



Results of the first quarter 2018

Salzgitter, May 15, 2018

Key data per 2018/03/31

		Q1 2018	Q1 2017	Δ
Crude steel production	kt	1,773.8	1,739.6	34.2
External sales ¹	€ million	2,307.5	2,353.9	-46.4
Earnings before tax	€ million	95.9	77.1	18.8
Earnings after tax	€ million	65.2	48.7	16.5
Earnings per share (undiluted)	€	1.18	0.87	0.31
ROCE	%	11.6	10.3	1.3
Core workforce ²		23,333	23,287	46

¹ only from entities within the Group of Consolidated Companies of Salzgitter Group ² per reporting date

Salzgitter Group off to a strong start to the year

Income statement

Income Statement (€ million)	Q1 2018	Q1 2017
Sales	2,307.5	2,353.9
Increase/decrease in finished goods/own work capitalized	18.9	16.0
Total output	2,326.4	2,369.9
Other operating income	55.8	76.1
Cost of materials	1,505.0	1,576.2
Personnel expenses	422.4	414.7
Amortization and depreciation	84.6	85.0
Other operating expenses	270.7	303.9
Income from shareholdings	0.1	0.7
Profit or loss of associates and joint ventures accounted for using the equity method	9.5	33.1
Finance income	3.6	5.3
Finance expenses	16.9	28.4
Earnings before taxes (EBT)	95.9	77.1
Income tax	30.7	28.4
Consolidated result	65.2	48.7

Consolidated balance sheet

Assets (€ million)	2018/03/31	2017/12/31	Δ
Non-current assets	3,586.2	3,565.9	20.3
Intangible assets, property, plant and equipment	2,412.1	2,433.3	-21.2
Investment property	21.4	21.5	-0.1
Financial assets	81.0	84.1	-3.1
Investments accounted for using the equity method	653.0	577.5	75.5
Trade receivables	20.6	25.6	-5.0
Other receivables and other assets	20.2	26.0	-5.8
Income tax assets	2.8	4.5	-1.7
Deferred income tax assets	375.1	393.2	-18.1
Current assets	4,821.5	4,751.8	69.7
Inventories	2,075.8	2,084.5	-8.7
Trade receivables	1,428.0	1,492.2	-64.2
Contract assets	193.0	0.0	193.0
Other receivables and other assets	401.8	394.2	7.6
Income tax assets	28.6	24.9	3.7
Securities	70.6	76.6	-6.0
Cash and cash equivalents	624.0	679.4	-55.4
Balance sheet total	8,407.7	8,317.7	90.0

Consolidated balance sheet

Equity and liabilities (€ million)	2018/03/31	2017/12/31	Δ
Equity	3,103.5	2,989.7	113.8
Subscribed capital	161.6	161.6	0.0
Capital reserve	257.0	257.0	0.0
Retained earnings	2,995.8	2,854.6	141.2
Other reserves	22.6	51.1	-28.5
Unappropriated retained earnings	27.1	27.1	0.0
Treasury shares	-369.7	-369.7	0.0
Minority Interest	9.2	8.1	1.1
Non-current liabilities	3,204.5	3,321.5	-117.0
Provisions for pensions and similar obligations	2,338.2	2,440.5	-102.3
Deferred tax liabilities	41.9	41.9	0
Income tax liabilities	98.2	97.6	0.6
Other provisions	299.9	303.5	-3.6
Financial liabilities	422.0	433.8	-11.8
Other liabilities	4.3	4.1	0.2
Current liabilities	2,099.6	2,006.5	93.1
Other provisions	225.8	232.3	-6.5
Financial liabilities	245.7	237.8	7.9
Trade payables	1,103.0	1,169.0	-66.0
Liability contracts	90.9	0.0	90.9
Income tax liabilities	32.4	28.2	4.2
Other liabilities	401.9	339.2	62.7
Balance sheet total	8,407.7	8,317.8	89.9

Cash flow statement

(€ million)	Q1 2018	Q1 2017	Δ
Cash and cash equivalents at the start of the period	679.4	818.1	-138.7
Cash flow from operating activities	100.6	-29.6	130.2
Cash flow from investment activities	-147.0	-95.4	-51.6
Cash flow from financial activities	-7.0	-7.7	0.7
Changes in cash	-53.4	-132.8	79.4
Cash and cash equivalents at the end of the period	624.0	686.7	-62.7

Operating cash flow characterized by lower working capital increase

		Q1 2018	Q1 2017	Δ
External sales	€ million	609.4	548.9	60.5
Order bookings	kt	1,240.3	1,195.1	45.2
Order backlog ¹	kt	944.6	903.0	41.6
EBITDA	€ million	117.9	107.2	10.7
EBT	€ million	62.5	53.7	8.8
Core workforce ¹		6,148	6,133	50

Gratifying increase of pre-tax profit boosted by higher selling prices for strip steel products

Plate / Section Steel Business Unit

		Q1 2018	Q1 2017	Δ
External sales	€ million	286.6	265.5	21.1
Order bookings	kt	629.2	586.1	43.1
Order backlog ¹	kt	380.8	373.3	7.5
EBITDA	€ million	20.6	22.7	-2.1
EBT	€ million	9.3	9.4	-0.1
Core workforce ¹		2,467	2,585	-118

Pre-tax result at year-earlier level due to the good performance of Peiner Träger GmbH

		Q1 2018	Q1 2017	Δ
External sales	€ million	271.0	289.3	-18.3
Order bookings	kt	382.8	411.9	-29.1
Order backlog ¹	kt	539.7	457.7	82.0
EBITDA	€ million	19.0	14.9	4.1
EBT	€ million	1.6	-3.0	4.6
Core workforce ¹		4,651	4,711	-60

Improved result, now positive again

		Q1 2018	Q1 2017	Δ
External sales	€ million	759.8	861.8	-102.0
Shipments	kt	1,122.7	1,258.8	-136.1
EBITDA	€ million	17.9	24.4	-6.5
EBT	€ million	13.8	21.6	-7.8
Core workforce ¹		1,991	1,935	56

Improved margin situation of the stockholding steel trade business and the UES-Group largely offsets shortfall in volumes; gratifying pre-tax profit

Technology Business Unit

		Q1 2018	Q1 2017	Δ
External sales	€ million	327.7	335.1	-7.6
Order bookings	kt	305.9	290.0	15.9
Order backlog ¹	kt	686.1	627.6	58.5
EBITDA	€ million	15.9	18.4	-2.5
EBT	€ million	11.2	13.1	-1.9
Core workforce ¹		5,425	5,337	88

Pre-tax-profit dropped due to the weaker result of KHS, smaller special machinery producers with earnings increase

Industrial Participations / Consolidation

		Q1 2018	Q1 2017	Δ
External sales	€ million	52.9	53.4	-0.5
EBITDA	€ million	1.8	-2.8	4.6
EBT	€ million	-2.4	-17.8	15.4
Core workforce ¹		2,616	2,586	30

Earnings before taxes enhanced, previous year impacted by valuation effect from the bond exchangeable into Aurubis shares

Business Units – Forecast 2018

Strip Steel

- very good start to the year 2018 thanks to the increase in selling prices
- continuing robust demand expected

Plate / Section Steel

- Plate: continuing difficult market environment with high level of imports
- Section steel: burdened by increase in other material costs
- nevertheless, capacity utilization will remain largely sound at all three plants

Mannesmann

- Large-diameter pipe mills: good utilization in Germany, order situation in North America remains unsatisfactory
- Medium line pipes: Demand from North America is likely to be lower than year before
- Precision and stainless tubes: positive development

Trading

- international trading will not fully compensate the weaker sales of the first quarter
- earnings level continues to return to more normal levels compared to the previous year that was impacted by the temporary widening of margins

Technology

- KHS Group: continuing fierce competitive pressure in the global project business
- positive impact of the measures to raise efficiency
- KDS and KDE Group: positive prospects

Business Unit

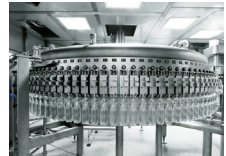
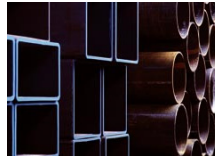
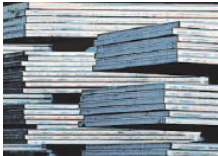
- significantly higher sales
- EBT likely higher than originally forecast albeit clearly below the outstanding year-earlier result

- moderate sales growth
- significant reduction in pre-tax loss

- sales on previous year's level
- significantly improved again positive pre-tax result

- slight downturn in sales
- gratifying pre-tax profit, nevertheless considerably below the previous year's outstanding figure

- Based on a high order backlog:
- moderate increase in sales
 - tangible increase in pre-tax profit



Salzgitter Group – Guidance from April 26, 2018

Given the good start to the year, the generally positive business outlook, as well as the planned further effects of the programs of measures and to promote growth, Salzgitter AG lifted its earnings forecast at the end of April for the financial year 2018. We now anticipate:

- **a marginal increase in sales to above € 9 billion,**
- **a pre-tax profit of between € 250 million and € 300 million and**
- **a return on capital employed that is stable compared with the previous year's 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, may have a considerable impact over the course of the financial year 2018.

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.

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