

SALZGITTER GROUP

# PRESENTATION OF THE GROUP

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**SALZGITTERAG**  
People, Steel and Technology



# AGENDA

01 Salzgitter Group

02 Market Situation

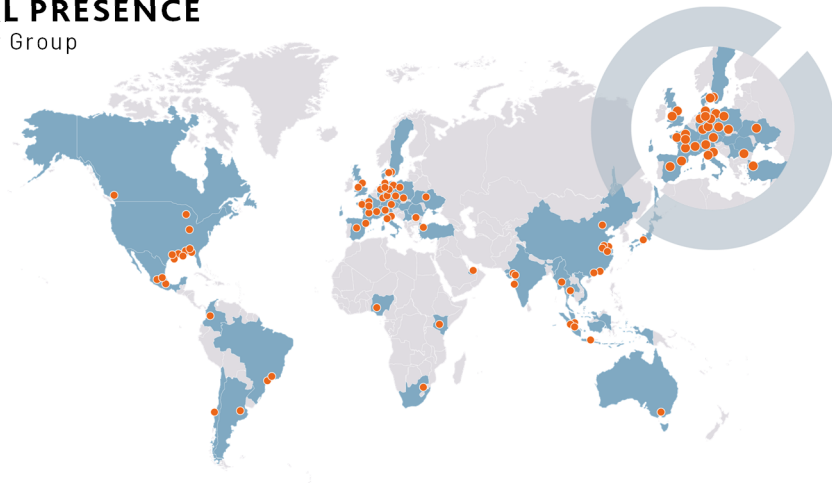
03 Business Units

04 Strategy

05 Guidance

# 01 GLOBAL PRESENCE

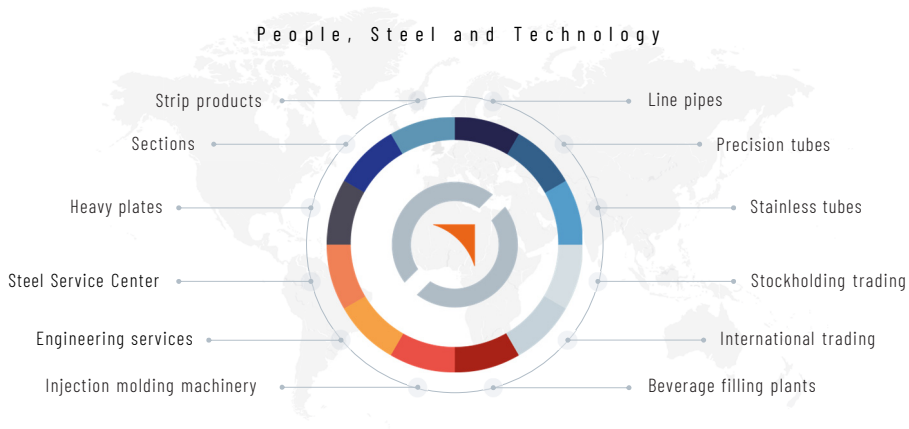
Salzgitter Group



Steel Production located in Germany, Steel Processing with plants Europe; Trading and Technology have global presence

# 01 DIVERSIFIED PRODUCT PORTFOLIO

Salzgitter Group



# 01 GROUP STRUCTURE AND KEY DATA FY 2022

## Salzgitter Group

### Salzgitter Group

**External Sales cons.:** € 12.5 billion / **EBT:** € 1.2 billion / **Employees:** 22,622

#### Steel Production

/ **External Sales:** € 4.3 billion  
/ **Employees:** 7,369  
/ **EBT:** € 791 million



#### Steel Processing

/ **External Sales:** € 2.1 billion  
/ **Employees:** 5,341  
/ **EBT:** € 86 million



#### Trading

/ **External Sales:** € 4.6 billion  
/ **Employees:** 1,975  
/ **EBT:** € 243 million



#### Technology

/ **External Sales:** € 1.4 billion  
/ **Employees:** 5,329  
/ **EBT:** € 48 million



All data about employees as per 12/31

# 01 GROUP STRUCTURE

## Salzgitter Group

### Salzgitter Group

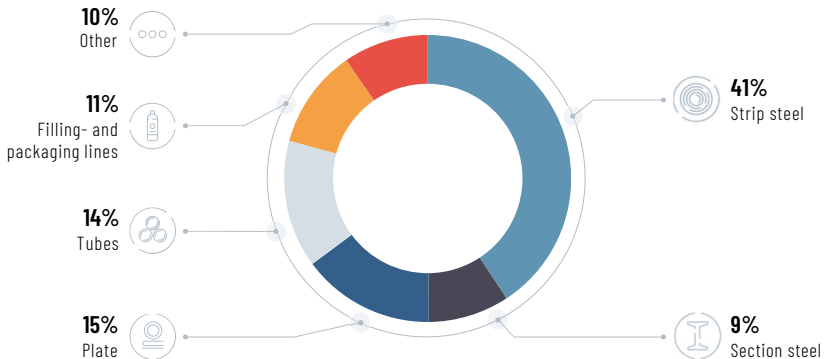
#### Salzgitter Mannesmann / Salzgitter Klöckner-Werke

Steel Production Business Unit	Steel Processing Business Unit	Trading Business Unit	Technology Business Unit	Industrial Participations / Consolidation
Salzgitter Flachstahl	Mannesmann Precision Tubes	Salzgitter Mannesmann Handel Gruppe	KHS	Verkehrsbetriebe Peine-Salzgitter
Peiner Träger	Mannesmann Line Pipe	Universal Eisen und Stahl	Klöckner Desma Elastomertechnik	Salzgitter Digital Solutions
DEUMU Deutsche Erz- und Metall-Union	Mannesmann Grossrohr		DESMASchuhmaschinen	TELCAT MULTICOM
Salzgitter Mannesmann Stahlservice	Ilseburger Grobblech			Salzgitter Automotive Engineering
Salzgitter Europlatten	Salzgitter Mannesmann Grobblech			Salzgitter Hydroforming
	Hüttenwerke Krupp Mannesmann	30%		Salzgitter Business Service
	EUROPIPE	50%		Salzgitter Mannesmann Forschung
				Glückauf Immobilien
	Mannesmann Stainless Tubes			Aurubis 29,99%
				Hansaport 51%

As of February 2024, simplified display

# 01 EXTERNAL SALES 2022 BY PRODUCT GROUP

Salzgitter Group

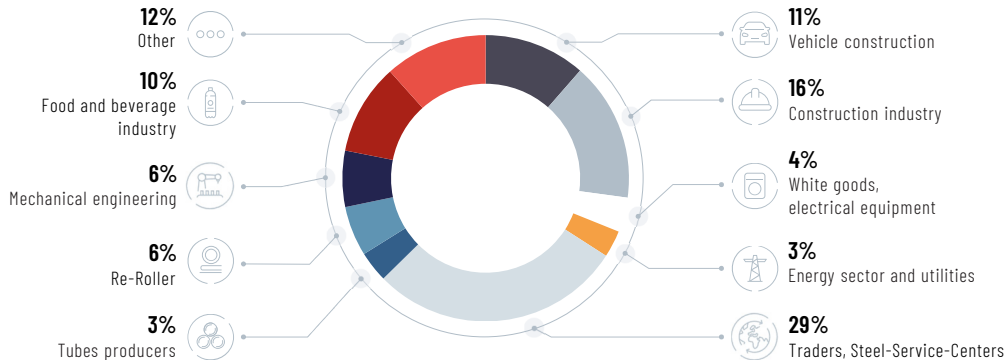


Only from entities within the group of consolidated companies of Salzgitter Group, excluding EUROPIPE Group

Broad product portfolio

# 01 EXTERNAL SALES 2022 BY CUSTOMER INDUSTRIES

Salzgitter Group



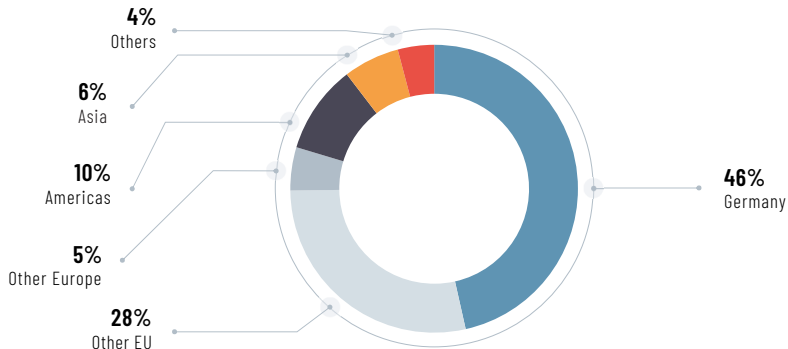
Only from entities within the group of consolidated companies of Salzgitter Group, excluding EUROPIPE Group

Broad customer base



# 01 EXTERNAL SALES 2022 BY REGIONS

Salzgitter Group



Sales by consignee (only from entities within the group of consolidated companies of Salzgitter Group, excluding EUROPIPE Group)

Share of ex-Germany sales by consignee 54%

# 01 KEY DATA PER 2022/12/31

Salzgitter Group

		FY 2022	FY 2021	Δ
Crude steel production	kt	<b>6,109.1</b>	6,748.8	-639,77
External sales <sup>1</sup>	€ million	<b>12,553.3</b>	9,767.4	2,785.9
Earnings before tax	€ million	<b>1,245.4</b>	705.7	539.7
Earnings after tax	€ million	<b>1,085.4</b>	586.1	499.3
Earnings per share (undiluted)	€	<b>20.0</b>	10.7	9.3
ROCE	%	<b>20.1</b>	16.2	3.9
Core workforce <sup>2</sup>		<b>22,622</b>	22,356	266

<sup>1</sup> only from entities within the Group of Consolidated Companies of Salzgitter Group

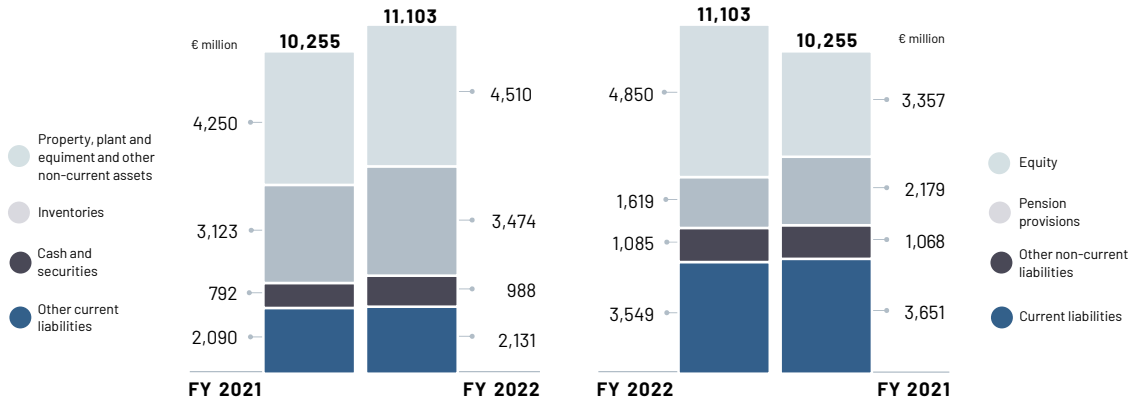
<sup>2</sup> per reporting date



2022 was one of the most successful years in the history of Salzgitter AG

# 01 BALANCE SHEET

Salzgitter Group

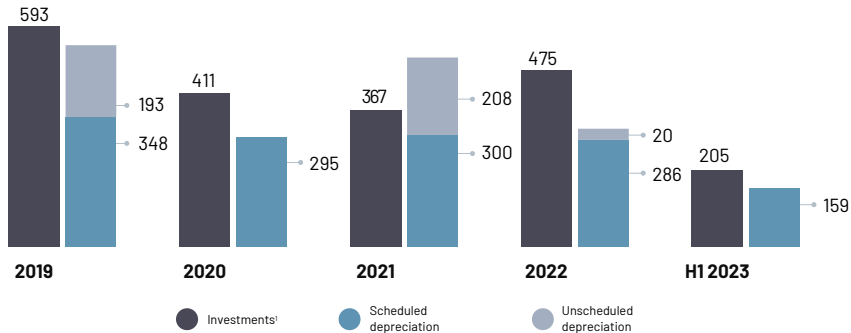


Continuing sound financial basis

# 01 INVESTMENTS AND DEPRECIATION

Salzgitter Group

(€ million)

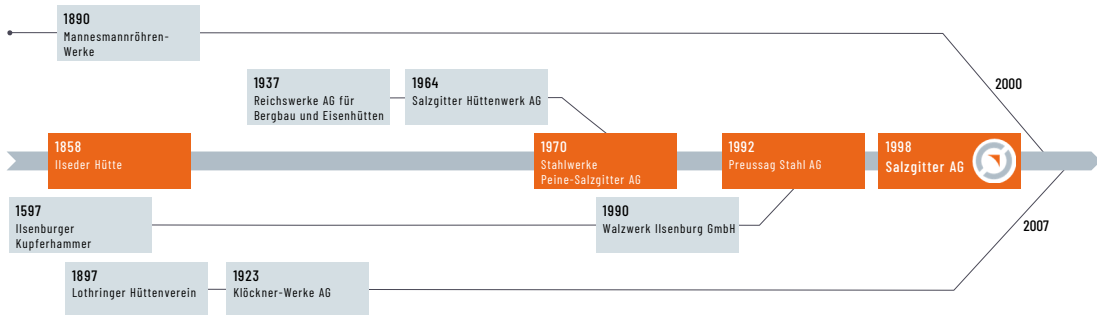


<sup>1</sup> Property, plant and equipment and intangible assets, excluding financial assets

Focus on supplementary investments; € 85 million in capex outflow for SALCOS® in H1 2023

# 01 YOUNG YET WITH GREAT TRADITION

Salzgitter Group





# AGENDA



01 Salzgitter Group

02 Market Situation

03 Business Units

04 Strategy

05 Guidance

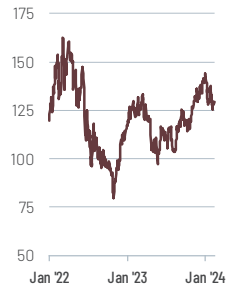
# 02 RAW MATERIAL AND ENERGY PRICES

## Market Situation

### RAW MATERIAL PRICES (US\$/t)

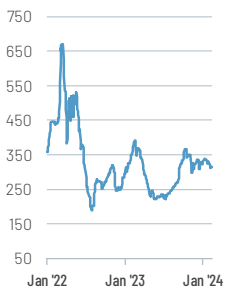
#### IRON ORE

(62% Fe CFR China, US\$/dmt)



#### COKING COAL

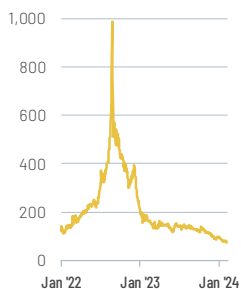
(FOB Australia, US\$/t)



### ENERGY PRICES (€/MWh)

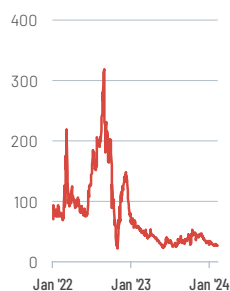
#### ELECTRICITY

(Futures market front year EEX, €/MWh)



#### NATURAL GAS

(Area THE, EEX Day-Ahead €/MWh Hs)



Raw material prices stabilize, energy prices recently returned to pre-war levels

# 02 PRICE DEVELOPMENT CO<sub>2</sub> EMISSION ALLOWANCES

Market Situation

## PRICE OF CO<sub>2</sub> EMISSION ALLOWANCES (€/t)



Price of CO<sub>2</sub> emission allowances on the increase since 2018; recent slumps due to macroeconomic development



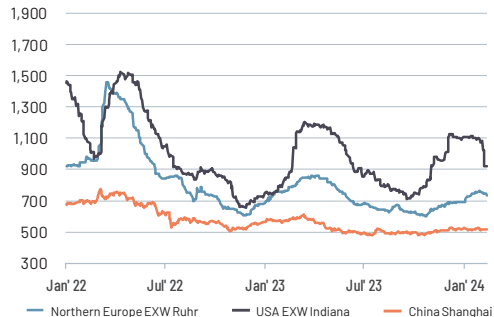
# 02 STEEL PRICES

## Market Situation

### SPOT PRICES NORTHERN EUROPE (€/t)



### HOT-ROLLED COIL PRICES INTERNATIONAL (€/t)



European steel prices stabilize following consolidation. Hot-rolled coil prices in the U.S. with correction on a high level.



# AGENDA

- 01 Salzgitter Group
- 02 Market Situation
- 03 Business Units: Steel Production
- 04 Strategy
- 05 Guidance

# 03 OVERVIEW

## Steel Production Business Unit



### Capabilities

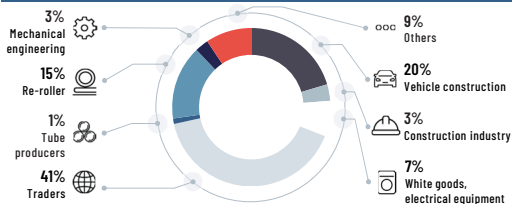
- / Integrated steel works with three blast furnaces
- / Top-modern mini mill with two electric arc furnaces
- / Approx. 5.7 mt/year crude steel capacity
- / Modern production plants
- / High processing competence (SSC)

### Core competences and products

- / High-quality steel grades for sophisticated applications
- / Custom made solutions, e.g., hot-rolled and cold-rolled coil, galvanized and coated sheet, laser-welded tailored blanks and sections
- / Customer focus through local presence

<sup>1</sup> only from entities within the group of consolidated companies of Salzgitter Group

### EXTERNAL SALES BY CUSTOMER INDUSTRY 2022<sup>1</sup>



### KEY DATA FY 2022

Consolidated Sales	€m	<b>4,263</b>
Earnings before taxes	€m	<b>791</b>
Core workforce (12/31)		<b>7,369</b>

Broad range of high-quality steel products

# 03 STRIP PRODUCTS

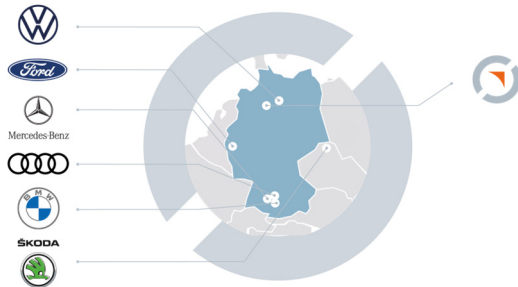
## Steel Production Business Unit

### SALZGITTER FLACHSTAHL GMBH

- / Hot-rolled coil, cold-rolled coil, electrogalvanized, hot dip galvanized and organic coated sheet
- / Integrated steel works with 3 blast furnaces
- / Around 4.7 mt yearly crude steel capacity
- / Top modern production plants
- / High-tech downstream facilities
- / 5% market share in the EU27

		2021	2022
Shipments	kt	<b>4,054</b>	<b>4,033</b>
Sales	€m	<b>3,219</b>	<b>4,463</b>
Employees	12/31	<b>5,480</b>	<b>5,655</b>

### SUPPLIER OF PREMIUM OEMs



# 03 SECTIONS

## Steel Production Business Unit

### PEINER TRÄGER GMBH

- / Medium and heavy steel beams, Peine sections
- / Progressive and flexible mini mill
- / Two top-modern electric arc furnaces
- / Adjusted crude steel capacity 1.0 mt/year
- / 15% market share in the EU27
- / Two of the most efficient section mills worldwide with comprehensive range of products

		2021	2022
Shipments	kt	<b>976</b>	<b>781</b>
Sales	€m	<b>747</b>	<b>869</b>
Employees	12/31	<b>787</b>	<b>782</b>



# 03 PROCESSING

## Steel Production Business Unit



### SALZGITTER EUROPLATINEN GMBH

/ Custom-made solutions: Laser-welded tailored blanks for lighter car bodies

		2021	2022
Sales	€m	<b>35</b>	<b>47</b>
Employees	12/31	<b>108</b>	<b>90</b>



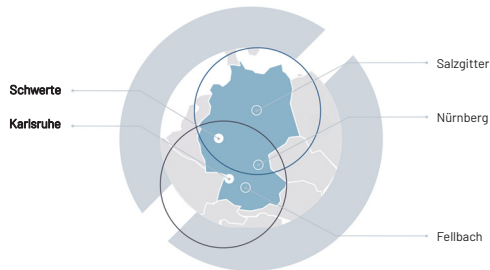
# 03 STEEL SERVICE CENTER

Steel Production Business Unit

## SALZGITTER MANNESMANN STAHLSERVICE GMBH

- / Two locations
- / Modern plants and processes
- / 600,000 t/year processing capacity

## EXCELLENT POSITION IN THE HEART OF EUROPE



		2021	2022
Shipments	kt	490	474
Sales	€m	421	567
Employees	12/31	310	315

# 03 METALS TRADING

## Steel Production Business Unit

### DEUTSCHE ERZ- UND METALL-UNION-GRUPPE

/ Specialist trader for ferrous scrap, non-ferrous scrap, new metals and ferro alloys, as well as rolled steel products

		2021	2022
Sales	€m	869	954
Employees	12/31	401	454







# AGENDA

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- 05 Guidance

# 03 OVERVIEW

## Steel Processing Business Unit



### Capabilities

- / Own crude steel supply via 30% participation in Hüttenwerke Krupp Mannesmann GmbH
- / Two rolling mills for plate with 1.1 mt annual capacity
- / Plate width up to 4,800 mm
- / Plant for the production of semis for the seamless tubes business

### Core competences and products

- / Plate: High-strength, wear resistant and specialized steel grades including offshore and tube grades
- / Mannesmann: Longitudinal and spiral welded large-diameter pipes, medium line pipes, seamless and welded precision tubes, seamless stainless tubes

<sup>1</sup> only from entities within the group of consolidated companies of Salzgitter Group, excluding EUROPIPE Group

### EXTERNAL SALES BY CUSTOMER INDUSTRY 2022<sup>1</sup>



### KEY DATA FY 2022

Consolidated Sales	€m	2,106
Earnings before taxes	€m	86
Core workforce (12/31)		5,341

Broad range of high-quality plate products; global player in the high-quality segment of the global tubes market

# 03 LINE PIPES

## Steel Processing Business Unit



**MANNESMANN**  
**LINE PIPE**  
A Member of the Salzgitter Group



**MANNESMANN**  
**GROSSROHR**  
A Member of the Salzgitter Group

### MANNESMANN LINE PIPE GMBH

/ HFI-welded medium line pipes incl. plastic- and cement coatings

		2021	2022
Sales	€m	207	314
Employees	12/31	320	317



### MANNESMANN GROSSROHR GMBH

/ Spiral-welded large-diameter pipes made of hot-rolled coil

		2021	2022
Sales	€m	28	119
Employees	12/31	114	121

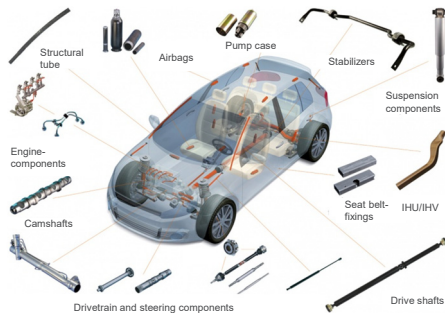


# 03 PRECISION TUBES

## Steel Processing Business Unit

### MANNESMANN PRECISION TUBES GROUP

- / Seamless and welded cold drawn precision tubes for the automotive and engineering industries as well as the energy sector
- / State of the art push bench plant for the production of hollows
- / Market leader in the EU28 (24% market share)
- / 10 locations in D, F, NL and Mexico



		2021	2022
Shipments	kt	207	231
Sales	€m	415	564
Employees	12/31	2,048	2,032

# 03 HEAVY PLATE

## Steel Processing Business Unit

### ILSENBURGER GROBBLECH GMBH

- / Broad diversified heavy plate steel grades
- / Construction plate, fine grained construction plate, alloyed and unalloyed boiler plate, offshore and tube grades
- / High-strength and wear resistant grades
- / 8% market share in the EU27
- / State of the art facilities, one of the most modern water quenching plants

		2021	2022
Shipments	kt	620	670
Sales	€m	519	876
Employees	12/31	603	637



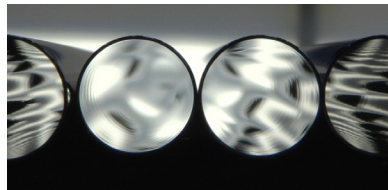
# 03 HEAVY PLATE

## Steel Processing Business Unit

### SALZGITTER MANNESMANN GROBBLECH GMBH

- / Heavy plate mill specialized in plate for longitudinally welded line pipe and similar applications, especially for EUROPIPE GmbH
- / Pipe bending plant for seamless and welded steel tubes in carbon, alloyed, and high-alloy steels
- / Test center with a wide range of mechanical and technological tests

		2021	2022
Shipments	kt	313	391
Sales	€m	266	491
Employees	12/31	431	423



# 03 LINE PIPES

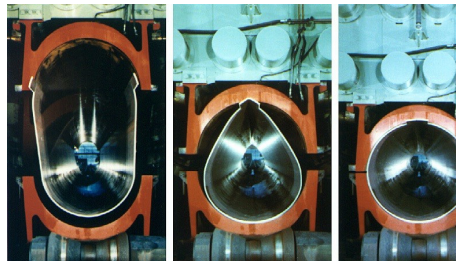
## Steel Processing Business Unit



### EUROPIPE-GROUP

- / Shareholder: SZAG 50%, Dillinger Hüttenwerke 50%
- / Longitudinal welded large-diameter pipes for transcontinental and underwater pipelines
- / In-house coating activities
- / Reported at equity

		2021	2022
Shipments	kt	234	352
Sales	€m	249	579
Employees	12/31	798	768



# 03 SIGNIFICANT SHAREHOLDINGS

## Steel Processing Business Unit



### HÜTTENWERKE KRUPP MANNESMANN GMBH

- / Shareholder: ThyssenKrupp 50%, SZAG 30% + Vallourec 20% (Pool)
- / Steel works with two blast furnaces
- / Production of slabs and round steel bars
- / Up to 1,000 different steel grades
- / Yearly crude steel production of > 4 million tons

		2021	2022
Sales	€m	3,131	3,781
Employees	12/31	2,847	2,806





# 03 SEAMLESS STAINLESS TUBES

Steel Processing Business Unit

## MANNESMANN STAINLESS TUBES GROUP

- / Seamless hot- and cold-finished stainless tubes for the chemical and engineering industries, as well as for the energy sector
- / 6% market share in the world
- / 5 locations in D, F, I, USA
- / Sold to Cogne Acciai Speciali in February 2024, the transaction is subject to regulatory approvals by the authorities

		2021	2022
Shipments	kt	24	28
Sales	€m	275	371
Employees	12/31	970	969



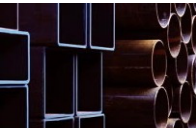


# AGENDA

- 01 Salzgitter Group
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# 03 OVERVIEW

## Trading Business Unit



### Capabilities

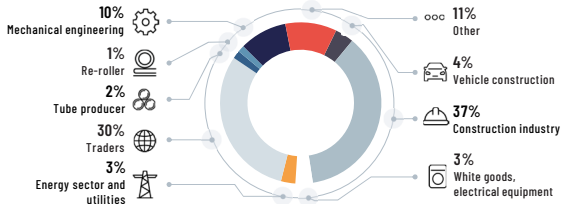
- / Own distribution network for steel products with warehousing sites in Europe
- / Processing group specialized in heavy plate products
- / International trading

### Core competences and products

- / Global presence in all relevant regions with own representation
- / Distribution channel for Salzgitter Group products
- / Procurement channel for Salzgitter Group works
- / Value added services for customers

<sup>1</sup> only from entities within the group of consolidated companies of Salzgitter Group

### EXTERNAL SALES BY CUSTOMER INDUSTRY 2022<sup>1</sup>



### KEY DATA FY 2022

Consolidated Sales	€m	<b>4,581</b>
Earnings before taxes	€m	<b>243</b>
Core workforce (12/31)		<b>1,975</b>

High customer and market orientation through a global sales organization

# 03 SALZGITTER MANNESMANN HANDEL GROUP

## Trading Business Unit



### Salzgitter Mannesmann Handel

/ Shipments 2022: 3.4 mt

/ Sales 2022: € 4.3 billion

Trading	Stockholding		Agencies
<b>International</b> 9 Companies 2 Rep. offices	Salzgitter Mannesmann Stahlhandel GmbH, Düsseldorf (SMSD)	<b>Europe</b> 7 Companies	<b>Europe</b> 4 Agencies
Salzgitter Mannesmann International GmbH, Düsseldorf (SMID)	15 Branches with warehouses and further processing (incl. 4 flame cutting plants)		
Salzgitter Mannesmann International (USA) Inc., Houston (SMIH)	Stahl-Center Baunatal GmbH, Baunatal (SCB)		
Salzgitter Mannesmann International (Canada) Inc., Vancouver (SMIV)			

# 03 UNIVERSAL EISEN UND STAHL GROUP

Trading Business Unit



## Universal

/ Shipments 2022: 0.2 mt

/ Sales 2022: € 0.4 billion

### North America

UNIVERSAL STEEL AMERICA, Inc., Houston, USA  
2 Branches

### Europe

Universal Eisen und Stahl GmbH, Neuss (UES)  
4 Branches

Universal Aciers Sarl, Couzon au Mont d'Or, France

UNIVERSAL STEEL HOLLAND B.V., SK Papendrecht, Netherlands

UNIVERSAL-Stal Sp. z o.o, Gliwice, Poland

UNIVERSAL OCEL spol. s.r.o., Prague, Czech Republic



# AGENDA

- 01 Salzgitter Group
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- 03 Business Units: Technology
- 04 Strategy
- 05 Guidance

# 03 OVERVIEW

## Technology Business Unit



### Capabilities

- / 16 Production plants worldwide
- / > 90% of sales outside of Germany

### Core competences and products

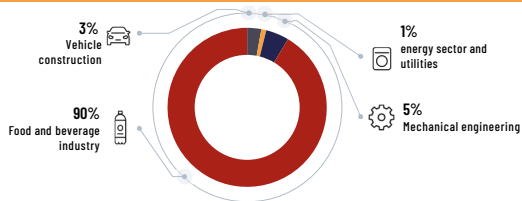
- / KHS: Among the top 3 global suppliers for filling and packaging machines; technology and innovation leadership
- / DESMA Elastomertechnik: Global leader for rubber and silicon injection molding machines
- / DESMA Schuhmaschinen: World market leader for the production of machines for the production of shoes and shoe soles
- / Turn-key lines, single machines and service



<sup>1</sup> only from entities within the group of consolidated companies of Salzgitter Group

Top 3 producer for filling and packaging industry, world market leader for rubber and silicon injection molding as well as direct soling machines

### EXTERNAL SALES BY CUSTOMER INDUSTRY 2022<sup>1</sup>



### KEY DATA FY 2022

Consolidated Sales	€m	<b>1,431</b>
Earnings before taxes	€m	<b>48</b>
Core workforce (12/31)		<b>5,329</b>

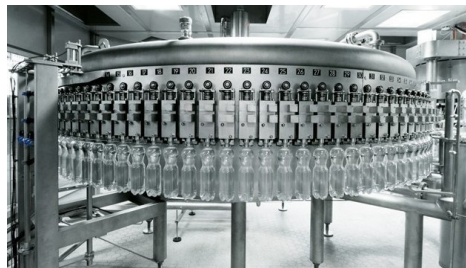
# 03 FILLING AND PACKAGING

## Technology Business Unit



### KHS GROUP

- / A global leader and solution provider of first choice in the packaging industry
- / Among the top 3 producers
- / Focus on beverage applications
- / Supplier of single machines and turnkey solutions (one-stop-shop supplier)
- / Leadership in technology and innovation
- / 10 production sites: 5 in Germany, and one each in the U.S., Mexico, Brazil, China and India



		2021	2022
Sales	€m	1,246	1,292
Employees	12/31	4,603	4,640



# 03 SPECIAL MACHINERY

Technology Business Unit



## KLÖCKNER DESMA ELASTOMERTECHNIK GROUP

/ World market leader for rubber and silicone injection molding machinery

		2021	2022
Sales	€m	78	94
Employees	12/31	490	491



## DESMA SCHUHMASCHINEN GMBH

/ World's largest producer of machines for the fabrication of shoes and shoe soles

		2021	2022
Sales	€m	38	46
Employees	12/31	205	198





# AGENDA

- 01 Salzgitter Group
- 02 Market Situation
- 03 Industrial Participations
- 04 Strategy
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# 03 OVERVIEW

## Industrial Participations



**Activities that are not directly allocated to a business unit**

### Core competences and participations

Services:

- / Research and development for the Group and external customers
- / Information technology
- / Engineering services
- / Real estate- and facility development as well as management
- / Freight traffic
- / Intra-group shared service center

Shareholdings:

- / Aurubis
- / Hansaport



### KEY DATA FY 2022

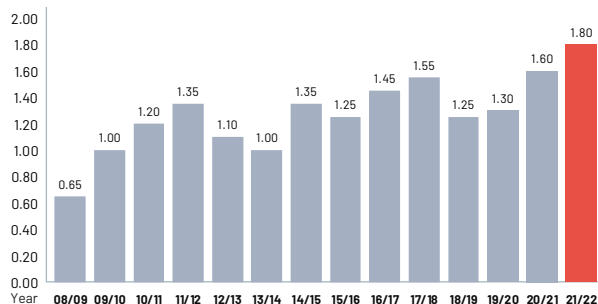
Consolidated sales	€m	<b>174</b>
Earnings before taxes	€m	<b>77</b>
Core workforce (12/31)		<b>2,608</b>

Gratifying contribution from the service companies and the Aurubis investment

# 03 AURUBIS-PARTICIPATION

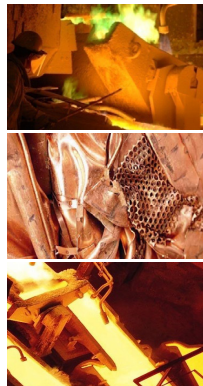
## Industrial Participations

### AURUBIS DIVIDEND (€/share)



/ SZAG shareholding: 29.99%  
(per May 23, 2019)

/ Net dividend received since 2009:  
€ 165.6 million (per FY 21/22)



Since 2008 successful shareholding in the leading European copper producer

# 03 ENGINEERING

## Industrial Participations

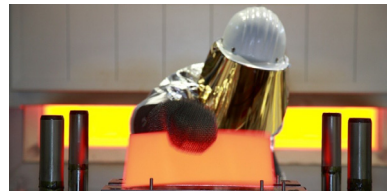
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### SALZGITTER MANNESMANN FORSCHUNG GMBH

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Research and development for the Group and external customers with a focus on:

- / Processes for the manufacture, processing and application of metallic materials and products made of them
- / Development of new materials
- / Development of application areas
- / Material and component characterization including testing techniques
- / Application and engineering technology from component design through forming and assembly to corrosion protection
- / Automation and testing techniques, as well as the construction of non-destructive testing facilities



# 03 RAW MATERIALS AND LOGISTICS

## Industrial Participations



### GLÜCKAUF IMMOBILIEN, RSE

/ Companies specialized in real estate- and facility development as well as management



### HANSAPORT<sup>1</sup>

/ Germany's largest seaport terminal for handling dry bulk goods (coal and ores), annual capacity of approximately 15 million tons



### VERKEHRSBETRIEBE PEINE-SALZGITTER

/ Commercial transportation provider with an annual freight volume of approximately 43 million tons



<sup>1</sup> SZAG share: 51%

# 03 DATA PROCESSING & COMMUNICATIONS

## Industrial Participations

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### SALZGITTER DIGITAL SOLUTIONS

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/ Integration of business processes into one uniform IT-solution that reflects the entire workflow, electronic data processing center capacities and the internet-based eService platform as a unified hub for order processing are offered for group companies and external clients



### TELCHAT MULTICOM

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/ Germany-wide operating ICT system house with a focus on telecommunication, information technology and technical infrastructure security





# AGENDA

- 01 Salzgitter Group
- 02 Market Situation
- 03 Business Units
- 04 Strategy
- 05 Guidance



# 04 STRATEGIC DIRECTIONS

## Strategy



### **CIRCULAR ECONOMY**

- / Expansion of business in closed-loop flows of materials (Circular Economy) and securing of control points
- / Complete transformation to SALCOS® by 2033 at the latest
- / Alignment of the product portfolio towards growing circular / sustainable market segments

### **PROFITABILITY**

- / Differentiation and margin expansion through process technology and innovation
- / Significant improvement of productivity and cost-effectiveness, e.g. via digitalization and automation
- / Active management of product portfolio and margins, supported through the digitalization of distribution

### **GROWTH & CUSTOMER-ORIENTED SOLUTIONS**

- / Development of customer-oriented solutions in growth segments of the market while maintaining the balance of internal complexity
- / Establishment of new digital business areas and services



Goal: Together on the path to the strongest steel and technology group

# 04 VISION AND MISSION

Strategy

## PIONEERING FOR CIRCULAR SOLUTIONS

We are the market leader for circular economy solutions in global industrial value chains with our innovative products and processes.

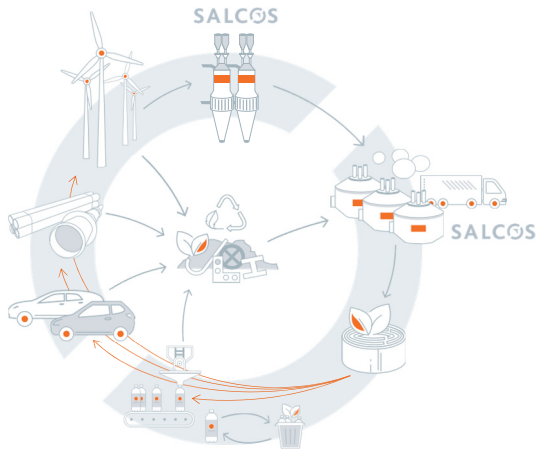


## PARTNERING FOR TRANSFORMATION

Together we will resolutely chart new courses, transform industry, and create sustainable value for the future.

# 04 AMBITION: TO BECOME MARKET LEADER IN CIRCULAR ECONOMY

## Strategy








### KEY POINTS

- / Circularity for us means keeping resources in use for as long as possible, thereby minimizing the feeding of additional resources
- / We want to set the standards of circular economy in our industry together with our partners
- / Generally, it is about taking a holistic view of processes and product developments and combining them intelligently
- / When we design a new product, we take a good look upfront at the full lifecycle of the product in terms of its sustainability

# 04 STRATEGY SCORECARD – MAKING TARGETS MEASURABLE

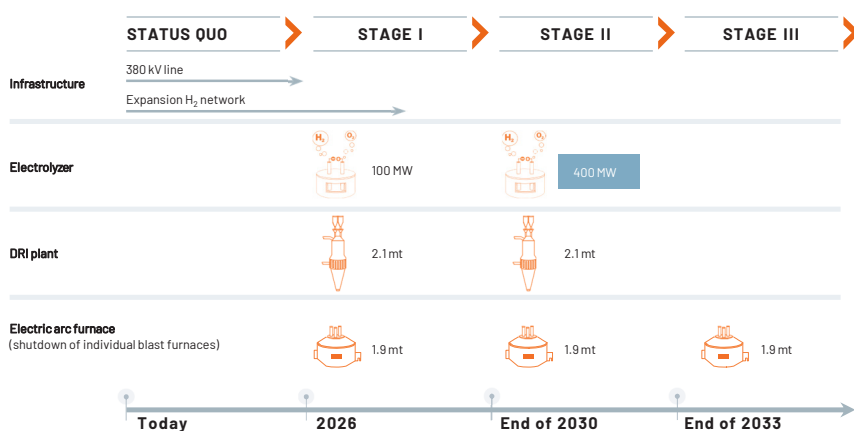
## Strategy

Strategic direction	KPI	Unit	Target 2025	Target 2030	Progress
 <b>CIRCULAR ECONOMY</b>	Expansion of scrap recycling	%	> 25	> 50	Scrap Strategy
		mt p. a.	2.5	3	
	CO <sub>2</sub> reduction (Scope 1 & 2)	% CO <sub>2</sub>	> -30*	> -50	SALCOS® FID Stage 1
	Complete focus on low CO <sub>2</sub> steel production	-	SALCOS® Stage 1	SALCOS® Stage 1-3 (2033)	
	Savings of 1 % of German emissions	mt p. a.	2.5	8 (2033)	
Electricity sourced exclusively from renewable sources	%	> 50	100	PPA acquisition	
 <b>PROFITABILITY</b>	ROCE	%	12	14	Performance 2026 / Strategic directions
	EBITDA Margin	%	8-10	> 10	
	Increase of additional profit improvement potential	€ million p. a.	>150 (2026)	-	
 <b>GROWTH &amp; CUSTOMER-ORIENTED SOLUTIONS</b>	Growth in profitable business areas with a focus on circularity (gross sales)	€ billion	-	> 11	
	Dividend yield	%	> 2	> 2	
 <b>CAPITAL MARKET</b>	ESG-Rating	-	Top third industry	Top quartile industry	
	 <b>EMPLOYEES</b>	Accidents (LTIF)	% vs. 2021	-35	-50
Proportion of women in new non-tariff/management positions		%	25	30	

\* Alignment of plant operation at -30 % CO<sub>2</sub> (comprises mainly SALCOS® Stage 1)

# 04 SALCOS®: COMPLETE REALIZATION PLANNED BY 2033

## Strategy



## KEY POINTS

- / SALCOS®: investment eligibility achieved, own funds approved
- / Green steel as core of our business model at the Salzgitter location
- / From 2026 onward, 30% of production volume via SALCOS® route
- / Implementation of the second stage by 2030
- / We plan to implement the final transformation by 2033
- / This is the course we will chart to reduce CO<sub>2</sub> emissions by more than 95%
- / Funding requirements for Stage 1 around € 2.2-2.4 billion

■ "Make or Buy" decision pending

# 04 SALCOS®: CONTROLLING CHOKE POINTS AT AN EARLY STAGE

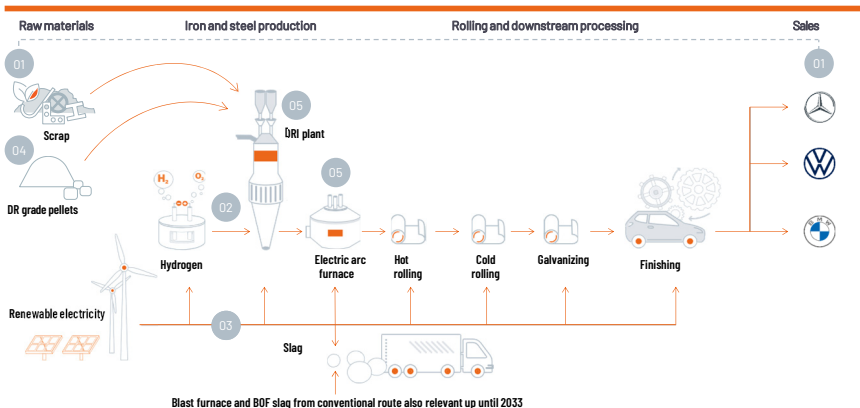
## Strategy

### CHOKE POINTS

(Critical choke points in the value chain of sustainable steel production)

1. Access to sources for high-quality scrap
2. Green hydrogen
3. Renewable electricity
4. DR grade pellets/DRI
5. EAF/DRI plants

### SIMPLIFIED SALCOS® VALUE CHAIN



# 04 SALCOS®: TRANSFORMATION IS IN FULL SWING

## Strategy



**Integration of new facilities** into the existing steel works



**Work on the construction site** started



**All core plants for the first stage of SALCOS®** ordered

# 04 SALCOS®: PARTNERING FOR TRANSFORMATION

## Strategy

Customers



Additional strategic partnerships formed in the areas of distribution and energy



# 04 OPPORTUNITY: EXPANSION OF WIND POWER

## Strategy

### TARGETS OF THE EU

- / Climate neutrality by 2050
- / Offshore wind concept
  - / Construction of 450 GW in additional offshore wind energy capacity (currently 25 GW capacity)
  - / Linking of wind parks across national borders envisioned

### IMPLEMENTATION

- / Up to 21,250 wind power turbines with an output of 20 MW each
  - / Construction of 750 wind power turbines per year in a best-case scenario
- / Estimated investment requirements of € 790 billion
  - / thereof potentially up to € 80 billion from the "Power Up" program of the Green Deal

### IMPLICATIONS FOR THE STEEL INDUSTRY

- / Up to 2,500 t of steel per offshore wind power turbine necessary
- / This **corresponds to approx. 1.5 million t p.a. plate demand** for 750 wind power turbine per year
- / An associated high demand for low-CO<sub>2</sub> plate is anticipated



Significant potential for plate from Ilsenburg and Mülheim!



# AGENDA

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# 05 MANAGEMENT GUIDANCE

## Guidance

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**Against the backdrop of the sustained weak development of the German economy and the extremely volatile political and economic environment we anticipate the following for the Salzgitter Group in the financial year 2023:**

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/ sales of around € 11 billion,

/ EBITDA of between € 650 million and € 700 million,

/ a pre-tax profit of between € 200 million and € 250 million, and

/ a return on capital employed (ROCE) notably below the previous year's level.

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### Legal Note and other remarks

As in recent years, please note that opportunities and risks from currently unforeseeable trends in selling prices, input material prices and capacity level developments, as well as exchange rate fluctuations, may considerably affect business performance in the course of the financial year. The resulting impact on performance may be within a considerable range, either to the positive or to the negative.

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.

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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.



# BACKUP

01 Financials

02 Pensions

03 Investor Relations

# 01 KEY DATA PER 2023/09/30

## Financials

		<b>9M 2023</b>	9M 2022	Δ	Q3 2023	Q2 2023	Q1 2023
Crude steel production	kt	<b>4,448</b>	4,762	-314	1,312	1,551	1,585
External sales <sup>1</sup>	€ million	<b>8,406</b>	9,765	-1,360	2,570	2,853	2,983
EBITDA	€ million	<b>576</b>	1,397	-821	115	171	290
Earnings before tax	€ million	<b>254</b>	1,145	-891	12	59	184
Earnings after tax	€ million	<b>194</b>	946	-752	2	51	140
Earnings per share (undiluted)	€	<b>3.5</b>	17.4	-13.9	0.0	0.9	2.6
ROCE	%	<b>6.5</b>	22.9	-16.4	2.1	5.0	12.6
Core workforce <sup>2</sup>		<b>23,005</b>	22,645	360	23,005	22,784	22,705

<sup>1</sup> only from entities within the Group of Consolidated Companies of Salzgitter Group

<sup>2</sup> per reporting date

Presentable result despite economic headwinds

# 01 INCOME STATEMENT

## Financials

Income Statement (€ million)	9M 2023	9M 2022	Δ
<b>Sales</b>	<b>8,405.7</b>	9,765.3	-1,359.6
Increase/decrease in finished goods and work in process/other own work capitalized	<b>-158.8</b>	146.1	-304.9
	<b>8,246.9</b>	9,911.4	-1,664.5
Other operating income	<b>462.2</b>	583.7	-121.5
Cost of materials	<b>5,583.2</b>	6,653.0	-1,069.8
Personnel expenses	<b>1,421.3</b>	1,374.8	46.5
Amortization and depreciation of intangible assets and property, plant and equipment	<b>234.0</b>	208.3	25.7
Other operating expenses	<b>1,189.4</b>	1,173.6	15.8
Result from impairment losses and reversal of impairment losses of financial assets	<b>0.5</b>	-5.2	5.6
Income from shareholdings	<b>1.2</b>	2.7	-1.5
Result from investments accounted for using the equity method	<b>58.6</b>	105.5	-46.8
Finance income	<b>28.2</b>	6.8	21.5
Finance expenses	<b>115.6</b>	49.8	65.7
<b>Earnings before taxes (EBT)</b>	<b>254.3</b>	1,145.3	-891.0
Income tax	<b>60.6</b>	199.5	-138.9
<b>Consolidated result</b>	<b>193.7</b>	945.9	-752.2

# 01 CONSOLIDATED BALANCE SHEET

## Financials

Assets (€ million)	30.09.2023	31.12.2022	Δ
<b>Non-current assets</b>	<b>4,634.1</b>	4,510.0	124.1
Intangible assets, property, plant and equipment	<b>2,619.0</b>	2,416.5	202.5
Investment property	<b>77.0</b>	78.1	-1.1
Financial assets	<b>33.6</b>	38.3	-4.7
Investments accounted for using the equity method	<b>1,517.3</b>	1,565.3	-48.0
Trade receivables	<b>2.7</b>	3.5	-0.8
Other receivables and other assets	<b>21.6</b>	15.7	5.9
Income tax assets	<b>8.5</b>	-	8.5
Deferred income tax assets	<b>354.4</b>	392.6	-38.2
<b>Current assets</b>	<b>6,543.5</b>	6,593.3	-49.8
Inventories	<b>3,060.1</b>	3,474.3	-414.2
Trade receivables	<b>1,543.0</b>	1,543.8	-0.8
Contract assets	<b>375.5</b>	318.3	57.2
Other receivables and other assets	<b>341.3</b>	217.9	123.4
Income tax assets	<b>23.9</b>	23.6	0.3
Securities	<b>0.0</b>	0.0	-
Cash and cash equivalents	<b>1,147.0</b>	988.4	158.6
Assets available for sale	<b>52.80</b>	27.1	25.7
<b>Balance sheet total</b>	<b>11,177.6</b>	11,103.3	74.3

# 01 CONSOLIDATED BALANCE SHEET

## Financials

### Equity and liabilities (€ million)

	30.09.2023	31.12.2022	Δ
<b>Equity</b>	<b>5,021.6</b>	4,850.4	171.2
Subscribed capital	161.6	161.6	0.0
Capital reserve	257.0	257.0	0.0
Retained earnings	4,837.4	4,585.7	251.7
Other reserves	118.6	145.5	-26.9
Unappropriated retained earnings	6.0	60.1	-54.1
Treasury shares	-369.7	-369.7	0.0
Minority Interest	10.7	10.2	0.5
<b>Non-current liabilities</b>	<b>2,556.2</b>	2,704.3	-148.1
Provisions for pensions and similar obligations	1,505.9	1,618.8	-112.9
Deferred tax liabilities	197.1	195.2	1.9
Income tax liabilities	18.3	33.5	-15.2
Other provisions	266.8	272.3	-5.5
Financial liabilities	565.1	579.3	-14.2
Other liabilities	3.0	5.2	-2.2
<b>Current liabilities</b>	<b>3,599.9</b>	3,548.7	51.2
Other provisions	260.8	246.2	14.6
Financial liabilities	1,128.9	1,119.1	9.8
Trade payables	1,366.9	1,331.8	35.1
Liability contracts	423.1	412.3	10.8
Income tax liabilities	39.7	51.2	-11.5
Other liabilities	380.5	380.9	-0.4
Liabilities associated with assets held for sale	-	7.2	-7.2
<b>Balance sheet total</b>	<b>11,177.6</b>	11,103.3	74.3



# 01 CASH FLOW STATEMENT

## Financials

(€ million)	<b>9M 2023</b>	9M 2022	Δ
Cash and cash equivalents at the start of the period	<b>988.4</b>	741.8	246.6
Cash flow from operating activities	<b>671.1</b>	129.7	541.4
Cash flow from investment activities	<b>-412.4</b>	-203.3	-209.1
Cash flow from financial activities	<b>-95.2</b>	100.4	-195.5
Changes in cash	<b>158.6</b>	51.7	106.8
Cash and cash equivalents at the end of the period	<b>1,147.0</b>	793.5	353.4

Reduction in working capital strengthens operating cash flow

# 01 STEEL PRODUCTION BUSINESS UNIT

## Financials

		<b>9M 2023</b>	9M 2022	Δ	Q3 2023	Q2 2023	Q1 2023
External sales	€ million	<b>2,806</b>	3,368	-562	842	926	1,039
Order bookings	kt	<b>3,649</b>	3,644	6	1,106	1,188	1,356
Order backlog <sup>1</sup>	kt	<b>985</b>	1,038	-52	985	1,005	1,072
EBITDA	€ million	<b>268</b>	781	-513	74	59	136
EBT	€ million	<b>107</b>	667	-560	23	4	80
Core workforce <sup>1</sup>		<b>7,398</b>	7,363	35	7,398	7,350	7,339

<sup>1</sup> per reporting date

Declining results due to lower selling prices as well as general cost increases

# 01 STEEL PROCESSING BUSINESS UNIT

## Financials

		<b>9M 2023</b>	9M 2022	Δ	Q3 2023	Q2 2023	Q1 2023
External sales	€ million	<b>1,684</b>	1,557	127	497	625	562
Order bookings	€ million	<b>1,737</b>	2,183	-446	514	521	703
Order backlog <sup>1</sup>	€ million	<b>817</b>	1,034	-217	817	868	1,020
EBITDA	€ million	<b>198</b>	98	100	16	81	100
EBT	€ million	<b>137</b>	52	86	-2	57	82
Core workforce <sup>1</sup>		<b>5,298</b>	5,377	-79	5,298	5,332	5,358

<sup>1</sup> per reporting date

Pre-tax profit increased due to cost and revenues

# 01 TRADING BUSINESS UNIT

## Financials

		<b>9M 2023</b>	9M 2022	Δ	Q3 2023	Q2 2023	Q1 2023
External sales	€ million	<b>2,557</b>	3,656	-1,099	797	842	918
Shipments	kt	<b>2,360</b>	2,861	-501	792	780	788
EBITDA	€ million	<b>19</b>	289	-270	7	9	3
EBT	€ million	<b>-8</b>	273	-281	-3	0	-5
Core workforce <sup>1</sup>		<b>1,991</b>	1,947	44	1,991	1,991	2,006

<sup>1</sup> per reporting date

Declining result due to lower revenues in stockholding steel trade, stable margins in international trading

# 01 TECHNOLOGY BUSINESS UNIT

## Financials

		<b>9M 2023</b>	9M 2022	Δ	Q3 2023	Q2 2023	Q1 2023
External sales	€ million	<b>1,231</b>	1,053	179	395	416	420
Order bookings	€ million	<b>1,587</b>	1,379	208	436	567	584
Order backlog <sup>1</sup>	€ million	<b>1,541</b>	1,281	260	1,541	1,474	1,368
EBITDA	€ million	<b>80</b>	48	32	28	25	27
EBT	€ million	<b>55</b>	31	25	19	17	20
Core workforce <sup>1</sup>		<b>5,631</b>	5,316	315	5,631	5,443	5,380

<sup>1</sup> per reporting date

Significant improvement of order intake and orders on hand, increase of sales and earnings

# 01 INDUSTRIAL PARTICIPATIONS / CONSOLIDATION

## Financials

		<b>9M 2023</b>	9M 2022	Δ	Q3 2023	Q2 2023	Q1 2023
External sales	€ million	<b>126</b>	131	-5	39	44	43
EBITDA	€ million	<b>11</b>	180	-169	-10	-3	24
EBT	€ million	<b>-37</b>	124	-161	-26	-19	8
Core workforce <sup>1</sup>		<b>2,687</b>	2,642	45	2,687	2,668	2,622

<sup>1</sup> per reporting date

Earnings include € 20.0 million contribution from the Aurubis participation



# BACKUP

01 Financials

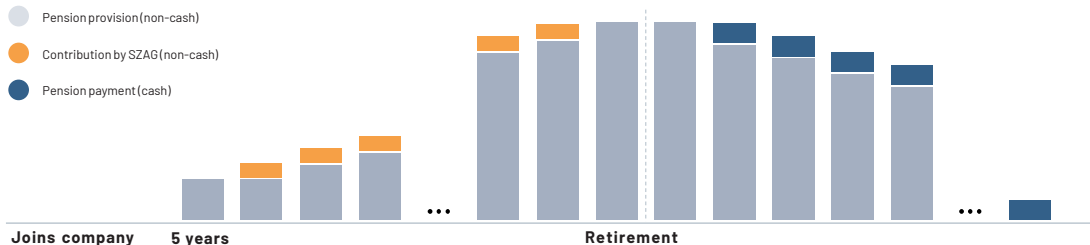
02 Pensions

03 Investor Relations

# 02 MECHANICS OF INTERNAL PENSION COMMITMENT FUNDING

## Pensions

### INTERNAL FUNDING OVER LIFETIME OF EMPLOYEE



- / Provision is determined by development of individual salary, time in employment at SZAG, actuarial life expectancy and inflation
- / Contribution as personnel expense and interest element (both non-cash)
- / Monthly payout from operating cash flow

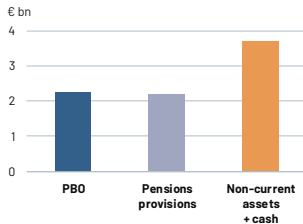


# 02 FUNDING OF PENSION COMMITMENTS

## Pensions

(2022/12/31)

- / Projected Benefit Obligation (PBO): € 1,682 m<sup>1</sup>
- / According to IAS 19:
  - / Discount rate of 4.00%<sup>2</sup>
  - / in line with market average
- / Trend in salaries: 2.75% p.a.
- / Trend in pensions: 2.25% p.a.
- / Staff turnover: 1% p.a.
- / Valuation based on the actuarial principles



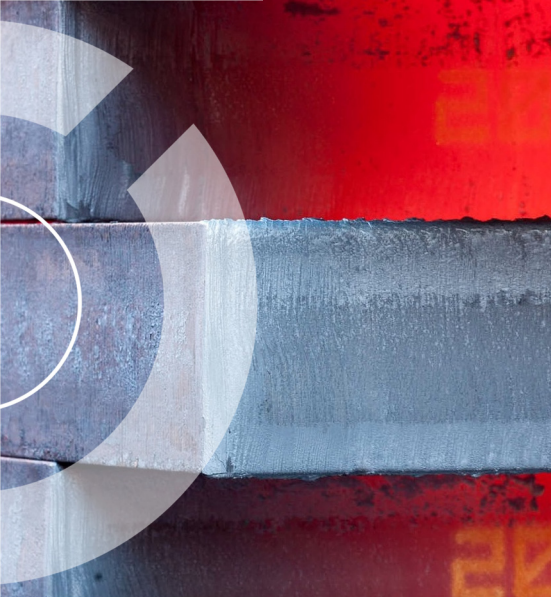
(2022/12/31)

- / Balance sheet: pension provisions € 1,619 m
- / Assets held by external funds: € 63 m
- / Non-current assets: € 4,510 m
- / Net position due to banks: € -553 m

<sup>1</sup> thereof € 62.6 million covered by assets held by external funds

<sup>2</sup> per March 31, 2023; previously 4.10% per December 31, 2022

Pension obligations completely covered by internal funds!



# BACKUP

01 Financials

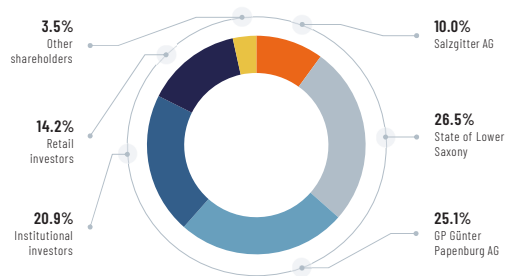
02 Pensions

03 Investor Relations

# 03 SHAREHOLDER STRUCTURE AND SHARE TURNOVER

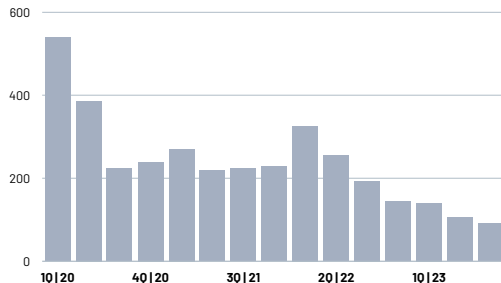
## Investor Relations

### SHAREHOLDER STRUCTURE



Treasury shares: as of July 8, 2010;  
other information is based on the external shareholder identification as of December 2023

### DAILY TURNOVER IN THOUSAND SHARES



# 00 DISCLAIMER

Salzgitter AG

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People, Steel and Technology