

SALZGITTER GROUP

PRESENTATION OF THE GROUP



SALZGITTERAG
People, Steel and Technology



AGENDA

01 Salzgitter Group

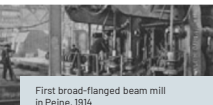
02 Market Situation

03 Strategy

04 Financials and Guidance

01 HISTORY

Salzgitter Group



First broad-flanged beam mill in Peine, 1914



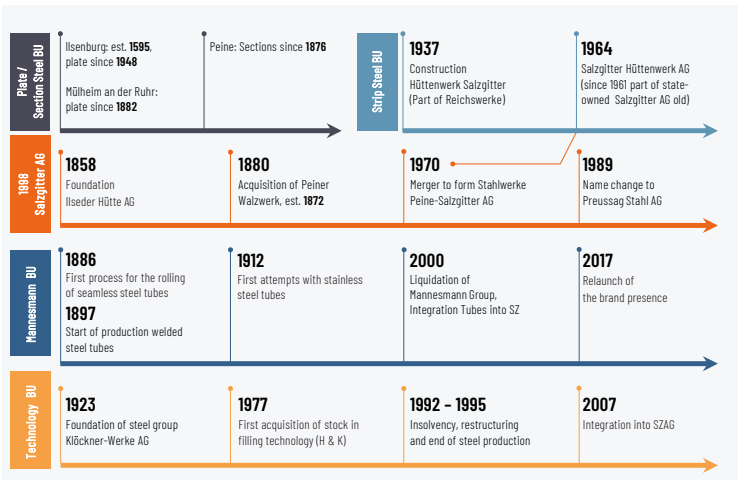
Demonstrations to save the smelting works in Salzgitter, c. 1950



1989 privatization with the sale to Preussag AG



First blast furnace in Ilsede, 1861



Cross-rolling process sketch of Max Mannesmann, pre 1885



Bottle filling line Phönix c. 1936



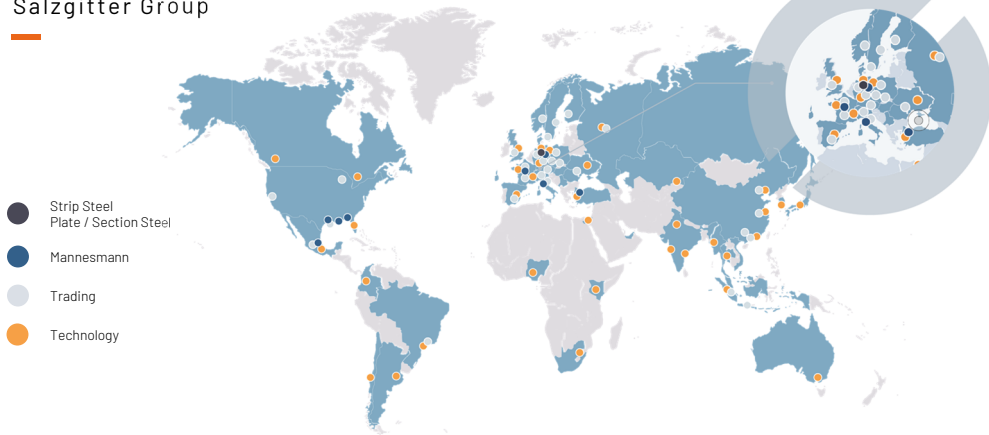
Privatization and acquisition of the Ilsenburg rolling mill, 1992



Stock listing 1998

01 GLOBAL PRESENCE

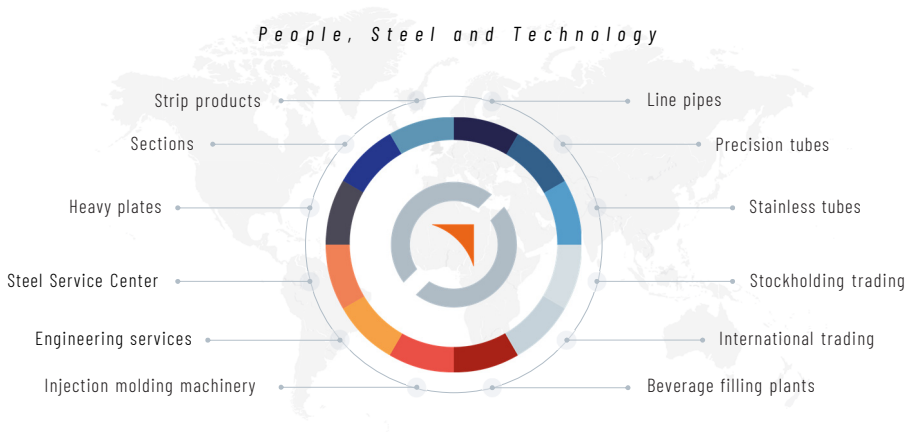
Salzgitter Group



Crude steel production 2021: 6.7 million tons; trading volume: 3.6 million tons; Among the top 3 producers of beverage filling and packaging machinery

01 DIVERSIFIED PRODUCT PORTFOLIO

Salzgitter Group


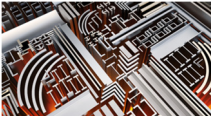

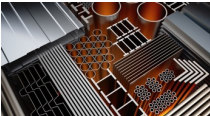



01 GROUP STRUCTURE AND KEY DATA FY 2021

Salzgitter Group

Salzgitter Group

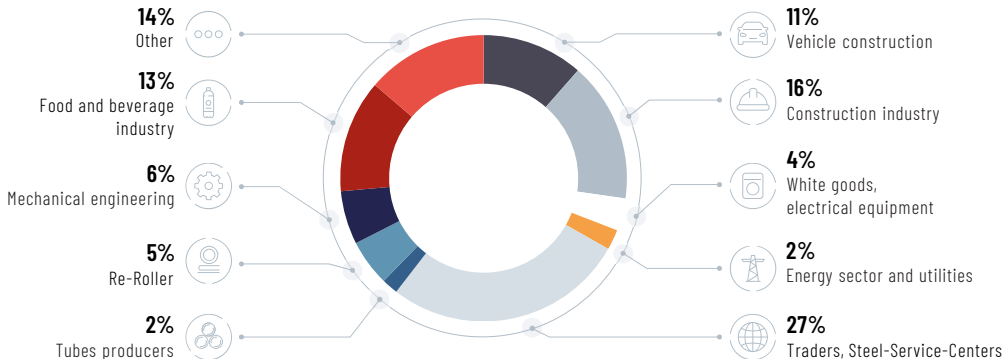
External Sales cons.: € 9.8 billion / **EBT:** € 706 million / **Employees:** 22,356

Strip Steel	Plate / Section Steel	Mannesmann	Trading	Technology
/ External Sales: € 2.5 billion / EBT: € 417.7 million / Employees: 5,970	/ External Sales: € 0.9 billion / EBT: € 41.4 million / Employees: 2,222	/ External Sales: € 1.2 billion / EBT: € -273.3 million / Employees: 4,307	/ External Sales: € 3.6 billion / EBT: € 352.5 million / Employees: 1,934	/ External Sales: € 1.4 billion / EBT: € 59.2 million / Employees: 5,298
				

All data about employees as per 12/31

01 EXTERNAL SALES 2021 BY CUSTOMER INDUSTRIES

Salzgitter Group

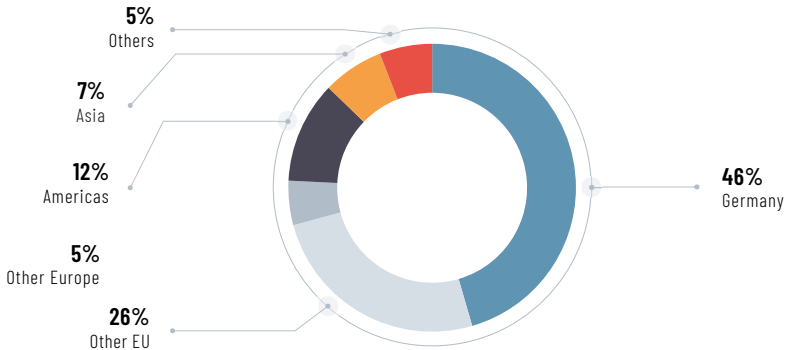


Only from entities within the group of consolidated companies of Salzgitter Group, excluding EUROPIPE Group

Broad customer base

01 EXTERNAL SALES 2021 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 2021/12/31

Salzgitter-Konzern

		FY 2021	FY 2020	Δ
Crude steel production	kt	6,748.8	6,033.0	715.8
External sales ¹	€ million	9,767.4	7,090.8	2,676.6
Earnings before tax	€ million	705.7	-196.4	902.1
Earnings after tax	€ million	586.1	-273.9	859.9
Earnings per share (undiluted)	€	10.7	-5.1	15.9
ROCE	%	16.2	-3.9	20.1
Core workforce ²		22,356	22,785	-429

¹ only from entities within the Group of Consolidated Companies of Salzgitter Group

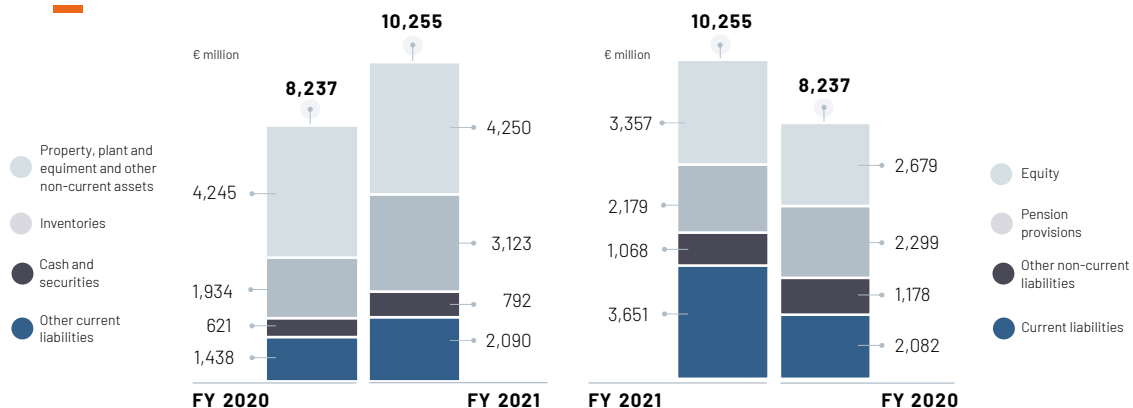
² per reporting date

Salzgitter Group records best pre-tax result in 13 years



01 BALANCE SHEET

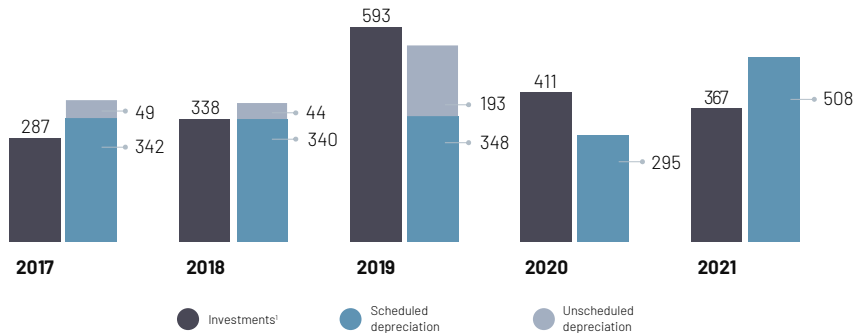
Salzgitter Group



Continuing sound financial basis

01 INVESTMENTS AND DEPRECIATION

Salzgitter Group



¹ Property, plant and equipment and intangible assets, excluding financial assets

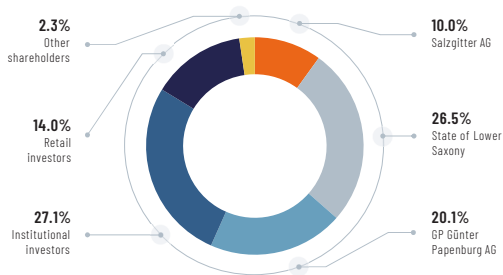
Focus on expansion investments



01 SHAREHOLDER STRUCTURE AND SHARE TURNOVER

Salzgitter Group

SHAREHOLDER STRUCTURE



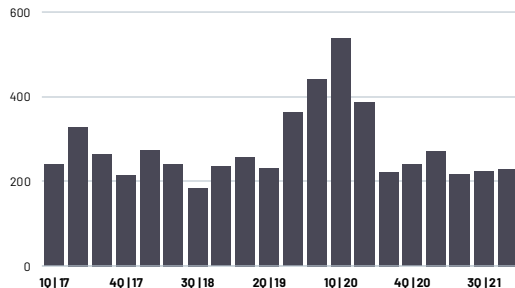
Free float: 63.5%; Treasury shares: as of July 8, 2010; other information is based on the external shareholder identification as of January 2022

Balanced shareholder structure



High liquidity

DAILY TURNOVER IN THOUSEND SHARES





AGENDA

01 Salzgitter Group

02 Market Situation

03 Strategy

04 Financials and Guidance

02 WAR IN UKRAINE: GENERAL CLASSIFICATION

Market Situation

PEOPLE

- / War begun on February 24, 2022
- / Approx. 3 million refugees*
- / Broad wave of support – also within Salzgitter AG
- / Ukrainian males aged 18-60 are not allowed to leave the country

*Source: Statista, 2022/03/14

INDUSTRY

- / Production essentially halted
 - / Steel industry
 - / Supplies industry, especially auto
 - / Other industries in war mode
 - / Beverage filling plants converted from beer to water

SANCTIONS

- / Ban on provision of funds or resources
- / Sanctions against Russian oligarchs
- / Russian banks excluded from SWIFT
- / Invocation of the "National Security" clause on the steel industry by the EU
- / Counter sanctions by RUS: Russian business with "unfriendly countries" require approval by legal commission

IMPACT ON WESTERN EUROPE

- / Energy prices
- / Shortage of steel → availability before price
- / Customer industries experience standstills (automotive)
- / Logistics unpredictable
- / Cyber attacks against Ukraine and the Western World increase massively

*Severe humanitarian and political crisis with dramatic effects on the industrial sector
At the moment high uncertainty regarding long-term impacts*

02 IMMEDIATE IMPACT ON SALZGITTER AG

Market Situation

PERSONNEL AND EMPLOYEES

- / Ukraine: All 17 employees of KHS are well and still in the country
- / They are ensuring bottling water processes continue, for instance
- / Russia: continuation of operations of KHS in Moscow with 50 employees, as well as the sales office of SMID with four employees
- / Burden on employees from rapidly deteriorating living conditions

PROCUREMENT

- / Salzgitter AG does not procure ore from Russia or Ukraine
- / Extreme price increases for nickel
- / Supply constraints for some alloying agents cannot be ruled out

SHIPMENTS AND TRADING

- / Supply constraints in the automotive sector (cable harnesses, wiring systems)
 - / Some customers declare force majeure
- / Conditions for parts supply, transport and flow of money increasingly difficult
- / Stockholding steel trade's purchasing volume ex Russia/Ukraine is approx. 50 kt p.a.

CYBER SECURITY

- / Increased number of cyber attacks on Salzgitter AG documented
- / Close coordination of Salzgitter AG/GESIS and telecommunication companies about necessary protective measures
- / No critical incidents at the moment

Direct impact on Salzgitter AG is manageable

Bottlenecks in supply and disruptions at customers are to be expected over the long term

02 INDIRECT IMPACT ON SALZGITTER AG

Economic Development and Financials

RISKS FROM BUSINESS OPERATIONS IN UA/RUS

- / External sales of Salzgitter AG companies < 0,7 %
- / Main exposure for Trading and Technology business units

ENERGY PRICES

- / Price risk for natural gas and electricity: Sharp rise in prices on the short-term spot market as well as on the longer-term forward market
- / A part of the energy volume is hedged

OPPORTUNITIES IN THE CRISIS

- / Rising steel prices, especially in the heavy plate market
- / Surging demand for steel products at integrated producers
- / Loss of almost 25 % of heavy plate and hot-rolled coil imports due to sanctions and the war in Ukraine
 - / The Commission distributed the Russian import quotas under the EU-Safeguard among all other countries
 - / Consequently, there should only be temporary imbalances in the market

02 RAW MATERIALS PRICES

Market Situation

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



COKING COAL (FOB Australia, US\$/t)

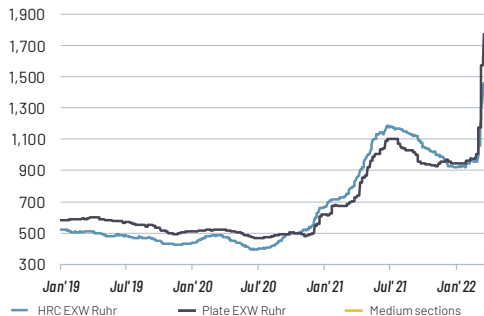


Diverging raw material price development – coking coal prices recently surged, iron ore prices volatile

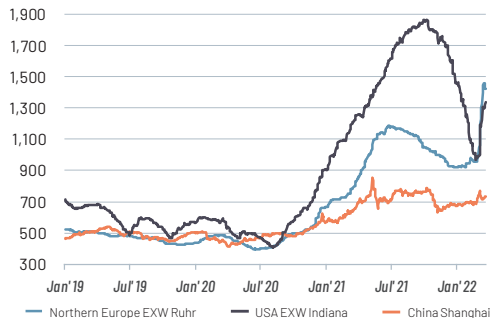
02 STEEL PRICES

Market Situation

SPOT PRICES NORTHERN EUROPE (€/t)



HOT-ROLLED COIL PRICES INTERNATIONAL (€/t)

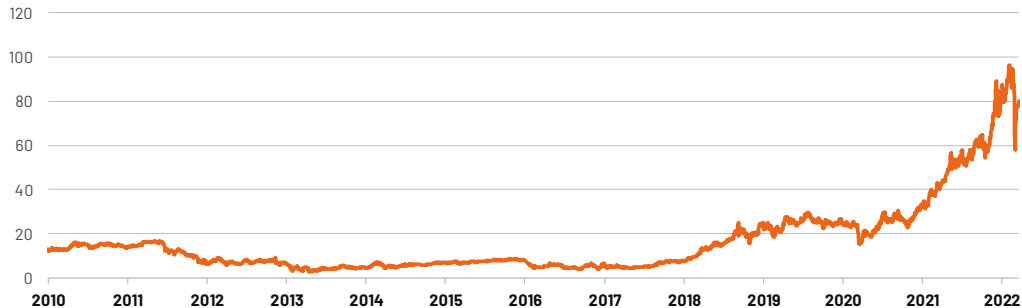


European steel prices surged following the start of the war in Ukraine

02 PRICE DEVELOPMENT CO₂ EMISSION ALLOWANCES

Strategy

PRICE OF CO₂ EMISSION ALLOWANCES (€/t)

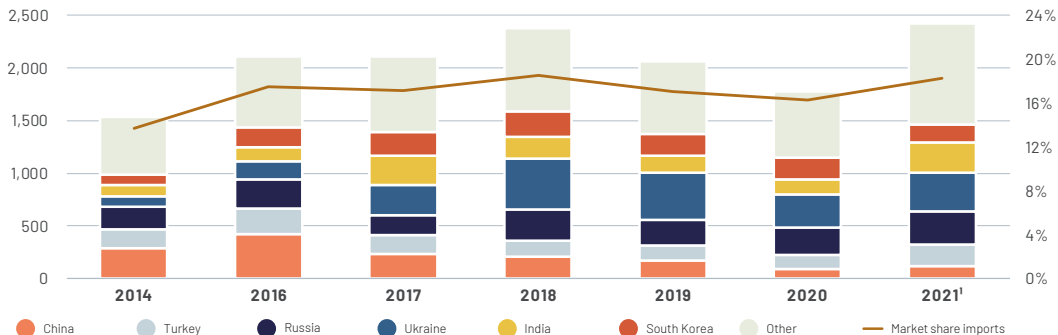


Price of CO₂ emission allowances on the increase since 2018; slump in early 2022 due to war in Ukraine

02 EU STEEL IMPORTS

Market Situation

ROLLED STEEL IMPORTS INTO THE EU-27 (in Tt/month)



High level of imports also in 2021

¹Intra-year
Source: Eurofer, own presentation



AGENDA

01 Salzgitter Group

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04 Financials and 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

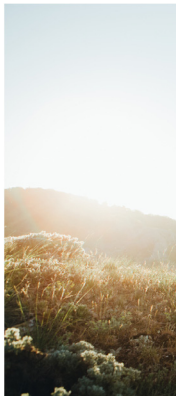
PROFITABILITY

- / 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

Salzgitter AG will remain to be a diversified group with products and services that are profitable in the long term



04 VISION AND MISSION ARE DEFINED

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.

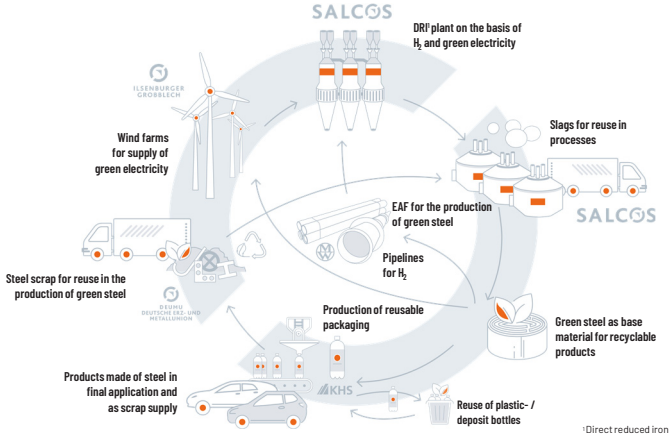


PARTNERING FOR TRANSFORMATION

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 NEW GROUP STRUCTURE AS OF APRIL 1, 2022

Strategy

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	GESIS / TELCAT
DEUMU Deutsche Erz- und Metall-Union	Mannesmann Stainless Tubes		DESMA Schuhmaschinen	Glückauf Immobilien
Salzgitter Mannesmann Stahlservice	Mannesmann Grossrohr			Salzgitter Automotive Engineering
Salzgitter Bauelemente	Ilseburger Grobblech			Salzgitter Hydroforming
Salzgitter Europlatinen	Salzgitter Mannesmann Grobblech			Salzgitter Business Service
	Hüttenwerke Krupp Mannesmann (30%)			Salzgitter Mannesmann Forschung
	EUROPIPE (50%)			RSE Grundbesitz und Beteiligung
	Borusan Mannesmann (23%)			Aurubis (29,99%)
				Hansaport (51%)

04 STRATEGY OF THE BUSINESS UNITS

Strategy

	Steel Production	Steel Processing
CIRCULAR ECONOMY	<ul style="list-style-type: none"> / Complete implementation of SALCOS® by 2033 at the latest / Expand market position in scrap and scrap trading / Full utilization of EAFs in Peine / use in SALCOS® 	<ul style="list-style-type: none"> / Tubes: expand product portfolio in green markets e.g. hydrogen, CCS, etc. (with exception of large-diameter pipes)
	Expansion of closed loops with customers (recycling and reusables)	
PROFITABILITY	Continuous profitability improvement driven by measures: <i>incl. implementing FitStructure 2.0, KHS Future 2.0 and Tubes Excellence, Digitalization of sales, production und administration, complemented by volatility management</i>	
	<ul style="list-style-type: none"> / Flachstahl: expansion of products with high added value ("Move boundaries") 	<ul style="list-style-type: none"> / ILG: service level and sales process corresponding to premium product / Tubes: growth through optimization of product portfolio / MPT: Eastern Europe Competitiveness of commoditized products / MGB: strategy depending on EP
GROWTH & CUSTOMER-CENTRIC SOLUTIONS	<ul style="list-style-type: none"> / Securing shipment volumes and margins of green steel 	
		<ul style="list-style-type: none"> / MLP: recovery of market share in the United States / Growth in renewable energies sectors, incl. by offering complete solutions

04 STRATEGY OF THE BUSINESS UNITS

Strategy

	Trading	Technology
CIRCULAR ECONOMY	/ Trading green steel	/ Growth in resource-saving and CO ₂ -reduced closed production chains
Expansion of closed loops with customers (recycling and reusables)		
Continuous profitability improvement driven by measures: <i>incl. implementing FitStructure 2.0, KHS Future 2.0 and Tubes Excellence, Digitalization of sales, production und administration, complemented by volatility management</i>		
PROFITABILITY	<p>/ Holistic digitalization of the processes of Trading BU: "e-commerce becomes e-business"</p>	<p>/ Development of profitable, innovative new products, such as, e.g., FreshSafePET</p> <hr/> <p>/ Increase of after-sales and services business</p>
GROWTH & CUSTOMER-CENTRIC SOLUTIONS	<p>/ Expansion in Eastern Europe: non-organic growth</p> <p>/ Increased value depth (value added) <i>in stockholding steel trade</i></p>	<p>/ Organic expansion into related business segments, such as, e.g., non-food filling</p>
	/ Growth in renewable energies sectors, incl. by offering complete solutions	/ Non-organic growth

04 STRATEGY SCORECARD

Strategy

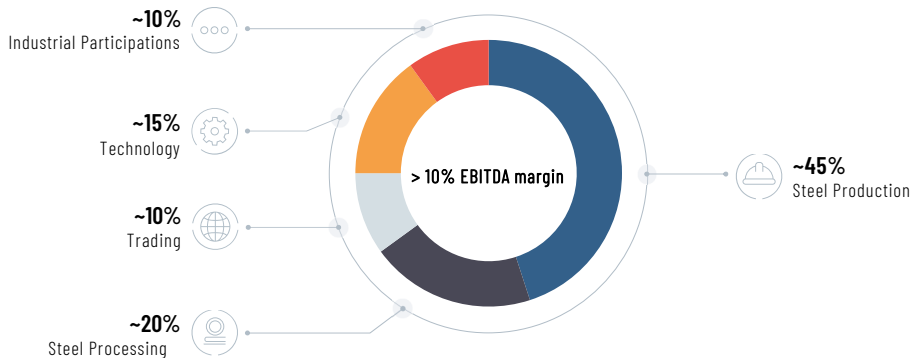
Strategic direction	KPI	Unit	Target 2025	Target 2030
Circular Economy	Expansion of scrap recycling	%	> 25	> 50
		mt p. a.	2.5	3
	CO ₂ reduction (Scope 1 & 2)	% CO ₂	> -30*	> -50
	Complete alignment to low CO ₂ steel production	-	SALCOS® Stage 1	SALCOS® Stage 1-3 (2033)
	Saving of 1 % of German emissions	mt p. a.	2.5	8 (2033)
	Electricity sourced exclusively from renewable sources	%	> 50	100
Profitability	ROCE	%	12	14
	EBITDA margin	%	8-10	> 10
	Increase of additional profit improvement potential	€ million p.a.	>150 (2026)	-
Growth & customer-centric solutions	Growth in profitable business areas with a focus on circularity (gross sales)	€ billion	-	> 11
Capital Market	Dividend yield	%	> 2	> 2
	ESG-rating	-	TOP Third Industry EU	TOP Quartil Industry EU
Employees	Accidents (LTIF)	% p.a.	-10	-5
	Proportion of women in new non-tariff/management positions	%	25	30

*Alignment of plant operation at -30 % CO₂ (comprises mainly SALCOS® Stage 1)

Cornerstones of the "Salzgitter AG 2030" strategy underlaid with concrete targets

04 STRATEGY SCORECARD: RESULTS DISTRIBUTION

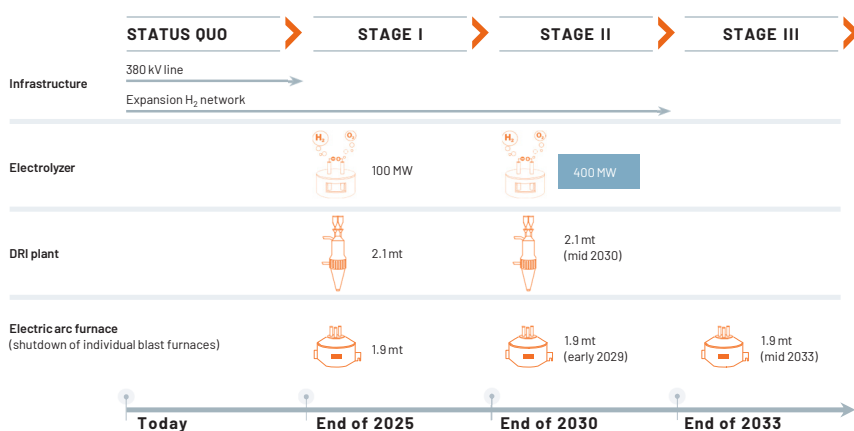
Strategy



Perpetuating the results of exceptional years envisaged

04 SALCOS®: COMPLETE REALIZATION PLANNED BY 2033

Strategy



KEY POINTS

- / SALCOS®: investment eligibility envisioned by summer 2022
- / 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 CO₂ emissions by more than 95%
- / Funding requirements for Stage 1 approx. € 1.1 billion

■ "Make or Buy" decision pending

04 SALCOS®: CONTROLLING CHOKE POINTS AT AN EARLY STAGE

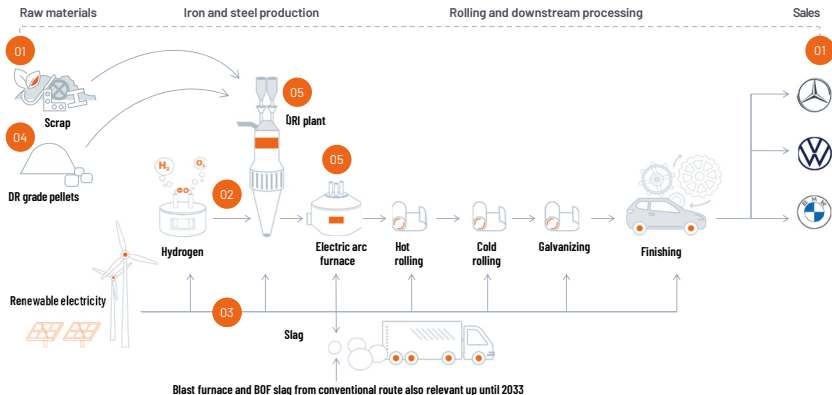
Strategy

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





AGENDA

01 Salzgitter Group

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04 Financials and Guidance

04 KEY DATA FY 2021: STRONG DEVELOPMENT OF EARNINGS

Financials and Guidance

		FY 2021	FY 2020	Δ	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Crude steel production	kt	6,748.8	6,033.0	715.8	1,677.6	1,693.7	1,733.1	1,644.5
External sales ¹	€ million	9,767.4	7,090.8	2,676.6	2,765.7	2,566.2	2,341.4	2,094.1
Earnings before tax	€ million	705.7	-196.4	902.1	101.2	298.8	188.4	117.3
Earnings after tax	€ million	586,1	-273.9	859.9	118.4	237.0	154.1	76.6
Earnings per share (undiluted)	€	10.7	-5.1	15.9	2.2	4.4	2.8	1.4
ROCE	%	16.2	-3.9	20.1	9.5	29,7	20.1	13.2
Core workforce ²		22,356	22,785	-429	22,356	22,411	22,414	22,475

¹ only from entities within the Group of Consolidated Companies of Salzgitter Group

04 INCOME STATEMENT

Financials and Guidance

Income Statement (€ million)	FY 2021	FY 2020	Δ
Sales	9,767.4	7,090.8	2,676.6
<i>Increase/decrease in finished goods and work in process/other own work capitalized</i>	522.9	-158.1	681.1
	10,290.4	6,932.7	3,357.6
<i>Other operating income</i>	548.5	345.3	203.2
<i>Cost of materials</i>	6,746.1	4,579.2	2,166.9
<i>Personnel expenses</i>	1,769.7	1,654.1	115.6
<i>Amortization and depreciation of intangible assets and property, plant and equipment</i>	508	295	213
<i>Other operating expenses</i>	1,222.4	936.6	285.7
<i>Result from impairment losses and reversal of impairment losses of financial assets</i>	1.8	-29.2	30.9
<i>Income from shareholdings</i>	0	2	-2
<i>Result from investments accounted for using the equity method</i>	159.5	95.6	63.9
<i>Finance income</i>	15.3	14.9	0.4
<i>Finance expenses</i>	63	93	-30
Earnings before taxes (EBT)	705.8	-196.4	902.2
<i>Income tax</i>	119.6	77.5	42.1
Consolidated result	586.1	-273.9	860

04 BALANCE SHEET

Financials and Guidance

Assets (€ million)	12/31/2021	12/31/2020	Δ
Non-current assets	4,250.1	4,244.5	5.6
<i>Intangible assets, property, plant and equipment</i>	2,267.8	2,423.6	-155.7
<i>Investment property</i>	79.5	81.5	-1.9
<i>Financial assets</i>	51.4	54.6	-3.2
<i>Investments accounted for using the equity method</i>	1,327.8	1,169.1	158.7
<i>Trade receivables</i>	8.3	11.0	-2.8
<i>Other receivables and other assets</i>	21.6	22.3	-0.7
<i>Income tax assets</i>	1.9	0.5	1.4
<i>Deferred income tax assets</i>	491.8	481.9	9.9
Current assets	6,004.7	3,992.9	2,011.8
<i>Inventories</i>	3,123.3	1,933.7	1,189.6
<i>Trade receivables</i>	1,452.8	923.9	528.9
<i>Contract assets</i>	323.0	300.2	22.7
<i>Other receivables and other assets</i>	296.7	188.3	108.3
<i>Income tax assets</i>	17.0	23.7	-6.7
<i>Securities</i>	49.7	0.0	49.7
<i>Cash and cash equivalents</i>	741.8	621.4	120.4
Balance sheet total	10,254.9	8,237.4	2,017.5

04 BALANCE SHEET

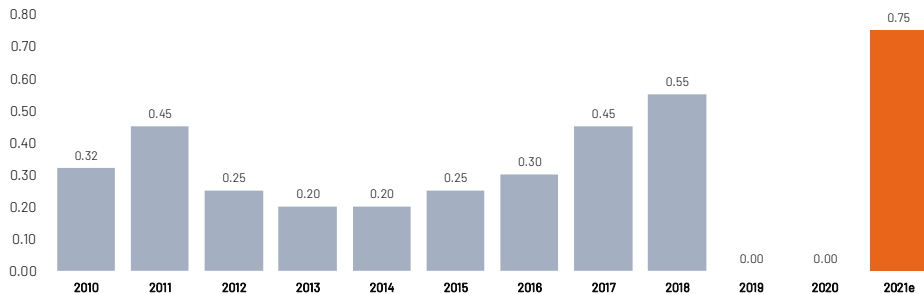
Financials and Guidance

<i>Equity and liabilities (€ million)</i>	12/31/2021	12/31/2020	Δ
Equity	3,357.0	2,678.9	678.1
Subscribed capital	161.6	161.6	0.0
Capital reserve	257.0	257.0	0.0
Retained earnings	3,252.3	2,594.5	657.8
Other reserves	0.0	26.4	-26.4
Unappropriated retained earnings	45.1	0.0	45.1
Treasury shares	-369.7	-369.7	0.0
Minority Interest	10.7	9.1	1.6
Non-current liabilities	3,247.2	3,476.4	-229.2
Provisions for pensions and similar obligations	2,178.6	2,298.6	-120.0
Deferred tax liabilities	147.1	73.9	73.2
Income tax liabilities	25.7	30.4	-4.7
Other provisions	267.5	267.1	0.4
Financial liabilities	621.5	749.4	-127.9
Other liabilities	6.7	57.1	-50.4
Current liabilities	3,650.7	2,082.1	1,568.7
Other provisions	263.1	210.4	52.7
Financial liabilities	893.2	488.3	404.9
Trade payables	1,728.9	802.4	926.5
Liability contracts	353.8	272.8	81.0
Income tax liabilities	36.1	5.5	30.6
Other liabilities	375.6	302.8	72.8
Balance sheet total	10,254.9	8,237.4	2,017.5

04 DIVIDEND

Financials and Guidance

Dividende (€/Aktie)



04 SALZGITTER GROUP

Financials and Guidance

In view of the decidedly encouraging start to the year and the sustained, strong profit trend, above all in the strip steel business, we anticipate the following for the Salzgitter Group in the financial year 2022:

/ an increase in sales to just under € 11 billion,

/ a pre-tax profit of between € 600 million and € 750 million, and

/ a return on capital employed (ROCE) that is around the previous year's level

Legal Note and other remarks

We make reference to the fact that criteria of the annual financial statements and imponderables, including changes in the cost of raw materials, precious metal prices and exchange rates, may still have a considerable impact on the results of the financial year.

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