

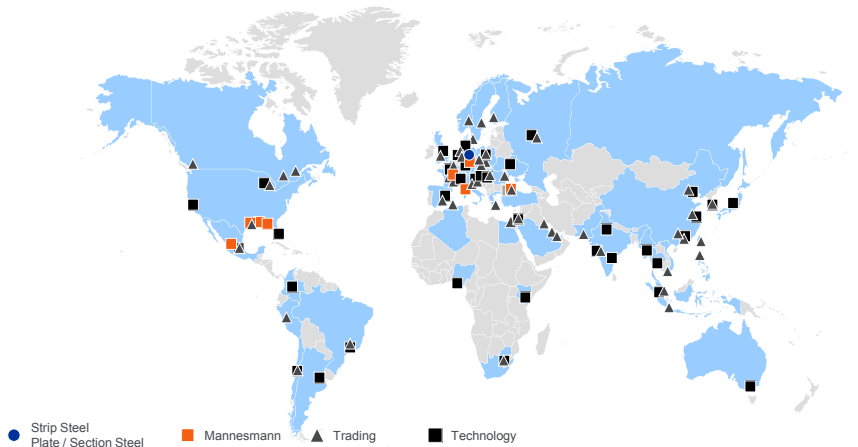


# Baader Investment Conference

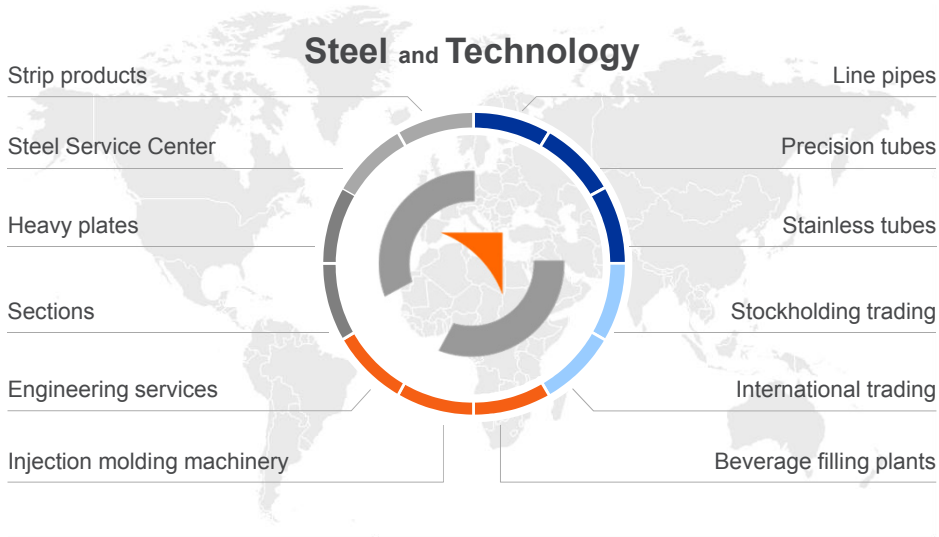
**Markus Heidler**, Head of Investor Relations

Munich, September 26, 2018

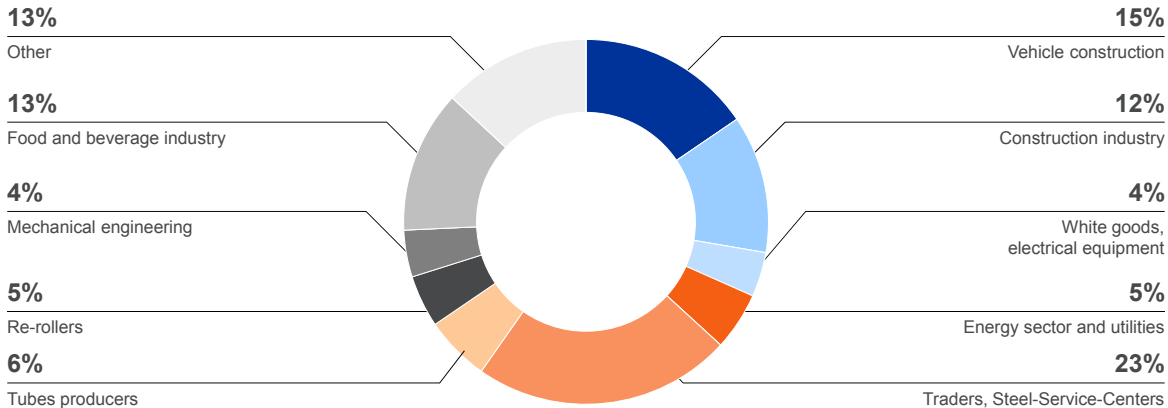
- 1** Salzgitter Group
- 2** Market Situation
- 3** H1-Results and Guidance
- 4** Strategy



**Crude steel production 2017: 7.0 million tons; trading volume: 4.7 million tons;  
Among the top 3 producers of beverage filling and packaging machinery**

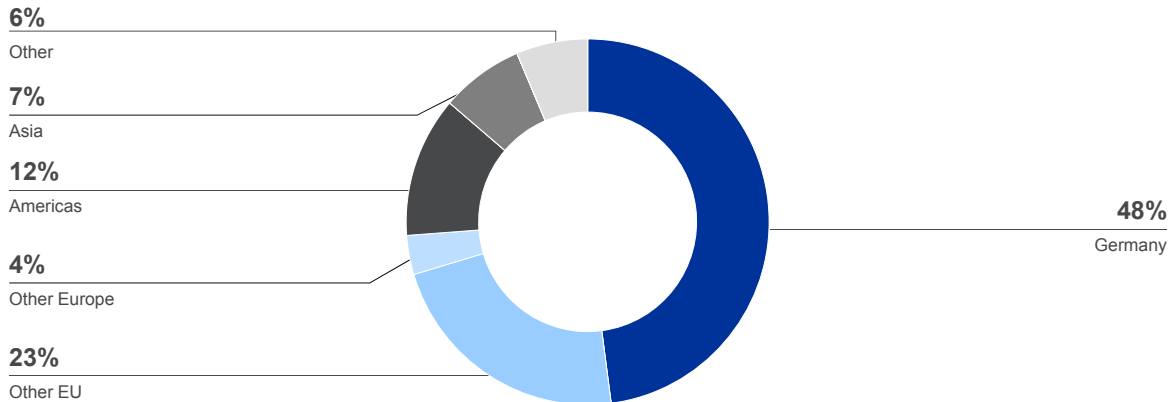


## External sales 2017 by customer industries



**Broad customer base**

## External sales 2017 by regions



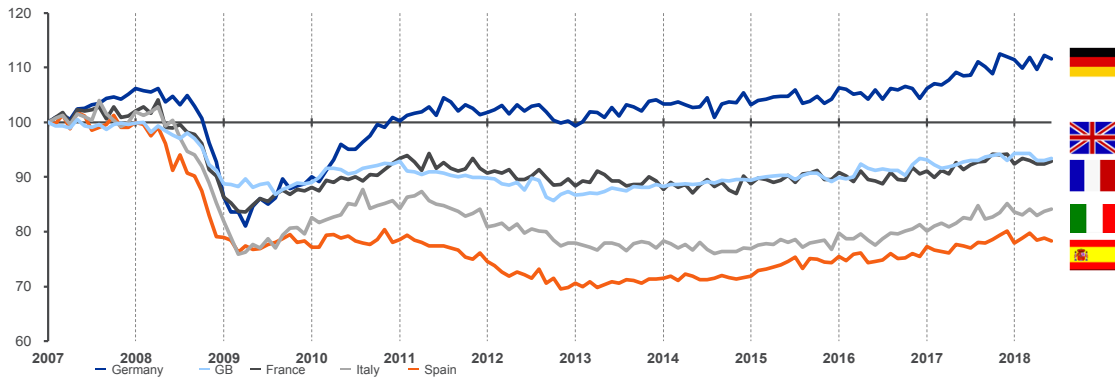
Share of Germany and Europe sales by consignee 75%



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## Industrial production as an indicator for the overall steel demand

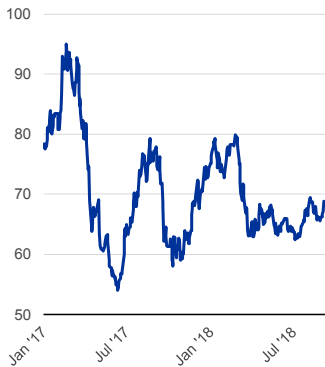
### Industrial production in selected countries of the EU (Jan. 2007 = 100)



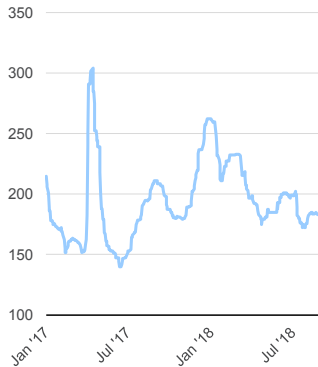
The trend of the previous years continues: Slightly improving EU industrial production, Germany remains strong



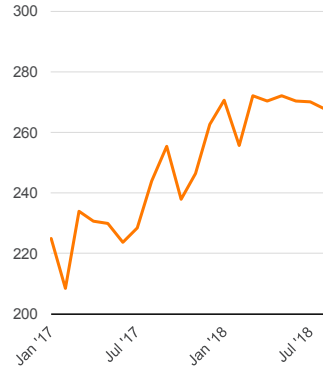
**Iron ore**  
(62% Fe CFR China, US\$/dmt)



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



**Steel scrap**  
(grade 2/8, €/t)



Raw materials markets marked by high volatility

## Update international steel trade

### International measures affecting the European Union

- USA: Protective tariffs against numerous states cover almost all product groups
- March 26, 2018: Introduction of protective tariffs under the guise of national security (Section 232) in the U.S., since June 1, 2018 these also apply to imports from the EU
- September 20, 2018 Turkey: Safeguard measures for broad steel and tubes portfolio introduced

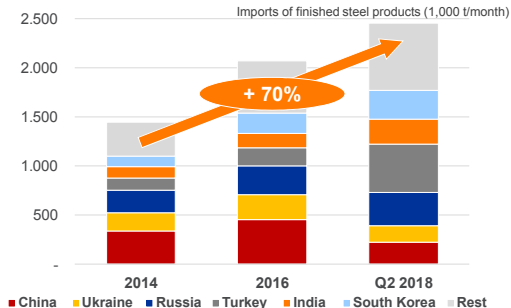


Donald J. Trump  
@realDonaldTrump

We must protect our country and our workers. Our steel industry is in bad shape. IF YOU DON'T HAVE STEEL, YOU DON'T HAVE A COUNTRY!

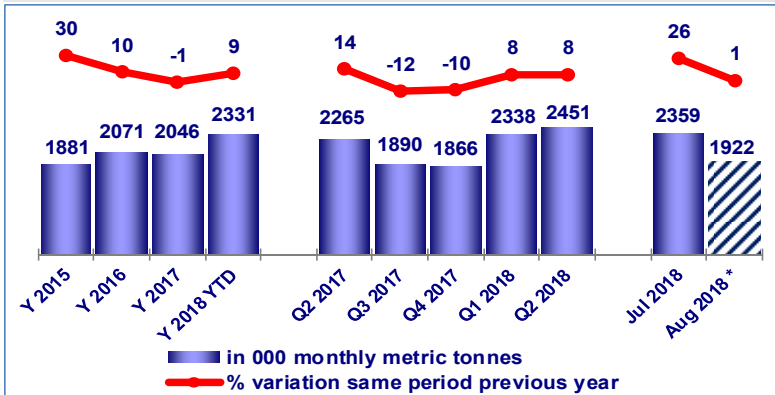
### Reaction of the European Union

- June 1, 2018: WTO complaint filed against the Section 232 tariffs of the United States
- June 22, 2018: Rebalancing measures against certain "iconic" US products adopted
- July 19, 2018: Preliminary safeguard measures for a broad steel and tubes portfolio implemented



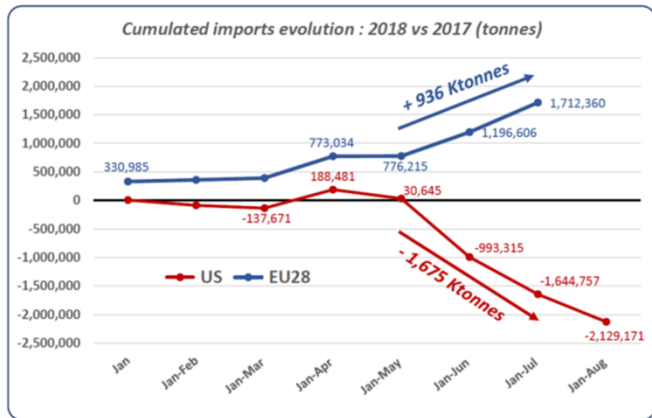
## Update international steel trade

EU 28 import situation for finished steel imports



Imports stable on high level - currently no rush on quotas visible

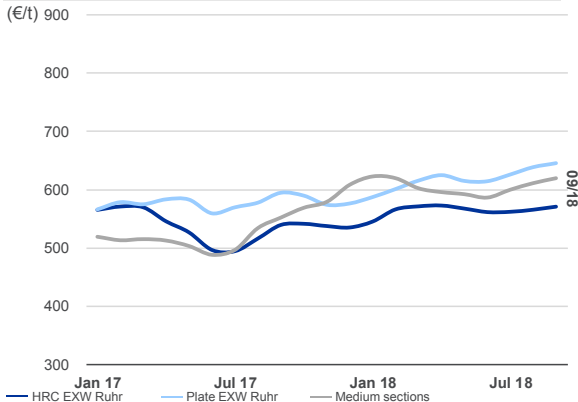
## Update international steel trade



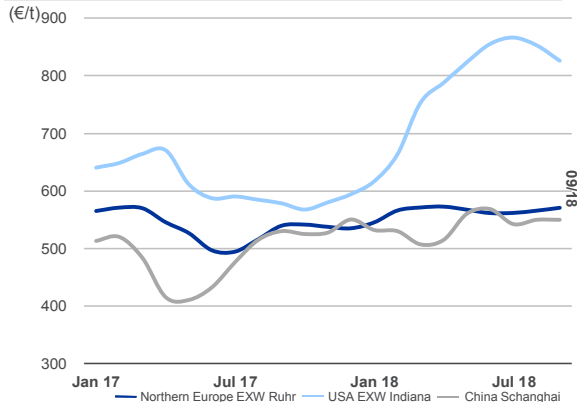
Products coverage: all 28 products categories included in the EU Safeguard investigation

**Trade deflection is happening!**

Spot prices Northern Europe



Hot-rolled coil prices international

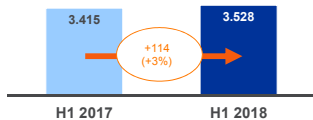


Following a period of recent rises, steel prices are stabilizing at the moment; different trading policies result in regional price variations

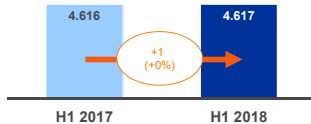
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## Key data per 2018/06/30

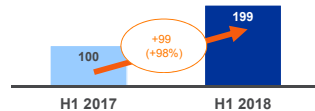
## Crude steel production [kt]



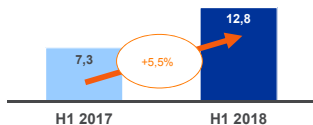
## Consolidated sales [€ million]



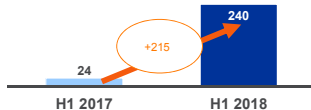
## EBT [€ million]



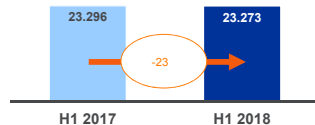
## ROCE [%]



## Net financial position [€ million]



## Core workforce [per 06/30]



## Earnings development of business units in H1 2018

		H1 2018	H1 2017		Δ
Earnings before taxes	€ million	<b>198.6</b>	100.2	+	98.4
Strip Steel	€ million	<b>109.7</b>	94.2	+	15.6
Plate / Section Steel	€ million	<b>22.0</b>	5.7	-	16.4
Mannesmann	€ million	<b>12.3</b>	-2.7	+	15.0
Trading	€ million	<b>25.0</b>	34.6	-	9.6
Technology	€ million	<b>20.5</b>	13.6	+	6.9
Indust. Participations / Consolidation	€ million	<b>9.1</b>	-45.1	+	54.2
thereof Aurubis investment	€ million	<b>25.1</b>	53.7	-	28.6

**Strip Steel with decisive contribution to overall earnings**



## Salzgitter Group – Guidance from September 19, 2018

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We now anticipate:

- a marginal increase in sales to above € 9 billion,
- a pre-tax profit of between € 300 million and € 350 million and
- a marginally higher return on capital employed of between 9% and 11% compared with the previous year.

### 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 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.

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.

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## What we intend in the coming years

Restructuring – 2018-2021 additional € 140 million p.a. earnings improvement potential

FitStructure

- Focus on Mannesmann and Technology business units

Growth – around € 240 million p.a. additive earnings contribution

Strip Steel

- Growth in target segments by shifting steel grade portfolio towards hot-dip galvanized material

Plate / Section Steel

- Volume increase of higher quality grade such as wear-resistant and high-strength plate

Mannesmann

- Internationalization and extension of the value chain

Trading

- Expansion of the digitalization and pre-processing activities

Technology

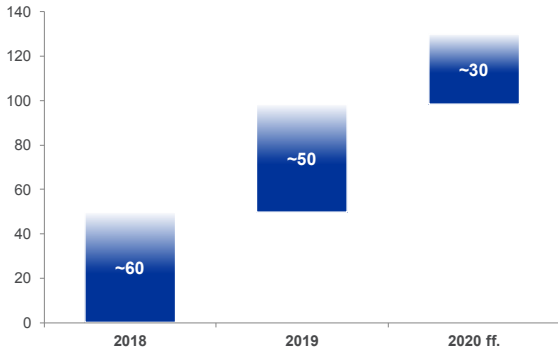
- Participation in the market growth, expansion of the after-sales business



Focus on innovation and growth – the dynamism started in 2012 will be maintained

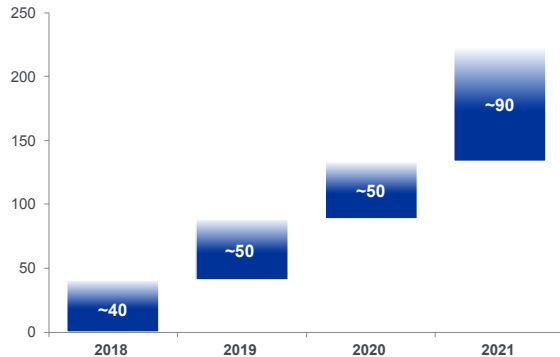
## FitStructure SZAG

€ million earnings improvement potential



## SZAG 2021 Growth Programs

€ million additional profit contribution



All in all more than € 350 million in additional effects planned

## May 22, 2018: Acquisition of French stainless steel tube producer SOTEP



**MANNESMANN**  
**STAINLESS TUBES**

A Member of the Salzgitter Group

and



Le tube en formes  
The tube in its many forms

### Key data of the acquisition

Founding year ▪ 1980

Headquarters ▪ Issoudun, France

Sales (2017) ▪ > € 10 million

Employees ▪ 65

Products ▪ Cold-finished seamless stainless tubes in the premium segment

Customer groups ▪ Aerospace, power plant, as well as oil and gas industry



Landing gear



Airbus A320 ceo/neo



SAM 146 engine



Sukhoi Superjet 100



Business Class seats




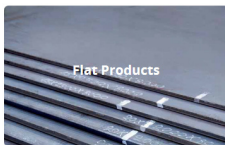
Commercial aircraft

**Mannesmann Stainless Tubes strengthens its market position**


**e-AUCTION**  
SALZGITTER MANNESMANN STAHLAUKTIONEN

LOGIN ENGLISH


## Current Auctions

All new auctions



All expiring auctions



All Buy It Now auctions



Steel trading takes another step in the direction of digitalization

## July 16, 2018: Insider information pursuant to Article 17 MAR



Today, the Executive Board of Salzgitter AG has decided to **submit an offer to acquire production facilities** in Dudelange (Luxembourg) and Liege (Belgium) in the context of the divestment process currently conducted by ArcelorMittal. The facilities in question are essentially **two cold rolling lines, as well as facilities for tinning, hot-dip galvanizing and the electrolytic galvanization of steel strip**.

Whether this will ultimately result in Salzgitter AG acquiring the production facilities is uncertain as the divestment procedure is a competitive process in which several bidders may bid. Any **execution of a binding purchase agreement is subject to several conditions**. [...] In addition, the transaction is also **contingent upon ArcelorMittal's acquisition of Ilva**.



Ongoing procedure – we are bound to confidentiality!

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Whatever your plans may be.

Lightweight solutions in steel. Developed for the automobile industry.

