Report for the
3rd Quarter 2017

Interim Group Management Report of SKW Stahl-Metallurgie Holding AG from 1. January to 30. September 2017

1. General economic conditions

1.1. Momentum for the global economic recovery is still continuing

In its published forecasts (www.imf.org), the International Monetary Fund (IMF) predicts that the global economy will grow at a rate of 3.6% in 2017, thereby slightly increasing the forecast published in Summer 2017. Therefore, the global economy will grow at a somewhat more dynamic rate in 2017 than in 2016 (+3.2%). As before, albeit with somewhat less influence than assumed in April 2017, the realization of this forecast will also depend on the further economic policy course of the new U.S. administration and geopolitical hotspots like North Korea. In contrast to the somewhat slow growth in the United States and the United Kingdom, other countries such as Japan, Canada and Europe (especially France, Germany, Italy and Spain) and the economies of Brazil, India and China supported the positive trend in 2017.

The IMF sees growth of +2.3% in 2017 in the Eurozone, which is at the level of 2016. It expects the US economy to expand by a slight lower rate of +2.2%. The aggregate growth of all the industrialized nations is still estimated at 2.2%. Developing and emerging-market countries together are expected to achieve a growth rate of 4.6% in 2017, with China's economic output growing by 6.8%, modestly slower than in the preceding years. While India can expect its economic growth marginally slowed to +6.7%, only minimal growth of 0.7% is predicted for Brazil. Russia's economic output is expected to grow by 1.8% over the prior year, when growth was slightly negative.

1.2. Worldwide steel production continues to rise due to global economy growth

The SKW Metallurgie Group generates most of its revenues with customers in the steel industry; the vast majority of revenues generated with other customer industries involve Quab specialty chemicals. The SKW Metallurgie Group offers its customers in the steel industry a broad portfolio of technologically advanced products and services, mainly for primary and secondary metallurgy. For most of these products, the quantities demanded by steel manufacturers are mainly dependent on the quantity of steel they produce. On the other hand, the price of steel is less directly important for the SKW Metallurgie Group because steel demand has little price elasticity in the short term, so that the effects of the steel price on production quantities are minor. However, the profit situation of steel manufacturers, which is also determined by the price of steel, can have indirect effects on the SKW Metallurgie Group. For example, customers facing profit pressure may increasingly demand changes in terms and conditions or the credit quality of receivables due from customers of the SKW Metallurgie Group could deteriorate.

According to the World Steel Association, demand in the global steel market increased by 5.3% to 1,267.7 million tons in the first nine months of 2017, compared to the prior-year period. In the international steel markets, moreover, prices remained on a comparably high level as a result of anti-dumping measures in various regions and extreme volatile 35% higher iron ore prices. The trend was further supported in the reporting period by the additional announcement of capacity reductions on the part of Chinese manufacturers, coupled with strong local demand. Nonetheless, it must be noted with respect to global steel production that it is still beset with major structural problems in the steel industry. Worldwide, the industry continues to struggle with excess capacities: The worldwide significant capital utilization rate is still at a low, albeit slightly improved level compared to the first half of last year.

The import situation in the European market remains tense as declining steel imports from China have been replaced with disproportionately rising imports from other countries (Ukraine, South Korea and even India), so that the import situation has not eased in terms of quantities. As a result of growing protectionism tendencies in the global steel industry, there is an additional risk of further trade diversions to the relatively open EU steel market.

Despite the current worldwide uncertainties, the change of sentiment among both steel producers and steel processors is particularly striking. For the first time in six years, most enterprises consider their economic situation to be good. Rising prices for steel products since the beginning of the year have enabled steel manufacturers to increase their margins, which was urgently needed. Furthermore, the key indicators for the past three quarters of 2017 paint a positive picture in that crude steel production and market supply increased modestly.

China is still the world's largest producer by far, with a world market share of approximately 50%, as before. A large share of Chinese steel production cannot be sold permanently in the home market. Moreover, it has been shown in the past that it is not probable in the short term that Chinese production volumes can be appreciably and sustainably adapted to the reduced level of domestic demand. Consequently, large quantities of steel produced by Chinese surplus capacities are being offered and will be offered in the world market at low prices. The export pressure from China will only ease when actual production quantities are reduced or adapted better to local demand. Based on profitability and environmental concerns, experts believe that due to profitability measures and environmental issues, such a production quantity adjustment could take place in China, but only in the medium term; first signs of prove of this hypothesis have been (temporary) closures of steel mills as an air-pollution reduction measure during the G-20 meeting in August/September of this year. In 'SKW's estimation, the steel being exported from China to Western countries is increasingly of good, competitive quality, therefore intensifying the price pressure on Western steel producers. This growing pressure on Western steel makers leads in turn to rising price pressure on their suppliers, including the SKW Metallurgie Group. However, this situation also presents an opportunity for SKW to enhance the competitiveness of steel manufacturers with its higher-quality products.

Geographically, the SKW Metallurgie Group continues to focus on the sales markets of USA/North America (accounting for more than 50% of the Group's revenues in both the reporting year and previous year), the European Union (primarily for the "Cored Wires" segment at the present time), and Brazil. The SKW Metallurgie Group currently has only a negligible value-added share of the steel produced in China.

The development of steel production in the main sales regions of the SKW Metallurgie Group was mixed in the first nine months of 2017:

→ In the United States (including Canada), the key market for the SKW Metallurgie Group, steel production had stabilized on a low level by the end of the third quarter of 2016. Since this time, steel production has recovered in this region in terms of both production quantities and capacity utilization rates. Production in the first nine months of 2017 rose by 2.9% from the level of the prior-year comparison period. In addition to expectations for fiscal policy measures such as tax cuts, public-sector investments, etc., the protective tariffs imposed on dumping exports also contributed to this result.

- In the EU (+5.8%), last year's decline in steel production was not only halted, but reversed to a greater-than-expected degree; reasons for this development include the effect of protective trade policy measures by the EU and a subdued, though increasingly stable economic upturn. Nonetheless, it appears as though the import crisis in the EU has not been overcome, as declining steel imports from China have been offset by disproportionate increases in imports from other countries. As a result of growing protectionist tendencies in the global steel industry, the relatively open EU steel market is threatened by further trade diversion effects.

- In Brazil, the steel industry performed better (+9.1%) than had been expected given the difficult macroeconomic situation in that country. Although the biggest economy in Latin America experienced the deepest recession in the country's history, steel production exhibited a countervailing development. There are justifiable doubts concerning the sustainability of this trend because economists have little hope that the Brazilian economy will recover anytime soon.

1.3. The markets for SKW Metallurgie's core products follow the lead of the steel industry

The development of markets for primary and secondary metallurgy products is essentially dependent on the development of produced steel volumes, especially for high-quality and higher-quality steel grades. The more steel is produced, the more primary and secondary metallurgy products are needed. Another factor influencing the quantities sold by SKW is the means by which steel is produced (blast furnace with primary metallurgy or electro-steel plant. A shift towards electro-steel plant production would have a greater impact on the primary metallurgy business (desulfurization). Such a shift can be partly observed in the US at the present time.

2. Structure of the Group

There was a small change in the consolidation group of the SKW Metallurgie Group between December 31, 2016 and September 30, 2017. At September 30, 2017, the SKW Metallurgie Group structure is unchanged to the one described in the half-year reporting; for further information, we refer to the details cited in the June 30, 2017 report.

The Group's shareholder structure underwent no notable changes in the reporting period and afterwards. However, Mr. Dr. Olaf Marx as the controlling shareholder (obligated to file notifications) of MCGM GmbH, Munich, notified the Company that shares held by other shareholder were attributable to him because a voting rights proxy and power of representation had been granted to him for the time until the annual general meeting. The following notification have been received by the company:

- Dr. Olaf Marx as the controlling shareholder (obligated to file notifications) of MCGM GmbH, Munich, notified the Company on April 4, 2017 that the shares held by La Muza Inversiones, Madrid (Spain) were attributable to him because a voting rights proxy and power of representation had been granted to him for the time until the annual general meeting to be held on August 31, 2017. Therefore, his holdings corresponded to 7.59% of the voting rights in the Company at April 4, 2017. This granting of a voting rights proxy and power of representation led to four additional notifications, raising his holdings to 14.95% of voting rights in the Company at July 27, 2017. Furthermore, Dr. Olaf Marx as the controlling shareholder (and thus subject to the notification requirement) notified MCGM GmbH, Munich, on August 8, 2017 that the holdings of Mr. Alois Berger, Ottobeuren (Germany), are also attributable to him by virtue of a voting rights proxy and power of representation granted to him until the annual general meeting of August 31, 2017. Therefore, his holdings represented 20.94% of voting rights in the Company at August 8, 2017.

- On April 6, 2017 Mr. Dr. Marx notified the company that he has been granted a voting rights proxy and power of representation of La Muza Inversiones Sicav S.A., Madrid (Spain). Therefore, his holdings corresponded to 7.59% of the voting rights in the Company at April 4, 2017.

- Until September 15, 2017 Mr. Dr Marx notified the company exceeding the 10%, 15% and 20% threshold. Mentionable in this context is, Dr. Olaf Marx as the controlling shareholder (and thus subject to the notification requirement) notified MCGM GmbH, Munich, on August 8, 2017 that the holdings of Mr. Alois Berger, Ottobeuren (Germany), are also attributable to him by virtue of a voting rights proxy and power of representation granted to him until the annual general meeting. Therefore, his holdings represented 20.94% of voting rights in the Company at August 8, 2017. Further identities of granting shareholders have not been disclosed since individual stakes have been less than the necessary 3% notification threshold.

- A notification of voting rights changes has been received by the company on September 15, 2017 that the threshold of 20% has been deceeded on 12 September 2017 (18.79% of the voting rights). In return, Mr. D. Marx announced with a voting rights notice dated 18 September 2017 that threshold of 20% of the voting rights is exceeded again having 20.35% of the voting rights in the company as of 15 September 2017 on the basis of voting and proxy powers until the next Annual General Meeting. Of the proxies, only La Muza Inversiones Sicav S.A., Madrid (Spain) owns more than 3% of the voting rights.

Otherwise, the Company is not aware of any shareholder holding 10% or more of the Company's share capital.

3. Company and business developments

3.1. Revenues above expectations in the first nine months of 2017

Notwithstanding the necessary adjustments according to IFRS 5, the SKW Metallurgie Group generated revenues of EUR 196.1 million in the past three quarters of 2017. This figure was considerably higher than the revenues generated in prior period of time 2016 (EUR 178.9 million) and therefore exceeded expectations (full-year guidance including the contribution of the non-core business of Quab Chemicals: revenues of at least EUR 250 million).

3.2. Gross profit margin still considerably higher than 30%

Particularly in a raw materials-intensive business like that of the SKW Metallurgie Group, revenues can be influenced simply by changes in the cost of raw materials and by the corresponding adjustment of sales prices, even though the operating performance may not have changed. Therefore, the gross profit margin (gross margin) is a much more meaningful indicator. In the SKW Metallurgie Group, the gross profit margin (gross margin) is defined as the percentage of revenues represented by the difference between the total operating performance (sum of revenues, changes in inventory, and internal production capitalized) and the cost of materials. In the first nine months of 2017, the gross profit margin of 31.8% – calculated on the basis of a EUR 135.4 million cost of materials (PY: EUR 121.3 million) – was slightly higher than the prior-period figure of 31.6%. This positive change was achieved in spite of the massive pressure on prices in SKW's customer industries and successfully offset the decrease in some high-margin product lines with efficiency gains, especially for standard products.

3.3. Other operating result affected by SKW contributions related to the financial restructuring

Other operating income was influenced by two events in the reporting period, which were already mentioned in the “Events after the reporting date” section of the 2016 Annual Report. The first income item of EUR 1.9 million resulted from the successful negotiation and sale of the majority interest held in SKW Tashi Metals and Alloys Pvt./Bhutan, which has been insolvent since 2015 and has since been completely written off (asset recovery); the second event influencing other operating income resulted from the final settlement of the legal disputes with the former Executive Board members Ms. Ines Kolmsee and Mr. Gerhard Ertl. Among other things, this settlement entails a waiver by the former Executive Board Chairwoman of a judicial review of the 50% reduction of her SKW Metallurgie pension entitlement by the Company to be resolved by the Supervisory Board, which led to a positive earnings effect for SKW of approximately EUR 2.0 million. Otherwise, this item was affected by foreign currency income in the amount of EUR 1.7 million (PY: EUR 2.1 million).

Other operating expenses particularly include variable, revenue-dependent cost components (such as shipping costs and sales commissions) in the operating Group companies, as well as legal and consulting expenses. Foreign currency effects of intragroup dealings caused negative foreign currency effects of EUR 2.9 million (PY: EUR 1.9 million).

Thanks to the optimization measures implemented as part of the ReMaKe program, the personnel expenses of EUR 26.6 million in the reporting period remained nearly unchanged from the prior-year comparison figure (EUR 26.3 million) despite the 3.3% increase in the production quantity.

3.4. Adjusted EBITDA exceeds expectations, thanks to positive market momentum and the results of ReMaKe measures

The stated EBITDA of the SKW Metallurgie Group for the first nine months of 2017 amounted to EUR 10.4 million, which was considerably higher than the prior-period comparison figure (Q3 2016: EUR 4.5 million). However, the stated EBITDA is not a very useful indicator of the Group's operating performance in this period until it is adjusted for non-recurring effects, non-operating effects and foreign currency effects.

After adjusting for the non-recurring effects of the "Bhutan asset recovery" and the "settlement with former Executive Board members" in the amount of EUR 3.9 million, both of which are recognized in other operating income in 2017, as well as the non-recurring income from the reversal of liabilities in the amount of EUR 1.0 million in 2016, restructuring expenses (Q3 2017: EUR 2.6 million; Q3 2016: EUR 4.9 million) and the unrealized currency effects included in other operating income and expenses (Q3 2017: EUR -1.2 million; Q3 2016: EUR +0.2 million), the EBITDA for the first three quarters of 2017 came to EUR 10.3 million (Q3 2016: EUR 7.8 million).

Thus, this adjusted operating indicator confirms the original full-year guidance of an adjusted EBITDA of approximately EUR 9 million or approximately EUR 12 million including the non-core business of Quab Chemicals; assuming a sustainably positive development of basic operating conditions, SKW continues to expect a substantial increase in operating EBITDA.

3.5. Financial situation: financial restructuring program runs at full speed

In the first nine months of 2017, the balance sheet total of the SKW Metallurgie Group declined modestly by 6.0%, from EUR 146.0 million to EUR 137.2 million. Certain distortions between the current financial year and the comparison figures were caused by the accounting regulations of IFRS 5 because this Standard does not call for the adjustment of prior-period balance sheet items.

Cash and cash equivalents declined by EUR 2.8 million, from EUR 14.3 million to EUR 11.5 million; these funds were mainly used to pay down current financial liabilities and to finance restructuring expenses.

Accumulated other comprehensive income declined by EUR 3.7 million, from EUR -73.1 million to EUR -76.8 million; the main reasons for this decrease were the negative consolidated net loss attributable to the majority shareholders of EUR -3.0 million that has been highly influenced by non-cash foreign exchange rate fluctuations, the negative currency translation gains recognized in equity (EUR 0.3 million) and the adjustment of actuarial losses from previous reductions of the actual interest rate that resulted from the settlement with the former Executive Board Chairwoman.

Further effects on the liability side of the balance sheet have been similar to the ones as at June 30, 2017 and were explained in the half-year reporting.

Gross financial debt and net financial date are the key indicators used to analyze the financial position and cash flows of the SKW Metallurgie Group. Gross financial debt is defined as the sum of noncurrent and current financial liabilities. Net financial debt is defined as gross financial debt less cash and cash equivalents. The net financial debt of the SKW Metallurgie Group rose from EUR 71.5 million to EUR 79.8 million at September 30, 2017.

Besides the amount of net financial debt, the maturity is also significant: Both at the reporting date of September 30, 2016 and at the comparison date of December 31, 2016, the drawdowns under the syndicated loan agreement, which represents the principal financing instrument for the Group's parent company and therefore parts of the Group as well, and the furnished guarantees are classified as "current" for technical reasons.

3.7. Clearly positive cash flow

The following table shows important items of the consolidated statement of cash flows:

EUR'000s	01/01-09/30/2017	01/01-09/30/2016
Consolidated net loss	-3.009	-11.440
Gross cash flow	1.538	1.210
Cash inflow/outflow from operating activities	-5.757	-6.666
Cash inflow/outflow from investing activities	-1.106	-3.808
Cash inflow/outflow from financing activities	4.275	10.272
Cash and cash equivalents[1]	-3.256	1.117
Cash and cash equivalents at end of period[2]	11.538	12.470

Based on the negative consolidated net loss, the SKW Metallurgie Group generated a positive gross cash flow (rounded EUR 1.5 million; Q3 2016: EUR 1.2 million) despite significant cash-effective, non-recurring restructuring expenses of EUR 2.6 million (PY: EUR 4.5 million). The cash flow from operating activities (also known as net cash flow) indicates the cash flow generated in operating activities during the period under consideration. It is calculated as the balance of gross cash flow and changes in working capital (in the broader sense, understood here to mean the sum of lines 11 to 20 of the cash flow statement, or the difference of the subtotal lines 10 to 21 of the cash flow statement). These changes in working capital (in the broader sense) amounted to EUR -7.3 million (PY: EUR -7.9 million) in the reporting period. The higher cash outflow from working capital resulted from the necessary build-up of temporary inventory positions for largely contracted supply commitments and from negative currency effects.

In the first nine months of 2017, the changes in working capital (in both the narrower and the broader sense) remained within fluctuation margins that have been normal for the SKW Metallurgie Group to date. Nonetheless, SKW Metallurgie Group will continue to pursue the working capital optimization initiative that was begun in financial year 2015 in order to further reduce working capital (lower capital tie-up as a percentage of revenues) in the remainder of financial year 2017 and also to further reduce the fluctuation margin, to the extent that it is not induced by corresponding revenue fluctuations. Largely avoiding currency translation effects and presenting them separately are among the measures being taken to reduce the fluctuation margin.

The cash flow from investing activities is influenced by two effects. First, the agreed price for the sale of the Group's majority interest in the insolvent company in Bhutan was collected in the amount of EUR 1.9 million; second, the cash outflow from investing activities in the reporting period in the amount of EUR -3.0 million was roughly equal to the corresponding prior-year comparison figure (EUR -3.8 million). This amount comprises investments (essentially maintenance investments), which were nearly unchanged from the comparison figure and were also on the level of depreciation and amortization. The cash flows from operating activities and from investing activities yielded a free cash flow of EUR -6.8 million in the reporting period (PY: EUR – 10.5 million).

1. Including currency effects under cash and cash equivalents
2. Including cash and cash equivalents of discontinued operations

4. Segment report

According to IFRS, segments are to be formed on the basis of the enterprise's operating divisions, as determined by the internal organization and reporting structure of the SKW Metallurgie Group. Therefore, the segment report has been aligned with the new, regionalized internal management system since the consolidated financial statements at December 31, 2015. This new segment report format is more transparent particularly with regard to regional market developments, the evaluation of the effects resulting from the ReMaKe continuous improvement program, and the evaluation of exchange rate effects.

The reporting segments have not changed since the half-year reporting 2017; therefore, they are called unchanged: "North America," "Europe and Asia," "South America," and "Other and Holding Company".

The results of the reportable segments in the reporting period are detailed in the following:

→ In the "**North America**" segment, total revenues increased by 4.4%, from EUR 90.1 million (Q3 2016) to EUR 94.1 million (Q3-2017). The corresponding segment EBITDA rose by 43.8 %, from EUR 3.2 million (Q3 2016) to EUR 4.6 million (Q3-2017). This increase was in line with expectations and reflects the situation of the extremely strong first quarter and the slightly flattening, but expectations-surpassing second and third quarter of the North American steel industry.

→ In the "**Europe and Asia**" segment, the total first nine months' revenues of EUR 62.5 million were likewise significantly higher than the prior-year comparison figure (EUR 54.4 million). The corresponding segment EBITDA declined modestly from EUR 2.4 million in the prior period to EUR 2.3 million in the reporting period. The main reason for this was the strong recovery of the European steel industry, in which the segment participated to a disproportionately strong degree, despite heightened margin pressure.

→ Fortunately, the business performance of the "**South America**" segment was completely contrary to the macroeconomic development in Brazil. The segment generated total revenues of EUR 18.9 million, which were 17.4% higher than the comparison figure (Q3 2016: EUR 16.1 million). The EBITDA rose disproportionately from EUR 2.8 million (Q3 2016) to EUR 4.1 million (Q3 2017). This extremely positive development can be credited to comparative advantages and a mix of opportunistic transactions, the repeatability of which, however, appears to be limited. For this reason, a sustainable trend in this segment can be predicted only with reservations.

→ The result of the "**Other and Holding**" segment is composed of the results of two operating companies, on the one hand, and the results of the Group parent company and other non-operating companies, on the other hand:

- The two operating companies SKW Quab Chemicals Inc. and SKW Stahl-Metallurgie GmbH generated total revenues of EUR 22.4 million in the first nine months of 2017 (Q3 2016: EUR 19.4 million) and an EBITDA of EUR 4.4 million (Q3 2016: EUR 0.9 million). The earnings jump in 2017 was mainly caused by internal compensation for additional costs between SKW Stahl-Metallurgie GmbH and its parent company in the amount of EUR 3.6 million. Operationally, the segment result was reduced by a production insourcing measure at

Quab Chemicals Inc. This measure led to sub-optimal though supply-securing inventory management, on the one hand, and production start-up losses that needed to be compensated, on the other hand.

- The Group parent company SKW Stahl-Metallurgie Holding AG and the other non-operating companies assigned to this segment do not generate revenues, by definition, and usually post a negative EBITDA. After adjusting for the two exceptional effects of the "Bhutan asset recovery" (EUR 1.9 million) and the reduction of the pension entitlement of the former Executive Board Chairwoman as part of a settlement (EUR 2.0 million), the parent company's EBITDA amounted to EUR -3.2 million, unchanged from the period-period comparison figure. In interpreting these numbers, it should be remembered that most of the restructuring expenses for the overall Group (Q3 2017: EUR 2.6 million; Q3 2016: 4.5 million) were incurred by the Group parent company.

5. Further optimization of the number of employees

As always, well trained and highly motivated employees are an important prerequisite for the business success of the SKW Metallurgie Group. As a result of restructuring measures, optimization measures, and adjustments to reflect the current state of the steel industry, the worldwide number of employees at September 30, 2017 was 564, that being fewer than the number of 578 at September 30, 2016.

No employees were affected by short-time work schedules at the end of the reporting period.

6. Report on opportunities and risks

The SKW Metallurgie Group attaches great importance to the continuous detection and evaluation of opportunities and risks, in order to take suitable measures to optimally exploit opportunities and limit risks. In 2017, the Group updated the risk inventory conducted and updated at December 31, 2016 in the form of quarterly risk reports. These updates did not lead to any significant changes or new risks compared to the 2016 Risk Report. Nonetheless, we wish to point out the following risks again:

Risks of debt financing

SKW Stahl-Metallurgie Holding AG and its subsidiaries possessed adequate liquidity at all times in the reporting period. The Group's liquidity is secured particularly by the syndicated loan agreement concluded in early 2015 (with a term until early 2018) for an amount of up to EUR 86 million (of which EUR 46 million is an amortizing loan). This syndicated loan agreement (aside from overdraft facilities) satisfies the main financing needs of the Group parent company and thus smaller parts of the SKW Stahl-Metallurgie Group. It was agreed in the first quarter of 2017 that this syndicated loan agreement will be available until January 31, 2018, with only customary adjustments and a waiver of cancellation by the syndicated lenders, and that financial covenants and minimum principal payments will be suspended during this time.

At the same time, the parent company and the syndicated lenders also agreed on a plan for the fundamental financial restructuring of the balance sheet, under which the SKW Metallurgie Group will make its own financial contribution to debt repayment by selling peripheral activities. The plan also calls for a substantial capital increase, which shareholders will be entitled to subscribe, and a conditional waiver of claims by the syndicated lenders.

Nonetheless, it has been pointed out that the implementation of any future plan is fraught with uncertainties. Parts of the planned financial restructuring measures depended and still depend on the cooperation of third parties (investors, shareholders and other stakeholders), which cannot be influenced by the SKW Stahl-Metallurgie Group. Therefore, a failure of the financial structuring plan or the inability to obtain financing to replace the syndicated loan agreement has been an all-time scenario, and consequently the liquidity of the Company and the Group would no longer be assured. In such a case, it has been emphasized multiple times that the going-concern status of the parent company and therefore the Group would be endangered. Thus, the future status of a going concern beyond January 31, 2018 depended on the successful implementation of the aforementioned financial restructuring plan and its correlated positive continuity prognosis.

Positive continuance prognosis of SKW expired

SKW Stahl-Metallurgie Holding AG has received motions for additional topics on the agenda for the scheduled ordinary general assembly on October 10, 2017 as of § 122 Abs. 2 AktG on September 10, 2017. Applicant is MCGM GmbH, Munich, together with other shareholders of the company. The managing director of MCGM GmbH, Dr. Olaf Marx, is also member of the Supervisory Board of SKW Stahl-Metallurgie Holding AG.

CEO and all remaining five members of the Supervisory Board emphatically reject the motions. They regard such as an attempt to jeopardize the financial restructuring of the Company agreed with the finance investor Speyside (see our press release August 25, 2017).

Since the petitioners hold more than 10% of the registered share capital of the Company, the average presents on prior ordinary general assembly has been approximately 35% of the registered share capital, and registered shareholder to the formerly planed ordinary general assembly dated August 10, 2017 has been even lower, the CEO has come to the conclusion that it is not predominantly likely that the agenda items of the management regarding the capital reduction and the capital increase against contribution in kind (debt-to-equity-swap) will reach the necessary majority of   of the votes.

Thereby, the positive continuance prognosis of SKW Stahl-Metallurgie Holding AG has expired and the insolvency reason of overindebtedness is applicable to the Company. During the legally binding 3-week period the CEO will strive to sustainably eliminate the insolvency reason of overindebtedness to avoid having to file for insolvency.

Insolvency court grants SKW's request for preliminary self administration and protective shield

Since all efforts to sustainably eliminate the insolvency reason of overindebtedness failed, the management board of SKW Stahl-Metallurgie Holding AG was forced to file for an in-court insolvency proceeding under self-administration at the competent insolvency court in Munich on September 27, 2017. The local court of Munich being the competent insolvency venue has appointed Dr. jur. Christian Gerloff, Partner of Law Firm Gerloff Liebler Rechtsanwälte, Munich, to be the preliminary custodian of SKW Stahl-Metallurgie Holding AG and has ordered preliminary self-administration plus protective shield on September 28, 2017. The preliminary custodian accompanies and controls the CEO in the interest of the creditors.

7. Events after the reporting date

The following transactions and events of particular importance for the SKW Metallurgie Group became known after the close of the reporting period on September 30, 2017 and before the time of preparation of the present interim report:

→ The Company announced in an ad-hoc announcement on October 27, 2017, he US financial investor Speyside Equity has legally closed the announced purchase of all credit claims against SKW Stahl-Metallurgie Holding AG in the amount of approx. EUR 75 million (nominal value) from the SKW syndicated loan agreement. Speyside Equity is thus by far the largest creditor of the company and has already taken one seat in the preliminary committee of creditors of the company in place of the syndicated banks.

→ On August 29, 2017, the Executive Board of SKW Stahl-Metallurgie Holding AG, Munich, invited the shareholders of SKW Stahl-Metallurgie Holding AG to the annual general meeting to be held on October 10, 2017. This invitation has been called off by an ad-hoc the same date management filed for insolvency proceeding under self-administration on September 27, 2017.

→ As a result to this cancellation, the shareholders MCGM GmbH, Munich, Johannes Ebert, Karlsbad, Olaf Gantenbrink, Berlin, Leptis Magna GmbH, Berlin, Dr. Ing. Roland Göttel, Berlin, Mr. Jochen Becker, Berlin, Becker Asset Management KG, Berlin and La Muza Inversiones SICAV, S.A. Spain (hereinafter together the “applicants”) requires that a general meeting of SKW Stahl-Metallurgie Holding AG be assembled in line with Section 122 (1) AktG. Following this request, the Executive Board of SKW Stahl-Metallurgie Holding AG has invited the shareholders of the company to the Annual General Meeting on Wednesday, December 6, 2017, at 10.00 am (CET) in the seminar center “Mein Arbeits(t)raum” Freibadstr. 30, 81543 Munich, Germany.

→ On November 14, 2017 SKW and Luxfer Holdings PLC, a global materials technology company, announced that it has entered into an agreement to acquire the Specialty Metals business of ESM Group Inc., including a manufacturing facility in Saxonburg, Pennsylvania, USA. ESM Group’s Saxonburg plant manufactures a range of magnesium-based chips, granules, ground powders and atomized powders and has been disclosed as an IFRS 5 item in this interims report. SKW and Luxfer anticipate closing within a few weeks, subject to any necessary approvals and consents to be secured by the parties.

→ The management of SKW Stahl-Metallurgie Holding has submitted, in alignment with the preliminary custodian and the preliminary creditors committee, an insolvency plan to the competent court of Munich November 28, 2017. This plan presents a concept for the financial restructuring of the Company.

For this purpose, it is planned to conduct a capital increase against contribution in kind solely by Speyside Equity Industrial Europe Luxembourg S.à.r.l., Luxemburg, who is by far the largest creditor. It is planned to swap credit claims in the nominal amount EUR 35 Mio. into 950,000 shares of the Company (debt-to-equity-swap), whereby the US-American financial investor would possess 100 percent of the future share capital of SKW Stahl-Metallurgie Holding AG. Prior to this, a capital decrease to zero shall be executed, which will entail a withdrawl of the current shareholders and the delisting of the Company.

Furthermore, the insolvency plan entails a full satisfaction of the claims of all creditors that are not subordinated. The remaining credit claims of Speyside of about EUR 40 Mio. shall remain at the disposal of SKW group as a long-term shareholder loan to finance the current operations. The repayment will be aligned with the liquidity needs of the Company. After completion of all capital measures, SKW Stahl-Metallurgie Holding AG and SKW group will once more, have a positive equity and a gearing-rate in accordance with market standards.

The Company expects the prompt opening of the insolvency procedure. The management had filed for insolvency under self-administration on September 27, 2017. After insolvency proceedings have been initiated, a creditors meeting, which will probably be held at the beginning of 2018, will vote on the insolvency plan. In case of approval, only the confirmation of the competent court will still be necessary.

Furthermore, the management, in alignment with the preliminary custodian, has cancelled the Annual General Meeting on December 6, 2017, which had been scheduled due to the request of MCGM GmbH and other shareholders. This is based on the reasoning that the items on the agenda are unsuitable to restructure the Company and to eliminate insolvency.

8. Forecast report: Comparison of forecasts made in the prior period with actual developments

As usual, the Forecast Report for the year 2017, which was published in the 2016 Annual Report, referred to the full year 2017 and therefore did not include explicit statements concerning the first nine months of 2017. Subject to certain assumptions and definitions, the forecast called for revenues of approximately EUR 230 million and an adjusted EBITDA of at least EUR 9 million in the core business for the full year 2017.

In view of the developments regarding the financial restructuring plan and therefore the essentially still outstanding restructuring of the source-of-funds side of the balance sheet, as well as the content and terms of the Term Sheet circulated between the negotiating partners, two divestments are no longer planned. The divestments of the peripheral activities Quab Chemicals Inc. and the Indian company Jamipol Limited have been suspended indefinitely. Therefore, they are no longer presented in accordance with IFRS 5 and their contributions to revenues and EBITDA must be accounted for henceforth. As a result of this reclassification, revenues of roughly EUR 250 million and an adjusted EBITDA of at least EUR 12 million are currently expected for the full year 2017, subject to certain assumptions and definitions.

The actually reported values confirm the full-year forecasts made at the time insofar as the revenues generated in the reporting period were proportionate to the full-year revenue forecast and the adjusted EBITDA generated in the first nine months of 2017 exceeded the proportionate share of the forecast amount.

The SKW Metallurgie Group is now set up in an operationally efficient manner and is therefore confident of being able to take advantage of opportunities in its core markets and improve its competitive position. Assuming a sustainably positive development of all basic operating conditions, the Company predicts that it will be able to increase operating EBITDA considerably above the level of the guidance given for financial year 2017.

To achieve this increase, the Executive Board of the SKW Metallurgie Group will continue to systematically implement the “ReMaKe” continuous improvement program. Key elements of this program include comprehensive efficiency enhancements, increased collaboration between individual Group entities to realize cross-selling effects, the further business performance in regional markets, but also new technology and application areas. The successes of this program are meant to offset and in some cases more than offset exogenous developments, particularly including the consequences of the steel crisis.

Notwithstanding the foregoing, it should be noted that the 2017 financial year will end due to the termination of the current provisional insolvency proceedings in self-administration and the associated opening of the actual insolvency plan proceedings in own administration; therefore, the financial year 2017 may end in 2017 as an abbreviated financial year.

9. Declaration according to Par. 37w Sec. 5 WpHG

The consolidated financial statements and this interim group management report has not been reviewed by an auditor.

Munich (Germany), November 30, 2017

SKW Stahl-Metallurgie Holding AG

The Executive Board

Dr. Kay Michel
Sole member of the Executive Board (CEO)

Interim Group Management Report

Financial Statements of SKW Stahl-Metallurgie Holding AG for the third Quarter of 2017

Consolidated income statement for the period from January 1 to September 30, 2017 and from July 1 to September 30, 2017

EUR thousand	Q1-3 2017	Q1-3 2016*	Q3 2017	Q3 2016*
Revenues	196,065	178,855	60,448	57,058
Change in inventories of finished and semi-finished goods	1,625	-1,072	1,101	-768
Internal production capitalized	33	50	0	17
Other operating income	7,092	4,037	842	606
Cost of materials	-135,405	-121,315	-42,478	-38,616
Personnel expenses	-26,545	-26,315	-8,092	-8,094
Other operating expenses	-33,171	-30,304	-9,711	-9,064
Income from associated companies	700	550	227	89
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**10,394**	**4,486**	**2,337**	**1,228**
Amortization, depreciation, and impairments of intangible assets and property, plant and equipment	-4,400	-12,202	-1,440	-1,496
Earnings before interest and income taxes (EBIT)	**5,994**	**-7,716**	**897**	**-268**
Interest income and similar income	256	230	103	71
Interest and similar expenses	-4,334	-3,999	-1,470	-1,221
Other financial result	-4,163	-215	-1,235	-105
Earnings before taxes (EBT)	**-2,247**	**-11,700**	**-1,705**	**-1,523**
Income taxes	-445	-685	568	217
Earnings from continuing operations (after taxes)	**-2,692**	**-12,385**	**-1,137**	**-1,306**

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* The prior-year values have been adjusted due to the IFRS 5 classification of the special magnesium business (USA) as discontinued operations and SKW Quab as continuing operations.

Consolidated income statement for the period from January 1 to September 30, 2017 and from July 1 to September 30, 2017

EUR thousand	Q1-3 2017	Q1-3 2016*	Q3 2017	Q3 2016*
→ Earnings before taxes (EBT) from discontinued operations	-317	945	-181	0
Income taxes for discontinued operations	0	0	0	0
Earnings from discontinued operations (after taxes)	-317	945	-181	0
Consolidated net loss for the year	**-3,009**	**-11,440**	**-1,318**	**-1,306**
thereof attributable to shareholders of SKW Stahl-Metallurgie Holding AG				
Earnings from continuing operations	-3,375	-12,942	-1,338	-1,403
Earnings from discontinued operations	-317	945	-181	0
	-3,692	-11,997	-1,519	-1,403
thereof attributable to non-controlling interests	683	557	201	97
	-3,009	-11,440	-1,318	-1,306
Earnings per share from continuing operations (EUR)**	**-0.51**	**-1.98**	**-0.20**	**-0.21**
Earnings per share from discontinued operations (EUR)**	**-0.05**	**0.14**	**-0.03**	**-0.00**
Consolidated earnings per share (EUR)**	**-0.56**	**-1.83**	**-0.23**	**-0.21**

Financial Statements

* The prior-year values have been adjusted due to the IFRS 5 classification of the special magnesium business (USA) as discontinued operations and SKW Quab as continuing operations.

**Diluted earnings per share are equal to basic earnings per share.

Statement of Comprehensive Income for the periods from January 1 to September 30, 2017 and from July 1 to September 30, 2017

EUR thousand	Q3 2017	Q3 2016*	Q3 2017	Q3 2016*
Consolidated net loss for the year	**-3,009**	**-11,440**	**-1,318**	**-1,306**
Items that will not be subsequently reclassified to profit or loss				
Change in actuarial gains and losses from defined benefit pension commitments	298	-2,019	0	-319
Other comprehensive income/loss from associated companies, not recognized in profit or loss	10	-4	16	-4
Items that will be subsequently reclassified to profit or loss				
Deferred taxes on items that will be subsequently reclassified to profit or loss	0	-1	0	0
Other comprehensive income/loss from associated companies, not to be subsequently reclassified to profit or loss	18	18	0	18
Currency differences	-908	1,182	-186	-600
Other comprehensive income	**-582**	**-824**	**-170**	**-905**
Total comprehensive income	**-3,591**	**-12,264**	**-1,488**	**-2,211**
thereof attributable to shareholders of SKW Stahl-Metallurgie Holding AG	-3,729	-13,603	-1,581	-2,122
thereof attributable to non-controlling interests	138	1,339	93	-89

* The prior-year values have been adjusted due to the IFRS 5 classification of the special magnesium business (USA) as discontinued operations and SKW Quab as continuing operations.

Consolidated Balance Sheet at September 30, 2017

ASSETS in EUR thusand	09/30/2017	12/31/2016
Noncurrent assets		
Intangible assets	10,363	9,934
Property, plant and equipment	30,914	28,004
Interests in associated companies	5,349	0
Other noncurrent assets	937	884
Deferred tax assets	1,850	1,183
Total noncurrent assets	**49,413**	**40,005**
Current assets		
Inventories	34,355	28,252
Trade receivables	29,866	30,140
Income tax refund claims	5,530	5,730
Other current assets	5,250	6,457
Cash and cash equivalents	11,538	14,276
Assets held to sale	1,202	21,087
Total current assets	**87,741**	**105,942**
Total assets	**137,154**	**145,947**

EQUITY AND LIABILITIES in EUR thousand	09/30/2017	12/31/2016
Equity		
Subscribed capital	6,545	6,545
Additional paid-in capital	50,741	50,741
Other comprehensive income	-76,841	-73,112
	-19,555	**-15,826**
Non-controlling interests	9,949	10,382
Total equity	**-9,606**	**-5,444**
Noncurrent liabilities		
Pension obligations	7,880	10,114
Other noncurrent provisions	3,508	3,672
Noncurrent liabilities under finance leases	58	93
Noncurrent financial liabilities	4,498	1,857
Deferred tax liabilities	4,153	2,439
Other noncurrent liabilities	216	235
Total noncurrent liabilities	**20,313**	**18,410**
Current liabilities		
Other current provisions	1,462	1,910
Current liabilities under finance leases	46	46
Current financial liabilities	86,777	83,933
Trade payables	21,230	21,807
Income tax liabilities	807	162
Other current liabilities	15,939	16,283
Liabilities related to assets held for sale	186	8,840
Total current liabilities	**126,447**	**132,981**
Total equity and liabilities	**137,154**	**145,947**

Consolidated Statement of Changes in Equity at September 30, 2017

EUR thousand	Subscribed capital	Share premium	Other comprehensive income	Consolidated equity of majority shareholders	Non-controlling interests	Total equity
Balance at 01/01/2016	**6,545**	**50,741**	**-59,959**	**-2,673**	**8,813**	**6,140**
Consolidated net loss for the year	0	0	-11,997	-11,997	557	-11,440
Currency differences	0	0	400	400	782	1,182
Income and expenses recognized in equity (excluding currency differences)	0	0	-2,006	-2,006	0	-2,006
Total comprehensive income 2016	**0**	**0**	**-13,603**	**-13,603**	**1,339**	**-12,264**
Dividend payments	0	0	0	0	-480	-480
Balance sheet at 09/30/2016	**6,545**	**50,741**	**-73,562**	**-16,276**	**9,672**	**-6,604**
Balance at 01/01/2017	**6,545**	**50,741**	**-73,112**	**-15,826**	**10,382**	**-5,444**
Consolidated net income for the year	0	0	-3,692	-3,692	683	-3,009
Currency differences	0	0	-363	-363	-545	-908
Income and expenses recognized in equity (excluding currency differences)	0	0	326	326	0	326
Total comprehensive loss 2017	**0**	**0**	**-3,729**	**-3,729**	**138**	**-3,591**
Dividend payments	0	0	0	0	-571	-571
Balance sheet at 09/30/2017	**6,545**	**50,741**	**-76,841**	**-19,555**	**9,949**	**-9,606**

Financial Statements

Consolidated Cash Flow Statement for the period from January 1 to September 30, 2017

EUR thousand		Q3/2017	Q3/2016*
1.	Consolidated net loss for the year	-3,009	-11,440
2.	Earnings from discontinued operations (after taxes)	317	0
3.	Consolidated earnings from continuing operations	-2,692	-11,440
4.	Write-ups/write-downs of noncurrent assets	4,418	12,288
5.	Increase/decrease in pension provisions	-1,874	247
6.	Earnings from associated companies	-700	-153
7.	Gain/loss from disposal of noncurrent assets	-1,894	-59
8.	Gain/loss from currency translation	5,321	86
9.	Gain/loss from deferred taxes	-761	-75
10.	Expenses from value adjustments of inventories and receivables	85	243
11.	Other non-cash expenses and income	-364	73
12.	**Gross cash flow**	**1,538**	**1,210**
	Changes in working capital		
13.	Increase/decrease in current provisions	-369	-8,959
14.	Increase/decrease in inventories (after down payments received)	-7,459	4,082
15.	Increase/decrease in trade receivables	1,291	4,645
16.	Increase/decrease in other receivables	0	1
17.	Increase/decrease in income tax refund claims	-301	-83
18.	Increase/decrease in other assets	1,931	-843
19.	Increase/decrease in trade payables	-1,957	-4,250
20.	Increase/decrease in other liabilities	250	-246
21.	Increase/decrease in other equity and liabilities	624	-1,894
22.	Current translation effects in operating activities	-1,305	-329
23.	Operating cash flow from discontinued operations	0	0
24.	**Cash inflow (+)/outflow (-) from operating activities**	**-5,757**	**-6,666**

* The prior-year values have been adjusted due to the IFRS 5 classification of the special magnesium business (USA) as discontinued operations and SKW Quab as continuing operations.

Consolidated Cash Flow Statement
for the period from January 1 to September 30, 2017

EUR thousand	Q3/2017	Q3/2016*
25. Proceeds on disposal of noncurrent assets	165	210
26. Payments for investments in noncurrent assets	-3,145	-4,018
27. Proceeds on the sale of financial assets	1,874	0
28. Cash flow from investing activities for discontinued operations	0	0
29. Cash inflow (+)/outflow (-) from investing activities	**-1,106**	**-3,808**
30. Decrease in liabilities under finance leases	-35	-35
31. Profit distributions to non-controlling interests	-571	-480
32. Proceeds from the borrowing of bank loans	12,426	13,046
33. Payments for the repayment of bank loans	-7,545	-2,259
34. Cash flow from financing activities for discontinued operations	0	0
35. Cash inflow (+)/outflow (-) from financing activities	**4,275**	**10,272**
36. Cash and cash equivalents at beginning of period	14,794	11,353
thereof cash and cash equivalents in discontinued operations	0	0
37. Change in cash and cash equivalents	-2,588	-202
38. Currency translation of cash and cash equivalents	-668	1,319
39. Cash and cash equivalents at end of period	**11,538**	**12,470**
thereof cash and cash equivalents in discontinued operations	0	0

* The prior-year values have been adjusted due to the IFRS 5 classification of the special magnesium business (USA) as discontinued operations and SKW Quab as continuing operations.

Segment report

EBITDA is the most important financial indicator for managing the operating segments; other information is applied to reconcile earnings before taxes with consolidated net income/loss.

The SKW Metallurgie Group manages its worldwide activities on the basis of geographical regions. The profit indicator by which the segments are managed is EBITDA, which accords with the consolidated financial statements. Other information is applied to reconcile the earnings before taxes with consolidated net income/loss. All product groups and services of the SKW portfolio are offered in the segments, as a general rule; depending on the industry circumstances and market needs, both primary and secondary metallurgy products are distributed.

North America

All business activities managed from North America are bundled within the North America segment. A Chinese subsidiary that supplies products to the U.S. companies is also assigned to this segment.

Europe and Asia

This segment comprises the jointly managed activities in the European and Asian markets; they are coordinated by the French subsidiary.

South America

This segment comprises the business activities in Latin America; they are coordinated by the Brazilian subsidiary.

Other operating segments

The other operating activities that do not belong to the Group's core business are bundled within this segment. This segment is mainly characterized by the activity of SKW Quab Chemicals Inc., which produces and distributes special chemical reagents (referred to as cationizing reagents) in more than 40 countries.

Other non-operating segments and holding

This segment comprises the non-operating activities beyond the core business that do not generate revenues with third parties, as well as the expenses for the Group's headquarters and the income it earns from providing services to the subsidiaries.

Consolidation

The consolidation of business dealings between the segments is presented in the consolidation column. The revenues generated between the segments are priced at intercompany transfer prices, which are mainly based on the resale price method.

Segment assets

Segment assets correspond to all the assets of the respective segment; shares in associated companies are presented separately. Segment liabilities correspond to all liabilities of the respective segment.

To clarify the presentation of the segment report, the segments have been divided into operating and non-operating segments for the first time in the present interim report. The comparison figures were adjusted accordingly.

The activities of the segments in the reporting period are presented in the table below:

01-09/2017 in EUR'000	North America	Europe and Asia	South America	Other operating segments	Other non-operating segments and holding	Consolidation	Group
Revenues							
External revenues	93,823	61,281	18,908	22,053	0	0	196,065
Internal revenues	321	1,225	0	307	0	-1,853	0
Total revenues	**94,144**	**62,506**	**18,908**	**22,360**	**0**	**-1,853**	**196,065**
Income from associated companies	0	0	0	0	700	0	700
EBITDA	**4,604**	**2,334**	**4,114**	**4,433**	**-4,828**	**-263**	**10,394**
Depreciation and amortization	-1,214	-904	-917	-1,122	-119	0	-4,276
Impairments	0	0	-124	0	0	0	-124
EBIT	**3,390**	**1,430**	**3,073**	**3,311**	**-4,947**	**-263**	**5,994**
Dividends collected from subsidiaries	0	0	0	0	6,268	-6,268	0
Profit transfer	0	0	0	-3,587	3,587	0	0
Interest income	0	11	244	16	1,783	-1,798	256
Interest expenses	-504	-116	-258	-142	-5,604	2,290	-4,334
Other financial result	1	-120	0	0	-129	-3,915	-4,163
Earnings before taxes	**2,887**	**1,205**	**3,059**	**-402**	**958**	**-9,954**	**-2,247**
Income taxes							-445
Earnings from continuing operations (after taxes)							**-2,692**
Earnings before taxes from discontinued operations							-317
Income taxes of discontinued operations							0
Earnings from discontinued operations (after taxes)							**-317**
Consolidated net loss							**-3,009**
Balance sheet as of 09/30/2016							
Assets							
Segment assets	57,058	34,813	28,783	27,574	59,904	-76,327	131,805
Shares in associated companies	0	0	0	0	5,349	0	5,439
Group assets	**57,058**	**34,813**	**28,783**	**27,574**	**65,253**	**-76,327**	**137,154**
Liabilities							
Segment liabilities	59,876	18,503	13,621	21,158	52,588	-18,988	146,758
Group liabilities	**59,876**	**18,503**	**13,621**	**21,158**	**52,588**	**-18,988**	**146,758**
Acquisitions of property, plant and equipment and intangible assets in 01-09/2017	**974**	**649**	**889**	**4**	**0**	**0**	**3,184**

The Segment assets of the discontinuing operations are kEUR 1,202 and the Segment liabilities are kEUR 186 as of September 30, 2017.

The prior-period segment information is presented in the table below:

01-09/2016 in EUR'000	North America	Europe and Asia	South America	Other operating segments	Other non-operating segments and holding	Consolidation	Group
Revenues							
External revenues	89,645	53,665	16,100	19,445	0	0	178,855
Internal revenues	405	685	2	0	1	-1,093	0
Total revenues	**90,050**	**54,350**	**16,102**	**19,445**	**1**	**-1,093**	**178,855**
Income from associated companies	0	0	0	0	550	0	550
EBITDA	**3,180**	**2,399**	**2,815**	**866**	**-4,774**	**0**	**4,486**
Depreciation and amortization	-1,278	-875	-681	-1,041	-119	0	-3,994
Impairments	-8,051	0	-157	-2	-333	0	-8,208
EBIT	**-6,149**	**1,524**	**1,977**	**-175**	**-4,893**	**0**	**-7,716**
Dividends collected from subsidiaries	0	516	0	0	1,717	-2,233	0
Profit transfer	0	0	0	172	-172	0	0
Interest income	0	925	221	75	1,379	-2,370	230
Interest expenses	-2,711	-129	-116	-327	-2,381	1,665	-3,999
Other financial result	0	-769	0	0	8,081	0	7,312
Earnings before taxes	**-8,860**	**3,409**	**2,082**	**-255**	**-5,850**	**-2,226**	**-11,700**
Income taxes							-685
Earnings from continuing operations (after taxes)							**-12,385**
Earnings before taxes from discontinued operations							945
Income taxes of discontinued operations							0
Earnings from discontinued operations (after taxes)							**945**
Consolidated net loss							**-11,440**
Balance sheet as of 09/30/2016							
Assets							
Segment assets	57,002	37,912	26,225	28,068	60,240	-77,350	132,097
Shares in associated companies	0	0	0	0	6,114	0	6,114
Group assets	**57,002**	**37,912**	**26,225**	**28,068**	**66,354**	**-77,350**	**138,211**
Liabilities							
Segment liabilities	57,915	19,005	11,630	21,424	53,451	-20,809	142,616
Group liabilities	**57,915**	**19,005**	**11,630**	**21,424**	**53,451**	**-20,809**	**142,616**
Acquisitions of property, plant and equipment and intangible assets in 01-09/2016	**2,113**	**214**	**586**	**1,050**	**14**	**0**	**3,977**

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Disclaimer and Notes

This report contains statements about forthcoming developments that are based on currently available information and that entail risks and uncertainties. This may result in deviations between the actual situation in the future and the forward-looking statements. These risks and uncertainties include, for example, unpredictable changes in political and economic conditions, particularly in the steel and paper industry, the competitive situation, interest and currency risks, technological development as well as other risks and unexpected circumstances. SKW Stahl-Metallurgie Holding AG, Unterneukirchen (Germany) and its group companies do not accept any responsibility to update such forward-looking statements.

When reference is made in this report to groups of people who factually or potentially include both genders (such as “shareholders” or “employees”) or when gender neutral references are made to a single person (such as “the responsible officer”), the report usually only quotes one gender. This is solely done in the interest of improved readability (translator’s note: in most instances this only applies to the German original, since there are no distinct terms in English for male or female shareholders, experts, employees, etc.).

SKW Stahl-Metallurgie Holding AG’s group brand that is used externally is “SKW Metallurgie”. For this reason “SKW Metallurgie” and “SKW Metallurgie Group” are used in this report.

Names such as “SKW Metallurgie”, “Quab” and “SDAX” that are used in this report may be registered trademarks whose use by third parties for their purposes could infringe the rights of the proprietors.

This is the English translation of the German original of this report; in case of any discrepancies the German version prevails. In addition, for technical reasons (e.g., the conversion of electronic formats) there may be differences between the accounting documents included in this report and those submitted to the electronic company register.

For several cities quoted in this report, different names and/or transcriptions into the Latin alphabet are in use. The use of a certain name or transcription is for information only and is not intended to imply any political statement. Maps that may be contained in this report are for illustration only and are not intended to induce any political statements, such as the legitimacy of borders. In this report, the term “China” refers to the PR of China without its two Special Administrative Regions. In this report, the term “Hong Kong” refers to the PR of China’s Special Administrative Region of Hong Kong.

References to acts of law (e.g. the Joint Stock Companies Act) without any further information relate to the German acts of law in their respective applicable version.

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Report for the
3rd Quarter 2017

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