FORGING THE FUTURE

Media & Analyst's Presentation Half-Year 2012 | Zurich, 22 August 2012

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Providing special steel solutions

Overview first half-year 2012

_ Increasing difficulties in market environment due to uncertainties caused by the financial and economic crisis, especially in Europe

_ Decline in sales volume (-6.5%) and revenue (-5.4%) despite significant growth rates in North America

_ EBITDA decreased by 36.4% to EUR 126.5 million due to lower capacity utilisation as a result of decline in sales volume and higher margin pressure in Europe

_ Restructuring measures launched in individual business units

_ Expectations for H2 2012: EBITDA lower than H1 2012. Full year 2012: Slightly positive EBT anticipated

2 STRATEGIC DEVELOPMENT

Continuation of strategic objectives

_ Global presence

_ Products and customised service guaranteed in identical quality worldwide

_ Optimisation of the product mix into towards special long steel products

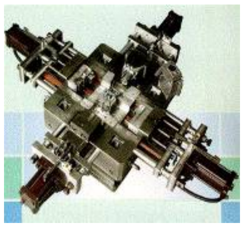
_ Value enhancing investments in steel production plants

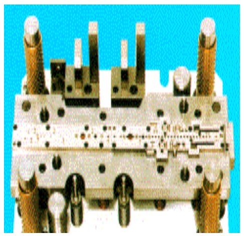
SCHMOLZ + BICKENBACH IS A GLOBAL LEADER IN SPECIAL LONG STEEL PRODUCTS

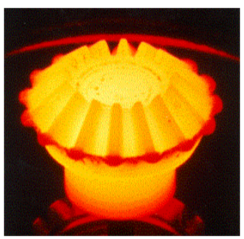
Leading position in attractive niche markets of special long steel

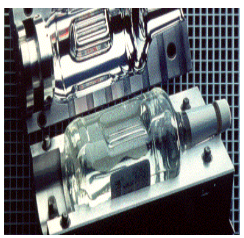
Tool Steel

Application examples:


Die casting


Cutting/die cutting


Forging

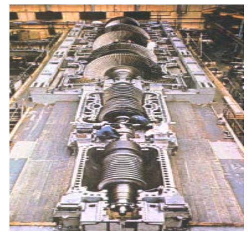

Glass processing

#1 PRODUCER GLOBALLY

Stainless Long Steel

Application examples:


Turbines


Crankshafts


Medical engineering


Medical engineering

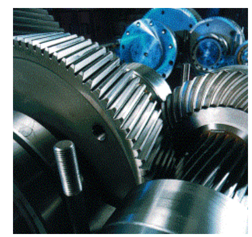
#2 PRODUCER GLOBALLY,
#1 IN EUROPE

Quality and Engineering steel

Application examples:


Gear unit


Anti-friction bearings

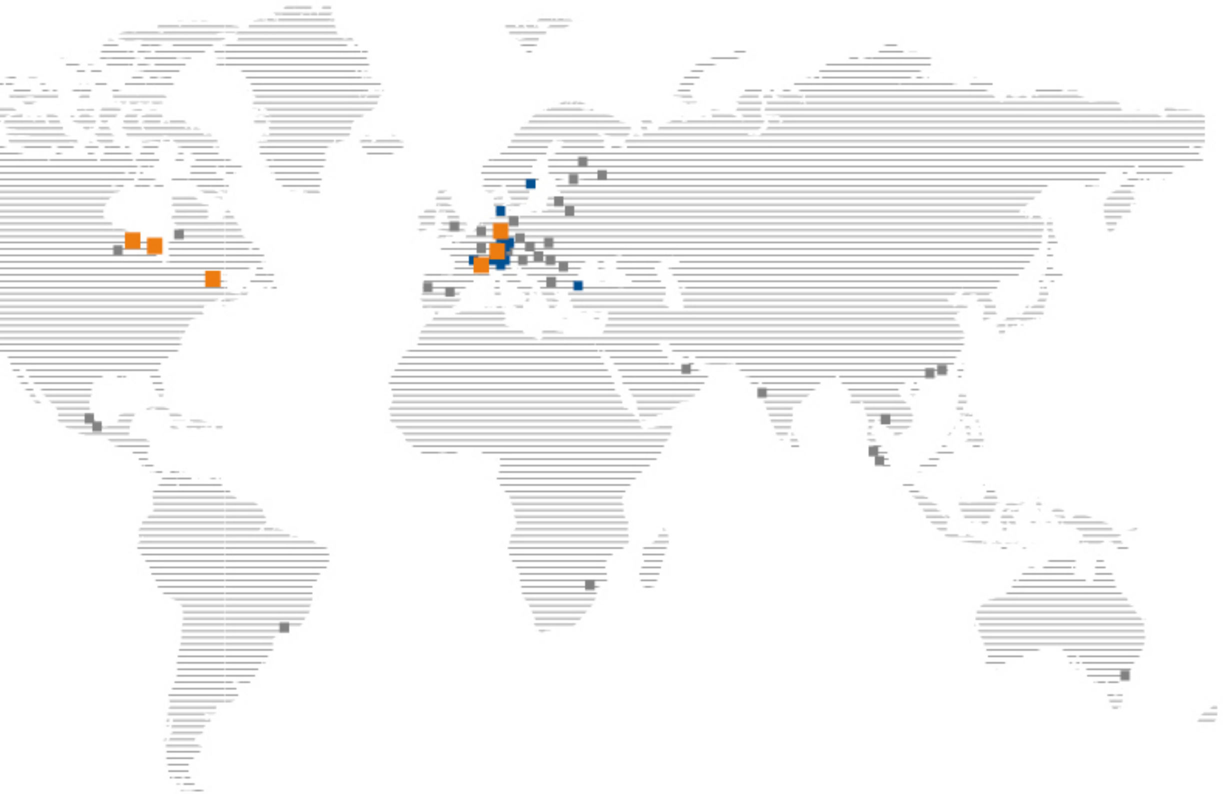

Gear unit


Ball bearings

#10 PRODUCER GLOBALLY,
#2 IN EUROPE

Source: Production volumes from SMR, 2012, ranking by volume

Worldwide presence – Focus on special long steel products



- 9 production plants worldwide
- 9 processing plants worldwide
- Distribution + Services
  86 branches worldwide

Strengthening of Corporate Governance and reorientation of management structure

_ Modification at the Board of Directors, Reinforcement of the Nomination and Compensation Committee

_ Institutionalisation of compliance as a central corporate division

_ Employment contracts of Benedikt Niemeyer and Axel Euchner were not extended; both left the company in June 2012

_ The search for successors has been initiated by the Board of Directors

_ Interim management: Marcel Imhof (CEO ad interim) and Oliver Karst (CFO ad interim)

SHAREHOLDERS' RIGHTS TO TRANSPARENCY AND CODETERMINATION ARE TAKEN INTO ACCOUNT

3 BUSINESS DEVELOPMENT FIRST HALF-YEAR 2012

Sluggish market environment

- **Growing uncertainties in the financial markets and sovereign debt crisis** retarded growth in Q2

- **Nickel and scrap prices** after increase at the beginning of the year in retreat

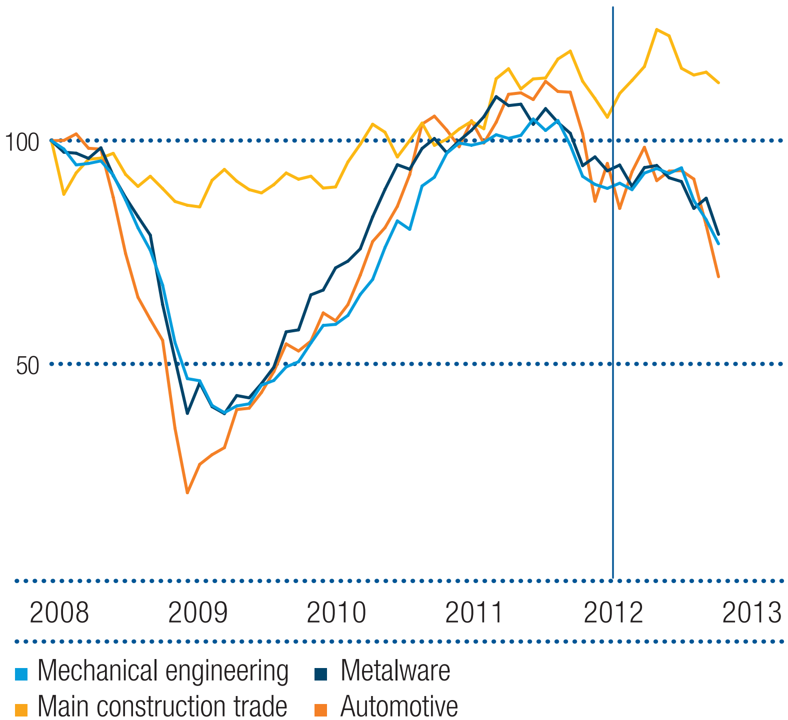
- **Automotive industry** mixed development in the **premium and volume segments** as well as in Europe and ROW
- **Boom in energy generation** and production in USA is weakening

- **Emerging economies and good US market** acted as an **economic driving force** in H1 2012
- **Worldwide** sluggish growth in **steel production** (+0.9%)

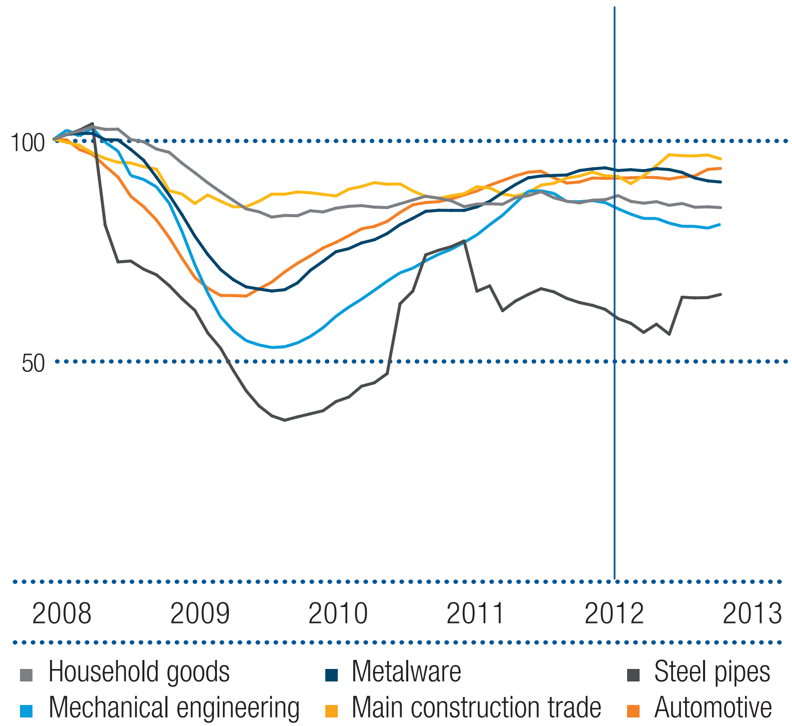
GRADUAL GROWTH DECLINE IN THE FIRST HALF-YEAR

Deteriorating business climate and incoming orders noticeable

Ifo business climate of selected steel processing industries | 2008=100



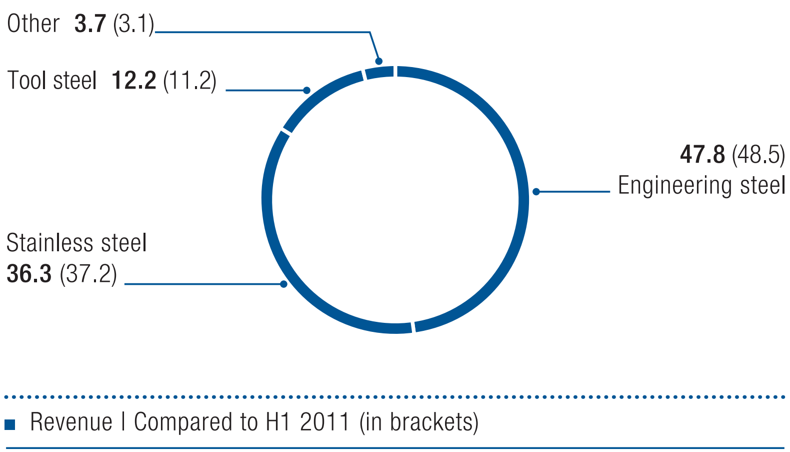
Incoming orders of selected industries (Germany) | 2008=100, seasonally adjusted



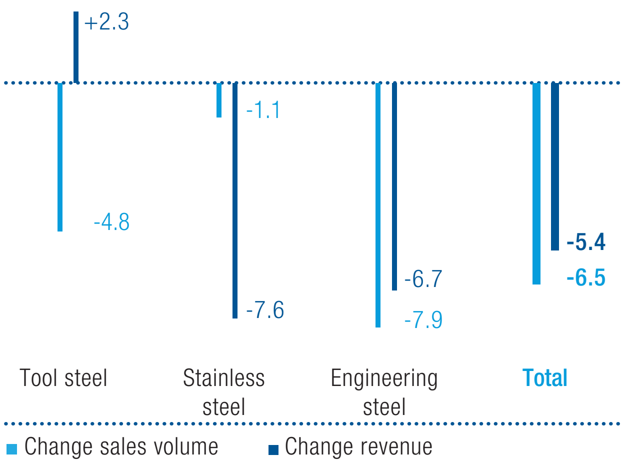
Source: ifo Institute, Federal Statistical Office

Premium product groups less affected by decrease

Revenue by product groups H1 2012 I in %



Change in revenue and sales volume by product groups H1 2011–H2 2012 I in %



- Different development of each product group
- Positive development of revenue in tool steel due to improved product mix
- Almost stable sales volume of stainless steel against market trend, revenue declined due to lower alloy surcharges
- Engineering steel and especially free cutting steel showed the strongest decline

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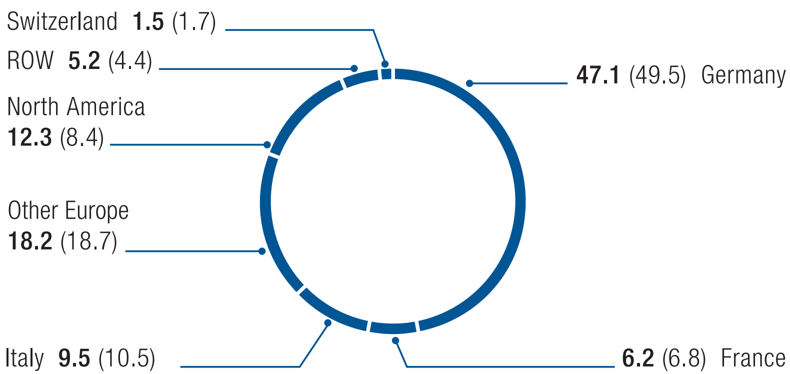
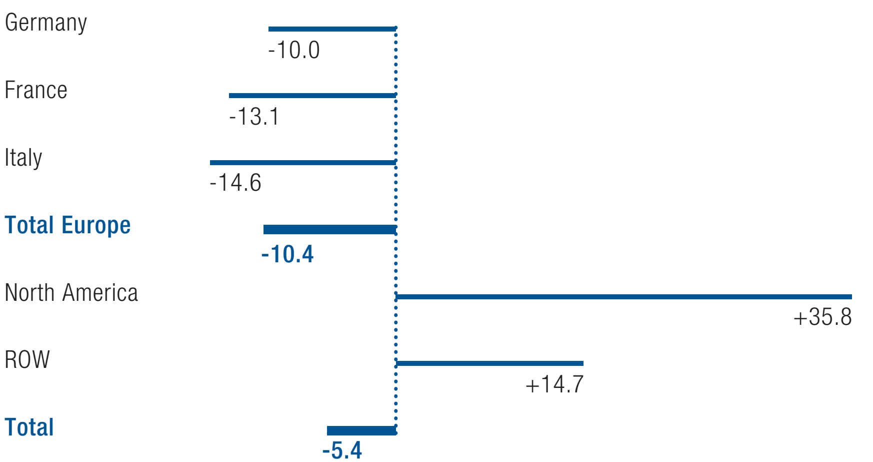
Europe: Lower demand – higher competition

Revenue by regions H1 2012 | in %



Revenue | Compared to H1 2011 (in brackets)

Change in revenue by regions H1 2011–H1 2012 | in %



_ Revenue decline in Europe

_ Recession in some European countries (e.g. Italy and Spain)

_ Strong increase of revenue outside of Europe

_ Order backlog as of 30 June 2012: 410 kt

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Group – Moderate decline in revenue

Key figures on results of operations

million EUR	H1 2008	H1 2009	H1 2010	H1 2011	**H1 2012**	Change to previous year (absolut)	Change to previous year (%)
Sales volume (kilotonnes)	1 345	665	996	1 213	1 134	-79	-6.5
Revenue	2 278.8	1 054.2	1 477.4	2 087.3	1 974.9	-112.4	-5.4
Gross margin	696.4	240.1	506.4	665.9	624.7	-41.2	-6.2
Operating profit before depreciation and amortisation (EBITDA)	231.9	-115.2	102.3	199.0	126.5	-72.5	-36.4
EBITDA margin (%)	10.2	-10.9	6.9	9.5	6.4	-3.1	-32.6
ROCE (%)	20.7	-12.9	10.6	18.9	12.1	-6.8	-36.0
Operating profit (EBIT)	184.8	-166.5	49.2	142.9	66.3	-76.6	-53.6
Earnings before taxes (EBT)	162.6	-198.4	8.7	96.9	35.4	-62.8	-64.8
Net income (EAT)	108.6	-149.0	4.4	69.8	18.0	-52.8	-75.6

_ Sales volume declined by 6.5% and revenue by 5.4%

_ EBITDA dropped by 36.4% to EUR 126.5 million, but moderate compared to other steel companies

_ Net income of EUR 18.0 million

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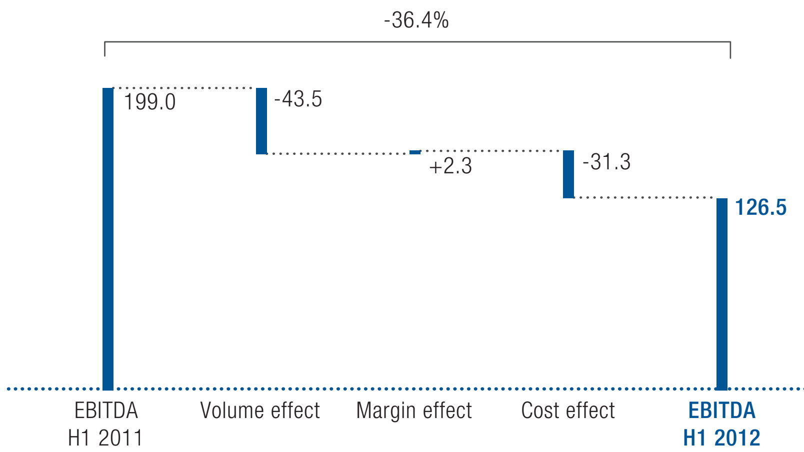
Negative volume and margin effects in Europe burden EBITDA

EBITDA reconciliation H1 2011 to H1 2012 I in million EUR



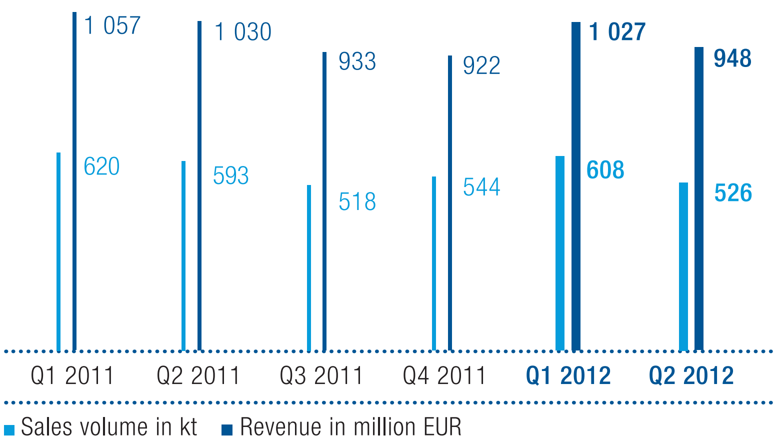
_ Lower demand led to negative volume effect in Europe which could not be compensated by higher volumes in North America

_ Positive margin effects in North America were able to compensate margin decline in Europe

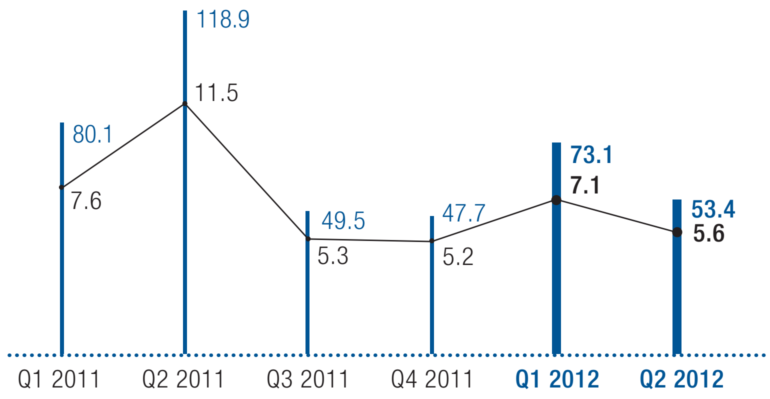
_ Costs rose due to higher number of employees in North America, exchange losses and non-recurring costs

Slow-down in second quarter 2012

Sales volume and revenue Q1 2011–Q2 2012 |
in kt and in million EUR



EBITDA and EBITDA margin Q1 2011–Q2 2012 |
in million EUR and in %



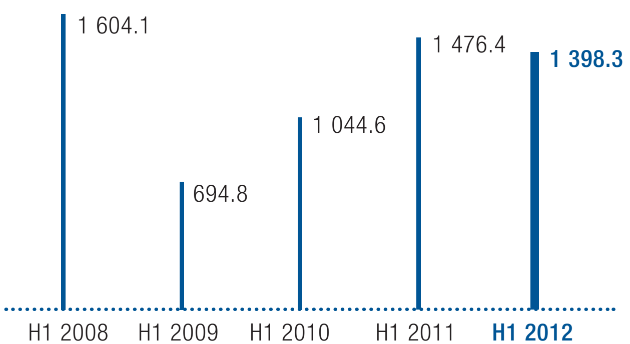
_ Good start at the beginning of the year (Q1 2012: revenue +11.4% vs. to Q4 2011) could not be continued during Q2 (Q2 2012: revenue -7.7% vs. to Q1 2012)

_ Significant earnings recovery in Q1 2012: +53.2% vs. to Q4 2011, but decline in Q2 2012: -26.9% vs. to Q1 2012

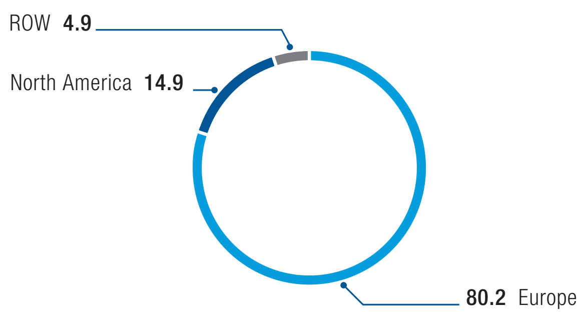
_ Sales volume, revenue and earnings in Q2 2012 only slightly above the level of Q3 and Q4 2011 in contrary to the usual seasonal development

Production Division – Lower capacity utilization of some production sites

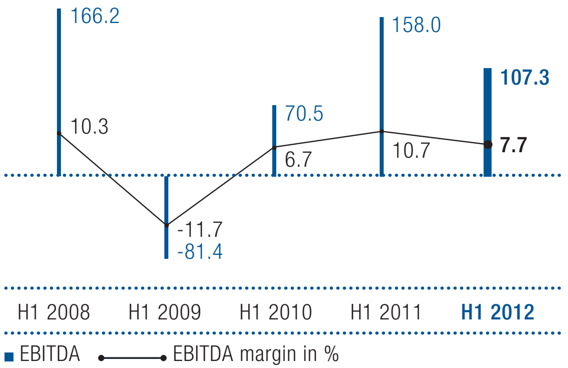
Revenue – Production
H1 2008–H1 2012 I in million EUR



Revenue by regions – Production
H1 2012 I in %



EBITDA and EBITDA margin – Production
H1 2008–H1 2012 I in million EUR and in %



_ The strong revenue decrease in Europe could not be compensated by the revenue increase in North America and other regions

_ EBITDA decreased by 32.1%

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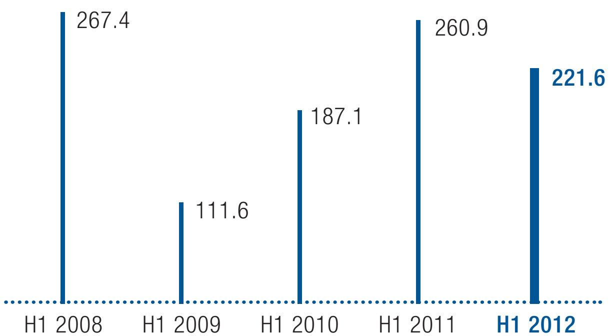
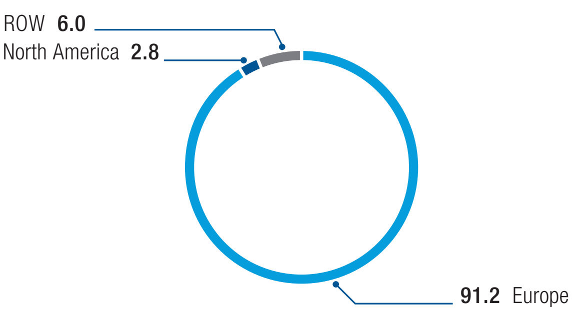
Processing Division – Influenced by unfavourable market environment

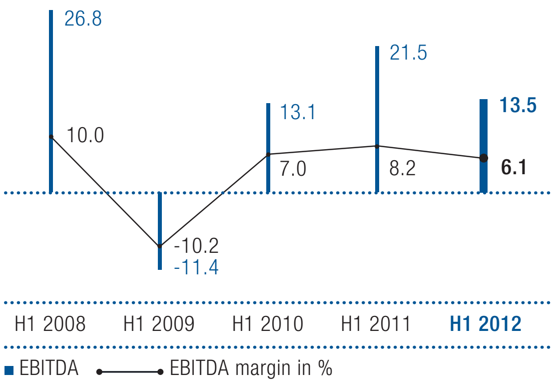
Revenue – Processing
H1 2008–H1 2012 I in million EUR



Revenue by regions – Processing
H1 2012 I in %



EBITDA and EBITDA margin – Processing
H1 2008–H1 2012 I in million EUR and in %



- Considerable revenue decrease by 15.1% due to the focus on European market and engineering steel
- Significant EBITDA decline by 37.2%

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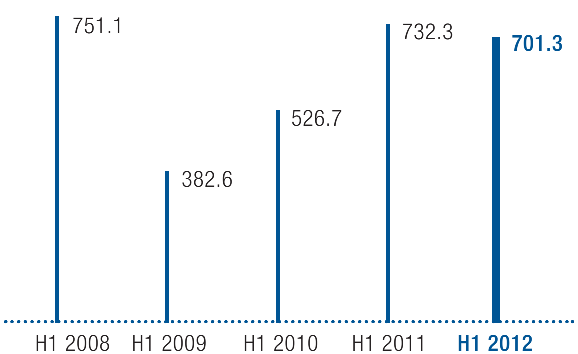
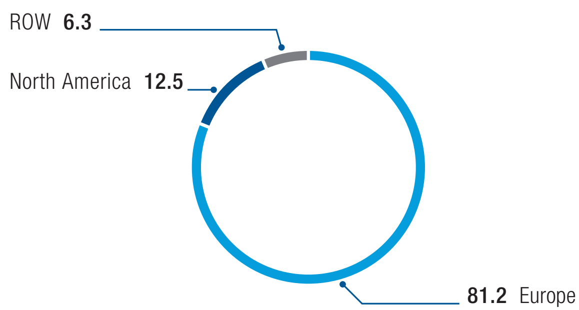
Distribution + Services Division – Regionally inconsistent

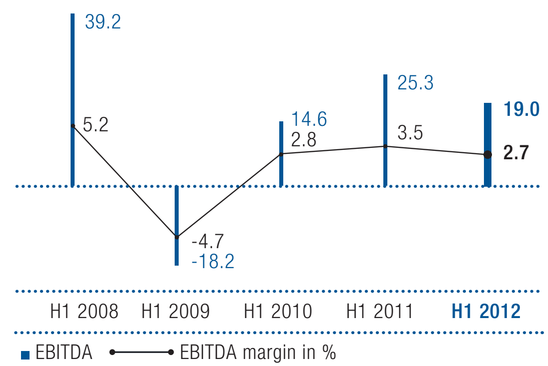
Revenue – Distribution + Services
H1 2008–H1 2012 I in million EUR



Revenue by regions – Distribution + Services
H1 2012 I in %



EBITDA and EBITDA margin – Distribution + Services
H1 2008–H1 2012 I in million EUR and in %



_ Differentiated revenue development: Europe -8.2%; North America and ROW: +17.7%

_ Comparatively weaker decrease of EBITDA by 24.9%

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Slight increase in total assets due to seasonal effects

Structure of consolidated statement of financial position I in million EUR and in %

Assets

of which in %	30.06.12	31.12.11
Total	2 794.8	2 730.6
Intangible assets	1	2
Property, plant and equipment	32	33
Deferred tax assets	3	3
Other non-current assets	1	1
Inventories	37	36
Trade accounts receivable	22	19
Cash and cash equivalents	2	4
Other current assets	2	2

Equity and liabilities

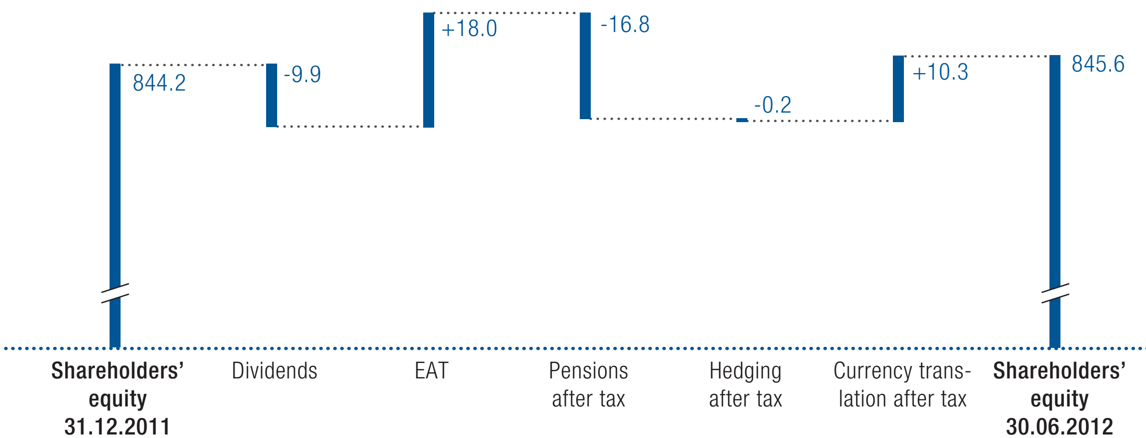
of which in %	31.12.11	30.06.12
Total	2 730.6	2 794.8
Total shareholders' equity	31	31
Provisions for pensions and similar obligations	8	9
Deferred tax liabilities	1	1
Non-current financial liabilities	24	23
Other non-current liabilities	2	1
Trade accounts payable	16	17
Other current financial liabilities	18	18

■ Assets ■ Equity and liabilities

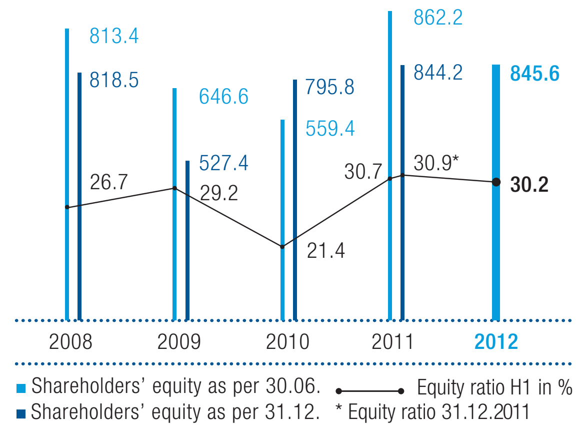
_ Trade receivables and inventories increased current assets

Continuously stable Shareholders' equity

Shareholders' equity | in million EUR



Shareholders' equity and equity ratio first half-year and full-year 2008–2012 | in million EUR and in %



- Stable shareholders' equity of EUR 845.6 million despite high actuarial losses on the valuation of pensions (31.12.2011: EUR 844.2 million)
- Seasonally higher total assets led to a reduction of the equity ratio to 30.2% (31.12.2011: 30.9%)

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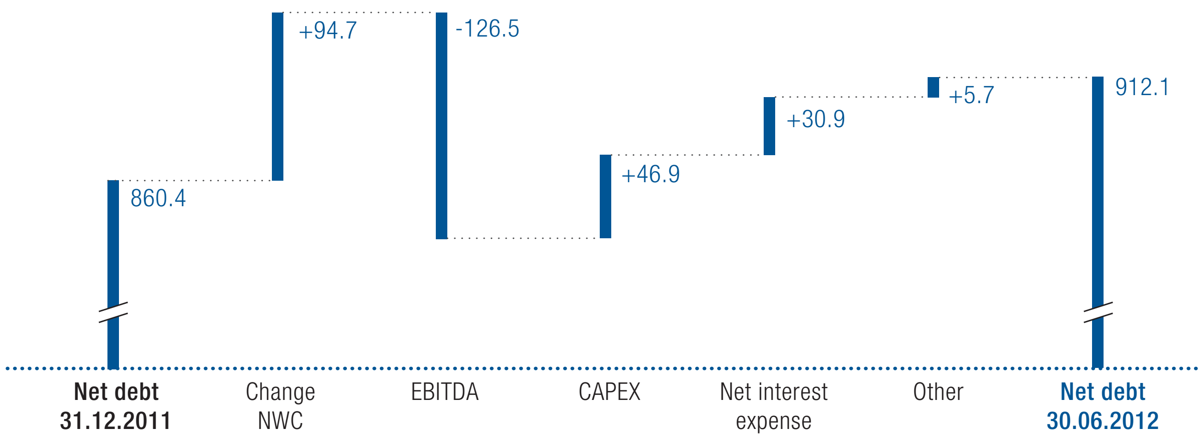
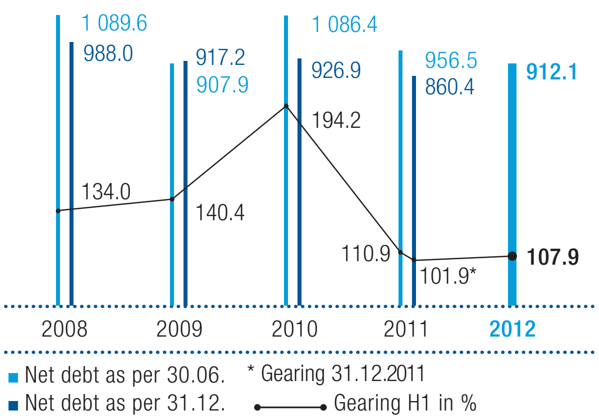
Net debt and gearing seasonally increased

Net debt I in million EUR



Net debt and gearing first half-year and full-year 2008–2012 I in million EUR and in %



_ Net debt increased due to build-up of net working capital to EUR 912.1 million (31.12.2011: EUR 860.4 million)

_ Gearing increased from 101.9% to 107.9% compared to 31.12.2011, but improved compared to H1 2011

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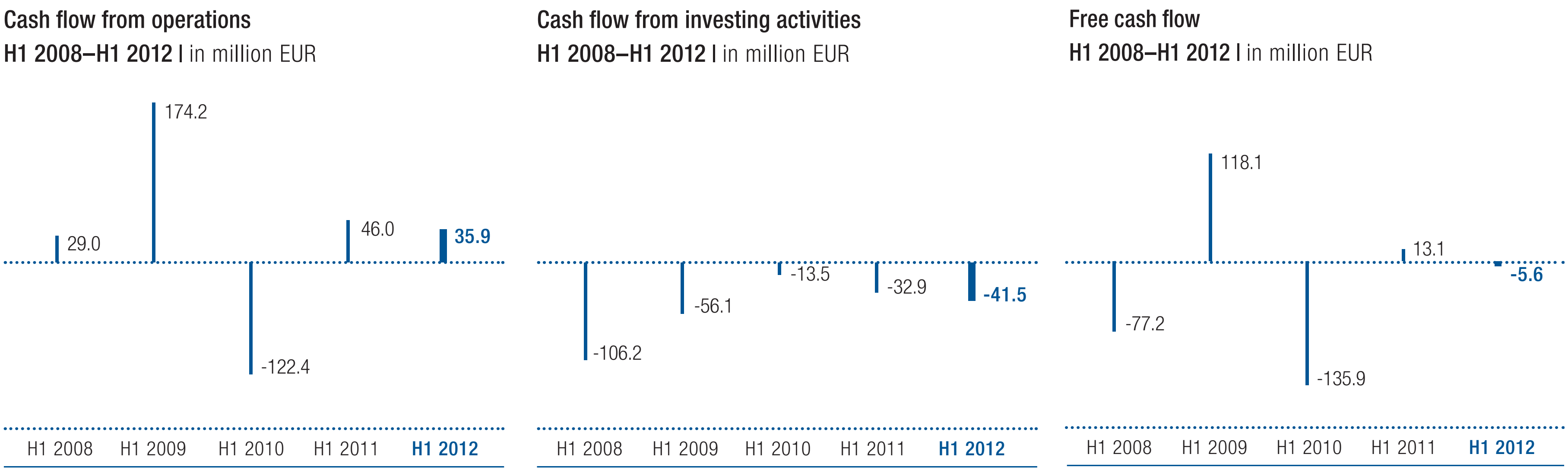
Positive Cash Flow from operations



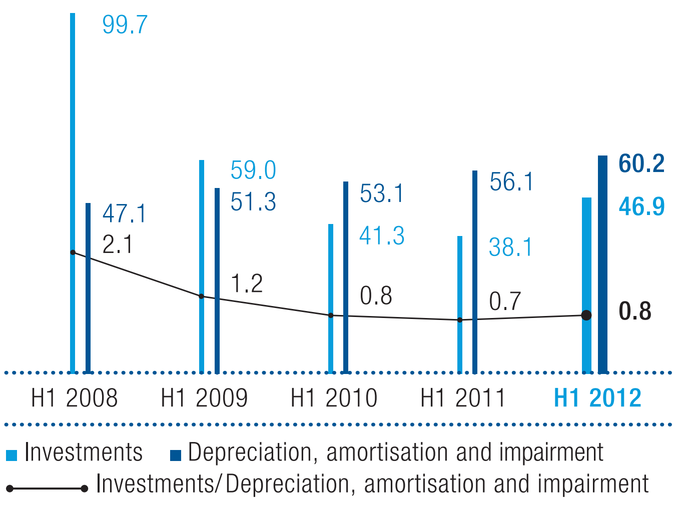
_ Cash flow before change in net working capital decreased significantly to EUR 124.2 million (H1 2011: EUR 231.6 million)

_ Nevertheless, cash flow from operations corresponds to the previous year's level

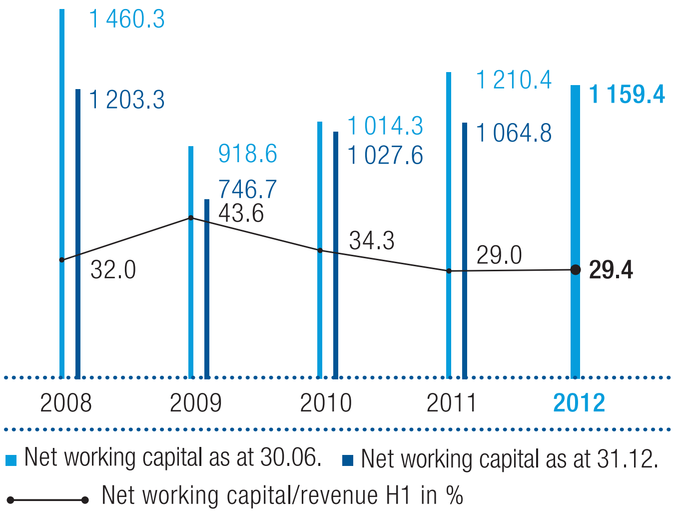
_ A slightly increased cash flow from investing activities resulted in a slightly lower free cash flow compared to the previous year

Stable ratios of investments and net working capital

Investments/Depreciation, amortisation and impairment
H1 2008–H1 2012 | in million EUR and in relation to revenue



Net working capital first half-year and full-year
2008–2012 | in million EUR and in relation to revenue



_ Investment ratio significantly below depreciation and amortisation, but increasing in H2 2012 due to seasonal effects

_ Net working capital/revenue-ratio still under 30%-limit

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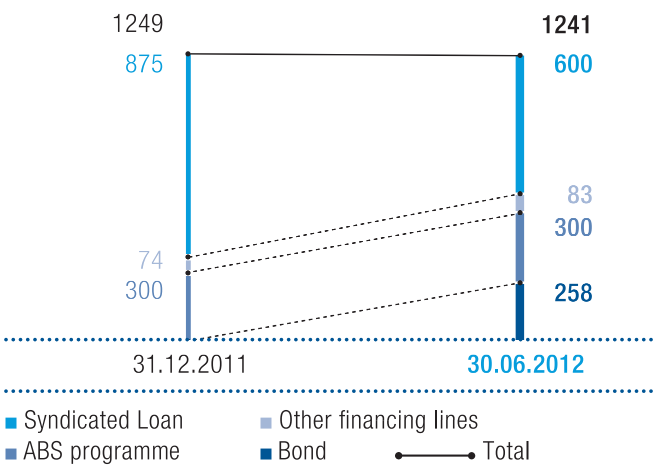
Successful placement of corporate bond

Financing structure as at 30.06.2012 I in million EUR



Details corporate bond

_ Bond of EUR 258 million placed

_ Duration 2012–2019

_ Nominal value 96.957%

_ Interest rate 9.875% p.a.

_ Interest payment bi-annually 15 May and 15 November

_ Financing structure has been broadened and maturity structure extended

_ Net proceeds of bond issue were used together with other funds for partial repayment of the outstanding syndicated loan which was thereby reduced by EUR 275 million to EUR 600 million

_ Sufficient funds for qualitative and quantitative growth

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4 OUTLOOK

Difficult market environment – Uncertain economic development

_ Customers have adopted a cautious stance

_ Order postponements and delayed shipments expected

_ High level of flexibility in production and from employees is necessary

AS FAR AS WE KNOW NO EXCESSIVE INVENTORIES AT OUR CUSTOMERS

Additional restructuring measures initiated

_ Production Division: Cost savings program at Deutsche Edelstahlwerke GmbH (DE) with an amount of EUR 20.0 million p.a. launched

_ Processing Division: Partly relocation of the bright steel production from Denmark to Dusseldorf

_ Distribution + Services Division: Cost cutting in Germany of EUR 13.0 million p.a. planned

_ One-off restructuring costs in the amount of EUR 12.0 million expected in Q3 2012

OBJECTIVE: BREAK-EVEN ADJUSTMENTS OF PARTICULAR UNITS

Decline in sales volumes and revenue in full year 2012

_ Q3 2012: For seasonal reasons generally weaker revenue and earnings development; neutral EBIT after considering restructuring costs

_ Short-term cost reductions will better compensate effects of lower demand in H2 2012, EBITDA will be lower compared to H1 2012 due to seasonal effects

_ Full year 2012: Substantial reduction in EBITDA; slightly positive EBT

Value-related control parameters and financial targets

in %	Status 30.06.2012	Mid-term targets
EBITDA margin	6.4	8–12
ROCE	12.1	12–18
Equity ratio	30.2	35–40
Gearing	107.9	80–100

5 QUESTIONS & ANSWERS

Financial calendar and contact details Investor Relations

_ 16 November 2012	Q3 interim report 2012, Investor Call
_ 14 March 2013	Annual Financial Statements 2012 Media and Analyst Conference, Investor Call
_ 18 April 2013	Annual General Meeting

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Foreward-looking statements

_ The statements in this presentation relating to matters that are not historical facts are forward-looking statements. They are no guarantee of future performance and involve risks and uncertainties with regard to future global economic conditions, foreign exchange rates, regulatory rules, market conditions, the actions of competitors and other factors beyond the control of SCHMOLZ + BICKENBACH AG.