



Annual General Meeting of the Shareholders of Salzgitter AG

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

Salzgitter, May 19, 2021

Financial year 2020 in review



Result

- Pre-tax result (€ -196.4 million) exceeds that of the previous year
- Immediate measures and very pleasing contribution of Aurubis AG stabilize earnings
- Upward business development since the fourth quarter
- Equity ratio of 32.5 % remains solid
- We expect that we will be able to resume dividend distribution again in 2022 (for 2021)

Group

- Swift implementation of a slew of highly diverse urgent measures for protecting our employees' health and ensuring operating ability following the outbreak of the COVID-19 pandemic
- Liquidity sustained without injections of external capital
- Strategic investment projects systematically pursued

Decarbonization

- SALCOS® – funding approval for the construction of a demonstration plant received
- Product range expanded to include green strip steel
- Construction of the wind farm for “Salzgitter Wind Hydrogen”

Management of the COVID-19 impacts

Protecting employee health

- Comprehensive risk-minimizing precautions and guidelines
- Creation of transparency in regards to occurrences of infection in the whole Group and detailed continuous monitoring
- Assumption of social responsibility also at our foreign locations
- Strengthening of the IT infrastructure in order to enable more than 5000 employees to make use of the offer to work from home



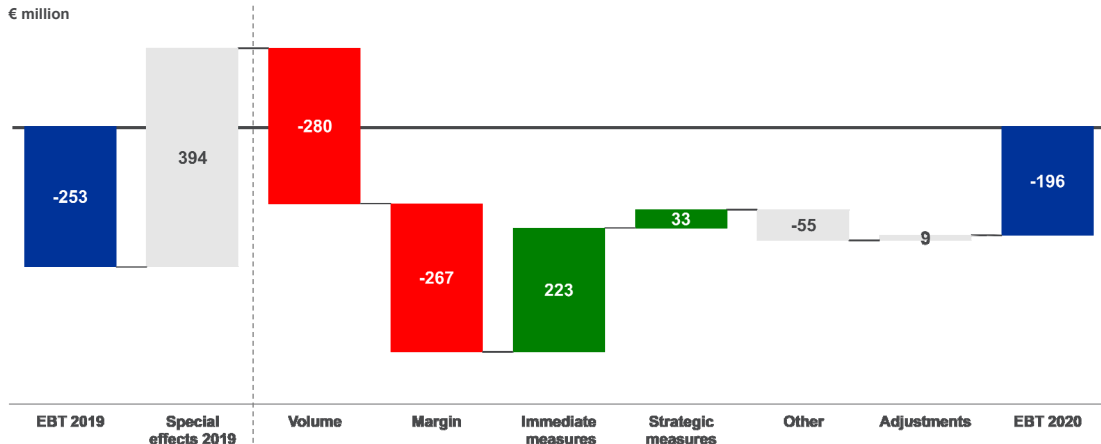
Ensuring operating ability

- Highest priority for liquidity management
- Temporary reduction of production
- Short-term work in many parts of the Group
- Restrictive handling of new investments, but continuation of strategic investment projects
- Stringent working capital management



Successful management of the challenges from the corona pandemic!

Earnings bridge Group



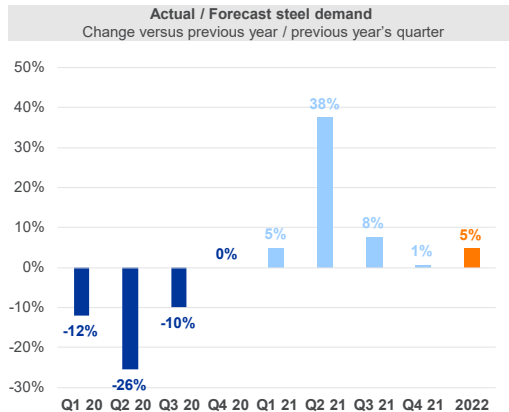
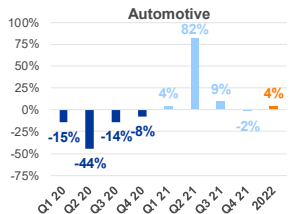
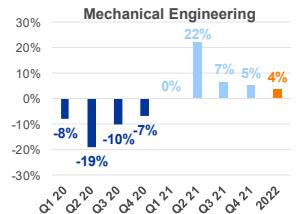
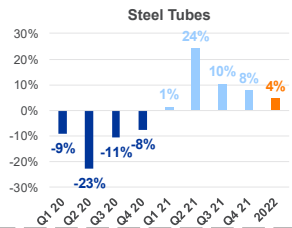
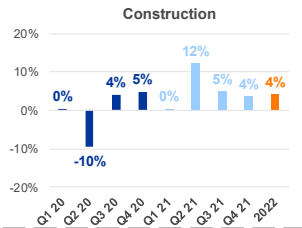
Corona-induced erosion of margins and volumes drives development of earnings, significant counterbalancing effects from immediate measures!

Salzgitter Group: 2020 in pictures



Not a lost year – we have achieved a lot!

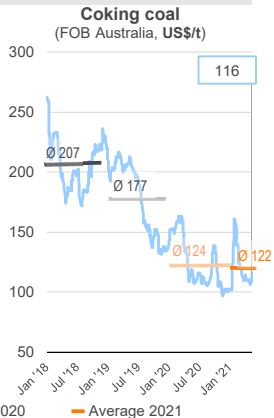
Development of steel demand in customer segments and the EU



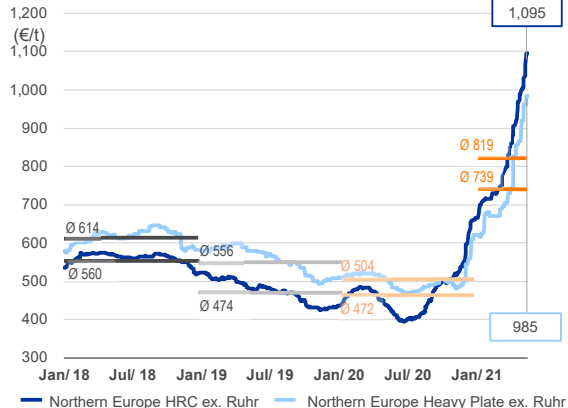
Steel processing sectors with dramatic slump of demand in the second quarter of 2020, recovery starting in the fall of 2020

Raw materials and steel prices

Raw materials



Hot-rolled coil & heavy plate



**Diverging price development of the major raw materials;
following a period of inadequate steel prices, selling prices rose steadily starting in late summer of 2020**

Key data per 2021/03/31

		Q1 2021	Q1 2020	Δ
Crude steel production	kt	1,644.5	1,681.5	-37.0
External sales ¹	€ million	2,094.1	2,108.3	-14.2
Earnings before tax	€ million	117.3	-31.4	148.7
Earnings after tax	€ million	76.6	-43.7	120.3
Earnings per share (undiluted)	€	1.38	-0.83	2.21
ROCE	%	13.2	-2.4	15.6
Core workforce ²		22,475	23,308	-833

¹ only from entities within the Group of Consolidated Companies of Salzgitter Group ² per reporting date

Encouraging start to the year!

In view of the good start to the year and the dynamic increase in rolled steel prices – nevertheless also with explicit reference to the still imminent risk of the coronavirus pandemic – we now anticipate the following for the Salzgitter Group in the financial year 2021:

- **an increase in sales to more than € 8.5 billion,**
- **a pre-tax profit of between € 300 million and € 400 million, as well as**
- **a return on capital employed (ROCE) that is tangibly above the previous year's figure.**

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.

Our decarbonization strategy

We are in control...

CO₂- emission allowances acquired as a precaution

- Shortfall in CO₂ allowances has been compensated for the most part until 2030
- Current market value of the CO₂ allowances acquired for this purpose exceeds the figure accounted for in the balance sheet by more than € 800 million*

...and pioneer at the same time

SALCOS

Steelmaking. Reinvented.

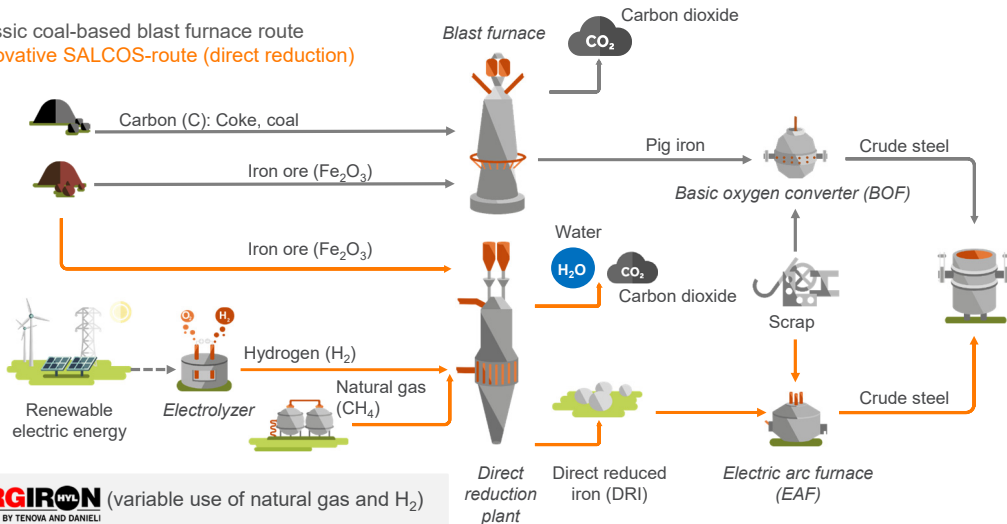
- Significant, gradual reduction of the CO₂ emissions of Salzgitter AG
- Target: Reduction of more than 95% of the CO₂ emissions of Salzgitter Flachstahl until 2050

The Salzgitter Group acts decisively!

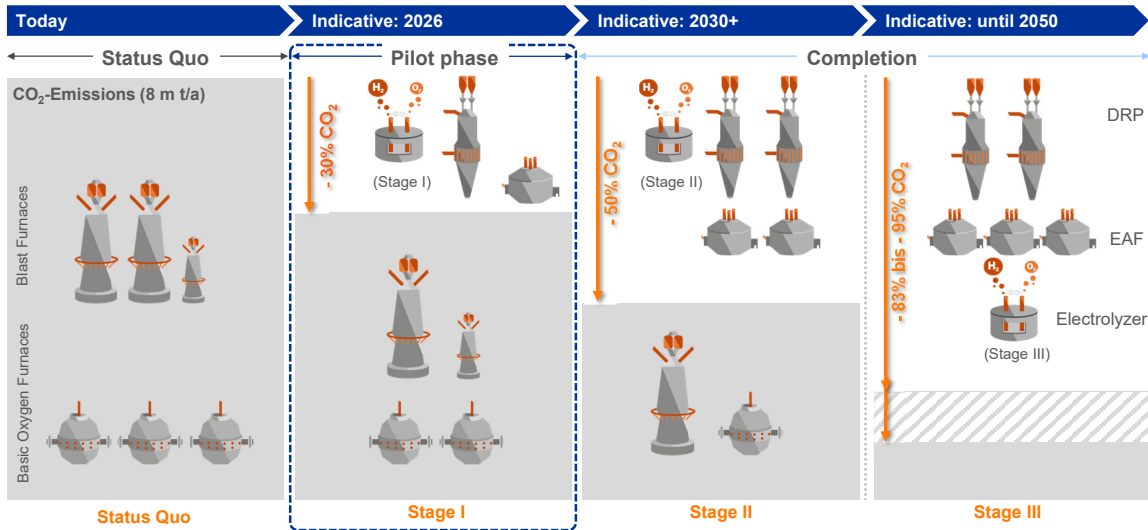
- ✓ Purchase of CO₂ emission allowances for the Fourth Trading Period as a precaution carries us to 2030
- ✓ SALCOS® – our technological concept for the medium and long-term CO₂-reduced steel production

SALCOS® – Flexible hydrogen-based direct reduction

→ classic coal-based blast furnace route
→ innovative SALCOS-route (direct reduction)



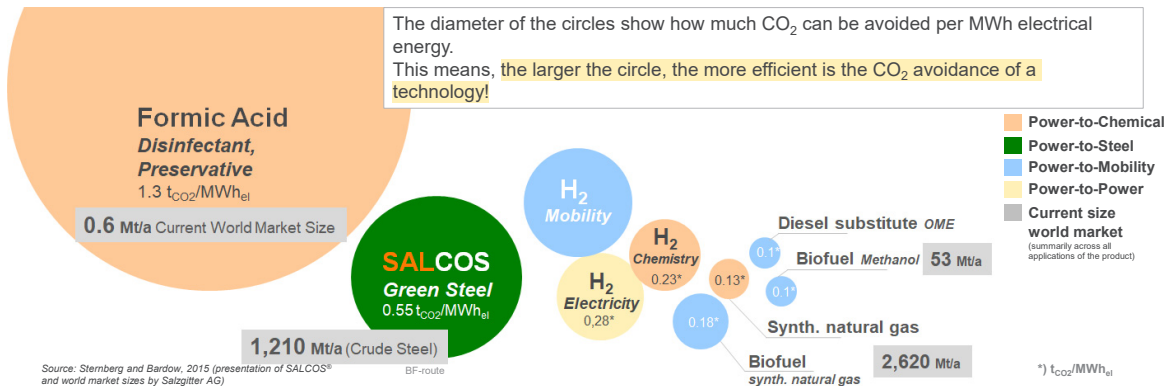
SALCOS® – Gradual conversion to a H₂-based steel production



CO₂ avoidance per unit of electricity used

Electricity from regenerative sources will continue to be the bottleneck for decarbonization.

The figure "t_{CO2} pro MWh_{el}" therefore marks (together with the relevant world market size) **the determining criterion** for the assessment of a technology.



Source: Sternberg and Bardow, 2015 (presentation of SALCOS® and world market sizes by Salzgitter AG)

BF-route

SALCOS® – the most efficient combination of CO₂ reduction and CO₂ reduction potential

Our path towards a low-CO₂, hydrogen-based steel production



First steam electrolysis on MW scale at Salzgitter Flachstahl as from 2020



2017

2018

2019

2020

2021



Wind-H2: **First** industrial sector coupling of “renewable power – hydrogen production – industrial consumption” at one location in Germany!



Feasibility study
Iron ore direct reduction plant in Wilhelmshaven



World’s largest high-temperature electrolyzer commences trial operation in Salzgitter

µDRAL – Mikro-Direkt-Reduktionsanlage
Construction of a demonstration plant for direct reduction in Salzgitter



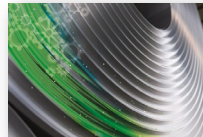
MACOR: SALCOS-feasibility study

- Analysis of framework conditions
- Numerical modelling of melt shop and direct reduction plant



Wasserstoff Campus Salzgitter

Bundling of regional H₂ expertise



First slab successfully produced for **green strip steel**

“Salzgitter Wind Hydrogen”

Important building block on the way towards climate-friendly steel production

- Production of electricity via wind power and electrolytic hydrogen at the plant site
- Erection of seven wind turbines with an overall output of 30 megawatt
- Hydrogen production with two 1.25 MW PEM electrolysis plants
- Capex of around € 50 million
- Supported by the State of Lower Saxony and KfW (Kreditanstalt für Wiederaufbau)
- **Start March 11, 2021**

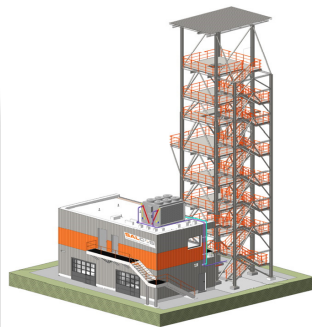


First industrial sector coupling of “renewable power – hydrogen production – industrial consumption” at one location in Germany!

μDRAL – Construction of a direct reduction plant in demonstration scale

- First iron ore direct reduction plant that can be flexibly operated with hydrogen and natural gas
- Testing of iron ore reduction with natural gas and/or hydrogen in variable proportions
- The direct reduced iron will initially be used in the Salzgitter plant as well as the electric arc furnace of the Peine site
- Investment sum: € 13.6 million
- Groundbreaking on May 17, 2021
- **Start of production in the first half of 2022**

Presentation of the funding approval by Federal Minister for the Environment Ms. Svenja Schulze on December 4, 2020 in Salzgitter



Plant completes the hydrogen-based value chain in crude steel production

Green strip steel – these days already...

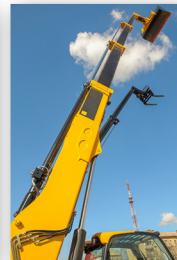
- Since the end of 2020, Salzgitter Flachstahl GmbH is offering green strip steel products a defined range of various dimensions and grades
- The carbon footprint of these products is markedly below that of conventional products
- TÜV SÜD has confirmed this in February of 2021:

“A reduction in the CO₂ footprint of more than 75 % of a steel slab and more than 66 % of a hot-dip galvanized coil can be achieved by changing the steel production method from the conventional blast furnace route to the electric route.”



...renowned steel processors demonstrate keen interest for this low CO₂ product!

Plate / Section Steel – new Heat Treatment Line at Ilseburger Grobblech



- Investment into a modern and competitive heat treatment line
- Strengthening of the market position and volume expansion for higher value grade segments such as high strength and wear resistant, water tempered steel
- Commissioning in early 2021

Project close to successful conclusion

Up to **95% less CO₂**

in steel production?

We are ready.

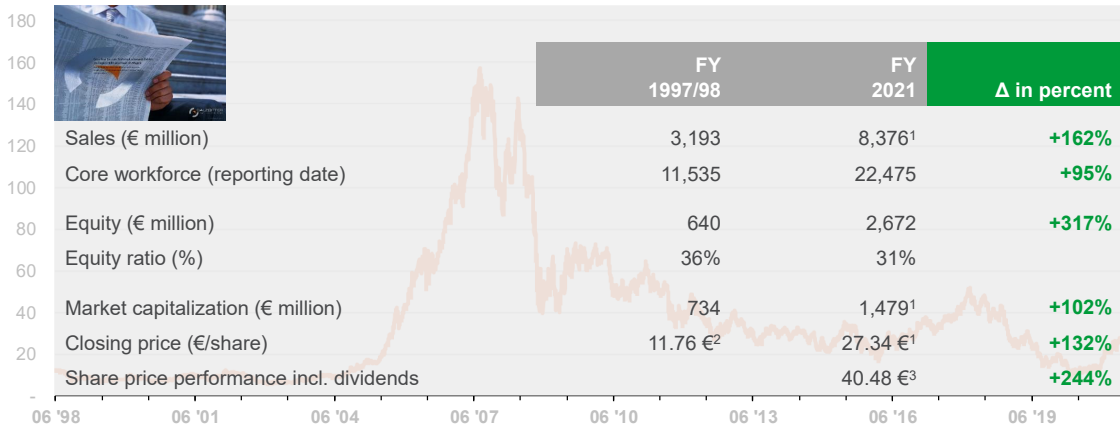
C A R B O N
O F F



Alles zum Projekt SALCOS® finden Sie unter salcos.salzgitter-ag.com

SALCOS

Numbers say more than a thousand words ...



¹Sales FY 2021 on basis of annualized Q1 2021, other Group data per March 31, 2021, share price per 2021/05/17, market capitalization 2021 excluding own shares ² issue price at listing ³ Total of € 13.14 in net dividends

No external addition of capital since going public!

Last but not least...



Vorstand meets Azubis 2019

Vorstand meets Azubis 2020





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