Media release

SCHMOLZ + BICKENBACH sells specific distribution activities to JACQUET METAL SERVICE

- **Major step in the strategic realignment implemented**
- **Purchase price (enterprise value) in the amount of EUR 88.6 million; cash settlement price (equity value) will be determined based on the balance sheets as of 30 April 2015 of the affected distribution units**
- **Closing expected in the third quarter 2015, positive effect on key financial figures of SCHMOLZ + BICKENBACH Group**
- **One-time impairment need and provisioning requirement in the amount of around EUR 120 – 140 million**
- **Temporary reduction of equity ratio expected until closing**

Emmenbrücke, 30 March 2015 – SCHMOLZ + BICKENBACH AG, a global leader in special long steel (such as tool steel, stainless steel, and engineering steel) listed on the SIX Swiss Exchange (SIX: STLN), sells its specific distribution units in Germany, Belgium, the Netherlands and Austria to JACQUET METAL SERVICE, a leading European special steel distributor listed on the Euronext Paris Exchange (EPA: JCQ). In 2014, these activities achieved revenues of around EUR 600 million, an adjusted EBITDA of around EUR 7 million and employed around 1 000 employees.

The affected distribution units belonged to the Sales & Services division, follow a diverging business model and focus on selling third party products. Therefore, they did no longer fit into the strategic direction of the SCHMOLZ + BICKENBACH Group; the future focus of the Group lies on production and sales of own-mill products. The tool steel division will stay with SCHMOLZ + BICKENBACH.

The purchase price amounts to EUR 88.6 million (enterprise value). The estimated cash settlement price (equity value) will be finally determined based on the balance sheets as of 30 April 2015 of the affected distribution units. It is expected that the purchase price will be paid to SCHMOLZ + BICKENBACH in cash in the third quarter 2015. The transaction is subject to approval by the anti-trust authorities as well as further customary closing conditions.

With the disposal SCHMOLZ + BICKENBACH takes a major step in its strategic realignment, which foresees a focussing on the production of special long steel and the distribution of own products via the Group's Sales & Services network.

Based on the Group balance sheet as of 31 December 2014 and the Group profit and loss statement for the period 1 January 2014 to 31 December 2014 the following effects would have occurred, if the transaction had taken place in 2014:

The adjusted EBITDA margin would have increased from 7.8% by 100 basis points to 8.8%. Thanks to the cash inflow from the purchase price, the net financial liabilities would have reduced; the leverage, meaning the ratio of net debt to adjusted EBITDA, would have decreased from 2.2x to 2.0x.

By signing the purchase agreement the distribution activities will be considered as “discontinued operations” in SCHMOLZ + BICKENBACH’s books for the first time as of 31 March 2015. A valuation of the net assets according to IFRS 5 is associated with the reclassification of the distribution activities as “discontinued operations”; this likely would result in a impairment need and provisioning requirement in a range of EUR 120 million to EUR 140 million. Based on the balance sheet figures 2014 and resulting from the impairment need, compared to 31 December 2014 (35.9%), the equity ratio of the Group would have been reduced temporarily by around three percentage points. After closing and assuming all other parameters remain unchanged, a recovery to around 35% could have been assumed. A similar effect is to be expected for the first quarter 2015, too.

Thanks to the transaction, SCHMOLZ + BICKENBACH and JACQUET METAL SERVICE will expand their already existing supplier relationship and continue to cooperate as reliable partners.

Lazard acted as sole financial advisor to SCHMOLZ + BICKENBACH and Deloitte Legal was its legal advisor in the transaction.

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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.