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 23, 2019

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 I would like to thank you for your investment decision, which we regard as an expression of your trust in our work.

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

Ladies and Gentlemen,

A year ago we took stock of the lapse of 20 years since the founding of the new Salzgitter AG and reviewed key events along the way.

As today's Annual General Meeting of Shareholders is all about the financial year 2018, I would like to briefly call to mind this anniversary by remembering a statement made by former Federal Chancellor and Minister President Gerhard Schröder, who remarked in his speech at our event on August 30, 2018: The company's flotation in 1998 and its development going forward are a success story par excellence.

Indeed, a doubling of the workforce, a tripling of sales and achieving fivefold the equity capital solely through our own endeavors over the past two decades are undisputed facts backing his evaluation. Shareholders who acquired Salzgitter AG shares at the time of the company's flotation and have held them right up to the present time can be pleased – despite the unsatisfactory share price trend in 2018 – that their invested capital has meanwhile trebled since then.

Ladies and Gentlemen, and our valued Shareholders, the history of our company is above all the work of the people who have always believed in independent and sustainable steel production in Lower Saxony and who courageously turned this goal into reality in the face of truly numerous obstacles.

The opportunity of an independent Salzgitter AG taken in the past 20 years is also an obligation – an obligation to preserve what has been achieved, continue on in the same vein, and take it all even further. We are already laying the foundations for this to happen in many ways today. I will come back to this later.

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

Ladies and Gentlemen,

I would first like to elaborate on the current environment and market conditions.

In the second part of my presentation I will explain the results of the financial year 2018 and the first quarter of 2019, followed by a report on the progress of our “Salzgitter AG 2021” corporate strategy as well as select, current projects.

Finally, I will give you a few explanations on the Agenda.

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

Back in the day Alexander von Humboldt already knew: “Everything is connected to everything else.” Today as well it is important to acknowledge the sum total of all defining external factors that currently exert an influence on our company rather than looking at the individual issues in isolation.

Let us start in the upper right quadrant: This quadrant shows the business media’s hottest topic: the steady escalation in the trade dispute between the US and China.

Trade policy is being used as a weapon here. In itself, this is nothing new for us. However, the vehemence with which this is being conducted, particularly by the United States, is unprecedented. Unfortunately, this also applies to transactions that are not so immaterial for our Group. First and foremost, mention must be made of tariff safeguards introduced under Section 232 on the grounds that imports were detrimental to the local steel production and thus posed a threat to the US's national security.

The collateral damage of this development has filtered through to Europe as well in the form of redirected trade flows. The European Union – top middle – has acknowledged this and has moved to protect its steel market by imposing safeguard measures consisting of tariff quotas that constitute some little protection.

A direct consequence of the trade dispute between China and the US is an induced and all too familiar dampening of the global economy.

The European and the German economies are therefore threatened with more than just a black eye in the shadow of this “Battle of the Titans”. It is all the more regrettable that the original decisions of the European Union and of Germany itself are contributing quite a bit to dismantling their own defenses.

Particularly the climate policy at national and European level – on the top left in the chart – is often designed in a way that results in veritable and increasing competitive disadvantages for our industries. Companies competing with us in non-EU countries are not impacted by the increasingly restrictive allocation of CO_2 allowances and the associated rise in costs, nor are they affected by a plethora of other rules and regulations that distort competition.

Germany's go-it-alone approach in its energy and climate policies, which is also unique in Europe, with the recent announcement of the coal phase-out and the erosion of the automotive industry – not actively promoted by some political representatives but at minimum condoned – serves to further exacerbate the situation.

Phasing out coal will in any case make the already relatively high energy costs in our country even more expensive, not only for industry, but certainly also for private households. Indeed, this is already happening.

The discussion about the future of the automobile is unsettling customers. If your newly acquired car might possibly not be allowed in the city center soon, keeping your old car just that little bit longer is obviously worth considering. Precisely this uncertainty on the part of customers is currently being felt in the

German automotive industry, and therefore also in our order books.

We should now also take a look at the changed competitive environment in the steel industry – bottom left in the chart. Global market leader ArcelorMittal took over Europe’s largest steelworks in Taranto, Italy, last year. Other competitors in the EU have attempted mergers in the last three years before this move was stopped two weeks ago. And finally, a completely new player has entered the stage, which may well contribute to increasing the “boisterous” behavior in a sector that already fiercely competitive.

When all is said and done, Ladies and Gentlemen, we also need not to overlook the fact that society has also changed a great deal in many ways, and that this process has naturally impacted our company as well. As an example, we cite the diminishing importance of work as an integral part of life.

Let us now take a closer look at the most important challenges.

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

The trade dispute between the US and China, ongoing for a good two years now, is gradually taking on dangerous proportions.

What initially began as a minor dispute with rather more homeopathic effects – duties on US millet in retaliation for defense measures imposed on Chinese household appliances in particular – is developing into a grave challenge for world trade. The dimensions of trade flows with duties recently levied come to at least 250 billion dollars a year worth of Chinese exports into the US. China's retaliatory measures affect 110 billion dollars of US deliveries. The US evidently sees threatening scenarios as an effective method of forcing through their conditions in trade agreements with China and the EU. There is currently no foreseeable end to the spiral.

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

In the wake of Section 232 proceedings and the levying of duties on steel and aluminum imports introduced by the US referencing the threat to national security, trade relations between the US and the European Union have also deteriorated.

The safeguards on steel imports enacted by the EU Commission are not directed against the US but are intended to stem the tide of massive redirections into the EU.

As you know, issues between the US and the EU go far beyond this. For some time now, the US has threatened trade defense measures for automobiles and vehicle parts that could most specifically affect Germany's economy. Even if only indirectly, the Salzgitter Group itself would also not emerge unscathed from this escalation, as more than half of our strip steel products are used in vehicle construction.

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

Dear Shareholders, at this point it would be politically opportune to comment on the pointlessness and harmfulness of protectionism and trade restrictions. But, unfortunately, this would not be quite right in this form, at least in the short term.

The US's Section 232 measures have, for instance, substantially rerouted significant trade flows. Steel product imports into the US have fallen by around four million tons since these measures entered into force. A large part of this material was redirected into the European Union where import volumes rose by 2.4 million tons over the same period – you can see this on the right-hand side.

In contrast to the duties of the US that apply as from the very first ton imported, the safeguards set in place by the EU permit tariff-free import quotas. Duties only become payable once these quotas have been used up.

The generous nature of EU import quotas offers scope for huge import volumes and, on top of this, has prompted irrational behavior on the part of a number of importers. In effect, steel imports into the EU in the first quarter of 2019 have – on a monthly basis – increased again by a stupendous 60 percent compared with 2014. The therefore modest impact of the safeguards is likely to be weakened further by current plans to raise the quotas. However, without the safeguards, the situation would assuredly be somewhat more dramatic.

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

The various trade conflicts, together with other, above all, political, uncertainties – namely, Brexit, the Russia-Ukraine crisis, the war in Syria and the current dispute about Iran's nuclear agreement – have caused a clear and tangible deterioration in the business climate since the start of 2018.

So far, the actual situation has remained better than sentiment and its indicators – like the ifo index shown here – would have us believe. But as so often happens, the situation takes its lead from sentiment. Having initially managed to persuade ourselves of a slowdown, it is now apparently actually happening. Naturally, we do not yet know how serious it will become. If consensus agreements can be reached in the main trade conflicts, an upswing in the economy could be swift to take place.

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

Ladies and Gentlemen, industrial production reflects not only the situation in the secondary sector but is also a good indicator for the development of an economy's steel consumption. Here you can see the familiar picture of a gradual recovery in Europe's industrial production, with Germany out ahead.

In contrast to recent years, German industrial production has been in marginal decline since mid-2018, as opposed to the other large European economies that were continuing the process of recovery – at a lower level – at least up until the most recent data point.

Along with the export obstacles outlined, the decline in Germany in the second half of 2018 was mainly associated with problems in the automotive sector, first and foremost the switch to the new WLTP fuel consumption measurement regulations, as well as discussions about banning driving, and the low water levels in the River Rhine.

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

On the other hand, the burdens from the energy and climate policies are likely to increase, Ladies and Gentlemen.

Here you can see how the burdens solely from the various components in the electricity price and the ETS emissions trading system, meaning CO_2 allowances, have already more than doubled over the period from 2012 through 2018.

If all measures currently planned and approved are implemented, as assumed here, there may well be another twofold increase in the burdens.

These costs – and this is virtually the most important aspect here – are not something that our competitors outside Europe are exposed to, and even our EU competitors only partly bear the brunt. And in our country the decision to phase out coal is another aspect that, in the opinion of the experts, is likely to drive the electricity price up even more and distort competition even further within Europe, to the detriment of our national economy.

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

The last exogenous factor that I would like to touch on is change in society.

Ladies and Gentlemen, that young people aspire to jobs that they will enjoy is wholly positive. Performing well depends on the pleasure derived from the chosen profession. Pressure alone does not work in the long term. But it is somewhat disturbing that our current prosperity is almost taken for granted as guaranteed, and not only by young people – as if there were no global competition. The importance of work as an integral part of life has consequently been waning for some time. This is reflected not only in the attitude of the so-called Y and Z generations that – at least according to the research community – are looking more for self-realization and freedom to develop rather than defining their goals in life as success in their careers and material security, which the state will take care of anyway.

This change in the mindset that, incidentally, is not so pronounced in the rest of Europe, is also reflected in the most recent wage agreement in the steel industry.

An option was introduced for the first time under which employees can choose between free time or more money depending on the scope of the application for a conversion into free time in the respective company. So there is a mix of money and leisure time. For example: If less than 20 percent of the workforce prefer free time, then these employees will have their additional tariff-based claim fully converted into free days. If the situation is reversed, employees will receive an additional one-off payment with correspondingly less free time.

There is therefore less clarity than before about the contingent of working hours available in the future. We will deal with this together with the various parties in a good spirit of mutual understanding. However, hot on the heels of one challenge comes the next. The appetite of those in power for taxes, levies and regulations is also developing splendidly.

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

After with the macroeconomic framework conditions, I now turn to factors that are directly responsible for the short-term profitability of our steel-related business.

Commodity prices have always been volatile in recent years, and basically nothing has changed in this respect.

At the start of the year, the tragic bursting of a dam in Brazil resulted in a significant supply shortfall on the iron ore market, which sent iron ore prices into an upward spiral. As we are talking here about 100 million tons of mining capacity that global market leader Vale has had to temporarily shut down, we do not anticipate that the situation will ease in the short term.

This scenario is compounded by the ore fields in Australia also losing production volumes due to the weather conditions.

A slight supply deficit still prevails in the coking coal market. This deficit is determined by seasonal and weather-induced mining and logistics risks in the main mining regions of eastern Australia, as well an upturn in demand from India and China.

Price trends of this kind entail substantial risks, and not only for the reliability of forecasting business and earnings. However, they may also open up opportunities provided one buys at a favorable time or operates price hedging. This is precisely what we have successfully done in recent years.

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

The economic situation I have just described, as well as the ongoing high import volumes, have so far prevented the possibility of passing on the increase in the cost of raw materials to steel prices in the EU. While the prices for our plate and sections products have generally remained stable the last two years at a not entirely satisfactory level, strip steel selling prices recently slipped notably, as you can see from the left part of the chart.

This is extremely unsatisfactory and will inevitably be reflected in the relevant results in the months ahead. However – and this you can see from the chart on the right – strip steel prices in the EU have now settled at such a low level compared with other regions that imports are becoming even less attractive. Furthermore, we read about key competitors in the EU scaling back output, and we ourselves also do not need to produce the last unattractive ton either. It is therefore a possibility that we may shortly experience a turning point in the direction of rising selling prices.

I mentioned earlier on that protectionism can indeed work on a short-term basis. Proof of this is the price differential of a good

160 euros between Europe and the US for hot-rolled strip, as shown in the right-hand chart – with similar costs, mind you.

If our steel production were located in the US, I would not only be able to present you today with the best pre-tax result of the past ten years, but also one of the best in the Group’s entire history!

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

Ladies and Gentlemen, this brings us to the results of the financial year 2018 and of the first quarter of 2019.

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

Valued Shareholders, the financial year 2018 that marked Salzgitter AG’s 20th anniversary since its stock listing was very successful for your company:

At 347 million euros, we have delivered the best pre-tax result for a decade. It is almost 50 percent higher than the already very presentable pre-tax profit from 2017.

This is not only due to the good performance of the Strip Steel Business Unit, but also the gratifying contributions of the Trading and Technology segments. Above all, it is the well-earned reward for our own endeavors, and the good figures are evidence of the effectiveness of the structural changes and programs of measures implemented since 2012.

In the past year alone, we realized another 150 million euros in sustainable profit improvement potential and have made headway with future-proofing investments – more on this later.

Ladies and Gentlemen, given this pleasing result, we propose to pay dividend of 0.55 cents per share for the financial year 2018. This equates to an increase of 20 percent compared with 2017.

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

Let us now look at the key data:

crude steel output remained virtually unchanged. This has to do with HKM in Duisburg smelting less crude steel due to the first-time implementation of the 4.2-million ton concept, while production in Salzgitter and Peine rose slightly compared with 2017.

External sales advanced to around 9.3 billion euros mainly on the back of the higher selling prices for steel products. Naturally, even more important is the result before taxes that, at 347 million euros, improved for the fifth time in a straight row.

Annual net income came in at 278 million euros. This translates into earnings per share of 5.06 euros and a return on capital employed of 10.3 percent.

At the first glance, the reduction in the net financial position may come as a surprise given the profit trend. The main influence here was investment activity, including replenishing our participation in

Aurubis AG. But also the increase in working capital caused by raw material prices is reflected here.

The number of employees rose slightly, mainly due to the initial consolidation of companies in the Mannesmann, Trading and Technology business units. Moreover, as a result of circumstances arising from collective agreements and legal aspects, temporary staff were also increasingly to be taken on as members of our core workforce.

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

All in all, the performance of the Group’s business units is impressive.

Back in the financial year 2017, the Strip Steel Business Unit was already a source of gratification. Considering that the pre-tax result in 2017 was still positively impacted by a significant adjustment in production costs prescribed by the accounting standards, the result of the financial year 2018 has proved to be significantly better quality wise compared with the previous year.

The Plate / Section Steel Business Unit completed its turnaround and, with earnings before taxes of 24.8 million euros, considerably exceeded the previous year that was impacted by an impairment at Salzgitter Mannesmann Grobblech. Peiner Träger GmbH in particular, made a very pleasing profit contribution.

Almost all the companies of the Mannesmann business unit improved their operating performance. The business unit delivered a pre-tax result unchanged from the previous year. In 2018, this figure also comprised 30 million euros in impairment of the assets of the precision tubes group in Europe and income of 6 million euros from the participation in Borusan Mannesmann Boru, accounted for the first time using the equity method.

With volumes in marginal decline, mainly in international trading, our Trading Business Unit generated respectable earnings before taxes, although it did not match the outstanding year-earlier result.

Thanks to the presentable earnings trend of KHS and the DESMA companies, the Technology Business Unit took a leap forward by delivering earnings before taxes of 43 million euros. This is the best result since it was established in 2007 and marks a major step.

Earnings before taxes of Industrial Participations / Consolidation stood at 28 million euros. This figure comprises a 44 million euros in contribution from the participating investment in Aurubis AG accounted for using the equity method compared with 79 million euros the year before.

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

Ladies and Gentlemen, we have absorbed 30 million euros in impairment of the precision tubes group's property, plant and equipment as well as a net of 46 million euros in negative special items in our reported earnings before taxes of the financial year 2018.

Together with write-ups of 13 million euros, this represents an accumulated net burden of a good 63 million euros. The result, adjusted for these components, often also termed "operating result", is therefore another 20 percent higher and amounts to 410 million euros.

What is behind this pleasing profit performance? I would be pleased to show you again on the following chart.

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

Valued Shareholders, the reconciliation of the results from 2017 to 2018 clearly shows that our own structural measures and effects from implementing our strategy are a key driver in raising profit.

These endeavors contributed to lifting the result by no less than 154 million euros in profit improvement potential realized for the first time. As in the preceding years, we have stayed very focused on this topic, and we will continue to do so in the future as well – more on this soon.

The other influencing parameters are of comparatively lesser scope – roughly 15 million euros from the expansion of volumes and 20 million euros from margin increases to the positive, as well as 35 million euros less in Aurubis earnings contribution versus 2017.

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

Next, we come to the result of the first three months of 2019 that we released a week ago. As you can see, saying it was a successful start to the year is entirely fitting.

The most important first of all: In an extremely competitive market environment, we have succeeded in delivering the best first quarter since 2008, with a pre-tax profit of 126 million euros. The Strip Steel Business Unit above all contributed to the positive results, as did all the other business units. Notable here is that the positive accounting-related effects from the investment in Aurubis AG have lifted the result to a level that surpasses all expectations. These comprise, on the one hand, a reporting-date related effect amounting to 18.3 million euros from the precious metal price development. On the other, the contribution of the Aurubis participation includes 20 million euros in income from an accounting adjustment through profit and loss in connection with the Aurubis shares acquired in the first quarter. This positive impact on the result has come about from the average purchase price being below equity capital per share of Aurubis AG.

The good result is also reflected in the return on capital employed: At 14.1 percent, ROCE was above the long-term target of 12 percent for the first time in a very long while!

The crude steel production remained stable, the core workforce increased for in the main due to initial consolidations, and the net financial position decreased as a result of investments in fixed and financial assets, as well as in the working capital.

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

Ladies and Gentlemen, after the first three months of 2019, we have already positioned ourselves in the lower end of our forecast for the full year. This most certainly came as a surprise, while at the same time posing the question as to why we have not raised our forecast for the financial year 2019.

With this as a basis, we can most certainly look at the remainder of the year with due confidence. We are neither pessimistic nor despondent – just realistic and conservative: The economic situation is volatile, not only in Europe, and the political environment is subject to a great deal of uncertainty, as I have already described. From today's standpoint, reliable predictions are therefore quite simply not possible. What is more, we cannot assume that there will be a repeat of the valuation effect of 18 million euros in the profit contribution of the Aurubis investment. This component is extremely volatile, particularly as it is reporting-date related.

We therefore consider revising the forecast to be premature at present while at the same time expecting a pre-tax result rather more in the upper end of the range of between 125 and 175 million euros.

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

Esteemed Shareholders, after my explanations on the framework conditions and on the results, I now come to our corporate strategy.

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

I presented the 360 Degree Concept for the development of our Group to you for the first time in 2014. Right from the start, the concept was designed to embrace all aspects of corporate development, from the corporate policy and the strategic alignment derived from it through to the development of the Group and its business units and on to innovation management and corporate culture.

Our independence is the cornerstone of our corporate policy. A look at the last 20 years shows that it has thoroughly proven its worth.

This independence can naturally only be maintained if we deliver proof on a daily basis of our right to exist and – indeed, Ladies and Gentlemen – if we are better than the others.

A prerequisite for this and for the ongoing development of the Group is having an efficient structure. With this in mind, we have been rigorous in our approach right from the start in implementing our internal efficiency programs.

It hasn’t always been as easy as depicted today – but our success speaks for itself: Since 2012, we have realized a total of more than 600 million euros worth of sustainable profit improvement potential per year!

This focus on restructuring and cost-cutting initiatives was initially unavoidable but has allowed us to subsequently place special emphasis on innovation and growth in the context of our “Salzgitter AG 2021” strategy.

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

Ladies and Gentlemen, in 2016 we paved the way with our “Salzgitter AG 2021” strategy for developing the Salzgitter Group further. There has been no trend reversal, as has occasionally been seen elsewhere, not even a correction of the path taken, but rather a very helpful consolidation of the undertaking that we have essentially been pursuing for two decades.

A relevant starting point is the goal of raising the proportion of less steel-related activities in the Group's de facto sales and value added portfolio from 40 percent in 2016 to 50 percent in order to achieve a balance between steel-related activities and areas not so closely related to steel. As you can see, we are well on the way in this respect. At the end of March 2019, we had already put 40 percent of the journey behind us.

We regard this shift as necessary since quantitative growth in the rolled steel and line pipe segment does not make sense in a market environment that I outlined in the first part of my presentation. In the EU – here with reference to the restrictions on CO_2 allowances – it is not even possible to build up new steel capacities.

Instead, what we intend to do in these segments is to generate qualitative growth in order to concentrate even more strongly on higher grade and therefore generally higher margin product segments. We achieve this goal with targeted and sophisticated investment undertakings.

Quantitative growth is taking place largely abroad, for instance, with the expansion of the precision tubes company in Mexico.

Although acquisitions and partnerships are not absolutely necessary for the positive development of the business units in the context of our corporate strategy, they are well worth striving for to supplement our programs and technology.

We were active in 2018 in this field as well with the takeover of French stainless steel tubes producer SOTEP that I presented to you last year, the start to the Baolong Salzgitter Hydroforming joint venture, as well as replenishing our stake in Aurubis AG. We increased this shareholding again in 2019 at, so we believe, favorable prices. The latter furnished a few outsiders with an occasion for fanciful speculations ranging through to conspiracy theories. In effect, we had the twelfth year of a financially lucrative investment in Aurubis AG – at their explicit invitation, by the way – that, in this phase and with the backing of a stable anchor shareholder, was able to develop very satisfactorily overall.

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

I would now like to present to you a selection of investment projects approved since 2015 and partly already operational.

We have sustainably reinforced the plant in Salzgitter through switching our furnaces to coal injection and the RH vacuum treatment facilities in our steelworks. The RH vacuum treatment plant permits the setting of the lowest carbon content for highest quality strip steel grades. The plant is particularly important for our heavy plate business as well, specifically for the production of higher-alloyed steels. Similarly, at Salzgitter Flachstahl GmbH the hot-dip galvanizing line 3 is currently at an advanced stage of the tendering process, and therefore on the far right, of the chart. Our intention with this plant is generate growth in the target segments and expand our product portfolio in the premium segment as part of the “Salzgitter AG 2021” strategy.

We are growing both in analogue and digital terms in the Trading Business Unit: analogically through the expansion of the processing activities and our warehouse presence in Europe – as an example, you can see the flame cutting operations that were commissioned at the Plochingen site in 2015. Digitally through eWorld that I presented to you last year at this point.

The Mannesmann Business Unit is pursuing the internationalization of its business and enlarging its product range. The expansion of the Mexican steelworks of our precision tubes group is close to completion. Today we are already delivering to automotive factories locally and in North America from this site. Similar projects in other countries are feasible in the future.

An example from the heavy plate business is the heat treatment line in Ilsenburg. The groundbreaking ceremony took place in autumn last year. These facilities enable more than 200,000 tons a year of heavy plate to be annealed and subsequently processed. The production of particularly sophisticated heavy plate grades, for example wear-resistant and ultra-strength plates, will now be possible. Commissioning has been scheduled for the summer of 2020.

The Technology Business Unit is strengthening its core segment by focusing on product developments. At DESMA Schuhmaschinen GmbH, the technology and global market leader for plants and machinery for industrial shoe manufacturing, the “Factory of the Future” undertaking is already fully under way. Not many people know that 95 percent of all occupational safety footwear in Germany is manufactured on DESMA machinery in Achim near Bremen. This is also Salzgitter AG – diversification with success!

In parallel to the aforementioned investments, we are moving forward with digitalization throughout the entire Group based on our digital road map 2022. We have sounded out the significance of digital change for our products, processes and business models. As expected, the findings varied widely, depending on the product and customer group. We anticipate a great deal of change in our technology business as well as in trading. We rise to meet this change, both practically and with great commitment.

Ladies and Gentlemen, we have invested 2.5 billion euros in total in the sustainable future of our Group since 2012, 1.5 billion euros alone in Lower Saxony and Ilsenburg. And this, Ladies and Gentlemen, would probably not have happened without the independence and firm roots of our Group here in Lower Saxony.

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

Ladies and Gentlemen, this chart provides an overview of the amounts that we intend to realize in the coming years from the defined measures of the profit improvement and growth programs. From today’s standpoint, we have not only achieved a great deal but we also have a few plans for the coming years: By 2021, we intend to leverage no less than 250 million euros a year in additional effects.

As you can see, the momentum that we initiated in 2012 is to be maintained. This is something we have to do. The whys and wherefores I already outlined at the start. We will continue our intensive development and optimization endeavors with fresh stimulus in this environment. The corresponding initiatives have been launched. We take a proactive stance, and do not act at the last moment.

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

Valued Shareholders, we are naturally not only concerned with what lies directly ahead of us – we also have our sights set firmly on the long-term development of our Group. We continue to work consistently on our innovative and equally sustainable SALCOS –

SALzgitter Low CO_2 Steelmaking approach – to promote the low CO_2 steel production of the future.

The focus here is on the industrial-scale integration of direct reduction technology in the short term in our integrated steelworks in Salzgitter. The idea is that natural gas used in conventional direct reduction plants, which is already achieving significant CO_2 savings compared with the carbon-based furnace blast furnace route, would gradually be replaced by hydrogen generated via electrolysis using volatile electricity from renewable energies.

Last year we presented SALCOS in Brussels and Berlin as a European flagship project for a low CO_2 primary industry.

Together with our partners, the Fraunhofer Society and world-famous plant engineering company Tenova, we believe that we will be in a position within the next five years to carry out the technological implementation of the first of three stages in

building SALCOS, Ladies and Gentlemen. This would already enable us to save two million tons of CO_2 in the short term.
A major challenge resides in creating the necessary framework conditions that would enable profitable operation. Discussions with various stakeholders are therefore being conducted at the level of the EU as well as at federal and regional levels.

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

It was therefore in keeping to make SALCOS the highlight of our presence at this year's Hanover Trade Fair. The SALCOS facilities on the steelworks premises, seen through a virtual 3-D bird's eye view, elicited huge interest from politicians and visitors. And progress made with eWorld, our digital steel trading platform, as well as the presentation of the Salzgitter Group's currently largest investment undertaking, the new heat treatment line of Ilsenburger Grobblech, also met with a strong response.

Take a look yourself ... SHOW FILM

We are naturally delighted by so much encouragement, particularly from our main shareholder. We are ready to play our part in order to transfer the virtual reality of our trade fair booth to real life on the premises of our steelworks in Salzgitter.

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

Valued Shareholders, our ultimate goal of reducing CO_2 emissions in steelmaking by up to 95 percent nevertheless harbors a huge challenge that do not wish to keep from you:

If you can’t see the difference between the two coils, it’s not your eyesight. There is no visible external difference. The steel of the year 2050 delivered to the customer at the end of the production process has the same materials properties as steel produced in 2019 by going down the conventional furnace route. The necessary investments for SALCOS are not yet tangible for many buyers and processors ...

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

… but they are for the environment!

Ladies and Gentlemen, the requirements placed on energy-intensive industries in Germany and in the EU are one of a kind in the world. It is scarcely surprising that many of our customers have shown little willingness so far to appropriately reward the efforts of industry entailed in complying with the obligations assumed under the climate policy. It is therefore necessary to have the support of politicians as the party who has entered into these obligations that are coupled with a foreseeable increase in additional costs – CO_2 allowances, grid fees, fossil fuels phase-out – costs that are unparalleled on an international scale. This is entirely realistic, especially as SALCOS is a project with an outstanding ratio between investment and electricity consumption for the targeted avoidance of CO_2.

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

Valued Shareholders, I made mention of this at the start of my presentation: Everything is connected to everything else.

Consequently, the best result of the last decade is proof of how effective the overall approach to our Group’s development is.

With a strong balance sheet, competitive structures and processes, your company is well positioned to take on the challenges, both current and those to come. To keep it this way, we are pursuing numerous, coordinated initiatives under the 360 Degree Concept, and will thereby continue to progress the intensive development and optimization endeavors with fresh impetus.

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

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

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

Ladies and Gentlemen, we were not happy about the development of our share price in 2018: After two years of performing really quite well, our share price trend did not reflect the good results or the verifiable success of the Salzgitter Group in the last financial year. Exogenous factors that exerted a considerable impact on almost all cyclical shares and those associated with the automotive industry were the determinants here. The stock exchange has been reckoning with “recession” since mid-2018. This and strong volatility, influenced by the news, about trade conflicts for instance, will only change when the environment has become more reliable.

Nevertheless, we are well able to hold our own in a peer comparison. Even notwithstanding the share price trend since January 2018, we can take our place among the shares in our industry delivering relatively the best performance.

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

Ladies and Gentlemen, it is all the more important that we stick to our dividend policy that is geared to continuity.

The best consolidated result of the last ten years should, we think, also be reflected in the highest dividend for the same period.

We will therefore be putting a proposal to the Annual General Meeting under Agenda Item 2 to distribute a dividend of 55 cents per share, marking a dividend increase of 20 percent for the financial year 2018.

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

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 29,748,015 euros.

Accordingly, the Executive Board and the Supervisory Board propose to use the unappropriated retained earnings of 33,100,000 Euro from the financial year 2018 as follows:

Dividend payout total	29,748,015 euros
The remaining amount, namely	3,351,985 euros,
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 before being voiced.

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 2019. The company has proven to be a competent and critical auditor in the view of the Supervisory Board.

Irrespective of this, we have tendered the audit for the following financial year due to legal requirements. PWC will therefore conduct the audit for the last time.

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

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!