

Presentation

of

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

on the occasion of the
Annual General Meeting of Shareholders
on May 19, 2021,
in Salzgitter / on the Internet

- 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 most warmly to the regular Annual General Meeting of Salzgitter AG.

As in the past year, we are only able to engage in dialog today via virtual media. The pandemic is still determining our everyday lives, although we are seeing a gradual improvement, and perhaps even the end of the coronavirus crisis is now in sight.

I am delighted to see that so many of you are participating in our Annual General Meeting under these special circumstances.

Before we turn to the details on business developments, I would like to thank you as our valued Shareholders most sincerely for the trust you have placed in us. Your decision to invest in

Salzgitter AG bolsters our strategy and you play an important part in realizing our ambitious – but realistic – goals.

-----**Chart 2**-----

Let us now take a look at the past financial year 2020. All in all, the year was exceptionally challenging for our Group, to say the least: The outbreak of the pandemic led to a sudden plunge in demand, above all in the first half of the year, which necessitated our decisive intervention on the employment and on the cost front. Nevertheless, or perhaps precisely because of this, we can look back on the year and say: We can be satisfied with what has been achieved. More on that later.

Our pre-tax result of minus 196 million euros was obviously anything but satisfactory. In the final analysis, however, it is an improvement compared with the previous year of 2019 and notably better than we had feared back in mid-year 2020. This we owe especially to immediate measures swiftly and rigorously

implemented. Our participating investment in Aurubis also made a significant contribution to supporting the result.

The negative result for the year precludes dividend distribution for the year 2020. Our assumption is that we will be able to resume payment of dividend for the current year. Since the fourth quarter of 2020, most of our companies have been reporting that their business is trending upward.

At no time in 2020 was our economic and financial stability under threat. Injections of external capital were not necessary. At the end of last year, the equity ratio stood at 32.5 percent, and has thus remained on solid ground.

At an operational level, we worked through our management teams to ensure that our staff across the entire Group could carry out their tasks – while keeping operations up and running – as securely as possible. The social partnership between

management and employee representatives has passed its stress test.

But quite apart from everyday business, we have set a great deal in motion and reached important milestones – this applies to charting our course as a pioneer of low CO₂ steel production as well as to implementing our strategic investment projects.

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

Valued Shareholders, the all-pervasive topic in the past year was the Covid-19 pandemic with its impact on society, the economy, public finance, culture, and most importantly for some of us: sports. The pandemic presented us all, individually and collectively, with enormous challenges, and continues to do so.

At our last Annual General Meeting in July 2020, I described how, in the months ahead, the Salzgitter Group would be essentially focused on weighing up interests, meaning the best possible

protection of our workforce's health while maintaining the Group's operational capacity.

Today, just under a year down the line, I can lay claim to the following: We have succeeded. As opposed to many other domestic and international companies, none of the companies within our Group experienced any infection clusters of note. We achieved this by moving swiftly to take comprehensive precautions aimed at minimizing the risk, creating exemplary transparency regarding infection rates and business activity within the entire Group, flanked by ongoing, detailed monitoring of the situation. We assumed social responsibility not only for our staff in our domestic sites but also at numerous locations abroad.

Rigorous liquidity management, the rapid and uncomplicated introduction of short-time work across large parts of the Group, the selective scaling back of investments, and targeted working capital management enabled us to ensure that, at no point in

time, did Salzgitter AG need recourse to additional external funding.

One aspect was significantly upgraded in the past year: The area of information technology. Today, more than 5,000 of our jobs in Germany are telework compatible. The other positions are concentrated mainly in the area of production where teleworking is naturally not an option.

Almost all employees in jobs permitting telework used the possibility of working from home over the course of the crisis – not excessively but responsibly, in due consideration of the company and of colleagues.

This was made possible by our GESIS and TELCAT IT companies that adapted swiftly and unbureaucratically to the new requirements. In close cooperation with the Group companies,

they set suitable solutions in place within a short time window, thus securing the Group's ability to function.

-----**Chart 4**-----

Ladies and Gentlemen,

To illustrate what has been achieved, let us take a brief look at the reconciliation of the results from 2019 to 2020. Two things above all become evident:

Firstly, the economic impact of the coronavirus crisis on our company was severe. The effects of collapsing demand and margin erosion on profit translated into more than half a billion euros for our Group as a whole. And secondly, the immediate measures I have outlined sufficed to cushion around almost half of these effects.

This is a huge achievement with thanks due to everyone who developed these measures at short notice – without going into

shock – and implemented them with a great measure of discipline, identification and motivation.

Ladies and Gentlemen, may I be permitted the comment that, in comparison with other companies or public institutions, this performance is far above average.

The workforce's strong identification with our company Salzgitter AG is similarly reflected in several hundred of our managers, including members of the Executive Board, the Group Management Board and the Supervisory Board, foregoing parts of their salaries – voluntarily, irrevocably, and without any compensation at a later date.

Yes, we are good at handling crises! But we are also good at a great deal more.

-----**Chart 5**-----

We are also capable strategists. No high-minded pronouncements – but deeds instead. And these then speak louder than words.

On many occasions we read in the media about the lost year the pandemic has handed us all. In some respects, that may be the case: In business, education and in the cultural arena, many plans and projects were shelved, curtailed or scrapped completely. But this does not apply to your and our Salzgitter AG.

Quite the opposite! We achieved a great deal again in 2020.

Despite the considerable restrictions and burdens with which we had to cope, this did not deter us from pressing ahead successfully with our strategic investment projects and even bringing some of them to a conclusion. We also set important milestones when charting our course toward decarbonization. To get a first impression, please take a look for yourself:

[Film year 2020]

Achieving what the film shows is not something that can be taken for granted. This was possible because everyone involved was dedicated to their individual projects, with huge commitment and staying power.

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

These graphs show the development of the demand for steel in Europe, divided into key customer sectors. The chart shows the change against the previous year's quarter and an initial growth forecast for 2022 in comparison with expectations for 2021.

Patently evident from the chart is how dramatic the impact of the coronavirus pandemic was in the spring and summer of 2020.

The plunge in the demand for steel was especially sharp in the automotive sector. As a consequence, German automotive production slumped to merely 11,000 vehicles in the month of

April 2020, down from a normal level of monthly 350,000 to 400,000 vehicles. Only in the second half of the year did steel demand in this sector pick up again.

The development in the mechanical engineering and steel tubes business gravitated in the same direction.

The much more stable construction industry was somewhat quicker to recover during the crisis. By the summer, demand for steel in this sector was stronger than in the corresponding period of 2019.

Almost all the markets relevant for our business have meanwhile recovered. Moreover, the forecasts reveal a positive picture: We anticipate a strong upturn in demand in the current and the coming year. The tapering off that you see in the second half of 2021 reflects the base effect of better figures in the previous year.

-----**Chart 7**-----

The rising demand for steel is also mirrored by the development of rolled steel prices. Since the late summer of 2020 prices have put in an uptrend that was hesitant at first and, from the turn of the year onward, mutated into an unexpectedly dynamic boom for strip steel products. The price of hot strip soared by almost 200 euros per ton in the first quarter of 2021 to reach 1,000 euros per ton at the start of May, marking a new record high.

Along with the economic recovery, this price trend was also based on backlog effects: Over the course of the pandemic, many customers had pared down their stock to an absolute minimum, and now had to replenish their inventories at a rapid pace.

The development of the heavy plate product group always lags the economic cycle by some months.

Similar to the price of rolled steel, iron ore prices on the commodities front also put in a new record high. The recovery in

China's steel industry that had already set in in the early summer of 2020 coincided with still limited supply due to the international restrictions placed on business and the consequences of the breached dam in Brazil.

The official coking coal price stagnated at a low level, as China imposed economic sanctions last year against Australia, one of the world's most important producers of coal. The market has been divided since then; coking coal originating from other countries is considerably more expensive.

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

Valued Shareholders,

While the financial year 2020 proved to be extremely demanding, the first months of 2021 sent very positive signs:

As just mentioned, the recovery had already commenced in the late summer of last year. It only gained genuine momentum in the

fourth quarter, however. With the time lag customary in our sector, the uptrend in our financials that we published last week in full – following the ad hoc announcement released previously – manifested in the first quarter of 2021.

Rolled steel production and external sales remained stable compared with the first quarter of 2020, which was the last quarter not impacted by the Covid-19 pandemic.

By contrast, earnings before taxes rose significantly, by almost 150 million euros to 117.3 million euros. The dynamic uptrend in steel prices is the key driver here. The Strip Steel and Trading business units delivered pleasing contributions to earnings. In addition, a contribution of 42.5 million euros from Aurubis AG, a participating investment included at equity, was recorded.

Almost all segments reported a steady increase in their monthly results over the course of the quarter.

An encouraging start to the year!

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

Esteemed Shareholders, from today's standpoint, this positive trend should hold firm and confer pleasing half-year results. And this simply because we are currently processing orders from the spring due to the time delay between receiving the order and delivery that is applicable to many steel and tubes products.

And for the time thereafter we are not currently perceiving any material deteriorations either. At this point, I nevertheless make explicit reference to the fact that we are still in an amply volatile phase. The global pandemic could spring fresh surprises at any time.

We are fundamentally confident, however, and ascertain the following for the current financial year: If the overall situation holds steady, external sales should rise to more than 8.5 billion euros, thus almost to pre-pandemic levels. We estimate profit before taxes in a range of between 300 and 400 million euros.

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

As much as the coronavirus pandemic has held us in thrall in past quarters, it is not the only challenge we have to deal with – in civic society and as an enterprise.

The most important topic of this decade without a shadow of a doubt is decarbonization, meaning the drastic reduction of CO₂ emissions to curb climate change.

We at Salzgitter AG have long since quit the domain of letters of intent and announcements and have been in the midst of implementation processes for many years!

I showed you this chart last year. Its fundamental message still applies. We are vigorously pursuing the implementation of our decarbonization strategy, with the SALCOS[®] cornerstone. This stands for “Salzgitter Low Carbon Dioxide Steelmaking”.

On the other hand, we have covered a large part of the expected shortfall in the fourth period of the EU emissions trading scheme through to 2030 at an early stage by procuring CO₂ emissions allotments. You are already familiar with this.

But one important detail has changed: The difference between the cost of purchasing and the market value of the CO₂ allowances purchased as a precautionary measure has risen from just over 300 million euros at the time of the last Annual General Meeting in July 2020 and is now worth more than 800 million euros! Over the period since January 2021 alone, fungible CO₂ allowances have climbed from around 30 euros per ton of CO₂ to currently a good 50 euros. Given that on the so-called integrated

route of steel production via the blast furnace and converter steelworks around two tons of CO₂ per ton of steel product are produced, this delivers a medium-term advantage for our Group that should not be underestimated.

The decision to operate going forward with two safety nets has evidently been the right one: buying emission allowances at an early stage – thus as a precautionary measure – while, at the same time, stepping up the technological development of alternative modi operandi and processes of steel production.

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

Ladies and Gentlemen,

What exactly is SALCOS[®], the second – and most important – safety net shown here in traversing the gulf between the Second Industrial Revolution to the other, emission-free side with energy-intensive production of indispensable industrial raw materials?

This is nothing less than a reinvention of contemporary steel production – fortunately on based on established technologies.

Iron ore, which occurs naturally only in a compound with oxygen, has to date only been reduced via the blast furnace process by introducing carbon, which essentially removes the oxygen atoms from the compounds. The result is pig iron and carbon dioxide.

This process – that you can see mapped on the chart along the gray line – is already very energy efficient and sophisticated, which is why the volume of CO₂ inherent in the process cannot be reduced further.

This is where SALCOS[®] comes in. Iron ore can also be reduced using hydrogen or natural gas instead of carbon – the route mapped out below in orange. This direct reduction process produces firm iron sponge, so not the molten pig iron which comes out of the blast furnace. And the directly reduced material, DRI for short, can then be processed further to produce crude

steel in the respective melt-down aggregates, in electric arc furnaces for instance.

Nowadays, direct reduction harnessing natural gas is the more complex, but also technically well-developed process that is mainly used in countries with large quantities of available natural gas. Salzgitter AG is one of the world's first companies to engage committedly in combining the direct reduction technology with the alternating deployment of natural gas and hydrogen.

Under our concept, natural gas in conventional direct reduction plants, whose use is already achieving significant CO₂ savings of as much as two thirds compared with the carbon-based furnace blast furnace route, would gradually be replaced by hydrogen generated via electrolysis using electricity from renewable energies. Consequently, crude steel production at the end of the process harnessing so-called "green hydrogen" is almost CO₂ free.

-----**Chart 12**-----

How specifically are we going to set about realizing the industrial-scale integration of hydrogen-based direct reduction technology in our integrated steelworks in Salzgitter?

We have planned for modular implementation of SALCOS® in three development stages. The three existing blast furnaces and three converters will be replaced incrementally by SALCOS® modules and electric arc furnaces. A computer simulation of the facilities looks like this.

[Film Animation SALCOS®]

Together with the Fraunhofer Society and world-renowned plant engineering Tenova, our partners in the project, we will be able to realize the first of the three stages involved in the technological implementation of SALCOS® within five years. SALCOS® will enable us to save more than two million tons of CO₂ per year even before 2030. Combined with flanking measures, this corresponds to 30 percent of our current CO₂ emissions.

To understand the dimensions of this, one needs to know that these two million tons of CO₂ savings is equivalent to the impact of converting no less than one million combustion engine passenger vehicles to fully electric drive systems.

Stages two and three are to follow on step by step so that Salzgitter's entire crude steel production would have been switched to SALCOS[®] by 2050 – or 2045 if need be – and achieve savings of up to 95 percent of today's CO₂ emissions generated during the steel production process.

We are very confident that policymakers, society at large and also the economy will embrace our ecologically and commercially entirely convincing offerings for sustainable decarbonization. We assume that policymakers will soon create the indispensable framework conditions for the implementation and economic operation. Time is of the essence. Setting ever more ambitious targets for reducing CO₂ is one thing, but defining the framework

conditions and the measures for complying with them without the deindustrializing or de-mobilizing the country is a quite another – and by far the more complex. In any event, Salzgitter AG stands ready for action!

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

Ladies and Gentlemen, the availability of – preferably green – electricity is the ultimate bottleneck for decarbonization. As there will not be sufficient quantities available in the coming decades, it will be a question of deploying existing renewable energy as effectively as is humanly possible. We then have to ask ourselves the question: “How much CO₂ can be avoided per megawatt-hour of electricity used?”

Possibly the most important advantage SALCOS[®] offers can be seen from this chart: It illustrates the various approaches to decarbonizing our civil society, applying the criterion of energetic efficiency, depicted by the size of the circles. The larger the circle,

the greater the volume of CO₂ that can be avoided per megawatt-hour of electrical energy, or at least converted.

The hydrogen-based direct reduction of iron ore as a substitution for today's blast furnace route holds the promise of the second highest energy efficiency of all decarbonization approaches, only outperformed by converting CO₂ into formic acid. On a worldwide scale, however, a very negligible amount of this is required, meaning that this is not a solution.

Other approaches, such as synthetic fuels that are garnering a great deal of media coverage at present significantly underperform in terms of energy efficiency; although there are sufficient market volumes for the uptake of these products.

Factoring in these circumstances, hydrogen-based direct reduction, which embodies our approach with SALCOS[®], is the most promising approach in a sector- and energy-related

comparison for achieving society's rapid and sustainable decarbonization. Political decision-makers in this country have evidently grasped this concept and are meanwhile very open to the steel industry's measures to reduce CO₂.

Our Salzgitter AG is ascribed a pioneering role in this domain – and justifiably so – not least reflected by the numerous visits of top politicians to Salzgitter, even during the coronavirus phase.

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

Valued Shareholders,

Salzgitter AG is steadily pursuing its course toward low CO₂ steel production – without embellishments, and no vacant or dubious showiness – that's not our style.

All our endeavors in recent years – what you see on the chart – are geared to realizing this one undertaking and to its success.

In the meantime, we have expedited projects, partly by joining forces with partners, in an overall volume of close to 100 million euros. Added to this are research projects that we carry out among others together with the Fraunhofer Society, Europe's largest applied research organization.

Some of these milestones I explained to you last year. I would like to touch on three projects in the following:

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

March 11, 2021 marked the date when our "Wind Hydrogen Salzgitter" project went online. With this 50-million-euro project, we implemented the first industrial cross-sector combining of renewable energy, hydrogen production and industrial consumption at a single location in Germany!

"Wind Hydrogen Salzgitter" consists of seven wind turbines, Germany's largest onshore aggregates, by the way, and two PEM

electrolyzers used for the environmentally compatible generation of hydrogen needed for the Salzgitter steelworks. This project enables us to gain operational experience in the field of “hydrogen from renewable energies” important for SALCOS®.

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

Ladies and Gentlemen, the decision to build the “Micro SALCOS®” direct reduction plant in demonstration scale is an expression of our claim to leadership within the steel sector in the decarbonization area.

The new plant, subsidized by the German Federal Ministry for the Environment, is the world’s first direct reduction plant operated flexibly by hydrogen and natural gas.

The groundbreaking ceremony for the plant took place the day before yesterday. Commissioning is already scheduled for the

coming year. We will then set about gathering important insights and experience in operating SALCOS® in industrial scale.

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

Our green strip steel from Salzgitter also boasts similarly excellent standing, while already being available for delivery today.

We don't only talk the talk, we walk the walk: We are therefore the first in North West Europe to be able to offer our customers green strip steel since the end of 2020 – and that with a CO₂ footprint of electric steel reduced by more than three quarters in slabs and over two thirds in the end product of hot-dip galvanized strip compared with the conventional blast furnace route.

In contrast to competing offerings, this strip steel is physically tangible and not merely a more or less theoretically reduced CO₂

footprint projection. Production is effectively and transparently taking place and achieving significantly lower CO₂ emissions.

German technical Inspectorate TÜV SÜD has examined the production process and certified the results of its investigation by way of a conformity statement in accordance with the VERIsteel standard.

Customer response to this new product is strong, which shows: acting sustainably while keeping a sharp competitive edge are not necessarily mutually exclusive. Quite the opposite! I am convinced that the path we are currently on will ultimately significantly improve our opportunities in the market going forward.

-----**Chart 18**-----

Ladies and Gentlemen, valued Shareholders,

decarbonizing metallurgy is not the only issue we addressed in 2020. We have also forged ahead with our “Hot Dip Galvanizing Line 3” and “New Heat Treatment Line” investment projects as our two most important strategic projects.

The heat treatment line in Ilsenburg is aimed at expanding our market position in the higher-end grade segment and in ultra-strength and wear-resistant water-quenched steels.

The process of taking these facilities into operation is making good headway, and the first deliveries to customers have already been made. The market stands ready to absorb products from these new facilities. More in the following film:

[Film heat treatment line]

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

Ladies and Gentlemen,

Let me condense my elaborations of the past minutes into two points:

Firstly, based on sound and well-founded consideration and a strategy that is therefore forward-looking, we have emerged relatively unscathed from the most severe economic crisis our country has faced since the Second World War – together with yourselves, our owners, and with our almost 25,000 employees who took on numerous tasks with a great deal of energy and discipline.

And secondly, we are well equipped with our SALCOS® concept to step up to the imminent challenge of generations: the decarbonization of our society. We not only declare our willingness to make an important contribution, we have already taken the first concrete steps, to produce reduced CO₂ steel, and

are moving towards the ultimate aim of CO₂-neutral product.

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

Ladies and Gentlemen,

Our listing in 1998 marked the point when the company embarked on a completely new chapter of its at that point already 140-year history. Since then, we have actively taken the development of our Group further with a view to positioning it on a broader basis – with a steady increase in quality and product diversity. Moreover, we tapped further areas of growth:

In 2000, we supplemented our core activities rooted in a long tradition by adding the tubes business through our takeover of Mannesmannröhren-Werke AG, known today as the Mannesmann Business Unit. In 2007, we acquired Klöckner-Werke AG, thereby laying the foundations for the Technology Business Unit. Both of these were attractive acquisitions made at extremely favorable purchase prices.

A further key element is our substantial participating investment in the successful copper producer Aurubis AG.

Today, Salzgitter AG as the management holding heads up a modern and innovative steel and technology group that operates across the globe through its subsidiaries and affiliated companies.

The fact that we have achieved a great deal over the past 20 years and more is also reflected in a comparison between the financial year 1997/1998, the year of our listing, and today.

Consolidated revenue – here we have taken the figure from the first quarter of the current financial year 2021 on an annualized basis – has risen by 160 percent compared with the point of departure. The workforce has doubled, and equity has even increased more than fourfold.

Valued Shareholders, we have achieved all this by drawing fully on our own resources. In the history of our new Salzgitter AG, not one cent is attributable to a capital increase, and no financial aid

to see us through the coronavirus pandemic was necessary in the year now ended. On the contrary, since our listing on the stock exchange we have distributed dividend of 13.14 euros per share in total. Together with the share price uptrend since 1998, we – despite a snapshot of the outcome of coronavirus crisis – this means that invested capital has increased three and a half times.

Market capitalization has doubled as the number of shares traded has been reduced due to shares withdrawn and 10 percent in treasury shares.

Valued Shareholders,

the Salzgitter Group is very well positioned with its financial stability and sound balance sheet, including a high level of reserves, also as the coronavirus pandemic eases. We therefore have every reason to look optimistically to the future together.

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

Ladies and Gentlemen,

The Chairman of our Supervisory Board has already gone into the agenda items so I will refrain from further explanations.

Permit me to say a few personal words to round off my presentation.

As you know, today's Annual General Meeting will be my last as Salzgitter AG's Chief Executive Officer. At the end of June, after 41 years in the steel industry, 26 of which were in the Salzgitter Group, I will retire.

When I came on board here in 1995, the Internet was something most people were not familiar with. Electromobility was essentially a topic reserved for science and, in our understanding of everyday life, an area which we assigned more to the history of technology. Yes, your ears have not deceived you: 100 years ago, half of the cars registered in Berlin were equipped with fully electric drive systems.

And Preussag Stahl AG – the predecessor of today's Salzgitter AG – was a pureplay steel producer within a large conglomerate.

A lot has happened since then. There have been a few sea changes, in society, in the steel industry and in our company.

I like to think back – admittedly today with a degree of wistfulness – on these 26 years, 25 years of which have been on the Salzgitter Group's Executive Board. When one has had the privilege of spending more than two decades in a company through all the ups and downs, the company inevitably becomes part of oneself.

At this point, may I express my great thanks to all Salzgitter AG's employees. That today's Salzgitter Group is a commercially successful and independent enterprise is a huge joint achievement that we can all be very proud of.

We have spoken much about the future today. About SALCOS®. About hydrogen. I have saved two images for my last slide that I think are especially poignant for the future of our Group. They show my Executive Board colleagues and myself together with some of our trainees.

In 2016, we introduced the “Executive Board meets Trainee” format that was and is very close to my heart. Ever since then, we meet up with our trainees to exchange ideas – as we did here in 2019 and 2020.

These meetings were very important to me. I always enjoyed them and would like to thank all the trainees of the Salzgitter Group for seeing their future career in our company.

And finally, last but not least, esteemed Shareholders, may I thank you and our business partners for your trust in Salzgitter AG. With your largely long-standing commitment, you also embody the future of Salzgitter AG

I wish Gunnar Groebler as my successor, together with colleagues on the Executive Board and on the Group Management Board, a steady and felicitous hand and the perpetuation of the excellent cooperation with our Supervisory Board.

Stay safe and stay healthy – and stay true to our Salzgitter AG.

“Glückauf” – good luck!