



SIJ Group presentation

Ljubljana, February 2015

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- Data for subsidiaries in other countries are presented according to IFRS.
- Data are in million EUR unless otherwise shown.
- Definitions and meanings used in this Presentation are enclosed.
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SIJ GROUP OVERVIEW

WHO WE ARE

We are the main steel manufacturer in Slovenia and one of the largest manufacturers of stainless and special steels in Europe

With over 3,100 employees, we are one of the largest employers in Slovenia

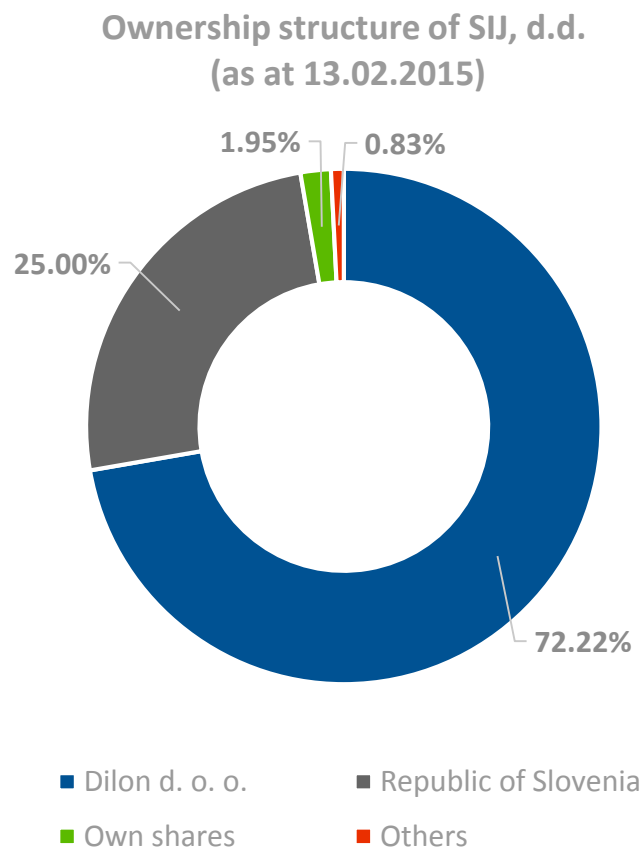
Our annual exports of over 610 million Euros, makes us one of Slovenia's top exporters

Over 86% of our revenues are generated by sales to foreign markets mainly to Germany and Italy

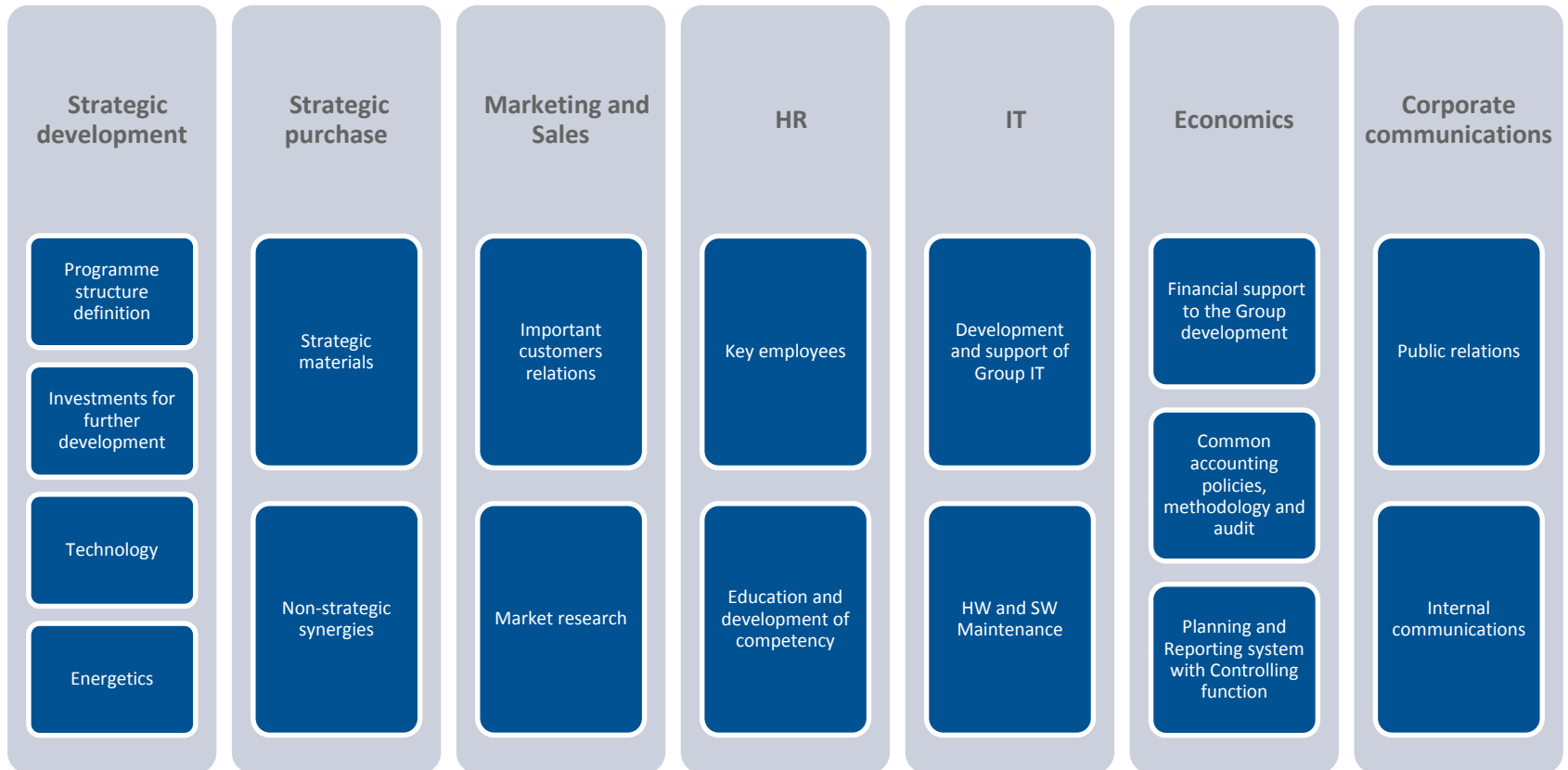
20 companies within the Group (Europe & US)



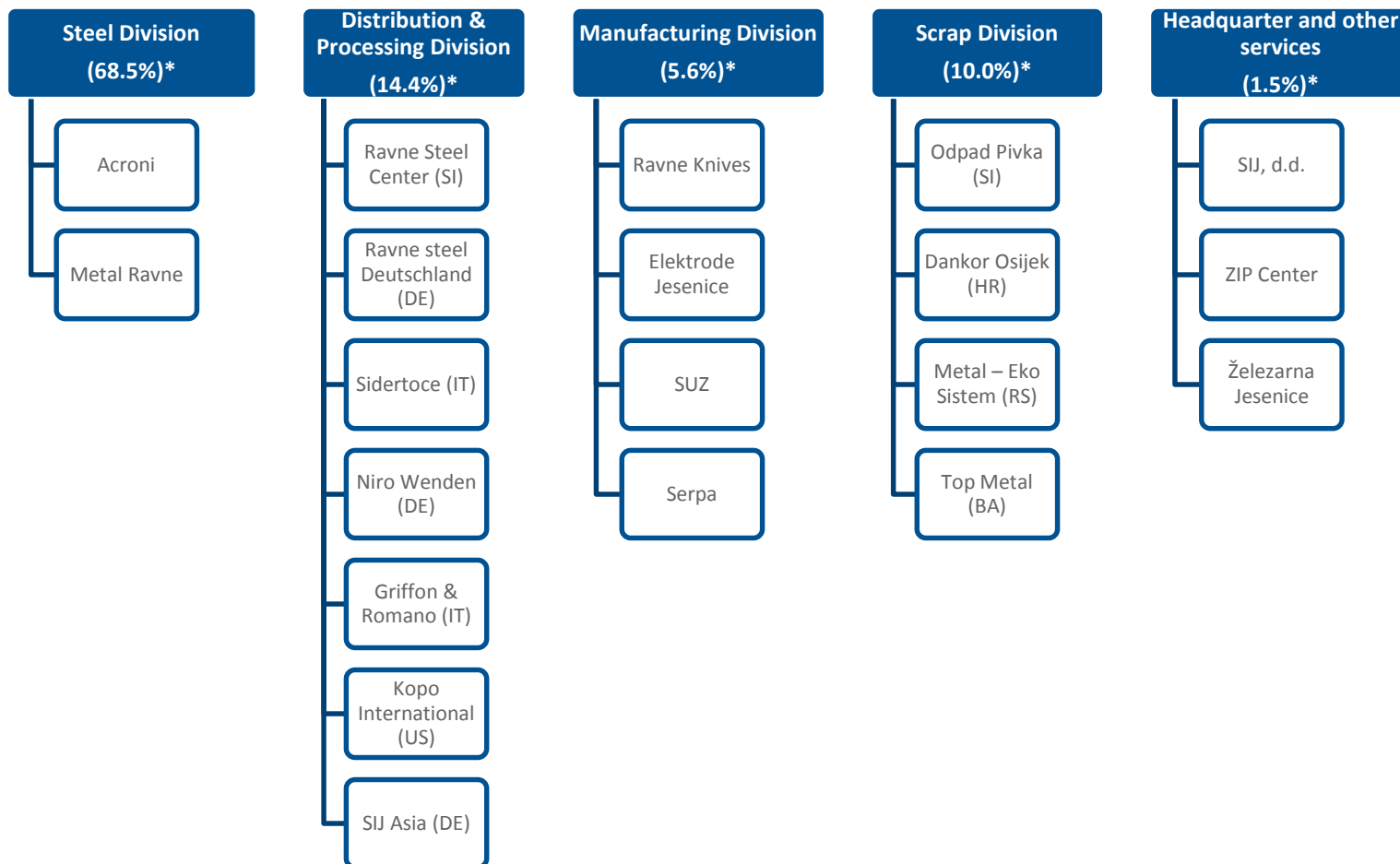
Ownership structure



SIJ, d.d. as Group managing company: centralisation of core functions

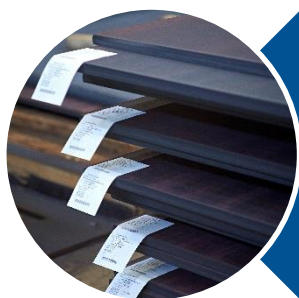


SIJ Group business structure



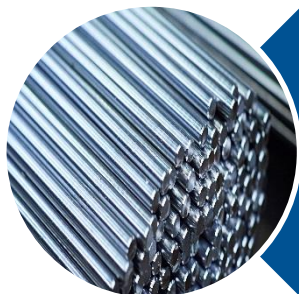
*In percentage of aggregated revenues of SIJ Group segments in Year 2014

STEEL DIVISION



Flat steel program

- Acroni



Long steel program

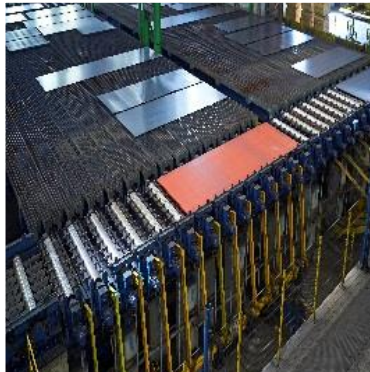
- Metal Ravne

Innovations

New products

New markets
(Special quarto plates, super-clean tool steel, special steel)

Flat steel program - Acroni



Key product groups

- Stainless steel
- Special steel

Other products include

- Electrical steel
- Structural steel



Long steel program – Metal Ravne



Key product groups

- Tool steel
- High-speed steel

Other products include

- Special steel
- Structural steel



DISTRIBUTION & PROCESSING DIVISION

Moving downstream

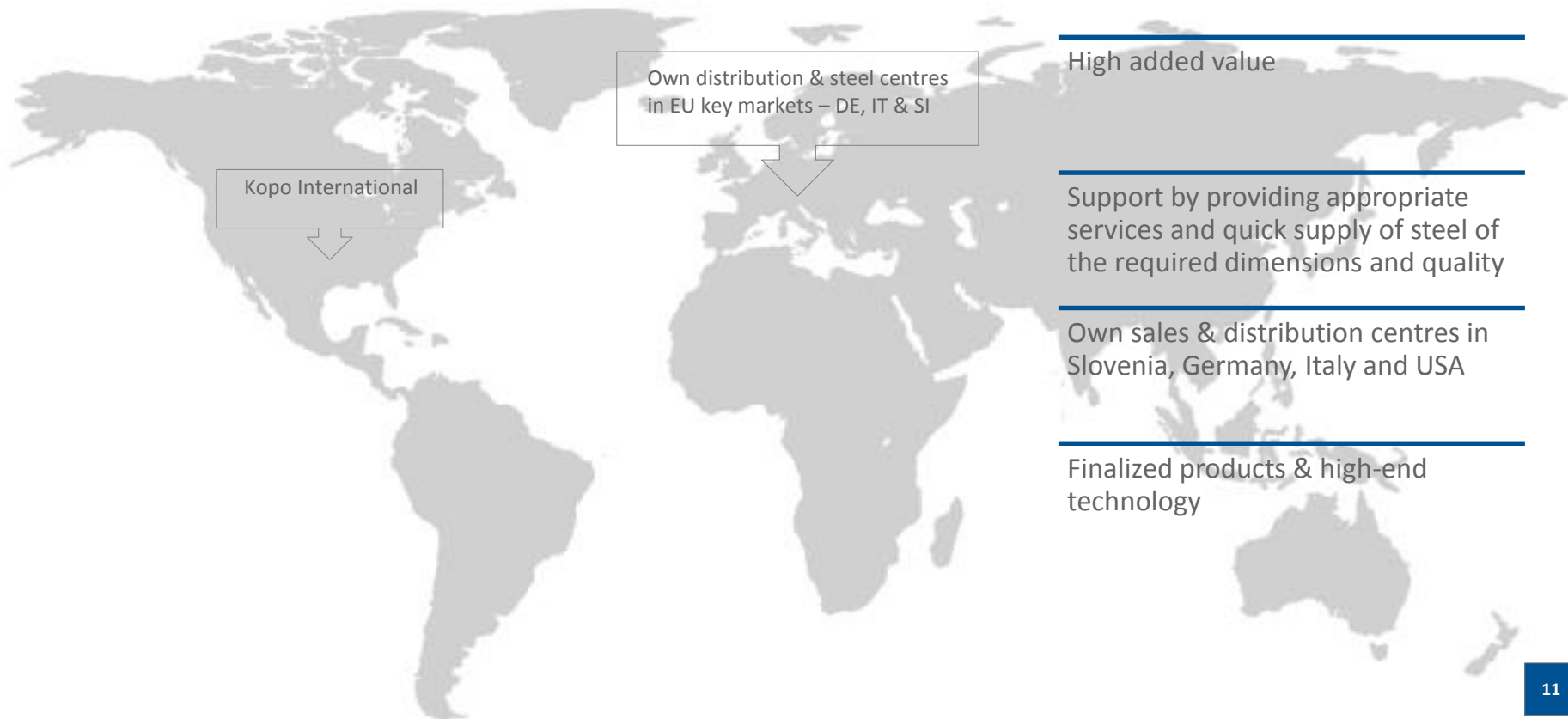
Steel centers, processing and sales centers support the steelworks

High added value

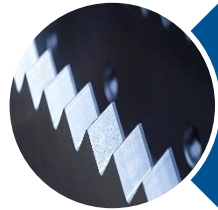
Support by providing appropriate services and quick supply of steel of the required dimensions and quality

Own sales & distribution centres in Slovenia, Germany, Italy and USA

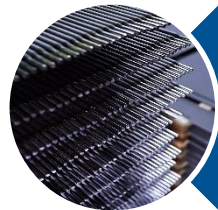
Finalized products & high-end technology



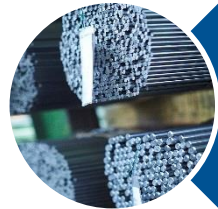
MANUFACTURING DIVISION



Industrial knives
for all cutting systems and for any type
of industry



Welding materials for manual, semi-
automatic and automatic welding of
steel

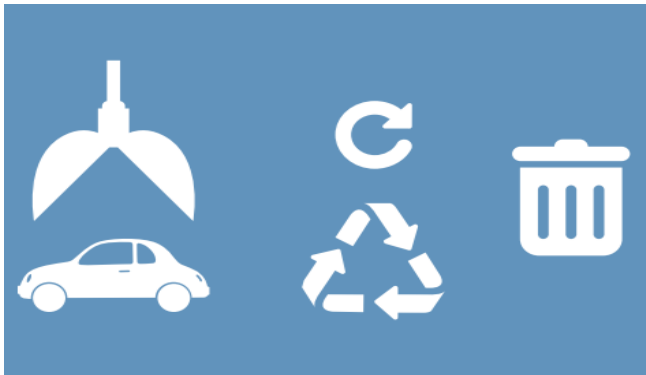


Drawn, polished and peeled steel bars
of various dimensions

SCRAP DIVISION

Odpad Pivka

- Collection and processing of steel waste
- Vertical integration – own resource base

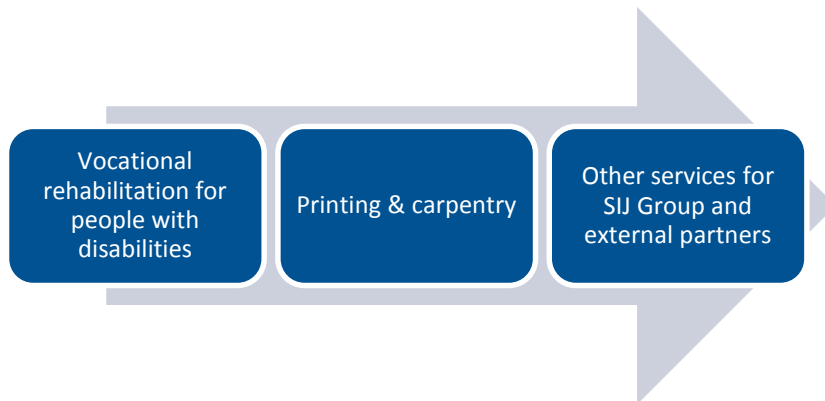


Own branch network in
SI, BA, HR & RS

OTHER SERVICES

ZIP Center

- Beyond social responsibility
- Integrated part of corporate social responsibility program



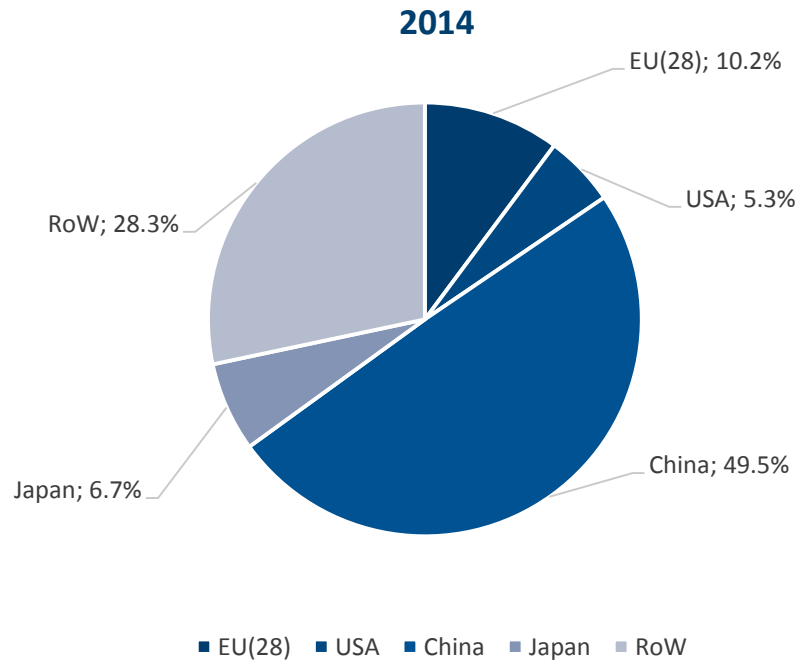
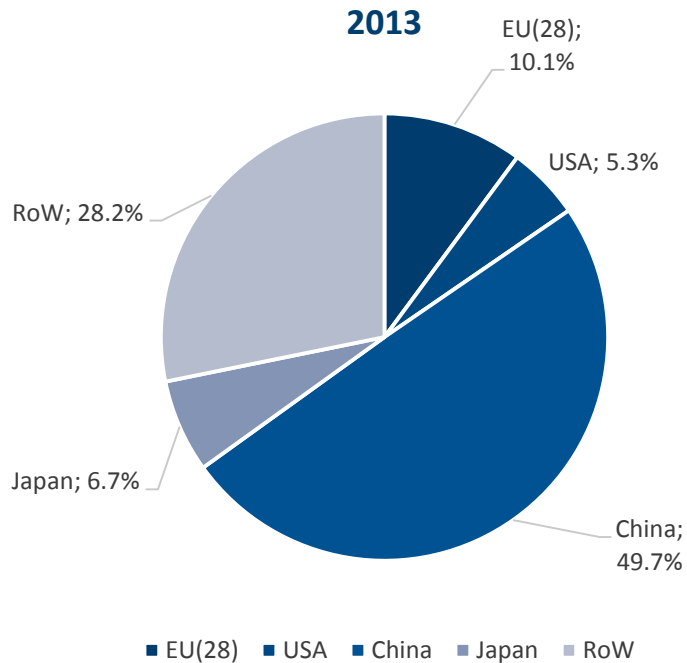


MARKET OVERVIEW

Steel production: activity rebounded, framework conditions improving

- In 2014 developed economies showed positive growth in crude steel production. The crude steel capacity utilisation ratio of the 65 countries started increasing again in 2014. It has reached its peak in March 2014 and it remained stable till June 2014.
- Despite the positive growth of the global crude steel production the dynamics vary greatly by region. The downturn in crude steel production in 2014 can be seen in CIS (-2.1%), South America (-2.3%) and Australia (-1.2%), at the same time Middle East, Asia, Africa are actively increasing output of crude steel production
- The situation of steel consumption in Europe has gradually improved. Recovery was observed in all steel using sectors in 2014, especially significant growth was in automotive industry, tubes and sector of producing metal goods. Total output growth in EU is estimated around 2.3% in 2014.
- The growth are projected for 2015 for almost all sectors using steel, only construction sector will remain weak because of surplus of unsold properties. The more active development is predicted in tubes sector (3.9%), automotive (3.1%) and other transport (3.5%), mechanical engineering (2.9%).
- Real steel consumption in the EU rose 1.2% y-o-y in 2014. In 2015, real steel consumption is forecasted to grow by 1.9%. Apparent steel consumption in EU in 2014 grew 2.6% compared with the same period of last year. Imports from the third countries are to remain on a high level, thereby exerting severe margin pressure on EU steel mills. The situation with regarding to export is not expected to change significant in 2015. The apparent steel consumption in EU is projected to rise 2.4% in 2015.

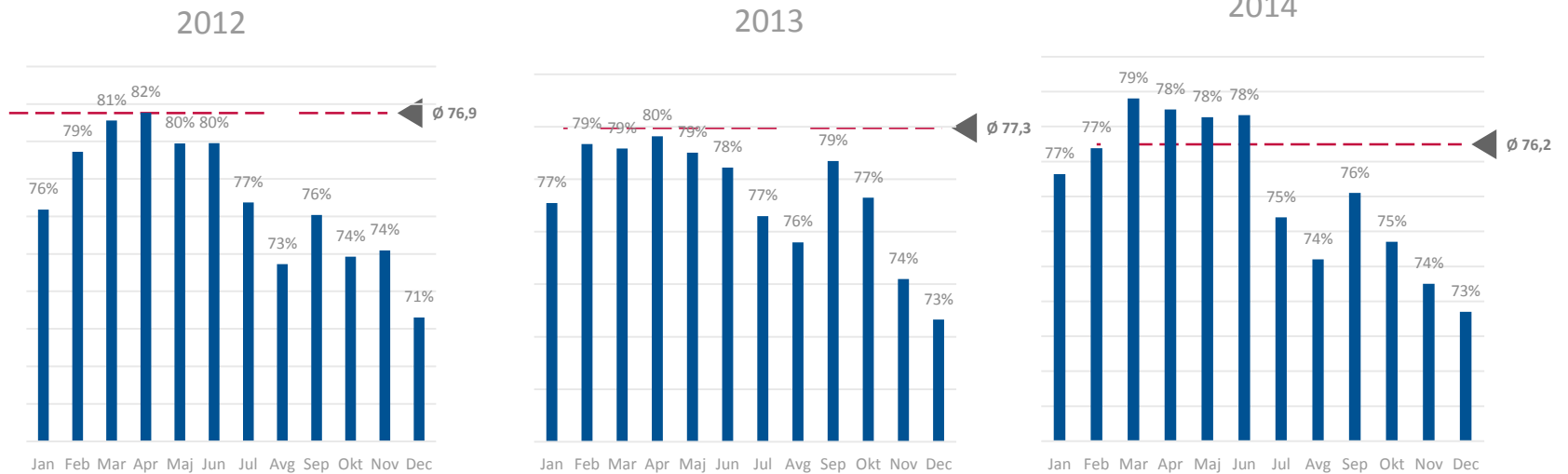
World steel production structure remains stable



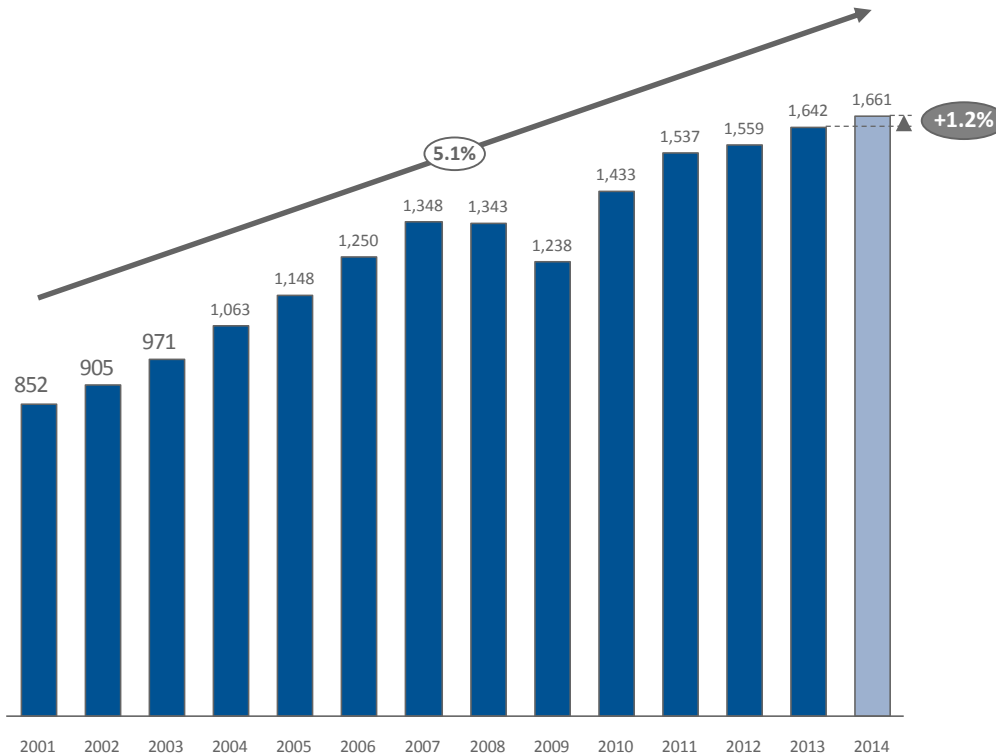
Developed economies start contributing to steel demand growth again

Regions	Apparent Steel Use, megatons			Growth Rates, %		
	2013	2014 (f)	2015 (f)	2013	2014 (f)	2015 (f)
European Union	139	143	148	-0.2	3.1	3.0
Other Europe	37	38	40	8.5	3.9	4.2
CIS	59	59	62	2.2	1.1	3.7
NAFTA	129	134	139	-2.4	3.8	3.4
Central and South America	49	51	52	4.3	3.4	2.7
Africa	29	30	33	9.8	4.8	8.4
Middle East	48	51	55	-1.1	5.8	9.5
Asia and Oceania	992	1020	1048	4.9	2.8	2.8
World	1481	1527	1576	3.6	3.1	3.3
Developed Economies	387	397	407	-0.3	2.5	2.4
Emerging and Developing Economies	1094	1130	1170	5.1	3.2	3.5
China	700	721	741	6.1	3.0	2.7
World excl. China	781	805	836	1.5	3.1	3.7

Capacity Utilisation Ratio: seasonal repetition over the last three years



Crude steel production: 1.2% growth in 2014

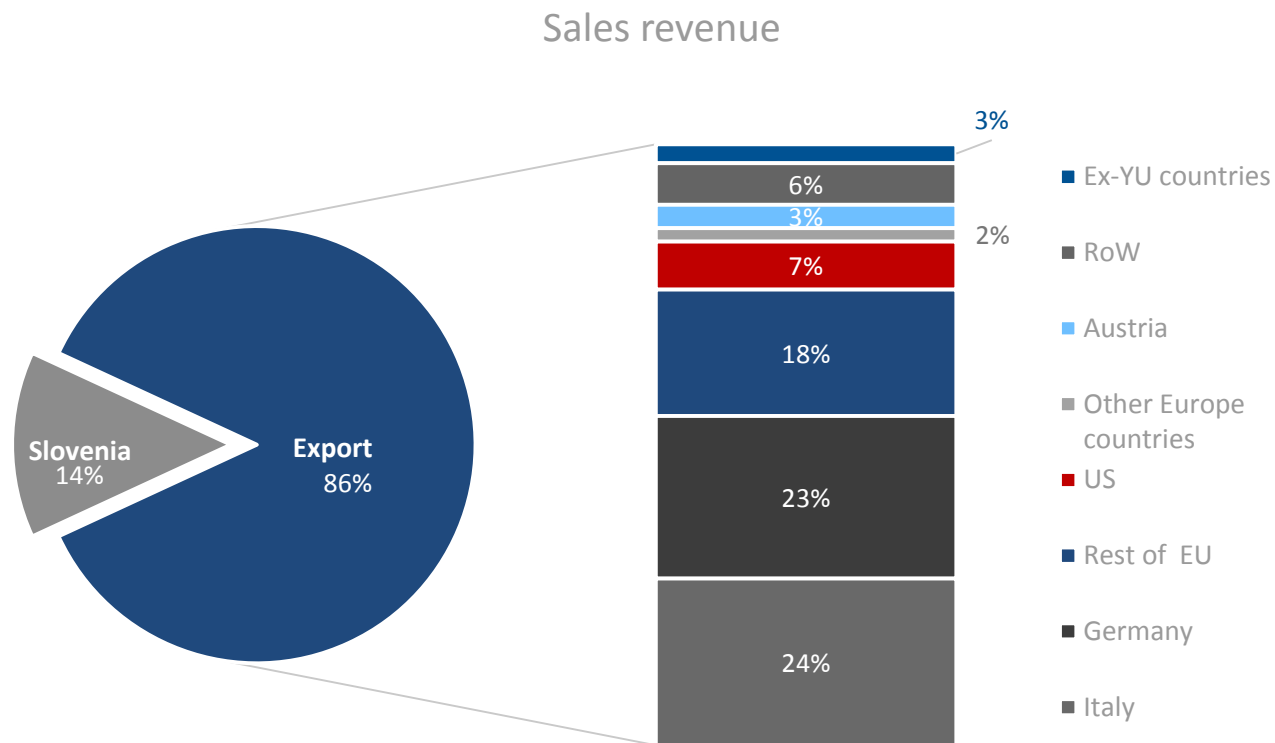


Years	Average growth rates % per annum
1970-75	1.6
1975-80	2.2
1980-85	0.1
1985-90	1.4
1990-95	-0.5
1995-00	2.4
2000-05	6.2
2005-10	4.5
2010-13	3.9

Source: Eurofer, World Steel Association

Crude steel production doubled in comparison with 2001

SIJ Group: Revenue by markets in 2014



Germany and Italy remain the main markets for SIJ Group

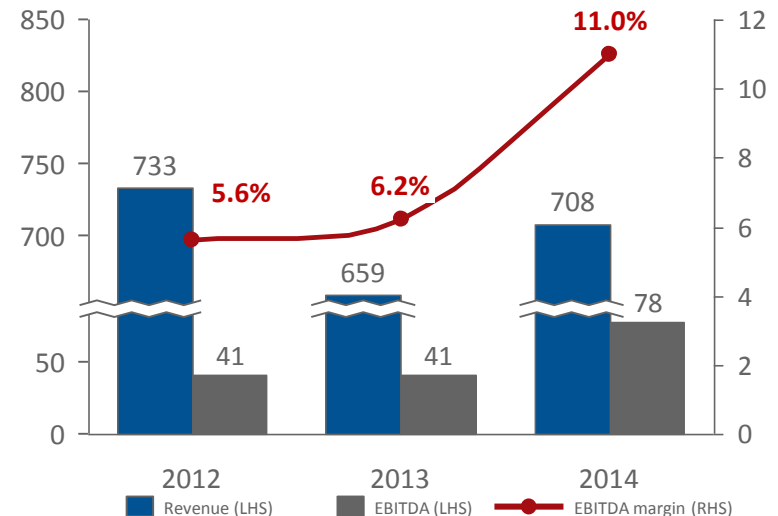


2012-2014 PERFORMANCE OVERVIEW

2012-2014: Construction of solid basis -> 2014: Visible effects of investment cycle

- **2012 – 2014 period:** turbulent market conditions for steel producers – significant decreases in prices and unstable demand.
- + **SIJ Group countermeasures:**
 - + **Upstream integration:** development of metal recycling capabilities
 - + **Downstream integration:** steel centres (steel distribution network), customised products, short delivery time, coming closer to customers
 - + **Product mix improvement:** overcoming price discrepancy and increased production of high value added steel products
 - + **Commitment to the investment** targets despite market turbulence
- = **2014:** significant improvement in SIJ Group EBITDA and profitability despite tough market conditions

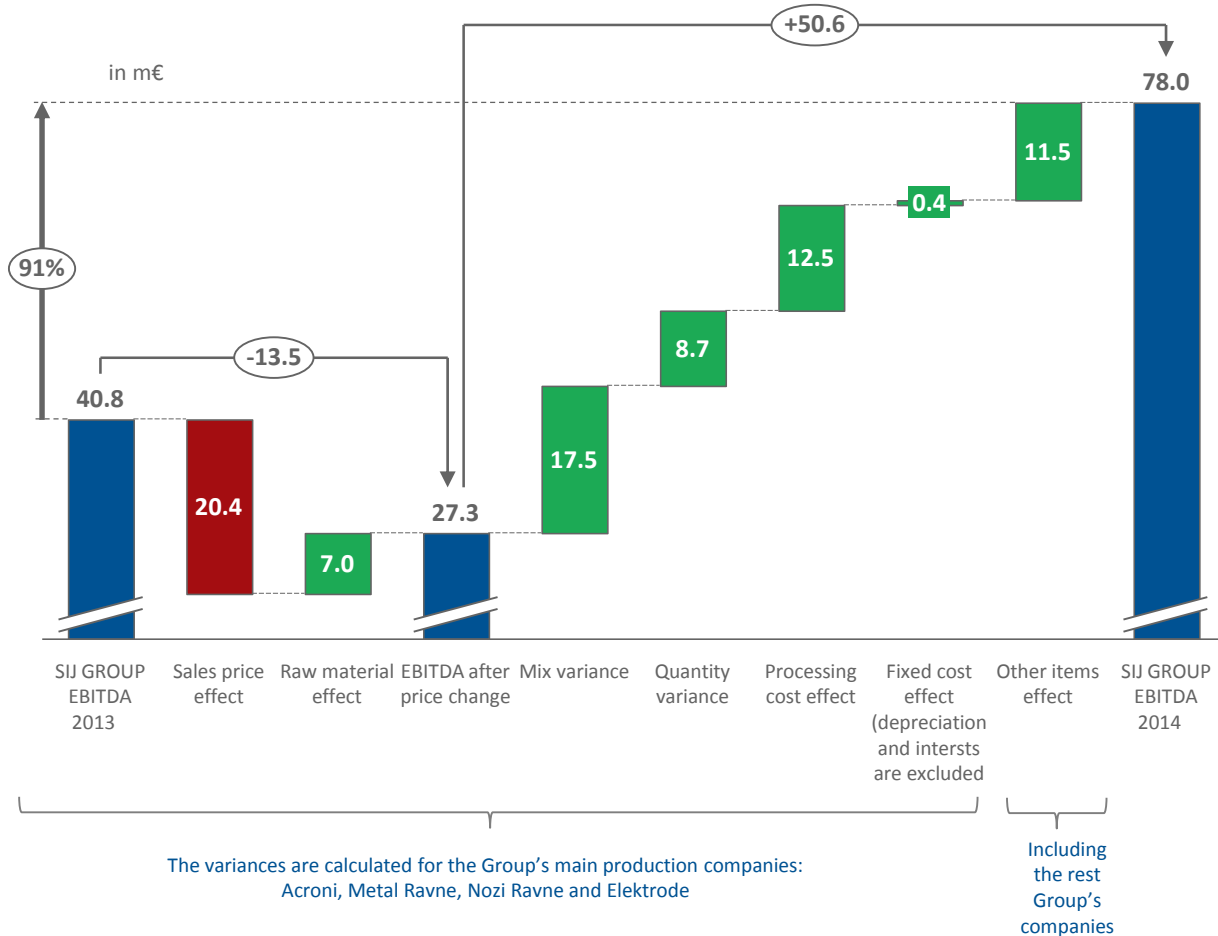
Performance	2012A	2013A	2014E
Consolidated revenue	733	659	708
<i>Steel division's share*</i>	68%	66%	69%
<i>Scrap division's share*</i>	9%	11%	10%
<i>D&P division's share*</i>	16%	16%	14%
EBITDA	41	41	78
<i>EBITDA margin</i>	5.6%	6.2%	11.0%
<i>EBITDA/Interest expenses</i>	4.1	3.0	5.2
Net profit	1	-5	25
Investments	67	52	48



*In percentage of aggregated revenues of SIJ Group segments

Source: SIJ Group financial statements

EBITDA recovery in 2014: product mix and cost optimisation



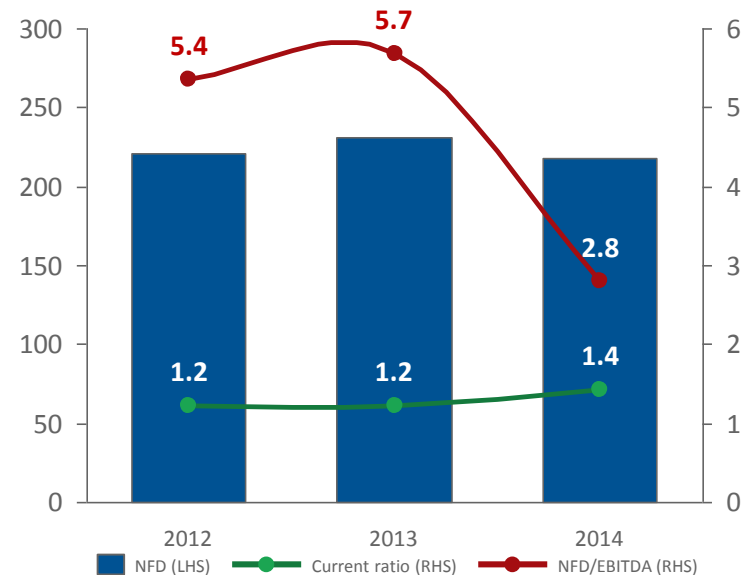
- Price discrepancy caused EBITDA decrease for €13.5m
- Product mix and sales growth contributed €26.2 m EBITDA
- Cost optimization improve EBITDA for €12.5 m

91 % of EBITDA growth despite tough market conditions

2012-2014: Stable financial structure

- **Leverage: 2.79x** - logical result by the end of investment cycle
- **Equity ratio: 44%** - fair balance in Group development
- **Working capital: 18%** - careful management and solvency maintaining
- **Focus on liquidity: € 110** million immediately available
- **Investment securing: € 35** million of aimed credit lines supporting further investment projects

Financial position	2012A	2013A	2014E
Revenue	733	659	708
EBITDA	41	41	78
NFD	221	231	218
<i>NFD/EBITDA</i>	5.35	5.67	2.79
Equity	328	324	348
<i>Equity ratio</i>	43%	42%	44%
<i>NFD/Equity</i>	67%	71%	61%
Current ratio	1.22	1.21	1.41
Working capital as % from revenue	18%	19%	18%
Liquidity available	60	58	110
<i>Cash and equivalents</i>	27	25	39
<i>Committed limits for general purposes</i>	33	33	71
Committed limits for investments	16	4	35

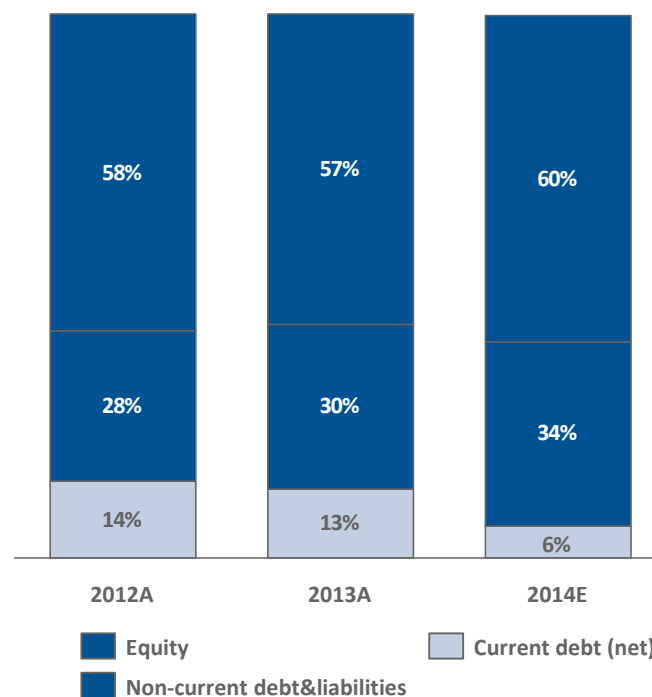
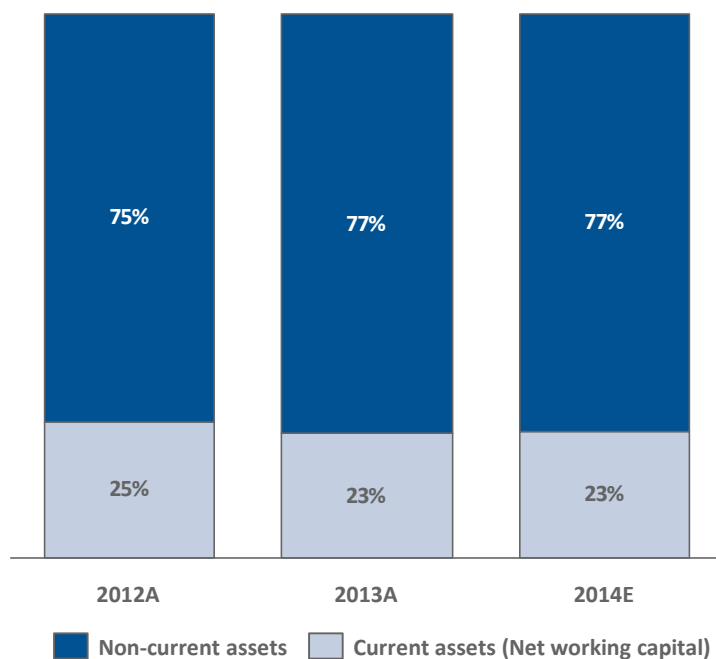


2012-2014: adequate long-term financing of investment cycle

Capital intensive assets structure

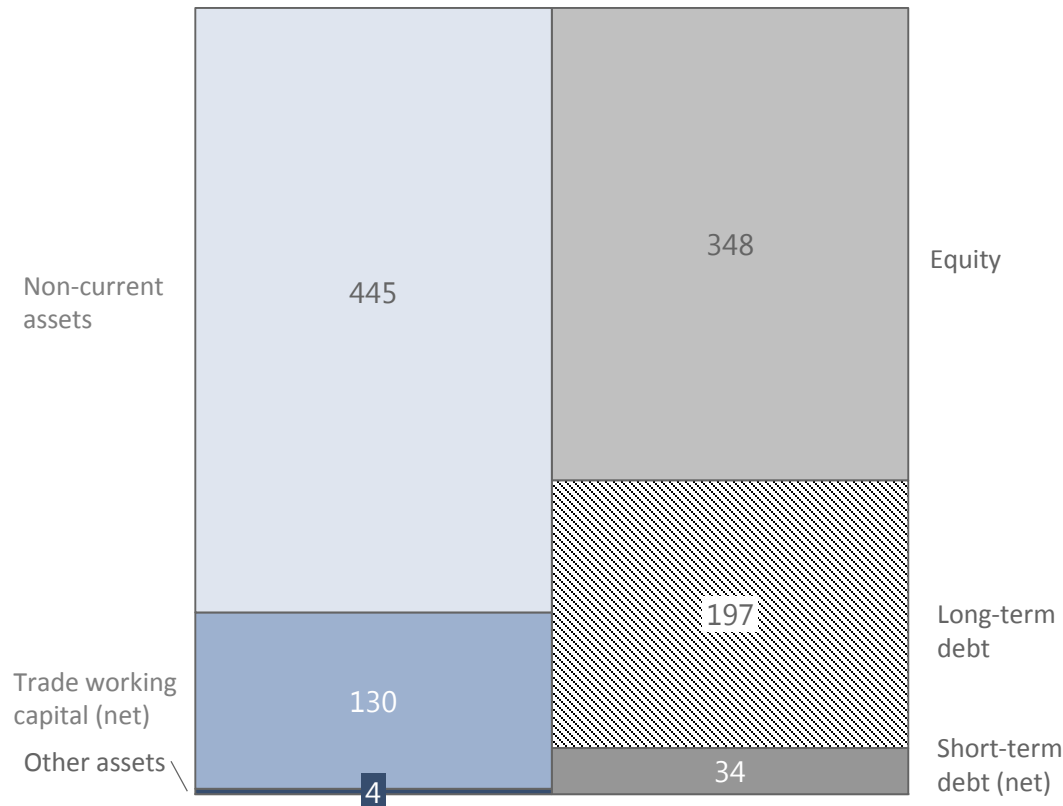


Long-term funds as primary source



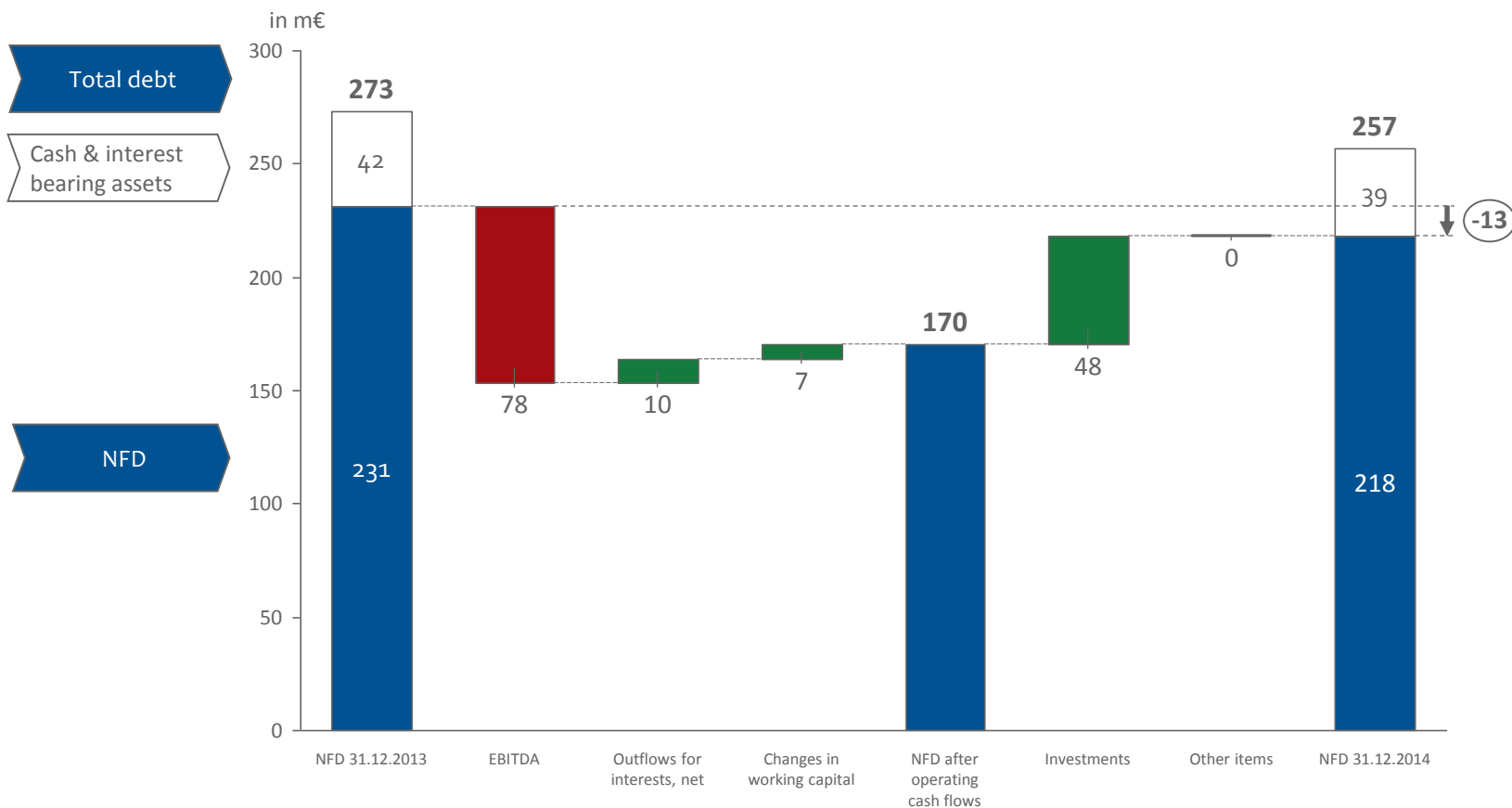
Balance structure remains stable in 2014

in €m



- Non-current assets and more than $\frac{3}{4}$ of the trade working capital are entirely covered by long-term sources.
- Short-term debt is balancing the seasonal working capital fluctuations

Strong operational cash flow resulted in debt reduction in 2014



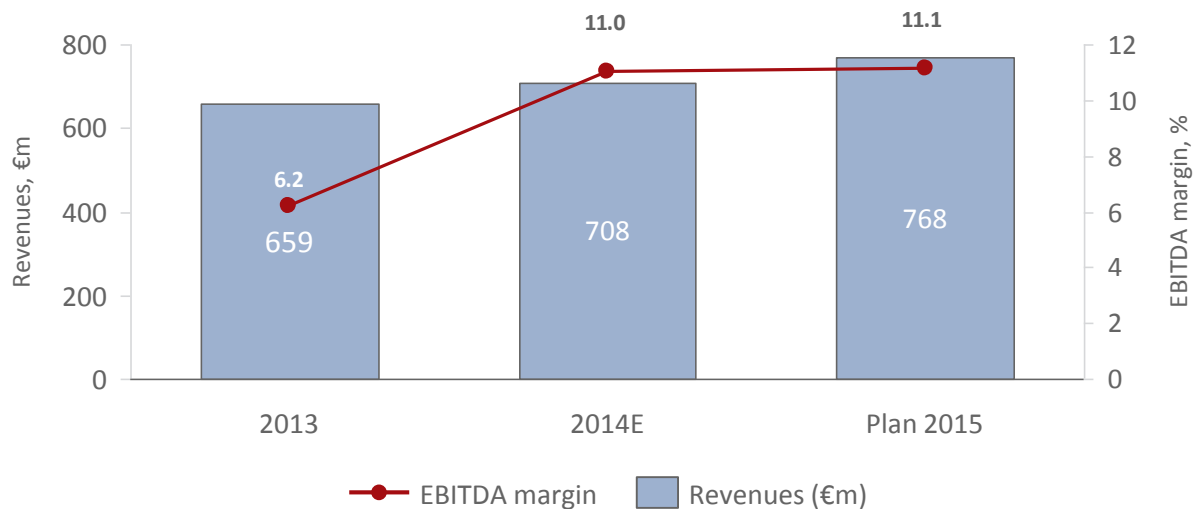
€ 13 million decrease of Net Financial Debt



2015 PRELIMINARY PLAN

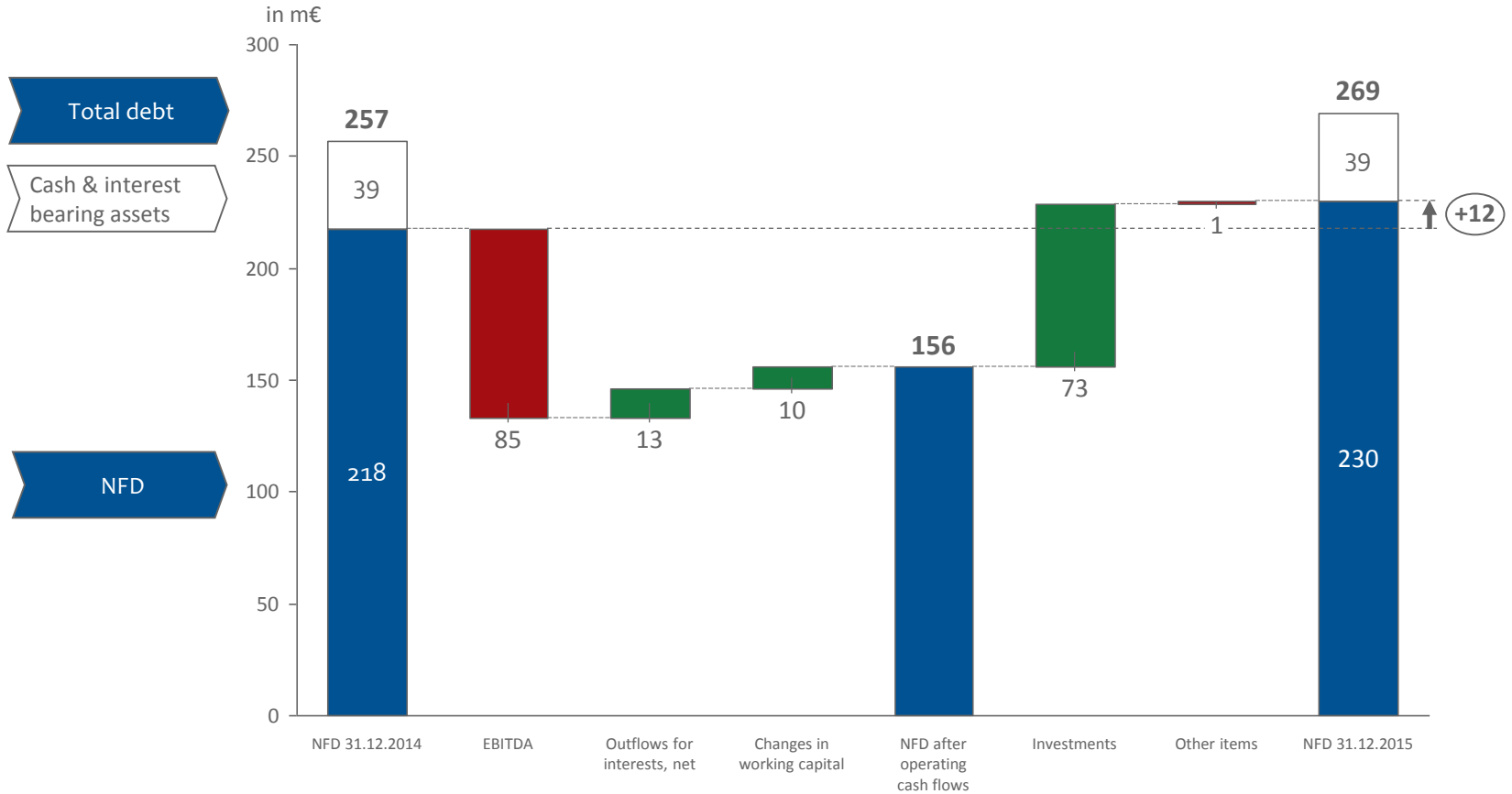
2015 outlook: the second year of stable performance

	2013 A	2014 E	2015 F	Growth 15/14%
Revenues	658.7	707.9	767.6	108
EBITDA	40.8	78.0	85.4	110
<i>EBITDA margin</i>	6.2%	11.0%	11.1%	101
Net profit	-4.9	25.1	29.7	118
Investments	52.4	47.6	71.6	150
Investments SFP	47.5	49.4	73.3	148



Revenues +8% | EBITDA +10% | Net profit +18%

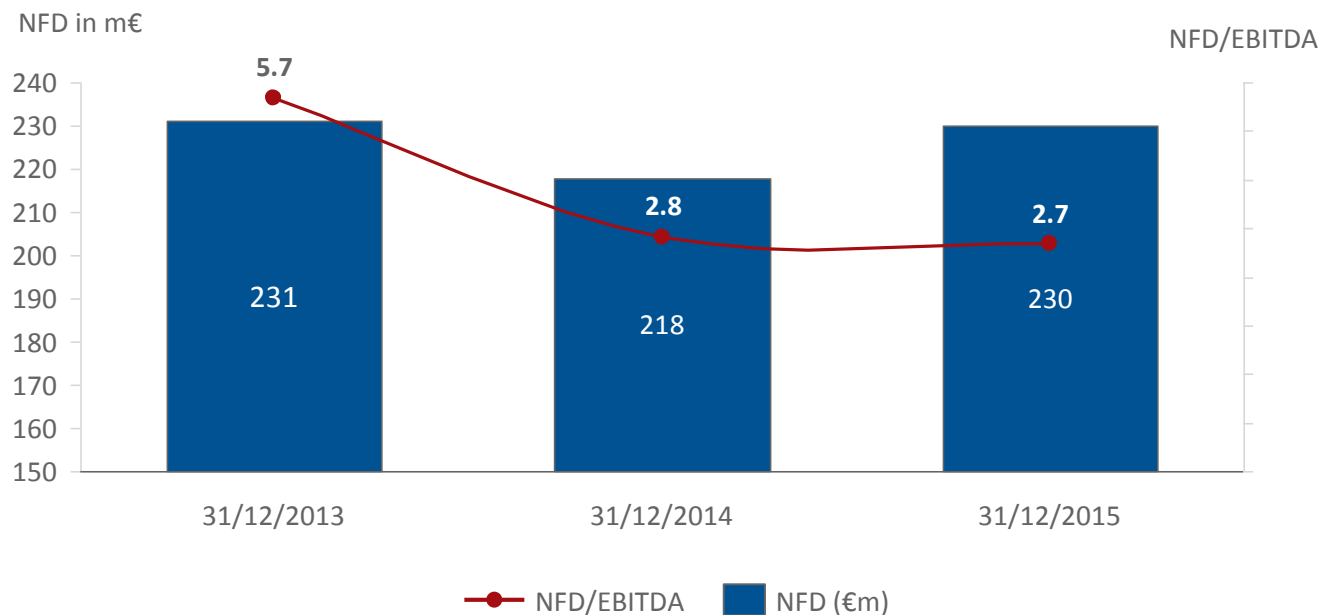
Slight increase of NFD due to the start of new investment cycle in 2015



€ 12 million increase of Net Financial Debt

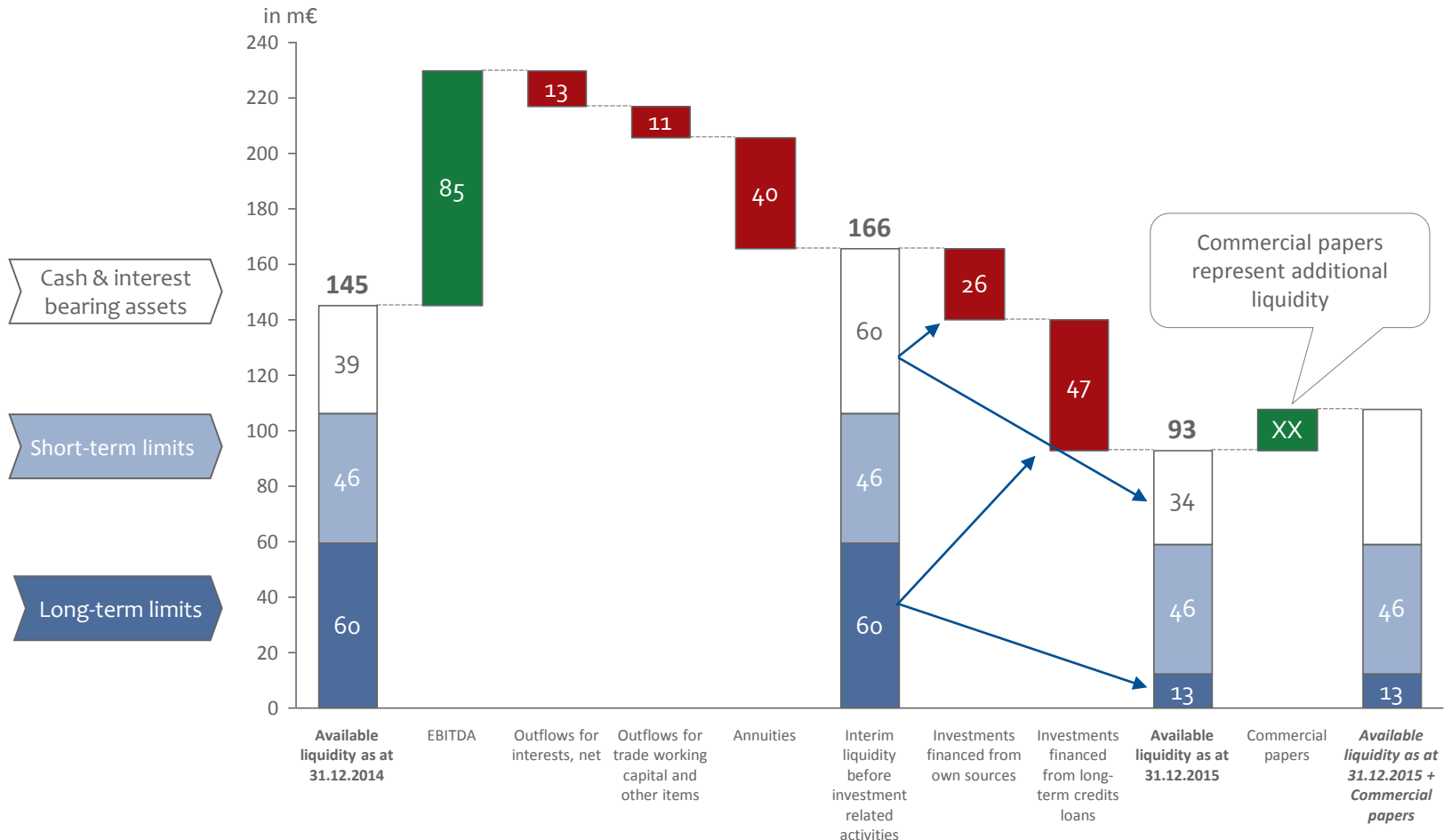
2015 outlook: maintaining the comfort leverage

in m€	31.12.2013 A	31.12.2014 E	31.12.2015 F	Index 2015/2014
Net Financial Debt (NFD)	231.2	217.8	230.0	106
NFD / EBITDA	5.67	2.79	2.69	96



Slight increase of NFD will not affect the leverage increase

2015 liquidity plan: transparent, reliable and self-sufficient



Proceeds from issue of commercial papers will be added on top of planned €93 million available

Meanings and definitions

EBITDA	EBIT plus Depreciation and Amortization
Interest Bearing Assets	Cash equivalents and Current Financial Receivables
Investments	Outflows for investments. Source: statements of cash-flow
Investments SFP	Investments. Source: statements of financial position
Net Financial Debt (NFD)	Current and Non-current Financial obligations less Cash and Interest Bearing Assets

Annex 1. Unaudited Consolidated Statement of Financial Position for SIJ Group

ASSETS	31.12.2013 A	share in %	31.12.2014 E	share in %	EQUITY AND LIABILITIES	31.12.2013 A	share in %	31.12.2014 E	share in %
Non-current assets	438	56	445	56	Equity	324	42	348	44
Tangible fixed assets	395	51	398	50	Long term liabilities	172	22	197	25
Other non-current assets	43	6	47	6	Financial liabilities	159	20	183	23
Current assets	338	44	344	44	Other	13	2	14	2
Inventories	156	20	161	20	Short term liabilities	280	36	244	31
Operating receivables	134	17	138	18	Financial liabilities	114	15	73	9
Cash and interest bearing assets	42	5	39	5	Operating liabilities	162	21	167	21
Other current assets	6	1	6	1	Other liabilities	4	1	4	0
TOTAL	776	100	789	100	TOTAL	776	100	789	100

Annex 2. Unaudited Consolidated Statement of Income for SIJ Group

	2013 A	2014 E	Index
Revenues	659	708	107
Revenues in Slovenia	90	98	108
Revenues other countries	569	610	107
Changes in finished goods	9	-5	-58
Other operating income	4	9	245
Costs	-666	-670	101
Costs of goods, material and services	-532	-536	101
Labour costs	-89	-90	101
Other costs	-6	-6	100
Depreciation and amortization	-39	-38	99
Impairments	-3	-1	55
Other operating expenses	-1	-1	107
Operating profit	2	40	1.835
Finance income	1	2	135
Finance expenses	-13	-15	113
Finance costs - net	-12	-13	110
Share of net results of associates	0.3	0.6	189
Profit before taxation	-10	27	n.m.
Income taxes	-0.5	-1	226
Deferred tax	5	-1	n.m.
Profit for the period	-5	25	n.m.

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This presentation includes forward-looking forecasts or estimates of profit, i.e. statements regarding the future, rather than the past. These statements can be identified by the words such as "planned or budgeted", "believe", "anticipated", "target", "will", "may", "anticipate", "would", "could", or similar expressions and negations thereof. Such statements about the future include known and unknown risks, uncertainties, and other relevant factors that are beyond SIJ Group's influence or control, which could result in actual results, operations, or performance being materially or considerably different from any future results, operations, or performance as stated or contained in these forward looking statements. Such forward looking statements are based on numerous assumptions regarding the current and future business strategy and the environment in which SIJ Group is operating at the moment and in which SIJ Group will operate in the future. These forward-looking statements shall only apply as at the date of the preparation of this presentation. SIJ, d.d. expressly rejects any obligation or liability or commitment to send any updates or amendments of the forward-looking statements contained in this presentation, which would reflect the changes in SIJ Group's forecasts about such statements, or any changes of events, conditions, or circumstances based on which the forward-looking statements were made. The investors should be aware that several relevant factors may cause the actual results to differ considerably from the plans, goals, expectations, estimates, and forecasts expressed in such forward-looking statements.