Presentation

of

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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 24, 2018

in the City Hall of Braunschweig

- The spoken word takes precedence -

----------Chart 1----------

Valued Shareholders,

Ladies and Gentlemen,

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

I am delighted to see so many of you were able to come this year as well and thank you for your decision to invest in us, which we take as an expression of your trust in our work.

----------Chart 2----------

Ladies and Gentlemen,

Today’s Annual General Meeting is a special one: Next week marks the 20th anniversary of your and our company’s stock listing. I think that, despite the reticence so typical of us north Germans, it is therefore appropriate to begin my presentation by

taking brief stock of the past two decades before we turn our attention to the most recent events.

----------Chart 3----------

In the spring of 1998, we were faced in no uncertain terms by the question of whether we wanted to be part of a larger group or take the path to independence. At the time, we went by the name of “Preussag Stahl AG” and were a 99.8 percent-owned subsidiary of the Hanover-based conglomerate Preussag.

The senior executives of Preussag and Preussag Stahl agreed to float the subsidiary on the stock exchange, as Preussag was intending to transform from a conglomerate into a logistics and tourism group.

Just as preparations for the stock market listing, also with myself participating, were in full swing, the news broke that Preussag had sold us to a competitor in a cloak-and-dagger operation.

Then something happened that was inconceivable for some and which I personally thought was a thing of marvel: the then Executive Board of the steel division, with my pre- predecessor Hans Joachim Selenz at the helm, rejected this underhand deal outright – thereby displaying a great deal of courage!

The same courage was also shown by acting Minister President Gerhard Schröder who wanted to safeguard our company together with its many thousand jobs and prevent it from becoming a dependent subsidiary of a foreign competitor.

At the time, a national daily newspaper summarized these musings as follows: “The whole world is striving for size and globalization, for co-operation and mergers – but Salzgitter AG is going the exact different way.” The date needs to be looked at to make sure that the article appeared in 1998 and not in 2018.

As a result, the Federal State of Lower Saxony and Norddeutsche Landesbank, whose former CEO Juergen Kösters also appears in the photo, bought Preussag AG's steel business for a good one billion deutschmarks with the aim of floating it with the majority of its shares as an independent company on the stock exchange.

Occasionally I meet Gerhard Schröder, our former Minister President, who recalls this procedure with pleasure – also because he well remembers that his decisive and equally unconventional action that brought him a great deal of criticism at the time, not only from ordoliberal people but also from many others outside this group, proved to be the right path in the end.

The most important prerequisite for the gamble back then was – and still is – the strong identification of our workforce with their company. Similarly, part of this is the important realization that we need to be better than the merging competition. Not much has changed there over time.

----------Chart 4----------

Valued Shareholders,

That today on the 20th anniversary of our public offering we can look back on a very successful financial year 2017 was anything but to be taken for granted in the initial phase and after the first listing of our share on June 2, 1998.

The title of “No easy start” is a great euphemism, more because of what we had to deal with in a wide swath of media than because of an economy in steep decline over the course of the second half of 1998. Even Lower Saxony’s Greens, who are otherwise not so keen on championing shareholder value, were allegedly concerned about the Salzgitter share’s price performance.

This barrage, purportedly also caused within the ranks of our then parent company, hit home hard; the motivation and the

determination of our employees and naturally also of management were tested to the extreme.

----------Chart 5----------

The “Frankfurter Allgemeine Zeitung” therefore wrote the following in February 1999 under the title of “Salzgitter Sale, Act II”: “Michael Frenzel knew it all along. The Chief Executive Officer of Preussag, Salzgitter Stahl’s former parent company, was always disinclined to believe in the permanent independent existence of Germany’s second largest steel producer ...” and concluded with this statement: “The case of Salzgitter is a long way off from a shining example of Gerhard Schröder’s modern economic policy.

Today, an article in this vein might elicit a smile or two, but it was a very serious matter back then as we had practically no testimonials we could produce except our absolute determination to survive and our commitment to independence.

----------Chart 6----------

Ten years on – years which we first had to ride out – things were somewhat different:

What was it that happened?

We evidently put the freedom of our independence to the best use. The acquisition of Mannesmannröhren-Werke in May 2000, initiated by Wolfgang Leese, my direct predecessor, laid the foundation not only for our diversification but also for today's sound balance sheet and financial stability

Advancing to join the MDAX – which happened in 2001 – was followed in 2004 by a steel boom not seen for decades, triggered by China's industrialization. Over the course of this boom, Salzgitter AG reached the one billion euro threshold in market capitalization in 2005.

Nevertheless, and contrary to some of our competitors, we resisted the pressure from the capital market to build up new steel

capacities and went against the mainstream by investing in modernization and diversification instead.

The acquisition of Klöckner-Werke AG in 2007 enabled us to strengthen the second pillar of our “Steel and Technology” brand. A year later we forged ahead by ramping up our investment in Norddeutsche Affinerie, Europe’s largest copper producer that goes by the name of Aurubis AG today. This signified the further diversification of the company, and also met with capital market criticism.

----------Chart 7----------

Yes indeed, and so the “Neue Presse” presumed on March 9, 2007: “Michael Frenzel is possibly gnashing his teeth with annoyance.” Why? Because, nine years ago when he was already boss of Preussag, TUI’s predecessor, he flogged off the steel division of this group. This division is independent today. Its name is Salzgitter AG, and for many years it has been exactly what TUI desperately needs: a profit machine worth billions.”

And what was that again about Gerhard Schröder's economic policy?

A particularly positive, stabilizing and motivating role was also played by our Supervisory Board back then, first chaired by the now sadly deceased Dr. Wilfried Lochte, and then by Rainer Thieme.

----------Chart 8----------

Following the shock reverberations of Lehman's collapse and the global financial market crisis, demand initially recovered in 2010 and 2011 up until the point when it came to a massive structural imbalance ultimately also in the European steel market. We responded to this with decisiveness and launched the extensive "Salzgitter AG 2015" program of measures in 2013.

Of the original plan to achieve profit improvement potential of more than € 200 million, we had de facto realized € 260 million by

the end of the program, which is a third more than originally envisaged. An important component of this program was the new group structure that focused more strongly than before on customer and market requirements. This structure took effect in 2014.

We did not, however, rest on this evident success but maintained the pace that we had set. In 2016, we therefore approved the new “SZAG 2021” corporate strategy that, along with enhancing efficiency further, focused on growth.

All in all, we can now say that we have realized a good half a billion euros worth of sustainable profit effects since 2012. This time the press is more favorably disposed toward us and acknowledges that we have consistently done our homework.

And today there is no a soul who doubts that we have achieved success while creating a sound basis through our own endeavors, and that we are therefore able to exist in a state of independence.

I would, however, like to emphasize: We have not withdrawn into our shell nor are we generally against cooperations. Accordingly, we work together with competitors, for instance with Hüttenwerken Krupp Mannesmann and EUROPIPE. It is just that any cooperation with another company must be able to take us forward. That, Ladies and Gentlemen, is the key criterion!

----------Chart 9----------

Valued Shareholders, there would be a great deal more to report here. But sometimes a few figures say more than many words.

Let us take a look at what your company has achieved over the past twenty years purely through its own endeavors:

Compared with the year of our listing, sales have trebled from 3.2 billion to nine billion euros.

The Group's core workforce has doubled, even though a good share of our group activities does not take place in business lines that can generate quantitative growth in their own right. Some businesses in steel and tubes production that existed within other groups and also with us twenty years ago – take HSP for instance – are no longer around. The fact that our employee numbers grew so strongly over this period is therefore not something to be taken for granted.

We have more than quadrupled equity, and this without any external capital increases. As far as the Group's expansion is concerned, we have always sought to maintain a balance between expansion and a sound basis, which is quite simply what the volatile steel business demands. And we have evidently found it. An equity ratio of 36 percent both today and twenty years ago is proof of this.

I personally place great importance on having this balance as you can run into trouble or even keel over if you don’t have a sound basis. The misplaced ambition of executive or supervisory board members can be very dangerous here.

Our stock market capitalization has likewise more than quadrupled, and the share price has risen from just under ten euros at the end of 1998 to over 45 euros today, with dividends that have amortized the purchase price back then within a space of only ten years.

The overall return for a shareholder who has hung on to his or her Salzgitter share since our IPO comes to 425 percent, including dividend payouts, which works out at 7.5 percent per year.

Ladies and Gentlemen, I believe that in all modesty this is point where we can say: That’s quite a record!

It’s also quite a record because we have always communicated openly that we do not exclusively pursue shareholder value but that we are a stakeholder oriented company.

Nevertheless, or perhaps because of this, we have been successful in creating considerably more shareholder value than some companies which have exclusively espoused this principle.

Thanks for this goes to the many who have traveled the path with us in the past twenty years while demonstrating farsightedness and courage.

Here I would like to give a special mention to the federal state government of Lower Saxony and its minister presidents all of whom, starting with Gerhard Schröder, were committed to an independent Salzgitter AG; similarly to the chairmen and members of the Supervisory Board, my predecessors Hans-

Joachim Selenz, Günter Geisler and Wolfgang Leese, as well as the managers and employees of the Salzgitter Group.

And first and foremost, also to you yourselves as our valued shareholders. Without your trust and your loyalty, especially in the challenging years, this success story would most certainly not have been possible.

----------Chart 10----------

Ladies and Gentlemen,

Following on from a look at the last twenty, occasionally turbulent, but nevertheless very successful years overall, I would like to turn to the current environment and market conditions.

In the third part of my presentation I will explain the results of the financial year 2017 and those of the first quarter of 2018.

The fourth part is dedicated to the progress of our "Salzgitter 2021" corporate strategy, also illustrated by a number of topical projects.

And finally I will give you a few explanations on the Agenda.

----------Chart 11----------

Ladies and Gentlemen, the economic situation in Europe's large economies has presented an all too familiar picture for many years now:

Germany's industrial production has recovered swiftly following the financial market crisis and is currently running at around ten percent above the level seen at the start of 2007, the last year before the financial crisis.

The other large European economies are also recovering but have not yet reached their pre-crisis status. France and the UK have meanwhile inched closer to the starting point, as opposed to

Italy and Spain that have only clawed back about half the contraction of 2009.

The gradual economic recovery of Europe therefore continues to progress but can be described more as moderate.

----------Chart 12----------

By contrast, the important raw material prices that are by their nature critical for the profitability of a steel producer displayed a great deal of volatility in 2017, as well as in the first few months of the current year.

How pronounced the fluctuations are becomes clear if one looks at the price of coking coal, for instance, that started at a price level of 230 dollars per ton and then initially plunged at the turn of the year 2016/2017 to below 150 dollars, only to then double to 300 dollars, collapse again and close the year 2017 at 260 dollars.

The volatility of the prices of iron ore and scrap were not as impressive when expressed in figures but were nevertheless considerable.

Price trends of this kind harbor significant risks, not only for the reliability of forecasts of business and earnings. They may, however, also open up opportunities provided one buys at a favorable point in time or operates price hedging, which one needs to be able to afford.

Ladies and Gentlemen, as you may know, the Salzgitter Group has used so-called hedging instruments to hedge raw materials costs in its project and longer-term business since the practice of annual contracts ceased. These measures had a positive effect once again in the reporting year 2017.

----------Chart 13----------

The similarly volatile trend of steel prices not only reflected macroeconomic developments but also, and above all, the realities of trade policies.

In Europe, Chinese imports continued to decline primarily due to the urgently necessary trade defense measures implemented by the EU in 2016. This did not, however, result in reducing overall imports into the EU – no, quite the contrary.

Instead of benefiting European producers' capacity utilization, the gap left by the Chinese was immediately filled by producers from other countries. India and Turkey in particular dramatically increased their import volumes.

All in all, the imports of finished steel products into the European Union have risen by just under one third in the period between

2014 and the first quarter of 2018 and, compared with 2012, they have even doubled to hit a new record level!

The EU sees itself committed to free trade and only adopts trade defense measures that are urgently necessary while being generally moderate.

The US stands in stark contrast to this. As you and I know all too well, it is not slow to protect its economy and does not shrink from drastic measures to avert real, assumed or perceived threats.

The effects of this, Valued Shareholders, are visible in the steel price trend. If the prices in America were applied to our home market, I would not be standing here today reporting on the most successful financial year since the financial market crisis but probably the best in our company's history.

Given around the same cost for steel production in the US and what we have here, and assuming five million tons of steel sold a year from an integrated steel production, this would signify an annual result for Salzgitter AG of more than one billion euros based on a US selling price that is approximately € 200 higher per ton.

Seen in isolation, i.e. for the individual company, this is at first glance a very tempting scenario. Payment would then naturally have to made further down the value chain, meaning ultimately by the consumer.

----------Chart 14----------

The import flows are, however, merely a symptom of global excess capacities. These excesses are still on the rise in most regions, partly for strategic reasons and partly due to downstream effects since with new steelworks several years generally elapse between an irreversible decision to invest and actual commissioning.

The EU is the only region that has systematically trimmed its unused capacities to a considerable extent following the financial crisis.

China, by far the world's largest steel producer, has also now begun to scale back its excess supplies.

Part of the capacity reduction, however, is due to statistical effects and the healthy economy. Net reduction in China is therefore likely to have been lower.

The structures in China that distort the market persist, and following the first visible successes, the process of adjusting the supply is now slowing.

Furthermore, we should not forget that surplus capacity of 200 million tons has been predicted in China for 2020 – or, to put it

another way, virtually the installed volume of the entire European steel industry. The fundamental problem is therefore a long way off from being solved.

In other regions of the world, underutilization is quite simply not yet on the agenda. Take India, for instance, that aims to be fielding steel capacity of over 300 million tons by 2030. At present, capacity stands at 125 million tons a year. And the Ukraine that, as a single country, meanwhile has more unused production capacity than the entire European Union with its 28 Member States!

----------Chart 15----------

One of the main reasons behind this development is a consideration that American President Donald Trump caught the essence of a few weeks ago in 140 characters in Twitter: If you don’t have steel, you don’t have a country.

He is certainly right there!

Valued Shareholders, steel is more than just a symbol. Along with the availability of energy, water and food, it is the main element that is decisive for whether an industrialized country can operate autonomously or not. And this also applies in the age of digitalization and Industry 4.0.

The claim is patently backed up if we consider that no less than 40 percent of all global trade defense measures affect steel products.

The United States is currently leading the way here and, at the start of the year, introduced another slew of even more drastic trade defense measures, this time arguing that imports damage local steel production and therefore pose threat to national security.

The greatest challenge for Salzgitter AG from these new duties on steel imports from virtually every country resides a great deal more in the risk of trade flows being redirected rather than in the burden placed on European products. Material that has so far been delivered to the US could now find its way to Europe and damage the market that has just recovered a little.

Extreme caution is required as far as Europe's policy makers are concerned, also because protectionist measures from the US have meanwhile also been deployed not only to protect its home market but also to implement political agendas as well as to promote its own economic interests abroad.

We need to repeatedly ask the question while remaining unemotional: "cui bono?" – who reaps the benefit of all this?

Ladies and Gentlemen, if there is no steel industry there is no industrialized country.

Donald Trump has come to this conclusion, and it remains to be hoped that the European Commission and the governments of the Member States also see it this way.

----------Chart 16----------

A political domain in which opinions in Europe diverge significantly from those in the US concern energy and environmental policies.

At this point, one comment: That the EU is keen to take a pioneering role especially in the field of climate protection pertains not only in relation to the US – other competitor regions with steel production that are relevant to us also have far less of a burden to bear than we do, even more than twenty years down the line from the climate protection debate.

It is the will of the EU Commission that emissions trading should remain the key instrument of European climate protection endeavors in the industrial arena. And this instrument with its meanwhile very stringent reduction targets and the resulting steadily rising costs for companies so far only applies in this form to us.

Other regions are trying this or that or are simply flatly refusing. The level playing field that we as an industry competing on an international scale need is indeed quite a different one.

----------Chart 17----------

In complete contrast to the measures of trade and domestic policies designed to support domestic industry in the US and also in China, we see ourselves exposed to the well-intended but largely uncoordinated maneuvers from Brussels and Berlin.

Ladies and Gentlemen, the lack of medium- and long-term reliability in legal and investment terms poses a latent threat to our existence. For instance, in the more recent past, the threat to us emanated above all from the evaluation of the “producer’s privilege” (Eigenstromprivileg) under the German Renewable Energies Act (EEG) and the outlook in European emission trading from 2021 onward.

As part of the EEG debate, it was assessed whether electricity generated in our own, ultramodern power plant from the cogeneration gases that are an inevitable byproduct of steel production should be subject to the same treatment in terms of additional levies as if we were to source electricity from third parties.

We quite simply would not have been able to absorb the additional burden of our own power generation. As a result of intensive lobbying, the former regulation, and therefore jobs in

Salzgitter, has been retained; at least until the topic is rediscovered by some misdirected superhero.

A note on emission trading: Following the so-called trialog at European level, the respective directive has now been approved for the period 2021/30. At least a few improvements compared with the original proposal of the EU Commission from the summer of 2015 were achieved with the aid of the European Parliament. However, one thing is also clear: Considerable additional costs are coming our way.

It is indeed strange: On the one hand, policymakers want our endeavors based on research, development and implementation to deliver steelmaking methods that produce less CO_2 emissions. This is no mean feat, as we are already pushing the boundaries of what is scientifically and technically possible with the steel production methods deployed worldwide today in order to reduce emissions – and this is something that not even political will can change.

On the other, the money we need to even start pursuing other alternatives is being taken away from us through emissions trading. Perhaps this is a policy that believes, with a touch of cynicism, that necessity is the mother of invention.

We do not, however, always have to look as far as Brussels. There is discrimination in our domestic environment well: Depending on the power supply zone of individual locations, there is a huge variation in the grid transmission charges to be paid. And this has very real effects: Our Peine mini mill is unfortunately located in the most expensive zone, managed by the grid operator TenneT. The reason given for the grid transmission charge levels is that particularly high grid stabilization costs have been incurred here in connection with Germany's renewable energies policy. If the mill was situated just a little more to the west, we would be paying quite a few millions less every year.

With our active political cooperation, the government of Lower Saxony has been successful in ensuring that these transmission

network charges will be harmonized throughout the country at least by 2023. But we have no illusions: With progress made in implementing Germany's renewable energy policy, the costs relating to grid expansion issued are set to increase. The need of energy-intensive enterprises in Germany for a cap on these costs is therefore all the more urgent.

Valued Shareholders, you can rest assured: We will need to be keeping a very close eye on the topic of energy and environmental policy as well! We will otherwise be sacrificed on the altar of symbolic politics without this benefiting the global climate or world peace in any way whatsoever. Dealing with this matter is not a hobby that my colleagues or I have chosen – it is born of necessity.

----------Chart 18----------

Ladies and Gentlemen, we would much prefer to focus on what is now to follow.

Let us now turn to the results of the financial year 2017 and of the first quarter of 2018.

----------Chart 19----------

There can be no doubt that the financial year 2017 was a success: At € 238 million, we have generated the highest pre-tax profit since the financial market crisis in 2009.

This success is not only due to the improved situation of the steel market, particularly in the strip steel business. It is above all a well-earned reward for our own endeavors and evidences the effectiveness of the structural changes and programs of measures implemented since 2012. Over the past year alone, we realized another € 100 million in sustainable profit improvement potential. In addition, we have launched ground-breaking

investment projects as part of the “Salzgitter AG 2021” growth strategy.

Our net financial position that has risen compared with the previous year and an equity ratio of 36 percent represent the hallmarks of the comfortable financial basis and sound balance sheet of the Salzgitter Group.

Dear Shareholders, we propose a dividend of € 0.45 per share for the financial year 2017. This equates to an increase of 50 percent compared with 2016.

Ultimately, the gratifying development of the Salzgitter Group in the reporting year was also reflected in the share price that significantly outperformed the DAX and MDAX again in 2017, with an increase of more than 40 percent.

----------Chart 20----------

Let us now look at the key data:

Crude steel output rose by 150 thousand tons to almost 7 million tons. This growth was not down to Salzgitter Flachstahl or Peiner Träger, but was due to Hüttenwerke Krupp Mannesmann based in Duisburg, whose production increased compared with the previous year that was impacted by a blast furnace relining.

External sales advanced to nine billion euros primarily on the back of the upturn in the selling prices of steel products. More important is naturally the pre-tax profit that marked the fourth increase in direct succession.

The measures in connection with the “FitStructure” and “Salzgitter AG 2021” programs also made a decisive contribution to the outstanding results of the Strip Steel and Trading business units.

With an after-tax profit of € 194 million, the tax rate amounts to around 19 percent. This low figure is due, on the one hand, to the fact that our pre-tax result includes a contribution to profit by Aurubis AG, an investment accounted for at equity, that had

already been taxed at source and is tax exempt for us. On the other, deferred taxes on tax loss carryforwards had to be remeasured owing to the positive business prospects.

Calculations result in earnings per share of €3.52 and a return on capital employed that has trebled compared with 2016. The number of employees has remained stable.
How is this profit distributed between the individual business units?

----------Chart 21----------

As I have already mentioned: The excellent result of the Strip Steel Business Unit was a major driver. With earnings before taxes that came in at € 182 million, the segment raised its result considerably, due above all to improved selling prices. A counter trend, nevertheless, emanated from higher raw materials prices, especially for coking coal.

The Plate / Section Steel Business Unit closed the year with earnings before taxes of €–58 million. Along with the release of contract-related provisions, the result was also impacted by impairment of € 49 million at Salzgitter Mannesmann Grobblech as a sort of precautionary measure. In operational terms, the heavy plate companies significantly pared back their losses, while Peiner Träger was unable to repeat the former years due to market conditions.

The pre-tax result of the Mannesmann Business Unit increased mainly due to the huge increase in the contribution from Mannesmann Line Pipe GmbH. This result was burdened by € 21 million in expenses for measures aimed at structural improvements in the French operations of the precision tubes group.

The Trading Business Unit therefore generated earnings before taxes of more than € 70 million and significantly raised the already very presentable result of the year earlier period. The

stockholding steel trade, including the UES Group, reported very satisfying earnings, and international trading also delivered positive results due to stronger margins.

The result of the Technology Business Unit includes € 13.1 million in expenses for measures aimed at structural improvements at the KHS Group that suffered a notable decline in results due to price-led competition. By contrast, the special machinery manufacturer KDS and the KDE reported another remarkably good performance.

Industrial Participations / Consolidation generated earnings before taxes of € 42.2 million. Companies not directly assigned to a business unit contributed to this performance with mainly good to very good results. This figure also includes a contribution of € 79.3 million from the Aurubis investment. This was offset by the reporting-date related valuation effects of foreign currency and derivatives positions as well as the customary holding costs.

----------Chart 22----------

The quality of the 2017 result is also evident from the fact that we additionally absorbed a total of € 34 million worth of structural expenses at the KHS Group and the precision tubes groups and € 49 million in impairment of the property, plant and equipment of the Mülheim-based heavy plate company. These measures also reflect the conservative accounting typical of Salzgitter AG. EBT adjusted for special items, which others are also well inclined to call the “operating result”, therefore proved to be more than one third better and stood at € 321 million.

----------Chart 23----------

Ladies and Gentlemen,

Many of you will be wanting to know the facts behind the reason why, in the fourth quarter of 2017, we announced the repayment through the granting of shares of the bond convertible into Aurubis shares that was due to expire. With an Aurubis share price close to its record high, this was ultimately purely for financial reasons.

In recent years, our quarterly results were already regularly affected by the valuation of the derivative embedded in the bond exchangeable into shares. The repayment means that this effect occurred for the last time in the fourth quarter of 2017. Along with the proportionate Aurubis after-tax result of € 91.7 million, the € 79.3 million contribution of the Aurubis investment comprises a positive effect from the termination of the derivative worth around € 56.9 million on balance. This was offset by a loss of € 63.9 million from the disposal of the Aurubis shares. Consequently, this measure in the financial year 2017 had virtually no impact on earnings.

Back then we had already said that, irrespective of the ensuing reduction of the stake in the company to around 16 percent, we intended to remain a core shareholder of the company and that this did not mark the beginning of an exit.

Swiftly increasing our investment again to 20 percent as of today should be taken as a clear signal that we do not intend to quit the

stage in the foreseeable future but will remain committed to this investment that has been successful since 2008.

----------Chart 24----------

We now come to our balance sheet that is strong and sound, as before: With total assets of € 8.3 billion, non-current assets have declined slightly in comparison with the previous year due to the lower proportion of companies accounted for using the equity method. This is largely due to the aforementioned reduction of the Aurubis stake.

Fixed assets decreased as depreciation and amortization of € 390 million, including impairment at Salzgitter Mannesmann Grobblech, exceeded investments worth € 292 million.

Not much has changed as far as the current assets are concerned – they correspond to the year-earlier level. The increase in inventories is largely due to price effects. Other

current assets consist first and foremost of trade receivables amounting to around €1.5 billion.

Equity capital of € 3 billion covers 84 percent of fixed assets and signifies an equity ratio that has been raised to 36 percent.

On the liabilities side, pension provisions stood at € 2.4 billion given the lower actuarial rate of 1.50 percent. As always, under the IFRS standards, an interest-rate induced increase in this item has been calculated against the equity position with no effect on income.

Other non-current liabilities consist above all of financial liabilities and other provisions. The somewhat higher trade payables of € 1.2 billion compared with the previous year make up the main position of current liabilities. As of December 31, 2017, the net financial position stood at € 381 million.

----------Chart 25----------

Ladies and Gentlemen,

Let us now turn to the present: In the first quarter of 2018, crude steel production and the external sales of the Salzgitter Group remained around the level of the previous year. With earnings before taxes of € 96 million, we have maintained the positive trend of 2017 and exceeded the already healthy EBT of € 77 million posted a year ago.

The largest shares are once again attributable to the Strip Steel and Trading business units. In comparison with the first quarter of 2017, however, all other business units are now delivering positive results.

The investment in Aurubis AG accounted for at equity contributed € 7.5 million. By far the largest share of our profit therefore comes from the Group’s operating result. ROCE has come pretty close to the long-term target of 12 percent.

----------Chart 26----------

With this presentable position as a starting point, we look with confidence to the coming year despite numerous economic and political imponderables.

This is reflected in our forecast for the Group that we raised at the end of April in order to take account of the good start to the year and the prospects in the Strip Steel Business Unit that were brighter than originally forecast. Along with a slight increase in sales, we now anticipate a pre-tax result of between € 250 and 300 million as well as a stable ROCE compared with the previous year's figure.

----------Chart 27----------

Ladies and Gentlemen,

Having explained the general conditions and the results, let me now turn to our Group strategy.

----------Chart 28----------

As you know, our 360° Concept encompasses all areas of corporate development, from strategic alignment through to the development of the Group and its business units and on to innovation management and corporate culture.

Following the onset of the structural crisis in the European steel industry, it became imperative to concentrate initially on the eastern area of the compass, on restructuring and cost reduction initiatives.

And this, Valued Shareholders, is precisely what we did, with great determination.

I think that around € 500 million in sustainable profit improvement potential a year that we have leveraged since 2012 under our “Salzgitter AG 2015” and “FitStructure” programs of measures is clear proof that we have done our homework. This and only this

has made it possible to address the other areas of corporate development as well.

----------Chart 29----------

How critical the restoration of sustainable profitability was is illustrated here:

Starting with the situation in the financial year 2012, we had to deal with more than € 100 million in total of negative market effects across all activities within the Group over the period through to the end of 2017. If we had done nothing, 2017 would have also been a loss-making year.

Almost € 530 million in effects from measures realized per annum, half of which from “Salzgitter AG 2015”, laid the foundation for today’s profit performance by the Salzgitter Group, and going forward.

Our Strip Steel, Plate / Section Steel and Mannesmann business units, made the greatest contributions to this improvement, with more than € 100 million each.

Without these programs, € 238 million in pre-tax profit generated in the past financial year would not have been possible. But this alone is not sufficient for future proofing.

----------Chart 30----------

Valued Shareholders, the Executive Board and the Management Board are committed to maintaining the momentum and the pace we that set in our company as from 2012. We do not lapse into complacency and turn our attention to attractive matters with less conflict.

The efficiency programs combined under the name of “FitStructure” will naturally continue, with a focus on the Mannesmann and Technology business units. We will be

implementing measures here with a projected profit improvement totaling another € 140 million a year through to 2021.

I will now touch briefly on the topics of growth and innovation in the business units, followed by two specific examples.

In the Strip Steel Business Unit, we intend to accelerate growth in our target segments by recalibrating our product portfolio, with an emphasis on hot-dip galvanized material. A great deal has already been achieved here in recent years. I will illustrate this later with a select example.

In the heavy plate business, we are strengthening our market presence through increasing volumes in the field of higher quality plate. With its extremely flexible cooling strategies, the new heat treatment line of Ilsenburger Grobblech GmbH that is due to be commissioned in 2020 enables the production of a broad portfolio of particularly sophisticated qualities. Among other products, this

also includes ultra-strength carbon steels, wear resistant steels and steels for offshore construction.

The Mannesmann Business Unit is taking its internationalization strategy further and expanding its value chain, for instance through building up its Mexican precision tubes business. Even before the first groundbreaking ceremony, we had already booked a large part of the capacities thanks to strong customer demand.

Trading has already had quite some success with its digitalization initiative. But we are not yet content and will continue to expand the e-World digital trading platform – more on this shortly. In addition, this segment is also extending its value chain by ramping up its finishing capacities.

Since then, following its turnaround a few years ago, KHS GmbH as part of the Technology Business Unit has recently got a little out of sync, so we are repositioning the company in terms of its organization and concept. The after-sales business is therefore to

be expanded through process optimization and the development of a comprehensive portfolio of services geared to the new machinery and line business. But we do not neglect the smaller earning pearls of this business unit either. Consequently, we are investing in growth through expanding the production capacities of DESMA Schuhmaschinen GmbH at the Achim location.

----------Chart 31----------

One example of the Strip Steel Business Unit's product strategy is to raise the shipments of our SZBS800 bainitic steel for chassis applications.

This kind of steel is characterized by its very high yield strength and tensile strength of more than 800 MPa, with sufficiently high elongation for cold-forming processes. The chemical composition allows for good weldability.

Typical applications for the use of the high strength potential with less weight are the components in the chassis that are subject to

high stress, such as wishbones, trailing arms and the spring control arms of cars and trucks. Application areas that also lend themselves include mobile cranes, trailers and railway cars.

Based on ten thousand tons in 2012, we have raised the shipments of this material to more than one hundred thousand tons in the past year. This really is a very pleasing success story of our own development.

----------Chart 32----------

Ladies and Gentlemen, our customers appreciate the ability of the Salzgitter Group to facilitate innovative, sophisticated applications through the development of high quality products.

At the Annual General Meeting three years ago, I presented to you the delivery of twenty thousand tons of plate from Ilsenburg and Mülheim for the “Johan Sverdrup” project to the Kværner Group in Norway under the motto of “Kräfte gebündelt –

Marktposition gestärkt” (Bundling Strengths – Market Position Strengthened). You can see this on the bottom left of the chart.

Kværner has meanwhile sourced a total of 66 thousand tons from us for this gigantic construction of steel built over several years. Two thirds of the Johan-Sverdrup platform has therefore been built with plate from Ilsenburg and Mülheim.

You can see for yourself what has come of this:

SHOW FILM

----------Chart 33----------

Having seen these impressive images, I would like to present a very fresh example of innovation and growth from the Mannesmann business. Last Friday we strengthened our long-term, profitable seamless stainless tubes business by acquiring the French company SOTEP.

Founded in 1980, SOTEP is a special supplier in the premium segment and targets the industries of aerospace, power plants as well as oil and gas. We anticipate additional stimulus for our diversification from this small when measured against the Group but extremely interesting addition to the product and sales market portfolio of our Mannesmann Stainless Tubes subsidiary.

----------Chart 34----------

The digitalization of products and processes for their production – keyword “Industry 4.0” – is not a fundamental innovation nor is it a revolution. It is an evolution instead. This does not mean, however, that it’s not a challenge. Aspects of selling evolve in a disruptive way even with products such as rolled steel, pipes and tubes that are allegedly so conservative.

This is why we are continuing to expand our e-WORLD digital steel trading platform. As the first ever company, we offered genuinely transparent steel auctioning at the Hanover Trade Fair. The entire project was developed within a mere six weeks, from

the concept through to the public launch. A short film outlines this project.

SHOW FILM

Ladies and Gentlemen, as you can see: The Salzgitter Group has fully embraced the topic of “Industry 4.0” and is walking the talk by already presenting groundbreaking solutions today.

----------Chart 35----------

Last year I presented our project that is aimed at reducing CO_2 in steel production under the name of SALCOS – Salzgitter Low Carbon Dioxide Steelmaking.

GrInHy, a research project subsidized by the EU, is also closely linked to SALCOS. Hydrogen from renewable energies is indispensable as a reduction agent instead of carbon in order to curb CO_2 emissions in steel production.

Consequently, the “Green Industrial Hydrogen via reversible high-temperature electrolysis”, a project launched in 2016, is advancing the energy-efficient production of hydrogen.

Based on electricity and steam, the latter generated primarily from waste heat sources in the steel production of Salzgitter Flachstahl GmbH, at present the world’s most powerful high-temperature electrolysis is producing both hydrogen and oxygen.

The hydrogen produced with the highest electrical efficiencies can already be used to replace part of the requirements for the modified atmosphere of our annealing processes.

Having obtained technical proof of concept, we are currently carrying out optimization work on the necessary hydrogen conditioning. In order to progress the development of this very promising technology as an important component for CO_2-reduced steel production, we reapplied in April with a European

consortium for a subsidized successor project in a larger performance category, with the launch scheduled in 2019

----------Chart 36----------

Ladies and Gentlemen,

You may remember: Donald Trump said “You don’t have a country without steel”. It’s a good twenty years since we asked the question: “What would life be like without Salzgitter”? Without a doubt it would be different – and not only for the 25,000 employees of the company and their families. This is also a figure that deserves a mention at this point.

Twenty years of success are no guarantee for the next two decades. Work must be done for success in the future, and possibly battles fought. But our story is at least proof of our attitude and our abilities.

----------Chart 37----------

May I say a few final words about today's agenda.

----------Chart 38----------

The price performance of the Salzgitter share was extremely pleasing again in 2017. At the end of the year, the share price had notched up more than 40 percent, as it did back in 2016. This is a reflection of the positive development of our company also in a peer comparison.

The various announcements of President Trump, above all on general duties levied on steel and aluminum imports into the US, caused considerable price turbulence at the beginning of the current year from which our share has meanwhile largely recovered.

Hopefully not much more will come from this quarter, and diplomacy will be given a chance to work against a renaissance of the Cold War.

----------Chart 39----------

Ladies and Gentlemen,

This year as well, we are going to stick to our dividend policy that is geared to continuity.

Given the genuinely gratifying performance, we will be putting a proposal to the Annual General Meeting under Agenda Item 2 to distribute a dividend of 45 cents per share, marking a dividend increase of 50 percent for the financial year 2017.

----------Chart 40----------

As the company currently holds ten 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.

The total payout therefore amounts to € 24,339,285.

Accordingly, the Executive Board and the Supervisory Board propose to use the unappropriated retained earnings of € 27,100,000 from the financial year 2017 as follows:

Dividend payout total	€ 24,339,285
The remaining amount, namely	€ 2,760,715

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 GmbH as the independent auditor for the financial year 2017. The company has proven to be a competent and critical auditor in the view of the Supervisory Board.

Agenda Item 6 concerns the election of the new Supervisory Board. The term of office of the current Supervisory Board expires at the end of this Annual General Meeting of Shareholders. At this juncture, I would like to offer my thanks to its members, also on behalf of my colleagues from the Executive Board and the Group Management Board, for their constructive and steady backing of our company over the past five years. Success always has many mothers and fathers – and you are definitely among them!

Under the law, our company's Supervisory Board to be newly elected must also comprise employee representatives and shareholder representatives. Added to this group is one more neutral member.

The employee representatives have already been elected by the employee delegates. Proposals for the election of the shareholder representatives and one further member have been printed in the invitation.

----------Chart 41----------

I now come to the end of my explanations on 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 for your attention and, as we say in German, "Glückauf" – good luck!