- **Guidance for adjusted EBITDA revised upwards**

Emmenbrücke, 20 November 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), confirmed the upward trend in its operating result in the third quarter of 2014 in a market environment that remains challenging. The adjusted EBITDA increased by 50.8% to EUR 60.0 million (Q3 2013: EUR 39.8 million). Also bottom line the company was once again positive. Net income reached EUR 10.6 million, while the third quarter of 2013 saw a loss of EUR 25.6 million.

After a particularly high order intake at SCHMOLZ + BICKENBACH in the first quarter of 2014, the situation normalised in the second and third quarters, with figures stabilising at around the prior-year level. Compared to the same period of the prior year, order intake was up 9.4% overall in the first nine months. At 498 kilotonnes, the order backlog as at 30 September 2014 fell short of the level recorded in the two preceding quarters, but was nevertheless up 21.5% on the figure for 30 September 2013 (410 kilotonnes).

In the third quarter of 2014, sales growth amounted to 1.8%. A sales volume of 509 kilotonnes (Q3 2013: 500 kilotonnes) was generated overall. Due to significantly higher alloy surcharges compared to the same quarter of the prior year, revenue was up for the first time this year, increasing by 5.0% to EUR 823.5 million (Q3 2013: EUR 784.2 million) in the third quarter.

Compared to the first nine months of the prior year, however, the sales volume climbed 5.4% to 1 647 kilotonnes (1.1.-30.9.2013: 1 563 kilotonnes), while revenue increased 1.1% to EUR 2 553.1 million (1.1.-30.9.2013: EUR 2 524.7 million). The fact that revenue failed to match the growth rate of sales volume is mainly attributable to persisting price pressure on base prices, coupled with low alloy surcharges – at least in the first two quarters of the current year. Furthermore, the exchange rates of relevance for SCHMOLZ + BICKENBACH took a negative turn compared to the same period of the prior year. Adjusted for exchange rate effects, revenue would have increased by 1.9% compared to the first nine months of the prior year.



There was also a significant year-on-year improvement in the percentage gross margin, which came to 34.4% in the third quarter (Q3 2013: 32.1%) and 34.7% (1.1.–30.9.2013: 31.9%) in the first nine months. Adjusted EBITDA of EUR 60.0 million in the third quarter of 2014 represents an improvement of 50.8% on the same period of the prior year (Q3 2013: EUR 39.8 million). It was up EUR 63.6 million or 46.8% to EUR 199.4 million compared to the first nine months of the prior year (1.1.–30.9.2013: EUR 135.8 million).

SCHMOLZ + BICKENBACH used funds generated from the capital increase 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 54.2% or EUR 39.6 million to EUR 33.4 million in the first nine months of fiscal 2014 (1.1.–30.9.2013: EUR 73.0 million).

At EUR 16.1 million (Q3 2013: EUR -24.5 million), SCHMOLZ + BICKENBACH once again improved earnings before tax (EBT) significantly compared to the same quarter of the prior year. Overall, EBT came to EUR 68.3 million in first nine months of 2014 – an increase of EUR 107.4 million on the same period of the prior year (1.1.–30.9.2013: EUR -39.1 million). At EUR 10.6 million, net income (EAT) increased by EUR 36.2 million in the third quarter (Q3 2013: net loss of EUR 25.6 million). It came to EUR 45.8 million in the first nine months (1.1.–30.9.2013: net loss of EUR 44.5 million), up EUR 90.3 million on the prior year.

Outlook 2014

SCHMOLZ + BICKENBACH expects the gradual recovery of the global economy to continue. The latest forecasts of the World Bank, OECD and IMF project growth of between 2.8% and 3.4%.

In its September forecast, the World Steel Association retracted its growth predictions and now anticipates an increase in global steel consumption of just 2.0% for 2014. This breaks down into an increase of 4.0% for the EU, 6.4% for the NAFTA region and 1.7% for Asia. The outlook for 2015 has taken a turn for the worse in recent weeks, however, for the global economy in general and the development of the steel market. Growth of 2.0% in global steel consumption had been expected for 2015 as well, but the major markets are losing pace: the association now predicts growth of only 2.9% for the EU, 2.2% for the NAFTA region and just 1.4% for Asia.

Despite the gloomy economic outlook, SCHMOLZ + BICKENBACH remains cautiously optimistic for the fiscal year 2014. The 498-kilotonne order backlog achieved in the third quarter of 2014 will ensure good capacity utilisation for the Company leading into the fourth. It is important to also consider the effect that the customers' ordering behaviour towards the end of the year will have on overall results in 2014. The further development of commodity prices, especially for nickel, will also be an influencing factor. The Company now expects that the sales volume for the entire year will increase by 4%–5% (previous estimate: 2%–5%) on the prior-year figure of 2 045 kilotonnes.

The general base price level stabilised in the first nine months of 2014, albeit at below the prior-year level so far. Now that the nickel price has once again dropped, SCHMOLZ + BICKENBACH does not expect revenue to benefit from positive effects from the alloy surcharge in the fourth quarter. Scrap prices are expected to remain at a low level.

For the reasons set out above, SCHMOLZ + BICKENBACH expects revenue to increase by around 1%–2% (previous estimate: 2%–5%) compared to the prior year. All assumptions are based on more or less stable exchange rates for the currencies of relevance for SCHMOLZ + BICKENBACH – CHF/EUR and USD/EUR.



The Group will press ahead in 2014 and beyond with the cost-cutting and efficiency improvement programme launched in 2012 and significantly expanded in 2013, the results of which should be reflected in better earnings. The Company is very satisfied with the earnings development in the first nine months of 2014. Taking account of the prevailing uncertainty, SCHMOLZ + BICKENBACH is again upward revising its expectations for adjusted EBITDA in 2014. Following an original forecast in the region of EUR 190 million – EUR 230 million, the Company has narrowed its prediction for adjusted EBITDA to between EUR 210 – EUR 230 million in August 2014, and now expects an adjusted EBITDA of EUR 245 million – EUR 255 million for the fiscal year 2014. The investment volume for 2014 is planned to broadly match the prior-year level.

Key performance indicators

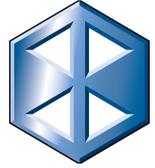
		9M 2014	9M 2013	Q3 2014	Q3 2013
Sales volume	kilotonnes	1 647	1 563	509	500
Revenue	million EUR	2 553.1	2 524.7	823.5	784.2
Adjusted EBITDA	million EUR	199.4	135.8	60.0	39.8
Operating profit before depreciation and amortisation (EBITDA)	million EUR	193.4	126.6	57.1	36.2
Operating profit (EBIT)	million EUR	101.7	33.9	25.2	3.5
Earnings before taxes (EBT)	million EUR	68.3	-39.1	16.1	-24.5
Net income (loss) (EAT)	million EUR	45.8	-44.5	10.6	-25.6
Investments	million EUR	59.8	61.7	28.2	29.4
Free cash flow	million EUR	21.9	17.5	15.5	20.2
Total assets	million EUR	2 553.0	2 437.2	-	-
Shareholders' equity	million EUR	910.9	596.3	-	-
Net debt	million EUR	627.4	971.5	-	-
Employees as at closing date	positions	10 036	10 099	-	-
Earnings per share (basic)	EUR	0.05	-0.39	-	-

For further information please contact:

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

The interim report as at 30 September 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 the two 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 38 countries across five continents, the Company supports and supplies customers wherever they operate. Besides a 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 statements

Information in this release may contain forwardlooking statements, including presentations of developments, plans, intentions, assumptions, expectations, beliefs and potential impacts as well as descriptions of future events, income, results, situations or outlook. They are based on the Company's current expectations, beliefs and assumptions, which are subject to uncertainty and may differ materially from the current facts, situation, impact or developments.

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