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## **Press Release**

### **SCHMOLZ+BICKENBACH puts its financing on a new, stable basis**

- **Sustained good business development and positive outlook are basis for the company's financial realignment**
- **A planned capital increase of CHF 297.22 million (EUR 220 million) guaranteed by a bank consortium will further strengthen the balance sheet and distinctly increase the free float of the shares**
- **An international bank consortium assures credit financing for a total of EUR 825 million in addition to the existing assured financing of EUR 342 million up to the end of 2012**

Emmenbrücke/Düsseldorf, October 1, 2010 – **Following its successful operational turnaround, Swiss public limited company SCHMOLZ+BICKENBACH AG (SIX: STLN), a worldwide leading company for special steels that include tool steel, stainless long steels and engineering steel, is placing its financing on a new and stable basis. Against the backdrop of the good recovery in demand for SCHMOLZ+BICKENBACH products, the positive financial figures for the first half of 2010, and an optimistic outlook, for the purpose of strengthening its equity base and the partial repayment of loans, SCHMOLZ+BICKENBACH plans a capital increase with subscription rights for its shareholders. A bank syndicate has undertaken to subscribe for, and purchase, all new shares that are issued within the scope of this capital increase. This will bring the company CHF 297.22 million (EUR 220 million). The capital increase will open the company wider to the public: the free float of the shares is expected to increase from currently approximately 25% to over 40%. In addition, the company has completed a basic agreement with an international bank consortium for credit financing of its business activities to the total amount of EUR 825 million up to the end of 2012. This is supplementary to the already assured financing of EUR 342 million. On completion of the capital increase, financing of the Group is assured to the end of 2012.**



The issue proceeds resulting from the planned capital increase of CHF 297.22 million (EUR 220 million) will be used to partly repay existing borrowings and improve the company's financial flexibility. The planned capital increase will take place with Credit Suisse as Global Coordinator and be fully underwritten by COMMERZBANK, The Royal Bank of Scotland and WestLB AG as joint bookrunners. The guarantees that have been assured by the Federal Republic of Germany and the state of North Rhine-Westphalia, as well as the direct loan that has been assured by the Kreditanstalt für Wiederaufbau, which are still subject to approval by the responsible EU authorities, are not part of the new financing concept. This notwithstanding, they remain open.

It is foreseen that on the day before the Extraordinary General Meeting, i.e. on October 27, 2010, the Board of Directors will decide the definitive issue conditions for the capital increase, in particular the exercise price, the subscription ratio, and the number of new shares, depending on the market conditions prevailing at that date. Based on these issue conditions, the Board of Directors will submit the capital increase, and possibly also a foregoing reduction in the nominal value of the shares, to the Extraordinary General Meeting of October 28, 2010, for approval.

SCHMOLZ+BICKENBACH KG, which indirectly currently holds a 70.16% interest in SCHMOLZ+BICKENBACH, has undertaken to participate in the capital increase subject to a positive stance of the Takeover Board. The participation will take the form of the relevant SCHMOLZ+ BICKENBACH companies selling subscription rights and using the resulting proceeds to subscribe for new shares. Furthermore, Gebuka AG intends to exercise its subscription rights in such manner that on completion of the capital increase it continues to hold a 5% interest in SCHMOLZ+BICKENBACH.

Moreover, SCHMOLZ+BICKENBACH AG, which currently has no treasury shares, as well as SCHMOLZ+BICKENBACH Holding (which is indirectly controlled by SCHMOLZ+BICKENBACH KG and currently owns 11 116 030 shares of SCHMOLZ+BICKENBACH, amounting to 37.06% of the shares and shareholder voting rights), SCHMOLZ+BICKENBACH Finanz AG (currently 8 220 323 shares; 27.40%), SCHMOLZ+BICKENBACH Beteiligungs GmbH (currently 1 710 538 shares; 5.70%), and Gebuka AG, which is wholly owned by Dr. Gerold Büttiker (currently 1 560 000 shares; 5.20%), have all completed lock-up agreements with Credit Suisse (acting also for the other banks in the syndicate). These lock-up agreements include all shares of SCHMOLZ+BICKENBACH that are currently held by the respective companies, or newly subscribed within the scope of the subscription rights issue, currently totalling 22 606 891 shares (75.36%). For SCHMOLZ+BICKENBACH, the duration of these lock-up agreements begins immediately, for the other companies immediately on notification of the aforesaid positive stance of the Takeover Board, and for each company extends for 180 days from the first day of trading of the shares that will be newly issued within the scope of the capital increase, hence foreseeably until May 8, 2011. Nominated as contact person to act jointly for all of the aforesaid companies in connection with these lock-up agreements is Walo Hegelbach, c/o SCHMOLZ+BICKENBACH Stahlcenter AG, Industriestrasse 18, 9552 Bronschhofen, Switzerland.



### **Planned time schedule for the capital increase**

<b>Date</b>	<b>Event</b>
October 28, 2010	– Announcement of the definitive conditions of the capital increase
October 28, 2010	– Extraordinary General Meeting
November 1, 2010	– Trading of the subscription rights on SIX Swiss Exchange starts – Bookbuilding for the subscription rights of SCHMOLZ+BICKENBACH companies starts – Subscription rights exercise period starts
November 2, 2010	– Bookbuilding for the subscription rights of SCHMOLZ+BICKENBACH companies ends
November 5, 2010	– Trading of the subscription rights on SIX Swiss Exchange ends
November 8, 2010	– Subscription rights exercise period ends at 12.00 noon CET
November 9, 2010	– First day of trading of the new registered shares on SIX Swiss Exchange
November 11, 2010	– Delivery and payment of the new registered shares

### **Optimistic outlook**

The statements that were made at the half-year media conference of September 2, 2010, about the good level of business in the first half-year are confirmed by the progress of business in the third quarter. The improvement in the order situation that has been experienced since the start of the year is continuing in all of the Group's production, processing and distribution operations. There is full capacity utilisation for several months. The product mix, and hence also the revenue structure, have improved further. Through the successfully completed restructuring, costs have been sustainably reduced by EUR 80 million. Based on preliminary discussions with major consumers, for fiscal year 2011 management sees further improvement in the development of income.

### **Further information**

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#### **About SCHMOLZ+BICKENBACH**

SCHMOLZ+BICKENBACH was established in 1919 in Düsseldorf by Arthur Schmolz and Oswald Bickenbach and since 1937 the company bearing their joint names has been a synonym for tradition in steel. Since the acquisition of the former Swiss Steel AG in 2003, SCHMOLZ+BICKENBACH has been listed on the SIX Swiss Exchange (STLN). Today, the SCHMOLZ+BICKENBACH Group is the world's largest manufacturer, processor and distributor of special-steel long products. The Group has a total of approximately 10 000 employees. SCHMOLZ+BICKENBACH is the world's Number 1 producer of stainless long steels as well as tool steels and one of the ten largest companies for alloy and high-alloy special and engineering steels. In crisis year 2009, the Group generated total revenue of EUR 2.05 billion after EUR 4.09 billion in the previous year. [www.schmolz-bickenbach.com](http://www.schmolz-bickenbach.com)

#### **Forward-looking statement**

Information in this release may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this release are based on information available to SCHMOLZ+BICKENBACH AG as of the date of this release, and we assume no duty to update any such forward-looking statements. The forward-looking statements in this release are not guarantees of future performance and actual results could differ materially from our current expectations. Numerous factors could cause or contribute to such differences. Factors that could affect the Company's forward-looking statements include, among other things: national and global GDP trends; changes in regulation relevant to the steel industry; intense competition in the markets in which the Company operates; integration of acquired companies; changes in the Company's ability to attract and retain qualified internal and external personnel or clients; the potential impact of disruptions related to IT; any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

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**SCHMOLZ + BICKENBACH AG**

Providing special steel solutions



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