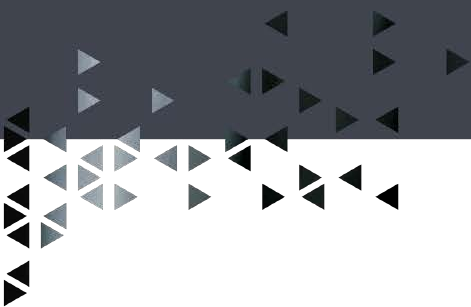




SCHMOLZ + BICKENBACH

Q1 2018 Results – Investor Update

London, May 24, 2018



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 2018



First Quarter – A Strong Start Into the Year 2018

Sales volume	545 kilotons	+11.5%
Revenue	EUR 828.9 million	+17.1%
Adj. EBITDA	EUR 70.3 million	+5.6%
Group result	EUR 59.0 million	EUR 16.5 million Q1 2017
Free cash flow	EUR –102.7 million	EUR –31.4 million Q1 2017

- ▶ All figures include Business Unit Ascometal results for two months; fully consolidated as of February 1, 2018
- ▶ Q1 2017 figures not restated

Persistently Favourable Market Situation in First Three Months

Commodity prices continued their upward trend from Q4 2017 (quarterly averages in USD per ton)

Nickel	+14%
Scrap (FOB Rotterdam)	+13%
Ferrochrome	+3%

Oil price per barrel

USD 65 +8% vs. year-end 2017 (USD 60)

VDMA order entry February

+13% vs. February 2017

New passenger car registrations (EU)

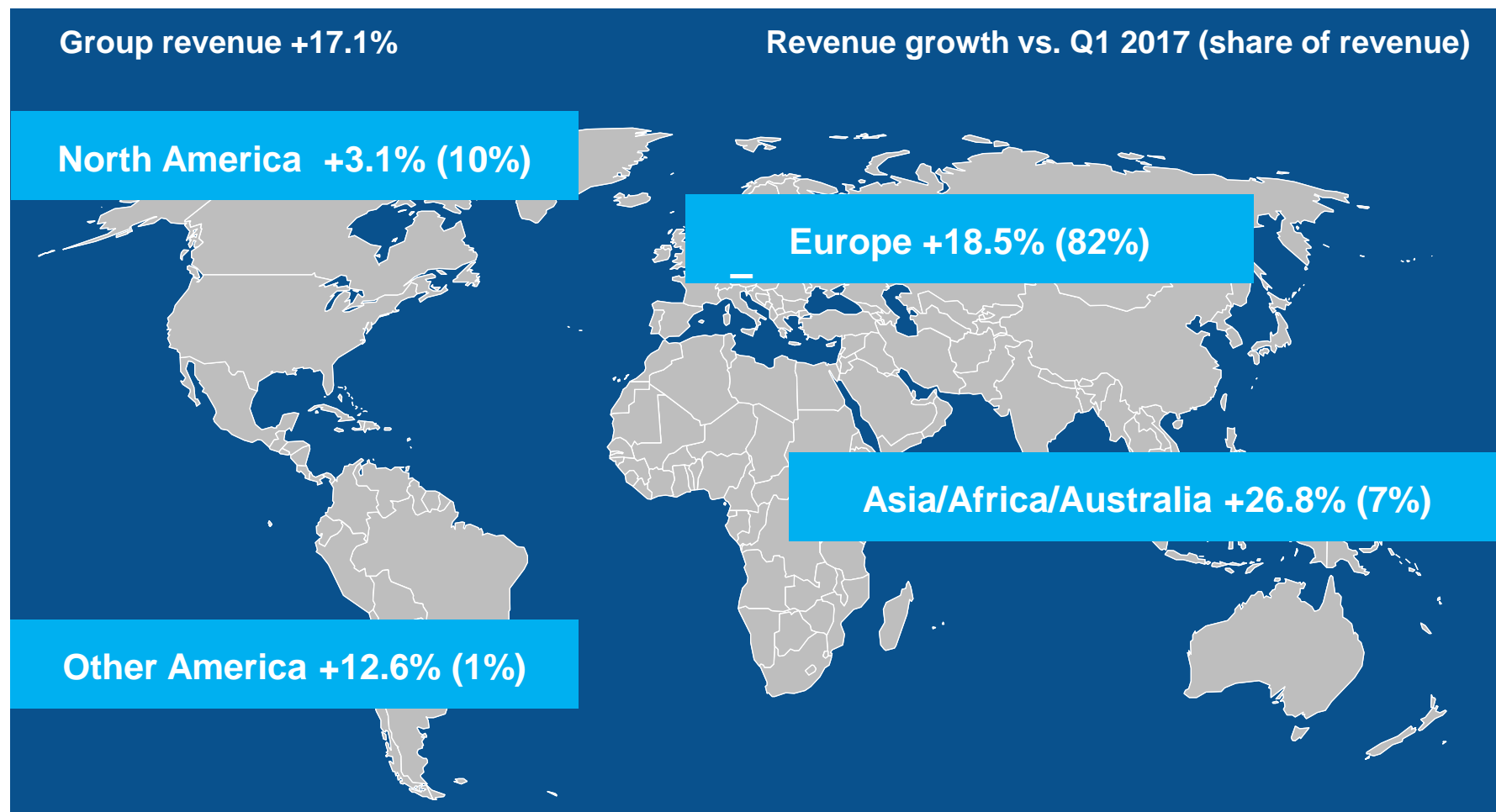
+0.7% in Q1 2018 vs. Q1 2017

North American rotary rig counts

1,127 end Q1 2018 vs. 1,065 at year-end 2017

Sources: ACEA, Baker Hughes, WTI, VDMA, Platts, LME, ICDA (International Chromium Development Association)

Ascometal Acquisition Drives Double-Digit Growth in Europe



Differentiated Developments in the Three Product Groups

Sales volume by product group

% of total Group sales volume

Quality & Engineering (~ 75%)	+17.2%
Stainless (~ 18%)	-2.0%
Tool (~ 7%)	-4.8%

- ▶ Ascometal only Q & E steel → shift in product group mix:

Q&E 70% → 75% / Stainless 20% → 18% / Tool 10% → 7%

Average sales prices

Total	EUR 1,521/t	+5.1%
Q & E	EUR 1,006/t	+18.3%
Stainless	EUR 3,007/t	+3.9%
Tool	EUR 2,737/t	+4.4%

- ▶ Shift in product mix results in lower average sales prices for the Group – low-alloyed engineering steels with lower average sales prices than stainless and tool steel
- ▶ Excluding Ascometal, average sales prices at EUR 1'572/t – +3.3% compared to Q4 2017 and +8.6% compared to Q1 2017

All figures compared to Q1 2017

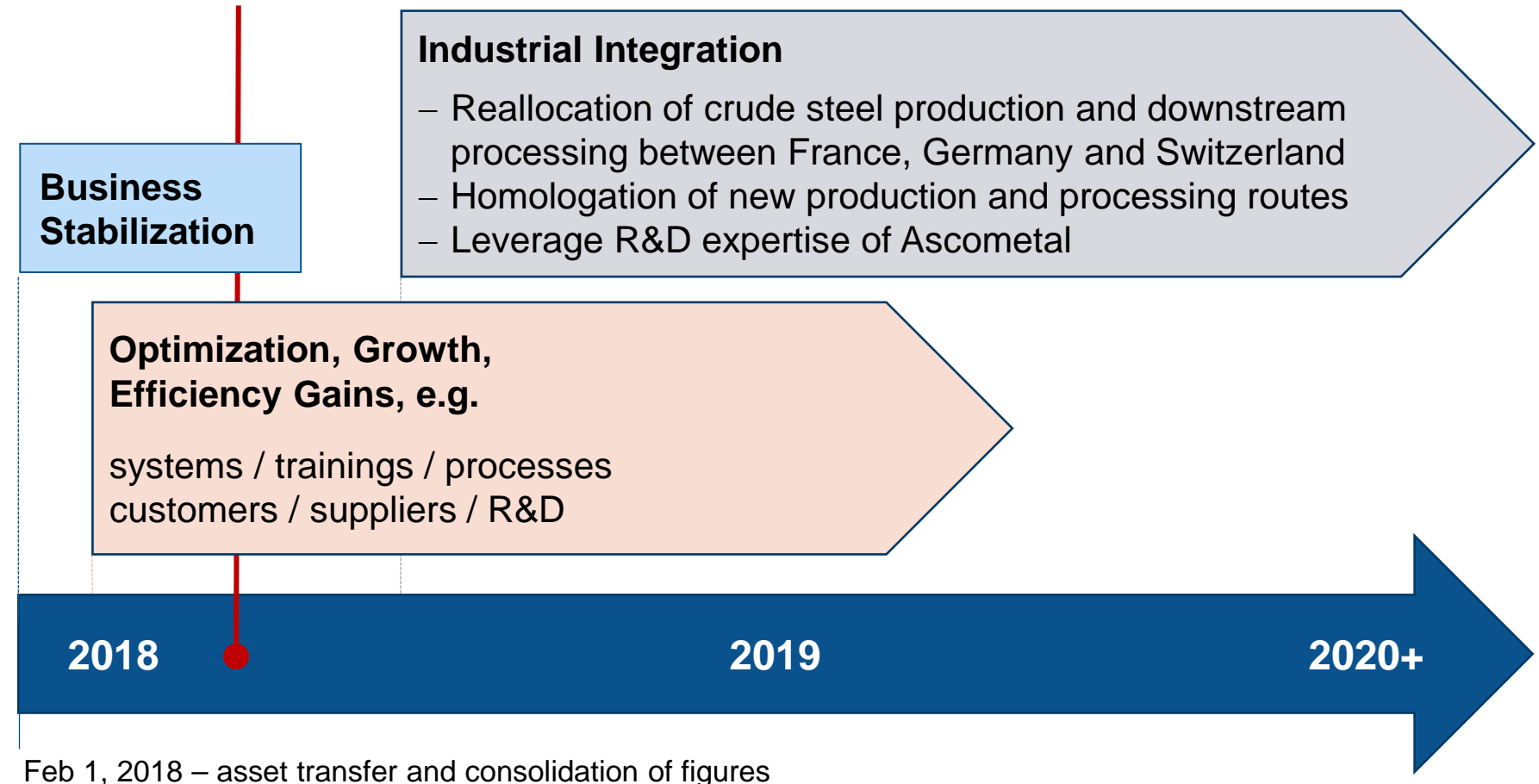
Ascometal – Key Investment Considerations



- ▶ Acquisition in line with **SCHMOLZ + BICKENBACH's** strategy
- ▶ Creates a **new European leader** for Quality & Engineering long steel products
- ▶ **Best assets** of Ascometal selected / retained – asset deal structure of the transaction
- ▶ **Significant increase of market share** in O&G, Bearings and Automotive segments
- ▶ Further **growth opportunities** in those attractive segments
- ▶ **Complementarity** of Ascometal with S+B strategy – specific expertise at Asco level
- ▶ **Improvement of cost structure** – higher capacity utilization throughout the enlarged Group
- ▶ **Substantial cost synergies of EUR 40m / year** expected – immediate implementation potential
- ▶ Further expansion into **France**, at a time when the country is **showing a strong growth** (+1.8% GDP in 2017) and strong potential going forward
- ▶ **Manageable risk, high reward** acquisition – attractive financials; clear roadmap for integration, growth and restructuring



Integration Timeline – Three Phases, Successfully Started



Ascometal – Preparing the Ground for the Industrial Integration

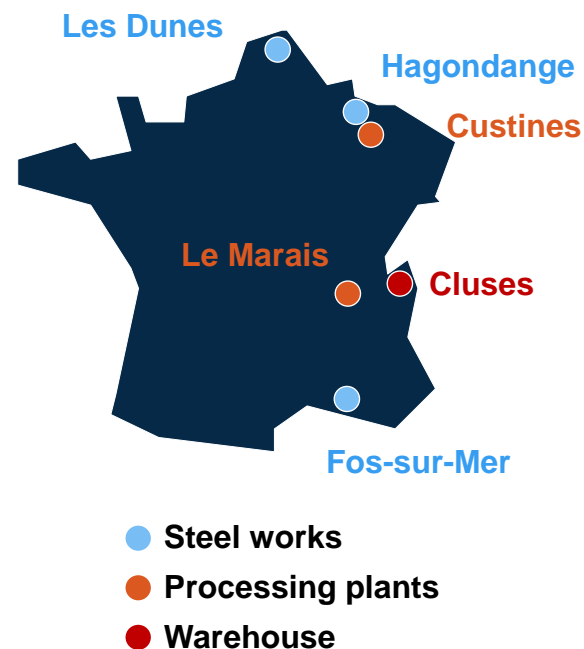
Ascometal Integration

- ▶ Fully consolidated since February 1, 2018
- ▶ Managed as separate Business Unit



Structural progress since transfer of assets on Feb. 1

- ▶ Validation of industrial concept nearing completion
- ▶ CFO and CSO recruited
- ▶ Legal structure established – five legal entities
- ▶ Sales entities reporting into Sales & Services
- ▶ IT infrastructure harmonization – e.g. mapping of chart of accounts, SAP integration, firewalls, intranet
- ▶ ABS program – approx. EUR 30 mn of receivables included
- ▶ Investments – new equipment for Hagondange approved (EUR 800k)
- ▶ Marketing – integration of new BU at flagship trade fair



02 Financial Performance Q1 2018



Opening Balance Sheet Ascometal *(preliminary, as of February 1, 2018)*

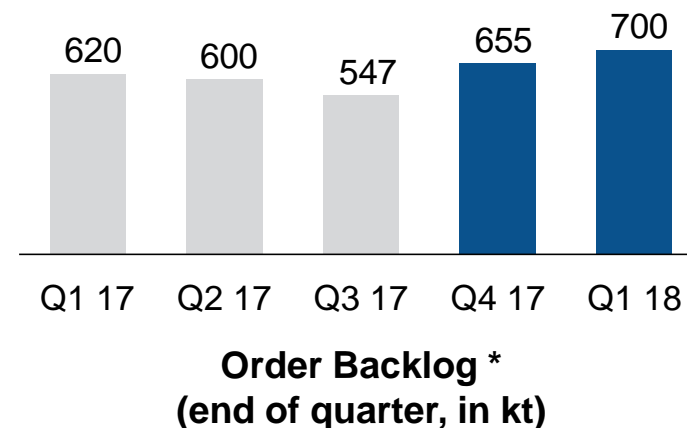
	Feb 1, 2018 / in million EUR	
Total non-current assets	28.6	
Total current assets	113.0	
Total assets	→	141.6
Total non-current liabilities	45.7	
Total current liabilities	14.8	
Total liabilities	→	60.5
Fair value of net assets acquired		81.1
Purchase price		35.1
Badwill		46.0
Acquired cash and cash equivalents	7.0	

- ▶ Positive impact from badwill on EBITDA expected to be largely offset by future restructuring cost

Production and Sales Volumes Increased on Good Demand

Crude Steel Production	589 kilotons	+11.8%	vs. Q1/17 (527 kilotons)
Sales Volume	545 kilotons	+11.5%	vs. Q1/17 (489 kilotons)
Order Backlog*	700 kilotons	+6.9%	vs. end Q4/17 (655 kilotons)

- ▶ Production and sales volume benefits from Ascometal
- ▶ No growth in sales volume ex-Ascometal :
 - high comparables in Q1 2017
 - One-time effect: Steeltec portfolio optimization
- ▶ Order backlog reflects current good market environment



* excluding Ascometal

Strong Pricing Environment Persisted

Revenue

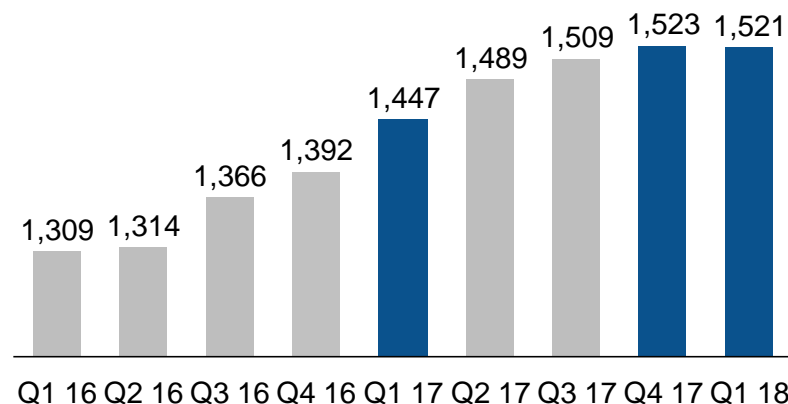
EUR 828.9 million **+17.1%** vs. Q1/17 (EUR 707.6 million)

- ▶ Revenue rose on Ascometal acquisition, base prices and higher alloy surcharges due to rising prices for raw materials

Average sales price

EUR 1,521/t **+5.1%** vs. Q1/17 (EUR 1,447/t)

- ▶ Overall favourable pricing environment
- ▶ Successful price negotiations with customers in Q4 2017 and Q1 2018 compensated graphite electrodes cost increase in H2 2017
- ▶ Average sales prices slightly down compared to Q4 2017 due to product mix (Ascometal consolidation)
- ▶ Excl. Ascometal, avg. sales prices at EUR 1'572/t :
+3.3% vs. Q4 2017, +8.6% vs. Q1 2017



Average Sales Prices (EUR/t)

Adjusted EBITDA Rose by 5.6%

Adjusted EBITDA	EUR 70.3 million	+5.6% vs. Q1/17 (EUR 66.6 million)
– EUR/t	EUR 129/t	–5.2% vs. Q1/17 (136)
– margin	8.5%	9.4% in Q1/17

- ▶ Adjusted EBITDA increase on the back of higher revenue
- ▶ Change in product mix resulted in lower unit EBITDA and lower margin

EBITDA	EUR 103.1 million	+55.5% vs. Q1/17 (EUR 66.3 million)
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- ▶ Positive net adjustments EUR 32.8 million: Badwill 46.0, Ascoval contract –10.8, Acquisition /other –2.4

Group Result	EUR 59.0 million	EUR 16.5 million	in Q1/17
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Cash Flow Impacted by Acquisition and Seasonality

Free Cash Flow

EUR –102.7 million

EUR –31.4 million

in Q1/17

- ▶ Lower FCF mainly due to increase in NWC as a result of Ascometal acquisition
- ▶ In addition, FCF shows normal seasonality with lower FCF in the first half-year

Investments

EUR 15.1 million

+33.6% vs. Q1/17 (EUR 11.3 million)

- ▶ Investments above previous year period, partly for Ascometal, Swiss Steel and Ugitech investments

Net working capital

EUR 906.8 million

+32.4% at year-end 2017

- ▶ Net working capital increased to EUR 907 million from EUR 685 million compared to year-end 2017
- ▶ NWC increase resulted from the increase in trade receivables and higher inventories

NWC / Revenue

27.4%

26.0% at year-end 2017

- ▶ Rising raw material prices and higher NWC due to Ascometal



Leverage Increased as Expected – Significantly Below Historical Values

Net debt

EUR 557 million end Q1/18

EUR 442 million end Q1/17

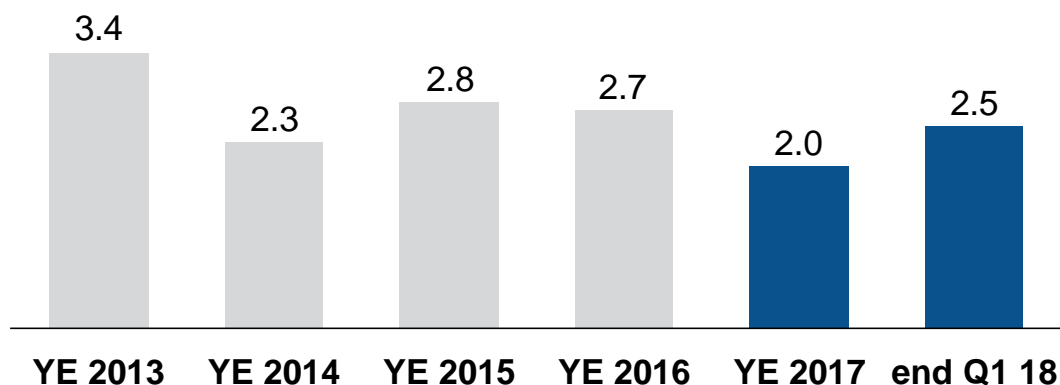
- ▶ Higher net debt due to net working capital increase in absolute terms

Leverage

2.5 x end Q1/18

2.0 x year-end 2017

- ▶ Acquisition-related increase in leverage (net debt / adj. EBITDA), still at a comfortable level



Net debt/adj. EBITDA (x)

03 Strategy & Outlook 2018



Significant Progress in Strategy Execution in the Last 2 Years



Performance improvement program finalized with EUR 72 million in permanent cost savings over 2016 and 2017 and improved NWC efficiency



Further restructuring of BU Steeltec (production Boxholm (SWE) closed, transfer of equipment to Dusseldorf (GER) and Gebze (TUR))



Reorganization of Deutsche Edelstahlwerke (“DEW”) executed



Expansion and optimization of global Sales & Services footprint (new presence in Chile and Argentina, addition of warehouse in India; closure of warehouse in Malaysia)



Bar drawing joint venture in China operational



Growth investments launched at BU Swiss Steel and BU Ugitech (approx. EUR 60 mn)



Refinancing completed – lower cost of debt and improved covenants



Acquisition of Ascometal



Outlook For Full-Year 2018

Supportive business environment

- ▶ Synchronized global economic upswing largely intact
- ▶ No signs of weakness in customer industries currently
- ▶ Further volume growth expected in the special long steel industry in 2018
- ▶ Strong order backlog at the end of Q1 2018
- ▶ Raw material price volatility to remain high, but so far positive for the business
- ▶ Risk of cost inflation (e.g. labor) in a strong economic environment

Clear priorities in full-year 2018

- ▶ Integration of Ascometal and focus on cost discipline to mitigate rising raw material and personnel costs

Outlook for full-year 2018 confirmed

SCHMOLZ + BICKENBACH expects an adj. EBITDA between EUR 200 million and EUR 230 million



Q & A



Appendix



Nickel Price Development – 1 Year



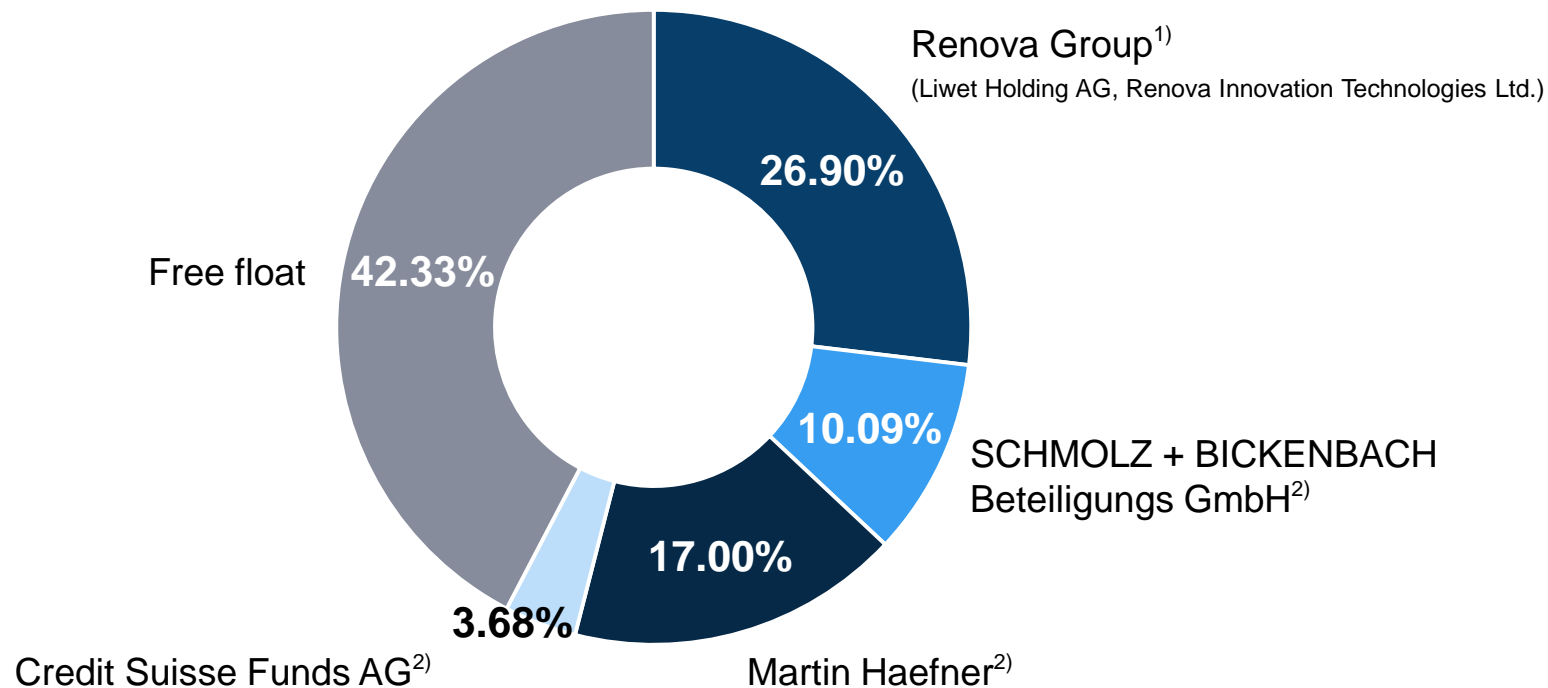
Source: Bloomberg, LME Nickel USD/mt

Nickel Price Development – 10 Years



Source: Bloomberg, LME Nickel USD/mt

Shareholder Structure as of May 22, 2018



1) Percentage of shares as per the share register of SCHMOLZ+BICKENBACH AG and a confirmation by the shareholder with regard to shares held but not applied for registration into the share register with voting rights.

2) Percentage of shares as per share register of SCHMOLZ + BICKENBACH AG

Financial Calendar and Contact

Date	Event
August 8, 2018	Interim Report Q2 2018, Media and Investor Conference Call
November 8, 2018	Interim Report Q3 2018, Media and Investor Conference Call

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