STARTING A NEW SUCCESS STORY

INTERIM REPORT 3RD QUARTER 2014

SCHMOLZ + BICKENBACH AG

Providing special steel solutions

Our key figures

	Unit	1.1.–30.9.2014	1.1.–30.9.2013	Change on prior year %	Q3 2014	Q3 2013	Change on prior year %
SCHMOLZ + BICKENBACH Group							
Sales volume	kilotonnes	1 647	1 563	5.4	509	500	1.8
Revenue	million EUR	2 553.1	2 524.7	1.1	823.5	784.2	5.0
Adjusted EBITDA	million EUR	199.4	135.8	46.8	60.0	39.8	50.8
Operating profit before depreciation and amortisation (EBITDA)	million EUR	193.4	126.6	52.8	57.1	36.2	57.7
Adjusted EBITDA margin (%)	%	7.8	5.4	44.4	7.3	5.1	43.1
EBITDA margin (%)	%	7.6	5.0	52.0	6.9	4.6	50.0
Operating profit (EBIT)	million EUR	101.7	33.9	> 100	25.2	3.5	> 100
Earnings before taxes (EBT)	million EUR	68.3	-39.1	> 100	16.1	-24.5	> 100
Net income (loss) (EAT)	million EUR	45.8	-44.5	> 100	10.6	-25.6	> 100
Investments	million EUR	59.8	61.7	-3.1	28.2	29.4	-4.1
Free cash flow	million EUR	21.9	17.5	25.1	15.5	20.2	-23.3
Total assets	million EUR	2 553.0	2 437.2	4.8	–	–	–
Shareholders' equity	million EUR	910.9	596.3	52.8	–	–	–
Equity ratio	%	35.7	24.5	45.7	–	–	–
Net debt	million EUR	627.4	971.5	-35.4	–	–	–
Gearing	%	68.9	162.9	-57.7	–	–	–
Employees as at closing date	positions	10 036	10 099	-0.6	–	–	–
SCHMOLZ + BICKENBACH share							
Earnings per share [1]	EUR/CHF	0.05/0.06	-0.39/-0.48	–	0.01/0.01	-0.22/-0.27	–
Shareholders' equity per share [2]	EUR/CHF	0.95/1.15	4.97/6.08	–	–	–	–
Highest/lowest share price	CHF	1.51/1.10	0.92/0.59 [3]	–	1.49/1.21	0.92/0.74 [3]	–

[1] The earnings per share are based on the net income (loss) of the Group after deduction of the portions allocable to the non-controlling interests. In 2014 the calculation is based on an average of 945 million shares (1.1.–30.9.2013: 118 million).

[2] In 2014 the shareholders' equity per share is based on 945 million shares (1.1.–30.9.2013: 118 million).

[3] Adjusted to nominal value reduction implemented in fourth quarter 2013.

Our profile

SCHMOLZ + BICKENBACH is one of the leading producers of premium special steel long products, operating with a global sales and service network. We focus on meeting our customers' specific needs and delivering high-quality products.

Providing special steel solutions

Contents

Dear shareholders,

SCHMOLZ+BICKENBACH has successfully made further progress in implementing the approved strategy in the third quarter. Mr. Wiecha and I have taken an important step forward in creating the new structures that our Group needs. For instance, we have recruited a qualified Head of Technical Development who is currently putting together a team that will set Group-wide technical standards, centrally coordinate investments and promote technological developments across the Group. In addition, an experienced manager has just taken up the post of Head of Central Purchasing. Having identified key procurement families, the Central Purchasing Team will now focus on releasing further purchasing synergies and facilitating efforts to act as an integrated group.

Order situation remains good

Following a particularly high order intake in the first quarter of 2014, the situation settled down 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).

Sales and revenue up on the prior-year level

At 1.8%, year-on-year sales growth in the third quarter was significantly slower than in the first two quarters, resulting in a total sales volume of 509 kilotonnes (Q3 2013: 500 kilotonnes). Revenue climbed 5.0% to EUR 823.5 million (Q3 2013: EUR 784.2 million).

Significant increase in percentage gross margin and adjusted EBITDA

There was a significant year-on-year improvement in the percentage gross margin, which came to 34.4% (Q3 2013: 32.1%) in the third quarter and 34.7% (1.1.–30.9.2013: 31.9%) in the first nine months. In the third quarter, adjusted EBITDA improved by 50.8% to EUR 60.0 million (Q3 2013: EUR 39.8 million) and the adjusted EBITDA margin to 7.3% (Q3 2013: 5.1%). This development is thanks largely to the positive effects of our extensive efficiency improvement programme.

Bottom line remains clearly positive

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. Earnings per share improved to EUR 0.01 (Q3 2013: EUR -0.22) in the third quarter, and to EUR 0.05 in the first nine months (1.1.–30.9.2013: EUR -0.39). Despite the European economy showing signs of weakness, we have managed to continue the positive earnings trend of the previous two quarters even though the third quarter is traditionally weaker due to seasonal effects.

Thanks to our shareholders, employees and customers

On behalf of the Board of Directors and Executive Board, I would like to thank our shareholders for their confidence in our Company. Allow me also to thank our employees for their commitment and hard work, as well as our customers and business partners for the good working relationship and their loyalty to our business.

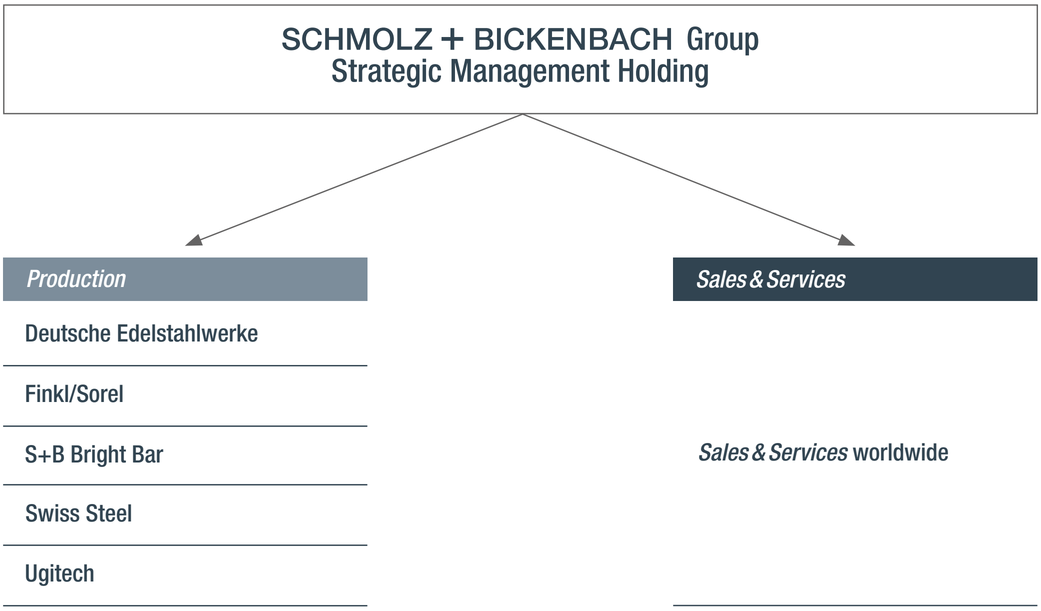
Clemens Iller, CEO

Management report

Business environment and strategy

SCHMOLZ + BICKENBACH is an independent and fully integrated steel group with operations around the world. An international leader in the field of special long steel, SCHMOLZ + BICKENBACH has an integrated dual business model built around the divisions *Production* and *Sales & Services*, allowing the Group to leverage strategic and operational synergies. With a premium product portfolio and a focus on research and development, SCHMOLZ + BICKENBACH aims to access strategic growth segments.

Business model



Our divisions

The strategic realignment of the business model – agreed by resolution in June 2013 – was carried out in the third quarter of 2013. The new business model is now based on the two divisions *Production* and *Sales & Services*. The interim report for Q3 2013 reflected the new segment structure for the first time.

***Production* – specialised steelmaking, forging and rolling plants, drawing mills, bright steel production and heat treatment**

SCHMOLZ + BICKENBACH operates a total of nine steel mills in Germany, France, Switzerland, the USA and Canada. The steel mills complement each other in terms of formats and qualities, covering the entire spectrum for special long steel – tool steel, engineering steel and stainless steel. The mills sell their products directly to external customers or via *Sales & Services*. Our high-grade steel is processed to produce long steel products to the customer's exact specifications. Characteristics such as close dimensional tolerance, strength and surface quality are precisely matched to the customer's brief.

Sales & Services

With around 85 distribution and service branches in over 35 countries, SCHMOLZ + BICKENBACH guarantees the consistent and reliable supply of special steel and end-to-end customer solutions. These include technical consulting and downstream processes such as sawing, milling and hardening as well as supply chain management. The product range is dominated by special steel long products from our own *Production* Division, supplemented by a selection of products purchased externally from third-party providers.

Our market

We operate in the niche market for special long steel. This market accounts for around 7% of total steel production worldwide. It differs significantly in a number of respects from the rest of the steel market, which tends to have standard grades and flat products:

- Special long steel can be tailored to customers' exact needs and specific application properties, enabling considerable product differentiation.
- Manufacturing customised products of this kind calls for extensive know-how in the individual application industries.
- A natural consequence of this is that in many cases we collaborate closely with our customers in the field of development, leading to a high degree of loyalty to us as a supplier.
- Substitution pressure is lower than for other materials, because special steel solutions combine many of the properties that are required in each of the applications.

Our products

SCHMOLZ + BICKENBACH has a broad product range covering the entire application spectrum of special long steel. With our comprehensive range of steel grades, dimensions and surface treatments, we offer our partners solutions tailored to their needs.

Engineering steel – special materials for extreme loads

Engineering steel is used in a multitude of applications. However, it is especially called for in applications with high mechanical loads and when components need to be both reliable and durable. Examples include drive, engine and chassis components for the automotive industry, turbine parts for power generation, and gear components for wind energy systems.

Stainless steel – resistant to corrosion, acids and heat

Stainless steel is resistant to corrosion, acids and extreme thermal stresses. It is strong but stretchable. These characteristics, paired with aesthetic design options, make stainless long steel an attractive material for many specialised applications. Key application areas include the automotive, mechanical engineering, food and chemical industries, as well as medical engineering, the oil and gas industry, and aviation.

Tool steel – technical application consulting as the key to success

SCHMOLZ + BICKENBACH is a leader in the global market for tool steel. The product range comprises cold work steel, hot-work tool steel, high-speed steel and mould steel, which is used e.g. in the automotive industry or in the food industry. SCHMOLZ + BICKENBACH has many years of extensive know-how in customers' specific application areas. It is this expertise that enables us to advise customers on the technical aspects of their production. We work together with our customers to find the best special steel solutions for their individual requirements.

Strategy

Our long-term goal is to create an innovative, robust and global group for special steel. Our strategy is geared towards sustainable earnings growth. With two divisions, *Production* and *Sales & Services*, the Group operates along the entire supply chain. This integrated structure and management facilitates the realisation of synergies, particularly in the areas of sales, procurement, market and product segmentation, R&D and technical knowledge transfer.

The Executive Board has launched an extensive performance improvement programme across all business units to boost growth and earnings and improve operational earning power and the capital structure in a sustainable manner. From its sound starting point, SCHMOLZ+BICKENBACH is well positioned to benefit from global megatrends such as urbanisation, increasing mobility, and resource scarcity and efficiency in the future, leading to long-term growth in terms of volume and value.

SCHMOLZ+BICKENBACH's clear positioning in the market for high-grade special long steel is a considerable advantage in terms of competition and differentiation:

> Sound positioning as a fully integrated and leading global supplier for the entire product range of special long steel
> Excellent potential for differentiation in products and customised solutions
> Strong customer loyalty through technical application consulting, high quality of service as well as operating and functional reliability
> Low substitution pressure, since often only special long steel can be made to embody all of the required properties
> Technological expertise and many years of management experience.

These qualities secure our leading position in the three main product segments – engineering steel, stainless steel and tool steel.

Strategic growth potential
We strive to extend our leading position in our core business and have identified key potential to do so as follows:

> Enhance and optimise the product portfolio continuously (focusing on technical products) and expand strategic sales activities
> Continue to deepen know-how in key application industries and expand operations in new application areas as a way to strengthen customer loyalty and safeguard our position as technology leader
> Strengthen our innovative capacity through internal measures and targeted collaboration with customers and other external partners such as universities and trade associations
> Technological development and excellence by establishing group-wide applicable standards, internal benchmarking, investments in forward-looking technologies as well as technical developments harmonised across the Group
> Position and strengthen SCHMOLZ+BICKENBACH as an attractive brand in the sales, capital and employment markets
> Exploit synergies and complementary strengths within the Group
> Profitable, organic revenue growth in growth regions
> Take M & A opportunities as they arise with a focus on growth regions and consolidation opportunities.

Capital market

SCHMOLZ + BICKENBACH share

The SCHMOLZ+BICKENBACH share is listed on the SIX Swiss Exchange in accordance with the Main Standard and traded daily on a liquid market. Reputable banks and other financial institutions regularly observe and analyse the Company's development.

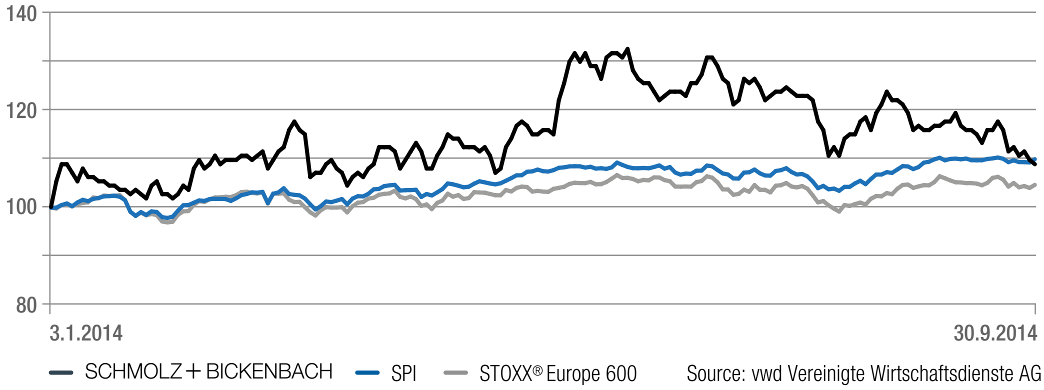
SCHMOLZ + BICKENBACH share price development

Varying signs in the first quarter of 2014 – from geopolitical uncertainty and mixed signals from monetary policy – gave way to a more positive mood in the second quarter, thanks mainly to the positive macroeconomic environment. The third quarter was once again dominated by geopolitical uncertainty. Besides further escalation of the Ukraine crisis, the markets were burdened by the Gaza conflict and disputes in Iraq. As the quarter closed, the mood was clouded by uncertainty surrounding the Scottish referendum. The crisis at a Portuguese bank put the European debt crisis back on the agenda. The large number of geopolitical issues was reflected in a steady decline in European business climate indices. In the US it was a different story. With the most important macroeconomic indicators pointing upwards again, the Federal Reserve began to plan a withdrawal from its expansionary monetary policy. The ECB cut interest rates again and announced increased bond buying in a move that was welcomed by the European stock markets.

Against this backdrop, the third quarter of 2014 saw an end to the upward trend that the SCHMOLZ+BICKENBACH share had enjoyed since the beginning of the year. After opening the quarter at CHF 1.42, the share closed at CHF 1.23 as at 30 September 2014 – a loss of 13.4%. The SPI, which includes the SCHMOLZ+BICKENBACH share, saw growth of 2.8% in the same period, while the STOXX® Europe 600 was up 0.4%.

The average daily trading volume was 2.2 million SCHMOLZ+BICKENBACH shares in the third quarter of 2014, compared to around 2.8 million shares in 2013 as a whole and around 3.7 million in the first half of the current fiscal year. These figures show that the share remains liquid.

Development of share price 3.1.2014 until 30.9.2014 I SCHMOLZ + BICKENBACH share compared to Swiss Performance Index and to STOXX® Europe 600 (all indexed)



Source: vwd Vereinigte Wirtschaftsdienste AG

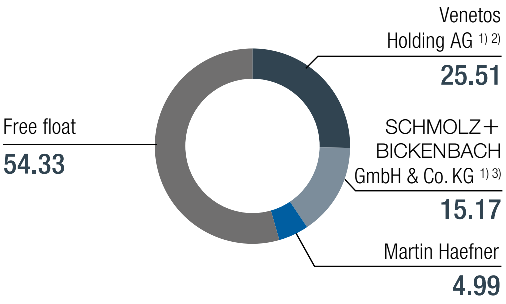
Facts and figures on the share	
ISIN	CH0005795668
Securities number	579566
Ticker symbol	STLN
Bloomberg	STLN SE
Reuters	STLN.S
Type of security	Registered share
Trading currency	CHF
Listed on	SIX Swiss Exchange
Indices	SPI, SPI Extra, SPI ex SLI, Swiss All Share Index
Number of shares outstanding	945 000 000
Nominal value in CHF	0.50

Shareholder structure

Share capital as at 30 September 2014 comprised 945 000 000 fully paid-up registered shares with a nominal value of CHF 0.50 each. There were no major changes to the shareholder structure in the reporting period. In addition to the long-term anchor shareholder Venetos Holding AG, a Renova Group company, and SCHMOLZ+BICKENBACH GmbH & Co. KG, which bundles the interests of the former founding family, Martin Haefner also holds 4.99% of voting rights. The free float comes to 54.33%.

Overview shareholder structure as at 30.9.2014

in %



1) Form a group according to SESTA.
2) Renova Group company.
3) Indirectly via the subsidiaries SCHMOLZ+BICKENBACH Beteiligungs GmbH and SCHMOLZ+BICKENBACH Holding AG.

Analyst coverage

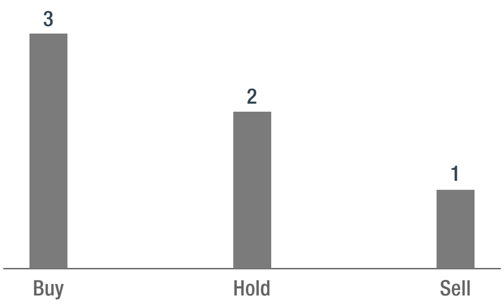
There are currently six analysts that regularly cover the SCHMOLZ+BICKENBACH share (as at November 2014), providing potential investors with independent views on SCHMOLZ+BICKENBACH's present situation and future outlook. The following analysts regularly cover the share:

Institute	Analyst
Commerzbank	Ingo-Martin Schachel
Kepler Cheuvreux	Rochus Brauneiser
MainFirst	Alexander Hauenstein
UBS	Andre Rudolf von Rohr
Vontobel	Patrick Rafaisz
Zürcher Kantonalbank	Dr Martin Schreiber

At present (November 2014), three analysts have issued a "buy" recommendation, two a "hold" and one a "sell":

Analysts' recommendation as at November 2014

Positions



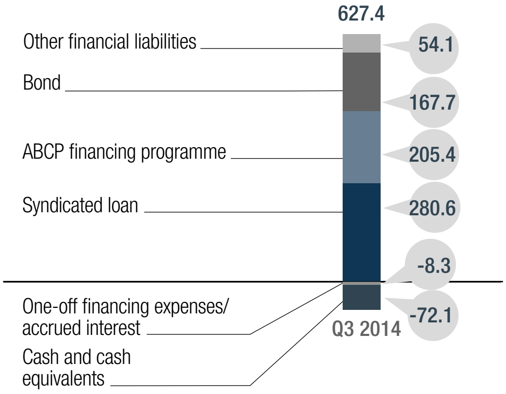
Financing

SCHMOLZ+BICKENBACH's financing structure is built on three main pillars: a syndicated loan, an ABCP financing programme and a corporate bond.

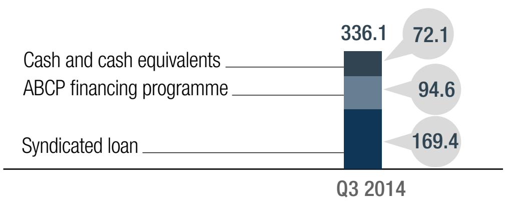
SCHMOLZ+BICKENBACH successfully refinanced the syndicated loan and ABCP financing programme in June 2014. The new revolving loan facility – once again a syndicated loan – and the ABCP financing programme replace or extend the previous financing which was due to expire in April 2015. SCHMOLZ+BICKENBACH was able to extend the maturity dates by a considerable term of five years until April 2019. The Company also secured better structural conditions for both financing lines.

Unused financing lines and freely disposable funds come to around EUR 340 million, ensuring the Company has sufficient financial resources.

Net debt as at 30.9.2014
in million EUR



Financial headroom as at 30.9.2014
in million EUR



Corporate bond 2012–2019 of SCHMOLZ + BICKENBACH Luxembourg S.A. (LU)

On 16 May 2012, SCHMOLZ+BICKENBACH issued a corporate bond with a final maturity date of 15 May 2019. The senior secured notes were issued by our indirect subsidiary SCHMOLZ+BICKENBACH Luxembourg S.A. (LU) at 96.957% of the nominal value and with a coupon of 9.875% p.a. Interest is payable semi-annually on 15 May and 15 November. The senior secured notes are listed on the Luxembourg Stock Exchange and traded on the Euro MTF market.

SCHMOLZ+BICKENBACH carried out a capital increase with a volume of around CHF 438 million in October 2013. This transaction considerably strengthened the Company's capital basis. Proceeds from the capital increase were used to repay some of the syndicated loan still current at that time and to redeem a portion of the corporate bond in December 2013.

As at 30 September 2014, the bond was priced at 109.25%, giving an effective yield of 6.2%.

Key bond facts and figures	
Issuer	SCHMOLZ + BICKENBACH LUXEMBOURG S.A. (LUXEMBOURG)
Listed on	Luxembourg Stock Exchange
ISIN	DE000A1G4PS9 / DE000A1G4PT7
Type of security	Fixed-interest notes
Trading currency	EUR
Original nominal volume	EUR 258.0 million
Outstanding volume	EUR 167.7 million
Pool factor	0.65253
Issue price	96.957%
Issue date	16 May 2012
Coupon	9.875%
Interest payable	15 May and 15 November
Maturity	15 May 2019
Denomination	1 000
Minimum trading volume	100 000

Rating agency	Rating	Outlook	Latest rating
Moody's	B3	stable	26 March 2014
Standard & Poor's	B+	stable	30 October 2014

Financial calendar 2015	
12 March 2015	Annual Report 2014, Media Conference, Investor Conference
15 April 2015	Annual General Meeting
19 May 2015	Q1 Report 2015, Media Call, Investor Call
11 August 2015	Q2 Report 2015, Media Call, Investor Call
12 November 2015	Q3 Report 2015, Media Call, Investor Call

Contact

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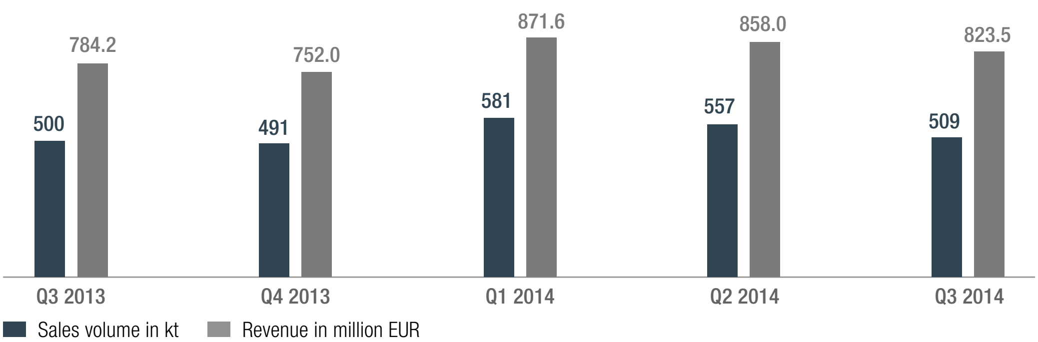
Business development of the Group

Key figures on results of operations	1.1.–30.9.2014	1.1.–30.9.2013	Change on prior year %	Q3 2014	Q3 2013	Change on prior year %
in million EUR						
Sales volume (kt)	1 647	1 563	5.4	509	500	1.8
Revenue	2 553.1	2 524.7	1.1	823.5	784.2	5.0
Adjusted EBITDA	199.4	135.8	46.8	60.0	39.8	50.8
Operating profit before depreciation and amortisation (EBITDA)	193.4	126.6	52.8	57.1	36.2	57.7
Adjusted EBITDA margin (%)	7.8	5.4	44.4	7.3	5.1	43.1
EBITDA margin (%)	7.6	5.0	52.0	6.9	4.6	50.0
Operating profit (EBIT)	101.7	33.9	> 100	25.2	3.5	> 100
Earnings before taxes (EBT)	68.3	-39.1	> 100	16.1	-24.5	> 100
Net income (loss) (EAT)	45.8	-44.5	> 100	10.6	-25.6	> 100

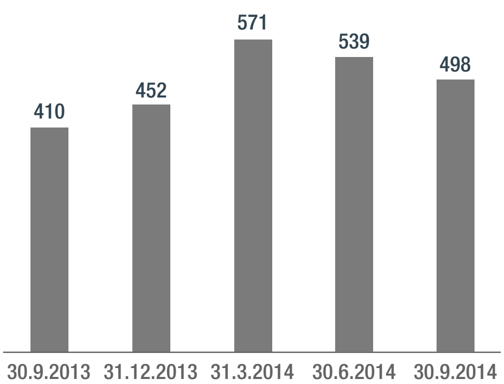
Sales volume and revenue Q3 2013–Q3 2014

in kt I in million EUR



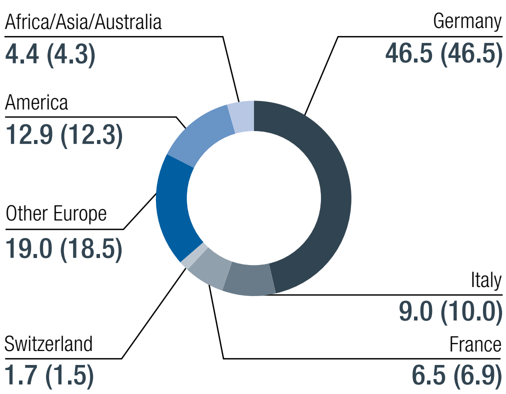
Order backlog Q3 2013–Q3 2014

in kt



Revenue by region 1.1.–30.9.2014

in %



Revenue I Compared to 1.1.–30.9.2013 (in brackets)

Order situation remains good

Following a particularly high order intake in the first quarter of 2014, the situation settled down 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).

Compared to the prior year, the volume of crude steel produced at our plants in the first nine months of the fiscal year saw an increase of 7.7% to 1 549 kilotonnes (1.1.–30.9.2013: 1 438 kilotonnes). The volume of crude steel produced in the third quarter came to 444 kilotonnes (Q3 2013: 430 kilotonnes).

Sales volume up, revenue burdened by sluggish prices

At just 1.8%, sales growth tailed off significantly in the third quarter of 2014 compared to the first two quarters of the year. 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.

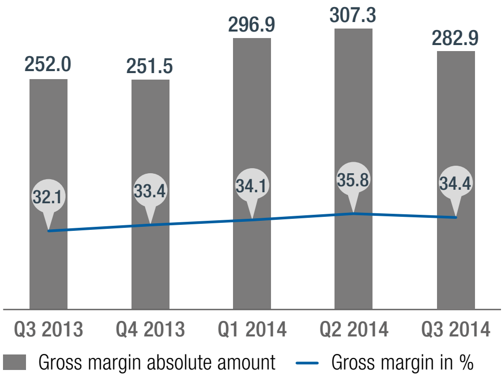
Compared to the first nine months of the prior year, however, the sales volume climbed 5.4% to 1 647 kilotonnes (1.1.–30.9.2013: 1 563 kilotonnes), while revenue increased by 1.1% to EUR 2 553.1 million (1.1.–30.9.2013: EUR 2 524.7 million). The fact that revenue failed to match the growth rate of sales 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 us 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 some variation in the performance of sales and revenue in the individual regions and product groups. Compared to the first nine months of the prior year, we achieved particularly strong revenue growth of 9.0% in North America. It was much more modest in Europe, however, at 0.3%, and was actually negative in the rest of the world with a decrease of 2.2%. We saw the sales volume increase in all product groups, with a rise of 6.5% in engineering steel, 4.8% in tool steel and 1.8% in stainless steel. For engineering and tool steel the Group also saw revenue growth of 4.2% and 0.2%, respectively, while revenue from stainless steel decreased by 2.4%. Compared to the same quarter of the prior year, revenue was up across the board, however. This development is largely attributable to the sharp price increases for nickel in the second quarter of 2014 in particular which were passed on to our customers through higher alloy charges. In the meantime, however, commodity prices have come back down – especially for nickel.

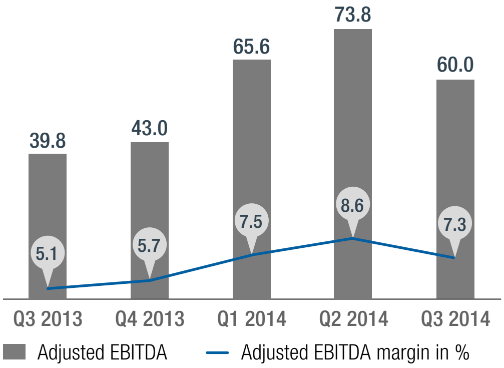
Better absolute and percentage gross margin

Adjusted for the change in semi-finished and finished products, cost of materials increased at a slower rate than revenue, growing 1.6% to EUR 540.6 million (Q3 2013: EUR 532.2 million) in the third quarter. It decreased by 3.1% overall in the first nine months of fiscal 2014 to EUR 1 666.0 million (1.1.–30.9.2013: EUR 1 719.8 million). The resulting gross margin of EUR 282.9 million in the third quarter (Q3 2013: EUR 252.0 million) and EUR 887.1 million in the first nine months (1.1.–30.9.2013: EUR 804.9 million) of the fiscal year was up 12.3% and 10.2% on the respective prior-year figures. 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% in the first nine months (1.1.–30.9.2013: 31.9%).

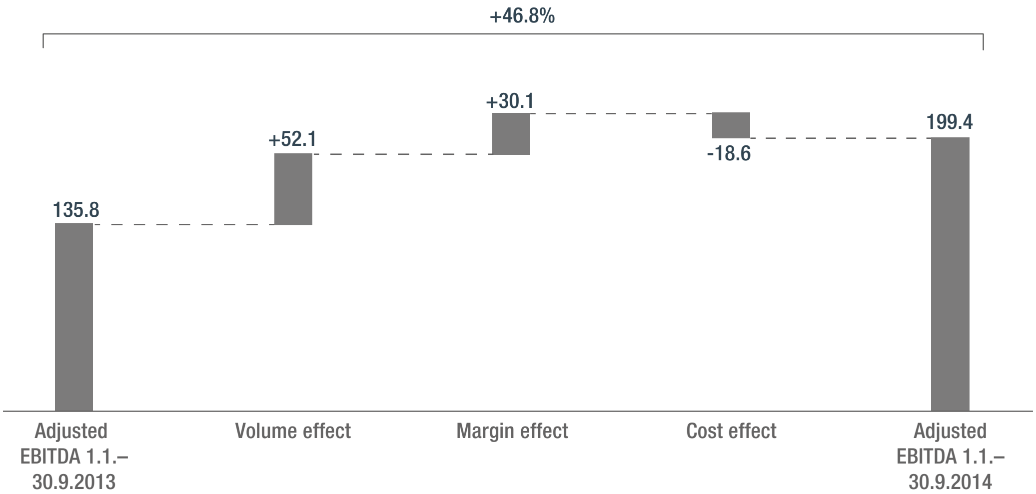
Gross margin absolute amount and in %
Q3 2013–Q3 2014
in million EUR | in %



Adjusted EBITDA and adjusted EBITDA margin
Q3 2013–Q3 2014
in million EUR | in %



EBITDA reconciliation
in million EUR



Other operating income and expenses down, higher personnel costs reflect good activity level

Other operating income of EUR 6.9 million (Q3 2013: EUR 9.6 million) was around a third lower than in the same quarter of the prior year. At EUR 22.6 million (1.1.–30.9.2013: EUR 29.2 million) for the first nine months, the figure was down EUR 6.6 million or 22.6% compared to the same period of the prior year. This decrease is mainly due to exchange rate losses where there were previously gains, lower insurance refunds and lower gains on the disposal of property, plant and equipment and financial assets.

Personnel costs totalled EUR 143.8 million (Q3 2013: EUR 140.0 million) in the third quarter, an increase of 2.7% or EUR 3.8 million on the same quarter of the prior year. They were up EUR 12.9 million or 2.9% to EUR 451.5 million in the first nine months of fiscal 2014 (1.1.–30.9.2013: EUR 438.6 million). The improved order situation and thus better activity level as well as increases in collectively bargained wages explain why personnel costs increased despite the restructuring measures launched in 2012 and extended in 2013.

Compared to the third quarter of 2013, other operating expenses increased by EUR 3.5 million or 4.1% to EUR 88.9 million (Q3 2013: EUR 85.4 million) in the third quarter of 2014 – primarily due to exchange rate losses. For the first nine months, however, other operating expenses were reduced by EUR 4.1 million or 1.5% despite higher activity levels, falling to EUR 264.8 million (1.1.–30.9.2013: EUR 268.9 million).

EBITDA up significantly, EBIT tripled

Adjusted EBITDA of EUR 60.0 million in the third quarter of 2014 (Q3 2013: EUR 39.8 million) represents an improvement of 50.8% on the same period of the prior year. It was up EUR 63.6 million or 46.8% compared to the first nine months of the prior year to EUR 199.4 million (1.1.–30.9.2013: EUR 135.8 million), giving an adjusted EBITDA margin that increased to 7.3% (Q3 2013: 5.1%) in the third quarter and 7.8% (1.1.–30.9.2013: 5.4%) in the first nine months of the fiscal year. The adjustment effects stem from ongoing restructuring measures, consulting projects for implementing the strategic realignment approved in 2013 and the relocation of the A. Finkl & Sons Co. steel plant in the US. They led to net extraordinary expenses of EUR 6.0 million in the first nine months of the year (1.1.–30.9.2013: EUR 9.2 million), which were deducted to give adjusted EBITDA. Including these extraordinary effects, operating profit before amortisation and depreciation (EBITDA) totalled EUR 193.4 million (1.1.–30.9.2013: EUR 126.6 million) in the first nine months, while the EBITDA margin stood at 7.6% (1.1.–30.9.2013: 5.0%). For the third quarter, EBITDA came to EUR 57.1 million (Q3 2013: EUR 36.2 million) and the EBITDA margin to 6.9% (Q3 2013: 4.6%).

Amortisation, depreciation and impairment was slightly below the prior-year level at EUR 31.9 million (Q3 2013: EUR 32.7 million) in the third quarter and EUR 91.7 million (1.1.–30.9.2013: EUR 92.7 million) in the first nine months. We managed to increase operating profit (EBIT) by a considerable EUR 21.7 million to EUR 25.2 million in the third quarter (Q3 2013: EUR 3.5 million) and triple it in the first nine months of the fiscal year to EUR 101.7 million (1.1.–30.9.2013: EUR 33.9 million).

Net financial expense more than halved

The Group used funds generated from the capital increase in the fourth quarter of 2013 to reduce debt. 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 (1.1.–30.9.2013: EUR 73.0 million) in the first nine months of fiscal 2014. Compared to the same quarter of the prior year, net financial expense decreased by 67.5% or EUR 18.9 million to EUR 9.1 million (Q3 2013: EUR 28.0 million) in the third quarter of 2014. Gains from translating financial assets and liabilities as well as from marking embedded derivatives and interest derivatives to market were a contributory factor in this development.

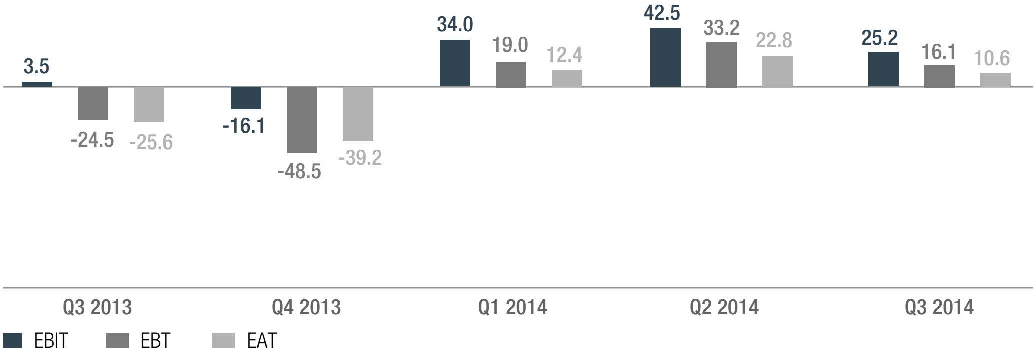
Bottom line remains clearly positive

At EUR 16.1 million (Q3 2013: EUR -24.5 million), we once again improved earnings before taxes (EBT) significantly compared to the same quarter of the prior year. Overall, the Group generated an EBT of EUR 68.3 million (1.1.–30.9.2013: EUR -39.1 million) in first nine months of 2014 – an increase of EUR 107.4 million on the same period of the prior year. The tax expense also rose in comparison to the first nine months of 2013, increasing by EUR 17.1 million to EUR 22.5 million (1.1.–30.9.2013: EUR 5.4 million) to give a Group tax rate of 32.9% (1.1.–30.9.2013: -13.8%). The effective Group tax rate for the same period of the prior year reflects the fact that no additional deferred tax assets were recorded on losses incurred at the German Group companies as their future realisation was deemed uncertain.

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 (1.1.–30.9.2013: net loss of EUR 44.5 million) in the first nine months, up EUR 90.3 million on the prior year. Earnings per share improved to EUR 0.01 (Q3 2013: EUR -0.22) in the third quarter, and to EUR 0.05 (1.1.–30.9.2013: EUR -0.39) in the first nine months. These results confirm and continue the strong earnings development of the previous two quarters: we have managed to generate a profit after tax even though the third quarter is traditionally weaker due to seasonal effects.

EBIT, EBT and EAT Q3 2013–Q3 2014

in million EUR



Business development of the divisions

Key figures of the divisions	1.1.– 30.9.2014	1.1.– 30.9.2013	Change on prior year %	Q3 2014	Q3 2013	Change on prior year %
in million EUR						
Production						
Revenue	2040.1	1970.3	3.5	651.4	617.4	5.5
Adjusted EBITDA	175.3	128.6	36.3	49.5	34.1	45.2
Operating profit before depreciation and amortisation (EBITDA)	172.8	127.9	35.1	48.9	33.4	46.4
Adjusted EBITDA margin (%)	8.6	6.5	32.3	7.6	5.5	38.2
EBITDA margin (%)	8.5	6.5	30.8	7.5	5.4	38.9
Investments	54.5	56.9	-4.2	25.3	28.1	-10.0
Operating free cash flow	-1.1	47.6	< -100	17.4	21.2	-17.9
Employees as at closing date (positions)	7743	7731	0.2	–	–	–
Sales & Services						
Revenue	822.5	892.0	-7.8	271.3	279.0	-2.8
Adjusted EBITDA	29.1	14.4	> 100	9.9	6.1	62.3
Operating profit before depreciation and amortisation (EBITDA)	27.6	14.0	97.1	9.3	5.8	60.3
Adjusted EBITDA margin (%)	3.5	1.6	> 100	3.6	2.2	63.6
EBITDA margin (%)	3.4	1.6	> 100	3.4	2.1	61.9
Investments	3.9	4.5	-13.3	1.8	1.2	50.0
Operating free cash flow	12.4	-10.1	> 100	-2.1	-0.1	< -100
Employees as at closing date (positions)	2197	2274	-3.4	–	–	–

Strong sales and earnings development in the *Production* Division

In the first nine months of 2014, the *Production* Division saw the sales volume increase by 7.1% compared to the same period of the prior year. Revenue was up just 3.5% to EUR 2040.1 million (1.1.–30.9.2013: EUR 1970.3 million), however, due to persistent pressure on base prices and volatile commodity prices. At EUR 175.3 million (1.1.–30.9.2013: EUR 128.6 million), adjusted EBITDA was up 36.3% on the figure for the prior-year period, meaning that the EBITDA margin also increased to 8.6% (1.1.–30.9.2013: 6.5%). With the investment volume down again, operating free cash flow was still slightly negative at EUR -1.1 million (1.1.–30.9.2013: EUR 47.6 million) due to the increase in net working capital.

Sales and revenue down in the *Sales & Services* Division, adjusted EBITDA more than doubled

The *Sales & Services* Division suffered a fall in sales volume and revenue of 6.5% and 7.8%, respectively. Revenue dropped by EUR 69.5 million overall to EUR 822.5 million (1.1.–30.9.2013: EUR 892.0 million). The main reason for the decrease in sales and revenue was the fact that the bright steel business was transferred from Distribution Germany to the *Production* Division at the beginning of the year. Without the reclassification, sales would have remained unchanged on the prior year and revenue would have fallen by just EUR 34.4 million or 3.8%. However, with personnel costs and other operating expenses down thanks to the effective restructuring measures implemented, we were able to more than double adjusted EBITDA to EUR 29.1 million (1.1.–30.9.2013: EUR 14.4 million). The adjusted EBITDA margin thus improved from 1.6% to 3.5%. With the investment volume down and net working capital only up a modest amount, operating free cash flow was positive at EUR 12.4 million (1.1.–30.9.2013: EUR -10.1 million).

Financial position and net assets

Key figures on the financial position and net assets	30.9.2014	31.12.2013	Change on 31.12.2013 %
in million EUR			
Shareholders' equity	910.9	889.9	2.4
Equity ratio (%)	35.7	37.4	-4.5
Net debt	627.4	610.1	2.8
Gearing (%)	68.9	68.6	0.4
Net working capital	1 085.4	949.5	14.3
Total assets	2 553.0	2 377.5	7.4

	1.1.– 30.9.2014	1.1.– 30.9.2013	Change on prior year %	Q3 2014	Q3 2013	Change on prior year %
Cash flow before changes in net working capital	202.9	124.4	63.1	49.7	44.0	13.0
Cash flow from operations	78.8	71.1	10.8	42.5	47.9	-11.3
Cash flow from investing activities	-56.9	-53.6	6.2	-27.0	-27.7	-2.5
Free cash flow	21.9	17.5	25.1	15.5	20.2	-23.3
Depreciation and amortisation	91.7	91.5	0.2	31.9	31.5	1.3
Investments	59.8	61.7	-3.1	28.2	29.4	-4.1

Financial position

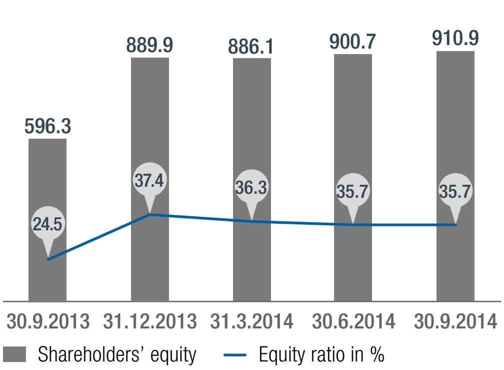
Shareholders' equity up, equity ratio down slightly

Despite high actuarial losses in connection with remeasuring pension obligations using lower discount rates, shareholders' equity has increased by EUR 21.0 million to EUR 910.9 million (31.12.2013: EUR 889.9 million) since 31 December 2013 thanks to the positive net income. As total assets were also up, the equity ratio decreased slightly to 35.7% (31.12.2013: 37.4%).

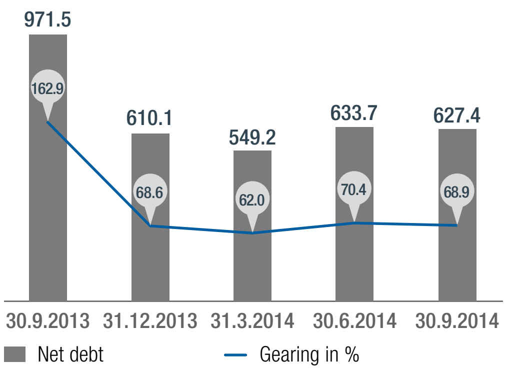
Small increase in net debt

Net debt, comprising current and non-current financial liabilities less cash and cash equivalents, came to EUR 627.4 million (31.12.2013: EUR 610.1 million), an increase of 2.8% or EUR 17.3 million on the figure as at 31 December 2013 as a result of higher net working capital. At 68.9% (31.12.2013: 68.6%), the gearing, which expresses the ratio of net debt to shareholders' equity, was virtually unchanged compared to 31 December 2013.

Shareholders' equity and equity ratio
Q3 2013–Q3 2014
in million EUR | in %



Net debt and gearing
Q3 2013–Q3 2014
in million EUR | in %



Free cash flow up significantly

Due to the strong earnings development, cash flow before changes in net working capital climbed 63.1% to EUR 202.9 million (1.1.–30.9.2013: EUR 124.4 million). Reduced by the increase in net working capital, cash flow from operating activities came to EUR 78.8 million (1.1.–30.9.2013: EUR 71.1 million), up 10.8% or EUR 7.7 million on the prior year.

With proceeds from divestments down compared to the same period of the prior year but investment spending more or less the same, cash flow from investing activities dropped by 6.2% or EUR 3.3 million overall to EUR -56.9 million (1.1.–30.9.2013: EUR -53.6 million). This means the free cash flow for the first nine months of 2014 was positive at EUR 21.9 million (1.1.–30.9.2013: EUR 17.5 million), an improvement of 25.1% or EUR 4.4 million compared to the same period of the prior year. Free cash flow totalled EUR 15.5 million (Q3 2013: EUR 20.2 million) in the third quarter, down 23.3% or EUR 4.7 million on the same quarter of the prior year.

As part of the refinancing, a repayment of EUR 221.4 million was made on the utilised portion of the previous syndicated loan in the second quarter of 2014. EUR 280.6 million of the new syndicated loan had been drawn as at 30 September 2014. This, coupled with borrowings and repayments of other financial liabilities, resulted in net new financial liabilities of EUR 15.7 million (1.1.–30.9.2013: EUR 46.6 million). At the same time, interest paid decreased by 29.6% or EUR 15.4 million to EUR 36.6 million (1.1.–30.9.2013: EUR 52.0 million). This figure includes one-off payments of EUR 8.3 million made in connection with refinancing. Overall, cash flow from financing activities fell to EUR -21.3 million, a drop of EUR 5.4 million on the figure of EUR -15.9 million recorded in the comparative period.

Net assets

Total assets up

Total assets were up EUR 175.5 million or 7.4% on the figure as at 31 December 2013 to EUR 2 553.0 million (31.12.2013: EUR 2 377.5 million). This development is mainly attributable to the increase in inventories and trade accounts receivable, which primarily reflects the larger order backlog and higher sales volume. Furthermore, prices for alloying elements were at a higher level overall in the third quarter of 2014 compared to year-end 2013.

Slight fall in share of non-current assets

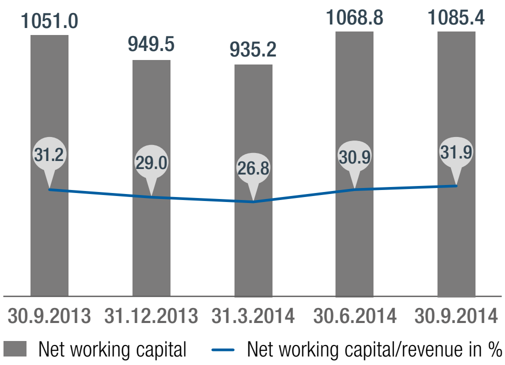
Compared to 31 December 2013, non-current assets decreased by a modest 0.9% to EUR 975.3 million (31.12.2013: EUR 984.4 million). The fall is first and foremost attributable to a low level of investment activity and an associated drop in property, plant and equipment. The investment volume fell again, decreasing by 3.1% on the same period of the prior year to EUR 59.8 million (1.1.–30.9.2013: EUR 61.7 million). The investment ratio (investments to amortisation and depreciation) remained stable at a low level of 0.7 (1.1.–30.9.2013: 0.7). As total assets increased at the same time, the share of non-current assets fell slightly to 38.2% (31.12.2013: 41.4%).

Increase in net working capital

The share of current assets in total assets increased from 58.6% as at 31 December 2013 to 61.8%, which corresponds to a 13.3% rise in current assets to EUR 1 577.7 million (31.12.2013: EUR 1 393.1 million). The change is mainly attributable to the increase in inventories and trade accounts receivable as described above. Net working capital was up EUR 135.9 million or 14.3% overall to EUR 1 085.4 million (31.12.2013: EUR 949.5 million). As a percentage of revenue, net working capital thus just overtook the prior-year level, increasing from 29.0% at year-end 2013 to 31.9%.

Net working capital and net working capital/revenue Q3 2013–Q3 2014

in million EUR | in %



Share in non-current liabilities increased

At EUR 855.8 million (31.12.2013: EUR 733.6 million) as at the reporting date, non-current liabilities were up 16.7% on the figure as at 31 December 2013. This development is mainly attributable to higher pension provisions due to lower discount rates as well as an increase in non-current financial liabilities. As a percentage of total assets, non-current liabilities increased from 30.9% as at 31 December 2013 to 33.5%.

Current liabilities rose by 4.3% to EUR 786.3 million (31.12.2013: EUR 754.0 million), which is mainly linked to the increase in trade accounts payable and other current liabilities, which were not entirely compensated for by the decrease in current financial liabilities. With total assets up overall, their share as a percentage of total assets fell from 31.7% to 30.8%.

Risk factors – risk categories and individual risks

Political and regulatory risks

Some of the Group's business activities depend heavily on the legal and regulatory environment both nationally and internationally. Changes in submarkets can therefore be associated with risks, leading to higher costs or other disadvantages. The Company monitors national and European legislative processes via industrial associations and is a proactive voice in consultation procedures, drawing attention to potential competitive imbalances.

The third EU emissions trading period (2013–2020) is expected to result in substantial costs for electricity and gas suppliers which will be reflected in price increases for consumers. As an industrial and trading group with considerable power requirements, we risk damage to our results of operations if the costs cannot be completely passed on to customers. SCHMOLZ + BICKENBACH is actively following the discussion process via the respective associations (e.g. International Stainless Steel Forum (ISSF) and World Steel Association (WSA)).

SCHMOLZ + BICKENBACH operates in an energy-intensive industry. As such, several German subsidiaries are exempt from paying the full surcharge provided for in the German Renewable Energy Sources Act (EEG). In December 2013 the European Commission launched a state aid investigation against the Federal Republic of Germany. If the aforementioned exemption is found to be in derogation of European law, companies could – in a worst case scenario – be required to repay the exemptions in full, and the exemption would be withdrawn. This would endanger German companies' ability to compete on the international stage, and would also put them at a disadvantage compared to global competitors on the German market. We observe proceedings closely and take every opportunity to point out unfair competition. At the same time an amended version of the EEG has been approved in Germany, which will govern the period from 1 January 2015 onwards with new regulations.

Risks relating to the future economic development

The business activity of SCHMOLZ + BICKENBACH depends on the economic development not only of international markets but also of individual industries. A change in the overall economic situation is linked to a risk that prices and sales volumes will fluctuate more. SCHMOLZ + BICKENBACH employs various measures to counter this risk. Our global structure allows us to launch a robust response to local crises, while our broad, fragmented industry mix and our uniquely wide product range ensure wide risk diversification. In crisis situations, this diversified base, coupled with a lean and flexible organisation, allows us to react quickly and effectively. Our business performance is strongly influenced by the Group's economic dependency on the automotive and mechanical engineering industries. We aim to balance risks by continuously developing our broad product portfolio as well as maintaining an international sales focus, diversifying the business portfolio, focusing on niche products and optimising the supply chain. We are, however, keeping a critical eye on the latest geopolitical developments and their impact on economic growth in Europe. Prices on the sales and procurement markets, as well as energy prices, are also of fundamental importance to SCHMOLZ + BICKENBACH. We operate a price surcharge system for scrap and alloys to reduce the risk of price fluctuations and have entered into long-term contracts with the suppliers to secure gas and electricity prices over time.

Environmental and health risks

There are risks of potential environmental pollution from the production processes in our industrial plants. A responsible approach to environmental and climate protection is therefore of key importance and an important corporate goal for SCHMOLZ + BICKENBACH. Efficient use of resources and energy, recyclable products, minimum environmental impact of activities, and open dialogue with neighbours, authorities and stakeholders are the principles that underpin our environmental behaviour.

For further information about environmental and climate protection, please refer to "Environmental protection and energy management" in our Annual Report 2013.

Risks from IT/security and internal processes

The IT landscape is regularly reviewed and adjusted to ensure the professional operation of computer assisted business processes within the Group and with customers, suppliers and business partners. Existing data security measures are continually refined to eliminate, or at least minimise, the risks associated with IT processes.

Personnel risks

The success of SCHMOLZ+BICKENBACH hinges on the competence and commitment of its employees. The major challenge is therefore to recruit and retain qualified specialists. SCHMOLZ+BICKENBACH emphasises in-house training and further education as one way to achieve this. For further information about ongoing employee training and development, please refer to “Non-financial performance indicators” in our Annual Report 2013.

In view of demographic developments and the later statutory retirement age in many countries, it will be increasingly important to have a human resources policy that is aligned to these trends. Existing structures need to be analysed in this context in order to identify any required action. Besides the age structure analysis agreed within some collectively bargained wage agreements, one example is the workplace stress analysis. This process examines individual stressors in the workplace so that measures can be determined to support ergonomic standards for physical working conditions, employee motivation, etc. Ultimately, the key challenges that we face in the years ahead will be occupational health and safety, age-appropriate workplaces, employee retention, and maintaining a motivating corporate culture.

Financial risks

Foreign currency risk

Foreign currency risks arise mainly when trade accounts receivable and payable are settled in foreign currencies, future revenue is planned in a foreign currency, or existing or planned fixed-price commodity supply contracts are in a foreign currency. Currency management is country-specific, with foreign currency amounts being translated regularly into the respective functional currency, mainly by means of forward exchange contracts.

Interest rate risk

Interest rate risks arise mainly on interest-bearing liabilities that are denominated in euro. The Executive Board stipulates an appropriate target ratio of fixed and floating-rate liabilities and constantly monitors compliance with the target. Interest rates are primarily managed using interest rate swaps.

Commodity price risk

Commodity price risks result from fluctuations in the prices of raw materials and energy required for steel production. Fluctuations in the prices of raw materials can usually be passed on to customers in the form of alloy surcharges. Where this is not possible, commodity derivative instruments are used to hedge some of the risk. Currently, these mainly comprise forward exchange contracts for nickel: SCHMOLZ+BICKENBACH receives payments depending on the nickel price development, and is therefore protected against price hikes.

Credit risk

Credit risks are mainly linked to trade accounts receivable, bank balances and derivative financial instruments. In view of the broadly diversified customer list, which spans a variety of regions and industries, the credit risk on trade accounts receivable is limited. Moreover, some of the trade accounts receivable are covered by credit insurance with varying deductibles.

Credit risks from operating activities are mitigated by selecting external business partners based on internal credit checks and a credit approval process. A credit risk limit is set for each contractual partner based on the internal credit check. Each subsidiary is essentially responsible for setting and monitoring its own limits, with various approval processes applicable depending on the credit limit. The credit and collections policies of the local entities are captured by the internal control system and are therefore audited periodically by Internal Audit.

All of SCHMOLZ+BICKENBACH's partner banks have good credit ratings considering the prevailing market conditions and most are members of deposit guarantee schemes. Derivative financial instruments are only entered into with these banks.

Liquidity risk

The Group ensures solvency at all times through a largely centralised cash management system. This involves preparing liquidity plans comparing all the anticipated cash receipts and payments for a specified time period. In addition, balances and irrevocable credit facilities are held with banks as liquidity reserves. Financial covenants in most of our financing agreements are one potential source of liquidity risk and are tested for compliance at the end of each quarter. Although compliance with the covenants is monitored on an ongoing basis, they depend on a large number of external factors, including the general economic development. As such, they are only within our control to a limited extent. Depending on the financing agreement in question, failure to comply with the covenants can lead to a substantial increase in financing costs or trigger an obligation to settle all or part of the relevant financial liabilities.

Outlook

We stand by our medium-term goals: from 2016 onwards, we intend to generate adjusted EBITDA of > EUR 300 million and an adjusted EBITDA margin of > 8% over an economic cycle. We aim to bring down adjusted EBITDA leverage (ratio of net debt to adjusted EBIDTA) to < 2.5.

This section contains forward-looking 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.

Expectations of the global economic development have been narrowed in the third quarter. While the World Bank, OECD and IMF were until recently predicting global growth for 2014 of between 2.5% and 3.6%, the latest figures range from 2.8% to 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. The business climate indices also deteriorated further. The Ifo Business Climate Index for Germany started a steady slide in June 2014, while incoming orders stagnated in the manufacturing industry and even decreased recently in engineering. The purchasing managers' indices in the eurozone and in the US have been pointing downwards since August. Mounting concern around geopolitical developments, e.g. in Ukraine, Gaza and Iraq, is one of the factors that is expected to dampen the economic mood – including demand for steel – over the coming months.

Despite the gloomy economic outlook, we remain cautiously optimistic for the fiscal year 2014. The 498-kilotonne order backlog achieved in the third quarter of 2014 will ensure good capacity utilisation leading into the fourth. It is important to also consider the effect that our 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. We expect now that the sales volume for the entire year will increase by around 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, we do not expect revenue to benefit from positive effects from the alloy surcharge in the fourth quarter. We expect scrap prices to stay at a low level.

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

We 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. Non-recurring expenses for these measures are expected to be in the mid-single-digit millions for 2014. We are very satisfied with the earnings development of the first nine months of 2014. For the fourth quarter, which is typically weaker, the sources of uncertainty described above exist. Based on our cautiously optimistic estimate for the fiscal year 2014 as a whole – and taking account of the prevailing uncertainty – we are again revising our expectations for adjusted EBITDA upwards in 2014. Following an original forecast in the region of EUR 190 million – EUR 230 million, we narrowed our prediction for adjusted EBITDA to between EUR 210 million and EUR 230 million in August 2014, and now expect 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.

Financial reporting

Consolidated income statement

		1.1.– 30.9.2014	1.1.– 30.9.2013	Q3 2014	Q3 2013
in million EUR	Note				
Revenue		2 553.1	2 524.7	823.5	784.2
Change in semi-finished and finished goods		27.1	-8.9	-5.5	-33.3
Cost of materials		-1 693.1	-1 710.9	-535.1	-498.9
Gross margin		**887.1**	**804.9**	**282.9**	**252.0**
Other operating income	7.1	22.6	29.2	6.9	9.6
Personnel costs		-451.5	-438.6	-143.8	-140.0
Other operating expenses	7.2	-264.8	-268.9	-88.9	-85.4
Operating profit before depreciation and amortisation		**193.4**	**126.6**	**57.1**	**36.2**
Depreciation/amortisation and impairment		-91.7	-92.7	-31.9	-32.7
Operating profit		**101.7**	**33.9**	**25.2**	**3.5**
Financial income	7.3	11.2	9.1	4.3	3.0
Financial expense	7.3	-44.6	-82.1	-13.4	-31.0
Financial result		**-33.4**	**-73.0**	**-9.1**	**-28.0**
Earnings before taxes		**68.3**	**-39.1**	**16.1**	**-24.5**
Income taxes	7.4	-22.5	-5.4	-5.5	-1.1
Net income (loss)		**45.8**	**-44.5**	**10.6**	**-25.6**
of which attributable to					
- shareholders of SCHMOLZ + BICKENBACH AG		44.1	-46.0	10.1	-26.0
- non-controlling interests		1.7	1.5	0.5	0.4
Earnings per share in EUR (basic/diluted)		**0.05**	**-0.39**	**0.01**	**-0.22**

Consolidated statement of comprehensive income

in million EUR	Note	1.1.– 30.9.2014	1.1.– 30.9.2013	Q3 2014	Q3 2013
Net income (loss)		**45.8**	**-44.5**	**10.6**	**-25.6**
Gains/losses from currency translation		18.1	-14.2	15.8	-7.0
Change in unrealised gains/losses from cash flow hedges		0.6	-0.2	-0.1	0.2
Realised gains/losses from cash flow hedges		0.1	0.2	0.0	0.0
Tax effect from cash flow hedges		-0.3	0.0	0.0	-0.1
Items that may be reclassified subsequently to profit or loss		**18.5**	**-14.2**	**15.7**	**-6.9**
Actuarial gains/losses from pension-related and similar obligations and effects due to asset ceiling	8.3	-57.9	26.8	-21.6	3.6
Tax effect from pension-related and similar obligations		14.9	-4.9	5.5	-0.8
Items that will not be reclassified subsequently to profit or loss		**-43.0**	**21.9**	**-16.1**	**2.8**
Other comprehensive income (loss)		**-24.5**	**7.7**	**-0.4**	**-4.1**
Total comprehensive income (loss)		**21.3**	**-36.8**	**10.2**	**-29.7**
of which attributable to					
- shareholders of SCHMOLZ + BICKENBACH AG		19.6	-38.3	9.7	-30.2
- non-controlling interests		1.7	1.5	0.5	0.5

Consolidated statement of financial position

		30.9.2014		31.12.2013		30.9.2013	
	Note	in million EUR	%	in million EUR	%	in million EUR	%
Assets							
Intangible assets	8.1	33.2		32.4		32.3	
Property, plant and equipment	8.1	850.1		862.6		856.7	
Investments accounted for using the equity method		0.0		0.0		0.6	
Other non-current financial assets		3.2		3.2		2.6	
Non-current income tax assets		13.9		15.0		12.6	
Other non-current assets		0.4		1.8		1.8	
Deferred tax assets		74.5		69.4		59.8	
Total non-current assets		**975.3**	**38.2**	**984.4**	**41.4**	**966.4**	**39.7**
Inventories	8.2	919.4		822.8		834.9	
Trade accounts receivable		526.2		451.1		518.7	
Current financial assets		1.6		2.1		6.1	
Current income tax assets		4.2		6.7		4.3	
Other current assets		54.2		41.5		56.0	
Cash and cash equivalents		72.1		68.4		50.3	
Assets held for sale		0.0		0.5		0.5	
Total current assets		**1 577.7**	**61.8**	**1 393.1**	**58.6**	**1 470.8**	**60.3**
Total assets		**2 553.0**	**100.0**	**2 377.5**	**100.0**	**2 437.2**	**100.0**
Equity and liabilities							
Share capital		378.6		378.6		297.6	
Capital reserves		952.8		952.8		703.7	
Retained earnings (accumulated losses)		-363.0		-406.9		-367.4	
Accumulated income and expense recognised in other comprehensive income		-68.4		-43.9		-47.1	
Attributable to shareholders of SCHMOLZ + BICKENBACH AG		**900.0**		**880.6**		**586.8**	
Non-controlling interests		10.9		9.3		9.5	
Total shareholders' equity		**910.9**	**35.7**	**889.9**	**37.4**	**596.3**	**24.5**
Provisions for pensions and similar obligations	8.3	304.5		244.4		258.3	
Other non-current provisions		36.8		35.9		41.0	
Deferred tax liabilities		35.7		36.9		35.4	
Non-current financial liabilities	8.4	476.3		412.7		365.6	
Other non-current liabilities		2.5		3.7		2.7	
Total non-current liabilities		**855.8**	**33.5**	**733.6**	**30.9**	**703.0**	**28.8**
Current provisions		46.4		49.8		37.6	
Trade accounts payable		360.2		324.4		302.6	
Current financial liabilities	8.4	223.2		265.8		656.2	
Current income tax liabilities		9.7		6.2		7.7	
Other current liabilities		146.8		107.8		133.8	
Total current liabilities		**786.3**	**30.8**	**754.0**	**31.7**	**1 137.9**	**46.7**
Total liabilities		**1 642.1**	**64.3**	**1 487.6**	**62.6**	**1 840.9**	**75.5**
Total shareholders' equity and liabilities		**2 553.0**	**100.0**	**2 377.5**	**100.0**	**2 437.2**	**100.0**

Consolidated statement of cash flows

in million EUR	Note	1.1.–30.9.2014	1.1.–30.9.2013
Earnings before taxes		68.3	-39.1
Depreciation, amortisation and impairment		91.7	92.7
Reversal of impairment		0.0	-0.6
Gain/loss on disposal of intangible assets, property, plant and equipment, and financial assets		-0.1	-1.5
Increase/decrease in other assets and liabilities		12.5	13.5
Financial income		-11.2	-9.1
Financial expense		44.6	82.1
Income taxes paid		-2.9	-13.6
Cash flow before changes in net working capital		**202.9**	**124.4**
Change in inventories		-86.0	26.0
Change in trade accounts receivable		-65.7	-80.9
Change in trade accounts payable		27.6	1.6
Cash flow from operations		**78.8**	**71.1**
Investments in property, plant and equipment		-56.8	-58.3
Proceeds from disposal of property, plant and equipment		0.7	5.1
Investments in intangible assets		-1.8	-1.5
Proceeds from disposal of intangible assets		0.0	0.1
Investments in financial assets		0.0	-0.2
Proceeds from disposal of financial assets		0.1	0.2
Interest received		0.9	1.0
Cash flow from investing activities		**-56.9**	**-53.6**
Free cash flow		**21.9**	**17.5**
Proceeds from the new syndicated loan	9	280.6	0.0
Repayment of the previous syndicated loan	9	-221.4	0.0
Increase in other financial liabilities		0.8	93.3
Repayment of other financial liabilities		-44.3	-46.7
Transaction costs for the issue of shares		0.0	-10.2
Investment in treasury shares	9	-0.4	0.0
Investments in shares in previously consolidated companies		0.0	-0.3
Interest paid	9	-36.6	-52.0
Cash flow from financing activities		**-21.3**	**-15.9**
Change in cash and cash equivalents due to cash flow		**0.6**	**1.6**
Effect of foreign currency translation		3.1	-1.8
Change in cash and cash equivalents		**3.7**	**-0.2**
Cash and cash equivalents as at 1.1.		68.4	50.5
Cash and cash equivalents as at 30.9.		72.1	50.3
Change in cash and cash equivalents		**3.7**	**-0.2**

Consolidated statement of changes in shareholders' equity

in million EUR	Share capital	Capital reserves	Retained earnings (accumulated losses)	Accumulated income and expense recognised in other comprehensive income	Treasury shares	**Attributable to shareholders of SCHMOLZ + BICKENBACH AG**	Non-controlling interests	**Total shareholders' equity**
As at 1.1.2013	**297.6**	**703.7**	**-321.7**	**-54.8**	**0.0**	**624.8**	**8.2**	**633.0**
Effects from the increase in ownership interests in Group companies	0.0	0.0	-0.1	0.0	0.0	**-0.1**	-0.2	**-0.3**
Expenses from share-based payments	0.0	0.0	0.4	0.0	0.0	**0.4**	0.0	**0.4**
Capital transactions with shareholders	**0.0**	**0.0**	**0.3**	**0.0**	**0.0**	**0.3**	**-0.2**	**0.1**
Net income (loss)	0.0	0.0	-46.0	0.0	0.0	**-46.0**	1.5	**-44.5**
Other comprehensive income (loss)	0.0	0.0	0.0	7.7	0.0	**7.7**	0.0	**7.7**
Total comprehensive income (loss)	**0.0**	**0.0**	**-46.0**	**7.7**	**0.0**	**-38.3**	**1.5**	**-36.8**
As at 30.9.2013	**297.6**	**703.7**	**-367.4**	**-47.1**	**0.0**	**586.8**	**9.5**	**596.3**
As at 1.1.2014	**378.6**	**952.8**	**-406.9**	**-43.9**	**0.0**	**880.6**	**9.3**	**889.9**
Purchase of treasury shares	0.0	0.0	0.0	0.0	-0.4	**-0.4**	0.0	**-0.4**
Expenses from share-based payments	0.0	0.0	0.2	0.0	0.0	**0.2**	0.0	**0.2**
Definitive allocation of share-based payments for the prior year	0.0	0.0	-0.4	0.0	0.4	**0.0**	0.0	**0.0**
Dividends	0.0	0.0	0.0	0.0	0.0	**0.0**	-0.1	**-0.1**
Capital transactions with shareholders	**0.0**	**0.0**	**-0.2**	**0.0**	**0.0**	**-0.2**	**-0.1**	**-0.3**
Net income (loss)	0.0	0.0	44.1	0.0	0.0	**44.1**	1.7	**45.8**
Other comprehensive income (loss)	0.0	0.0	0.0	-24.5	0.0	**-24.5**	0.0	**-24.5**
Total comprehensive income (loss)	**0.0**	**0.0**	**44.1**	**-24.5**	**0.0**	**19.6**	**1.7**	**21.3**
As at 30.9.2014	**378.6**	**952.8**	**-363.0**	**-68.4**	**0.0**	**900.0**	**10.9**	**910.9**

Notes to the interim condensed consolidated financial statements

1__ About the Company

SCHMOLZ + BICKENBACH AG is a Swiss company limited by shares which is listed on the SIX Swiss Exchange (SIX) and has its registered office at Emmenweidstrasse 90 in Emmen.
SCHMOLZ + BICKENBACH is a global steel company operating in the special and engineering steel sectors of the long-products business. Its activities are divided into two divisions: *Production* and *Sales & Services*.
These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 19 November 2014.

2__ Accounting policies

The Group prepared these interim condensed consolidated financial statements of SCHMOLZ + BICKENBACH AG for the first nine months of the fiscal year 2014 in accordance with IAS 34 "Interim Financial Reporting". They contain all the information required of interim condensed consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs). More detailed disclosures on accounting policies can be found in the consolidated financial statements as at 31 December 2013.
This quarterly report is presented in euro. Unless otherwise stated, monetary amounts are denominated in millions of euro.

3__ Significant accounting judgements, estimates and assumptions

In preparing these interim condensed consolidated financial statements in accordance with IAS 34, assumptions and estimates have been made which affect the carrying amounts and disclosure of the recognised assets and liabilities, income and expenses, and contingent liabilities. Actual amounts may differ from the estimates.

4__ Standards and interpretations applied

The significant accounting policies applied in the interim condensed consolidated financial statements are consistent with those used for the most recent consolidated financial statements prepared as at the end of the fiscal year 2013, with the exception of the new and revised standards and interpretations whose adoption is mandatory as at 1 January 2014.
These include amendments to IAS 32 "Financial Instruments: Presentation", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and the new interpretation IFRIC 21 "Levies". None of the above had any material impact on this quarterly report.

5__ Scope of consolidation and business combinations

The joint venture StahlLogistik & ServiceCenter GmbH (AT) was liquidated in the second quarter of 2014.
In line with efforts to simplify the legal structure of the Group, SCHMOLZ + BICKENBACH Europe GmbH (DE) was merged with SCHMOLZ + BICKENBACH International GmbH (DE), SCHMOLZ + BICKENBACH Vertriebsunterstützungs GmbH (DE) with SCHMOLZ + BICKENBACH Edelstahl GmbH (DE) and Ugitech Precision SAS (FR) with Ugitech S.A. (FR).

6__ Seasonal effects

There are slight seasonal effects affecting sales and revenue in both of the Group segments. These effects are attributable to the lower number of working days in the second half of the year due to our customers' vacation periods in July and August as well as the second half of December. These periods are associated with plant downtime in some cases.
The effects are particularly pronounced in the third quarter, which is affected by the summer vacation period. Fixed costs are distributed fairly equally over all four

quarters, however. Furthermore, the majority of general overhaul work on production and processing plants is carried out over the summer during plant downtime. As a result, expenses for servicing and maintenance as well as capital expenditures are usually at their highest in the third quarter. Inventories of semi-finished and finished goods are usually increased before the summer vacation period starts, i.e. towards the end of the second quarter. This safeguards the supply of customers after the end of the vacation period and has the effect that net working capital usually peaks around this time. In contrast, trade accounts receivable and payable, and with them net working capital, tend to reach their lowest level at year-end due to the reduction in inventories typically seen at the end of the year. Furthermore, the amount of net working capital is significantly affected by commodity prices.

The (cyclical) economic development has a much more pronounced impact than seasonal effects on the development of the Group's sales, revenue and earnings, however.

7__ Notes to the consolidated income statement

7.1 Other operating income

in million EUR	1.1.–30.9.2014	1.1.–30.9.2013
Rent and lease income	2.5	2.4
Income from reversal of provisions	2.1	1.9
Insurance reimbursement	1.5	2.7
Grants and allowances	1.2	0.9
Income from recovery of previously written off receivables and reversal of allowances on receivables	0.8	1.1
Gains on disposal of intangible assets, property, plant and equipment, and financial assets	0.2	1.8
Commission income	0.2	0.1
Net exchange gains/losses	0.0	2.5
Miscellaneous income	14.1	15.8
Total	**22.6**	**29.2**

Exchange rate gains and losses on trade accounts receivable and payable are stated net in the income statement and presented in other operating income or expenses depending on whether the net figure is positive or negative.

The net figures break down as follows:

in million EUR	1.1.–30.9.2014	1.1.–30.9.2013
Exchange gains	15.7	13.2
Exchange losses	18.4	10.7
Net exchange gains/losses	**-2.7**	**2.5**

Miscellaneous income comprises a number of individually immaterial items which cannot be allocated to another line item.

7.2 Other operating expenses

in million EUR	1.1.–30.9.2014	1.1.–30.9.2013
Freight	79.7	77.4
Maintenance, repairs	52.5	48.6
Rent and lease expenses	22.7	25.4
Advisory, audit and IT services	18.8	26.5
Travel, advertisement and office supply expenses	13.4	14.0
Insurance fees	9.9	10.0
Non-income taxes	7.1	7.3
Commission expense	5.1	7.0
Cost for environmental protection measures	2.9	2.8
Net exchange gains/losses	2.7	0.0
Cost of allowances on receivables and bad debts	2.6	4.4
Vehicle fleet	2.3	2.2
Losses on disposal of intangible assets, property, plant and equipment, and financial assets	0.1	0.3
Miscellaneous expense	45.0	43.0
Total	**264.8**	**268.9**

Miscellaneous expense comprises a number of individually immaterial items which cannot be allocated to another line item.

7.3 Financial result

in million EUR	1.1.–30.9.2014	1.1.–30.9.2013
Interest income	1.1	0.8
Other financial income	10.1	8.3
Financial income	**11.2**	**9.1**
Interest expense on financial liabilities	-39.0	-72.1
Net interest expense on pension provisions and plan assets	-6.0	-6.1
Capitalised borrowing costs	0.9	1.8
Other financial expense	-0.5	-5.7
Financial expense	**-44.6**	**-82.1**
Financial result	**-33.4**	**-73.0**

The significant decrease in interest expense on financial liabilities is primarily due to the debt reduction achieved in the fourth quarter of 2013 using funds generated from the capital increase, as well as improved interest conditions of the new financing arrangements. Interest expense on financial liabilities includes transaction costs of EUR 7.0 million (1.1.–30.9.2013: EUR 15.5 million) that are recognised through profit and loss over the term of the respective financing agreements.

Other financial income and other financial expense contain gains and losses from marking embedded derivatives and interest rate derivatives to market. Exchange rate gains and losses on financial assets and liabilities or derivative currency contracts concluded to hedge these are stated net within the financial result and presented in financial income or financial expense depending on whether the net figure is positive or negative.

7.4 Income taxes

in million EUR	1.1.–30.9.2014	1.1.–30.9.2013
Current taxes	16.3	10.8
Deferred taxes	6.2	-5.4
Income tax expense	**22.5**	**5.4**

The local tax rates used to determine current and deferred taxes have not changed materially in comparison to the prior year. The effective Group tax rate for the first nine months of fiscal 2014 was 32.9% (1.1.–30.9.2013: -13.8%). This rate considers the tax rates of the individual countries in which the Group operates, weighted for earnings before taxes. The effective Group tax rate for the same period of the prior year reflects the fact that no additional deferred tax assets were recorded on losses incurred at the German Group companies as their future realisation was deemed uncertain.

The net change in deferred tax assets and liabilities breaks down as follows:

in million EUR	1.1.–30.9.2014	1.1.–30.9.2013
Balance as at 1.1.	32.5	23.2
Changes recognised in profit and loss	-6.2	5.4
Changes recognised in other comprehensive income	14.6	-4.9
Foreign currency effects	-2.1	0.7
Balance as at 30.9.	**38.8**	**24.4**

8__ Notes to the consolidated statement of financial position

8.1 Intangible assets and property, plant and equipment

Investments totalling EUR 59.8 million (1.1.–30.9.2013: EUR 61.7 million) break down into additions to intangible assets of EUR 1.9 million (1.1.–30.9.2013: EUR 1.4 million) and additions to property, plant and equipment of EUR 57.9 million (1.1.–30.9.2013: EUR 60.3 million). Most of the additions relate to the *Production* Division.

8.2 Inventories

in million EUR	30.9.2014	31.12.2013
Raw materials, consumables and supplies	138.3	103.6
Semi-finished goods and work in progress	333.6	284.1
Finished products and merchandise	447.5	435.1
Total	**919.4**	**822.8**

Inventories increased compared to 31 December 2013 due to price and volume effects.

8.3 Provisions

The discount rates used to remeasure pension obligations were updated as follows compared to 31 December 2013:

	Switzerland		Euro area		USA		Canada	
in %	30.9.2014	31.12.2013	30.9.2014	31.12.2013	30.9.2014	31.12.2013	30.9.2014	31.12.2013
Discount rate	1.4	2.3	2.4	3.5	4.0	4.6	4.0	4.5

Actuarial losses of EUR 57.9 million (1.1.–30.9.2013: actuarial gains of EUR 26.8 million) before tax were recorded in other comprehensive income (loss). These losses primarily reflect the lower discount rates.

8.4 Financial liabilities

In the second quarter of 2014, SCHMOLZ + BICKENBACH concluded a new syndicated loan agreement with a volume of EUR 450.0 million to refinance the previous syndicated loan from 2011. The new loan is provided by an international syndicate of eleven banks and expires in April 2019. The syndicated loan is structured as a revolving credit line. Interest is charged based on the EURIBOR/LIBOR rate plus a margin linked to the ratio of net debt to EBITDA. Interest is payable on the expiry date of each individual portion of the loan drawn. The loan terms can in principle range from one to six months, or can be set at any alternative period with the consent of the syndicate of banks. A standby fee is payable on the unused portion of the loan. One-off payments were due when the refinancing was arranged; these have been accrued over the economic term of the loan. In addition, customary bank collateral was provided, including assignment of inventories and receivables as well as pledges of company shares. The loan agreement provides for the agreed-upon financial covenants to be reviewed each quarter.

Furthermore, the EUR 300.0 million ABCP financing programme was extended until April 2019. As factoring is used for financing purposes, the corresponding financial liabilities continue to be classified as current items in the statement of financial position. The financial covenants for the ABCP financing programme are the same as those for the new syndicated loan.

The Group's financial liabilities break down as follows as at 30 September 2014:

	30.9.2014	31.12.2013
in million EUR		
Syndicated loan	272.8	204.3
Other bank loans	35.2	39.6
Bond	160.2	159.0
Liabilities from finance leases	6.7	8.2
Other financial liabilities	1.4	1.6
Total non-current	**476.3**	**412.7**
Syndicated loan	0.0	12.4
Other bank loans	7.5	24.5
ABCP financing programme	205.2	221.8
Liabilities from finance leases	2.7	2.9
Other financial liabilities	7.8	4.2
Total current	**223.2**	**265.8**

Other current financial liabilities include accrued interest for the bond of EUR 6.2 million (31.12.2013: EUR 2.1 million).
SCHMOLZ + BICKENBACH had available liquidity and credit lines of around EUR 340 million as at 30 September 2014.

9__Notes to the consolidated statement of cash flows

As part of the refinancing agreed at the end of June 2014, the old syndicated loan of EUR 221.4 million was replaced by a new syndicated loan, EUR 280.6 million of which had been drawn as at 30 September 2014.
Non-recurring payments of EUR 8.3 million were made for refinancing in the first nine months of 2014 and presented within interest paid. The figure for the same period of the prior year includes non-recurring payments of EUR 11.0 million made in connection with adjusting the financing agreements at the beginning of March 2013.
Treasury shares worth EUR 0.4 million were acquired in the first quarter of 2014 for definitive allocation under the share-based payment plan (also see note 13).

10__Segment reporting

The Group is presented in accordance with its internal reporting and organisational structure, comprising two divisions (hereafter also referred to as operating segments): *Production* and *Sales & Services*.

The table below shows segment reporting as at 30 September 2014:

	Production		Sales & Services	
	1.1.– 30.9.2014	1.1.– 30.9.2013	1.1.– 30.9.2014	1.1.– 30.9.2013
in million EUR				
Third-party revenue	1 733.2	1 637.8	819.9	886.9
Intersegment revenue	306.9	332.5	2.6	5.1
Total revenue	**2 040.1**	**1 970.3**	**822.5**	**892.0**
Segment result (= adjusted EBITDA) [1]	**175.3**	**128.6**	**29.1**	**14.4**
Adjustment	-2.5	-0.7	-1.5	-0.4
Operating profit before depreciation and amortisation (EBITDA)	**172.8**	**127.9**	**27.6**	**14.0**
Depreciation and amortisation of property, plant and equipment and intangible assets	-82.6	-81.8	-7.4	-7.8
Impairment of property, plant and equipment, intangible assets and assets held for sale	0.0	0.0	0.0	0.0
Operating profit (EBIT)	**90.2**	**46.1**	**20.2**	**6.2**
Financial income	3.1	3.1	4.4	6.2
Financial expense	-36.4	-35.8	-13.4	-21.2
Earnings before taxes (EBT)	**56.9**	**13.4**	**11.2**	**-8.8**
Segment assets [2]	1 927.7	1 820.8	515.3	527.3
Segment liabilities [3]	311.9	254.5	157.2	147.5
Segment assets less segment liabilities (capital employed)	**1 615.8**	**1 566.3**	**358.1**	**379.8**
Segment investments [4]	54.5	56.9	3.9	4.5
Operating free cash flow [5]	-1.1	47.6	12.4	-10.1
Employees	7 743	7 731	2 197	2 274

1) Adjusted EBITDA: Operating profit before depreciation, amortisation, restructuring expenses and non-recurring effects.

2) Segment assets: Intangible assets (excluding goodwill) + property, plant and equipment + inventories + trade accounts receivable (total matches total assets in the statement of financial position).

3) Segment liabilities: Trade accounts payable (total matches total liabilities in the statement of financial position).

4) Segment investments: Additions to intangible assets (without goodwill) + additions to property, plant and equipment (without reclassification from assets held for sale).

5) Operating free cash flow: Adjusted EBITDA +/- change in inventories, trade accounts receivable less trade accounts payable less segment investments less borrowing costs.

Total operating segments		Reconciliation: Other		Reconciliation: Eliminations/adjustments		Total	
1.1.–30.9.2014	1.1.–30.9.2013	1.1.–30.9.2014	1.1.–30.9.2013	1.1.–30.9.2014	1.1.–30.9.2013	1.1.–30.9.2014	1.1.–30.9.2013
2 553.1	2 524.7	0.0	0.0	0.0	0.0	2 553.1	2 524.7
309.5	337.6	0.0	0.0	-309.5	-337.6	0.0	0.0
2 862.6	**2 862.3**	**0.0**	**0.0**	**-309.5**	**-337.6**	**2 553.1**	**2 524.7**
204.4	**143.0**	**-3.1**	**-8.1**	**-1.9**	**0.9**	**199.4**	**135.8**
-4.0	-1.1	-2.0	-8.1	0.0	0.0	-6.0	-9.2
200.4	**141.9**	**-5.1**	**-16.2**	**-1.9**	**0.9**	**193.4**	**126.6**
-90.0	-89.6	-1.7	-1.9	0.0	0.0	-91.7	-91.5
0.0	0.0	0.0	-1.2	0.0	0.0	0.0	-1.2
110.4	**52.3**	**-6.8**	**-19.3**	**-1.9**	**0.9**	**101.7**	**33.9**
7.5	9.3	64.1	59.2	-60.4	-59.4	11.2	9.1
-49.8	-57.0	-55.2	-84.5	60.4	59.4	-44.6	-82.1
68.1	**4.6**	**2.1**	**-44.6**	**-1.9**	**0.9**	**68.3**	**-39.1**
2 443.0	2 348.1	6.6	7.4	103.4	81.7	2 553.0	2 437.2
469.1	402.0	0.6	1.5	1 172.4	1 437.4	1 642.1	1 840.9
1 973.9	**1 946.1**						
58.4	61.4	1.4	0.3	0.0	0.0	59.8	61.7
11.3	37.5	-5.8	-5.8	-0.9	-0.8	4.6	30.9
9 940	10 005	96	94	0	0	10 036	10 099

11__Contingent liabilities and other financial obligations

Contingent liabilities from guarantees, warranties and purchase commitments amounted to EUR 49.3 million in total (31.12.2013: EUR 45.7 million).

In 2012, a prospectus liability suit was filed in the USA against SCHMOLZ + BICKENBACH by a bond creditor in connection with the bond issue. In the meantime, the case has been dismissed by the court of first instance. The Group believes the action to be without merit. If the Group loses the case, it could be liable for premature repayment of the corresponding liability or an indemnification. Provisions have been set up for legal costs beyond the costs covered by prospectus liability insurance.

In December 2013, the EU Commission launched an in-depth investigation into the reduction on the surcharge granted by the Federal Republic of Germany to companies operating in energy-intensive sectors in accordance with the German Renewable Energies Act (EEG). If the practice is found to be in breach of European law, the companies affected could be required to make a full back-payment of the EEG surcharge. In the meantime, the EU Commission has adopted new rules on public support for environmental protection and energy and will apply these to the aforementioned investigation. We believe that the reduction granted to our companies is compatible with these rules. The Board of Directors and Executive Board therefore consider the risk of a claim to be low. At the same time, a revised version of the EEG was issued in Germany, with new provisions governing the period from 1 January 2015.

12__Disclosures about fair value measurement

In accordance with the requirements of IFRS 13, items which are recognised at fair value in the statement of financial position, or whose fair value is disclosed in the notes, are allocated to one of the following three levels of the fair value hierarchy. The table below only presents the financial instruments of relevance for the SCHMOLZ + BICKENBACH Group.

The fair value hierarchy distinguishes between the following levels:

Level 1:
Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:
Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3:
Unobservable inputs for the asset or liability that affect the fair value.

SCHMOLZ + BICKENBACH regularly reviews the procedure for measuring items at fair value. If the material input parameters change, the Group assesses whether an item needs to be transferred between the levels. There were no transfers between the individual levels during the reporting period.

The fair value of the bond was EUR 183.2 million as at 30 September 2014 (31.12.2013: EUR 183.7 million) (level 1 of the fair value hierarchy), while the carrying amount was EUR 160.2 million (31.12.2013: EUR 159.0 million).

As at the respective reporting dates, financial instruments measured at fair value were categorised as follows:

	Level 1		Level 2		Level 3		Fair value as at	
	30.9.2014	31.12.2013	30.9.2014	31.12.2013	30.9.2014	31.12.2013	30.9.2014	31.12.2013
in million EUR								
Financial assets								
Financial assets available for sale	0.2	0.3	0.0	0.0	0.0	0.0	0.2	0.3
Positive market values of derivative financial instruments								
- Derivatives with hedging relationship (hedge accounting)	0.0	0.0	0.6	0.0	0.0	0.0	0.6	0.0
- Derivatives without hedging relationship (no hedge accounting)	0.0	0.0	12.7	4.7	0.0	0.0	12.7	4.7
Financial liabilities								
Negative market values of derivative financial instruments								
- Derivatives with hedging relationship (hedge accounting)	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.2
- Derivatives without hedging relationship (no hedge accounting)	0.0	0.0	7.9	1.1	0.0	0.0	7.9	1.1

13_Related party disclosures

There were no significant changes in the nature of transactions with related parties compared to 31 December 2013.

Since 2013, part of the variable remuneration of a selected group of executive employees is paid out in the form of shares in SCHMOLZ + BICKENBACH AG. There is no future performance caveat attached to the purchase of these shares. However, they are subject to a vesting period in which they cannot be transferred, pledged or encumbered in any other way. Expenses of EUR 0.2 million (1.1.–30.9.2013: EUR 0.4 million) were recognised for share-based payments in the first three quarters of 2014. The fair value of the allocated shares equals the share of variable remuneration to be paid out in shares. As a result, the actual number of shares and the definitive fair value per share determined in the subsequent year are not relevant for calculating personnel costs. Shares worth EUR 0.4 million were allocated for the fiscal year 2013 and reclassified within equity from treasury shares to retained earnings (accumulated losses).

14_Subsequent events

There were no reportable events between the reporting date and the publication date of this interim report.

Members of the Board of Directors

This section provides details of the composition of the Board of Directors as at 30 September 2014.

SCHMOLZ + BICKENBACH Board of Directors

Edwin Eichler (DE) [1]

Year of birth 1958
Chairman
Member Strategy Committee
Member since 2013
Elected until 2015

Dr Vladimir V. Kuznetsov (RU) [2]

Year of birth 1961
Vice-Chairman
Chairman Compensation Committee
Member Strategy Committee
Member since 2013
Elected until 2015

Michael Büchter (DE) [1]

Year of birth 1949
Board Member
Member Audit Committee
Member since 2013
Elected until 2015

Marco Musetti (CH) [2]

Year of birth 1969
Board Member
Chairman Strategy Committee,
Member Audit Committee
Member since 2013
Elected until 2015

Dr Heinz Schumacher (DE) [1]

Year of birth 1948
Board Member
Member Compensation Committee
Member since 2013
Elected until 2015

Dr Oliver Thum (DE) [3]

Year of birth 1971
Board Member
Member Strategy Committee
Member since 2013
Elected until 2015

Hans Ziegler (CH) [1]

Year of birth 1952
Board Member Board
Chairman Audit Committee,
Member Compensation Committee
Member since 2013
Elected until 2015

[1] Independent member.
[2] Representative of Renova.
[3] Representative of SCHMOLZ + BICKENBACH GmbH & Co. KG.

Members of the Executive Committee

By resolution dated 12 March 2014, the Board of Directors redefined "Executive Committee" to mean the members of the Executive Board only from 2014 onwards.

This following overview provides details of the composition of the Executive Committee until 31 March 2014.

SCHMOLZ + BICKENBACH Executive Committee until 31 March 2014

Hans-Jürgen Wiecha (DE)

Year of birth 1962
CEO ad interim und CFO
Joined: 2013

The overview below shows the composition of the Executive Committee from 1 April 2014.

SCHMOLZ + BICKENBACH Executive Committee from 1 April 2014

Clemens Iller (DE)

Year of birth 1960
CEO
Joined: 2014

Hans-Jürgen Wiecha (DE)

Year of birth 1962
CFO
Joined: 2013

Glossary

A__

Adjusted EBITDA EBITDA before restructuring costs and other non-recurring expenses

Adjusted EBITDA margin (%) Ratio of adjusted EBITDA to revenue

C__

Capital employed Net working capital plus intangible assets (excl. goodwill) plus property, plant and equipment

Cash flow before changes in net working capital Cash flow from operations without changes in net working capital

E__

EAT Earnings after taxes

EBT Earnings before taxes

EBIT Earnings before interest and taxes

EBITDA Earnings before interest, taxes, depreciation and amortisation

EBITDA leverage Ratio of net debt to adjusted EBITDA

EBITDA margin (%) Ratio of EBITDA to revenue

Equity ratio Ratio of shareholders' equity to total assets

F__

Free cash flow Cash flow from operations plus cash flow from investing activities

G__

Gearing Ratio of net debt to shareholders' equity

Gross margin Revenue plus change in semi-finished and finished goods less cost of materials

Gross margin (%) Ratio of gross margin to revenue

I__

Investment ratio Ratio of investments to depreciation/amortisation

N__

Net financial expense Financial expense less financial income

Net debt Current and non-current financial liabilities less cash and cash equivalents

Net working capital Inventories plus trade accounts receivable less trade accounts payable

O__

Operating free cash flow Adjusted EBITDA plus/less change in inventories, trade accounts receivable and trade accounts payable less segment investments without borrowing costs.

List of abbreviations

ABCP Asset-Backed Commercial Paper

CEO Chief Executive Officer

CFO Chief Financial Officer

CGU Cash Generating Unit

CHF Swiss franc

COO Chief Operating Officer

EEG Erneuerbare-Energien-Gesetz (German Renewable Energies Act)

EUR Euro

IAS International Accounting Standard

IASB International Accounting Standards Board

IFRIC International Financial Reporting Interpretations Committee

IFRS International Financial Reporting Standards

KfW Kreditanstalt für Wiederaufbau (Development Loan Corporation)

kt kilotonne

m million

M & A Mergers & Acquisitions

p.a. per year

R & D Research & Development

SPI Swiss Performance Index

t tonne

USD US dollar

VegüV Swiss Ordinance against Excessive Compensation

Imprint

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This interim report contains forward-looking 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.

This company brochure is also available in German.
The German version is binding.

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