



Annual Shareholders' Meeting of Salzgitter AG

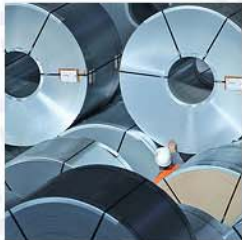
**Prof. Dr.-Ing. Heinz Jörg Fuhrmann
Chairman of the Executive Board of Salzgitter AG**

Braunschweig, May 22, 2014

At first: 2013 – No remorse when looking back

2013: Extremely unsatisfying earnings situation

Nonetheless, we have set a great deal in motion!



1 Market environment and challenges

2 Business development of Salzgitter Group

3 Excursus on energy policy and competitiveness

4 360° Concept – We are actively shaping our future!

5 Guidance

6 Annotations on the agenda



Economic developments in the press

Germany remains Europe's Growth engine

[Frankfurter Allgemeine Zeitung, 15.05.2014]



New grief from China's economy

[Börsen Zeitung, 14.05.2014]



Eurozone economy has grown surprisingly slowly

Reason: weak economic data in France and Italy.

[Reuters, 15.05.2014]



Lagarde warns Europe about "deceptive sense of security"

Europe's crisis is far from over.

[Handelsblatt, 12.05.2014]



Everyone's losing out

Crimean Crisis: The conflict could affect the entire global economy – and the capital markets with it.

[Euro am Sonntag, 15.03.2014]



Boom in the USA

Economists expect a dramatic recovery for the ongoing second quarter.

[Frankfurter Allgemeine Zeitung, 12.05.2014]



Open flanks

The fragile growth in many emerging nations has become a systemic risk for the global economy.

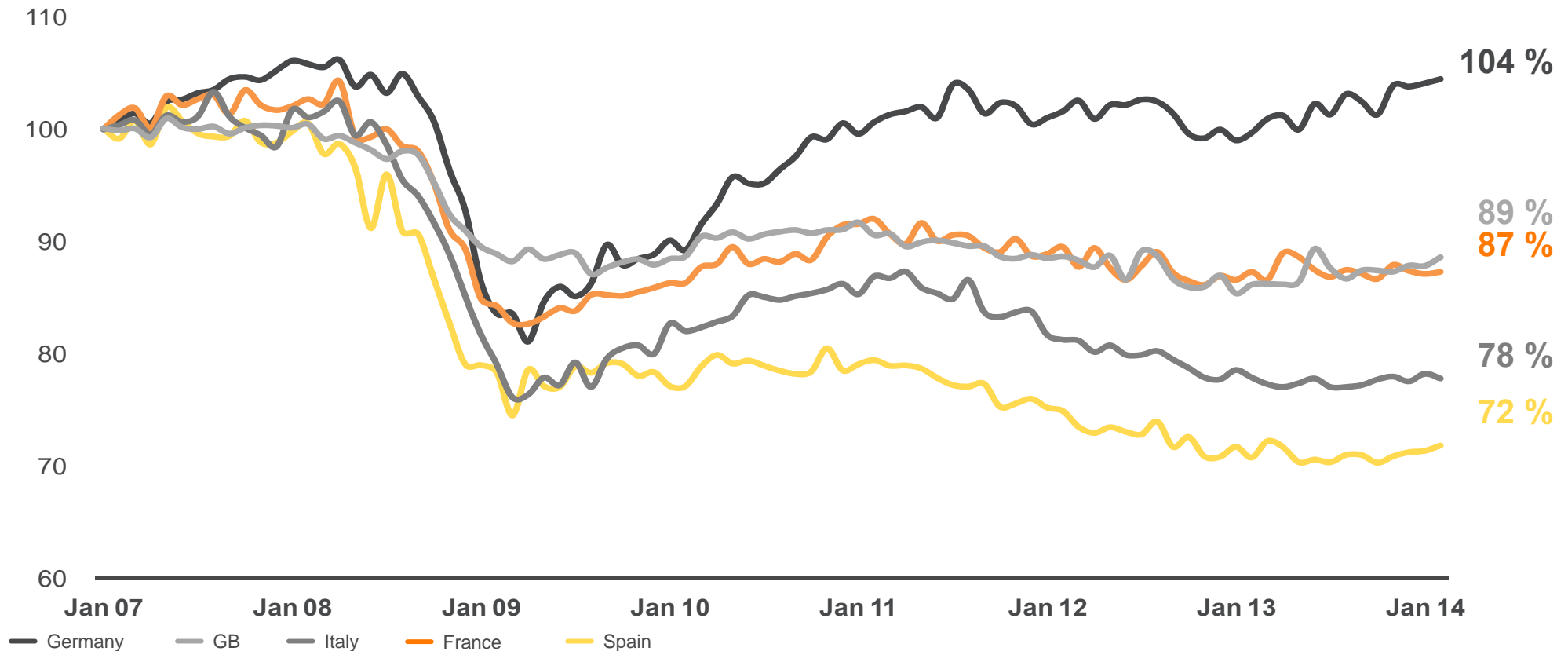
[Manager Magazin, 16.04.2014]



Europe: in crisis mode with Germany as the "Island of the Blissful"
World: mixed signals – effects of the Ukrainian Crisis still unclear

Economic growth in the European Union

Industrial production in selected EU 27 countries (Jan. 2007 = 100)

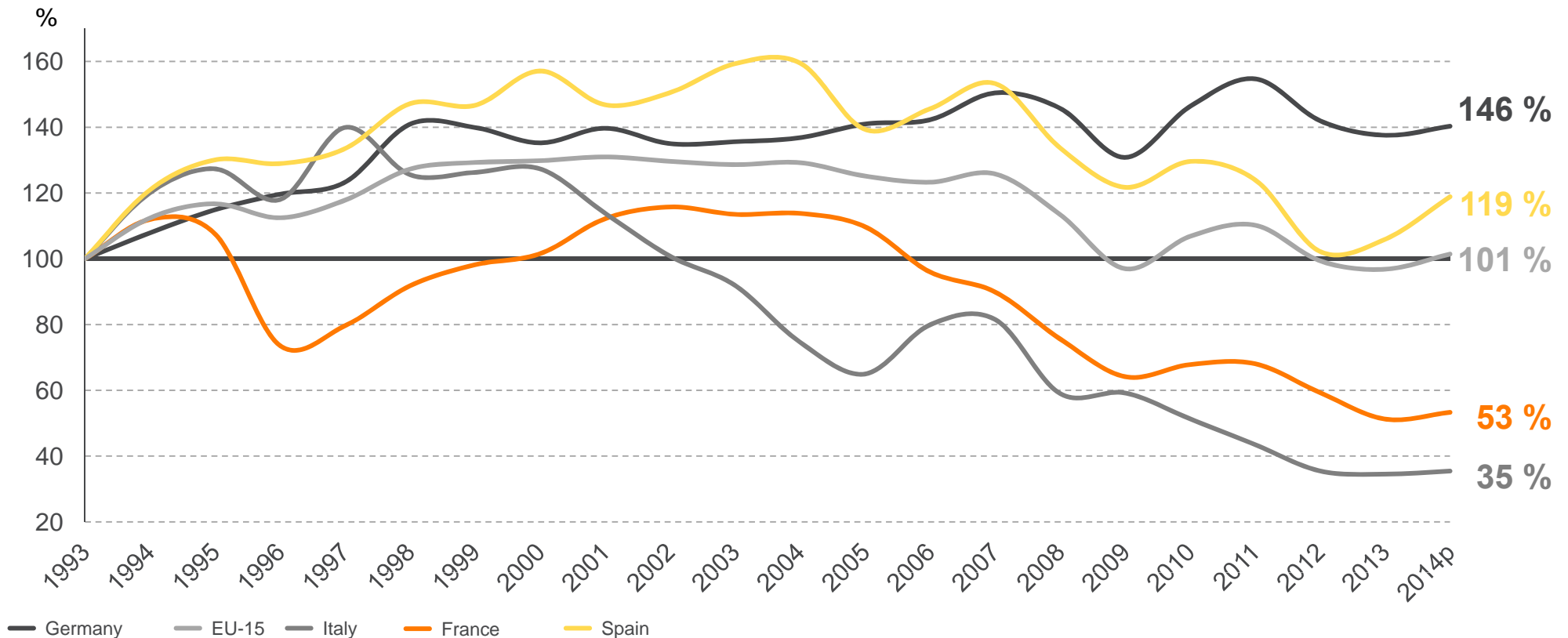


Source: Eurostat, own chart, last data point December 2013; Germany: February 2014

**Recession in southern Europe continues—
German industrial production since 2011 at a pre-crisis level**

Automotive Industry

Production of automobiles in selected EU countries (passenger car units, 1993 = 100)



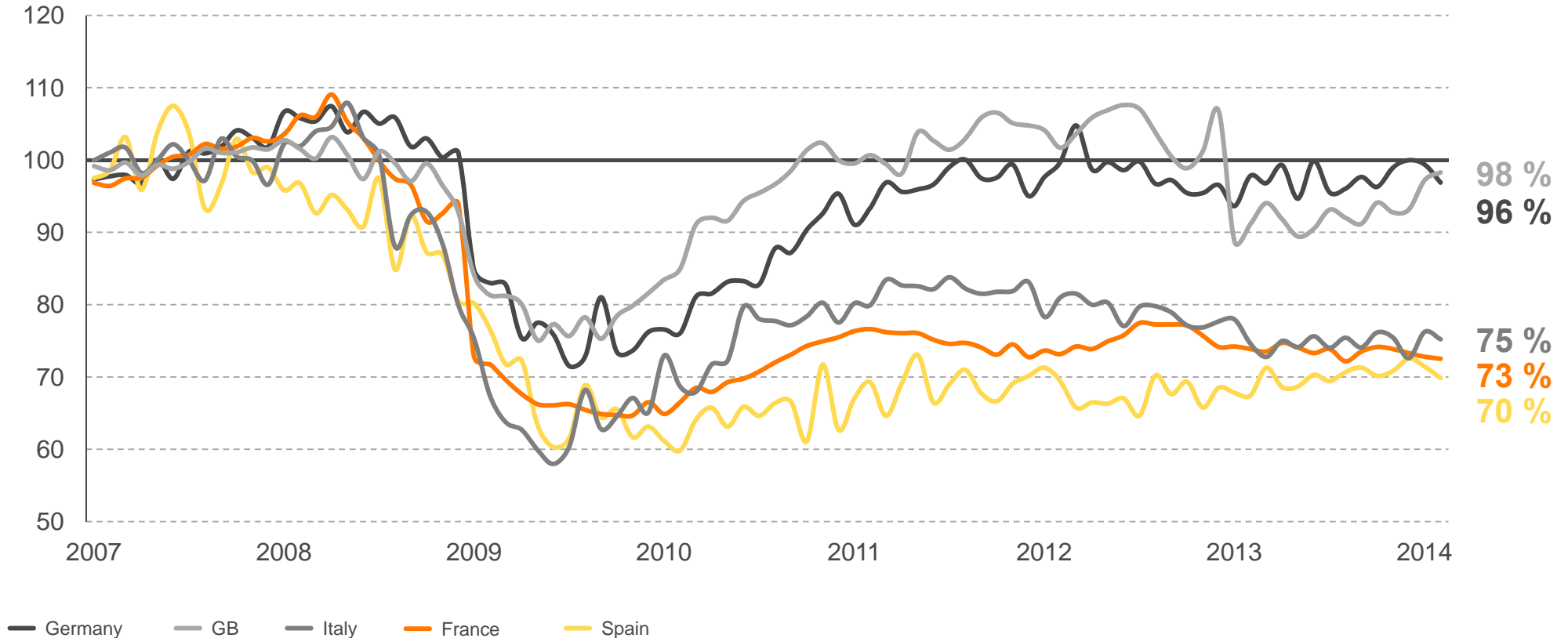
Source: VDA, April 2014

**Germany currently produces 40 % more cars than 20 years ago;
conversely, France 40 % and Italy more than 60 % less!**

Mechanical Engineering



Production of selected EU countries (Index 2007 = 100)

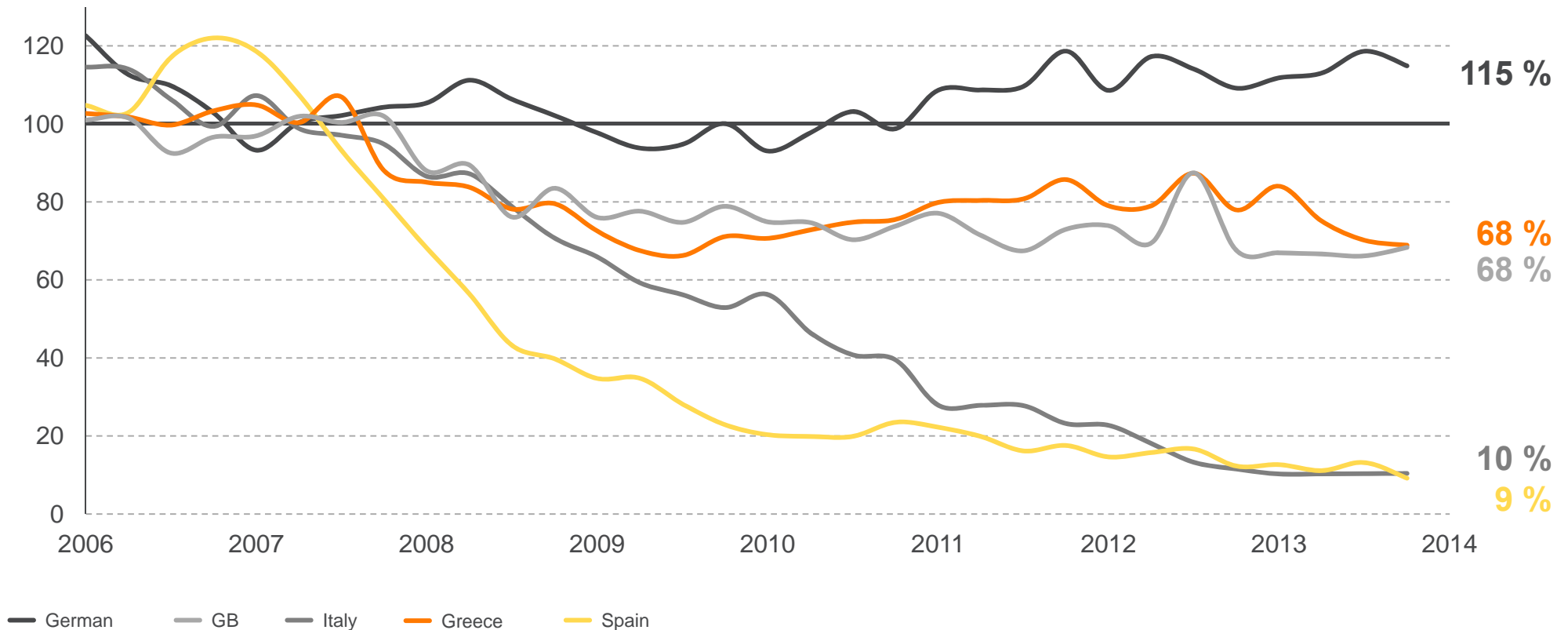


Source: Eurostat, own chart, last data point February 2014

The mechanical engineering sector in southern Europe has collapsed ...

Construction Sector

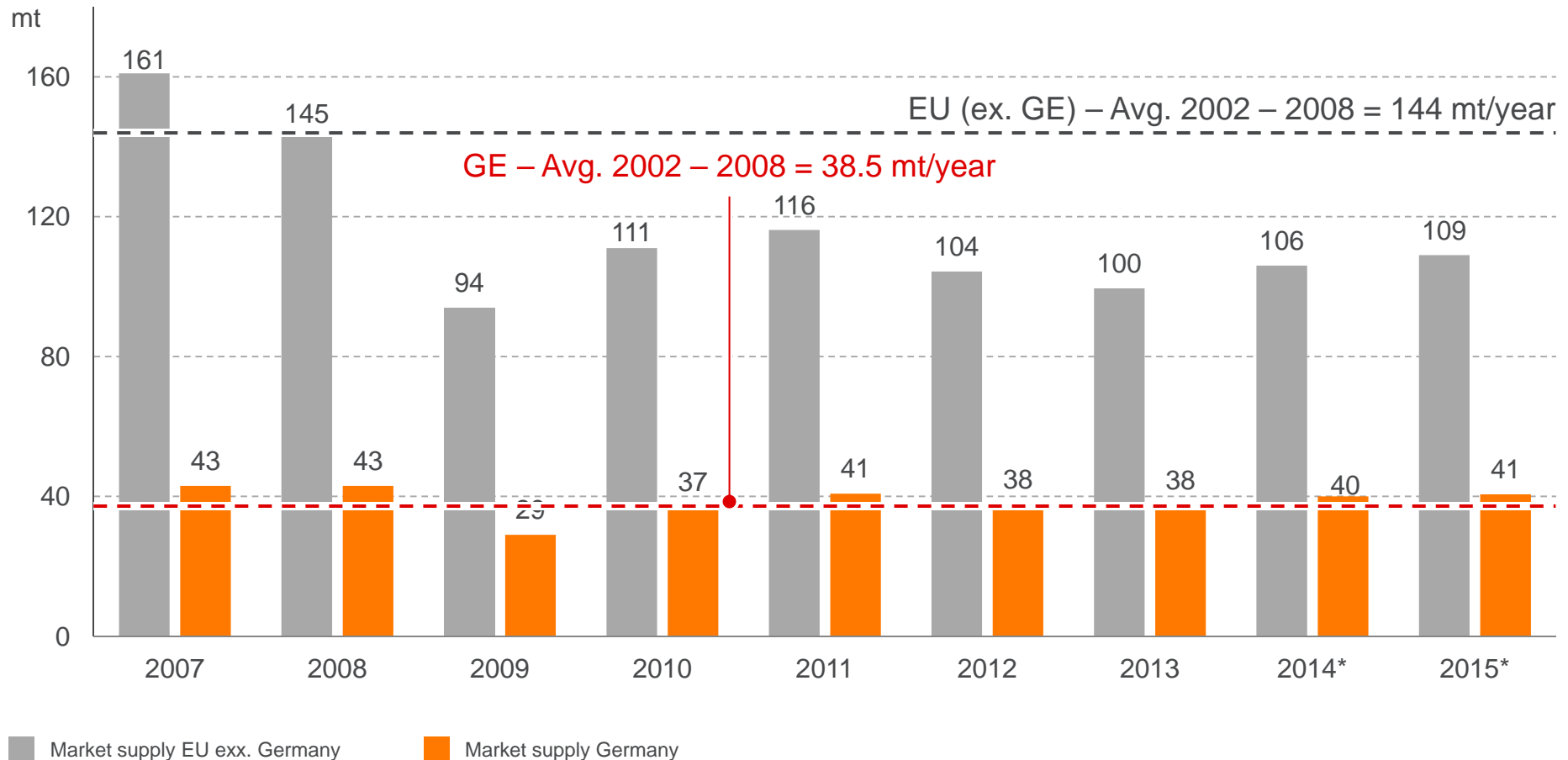
Surface construction building permits in selected EU countries (Index 2007 = 100)



Source: Eurostat, own chart as of April 2014; last data point Q4/2013

... the situation in the construction sector is even more catastrophic.

Steel market supply – EU vs Germany



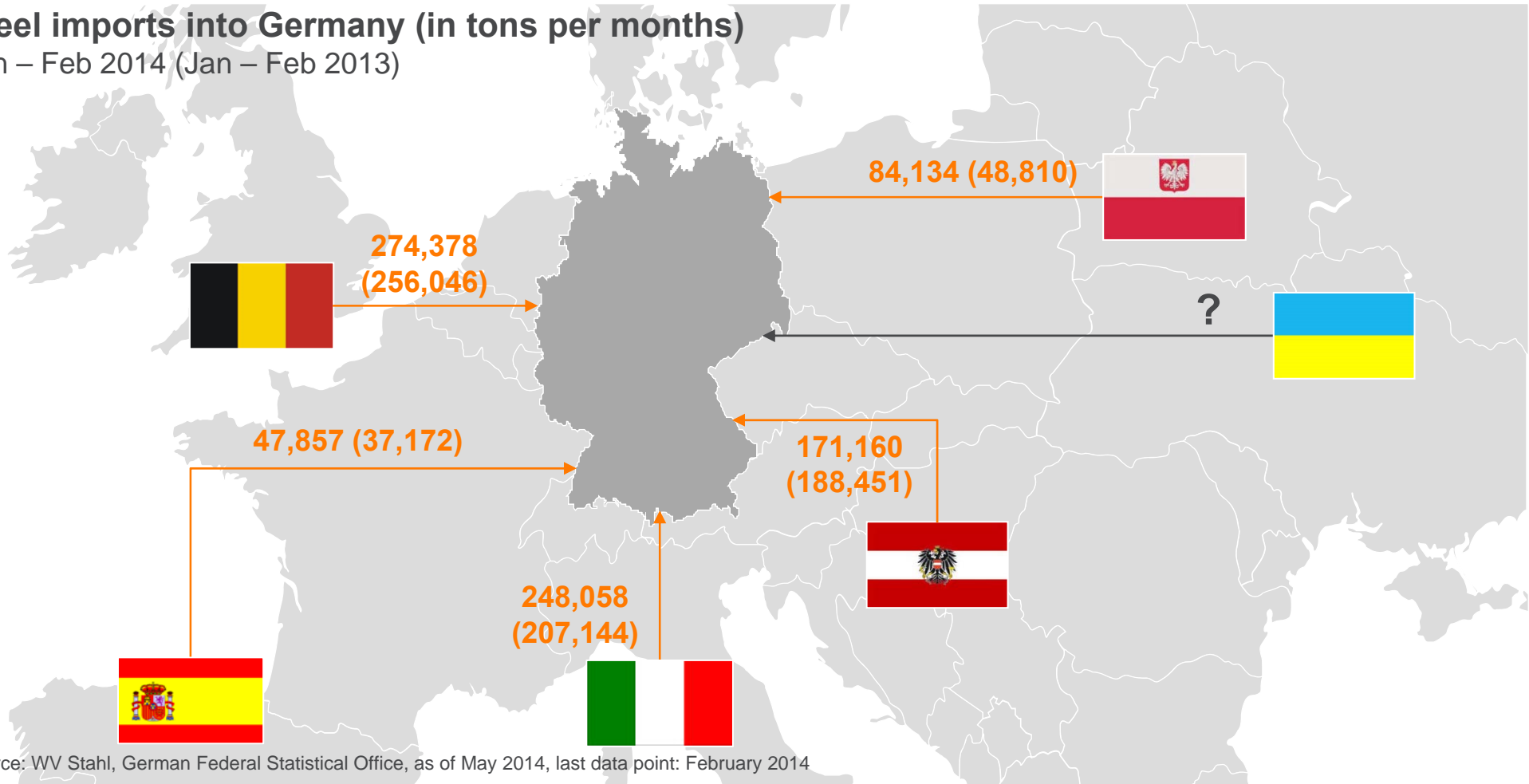
Source: WV Stahl, as of: January 2014 | * Forecast

**Germany is the main stabilizing force, also in the EU steel market.
Nonetheless, underutilized capacities in the EU ...**

Imports

Steel imports into Germany (in tons per months)

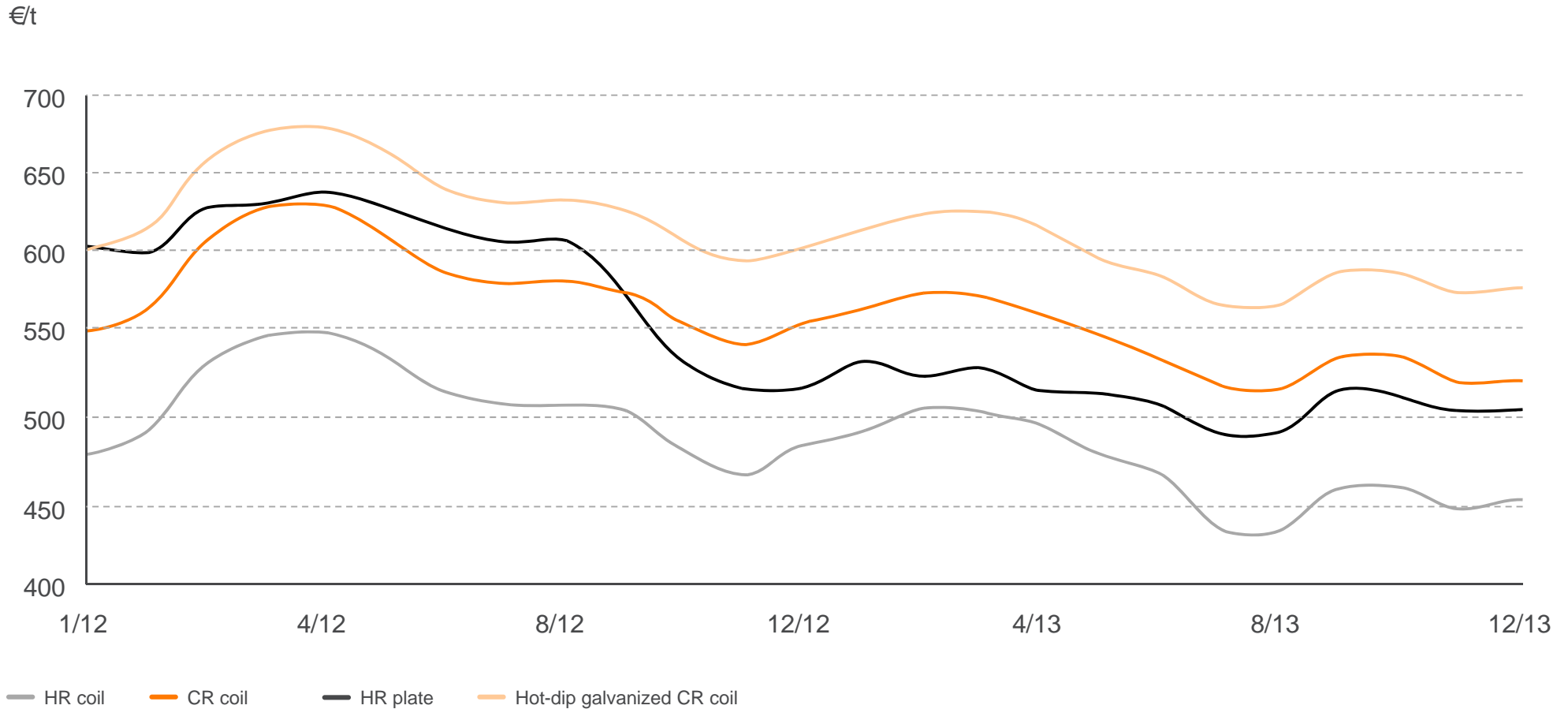
Jan – Feb 2014 (Jan – Feb 2013)



Source: WV Stahl, German Federal Statistical Office, as of May 2014, last data point: February 2014

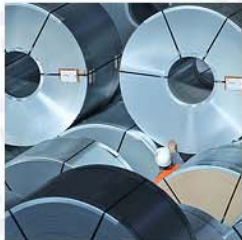
... as well as in other countries lead to import pressure on our home market ...

Spot markets: steel prices in Europe



Source: MEPS

... and have pushed steel prices in Europe down to an insufficient level since 2012!



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Financial Year 2013 – key data of the Salzgitter Group

		FY 2013	FY 2012	D 2013 – 2012
Crude steel production*	kt	7,149.40	7,647.30	-497.90
Group sales (consolidated)	€ million	9.244,20	10,397.20	-1,153.00
Earnings before taxes	€ million	-477.80	-29.40	-448.40
Earnings after taxes	€ million	-489.60	-99.80	-389.80
Earnings per share (basic)	€	-9.10	-1.89	-7.21
ROCE	%	-10.50	1.30	-11.80
Core workforce (12/31)		23,164	23,247	-83

* incl. the pro-rata volume of Hüttenwerke Krupp Mannesmann GmbH

**Unsatisfactory results for 2013 –
focus on consistent implementation of “Salzgitter AG 2015“**

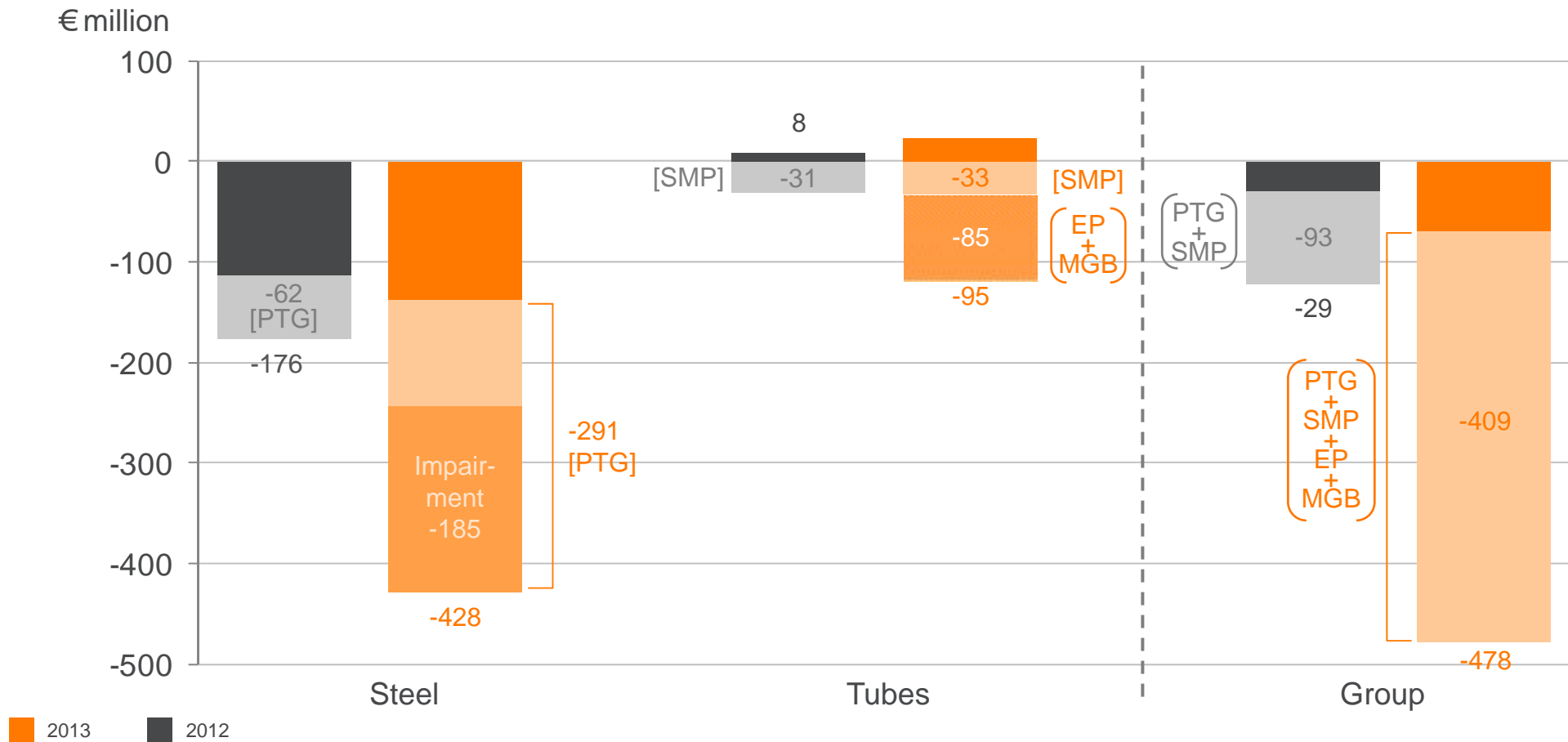
Financial Year 2013 – comparison of EBT vs previous year

		EBT 2013	EBT 2012	Δ
Steel	€ million	-428.20	-176.30	-251.90
Trading	€ million	25.70	77.10	-51.40
Tubes	€ million	-94.80	7.80	-102.60
Services	€ million	5.20	15.90	-10.70
Technology	€ million	13.90	9.50	4.40
Other / Consolidation	€ million	0.40	36.70	-36.60
Group	€ million	-477.80	-29.40	-448.40

* Incl. 25% Aurubis

Technology: turnaround strengthened • Trading: presentable in light of environment!
Steel: insufficient margins • Tubes: underutilization of LD pipes and precision tubes

Financial Year 2013 – comparison of EBT vs previous year



Major part of Group losses in the financial years 2012 and 2013 were generated by only a few companies in Steel and Tubes Divisions

first **tangible** success ...

Still loss-making, **but**

First Quarter 2014 –comparison of EBT vs previous year

		EBT Q1 2014	EBT Q1 2013	Δ
Strip Steel	€ million	-2.2	-7.3	5.1
Plate/Section Steel	€ million	-22.4	-32.0	9.6
Energy	€ million	-12.3	-11.1	-1.2
Trading	€ million	4.9	11.4	-6.5
Technology	€ million	9.2	2.8	6.4
Other/Consolidation	€ million	14.1	20.1	-6.0
• <i>Of which Aurubis investment</i>	€ million	8.2	5.8	
Group	€ million	-8.7	-16.1	7.4

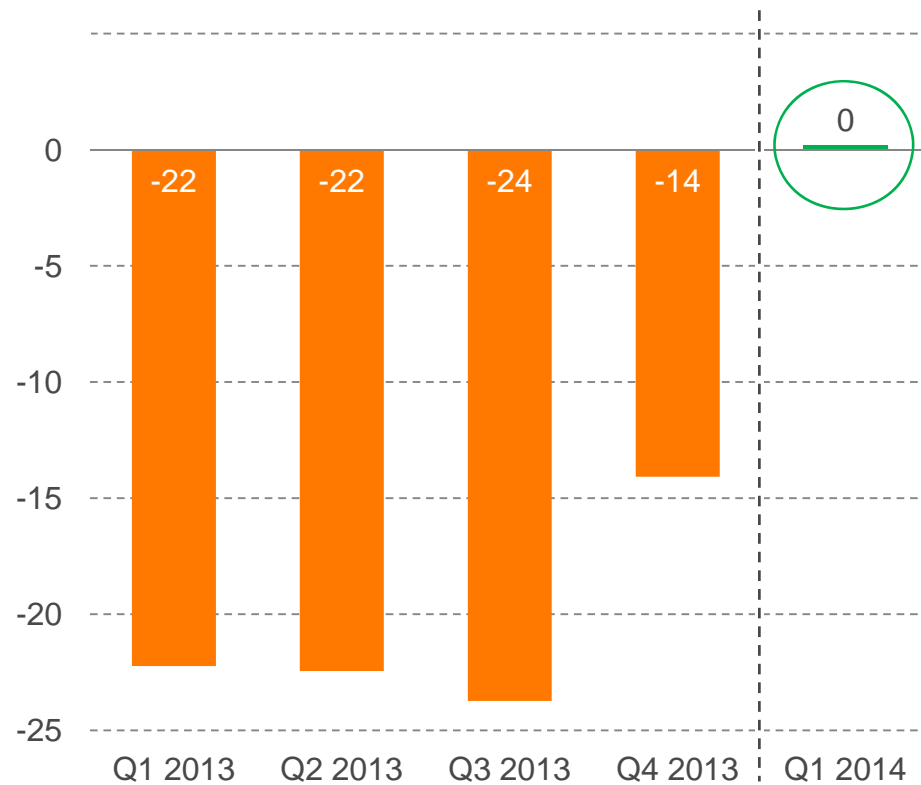
* Q1 2013 as at equity contribution

“Salzgitter AG 2015“ program well under way – tangible success in first quarter!

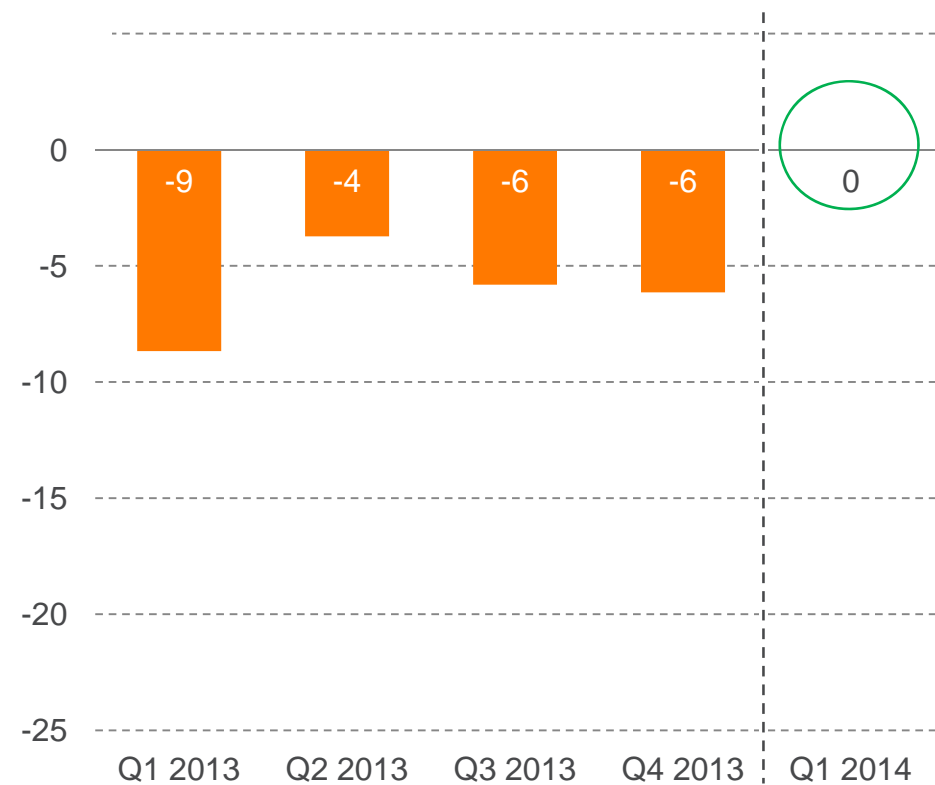
Development of Peiner Träger and precision tubes

Earnings before taxes in € million (excluding non-recurrent effects)

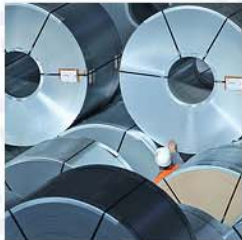
Peiner Träger GmbH [PTG]



Precision Tubes Group [SMP]



First tangible success!



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Energy costs endanger value chains



Review AGM 2013: "EEG" worst case scenario

Ordentliche Hauptversammlung 23. Mai 2013
Szenarien von Ergebniswirkungen



mehr als +140 Mio. € p.a.

Theoretische Ergebnisverbesserung:
Unterstellung der Kosten für Strom
und Gas in den USA



SZAG Ergebnis Ist

Worst case - Ergebnisbelastung:
Bei vollständigem Wegfall
EEG Härtefallregelung



bis zu - 130 Mio. € p.a.*



*) Annahmen: aktuelle EEG-Umlage (0,05277 €/kWh) auf den gesamten konzernweiten Stromverbrauch

Existenziell bedrohliche Ergebnisbelastung bei Entfall der EEG-Ausnahmen!

As of today: worst case scenario has become more unlikely, however ...

Speech of Barack Obama at ArcelorMittal in Cleveland, 11/14/2013

”

... this plant, if it's located in Germany, energy costs are double, maybe triple ... So this gives us a big edge.

... And if you're saving money on energy costs, that means you can invest in equipment, invest in workers, hire more people, produce more products. Our economy keeps growing, creating new jobs, which means that strengthening our energy security and increasing energy efficiency doesn't have to be a choice between the environment and the economy – we can do both. ”



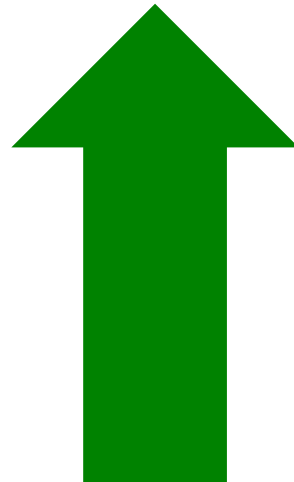
... the competitive disadvantage versus the US is considerable:
EU on the verge of falling behind in global competition for industry and prosperity!

Scenarios of effects on earnings



more than € +140m p.a.

Theoretical earnings improvement:
Assuming similar costs for electricity
and natural gas as in the US



Impending burden from energy and
climate policies (unfavorable, not
most unfavorable scenario)

Up to € -80m p.a.



Ongoing threat of additional burdens in Germany and the EU versus more advantageous framework conditions in other regions.

Winner "Energy Efficiency Award 2013"



Ulrich Grethe and Ralph Schaper with other awardees (Foto: dena*)

87 bids from 11 countries

"For outstanding contribution to the improvement of energy efficiency in industry and business to Salzgitter Flachstahl GmbH"

* dena (Deutsche Energie Agentur) is the competence center for energy efficiency, renewable energies and intelligent energy systems. Main shareholder of dena is the Federal Republic of Germany



Energy Efficiency Award 2013

für herausragende Leistungen zur Steigerung der Energieeffizienz in Industrie und Gewerbe an die

Salzgitter Flachstahl GmbH

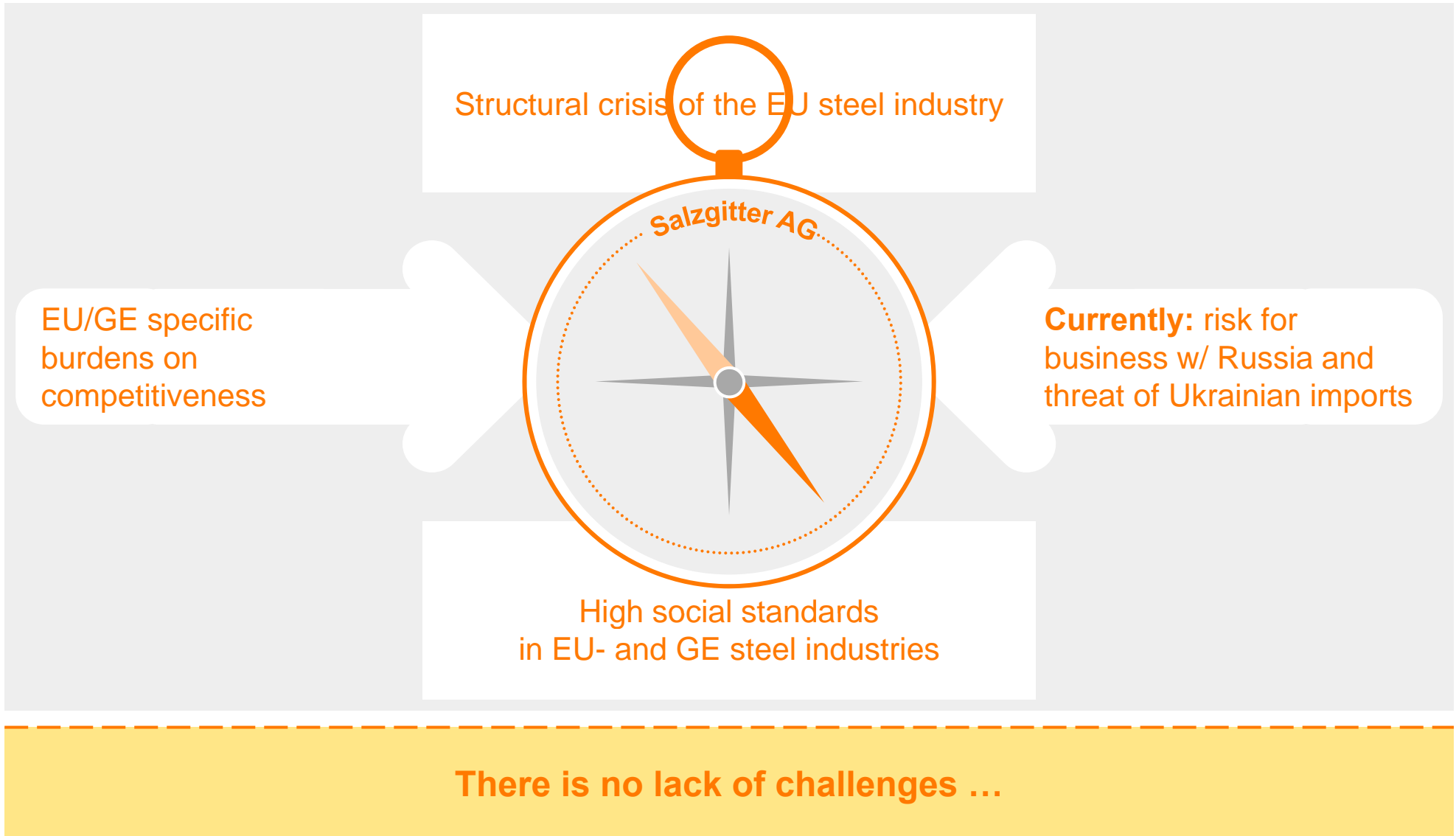
für das Projekt

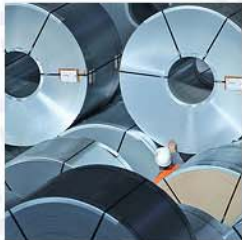
Strategien zur Steigerung der Energieeffizienz und zur Optimierung der Kuppelgasnutzung



Energy efficiency and conservation of resources – we are at the "forefront of the movement"!

Determinants for Salzgitter AG

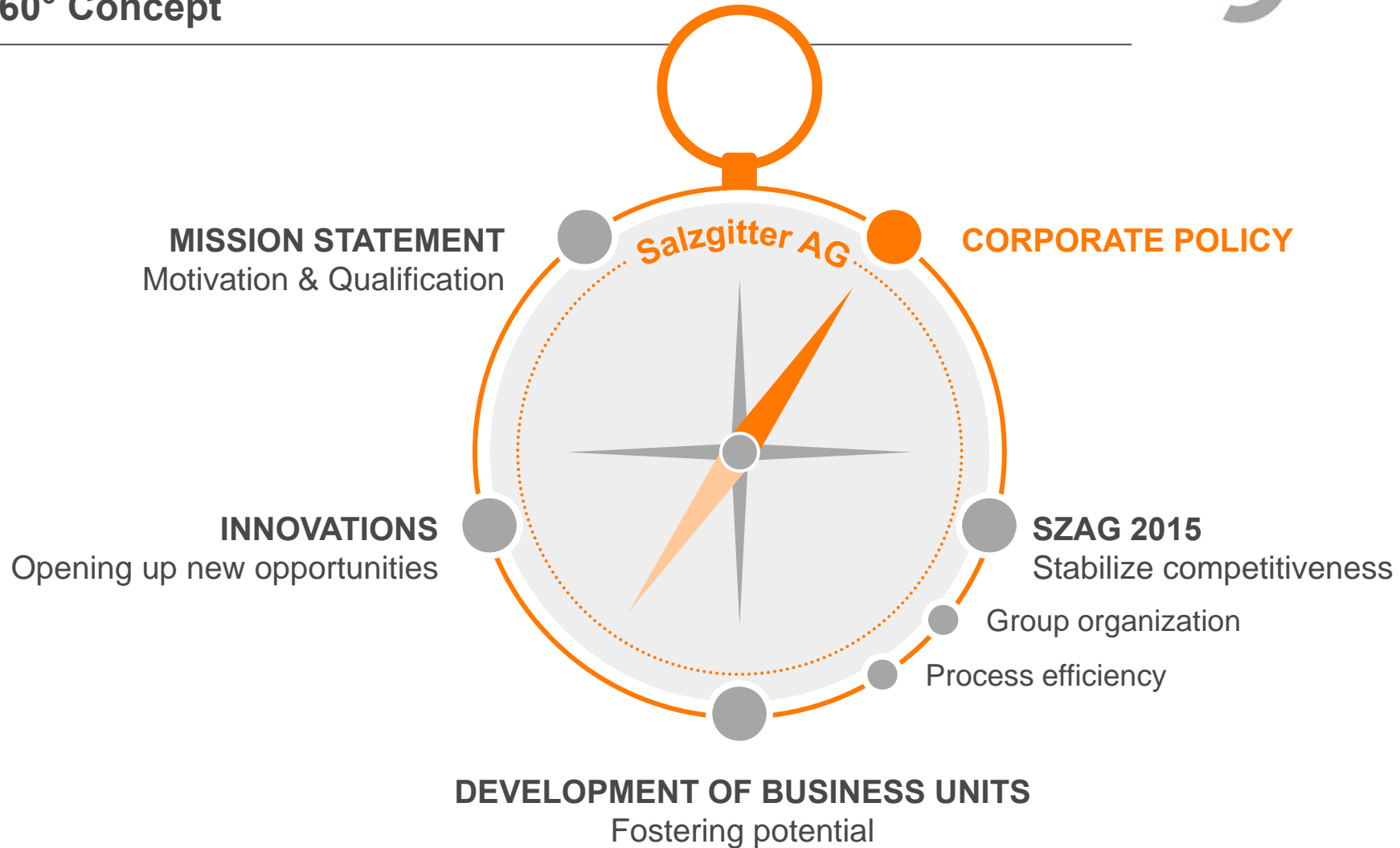




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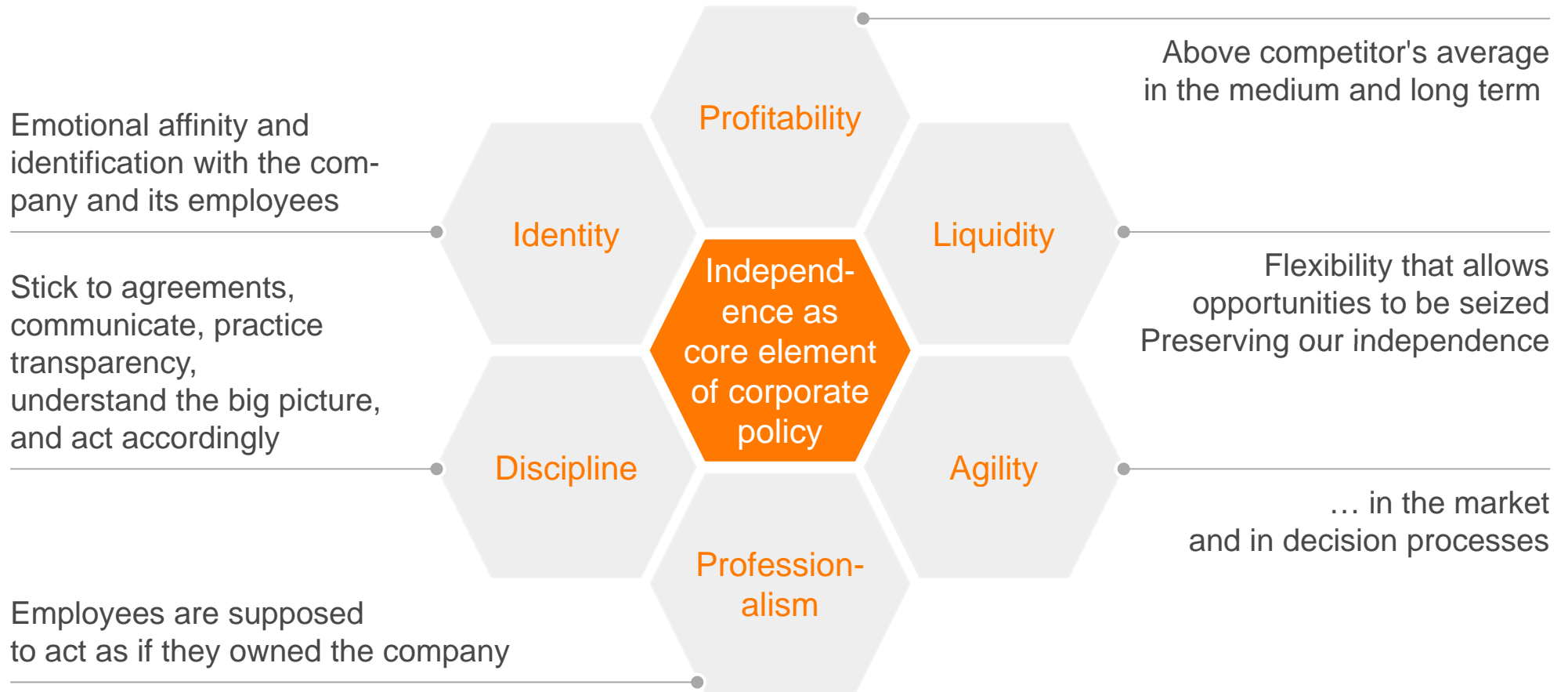


360° Concept



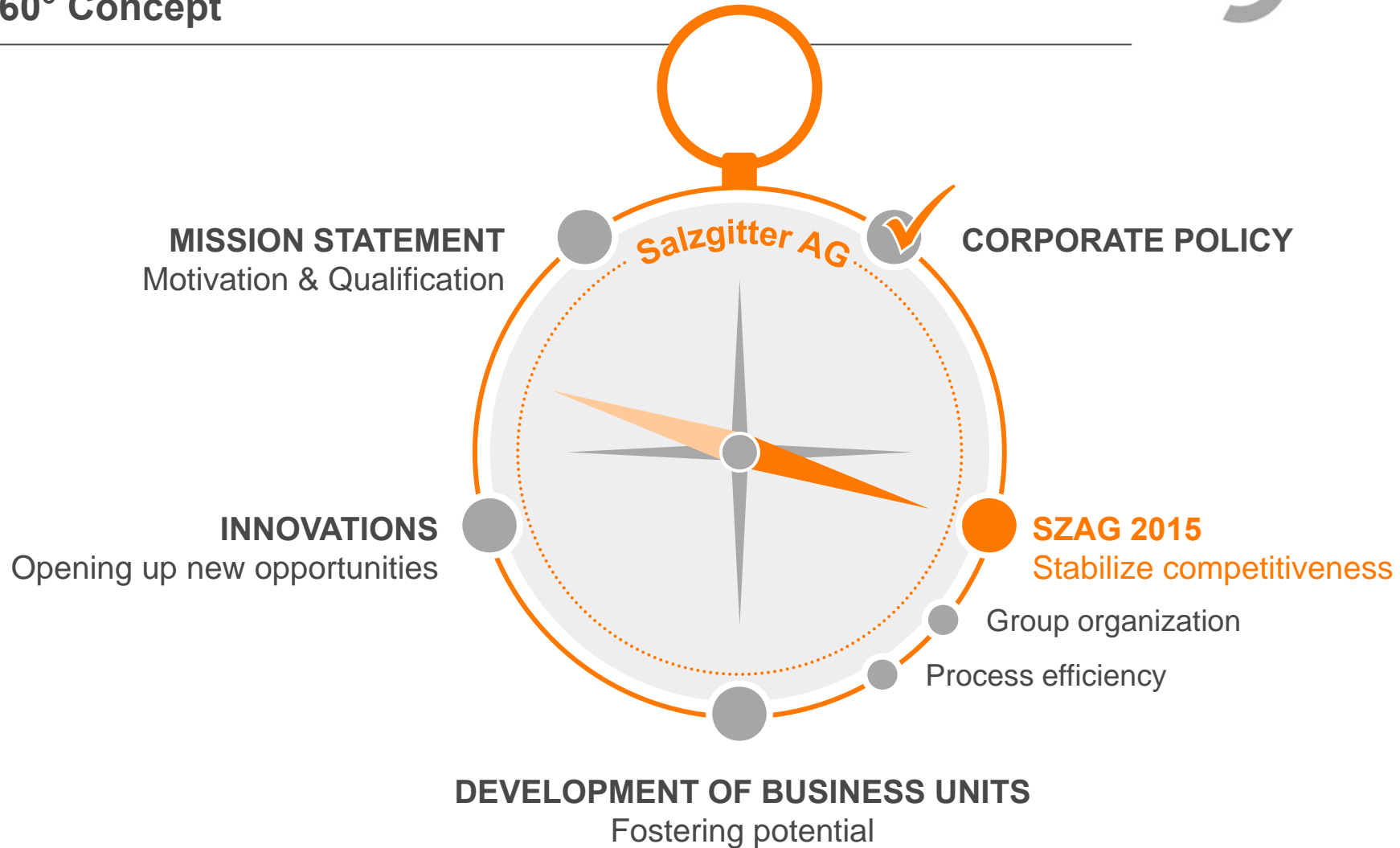
**We are actively shaping the future of our Group
through a coordinated, holistic concept!**

Corporate Policy



All decisions pursue the goal of optimizing the sustainable value of the Group for shareholders and stakeholders

360° Concept



**We are actively shaping the future of our Group
through a coordinated, holistic concept!**

New Group structure as of January 1, 2014

Salzgitter AG

Salzgitter Mannesmann/Salzgitter Klöckner-Werke

Strip Steel BU	Plate/Section Steel BU	Energy BU	Trading BU	Technology BU	Other/Consolidation
Salzgitter Flachstahl	Ilseburger Grobblech	Mannesmannröhren-Werke	Salzgitter Mannesmann Handel	KHS	Verkehrsbetriebe Peine-Salzgitter
Salzgitter Europlatinen	Salzgitter Mannesmann Grobblech	Europipe 50%	Salzgitter Mannesmann Stahlhandel	KHS Corpoplast	Hansaport 51%
Salzgitter Bauelemente	Peiner Träger	Salzgitter Mannesmann Line Pipe	Salzgitter Mannesmann International	KHS Plasmax	Gesis Gesellschaft für Informationssysteme
Salzgitter Mannesmann Stahlservice	HSP Hoesch Spundwand und Profil	Salzgitter Mannesmann Großrohr	Universal Eisen und Stahl	Klöckner DESMA Elastomertechnik	Telcat
	DEUMU Deutsche Erz- und Metall-Union	Salzgitter Mannesmann Precision		Klöckner DESMA Schuhmaschinen	Salzgitter Mannesmann Forschung
		Salzgitter Mannesmann Stainless Tubes			Salzgitter Automotive Engineering
		Hüttenwerke Krupp Mannesmann 30%			Salzgitter Hydroforming
		Borusan Mannesmann Boru 23%			Aurubis 25%

**It works
- a "big leap
ahead"!**

As of January 2014 | BU = Business Unit

Strong customer and market orientation is a key attribute of the new organizational structure

Shareholders' Meeting May 22, 2014

Group Management Board



Executive Board and business unit heads (from left):

Michael Kieckbusch, Burkhard Becker, Prof. Dr.-Ing. Heinz Jörg Fuhrmann, Dr.-Ing. Roger Schlim, Heinz Groschke, Prof. Dr.-Ing. Matthias Niemeyer, Ulrich Grethe, Wolfgang Eging

Business Unit heads

Dipl.-Ing.
**ULRICH
GRETHE**

Strip Steel



Dr.-Ing.
**ROGER
SCHLIM**

Plate/Section
Steel



Prof. Dr.-Ing.
**MATTHIAS
NIEMEYER**

Technology



Prof. Dr. jur.
**GERD
SCHÖLER**

Trading



(as from October 1, 2014)

Identified earnings improvement potential backed by concrete projects ...

> € 90 m



Staff reduction in excess of 1,500 FTE

> € 70 m



Optimization of technical production processes

> € 40 m



Other measures (e.g. procurement, steel logistic and IT)

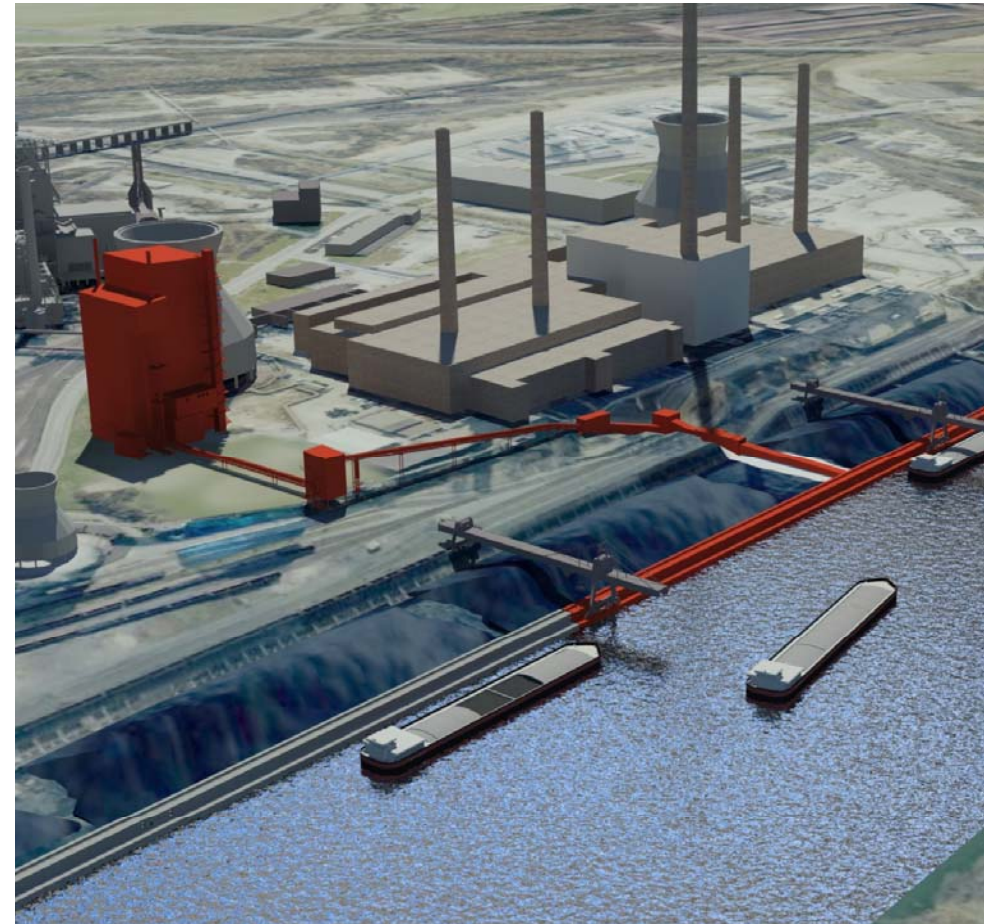
... amounts to more than € 200 million per year

**In addition, there is a continuous improvement process:
with no closing date for ideas and measures!**

Example of the optimization of technical processes

Coal drying, grinding and injection plant

- Substitution of liquid reduction agents and external coke (in part) with pulverized coal
 - Coal is economically very attractive due to the price differential vs oil
 - Crude coal will be ground and dried in the plant and then injected into Blast Furnaces A and B
- Capital expenditure: € 70 million
- Commissioning: 2015
- Amortization period: approx. two years (on the basis of current energy carrier prices)



Potential cost savings: upper double-digit million euro amount per year

Interview on the “Salzgitter AG 2015“ program and confidence in challenging times

”

We have done very well in the past by not rushing our fences. So let us **first of all deal with the extensive as well as urgent chores we have in hand. This must be our top priority!**

It is an unavoidable necessity that we streamline our processes and reduce our costs. **However, it is equally certain that cost reductions alone are a long way from enabling us to exploit our opportunities.** It is much more a matter of applying a coherent and holistic concept to shape the future of the Group!

”



„Mit einem stimmigen, gesamthaften Konzept gestalten wir die Zukunft des Konzerns!“

Interview mit Prof. Dr.-Ing. Heinz Jörg Fuhrmann, Vorstandsvorsitzender der Salzgitter AG, über das Programm „Salzgitter AG 2015“ und Zuversicht in herausfordernden Zeiten

STIL: Worauf Sie auf das Jahr 2013 zurückblicken, wie beurteilen Sie die Entwicklung unseres Konzerns?

Prof. Fuhrmann: Es wird Sie vielleicht etwas enttäuschen – ich beurteile die Entwicklung, die der Salzgitter-Konzern im vergangenen Jahr genommen hat, durchaus positiv!

STIL: Wo kann das sein – in Anbetracht der unbefriedigenden wirtschaftlichen Ergebnisse?

Prof. Fuhrmann: Es ist vollkommen richtig, die Ergebnisperformance des vergangenen Jahres ist äußerst unbefriedigend, das stelle ich auch nicht infrage. Nur: Der hohe Verlust ist ganz wesentlich die Folge der Wirtschaftskrise in Europa und ihrer Auswirkungen auf die Stahlbranche. Außerhalb Deutschlands sind die produzierenden Unternehmen – und mit ihnen die Stahlhersteller – erheblich unterausgelastet. Weil die Heimatmärkte der europäischen Wettbewerber zum Teil radikal weggebrochen sind, drängen diese stärker auf den deutschen Markt, der bekanntlich in weitaus besserer Verfassung ist. Ein Beispiel dazu: Es existiert momentan im europäischen Trügermarkt doppelt so viel Produktionskapazität wie Nach-

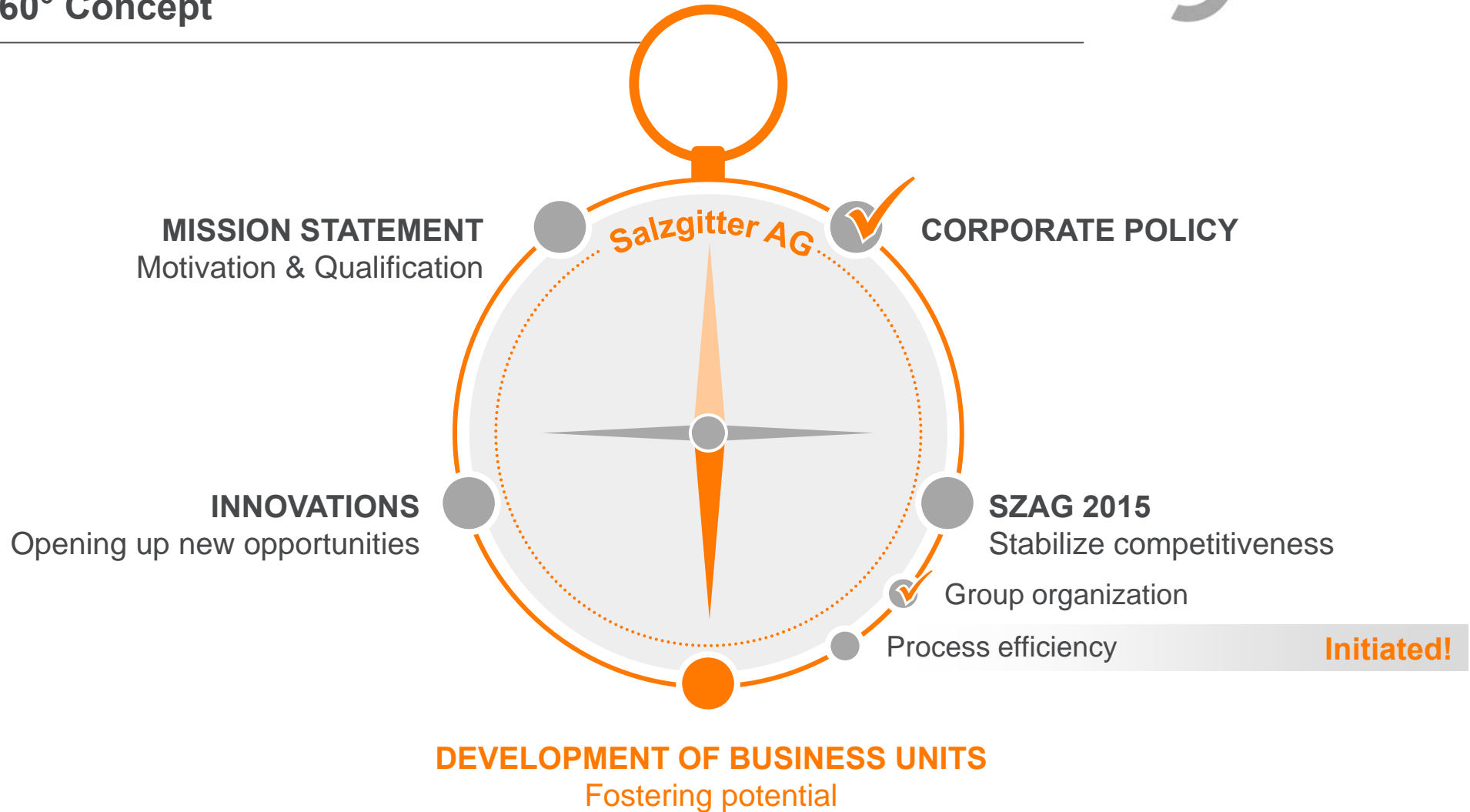


Prof. Dr.-Ing. Heinz Jörg Fuhrmann ist seit 2011 Vorstandsvorsitzender der Salzgitter AG

aber lassen Sie uns mal näher hinschauen: In 2010 und 2011 – den Jahren nach der weltweiten Finanz- und Wirtschaftskrise – haben wir schon wieder Gewinne erwirtschaftet. Unsere damaligen Sorgenkinder – Peiner Trüger,

das die arbeitsintensiven Veränderungen absehbar notwendig sind. Es ist allem Beteiligten mehr als klar, dass niemand nur auf kurzfristige Besserung hoffen und abwarten kann. Die Kritik, wie hätten sie sich nicht so überaus

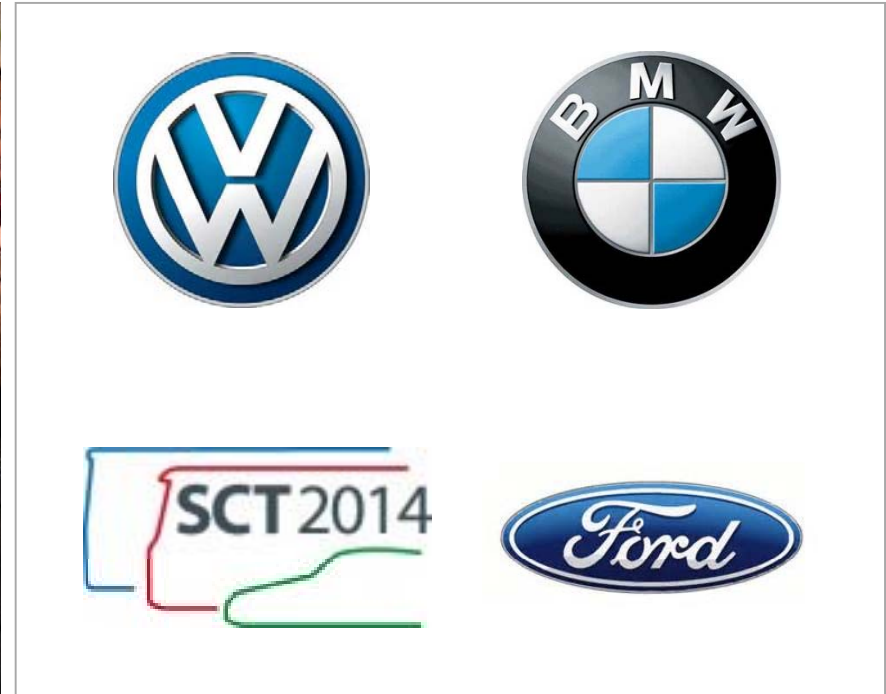
360° Concept



We are actively shaping the future of our Group through a coordinated, holistic concept!

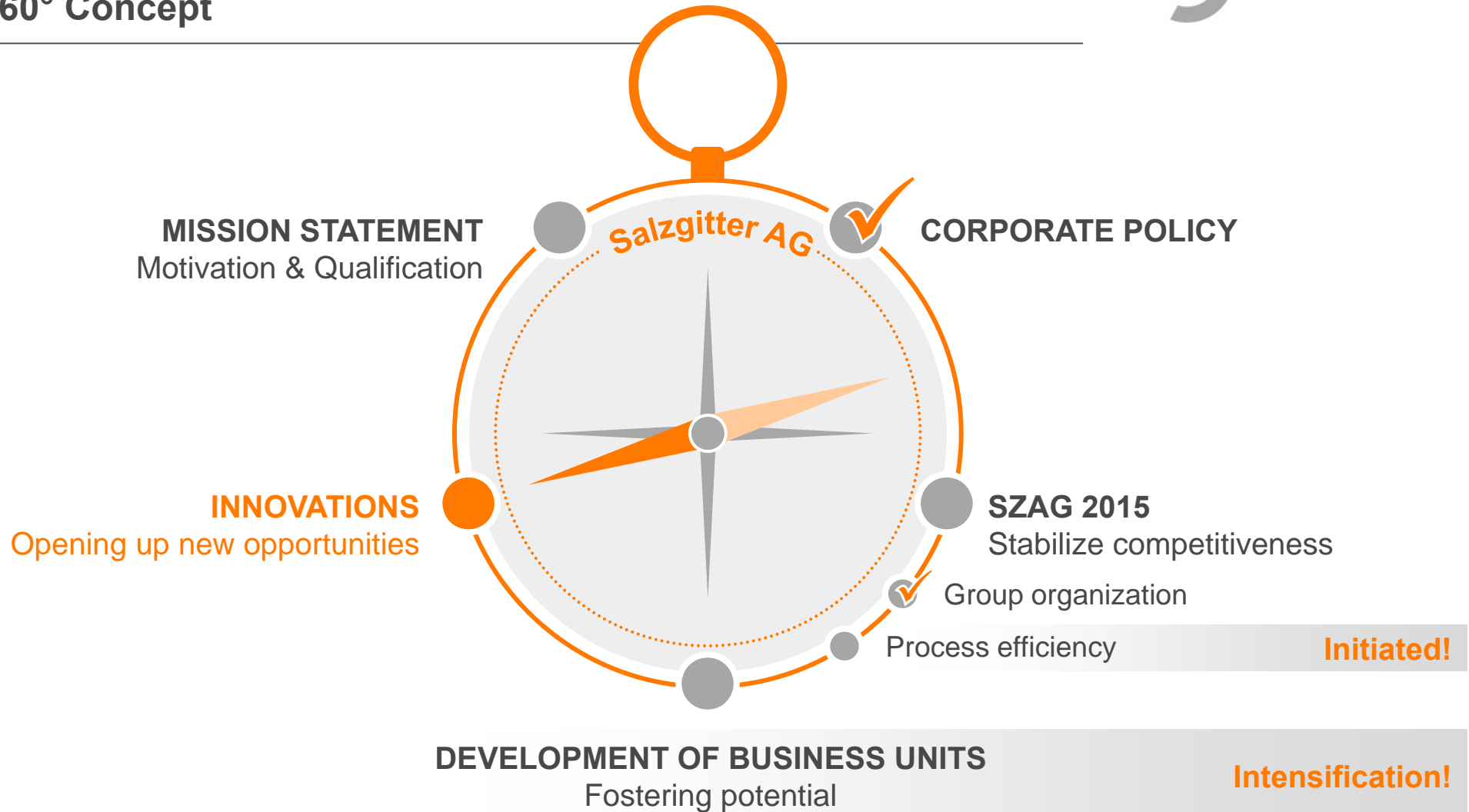
Fostering potential: example of "Automotive Performance"

The Salzgitter Group presented solutions for chassis, suspension and drivetrain under the motto of "Automotive Performance"



Customer drive with a consistent and convincing Group presentation

360° Concept

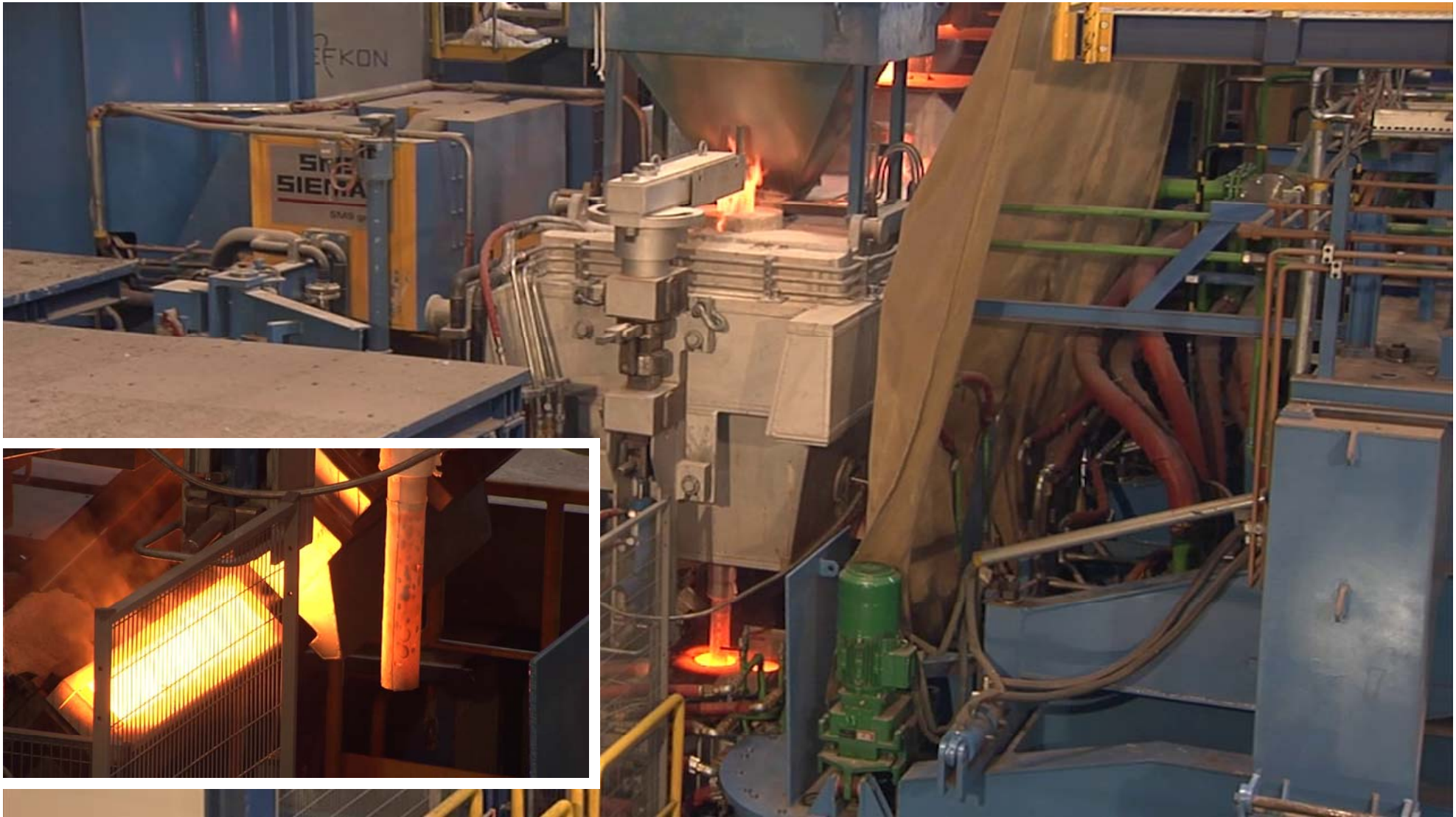


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Innovation: belt caster before casting commences



Innovation: belt caster – filling of the tundish



Innovation: belt caster – discharge



Innovation: belt caster – outlet



Innovation: new products of KHS

HERMES AWARD

Internationaler Technologiepreis
der HANNOVER MESSE –
Auszeichnung für Innovationen

7.–11. April 2014
Hannover • Germany

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Innoprint®:

Direct printing on PET bottles without
labelling materials

Nature MultiPack®:

New, patented procedures dispenses with
repackaging materials in the future

**NATURE
MULTI
PACK™**
POWERED BY KHS



Innoprint®: TOP 5 at the Hermes Award 2014!

360° Concept



New mission statement **YO**UNITED



**Success rests on our employees.
Our joint success is always also the
success each individual.
We express this with YOUNITED.**



”

I notice that I am appreciated – the company will also support me in my future plans.

*Dr. Daniela John, aged 33, Salzgitter Flachstahl GmbH,
Head of Competence Unit Process Development/Downstream*

”



”

You have to be motivated and want to get ahead – I would recommend applying to us any time!

*Julia Junge, aged 26, Salzgitter Flachstahl GmbH,
Training Instructor*

”



The Group is and will remain an attractive employer.

360° Concept

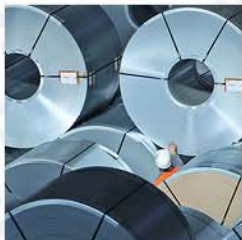




„AUF DIE HÖCHSTEN GIPFEL FÜHRT KEINE SEILBAHN.“

.....
„Auf die höchsten Gipfel führt
keine Seilbahn.“
.....

Reinhold Messner



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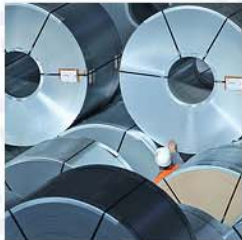


Salzgitter Group – guidance on May 15, 2014

Based on planning by the individual business units, and taking account of significant effects from measures as well as structural improvements from the "Salzgitter AG 2015" groupwide project, we assume the following in the year 2014:

- sales of almost € 10 billion ...
- ... a significant increase in the pre-tax result, approximating breakeven, compared with the financial year 2013 and ...
- ... another moderately positive return on capital employed.

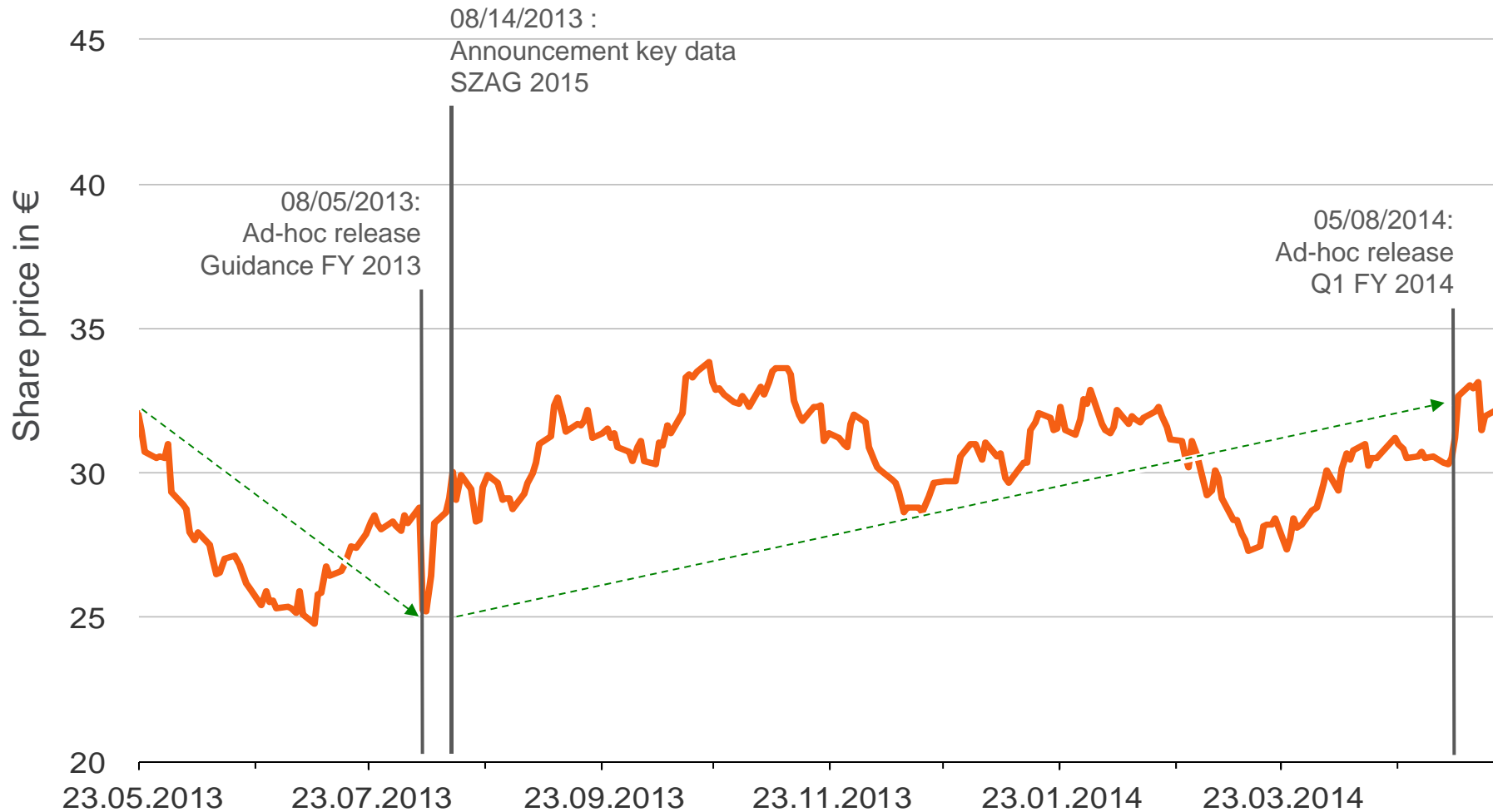
As in recent years, we make reference to the fact that opportunities and risks from currently unforeseeable trends in selling prices, input material prices and capacity level developments, as well as changes in the currency parity, may considerably affect performance in the course of the financial year 2014. The resulting fluctuation in the consolidated pre-tax result may, as current events show, be within a considerable range, either to the positive or to the negative. Moreover, the accuracy of the company's planning is restricted by the volatile cost of raw materials and shorter contractual durations, on the procurement as well as on the sales side.



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Annotations on the agenda – share price performance



Capital market rewards “Salzgitter AG 2015” program

Annotations to the agenda

Agenda items

2. Resolution on the appropriation of unappropriated retained earnings

Dividend for the Financial Year 2013

Shareholders receive € 0.20 per share*

• Dividend payment	€10,817,460.00
• Profit brought forward to new account	<u>€ 1,282,540.00</u>
• Annual net income	€ 12,100,000.00

3. Resolution on the Approval of Activities of the Members of the Board of Directors

4. Resolution on the Approval of Activities of the Members of the Supervisory Board

5. Appointing of the Auditor for the Annual Financial Statement for the Financial Year 2014

* Subject to approval by the Shareholders' Meeting on May 22, 2014



Annual Shareholders' Meeting of Salzgitter AG

**Prof. Dr.-Ing. Heinz Jörg Fuhrmann
Chairman of the Executive Board of Salzgitter AG**

Braunschweig, May 22, 2014