Presentation

by

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Chairman of the Executive Board of

of Salzgitter AG

on the occasion of

the Annual General Meeting of Shareholders on May 22, 2014,

in the City Hall of Braunschweig

- The spoken word takes precedence -

Slide 1

Dear Shareholders,

Ladies and Gentlemen,

On behalf of the Executive Board and all our employees may I welcome you warmly to today's General Meeting of the Shareholders of Salzgitter AG in Braunschweig.

We are delighted that so many of you were again able to attend today, thereby expressing your lively interest in our company.

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Without further ado, I would like to say up front that we closed the financial year 2013 with an extremely unsatisfactory result. At first glance, it may be somewhat surprising if I say in the same breath that there is no need for us to look back with remorse. We have not sat around twiddling our thumbs, waiting for general conditions to improve. No, indeed, we made good use of the time and set a great deal in motion.

This was the promise I made to you here a year ago and a promise we have kept!

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In actual fact, not much has changed in an environment that is challenging for a European steel and tubes producer with its focus here in Germany.

For the purpose of elucidating the factors that influence us, it is virtually indispensable to supplement the bare figures on our Group's performance in 2013 and in the first quarter of this year with an excursion into energy and environmental policies and examining their grave impact on our Group's competitive capabilities in the international arena.

This does not sound very encouraging – and indeed it isn't.

However, we will not allow ourselves to be discouraged. We are actively shaping our future against the backdrop of the comprehensive 360° Concept. This concept is underpinned by the "Salzgitter AG 2015" program. The changes approved under this program, with implementation under way since the fall of 2013, are the most profound that our Group has experienced for a very long time. The process has by no means been an easy one for those involved. It is all the more gratifying that we have the first tangible evidence of success and that this is positively influencing the outlook for further business developments in the financial year 2014.

Ladies and Gentlemen, I would like emphasize that our approach has nothing to do with being passive and waiting for rescue from outside. We have assumed our responsibility towards the company and its shareholders without hesitation, and we hold the helm firmly in our hands. In these endeavors, we are assisted by our company's still sound balance sheet and firm financial position.

Our intention is to guide our company into a sustainable and profitable future, despite the current circumstances. This is not a stroll in the park! Nonetheless, I am firmly convinced that we will succeed!
Because: we are capable of restructuring - something that we have now delivered proof of within a very short space of time.
Please be assured: We will not be resting on our laurels – this is an ongoing process, and we intend to take progress further!

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Ladies and Gentlemen, behind me you will see a number of representative newspaper cuttings taken from recent weeks. Their overall message is clear: the eurozone – that is the main sales market of our Group – is still in the throes of battling a severe economic crisis. Historically high levels of sovereign debt render it impossible to throw the switch of the good old formula of economic stimulus programs. Europe has to save, and Europe has to eliminate the growth stifling bureaucratic structures. This is incredibly difficult, and it is going to take time. Germany appears to be in a better position, ultimately also due to its still intact economic environment – but this it is not enough in itself.

Europe is surrounded on all sides by more dynamic activity. The development of numerous emerging countries, however, also harbors open or hidden risks. The verbally escalating Ukraine conflict is wide open, with outbreaks of local violence already a cause for concern.

This struggle not only bears relevance for our large-diameter pipes business but is also important due to this country's substantial steel capacities. After all, Ukraine produced 33 million tons in 2013 – a good three quarters of German output, almost all of which was exported, which does not contribute to the stability of our sales markets.

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One thing is patently clear to me: The real drama is hardly visible if one looks at one's direct, personal environment. Here in Germany we do indeed live on an island of economic prosperity, and island of the blissful, at least in material terms – as we had ascertained at last year's annual general meeting. We read about new production and profit records set by the automotive industry, burgeoning tax revenues, and the relatively encouraging labor market situation.

Here, you can see that our country's industrial production has meanwhile reattained the level of 2007, which was the year just before the financial crisis. Everybody knows that this is driven in particular by Germany's exports all over the world.

In other important EU countries, however, recovery has scarcely commenced. Industrial production in France and the UK, for instance, is a good 10 percent below the pre-crisis level. Italy reports levels that are only slightly higher than the trough of the catastrophic year 2009, while Spain is at an even lower level than this!

This time series is relevant to us for two reasons: firstly, around two thirds of the Group's sales are generated by business with customers in the European Union, including Germany. Secondly, southern European steel manufacturers are especially responsible for the unsatisfactory price developments of our products against the backdrop of exports within Europe. A marked recovery in industrial activity in their own core markets would no doubt be conducive to realizing the price increases so urgently needed in our domestic market. However, this day has not yet come. In the best case scenario, this could take another three years.

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The automotive sector which is very important to us is in a similar state: If we take the year 1993 as our starting point, only Germany and Spain have succeeded in raising production over the last 20 years.

In France, traditionally one of the world's top automotive manufacturing countries, vehicle production has almost halved, and in Italy it is only one third of the level of 20 years ago! All in all, vehicle production in the EU 15 has scarcely changed in comparison with 1993 – only the focus of activities has undergone a huge shift.

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European doldrums also prevail in the mechanical engineering sector. In recent months, the UK has overtaken Germany as the growth leader – although starting from a lower absolute basis. Both countries have seen production in the mechanical engineering sector almost back to pre-crisis levels again, while Europe's other large economies are still around one quarter below this level. Another shocking story in this context is a look at Italy, the country that has traditionally enjoyed a strong structure of small and mid-sized mechanical engineering companies.

One notch worse is the situation of the construction economy in southern Europe, where the word catastrophic would almost sound optimistic. Here we have a chart illustrating surface building permits that are relevant to the steel industry, including section producers such as ourselves.

Permits in Germany reached a level of 15 percent above the 2007 average, although this country traditionally uses a great deal of concrete in building. In comparison, France and the UK both report declines of one third below this level, while building activities in Greece and Spain have suffered a total collapse since 2008.

Since, considerable steel capacities were ramped up in Spain in connection with the country's real estate boom at the start of the millennium, and these new competitors are now desperately on the lookout for customers, this situation is particularly dire for us.

Take our Peiner Träger's domestic market of Germany that is the preferred sales region in Europe due to its relatively robust condition; PTG's results are also a logical consequence of the resulting fierce competition and price war.

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It is precisely this underlying trend that persists across the entire EU steel market. Looking at Germany alone, we do not have a problem with steel consumption since industrial production is running at a decidedly high level, as already described.

But, Ladies and Gentlemen: the fact is – and, so shortly before the European election, I don't really want to say "unfortunately" – we do not have an isolated or protected German market for our products. Instead, we are in the middle of a hotly contested market situation because the other neighboring EU steel markets have slumped to below 70 percent of the shipping volumes reported prior to the crisis.

As you can see, the annual market supply in the EU excluding Germany averaged 144 million tons over the period from 2002 to 2008! In 2013, 100 million tons of this amount were left over. The forecast for 2014 predicts that this figure is set to rise to 103 million tons. This means that, of the 44 million tons less taken up by demand, not even 10 percent will be made up for. Capacities that are virtually unchanged, and therefore underutilized, will be set in the context of this considerable contraction in market volume. This is the real situation in the EU round about us!

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Ladies and Gentlemen, it's only human that when seas are stormy, we will all be trying to somehow reach a safe haven.

Following the discussion in recent years about imports into the EU that are generally exported from countries outside the EU, the situation has changed dramatically. Today, we are in fierce competition in our home market with steel producers from even more distant European countries, many of whom are fighting for survival and are prepared to deliver to Germany or as far as Scandinavia at ruinous prices.

Looking to the East shows that the future may possibly require us to even extend our focus beyond Russia and Poland.

As I have stated, Ukraine with its 33 million tons in annual crude steel production belongs to the ten largest steel producing countries in the world! Ukraine itself, however, only consumes 6 million tons. The rest is exported, with a large part going to Russia in the past. Whether this will be continued is at least somewhat doubtful. The situation is compounded by the fact that, as from May, the EU unilaterally abolished 95 percent of customs duties on Ukrainian products. This also applies to steel products.

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All these factors are reflected in the price of steel. Here you see the price trend of selected products in Europe since the beginning of 2012. If we take an optimistic view, which is what we want to do despite everything, we could conclude that price erosion appears to have meanwhile largely come to a halt.

Naturally, this does nothing to change the fact that prices are still at a thoroughly unsatisfactory level and will probably be slow to recover, if at all. Ladies and Gentlemen, this is a direct consequence of the imbalance between supply and demand in Europe that I have just described.

In this context, not all product groups are in the same situation: strip steel has not done quite as badly as plate.

As the economy gains momentum – which seems to be the case at the moment – the general conditions for the steel market should gradually improve, and with it also the leeway for pricing. In addition, some producers such as ArcelorMittal and ourselves in Peine have begun to scale back capacities. All in all, however, this will not be sufficient in the short term to restore the balance in the market.

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Ladies and Gentlemen, I'm sure you will agree: <u>We</u> at Salzgitter AG are not responsible for these external circumstances, which are beyond our sphere of influence. Nevertheless, they are the determinants of the way <u>our</u> business has developed and therefore also of <u>our</u> consolidated results that, as I mentioned at the start, were extremely unsatisfactory in the financial year ended.

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Allow me to recapitulate on the key figures for 2013 once more:

From the outset I would like to mention that the annual financial statements as at December 31, 2013, of Salzgitter AG and of the Group were both approved without qualification by the independent auditor of your choice.

We have posted the Annual Report 2013 as an online version and for the purpose of downloading on our website; the printed version is also available and ready for collection in the foyer.

Now let us turn to the figures: The production of crude steel declined in the financial year, largely due to the 1 Million Ton concept introduced in Peine in the second half of 2013.

Consolidated sales dropped to € 9.2 million, pressured by lower average selling prices for many steel products and a downturn in shipment volumes of the Tubes and Trading divisions.

The pre-tax loss amounted to € 478 million. Along with the effects from the general environment that I have already described, this figure also includes a one-off impairment of € 185 million in the section business, as well as restructuring expenses of € 55 million.

The loss after taxes came in at € –490 million, which brings basic earnings per share to € –9.10.

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The annual result broken down by division was as follows:

The Steel Division booked an overall pre-tax loss of € 428 million, compared with a loss € 176 million in the previous year. These € 428 million also comprise a loss of more than € 290 million solely from Peiner Träger GmbH – incurred by non-recurrent effects as well as by operations.

Now, a look at Trading: In comparison with the majority of competitors, earnings of € 26 million were quite good, but nonetheless only one third of the previous year's figure.

We suffered immensely in Tubes as, over the course of 2013, the entire large-diameter pipes business, including the upstream plate mill in Mülheim, had virtually no orders once the Australian

Ichthys contract had been completed. The plight of Europe's economy and the instable situation in the Near and Middle East in conjunction with the shale gas boom in the USA resulted in virtually no new contracts being awarded – on a global scale! Dramatic capacity underutilization, above all of the EUROPIPE mills in Europe, was responsible for the loss of € 95 million. In addition, the precision tubes mills, with France leading the way, suffered from shortfalls in capacity utilization due to the slump in automotive production in that country.

The Technology Division lifted earnings before taxes to € 14 million, up from € 10 million. This marks good success, particularly when one considers that we had to absorb a high double-digit million loss as recently as 2011. KHS is therefore our first self-generated restructuring success within the Group and, in some respects, the blueprint for the groupwide program.

The result delivered by Other/Consolidation was reduced from € 37 million to breakeven. This development was especially attributable to our Aurubis investment that contributed a negative result for the first time, although this was largely for accounting reasons and less the result of operational factors.

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Indeed, a large part of the consolidated losses in the financial years 2012 and 2013 is concentrated on only a few companies in the steel and tubes business. This chart clearly illustrates the situation once more: Peiner Träger GmbH in the Steel Division and companies operating in the large-diameter pipes and precision tubes business exerted a particularly significant burden on the past year's consolidated result. These sources of loss have elicited our special attention, and will continue to do so. At this stage, I would once more like to elaborate on the results of Peiner Träger GmbH in order to explain the absolute necessity of the "Salzgitter AG 2015" program and how we are proceeding.

To put it in a nutshell: Peine's situation was dramatic, particularly when bearing in mind that 68 percent of the Group's loss was generated solely by this company in 2013.

I am moreover fairly convinced that almost any management consultant would have recommended shutting down the mill immediately in view of these conditions. This is precisely what we did not do. Instead we made a deliberate decision to meet our responsibility for the company, its employees and the location - meaning the city of Peine.

Supported by the Supervisory Board, the Group's Executive Board, the company's management, the employee representatives and IG Metall trade union agreed an extensive restructuring plan that was subsequently implemented. It has certainly been a painful process, but one, however, that has opened up fresh prospects.

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That brings me to our interim report on the first quarter of 2014 that was published last Thursday: Although we were still reporting a marginal loss for the Group of € 9 million, it is pleasing that "Salzgitter AG 2015" is bearing first fruits, in concrete figures rather than merely in words.

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Please note that the figures for the financial year 2013 have been restated to take account of the new corporate structure and of amendments to the consolidation methods applied to participating interests in accordance with current IFRS standards.

The Strip Steel Business Unit reported a slight increase in its pre-tax result on the back of a marginal upturn in the results of Salzgitter Flachstahl GmbH. Along with capacity utilization still running at healthy levels, this was also attributable to the downturn in the cost of raw materials.

The picture presented by the Plate/Section Steel Business Unit is disparate:
The combined plants of Ilsenburger Grobblech GmbH and Salzgitter Mannesmann Grobblech GmbH in Mülheim sustained a higher loss owing, on the one hand, and as already mentioned, to the ailing plate market and, on the other, to EUROPIPE's shortfall in capacity utilization.

Thanks first and foremost to the rigorous implementation of measures under the "Salzgitter AG 2015" program in the sections business, which resulted in Peiner Träger GmbH achieving breakeven, this area reported the most notable improvement of all business units expressed in absolute figures. The result nonetheless remained negative.

Trading's earnings before taxes did not match the previous year's figure largely due to pressure on margins.

The Energy Business Unit disclosed a pre-tax loss that was determined by the negative at-equity contribution of the EUROPIPE Group resulting primarily from the lack of orders in the European large-diameter mills.

By contrast, the Technology Business Unit increased its contribution. High capacity utilization, the very gratifying service business, and further success under the "Fit4Future" program at the KHS Group supported this positive trend. The KDE Group and KDS also contributed to raising profit.

Earnings before taxes generated by Other/Consolidation fell short of the year-earlier figure; it comprised income of € 8.2 million in total from the Aurubis investment.

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Ladies and Gentlemen, there is one aspect of this result that I am especially pleased with:

Both Peiner Träger GmbH and the precision tubes group reported breakeven in the first quarter of 2014.

Peine – please bear with us here – is particularly sensational as, despite the extremely high losses in recent years for a plant of this size, we nonetheless managed to achieve breakeven in the first quarter. Who would have thought that we would succeed in achieving this a year ago?

All who contributed to this result have reason to be proud - management, the workforce, as well as the Works Council and IG Metall. Other companies in similar situations have not even attempted such a thing. Naturally, a positive quarter – the first one since 2008 – does not mean that the site is home and dry. The market is too unstable. It does, however, signify a major step in this direction.

After a protracted, extremely problematic phase, the precision tubes group has also reached breakeven again. This is a significant success for this company with its international positioning that motivates us and affirms that we were right in pursuing this course - although we still have a long way to go.

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Ladies and Gentlemen, as you can see, we are doing our utmost to limit the consequences of the European steel crisis for our Group to the greatest extent possible and to return to delivering more satisfactory results.

Politics does not always make it easy for us. Before I turn to the measures of our 360° Concept, I would like to touch briefly on energy policies since, as you can well imagine, these issues are of vital importance for the survival of our Group.

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That politics does not always make things easy going does not apply to the steel industry alone! An event organized by the German Steel Association in front of the Reichstag sends a clear and succinct message:

If steel were to fall due to the cost of energy that distorts competition, it will take many other sectors of industry down with it – not only because our material is used in nearly every stage of the industrial value chain, but also because many other sectors of the processing industry in this country are also affected by the same burdens:

European, and most particularly German, companies have to absorb additional financial burdens that our foreign competitors are spared. At the same time, our domestic customers are understandably not prepared to reimburse us for the additional cost burdens from German and European energy and environmental policies! Our customers pay prices that are paid on the global market – and no more than that. That is the dilemma we face!

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On the occasion of the last Annual General Meeting of Shareholders, I showed you this slide. It shows calculations on energy cost savings that would accrue to the Salzgitter Group if we had American electricity and gas prices.

It includes the worst case scenario of an additional burden if the hardship clause under the German Renewable Energies Act were to be completely abolished.

Last, but not least, thanks to efforts made by the German government, particularly by the Federal Minister of Economics, this scenario has become less probable for Germany as an industrial location and in terms of preserving jobs in our country's industry in the future. May I make mention of the positive commitment of the state government of Lower Saxony. We ourselves have also participated within the limits of our possibilities and dedicated a considerable amount of time. The word "lobbying" always seems to have rather a negative ring about it, but may I say that, without this work, we might have gone under, our voice might possibly have been unheard and lost in the cacophony of such different interests, from producers of solar power fearful of losing the higher returns guaranteed by the government right through to companies that are similar to us. This is something that we could not and should not risk.

Nonetheless, we continue to struggle against considerable competitive disadvantages compared with industry outside Europe and partly even within the EU.

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This is something that not only Europe's leading economies are saying, as would be expected – indeed, no less than America's President Barrack Obama himself gave voice to the same opinion.

On visiting the ArcelorMittal plant in Cleveland, he emphasized only a few months ago that the energy costs of this American plant if it were to be located in Japan or Germany would be twice or even three times as much. He clearly stated that money saved in energy costs could be invested in facilities and personnel. This would boost the economy and create new jobs.

It therefore also came as no surprise when my colleague, Mr. Eder, head of Austria's Voestalpine, recently pointed out in the press the better fundamentals in the USA, that are not only due to due to economic trends. He said he could not only imagine building up new capacities outside Europe in the long term, but even withdrawing works capacities from Austria as well! "This is not a threat", he explained, "but simply an application of basic arithmatics to a global economic setting." Sadly, this is plausible.

Ladies and Gentlemen, we as Salzgitter AG are committed to Germany as a location. However, we need at least fair framework conditions permitting us to compete effectively on an international scale with our facilities and products.

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In recent times, industrial policy expertise and responsibility have gained more weight with regard to valuable, safe jobs. Although the burdens from energy policy that are the topic of current debate appear to be more easily absorbable than the scenarios formally aired, one thing is clear: under the new agreement, energy will become more expensive, not only for you and me as individuals, but also for your company, Salzgitter AG. The exact provisions on enactment in law, particularly concerning the German Renewable Energies Act, are currently not available. The risk that these costs, compounded by additional burdens from environmental policy that are practically unknown outside the EU, will amount to an aggregated double-digit million amount per year has not been banished. This would be virtually economically unviable, particularly in the middle of a sectoral crisis.

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What is particularly annoying about the situation is that we are already very good, indeed global leaders, in matters of energy efficiency and environmentally compatible production! We do not need any increase in the cost of energy artificially initiated by the politicians as a motivation to save because energy in Germany has always been relatively expensive!

As proof of this I will now show you a short video clip on the conferring of the "Energy Efficiency Awards 2013" by the German Energy Agency on our Salzgitter Flachstahl GmbH for its "excellence in raising energy efficiency in industry and manufacturing".

Film

Indeed, for us as individuals and also for our employees it is hard to understand why politics and public administration continue to throw spanners in the works time and time again.

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Animation

Let me summarize the factors that determine the business environment of our Group for you as our valued shareholders. Firstly, the economic situation of Europe with the resulting structural crisis in the steel industry is a formidable challenge in itself.

Secondly, the social standards in the steel industry are one of its greatest assets and most certainly worth preserving. However, at the same time, it must be recognized that they are far from being accorded the same priority in other parts of the world. The consequences are not only higher costs, which we have been able to compensate for the most part in the past by gaining an edge in terms of productivity and quality, but also fewer flexible adjustment mechanisms in market crises.

At the same time, there is a threat of additional burdens – presumably also driven by a certain skepticism towards industry by large sections of the population – emanating from European and German energy policies of which competitors outside Europe are blissfully unaware.

Ultimately, current events, such as the Ukraine crisis, may also have an effect.

The conclusion is obvious: no one is going to relieve us from the task of mastering our challenges. On the contrary, we can be glad if the company is not burdened by a stream of new duties and obligations. Consequently, we can only count on our help alone in dealing with the adverse influences of the market.

One thing is crystal clear: cost savings alone, accompanied by restructuring, is not going to be enough. Instead, we are striving to achieve an all-encompassing development for our Group.

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We call this the 360° Concept because it affects all aspects concerned with the Group's organization structure right through to our institutional values. At this point, I would like to explain the key points of this concept:

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It starts with our corporate policy and embraces the short-to medium-term development of our business units, alongside the "Salzgitter AG 2015" program, as well as new opportunities, also aligned to the long term, through innovation and a new mission statement as a medium of taking the cultural development of the company forward.

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The preservation of our independence is at the heart of our corporate policy – and its core, now and in the future. All decisions derived therefrom pursue the aim of optimizing the sustainable value of the Group and its companies for shareholders and for other stakeholders such as customers, suppliers and employees.

Similar to its predecessor, the new state government is also committed to its Salzgitter investment. What it doesn't want is a hangeron that lives at its expense. Moreover, it goes without saying that sufficient profitability is the basis for the existence of all entrepreneurial activity. Our profitability must remain above the average of our competitors in the medium to long term, as we want to be attractive to the capital market.

At the same time, we need to maintain our liquidity in order to continue to make use opportunities, as in the past, and not put ourselves in a vulnerable position.

We need to be swift and flexible at all times in adjusting to rapidly changing markets and conditions in the environment. We call this agility.

Our goal is to act professionally at all times, by which we mean the aspiration of our employees acting with the same degree of responsibility as they would if the company belonged to them.

Discipline means that we honor agreements, that we communicate, practice transparency, that we always see the big picture, keep an eye on it, and avoid each individual optimizing their area of competence in isolation.

Very important and a huge asset of our company is the topic of identity. The emotional bond and identification of our employees with their company are still very strong. We must and will foster this as a competitive advantage that we have over other companies.

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The reorganization measures and process efficiency boosting projects under the "Salzgitter AG 2015" project has meanwhile caused some unrest at times. They are, however, absolutely indispensable! We must consistently implement the program in order to stabilize our Group's competitiveness in the current environment.

This brings us to the topic of "Salzgitter AG 2015".

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Since January 1, a core component - meaning the new Group organization structure - has been effective. Today we can already see that the new organization structure is working especially well!

We have established a Group Management Board with five business unit managers each of whom heads up the newly defined business units formed from the former divisions. We took this as an opportunity of streamlining certain a number of things that were not quite optimal.

For instance, we have integrated the steel service centers that exclusively sell strip steel products into the Strip Steel Business Unit. This ensures that customers are served from one source and potential interface problems within the Group are avoided right from the start.

An important step was to combine the two plate companies in Ilsenburg and Mülheim that existed practically alongside one another and bring them under uniform management. This allows them to supplement one another: on the one hand, Ilsenburg traditionally delivers a wide range of sophisticated plate grades to various customer sectors, but is limited to plate widths of 3.5 meters due to plant technology. On the other, Mannesmann Grobblech is able to produce plate in widths of up to 4.8 meters but to date has operated almost exclusively as a supplier of plate for tubes. These two companies have served the markets jointly since January 1, 2014. This was also necessary to give fresh outlook to the plant in Mülheim that is suffering from a dismal large-diameter pipe market.

We have used the same approach of "similar products and uniform management" to set up the sections business with Peine and HSP. DEUMU Schrotthandelsgesellschaft as the most important "raw materials supplier" in the PTG value chain now also belongs here too.

To the exception of the reassignment of the heavy plate mill MGB to the Plate/Section Steel Business Unit, the Energy Business Unit is identical with the former Tubes Division. As described, Trading has relinquished the steel service centers to Strip Steel. Only "Technology" has remained as it was.

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At the same time, we introduced a new management structure and culture at Group management level.

From October 2014 onward, there will only be Executive Board remits within Salzgitter AG itself for cross-departmental functions of Personnel, Finance and chairing. The business units will be represented by a new board consisting of the five business unit managers, each of whom heads up a large subsidiary in their respective area. As a result, and this is its charm, the Group's top-level management will be even closer to operations. This clearly reflects an even stronger customer-and market orientation of the entire Group organization.

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The Strip Steel Business Unit will be represented by my colleague Ulrich Grethe at Board Management, Plate/Section Steel by Roger Schlim and Technology by Matthias Niemeyer. Gerd Schöler will take over from Heinz Groschke on October 1.

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The second core element of "Salzgitter AG 2015" is an ambitious and comprehensive program underpinned by 200 individual projects through which we intend to realize an annual profit improvement potential of more than €200 million.

It consists of three components:

Firstly, a reduction in personnel in excess of 1,500 full time jobs, representing savings of somewhat more than €90 million a year.

Secondly, optimizing technical processes in production which should yield € 70 million in annual cost savings potential. This component partly involves capital expenditure: The most significant is the pulverized coal injection plant for the two blast furnaces in Salzgitter that I will address once again somewhat later.

Thirdly, we want to generate around € 40 million in effects from other measures, for instance in the areas of procurement, logistics and IT.

More than half of the measures are likely to have been implemented by the end of 2014. The remainder are to be realized in 2015 and finally in 2016.

Incidentally, there is no closing date for good ideas and new measures, which would be something that we simply could not afford in our situation. Our endeavors to raise productivity, lower material costs and inventories, thereby optimizing the commitment of financial resources, will therefore be ongoing.

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This is what the pulverized coal injection plant will look like in a year's time: This facility is used for grinding, drying and injecting pulverized coal that will replace liquid reducing agents such as heavy fuel oil. It makes economic sense for us, as the price difference between coal and oil has meanwhile become so great that, based on current energy crisis, the amortization period for the units will be around two years. The annual savings potential therefore ranges in the higher double-digit million euro amount.

A few weeks ago, the new coking plant of HKM was also taken into operation. The investment of our joint venture in Duisburg is not part of "Salzgitter AG 2015" but will also help us in the core group, as it has been agreed that HKM will deliver surplus coking coal to the integrated steelworks of operating shareholders, i.e. ThyssenKrupp and ourselves.

This will enable us to replace expensive coking coal sourced externally partly by high quality coal produced in house, thereby realizing the resulting cost advantages.

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Ladies and Gentlemen, streamlining our processes and lowering our costs is one of our most important and urgent tasks that takes the highest priority. Just as certain is the fact that our opportunities are far from exhausted in the lowering of costs alone. I explained precisely this in an interview with our company magazine STIL at the end of 2013.

Only with the aid of an integrated, holistic concept will we shape the future of the Group. This is what we have done.

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Part of this process involves consistently developing our business units and building on existing potential. I would like to cite an example to illustrate this:

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In August last year, we presented our entire automotive competence across all companies, from Salzgitter Mannesmann Forschung, Salzgitter Flachstahl, Salzgitter Mannesmann Präzisrohrgruppe right through to hydroforming under the motto of "Automotive Performance" with an integrated and – I believe I can safely say – convincing presentation of the Group for our important customer Volkswagen.

This both technically and hierarchically high-level event elicited lively interest on the part of our customer's design engineers and Management. Here, you can see a number of quite familiar individuals at the Tech-Day that we arranged in Wolfsburg.

We organized another trade show at BMW, and at the end of the month we will be presenting to Ford and participating in the "Steels for Cars and Trucks" conference here in Braunschweig in

June. SCT is a trade fair for steel applications in automotive manufacturing.

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Of course, a prerequisite for this kind of participation is our ability to innovate. We have to offer our customers high quality solutions for their current and future tasks, which will allow us to open up new opportunities in the markets. Here too, words are followed by action.

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I would therefore like to go into detail by way of three examples: May I start with belt casting technology, or BCT for short, which I mentioned briefly last year.

This casting technology, jointly developed by us, the Clausthal University of Technology and world-class plant manufacturer SMS Siemag, not only enables the production of innovative steel materials but also allows for a particularly energy-conserving process. Furthermore, the new steel materials considerably reduce the weight of automotive parts, for instance, which contributes to lowering vehicle energy consumption.

The picture shows the centerpiece of the facilities, the casting machine. A ladle filled with around 70 tons of molten steel hangs from a crane and has been brought into pouring position.

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The molten mass first runs vertically through a tundish into the feeding system below and from there horizontally through a one-meter wide casting nozzle onto the caster belt.

Here the molten steel is solidifying. This is how cast strip that is around 1000 mm wide and 15 mm thick is made, with casting speeds of 10 to 30 meters per minute.

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The cast strip is then passed through a temperature equalization line and is continuously extracted from the machine.

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Flying shears then cut it into nine-meter long blanks that move along the exit roller table and are stacked in transport pallets. The transport pallets, which can carry up to 35 slabs, are transported by rail to the associated BCT hot strip mill in Salzgitter and rolled there into hot strip of thicknesses between 2.5 and 5.0 millimeters. The next step is to form hot rolled coils with weights of up to 16 tons for further processing. The spatial separation of the casting and rolling process is evidence of a pilot nature of the plant. On an industrial scale level, these production steps would be integrated.

Ladies and Gentlemen, to avoid any misunderstandings: This promising product and process development that is still at an early stage is not the solution to today's problems. Nonetheless, innovation is important if we are to exist tomorrow as well!

Slide 43

Valued Shareholders, steel is not the only business where we are innovative: In recent months, KHS has also presented two new extremely interesting products which feature in a film I would now like to show you.

MultiPack film

As you can see, an important aspect of this machine – in addition to its cost efficiency - is its contribution to conserving resources.

We have calculated that a MultiPack machine with 36,000 bottles an hour can save 264 tons of packaging or, to put it another way, the weight of around 200 VW Golfs, in packaging material a year.

A second example is the new Innoprint machinery: this enables labels to be directly printed on PET bottles, thereby dispensing with labeling material. Assuming a throughput of 25,000 bottles an hour, this saves around 42 tons of paper a year, which corresponds to 253 football pitches covered with labels. You could use this technology to print the current football league table for marketing purposes on bottles on the very same day. This innovation opens up completely new possibilities for our customers in the consumer goods segment.

The Innoprint technology has recently been nominated among the Top 5 of the "Hermes Awards 2014", one of Germany's most celebrated innovation prizes. This is a demonstration of the acknowledgement our innovation strength is meeting with.

Slide 44

Ladies and Gentlemen, our manifold activities and the major plans for the Group can only succeed if we have the support of a highly qualified and motivated workforce. With this in mind, we have developed a new corporate mission statement that lays down guidelines and game rules for our work together.

Slide 45

The new mission statement follows a the simple insight – so difficult to live in everyday life – that our common success is and always should be the success of each individual.

We have chosen YOUNITED as a motto that aptly reflects this philosophy.

It consist of "You", expressing the importance of the individual; at the same time, success can generally only come about if one is "united", i.e. joins forces.

Incidentally, this message and the associated values did not come from the Executive Board or its consultants, in other words, it was not prescribed from above. Instead, it was actually developed in two workshops, each consisting of 300 participants from all business units, i.e. bottom up.

And what could be a better litmus test for the suitability of the new corporate mission than juxtaposing the values resulting from the workshops that you see in the upper left of the picture with the principles according with our new understanding of management from "Salzgitter AG 2015". It is striking to acknowledge that two processes that took place independent from one another have resulted in an emphasis of the same principles of our new corporate culture.

We have not yet done full justice to each of these aspirations. We are, however, ready and willing for change: the way is the goal. The Executive Board is not alone here. This is why we have a sound basis, with our shared values, for committing to ambitious goals with determination.

Slide 46

As you can see, our younger colleagues also feel the same way. This means that we are – and remain – an attractive employer for promising junior staff with potential. This is very, very important.

Slide 47

Dear Shareholders, I conclude our look at our 360° Concept from all sides. I am not embellishing anything – you see, we are on the move in addressing all relevant aspects and preparing ourselves for a sustainable future with this holistic, integrated concept.

Slide 48

As I mentioned before, this is no walk in the park. A quote taken from Reinhold Messner that we have deliberately used for the picture story of our annual report 2013 is fitting here. As you can see, we have already reached the first base camp with our most recent results.

Slide 49

This prompts the question of how things will continue in the financial year 2014?

One thing should be clear: guidance on the development of the macroeconomic situation is already fundamentally subject to a great deal of uncertainty, particularly in the current environment prevailing in Europe

In addition and as I have already mentioned, the impact on performance of European and German energy and climate policies is also currently still difficult to predict.

We currently anticipate that performance will remain difficult in the strip steel business, with an improved but nonetheless still negative pre-tax result.

Compared with 2013, the Plate/Section Steel Business Unit predicts a considerably reduced pre-tax loss. Whereas the sections business should make a significant contribution thanks to the measures initiated, the business climate for plate remains downbeat.

A fundamental market recovery in 2014 is not yet anticipated for the Energy Business Unit either. With the start to the production of the major South Stream order that, despite all the fuss, has been processed professionally and in line with schedule right up until today, a basic capacity utilization has been secured for EUROPIPE GmbH's Mülheim site through to the year 2015. All in all, we anticipate a marked increase in earnings before taxes for the business unit.

Against the backdrop of the moderate price level, the results of Trading are likely to fall short of the previous year's level.

By contrast, the Technology Business Unit expects to raise profit considerably.

Slide 50

Overall, we anticipate external sales of almost €10 billion for the Group in the financial year 2014, a significant increase in pre-tax result close to breakeven compared with 2013, and another moderately positive return on capital employed. This would be a major step forward.

Slide 51

To conclude, Ladies and Gentlemen, some explanations on the Agenda:

Slide 52

Despite the losses incurred in the financial year 2013, your company is well-positioned.

Since the release of key data on the "Salzgitter AG 2015" program, our share price has developed well. The capital markets have duly acknowledged our initiative and our endeavors. This is reflected in the share price performance.

The measures introduced as part of the 360° Concept are increasingly taking hold, and the innovation capabilities of the Salzgitter Group demonstrate perspectives that need to be realized step-by-step from now onwards.

Slide 53

We are confidently looking ahead to the future of our Group. For this reason, under Agenda Item 2 we propose dividend distribution of 20 cents a share to the Annual General Meeting of Shareholders – even though we did not really earn this in the financial year ended.

As the company currently holds 10 percent of the total 60,097,000 shares issued, in other words 6,009,700 shares, and in view of the fact that these shares do not therefore qualify for dividend, the remaining dividend-bearing shares amount to 54,087,300.

In the invitation to the Annual General Meeting of Shareholders we already announced that the proposal put forward for decision would be adjusted to this figure, with dividend distribution per share unchanged. Distribution therefore amounts to € 10,817,460 in total.

Accordingly, the Executive Board and the Supervisory Board propose to use the unappropriated retained earnings of € 12,100,000 from the financial year 2013 as follows:

Dividend payout total	€ 10,817,460
The remaining amount, namely	€ 1,282,540
is to be carried forward to new account	

The proposals regarding Agenda Items 3 and 4 – discharge of the Executive Board and the Supervisory Board – need no explanation.

Under Item 5 of the Agenda, the Supervisory Board puts forward a proposal for mandating Wirtschaftsprüfungsgesellschaft PricewaterhouseCoopers AG as the independent auditor for the financial year 2014. The company has proven to be a competent and critical auditor in the view of the Supervisory Board as well.

Slide 54

So much for my explanations on the proposed resolutions under the Agenda. Ladies and Gentlemen, on behalf of the Executive Board and the Supervisory Board may I kindly request you to approve all the proposed resolutions.

Thank you and, as we say in German, "Glückauf" – good luck!