



Presentation of the Group

- 1** Salzgitter Group
- 2** Key Data / Market Situation
- 3** Business Units
- 4** Strategy
- 5** Financials

Key data 2018

- **External sales:** € 9.3 billion
- **EBT:** € 347 million – **best earnings of the past ten years**
- **Earnings improvement potential:** € 150 million p.a. realized for the first time
- **Total workforce:** 25,363
- **Crude steel production:** 7 mt
- **Trading volume:** 4.5 mt

Global Presence

more than 150 subsidiaries and holdings all **around the globe** including **growth markets** like China and India

Steel and Technology

Strip Steel Business Unit

Strip products
Steel Service Center

Modern integrated steel mill;
Producer of high-quality steel grades

Plate / Section Steel Business Unit

Heavy plates
Sections

Three traditional and innovative producers of high-quality steel products

Mannesmann Business Unit

Line pipes
Precision tubes
Stainless tubes

Top or leading market positions

Trading Business Unit

Stockholding trading
International trading

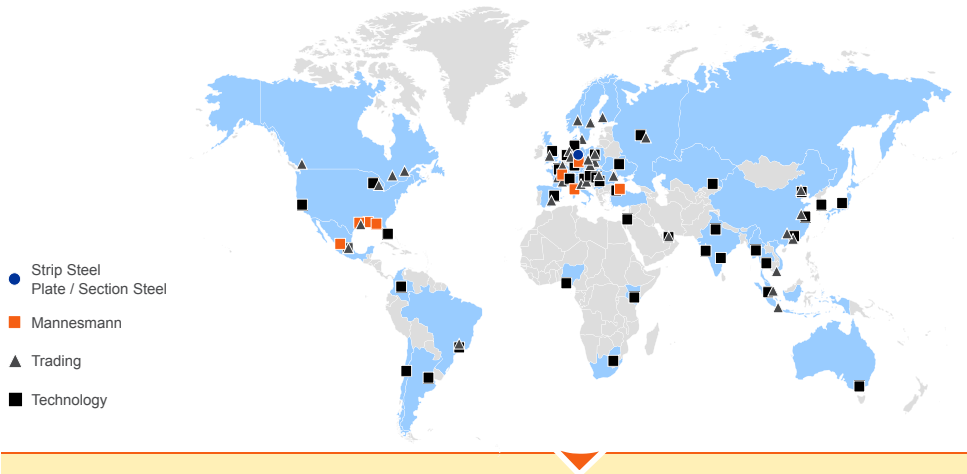
74 sites
in 30 countries

Technology Business Unit

Beverage filling and packaging systems
Special machinery

Among the top 3 producers of beverage filling and packaging machinery





**Crude steel production 2018: 7.0 million tons; trading volume: 4.5 million tons;
Among the top 3 producers of beverage filling and packaging machinery**



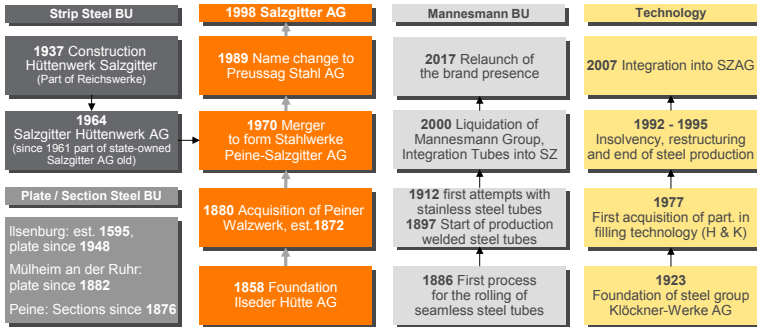
First broad-flanged beam mill in Peine, 1914



Demonstrations to save the smelting works in Salzgitter, c. 1950



1989 privatization with the sale to Preussag AG



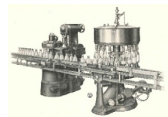
First blast furnace in Ilse, 1861



Stock listing 1998



Cross-rolling process sketch of Max Mannesmann, pre 1885



Bottle filling line Phoenix c. 1936



Privatization and acquisition of the Ilseburg rolling mill, 1992

Group structure and key data FY 2018

Salzgitter AG Group



External Sales cons.: € 9.3 billion
EBT: € 347 million

Employees: 23,523

Strip Steel

- **External Sales:**
€ 2.3 billion
- **EBT:**
€ 205.8 million
- **Employees:**
6,182

Plate / Section Steel

- **External Sales:**
€ 1.0 billion
- **EBT:**
€ 24,8 million
- **Employees:**
2,451

Mannesmann

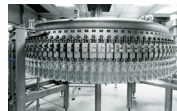
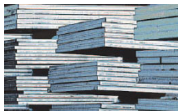
- **External Sales:**
€ 1.1 billion
- **EBT:**
€ -5,4 million
- **Employees:**
4,675

Trading

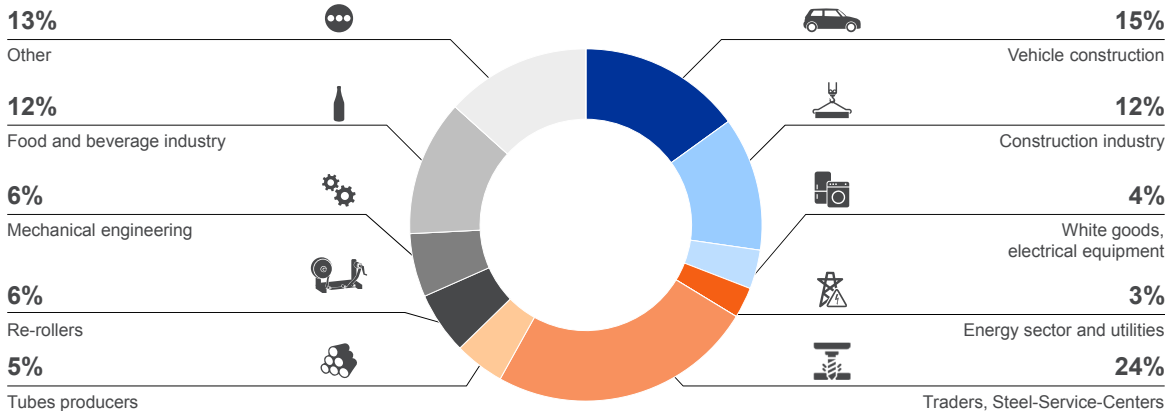
- **External Sales:**
€ 3.3 billion
- **EBT:**
€ 50,5 million
- **Employees:**
2,109

Technology

- **External Sales:**
€ 1.3 billion
- **EBT:**
€ 43,1 million
- **Employees:**
5,490

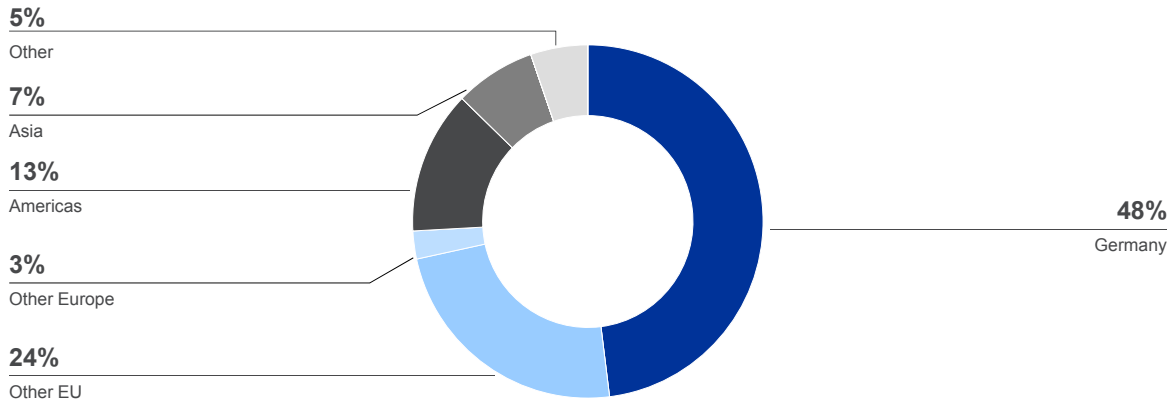


External sales 2018 by customer industries



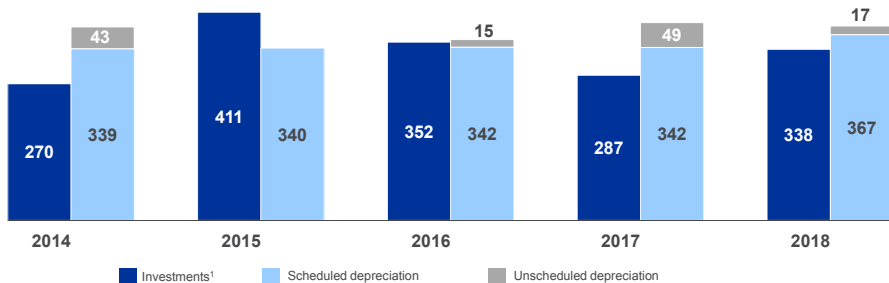
Broad customer base

External sales 2018 by regions



Share of ex-Germany sales by consignee 52%

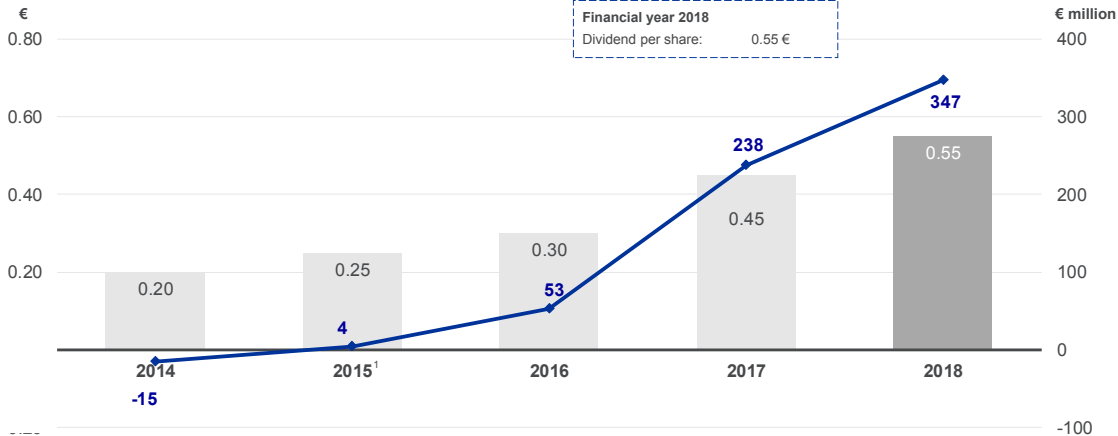
Salzgitter Group Investments and Depreciation / Amortization



Focus on expansion investments

¹ Property, plant and equipment and intangible assets, excluding financial assets | Disclosure only if the cash flows are allocated to a group of assets

Dividend

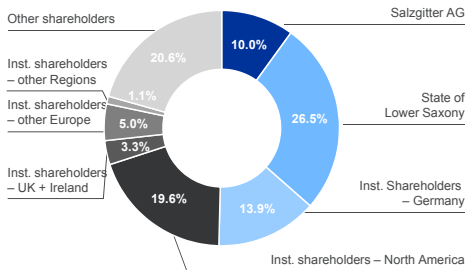


¹restated

Dividend increased by another 20%

Shareholder structure and share turnover

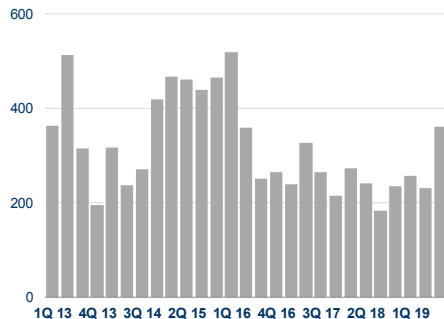
Shareholder structure



Free float: 63.5%

Treasury shares: as of July 8, 2010; other information is based on the external shareholder identification as of January 2019

Daily turnover in thousand shares



Balanced shareholder structure



High liquidity



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Key data per 2019/09/30

		9M 2019	9M 2018	Δ	Q3 2019	Q2 2019	Q1 2019
Crude steel production	kt	5,060.1	5,203.6	-143.5	1,648.0	1,672.3	1,739.8
External sales ¹	€ million	6,637.3	6,931.2	-293.9	2,111.1	2,232.4	2,293.8
Earnings before tax ²	€ million	40.7	284.6	-243.9	-104.6	19.4	125.9
Earnings after tax	€ million	-29.8	194.0	-223.8	-126.2	-0.3	96.7
Earnings per share (undiluted)	€	-0.63	3.51	-4.14	-2.36	-0.03	1.76
ROCE	%	2.5	11.6	-9.1	-10.0	2.8	14.1
Core workforce ³		23,562	23,338	224	23,562	23,639	23,683

¹ only from entities within the Group of Consolidated Companies of Salzgitter Group ² incl. € 141.0 million in risk provision and € 48.8 million in release of provisions in Q3/2019 ³ per reporting date

The Salzgitter Group records pre-tax profit in a persistently challenging market environment despite a net amount of € 92.2 million in burdens on earnings

Earnings development of the business units

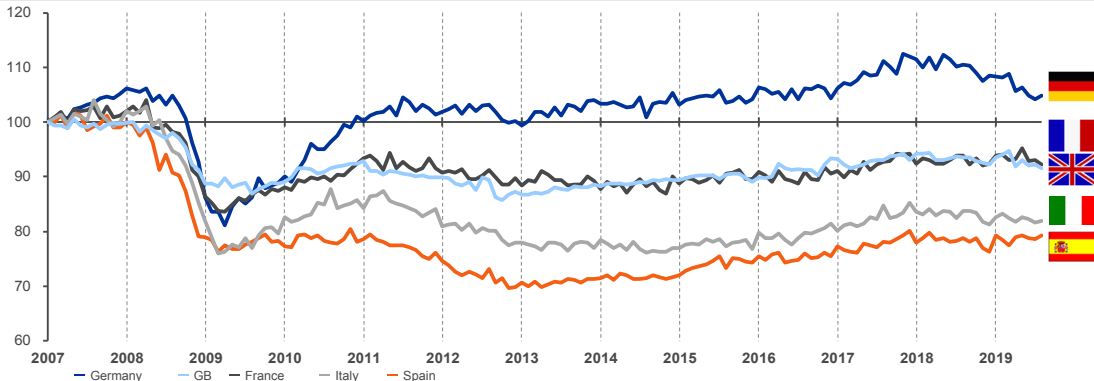
		9M 2019	9M 2018		Δ
Earnings before taxes	€ million	40.7	284.6	-	243.9
Strip Steel ¹	€ million	84.6	171.2	-	86.5
Plate / Section Steel ²	€ million	-13.0	14.5	-	27.4
Mannesmann	€ million	-2.9	20.7	-	23.5
Trading	€ million	3.3	35.2	-	31.9
Technology	€ million	22.5	30.5	-	8.0
Indust. Participations / Consolidation	€ million	-53.9	12.6	-	66.5
Thereof Aurubis investment	€ million	78.1	29.2	+	48.9

Pleasing contributions from Strip Steel, Technology and Aurubis

¹ incl. € 41.3 million in release of provisions in Q3/2019 ² incl. € 7.5 million in release of provisions in Q3/2019

Economic development in the European Union

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



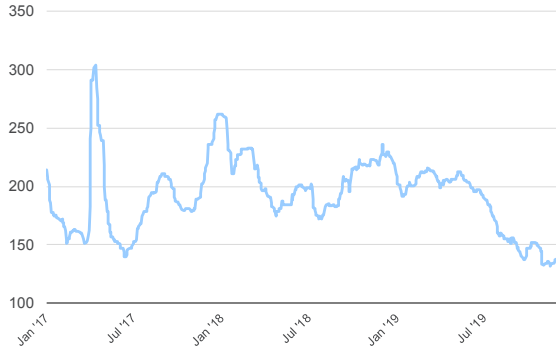
Following the slight uptrend since 2013, the EU industrial production recently stagnated; Germany remains relatively strong despite deterioration since the second half of 2018

Raw materials prices

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



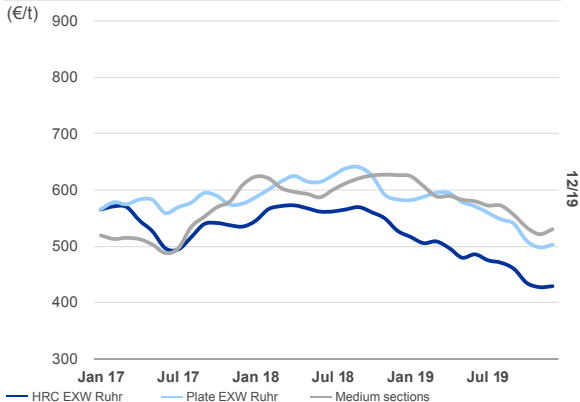
Coking coal
(FOB Australia, US\$/t)



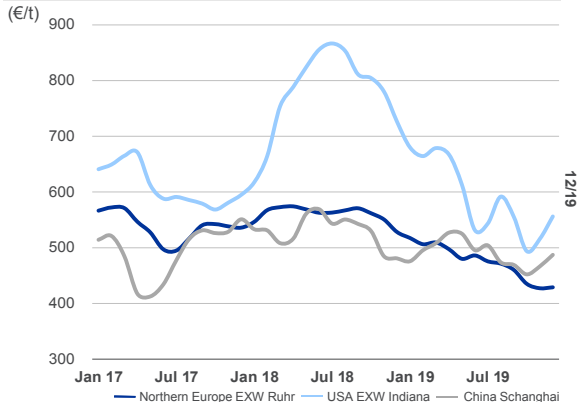
Iron ore: dramatic price surge in the first half-year; recently rapid decrease
Coking coal: global demand can be satisfied completely at the moment – with a corresponding effect on pricing

Steel prices

Spot prices Northern Europe

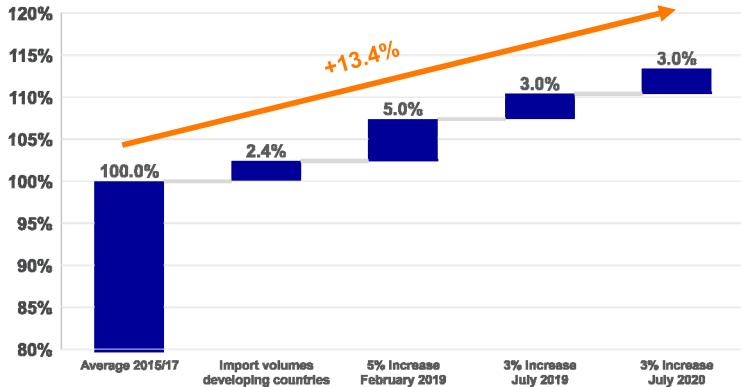


Hot-rolled coil prices international



Following periods of rises, steel prices consolidate since mid 2018

EU import quotas for steel products



- Safeguard quotas are already based on record levels of imports
- Developing countries are exempt from the measures even though their import volumes were included in the quota calculation
- Quota increases in February and July of 2019 as well as July 2020 do not reflect the actual market growth
- Imports of developing countries increase the record level even further

As part of a review, the EU Commission only adopted a marginal adjustment of the quota increases in July 2019 and 2020 from +5 to +3% despite decreasing demand for steel – a recalibration of quotas is necessary!

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Capabilities

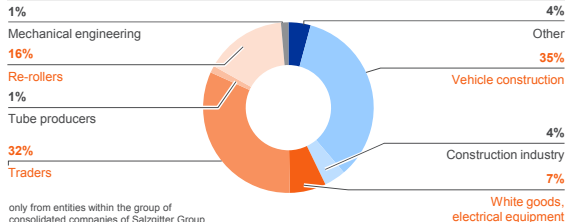
- Integrated steel works with three blast furnaces
- Approx. 4.7 mt/year crude steel capacity
- Modern production plants
- High processing competence (SSC)

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, corrugated sheets, coffer, sandwich and acoustic elements
- Customer focus through local presence



External sales by customer industry 2018

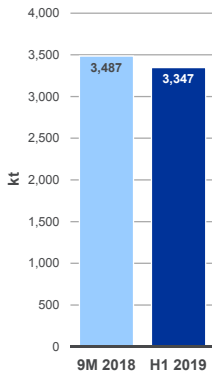


Key data FY 2018

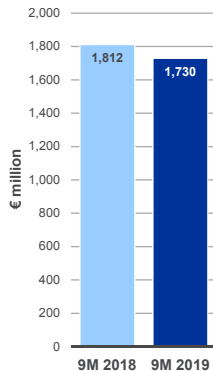
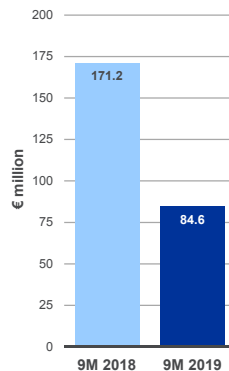
Consolidated Sales	€m	2,341
Earnings before taxes	€m	206
Core workforce (12/31)		6,182

Established supplier of the demanding German automotive industry

Order intake



Consolidated sales

Earnings before taxes¹

Pre-tax result includes the release of a provision for typical operating risks amounting to € 41.3 million, counteracting factors were higher prices for iron ore and lower selling prices

¹ incl. € 41.3 million in release of provisions in Q3/2019

Plate / Section Steel



Capabilities

- Section steel:
 - Top-modern mini mill with two electric arc furnaces
 - Annual crude steel capacity 1 mt
 - Two rolling mills for medium and heavy sections



- Plate:

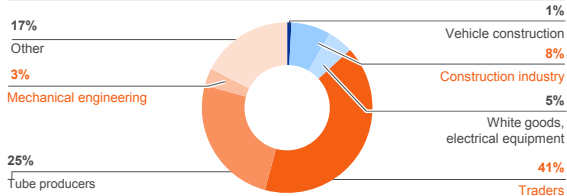
- Two rolling mills for plate with 1.6 mt annual capacity
- Plate width up to 4,800 mm

Core competences and products

- High-strength, wear resistant and specialized steel grades
- Medium and heavy sections, heavy plate incl. offshore and tube grades



External sales by customer industry 2018

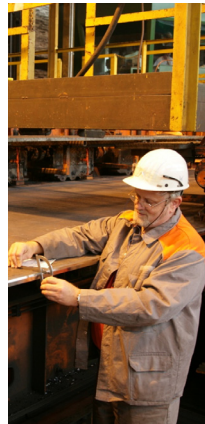
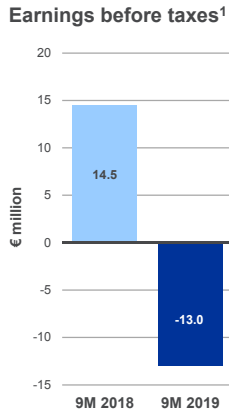
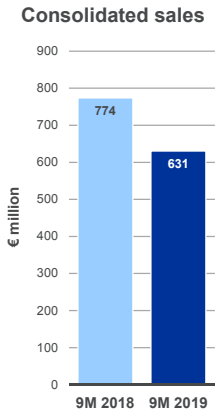
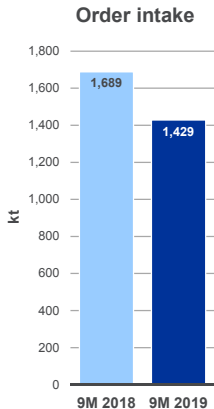


only from entities within the group of consolidated companies of Salzgitter Group

Key data FY 2018

Consolidated sales	€m	1,026
Earnings before taxes	€m	24.8
Core workforce (12/31)		2,451

Plate: Broad range of high quality plate products
Section Steel: Efficient production



Declining earnings due to decreasing volumes and margins, especially for heavy plate, sections record pre-tax profit, result includes release of a provision amounting to € 7.5 million at ILG

¹ incl. € 7.5 million in release of provisions in Q3/2019

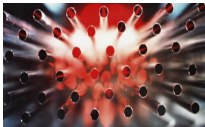


Capabilities

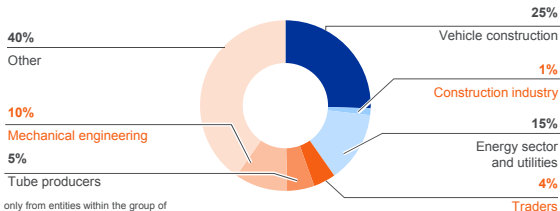
- Own crude steel supply via 30% participation in Hüttenwerke Krupp Mannesmann GmbH
- Plant for the production of semis for the seamless tubes business

Core competences and products

- Line Pipe: participation (50%) in the world market leader EUROPIPE; international presence
- Precision Tubes: European market leader
- Seamless Stainless Tubes: top player in the world market
- Longitudinal and spiral welded large-diameter pipes, medium line pipes, seamless and welded precision tubes, stainless tubes



External sales by customer industry 2018

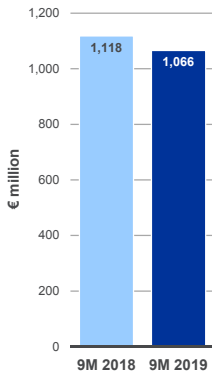


Key Data FY 2018

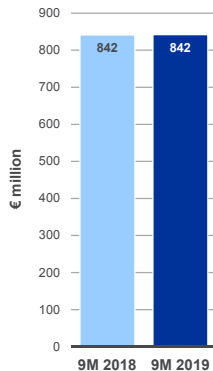
Consolidated Sales	€m	1,119
Earnings before taxes	€m	-5,4
Core workforce (12/31)		4,675

Global player in the high quality segment of the global tubes market

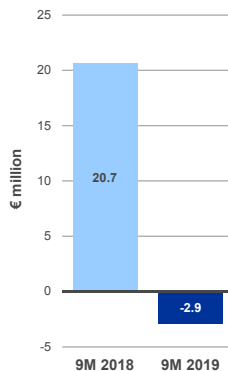
Order intake*



Consolidated sales*



Earnings before taxes



* excluding EUROPIPE-Group



Breakeven achieved even though all product areas except the stainless steel tubes business record weaker results



Capabilities

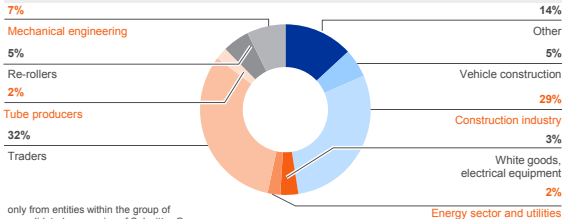
- 74 sites in 30 countries
- Own distribution network for steel products with warehousing sites in Europe
- Processing group specialized on heavy plate products
- International trading

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 add services for customers



External sales by customer industry 2018

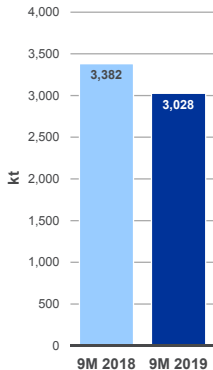


Key Data FY 2018

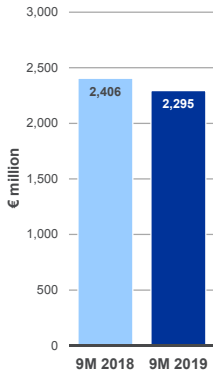
Consolidated Sales	€m	3,268
Earnings before taxes	€m	51
Core workforce (12/31)		2,109

High customer and market orientation through a global sales organization

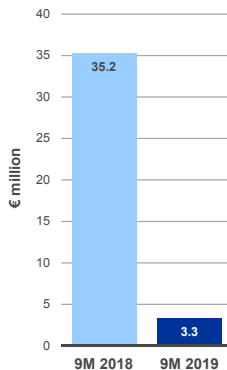
Shipments



Consolidated sales



Earnings before taxes



Decrease of shipments due to lower volumes in international trading, declining margins in the stockholding business, nonetheless slightly positive pre-tax result



Capabilities

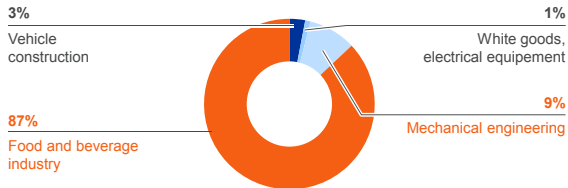
- 17 Production plants worldwide
- 60 Service sites
- > 90% of sales outside of Germany

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



External sales by customer industry 2018



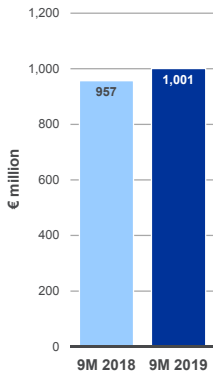
only from entities within the group of consolidated companies of Salzgitter Group

Key data FY 2018

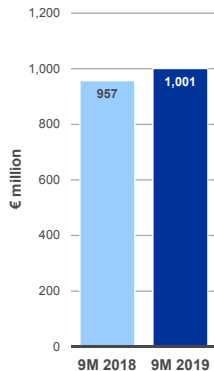
Consolidated Sales	€m	1,338
Earnings before taxes	€m	43.1
Core workforce (12/31)		5,490

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

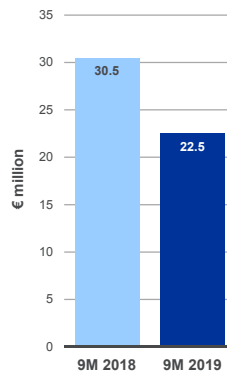
Order intake



Consolidated sales



Earnings before taxes



**Significant increase in the results of KHS-Group
compensates in part the diminishing development of the DESMA companies**



Comprises activities that are not directly allocated to a business unit

Core competences and participations

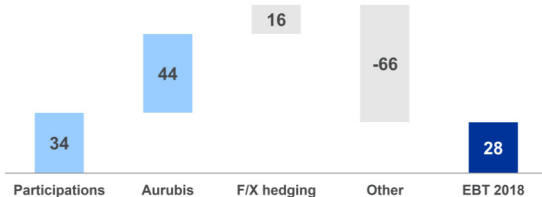
- Services:
 - Research and development for the Group and external customers
 - Information technology
 - Engineering services
 - Real estate- and facility development as well as management
 - Freight traffic

- Shareholdings:
 - Aurubis
 - Hansaport



Derivation of pre-tax result 2018

in € million



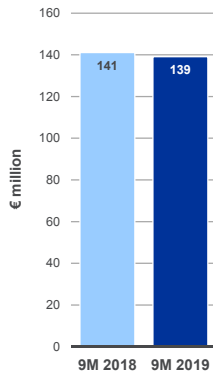
Key data FY 2018

Consolidated sales	€m	186
Earnings before taxes	€m	28
Core workforce (12/31)		2,616

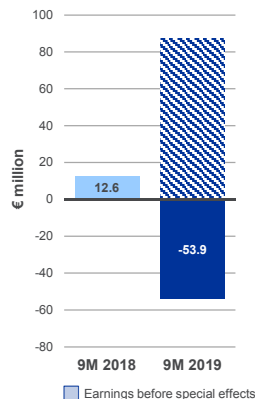
Gratifying contribution from the service companies and the Aurubis investment

Industrial Participations / Consolidation

Consolidated sales



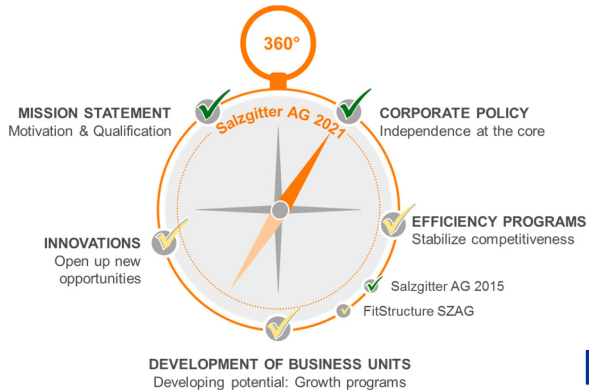
Earnings before taxes¹



Pre-tax result impacted by an increase of risk provisioning, counteracting effects from contributions of Aurubis AG, included at equity, as well as services companies

¹ incl. € 141.0 million in risk provisions in Q3/2019

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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

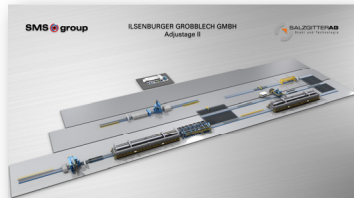
Acquisition SOTEP, Joint Venture Baolong Salzgitter Hydroforming, Increase of the Aurubis AG shareholding



Update investment projects

Ilseburger Grobblech: New heat treatment line

- Optimization of the product portfolio
- Expansion of the market position and volume expansion for higher value grade segments such as high strength and wear resistant, water tempered steel
- Commissioning: 2021



Salzgitter Flachstahl: Hot-Dip Galvanizing Line 3

- Qualitative growth in the strip steel business
- Reinforcement of the market position in the automotive segment
- Strengthening of the premium segment for auto customers
- Commissioning: 2022

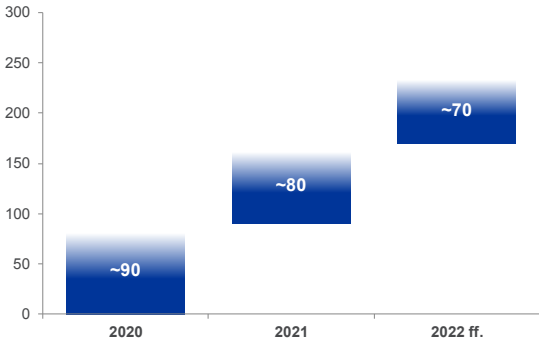


Sustainable strategy:
Realization of major investment projects also in less comfortable phases!

Update programs of measures

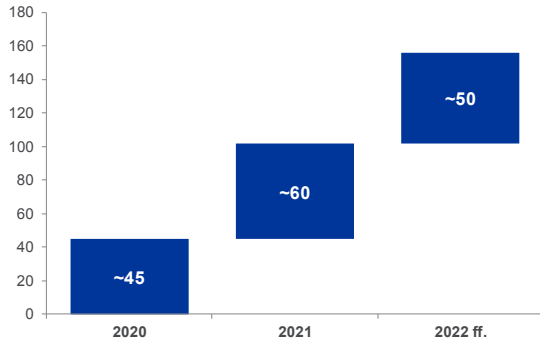
FitStructure 2.0 (incl. remaining effects of FitStructure 1.0)

€ million earnings improvement potential



SZAG 2021 Growth Programs

€ million additional profit contribution



All in all around € 400 million in additional effects from optimization programs planned

We are developing the future: research project GrInHy2.0

Green Industrial Hydrogen via steam electrolysis (GrInHy2.0)

January 2019

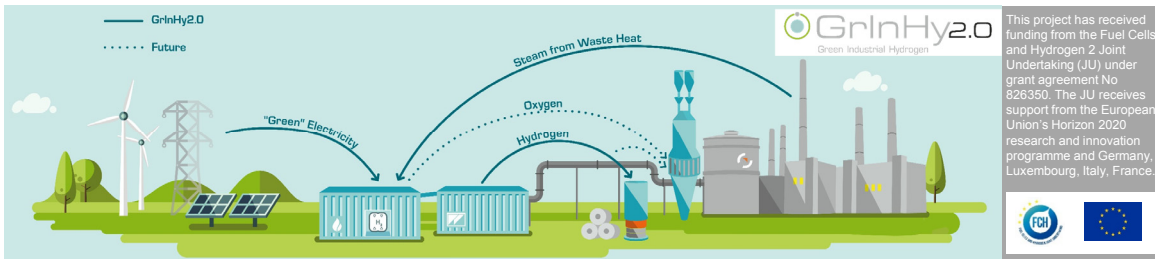
Start GrInHy2.0 with Sunfire, Paul Wurth and Tenova

February 2019

Successful conclusion of the GrInHy project with 10,000 hours of operation

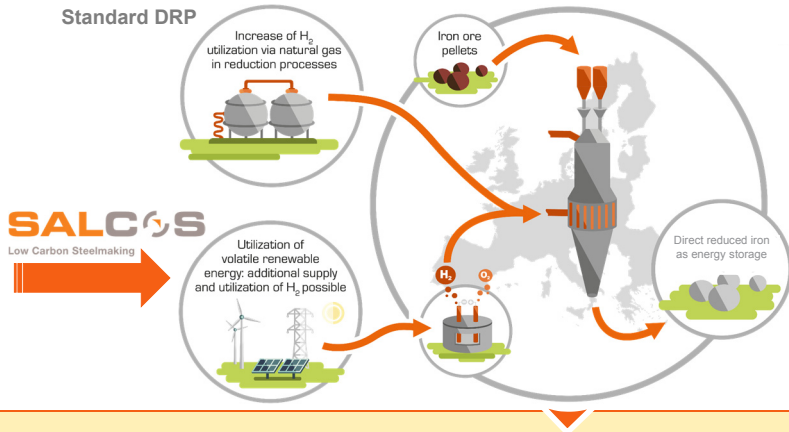
Currently

Construction of GrInHy2.0 system and continuation of the GrInHy plant operation



**GrInHy2.0 – efficient hydrogen production for a CO₂-reduced steel production:
 Salzgitter-Group is an important research partner for the highly efficient steam electrolysis technology**

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 – Salzgitter Low CO₂ Steelmaking

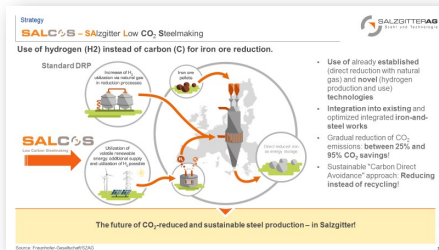
April 3, 2019

Memorandum of Understanding with Tenova on the mutual cooperation for the realization of SALCOS®

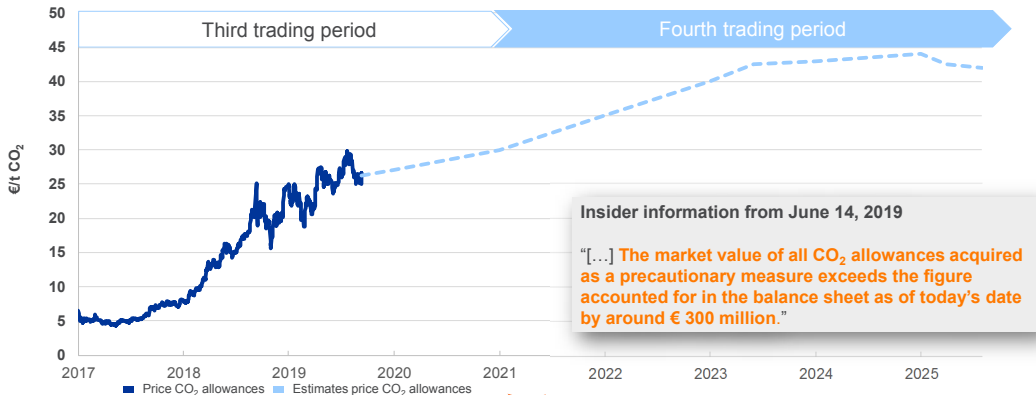


Currently

Discussions with relevant stakeholders about the creation of suitable framework conditions



We affirm our offer to politics and society to realize a low CO₂ steel production in the near future

Price forecast CO₂ allowances

Medium-term shortfall in CO₂ allowances has been compensated for the most part at the subsidiaries of the Salzgitter Group by allowances purchased as a precautionary measure

- 1** Salzgitter Group
- 2** Key Data / Market Situation
- 3** Business Units
- 4** Strategy
- 5** Financials

Income statement

Income Statement (€ million)	9M 2019	9M 2018	Δ
Sales	6,637.3	6,931.2	-293.9
Increase/decrease in finished goods and work in process/other own work capitalized	2.3	24.7	-22.4
	6,639.7	6,955.9	-316.3
Other operating income	196.4	196.7	-0.3
Cost of materials	4,329.6	4,503.6	-174.1
Personnel expenses	1,335.7	1,292.0	43.8
Amortization and depreciation of intangible assets and property, plant and equipment	262.2	252.9	9.3
Other operating expenses	897.8	811.1	86.6
Income from shareholdings	1.8	4.8	-3.0
Result from investments accounted for using the equity method	73.9	35.7	38.2
Finance income	13.9	9.4	4.4
Finance expenses	59.5	58.3	1.2
Earnings before taxes (EBT)	40.7	284.6	-243.9
Income tax	70.5	90.6	-20.1
Consolidated result	-29.8	194.0	-223.8

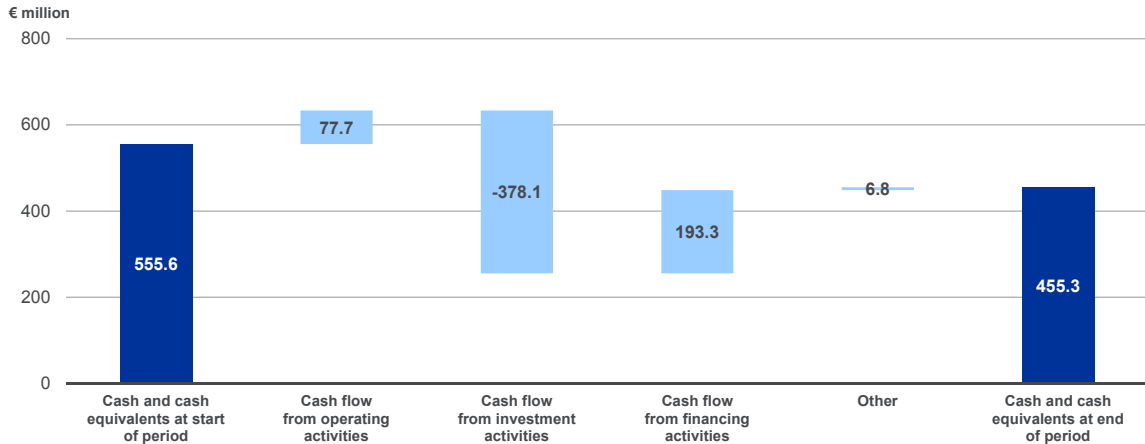
Consolidated balance sheet

Assets (€ million)	30.09.2019	31.12.2018	Δ
Non-current assets	4,159.7	3,835.9	323,8
Intangible assets, property, plant and equipment	2,499.5	2,339.9	159.6
Investment property	82.4	83.5	-1.1
Financial assets	69.6	75.6	-6.0
Investments accounted for using the equity method	1,030.4	888.3	142.1
Trade receivables	19.9	25.5	-5.5
Other receivables and other assets	16.7	24.0	-7.3
Income tax assets	5.4	0.1	5.2
Deferred income tax assets	435.8	399.1	36.8
Current assets	4,929.6	4,921.0	8.6
Inventories	2,347.8	2,327.5	20.4
Trade receivables	1,402.3	1,367.2	35.1
Contract assets	207.6	175.2	32.5
Other receivables and other assets	442.1	403.7	38.4
Income tax assets	22.2	24.5	-2.2
Securities	50.3	67.4	-17.1
Cash and cash equivalents	455.3	555.6	-100.3
Assets available for sale	1.9	0.0	1.9
Balance sheet total	9,089.3	8,756.9	332.4

Consolidated balance sheet

Equity and liabilities (€ million)	30.09.2019	31.12.2018	Δ
Equity	2,981.5	3,332.1	-350.6
Subscribed capital	161.6	161.6	0.0
Capital reserve	257.0	257.0	0.0
Retained earnings	2,885.3	3,181.0	-295.7
Other reserves	33.8	60.0	-26.2
Unappropriated retained earnings	3.3	33.1	-29.8
Treasury shares	-369.7	-369.7	0.0
Minority Interest	10.2	9.1	1.1
Non-current liabilities	3,823.4	3,035.7	787.8
Provisions for pensions and similar obligations	2,598.1	2,275.5	322.6
Deferred tax liabilities	67.6	67.6	0.0
Income tax liabilities	36.1	36.9	-0.9
Other provisions	308.5	358.4	-50.0
Financial liabilities	801.0	291.1	509.9
Other liabilities	12.2	6.1	6.1
Current liabilities	2,284.5	2,389.2	-104.7
Other provisions	413.9	281.4	132.5
Financial liabilities	320.1	426.9	-106.8
Trade payables	1,022.6	1,130.2	-107.7
Liability contracts	200.8	250.2	-49.4
Income tax liabilities	6.9	37.0	-30.1
Other liabilities	320.3	263.4	56.9
Balance sheet total	9,089.3	8,756.9	332.5

Cash flow statement



Positive operating cash flow despite the increase of working capital

Convertible Bond

- Volume: € 167,900,000
- Coupon: 0.0 % p.a.
- Issue date: June 5, 2015
- Maturity date: June 5, 2022
- Denomination: € 100,000
- Conversion ratio: 2,150.2463 Shares per Bond¹
- Conversion price: € 46.5063¹
- Underlying shares: 3,610,263¹
- Conversion right period: July 25, 2015 to May 26, 2022
- Early redemption at the option of the Issuer: On or after June 5, 2018, and upon giving not less than 30 nor more than 40 calendar days notice, only possible if the volume adjusted average XETRA-quotation on at least 20 of the 30 consecutive trading days directly prior to the notification date exceeds 130% of the then applicable conversion price

¹ Most recently adjusted per 2019/05/28

Salzgitter Group – Guidance

The Salzgitter AG affirm earnings forecast for the financial year 2019, adjusted on September 26 and anticipates therefore against the backdrop of restructuring expenses still to be determined for the implementation of the “FitStructure 2.0” profit improvement program:

- a pre-tax loss in the mid-double-digit million euro range,
- lower external sales of under € 9.0 billion compared with the previous year,
- a return on capital employed (ROCE) that is tangibly below the year-earlier 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.