



Annual General Meeting of the Shareholders of Salzgitter AG

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

Braunschweig, May 23, 2019

Review: 20-year anniversary of the new Salzgitter AG listing



“The stock listing in the year 1998 and the subsequent development of the company are a success story ‘par excellence.’

This success story not only strengthened Lower Saxony as an industrial location and safeguarded the jobs.

The stock listing furthermore was the starting point to create a future-oriented and innovative steel and technology group.”

*Former Federal Chancellor Gerhard Schröder on occasion of the event
„20 Jahre Börsenjubiläum Salzgitter AG“
on August 30, 2018*

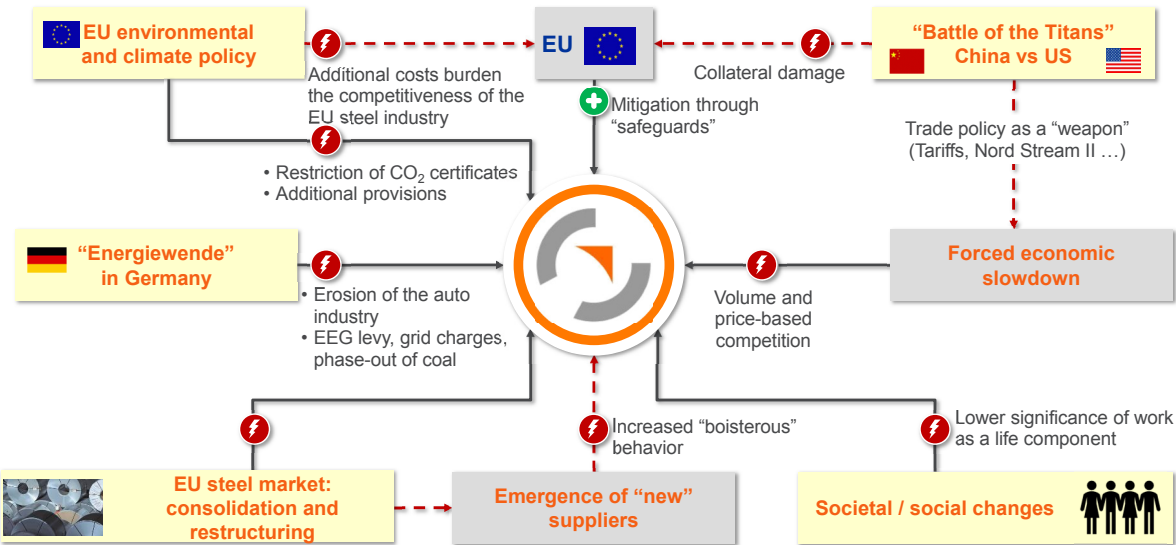


- ✓ Sales tripled
- ✓ Workforce doubled
- ✓ Equity quintupled without external additions
- ✓ Investment of shareholders more than tripled*

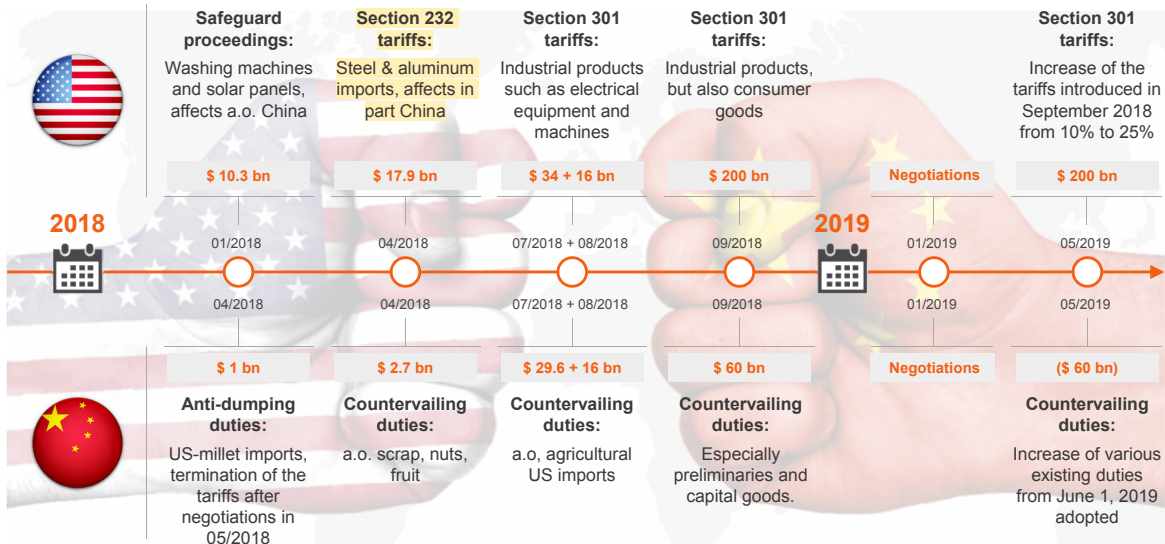
*) Current share price plus aggregated gross dividend in relation to € 11.76 issue price

- 1** Environment 2018 / 19 – current framework conditions
- 2 Results Financial Year 2018 and First Quarter 2019
- 3 Group Strategy „SZAG 2021“
- 4 Explanations on the Agenda

Mindmap of framework conditions and risk factors

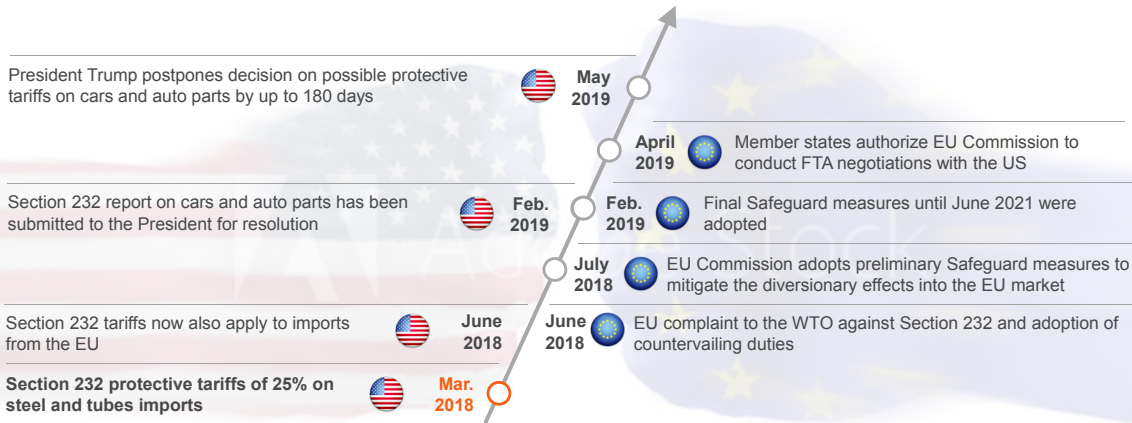


Trade policy: Continual escalation of the trade conflict USA - China



Source: Pieterse Institute for International Economics; values of the imported goods affected by the respective sanctions in US-Dollar (estimated)

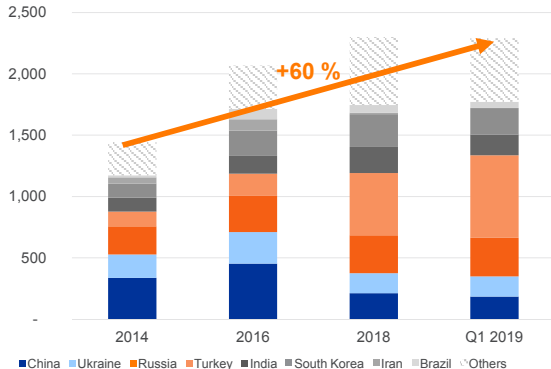
EU: US import tariffs on steel products start trade policy dispute



EU also affected by the new US conduct

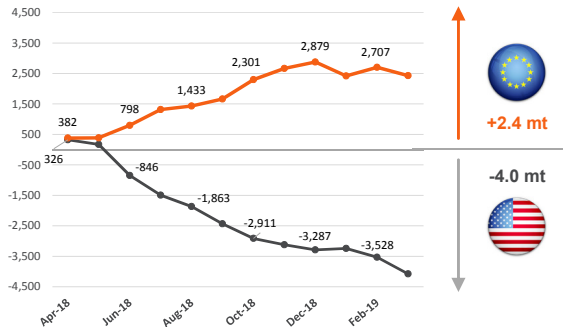
EU: Steel imports as collateral damage

Import situation EU (in 1.000t/month)



Diversiónary effects due to US tariffs (in 1.000t/month)

Imports into the EU vs. USA in cumulative annual comparison 2018/2017

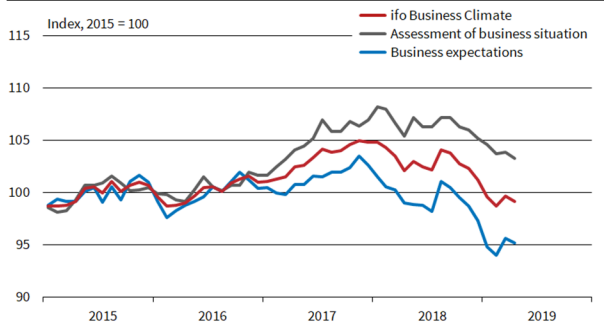


EU import volumes as a result of diversiónary effects on record level. Softening of the Safeguard measures risk to further decrease their effectiveness.

Business climate in Germany

ifo Business Climate Germany*

Seasonally adjusted



* Manufacturing, service sector, trade and construction.

Source: Ifo Business Survey, April 2019.

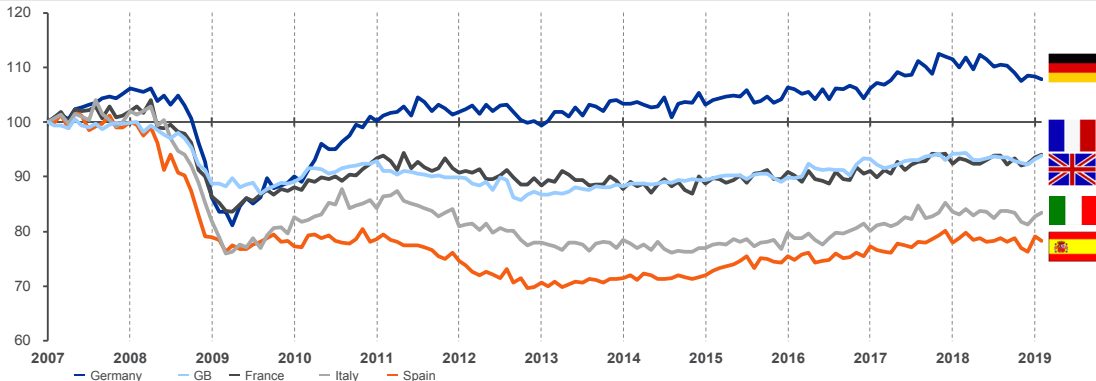
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**Uncertainties due to political risks impair the economy.
Starting from a high level, the sentiment is worse than the situation.**

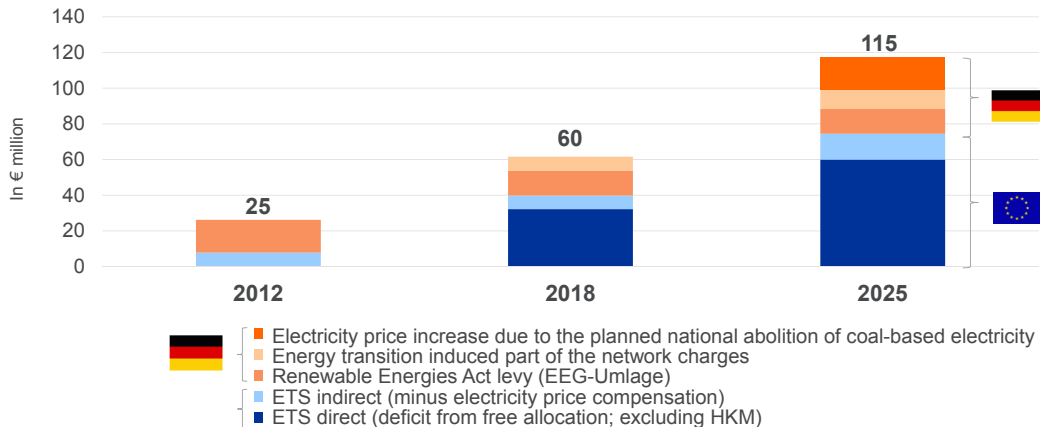
Environment: Economic development in the European Union

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



The trend of the previous years continued: Slightly improving EU industrial production, Germany despite deterioration in the second half of 2018 remains relatively strong.

Cost burdens from energy and climate policy



The burdens are set to increase. The extent of energy transition related cost increases on network charges and the effects from the abolition of coal-based energy are currently nearly impossible to forecast.

Social changes...

DEUTSCHLAND

Mehr Freizeit, weniger Arbeit: die "Generation Y"

Sie wollen einen Job, der Spaß macht, ein angemessenes Gehalt und dazu noch genug Freizeit. Die 20- bis 30-Jährigen verändern mit ihren Vorstellungen vom Leben die Arbeitswelt. Sie sind die "Generation Y".



Verhandlungsergebnis erzielt

3,7 % mehr Lohn und
jährlich **1000 €** extra



Excerpt of the negotiation agreement of the latest collective bargaining round in the steel industry

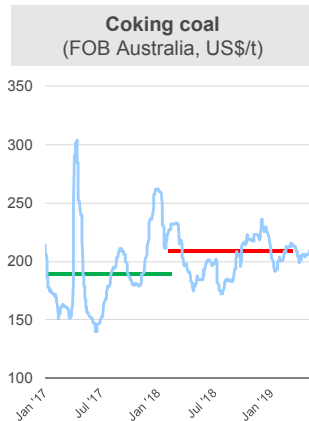
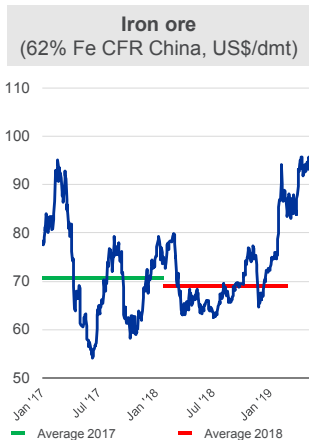
Applications for spare time

Wage Group 1 – 9 | Salary Group K/T 1 – 4

	Days	Compensation 1
Under 20%	5	0 Euro
20 to 40%	4	200 Euro
40 to 60%	3	400 Euro
60 to 80%	2	600 Euro
More than 80%	1	800 Euro

... are also reflected in concrete demands on company level.

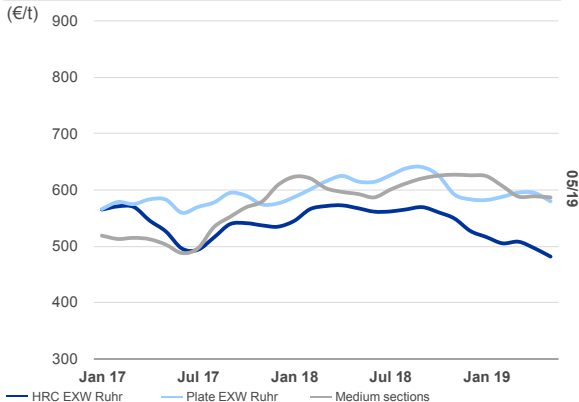
Raw materials prices



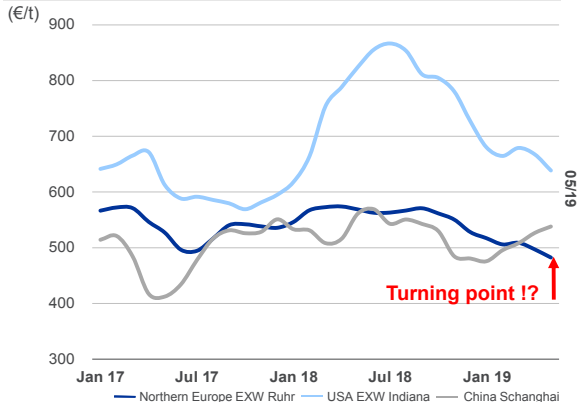
**Volatile raw materials markets harbor risks, but also opportunities;
2019: price levels – especially for iron ore – expected to be above the average of 2018**

Steel prices...

Spot prices Northern Europe



Hot-rolled coil prices international



...decline since mid-2018 with short interruptions following periods of rises; disparate trading policies result in tremendous regional price differences. Signs indicate towards infection point in the EU.

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At a glance



2018

the year of the
20th anniversary of
the stock listing
of **Salzgitter AG**
has been very
successful

Best earnings of the past ten years

Pre-tax profit raised by almost 50% versus the previous year

Around €150m p.a. in earnings improvement potential realized for the first time

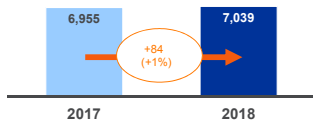
Future-oriented investments advanced

Dividend proposal 2018 increased versus previous year by a good 20%
(€ 0.55 per share)

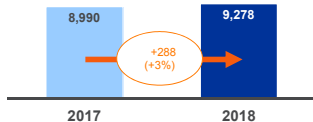
Guidance 2019: Solid results expected despite headwinds

Key data per 2018/12/31

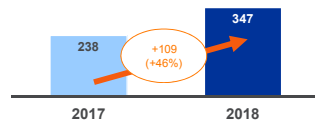
Crude steel production [kt]



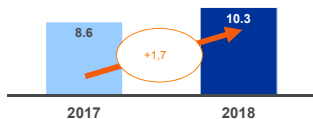
Consolidated sales [€ million]



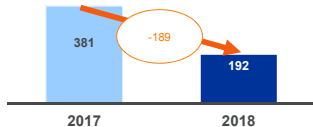
EBT [€ million]



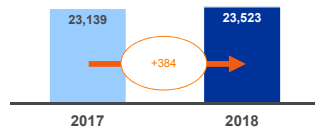
ROCE [%]



Net financial position [€ million]



Core workforce



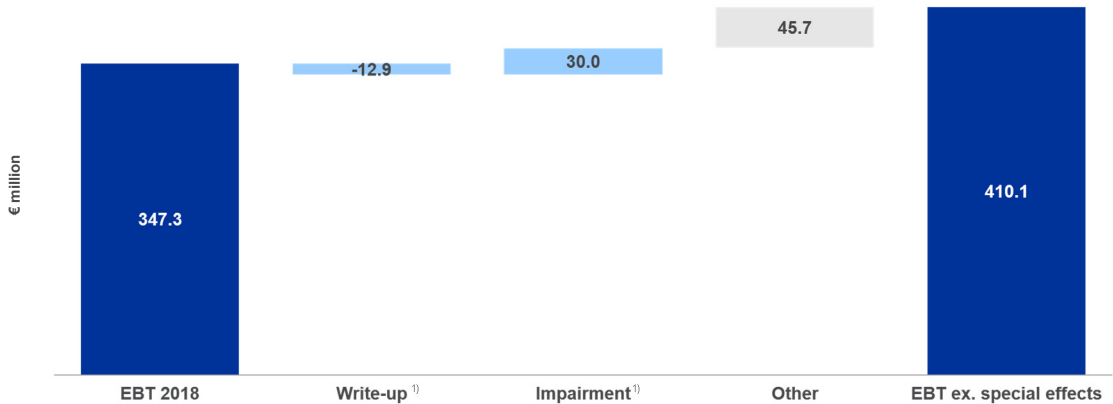
Earnings development of business units

		FY 2018	FY 2017	Δ 2018 – 2017	
Earnings before taxes	€ million	347.3	238.0	+	109.3
Strip Steel	€ million	205.8	182.0	+	23.8
Plate / Section Steel ¹⁾	€ million	24.8	-57.7	+	82.5
Mannesmann ²⁾	€ million	-5.4	-5.6	+	0.2
Trading	€ million	50.5	70.5	-	20.0
Technology ³⁾	€ million	43.1	6.6	+	36.5
Indust. Participations / Consolidation ⁴⁾	€ million	28.4	42.2	-	13.8
thereof Aurubis investment	€ million	44.0	79.3	-	35.3

Salzgitter Group delivers the best result for the last ten years

1) 2017: incl. € 48.8 m impairment 2) 2018: incl. € 30.0 m impairment | 2017: incl. € 21.0 m restructuring 3) 2017: incl. € 13.1 m restructuring 4) 2018: incl. € 12.9 m writeup
 Disclosure of impairment/writeup only if the cash flows are allocated to a group of assets

Special effects

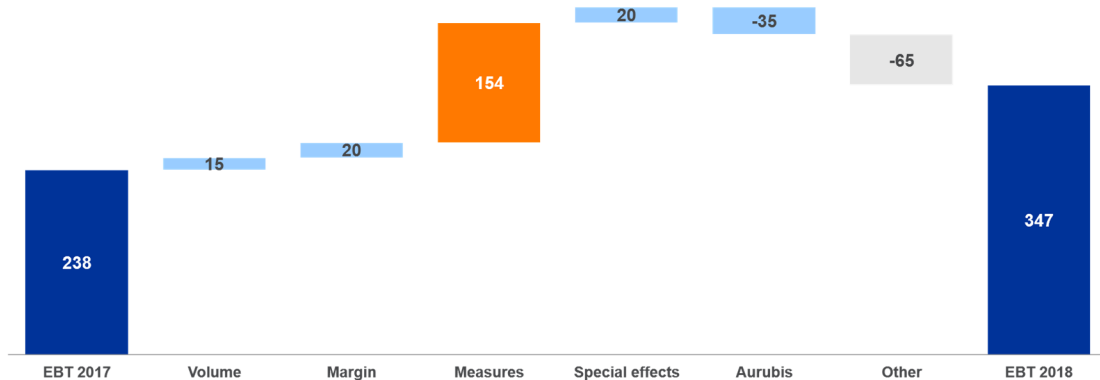


Pre-tax result excluding special effect around 20% higher than reported figure

¹⁾ Disclosure as an impairment/write-up in this overview has only been reported if the cash flows are allocated to a group of assets.

Earnings bridge Group

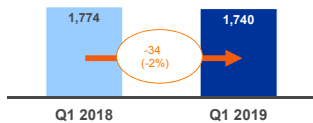
€ million



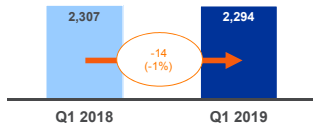
Effects from the programs of measures were the main driver of the earnings improvement

Key data per 2019/03/31

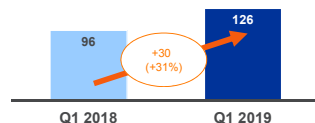
Crude steel production [kt]



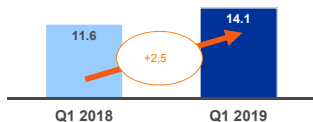
Consolidated sales [€ million]



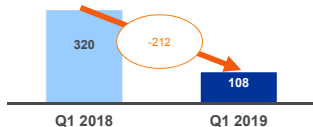
EBT [€ million]



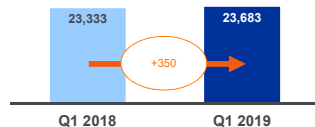
ROCE [%]



Net financial position [€ million]



Core workforce



Salzgitter AG affirms its guidance for the financial year 2019. We continue to anticipate:

- a slight increase in sales to above the € 9.5 billion mark,
- a pre-tax profit of between € 125 million and € 175 million and
- a return on capital employed (ROCE) that is tangibly below the previous year's figure.

Following a strong first quarter, we currently expect a pre-tax result rather more in the upper end of the aforementioned range. However, with reference to the unstable economic situation, not only in the EU, and the associated reduced forecasting reliability for the remainder of the financial year, we consider revising the forecast to be premature at present.

Legal Note and other remarks

We make explicit reference to the fact that imponderables, including changes in the cost of raw materials, precious metal prices and exchange rates, along with global trade policy measures and their possible impact may still exert a considerable influence over the course of the financial year.

To the extent that this presentation contains statements oriented towards or related to the future, such statements are based on our current state of knowledge and the estimates based on such knowledge made by the management of Salzgitter AG. However, as is the case with any forecasts or prognosis, such statements are also subject to uncertainties and risks. Notwithstanding prevailing statutory provisions and capital market law in particular, we are not obligated to update this data. In particular, we shall not assume liability of any kind for knowledge and statements, as well as any acts resulting on the basis of such knowledge or statements that emanate directly or indirectly from the analysis of the data, content and correlations of this document. The information and data made available do not represent an encouragement or invitation to buy, sell or conduct any other type of trade in securities. Salzgitter AG shall neither assume liability for direct nor indirect damages, including lost profits, arising as a result of the utilization of the information or data contained in this document.

For computational reasons, rounding-off differences of +/- one unit (€, % etc.) may occur in the tables. This document is also available in German language. In the event of any discrepancy, the German version shall prevail.

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Review



Structural measures 2012-2018

“Salzgitter AG 2015”

2012 – 2016

€ 260 million p.a.

Other programs
(since end of 2016 combined
under **FitStructure SZAG**)

€ 350 million p.a.

> € 600 million € p.a. earnings improvement potential realized



Initial emphasis on restructuring and cost reduction measures

“Salzgitter AG 2021” growth strategy

Goals

Steel-related

Less steel-related



Development of the de facto sales and value added portfolio in the direction of a balance between activities that are steel related and those that are less so



Stipulations

- **Rolled steel production and parts of the tubes production** can only **grow qualitatively**, not quantitatively.

- **Quantitative growth** is possible **exclusively in activities apart from steel** – especially in the **Technology Business Unit**.

- **External growth** on a larger scale is **not mandatorily necessary** for the development of the business units – can, **however**, be **desirable**.

Status implementation

Development of the portfolio towards high- and highest-strength grades: to this large-scale investments ILG and SZFG

DESMA Achim “Factory of the Future”, Expansion precision tubes group in Mexico

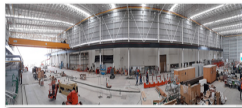
Acquisition SOTEP, Joint Venture Baolong Salzgitter Hydroforming, Increase of the Aurubis AG shareholding



Investments into the development of the Group



Salzgitter Flachstahl
Construction of the pulverized coal injection plant



Mannesmann Precision Tubes
Expansion plant in Mexico



DESMA Schuhmaschinen
„Factory of the Future“

Salzgitter Flachstahl
Hot-Dip Galvanizing Line 3



Commissioning 2015

2017

2019

2020

2022

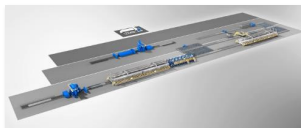


SZ Mannesmann Handel
Expansion of the cutting line at the Plochingen site



Salzgitter Flachstahl
Construction of the RH vacuum degassing plant

Ilsenburger Grobblech
New heat treatment line



“Digital Roadmap 2022”

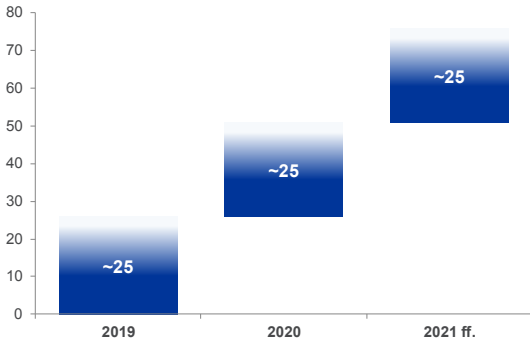


**We invest into the sustainability of our Group:
€ 2.5 billion since 2012!**

What we intend in the coming years – effects

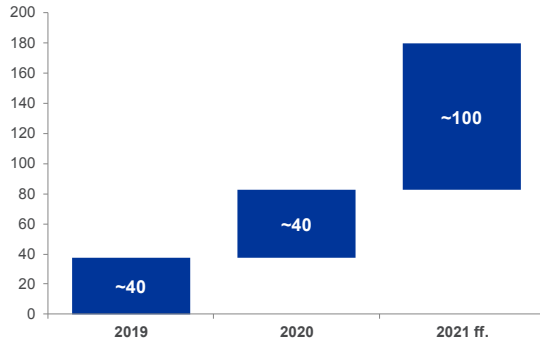
FitStructure SZAG

€ million earnings improvement potential



SZAG 2021 Growth Programs

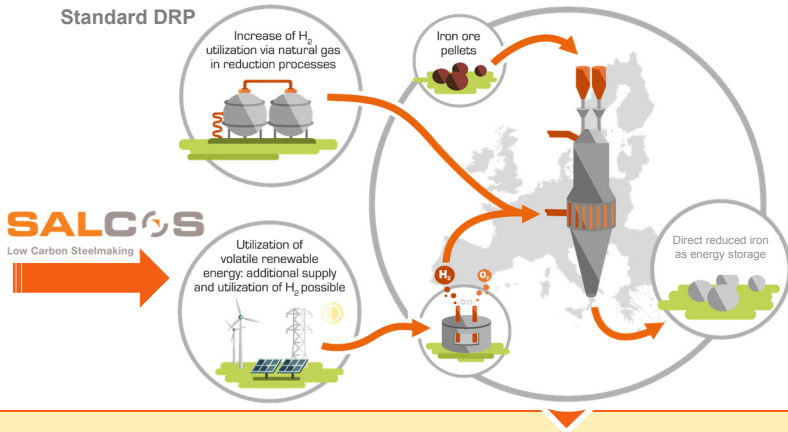
€ million additional profit contribution



All in all at least € 250 million in additional effects from programs of measures planned; the dynamism started in 2012 will be maintained – new initiative are in preparation to this end

SALCOS – SALzgitter Low CO₂ Steelmaking

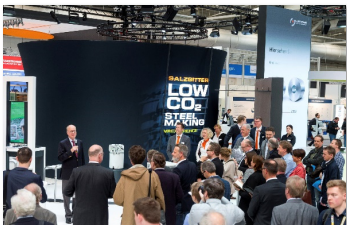
Use of hydrogen (H₂) instead of carbon (C) for iron ore reduction.



- Use of already established (direct reduction with natural gas) and **novel** (hydrogen production and use) **technologies**
- **Integration into existing** and optimized integrated **iron-and-steel works**
- Gradual reduction of CO₂ emissions: **between 25% and 95% CO₂ savings!**
- Sustainable "Carbon Direct Avoidance" approach: **Reducing instead of recycling!**

The future of CO₂-reduced and sustainable steel production – in Salzgitter!

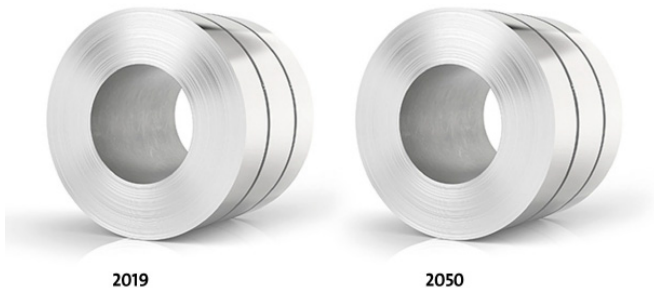
SALCOS at the Hannover Fair 2019



Pioneering SALCOS concept in the focus of politicians' and visitors' interest

The ultimate goal: Steel – produced with 95% less CO₂ emissions

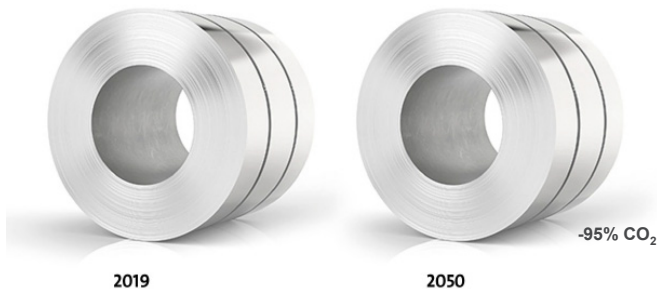
You can see a tremendous difference here.



Customers (unfortunately) see it likewise!

The ultimate goal: Steel – produced with 95% less CO₂ emissions

**You can see a tremendous
difference here.
For the environment.**



**The requirements for energy intensive industries in Germany and the EU are uniquely high in global comparison.
It will be impossible to meet them without political support.**

We are ready!

Conclusion

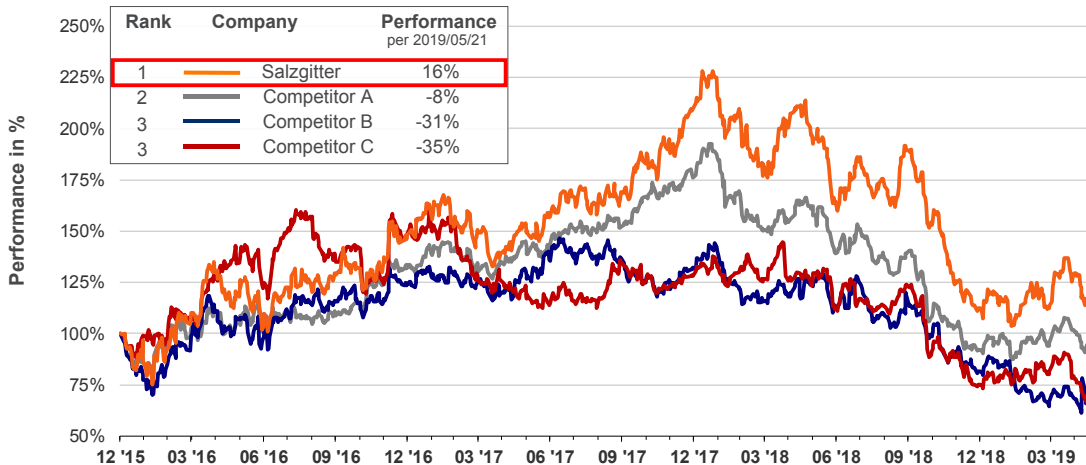


**We are looking forward to
the future –
with competitive structures
and processes!**

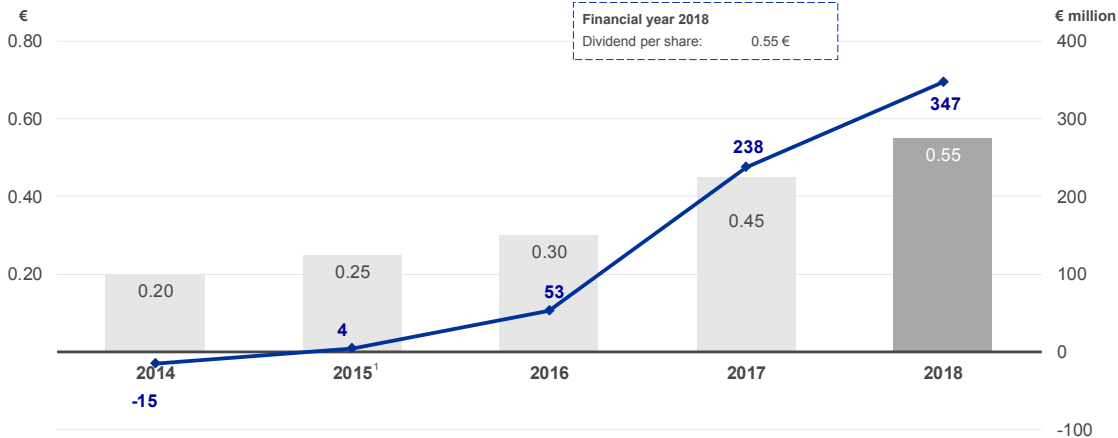
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Salzgitter AG vs. competitors

Share price performance since January 1, 2016



Dividend proposal



¹ restated

Dividend increased by another 20%

Explanations on the Agenda

Agenda items

2. Resolution on the appropriation of retained earnings

Dividend for the financial year 2018

Shareholders to receive € 0.55 per share*

▪ Dividend payment	€ 29.748.015,00
▪ Profit carried forward to new account	€ 3.351.985,00
▪ Unappropriated retained earnings	€ 33.100.000,00

3. Resolution on the discharge of the members of the Executive Board

4. Resolution on the discharge of the members of the Supervisory Board

5. Election of the auditor for the financial year 2019



Annual General Meeting of the Shareholders of Salzgitter AG

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

Braunschweig, May 23, 2019