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SALZGITTER AG

Salzgitter Group adjusts its forecast for the financial year 2019 due to non-recurring writedowns

As part of preparing the consolidated financial statements for the financial year 2019, Salzgitter AG will include non-recurring, non-cash writedowns amounting to almost €200 million. These writedowns are largely the result of current economic and political framework conditions and the expectations derived from these conditions for the short-to medium-term development in the earnings of a number of Group companies. Impairment will be carried out in the following business units: Strip Steel (€100 million), Plate / Section Steel (€50 million) and Mannesmann (€40 million), as well as at Salzgitter Automotive Engineering GmbH & Co. KG. This measure will positively impact the consolidated result of future financial years in dimensions of around €25 million p.a.

Taking account of this measure, €141 million in risk provisioning for the mutually agreed end to the anti-trust proceedings, as well as restructuring provisions of around €65 million for the implementation of the "FitStructure 2.0" streamlining program, we now anticipate a pre-tax loss of between €250 million and €280 million for the financial year 2019 (previously: a pre-tax loss in the mid-double-digit million euro range). Our original forecast for a pre-tax profit generated from operations (of between €125 million and €175 million) is therefore affirmed.

The many economic and political uncertainties, including escalations of the kind seen recently in the Middle East, are likely to accompany us in the new year as well. Starting from a currently low level at present, we are seeing stabilizing tendencies on the European steel market at present that should be reflected in rising results over the course of the year. Against this backdrop, we anticipate a pre-tax result approaching breakeven in the current financial year 2020.

The 2019 annual accounts for the Group are currently being prepared. Inasmuch, the figures cited here are provisional. The annual report on the year 2019 will be published on March 16, 2020, as scheduled.

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