



Press release from SCHMOLZ+BICKENBACH AG

SCHMOLZ+BICKENBACH reports a further substantial increase in revenue and greatly improved net income. Capacity utilisation remains high and earnings expectations positive. Effects of the global financial crisis are difficult to assess.

Emmenbrücke/Düsseldorf, 24 August 2011

In the first half of 2011, Swiss public limited company SCHMOLZ+BICKENBACH AG (SIX: STLN), a globally leading company for special steels that include tool steel, stainless long steel and engineering steel, substantially improved its net income relative to the previous year to EUR 69.8 million (2010: EUR 4.4 million). Revenue rose to EUR 2 087.3 million (2010: EUR 1 477.4 million). Operating income before depreciation and amortisation (EBITDA) doubled to almost EUR 199.0 million (2010: EUR 102.3 million), representing a margin of 9.5%. EBIT increased to EUR 142.9 million (2010: EUR 49.2 million) with a margin of 6.8%.

As in 2010, demand from all market segments progressively increased, resulting in higher order bookings, order backlogs and production volumes. Capacity utilisation in the production and processing plants as well as in the distribution companies remains high. The efficiency improvement measures that were initiated in the previous years are having positive effects.

The impact of the global financial and economic crisis and the resulting uncertainty for our company is difficult to assess at present. Although the development of the Swiss franc relative to the euro is disadvantageous for our Swiss production plants, these form only a small part of the Group.

For the full year, we again expect to generate substantially higher revenue than in the previous year and to improve net income.

The first half of 2011 was characterised by strong demand for special steel products. The automotive and automotive components industries were producing at particularly high levels. Our other important sales segments, such as machinery and apparatus construction and hydraulics, as well as energy exploitation and generation, also developed positively. This resulted in full capacity utilisation at all of our production and processing plants. In individual cases supply could not keep pace with demand, which we solved by increasing capacity. Our distribution organisations also benefited from the good demand situation.

In response to the good climate for steel, our revenue also progressively increased. Since scrap and alloy prices remained relatively stable, the margin increased. The effects of the cost structure



optimisations in the previous years also contributed to the positive development of net income. We were largely able to continue the cost savings that were achieved in the downswing of 2008 and 2009 also into the upswing.

Key figures

In response to the higher sales volume and value, Group revenue in the first half of 2011 rose to EUR 2 087.3 million (2010: EUR 1 477.4 million). Operating profit before depreciation and amortisation (EBITDA) increased by 95% to EUR 199.0 million (2010: EUR 102.3 million). This represents an EBITDA margin of 9.5%.

Depreciation, amortisation and impairments increased only slightly to EUR 56.1 million (2010: EUR 53.1 million).

EBIT increased by 190% to EUR 142.9 million (2010: EUR 49.2 million). The increased tied-up capital and higher level of business activity with resulting net debt and greater financing costs caused the net financial result to increase to EUR -46.0 million (2010: EUR -40.5 million). As a result of the positive development of the net debt/EBITDA ratio, since the middle of the second quarter the interest margin fell. It will fall further in the third quarter. Relative to the same period last year, Group net income (EAT) increased massively to EUR 69.8 million (2010: EUR 4.4 million).

Cash flow before acquisitions of Group companies was EUR 13.1 million (2010: EUR -135.9 million). Total assets increased to EUR 2 807.9 million (31.12.2010: EUR 2 557.8 million). Despite a greatly expanded level of business, net financial liabilities increased only slightly to EUR 956.5 million (31.12.2009: EUR 926.9 million). Shareholders' equity increased to EUR 862.2 million (31.12.2010: EUR 795.8 million). Although shareholders' equity rose, the increase in total assets caused the equity ratio to decrease slightly to 30.7% (31.12.2010: 31.1%).

Investments amounted to EUR 38.1 million (2010: EUR 41.3 million). The Group's most significant investment project, reconstruction of the steelmaking and forging plant of A. Finkl & Sons Co. in Chicago, is far advanced and progressive commissioning has begun.

As a result of the increased volume, the number of employees rose from 10 000 at the end of 2010 to 10 198 as of 30 June 2011.

Financing

The conversion of the hybrid capital into ordinary share capital that was decided at the General Meeting of 15 April 2011 was successfully implemented. The amount of the existing ABS programme was increased to EUR 300 million in two steps.

Corporate governance

To strengthen the corporate governance, the Board of Directors decided to make two changes in the Nomination and Compensation Committee. The new chairman of the committee is Dr. Hans-



Peter Zehnder, who brings the necessary qualifications of independence and industrial experience. The committee has also been expanded to include Benoît D. Ludwig, who can contribute Best Practice based on his many years of international experience.

Outlook

The production and processing plants as well as the distribution companies entered the second half-year with high order backlogs. Feedback received from our customers in the various markets regarding their expectations for the near future is so far positive. The markets for high-grade steel products, the area of activity of our company, are currently substantially more positive than those for commodities. The extent to which the current turbulence in the financial and capital markets will cause a reassessment is difficult to judge at present. The currently irrational development of the CHF/EUR exchange rate will be a substantial burden for our Swiss plants if it continues in the long term. As far as possible, we are responding to it with corresponding countermeasures. We assume that the distortion caused by currency speculation will return to normality at a later date.

As is well known, the production volume in the second half-year is always affected by plant holidays in July/August and December. Based on the market expectations and present order backlogs, we expect revenue and net income for the full year 2011 to be again substantially higher than last year.

Further information

Benedikt Niemeyer, CEO, phone +41 41 209 50 40

Dr. Marcel Imhof, COO, phone +41 41 209 51 81

Investor Relations

Axel Euchner, CFO, phone +41 41 209 50 35

The half-year report for 2011 is available at

www.schmolz-bickenbach.com/investor-relations/geschaeftsberichte-finanzberichte/



About SCHMOLZ+BICKENBACH

SCHMOLZ+BICKENBACH was established in 1919 in Düsseldorf by Arthur Schmolz and Oswald Bickenbach and since 1937 the company bearing their joint names has been a synonym for tradition in steel. Since the acquisition of the former Swiss Steel AG in 2003, SCHMOLZ+BICKENBACH has been listed on the SIX Swiss Exchange (STLN). Today, the SCHMOLZ+BICKENBACH Group is the world's largest manufacturer, processor and distributor of special steel long products. The Group has a total of approximately 10 000 employees. SCHMOLZ+BICKENBACH is the world's Number 1 producer of stainless long steels as well as tool steels and one of the ten largest companies for alloy and high-alloy special and engineering steels.

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.