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by email

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cc: Supervisory board

August 28, 2015

Q2/2015 Conference call, half-year figures

Dear Dr. Michel,
dear Mrs. Kauper,

thank you for the presentation and explanation of the half-year figures 2015.

As feared by MCGM and communicated by us already to the general meeting in June, the good figures from Q1 were unsustainable and the slump in Q2 followed immediately. We have the opinion that the proposed strategy is still inconsistent and not well elaborated. It's time to face to the reality of SKW's current situation. We pointed out on several occasions, that SKW first need to increase its profitability and create a stable positive free cash flow, in order to make in a second step additional acquisitions.

At the moment we have three questions:

- 1) First, do you plan any additional efficiency increase program beyond ReMaKe? Especially in the face of the profit warning and the significantly reduced forecast for the full year 2015, we think, that SKW must launch an additional cost-cutting program as a response to stabilize profitability.

For example, ThyssenKrupp has managed mainly by an intense cost cutting program its way back to profitability despite a tough pricing pressure on the market.

- 2) Second, why haven't you already announced together with the ad hoc release any specific measures as a response to the disappointing financial results and forecast?

Another example, Klöckner announced with the release of its half-year figures an intensified and extended cost-cutting program to remain profitable in the current market environment.


- 3) Third, why is the planned capital increase revised just now? Haven't you been able to assess the negative development earlier at the time of the general meeting in June? At that time, the relevant sales and profit figures until May surely must have been available to you. The steel market has not collapsed just in June.

Let me remind you that MCGM even applied at the general meeting for a postponement of the capital increase.

In case the holding management team cannot influence profitability and improve the operating performance distinctly, why do you still keep a holding organization? And does that make SKW a takeover or divestiture candidate?

We hope, and expect, that the executive board will deliver answers on time. As you know MCGM has a strong vested interest in SKW's financial performance and go-forward strategy for unlocking value for shareholders. We look forward to discuss with you in more detail our ideas regarding SKW's opportunities, strategies and necessary structures which the company should utilize to create value for the benefit of all shareholders.

Best Regards,



Dr. Olaf Marx
Managing Director
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