Company Presentation

JULY 2018

DISCLAIMER

This document has been prepared by KME solely for information purposes to the addressed counterparts.

All information contained herein, especially financials figures, have not been independently verified and are to considered preliminary, therefore capable of being modified by the Group at any time. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein.

Neither the company, its advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document.

The forward-looking information contained herein has been prepared on the basis of a number of assumptions which may prove to be incorrect and, accordingly, actual results may vary.

This document does not constitute an offer or invitation to purchase or subscribe for any securities and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. The information herein may not be reproduced or published in whole or in part, for any purpose, or distributed to any other party. In particular, this document is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and dependencies, any State of the United States and the District of Columbia), Canada, Japan or Australia.

These materials do not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States, Canada, Japan or Australia.

By accepting this document you agree to be bound by the foregoing limitations.

KME AT A GLANCE

COMBINED 82 YEARS OF EXPERIENCE IN THE INDUSTRY

Ulrich Becker – *Chief Executive Officer*

- More than 29 years of experience in the steel and metals business
- Joined KME in 2014

Pierpaolo Di Fabio – *Chief Financial Officer*

- More than 19 years of financial experience with energy and industrial businesses
- Joined KME in 2006

Marco Miniati – *Chief Process Officer*

- More than 34 years of financial experience with retail and metals businesses
- Joined KME in 1990

COMPANY STRUCTURE - Simplified

KME AT A GLANCE

- **KME is a pan-European industrial group and one of the global market leaders in copper and copper alloy products, including a special division, for innovative, mainly engineered products**
- **Locations in Germany, France, Italy, Spain, China and the United States, with nine service centers located in strategic locations worldwide**

€503m NAV, €77m Adjusted EBITDA (15% of NAV) during 12m ending 31 December 2017

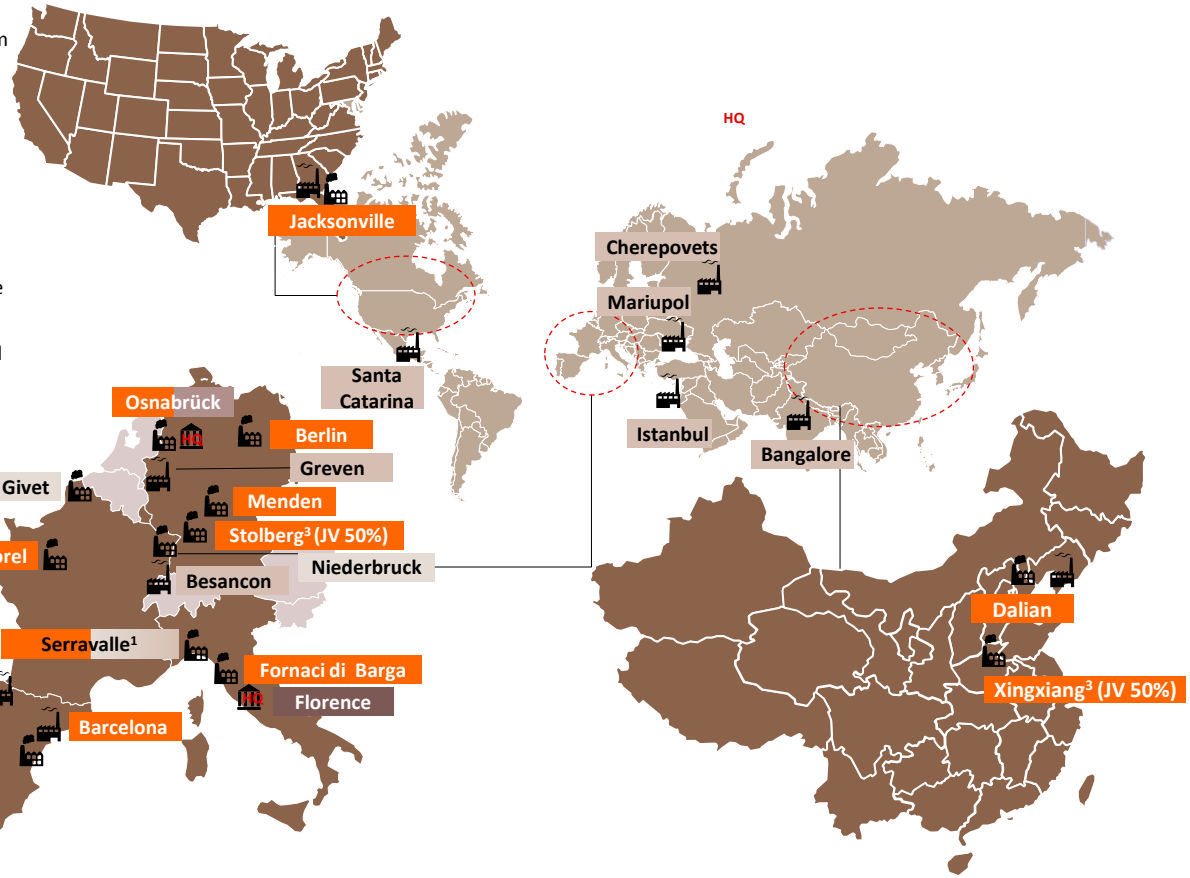
Operates 13 production sites in Europe, China and the US

2 joint ventures with 51% and 50% control in EU (2016) and China (2014), respectively

Nine service centers, located in strategic locations worldwide

Two research centers supporting development of intellectual property, which includes approximately 50 patents and 60 trademarks

Approximately 3,900 employees (excluding JVs)



¹ Serravalle Scrivia's tubes facility is part of Trefimetaux SAS which is a part of a joint venture in which KME has 51% share; no corporate services for KME Group. ² Net Added Value: The difference between turnover and metal cost – is a more relevant operating indicator as the LME price for copper is incorporated in turnover as well as in the metal cost figures. ³ Part of a joint venture through KMD (HK) Holdings Ltd.

HISTORY OF KME

- **KME's history dates back to 1886 – since then KME has consolidated European copper manufacturing assets under several different legal entities**
- **In 2006, KME acquired a majority participation in China and in 2014 it further expanded in the country via a JV; in 2017 KME expanded into the US**

1902 The Orlando Family assumed leadership of SMI (Società Metallurgica Italiana). SMI was established in 1886 and had been listed on the Milan Stock Exchange from 1897

1990 SMI purchased 76.9% of the German leading producer of copper and copper alloys semi-finished products KM - Kabelmetal AG and became the GIM-SMI Group

1995 GIM-SMI Group founded KM Europa Metal AG (KME). KME concentrated management of the group's European activities in one company, which was located in Germany and controlled 100% of the Group's industrial activities in Germany, France, Italy and Spain. In the same year KME and the Finnish group Outokumpu created a 50/50 joint-venture in LOCSA (Laminados Oviedo Cordoba S.A.) based in Oviedo, Spain for the production of rolled products

1999 SMI purchased 98.17% of KME's shares through a voluntary public tender offer (the remaining minorities were squeezed out in 2002)

2005 Intek S.p.A. became the largest shareholder

2006 SMI changed its name to KME Group SpA and increased its participation in DD Heavy Machinery to 70%

2012 KME Group S.p.A. incorporated Intek S.p.A and changed its name to Intek Group S.p.A.

2014 The UK plumbing tubes business was sold to Mueller and a JV with Golden Dragon and Chogquing Wanzhou Economy Technology Development Co., Ltd. (the "KMD (HK) JV")

2015 **The production of the tubes of Onsabrück plant was transfered to Menden and the plant and overhead structure was optimized. Additionally, KME performed a top management and corporate functions reduction across the Group**

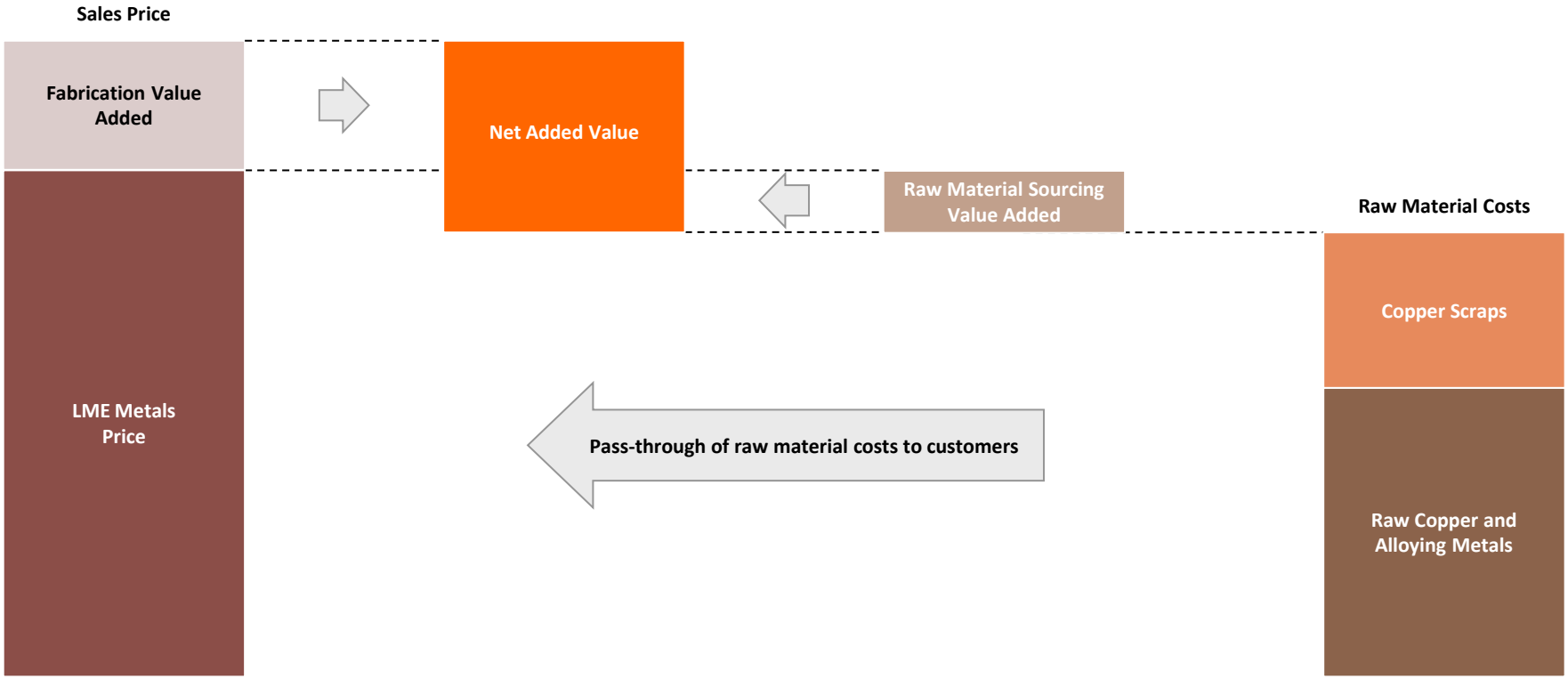
2016 **KME sold 49% of its share in KME France S.A.S. (now, Trefimetaux S.a.S.) to the European Copper Tubes Limited. The sale included part of the operations in plants in Givet and Niederbruck (France) and in Serravalle Scrivia (Italy). KME now operates these plants through the subsidiary Tréfimétaux S.A.S.as a joint venture with the European Copper Tubes Limited**

2017 **Expansion into US market via an acquisition of a production facility servicing US Navy program**

Source: Company information.

KME BUSINESS MODEL

- KME purchases raw copper, scrap and alloying metals to re-melt the materials and create new copper alloys
- Majority of cost of raw materials is directly linked to LME metal price, which is passed on to customers
- KME creates net added value primarily through a fabrication cost mark-up
- Efficient use of scraps allows to realize lower raw material input prices and higher metal margins
- As a result, KME has minimal net exposure to copper price



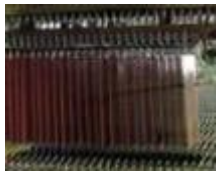
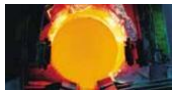
Source: Company information.

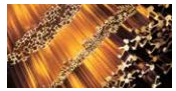
KME IN THE VALUE CHAIN

- **KME operates in the downstream section of the copper value chain: it purchases raw materials from suppliers and transforms them into semi-finished and finished products for use in other products and processes in a broad spectrum of end markets**
- **Given KME does not produce raw copper, it has limited exposure to copper price**
- **Success of its business model is dependent, among others, on securing raw materials, passing on cost increases to customers, securing customer contracts and having access to the latest and most efficient technology**

KME

Mining	Leaching and Electrowining		Manufacturing			Client Industry
	Smelting	Refining	Formats	Pre-production	Semi-fabrication	
Extracting copper ore from mine (crushing, grinding, flotation concentrating)	Purifying to copper anodes (99% pure)	Electrolytic converting to cathodes (99.9999% pure)	Producing basic shapes: rods, cakes, billets	Reshaping into Intermediary products	Finalizing products	Engineered products for use in a range of end markets

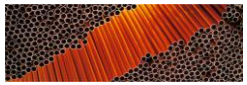





Source: Company information.

OVERVIEW OF KME SEGMENTS

- **KME operates three divisions: copper, brass and a separate innovative high NAV margin special division**
- **KME has a well-recognized global brand and serves a customer base across a diverse range of end markets**

Division	Special	Copper		Brass
Product	Special	Rolled	Tubes	Brass
Illustration				
Description	■ Tube molds, cooling plates and casting wheels for melting and casting ■ Rods, bars, profiles and tubes with applications in welding and machining ■ Pipes, fittings, flanges, tubes and tube fittings for seawater applications	■ Used in the electric and electronics industries, household appliance manufacturing, automotive, renewable energies, power transmission, mechanical industry, minting and telecommunications	■ Solutions for most plumbing and heating applications ■ Industrial tubes used for air conditioning, heat exchangers, boilers, medical applications and fittings production	■ Products for use in water, gas and fluid supply (faucets, fixtures and valves), building and architecture (door knobs, locks and clocks), mechanical and automotive applications and electrics and electronics
End Markets	Steel & Metal Industry, Machine Building, Chemical Industry, Shipbuilding, Offshore, House Energy	Construction, mechanical, automotive, renewable energy, architecture	Construction, renewable energy, medical, electric products, sanitary	Mechanical, automotive, electrical components, building and architecture

KME STRATEGY

- **Continue to strengthen industry position and grow business by focusing on offering innovative, competitive products to a broader, more diverse range of customers and continuing to improve operational efficiencies**

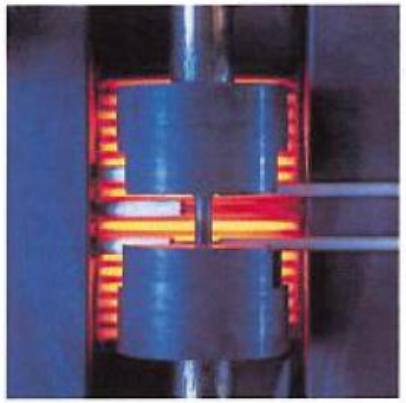
Ongoing efficiency and optimization	**Special**	■ **Improve productivity** by focusing on development of special welding applications
	Copper	■ **Pursue cost and market leadership** and maintain strong competitive position ■ **Optimize processes** used in rolling, heat treatment and the coating and finishing
	Brass	■ Adjust product and volume mix based on customers' location and needs, **focus on higher volume customers** ■ **Further internal consolidation and complexity reduction**
Improving product margin	**Special**	■ Continue concentrating on **high-margin own-designed end products**, particularly mold plates; special welding applications and products servicing the defense maritime and renewable energy end markets
	Copper	■ Increase production of rolled products using **specially developed alloys that deliver a higher NAV**
	Brass	■ Increase production of rods and hollows products, expand development of lead-free and lead-reduced alloys that are **more attractive to customers from cost and environmental perspectives**
Expanding customer base and innovation	**Special**	■ **Expand and deepen customer base** by offering refurbishment services for casting products ■ Gain further exposure to the **attractive maritime defence market and to the US**
	Copper	■ **Expand value chain** to surface and mechanical transformation
	Brass	■ Expand **development of lead-free and lead-reduced alloys** that are used in consumer electronics and energy-related products

Source: Company information.

LEADING INNOVATOR IN TECHNOLOGICAL DEVELOPMENTS

- **Proprietary know-how and other intellectual property acquired through more than 130 years in the industry is a key asset**
- **Many of KME's products are highly customized and critical components of the processes they serve**

- Intellectual property portfolio of approximately 50 patents and 60 trademarks covering the alloys and processes we have created
- A team of over 70 research and development related employees, based in two research centers in Germany and Italy
- Current areas of R&D focus include:
  - Treatment and recycling of materials (separation of tin and copper scraps)
  - Energy efficiency and process redesign
  - Coating improvements for extreme temperature conditions and high casting speed
  - Using automation and data exchange in manufacturing and digital development



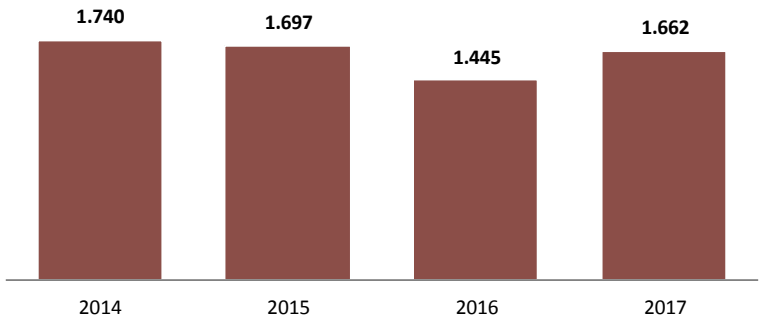
Source: Company information.

FINANCIAL INFORMATION

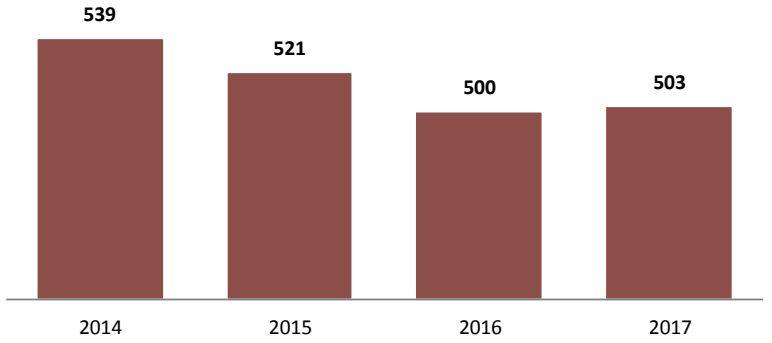
FINANCIAL INFORMATION

■ **2017 contains full year figures as of and for the twelve months ended December 31, 2017**

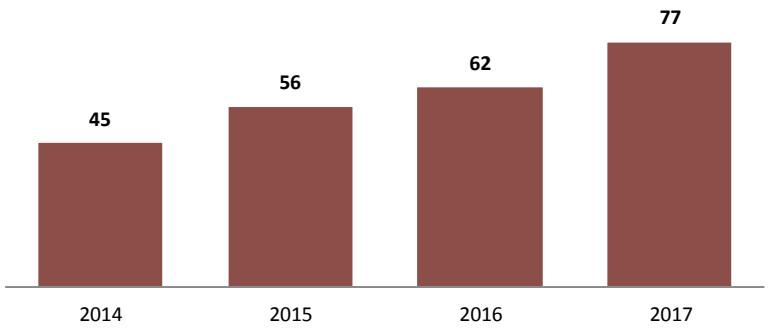
Revenue* (€m)



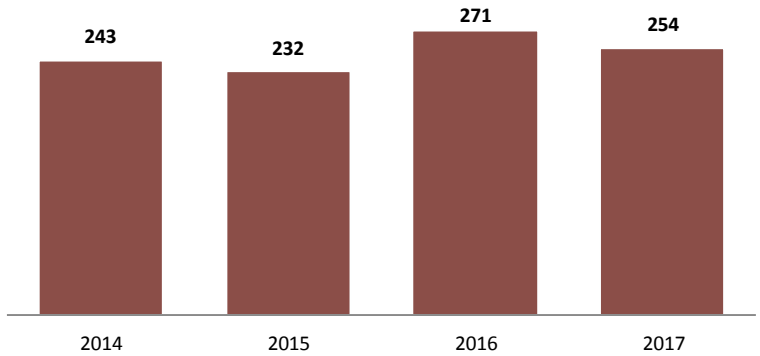
Net Added Value* (€m)



EBITDA*/** (€m)



Net Financial Position (€m)



[1] ** excluding sold/deconsolidated activities /** reclassified EBITDA adjusted for restructuring expenses, result from the disposal of certain businesses, other extraordinary expenses, the impact of IFRS vs. committed stock measured inventories and the impact of firm commitments and forward contract measurement.*

KME
ENGINEERING
COPPER SOLUTIONS
THANK YOU!