

SALZGITTER GROUP

PRESENTATION OF THE GROUP



SALZGITTERAG
People, Steel and Technology



AGENDA

01 Market situation and guidance

02 Strategy

GROUP STRUCTURE AND KEY DATA FY 2022

Salzgitter Group

Salzgitter Group

External Sales cons.: € 12.5 billion / **EBT:** € 1.2 billion / **Employees:** 22,622

Steel Production

/ **External Sales:** € 4.3 billion
/ **Employees:** 7,369
/ **EBT:** € 791 million



Steel Processing

/ **External Sales:** € 2.1 billion
/ **Employees:** 5,341
/ **EBT:** € 86 million



Trading

/ **External Sales:** € 4.6 billion
/ **Employees:** 1,975
/ **EBT:** € 243 million



Technology

/ **External Sales:** € 1.4 billion
/ **Employees:** 5,329
/ **EBT:** € 48 million



All data about employees as per 12/31

KEY DATA 9M 2023

Salzgitter Group

		9M 2023	9M 2022	Δ
Crude steel production	kt	4,448	4,762	-314
External sales ¹	€ million	8,406	9,765	-1,360
EBITDA	€ million	576	1,397	-821
Earnings before tax	€ million	254	1,145	-891
Earnings after tax	€ million	194	946	-752
Earnings per share (undiluted)	€	3.5	17.4	-13.9
ROCE	%	6.5	22.9	-16.4
Core workforce ²		23,005	22,645	360

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

² per reporting date



Presentable result despite economic headwinds

RAW MATERIAL AND ENERGY PRICES

Economic development and market situation

RAW MATERIAL PRICES (US\$/t)

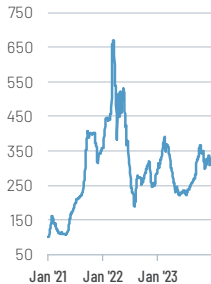
IRON ORE

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



COKING COAL

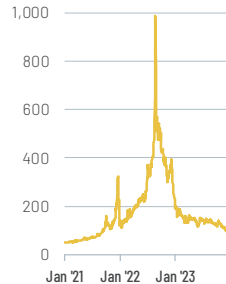
(FOB Australia, US\$/t)



ENERGY PRICES (€/MWh)

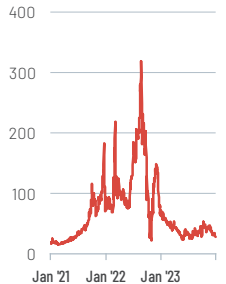
ELECTRICITY

(Futures market front year EEX, €/MWh)



NATURAL GAS

(Area THE, EEX Day-Ahead €/MWh Hs)



Raw material prices stabilize, energy prices recently returned to pre-war levels

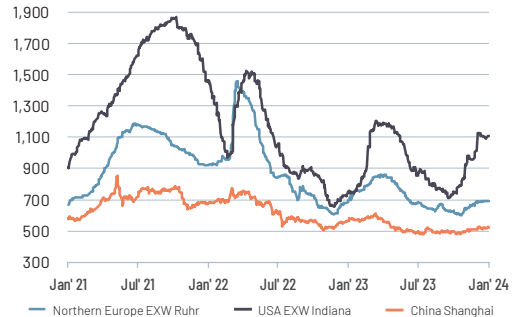
STEEL PRICES

Economic development and market situation

SPOT PRICES NORTHERN EUROPE (€/t)



HOT-ROLLED COIL PRICES INTERNATIONAL (€/t)



European steel prices stabilize following consolidation. Hot-rolled coil prices in the U.S. recently increased again.

MANAGEMENT GUIDANCE

Guidance

Against the backdrop of the sustained weak development of the German economy and the extremely volatile political and economic environment we anticipate the following for the Salzgitter Group in the financial year 2023:

/ sales of around € 11 billion,

/ EBITDA of between € 650 million and € 700 million,

/ a pre-tax profit of between € 200 million and € 250 million, and

/ a return on capital employed (ROCE) notably below the previous year's level.

Legal Note and other remarks

As in recent years, please note that opportunities and risks from currently unforeseeable trends in selling prices, input material prices and capacity level developments, as well as exchange rate fluctuations, may considerably affect business performance in the course of the financial year. The resulting impact on performance may be within a considerable range, either to the positive or to the negative.

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.



AGENDA

01 Market situation and guidance

02 Strategy

VISION AND MISSION

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.

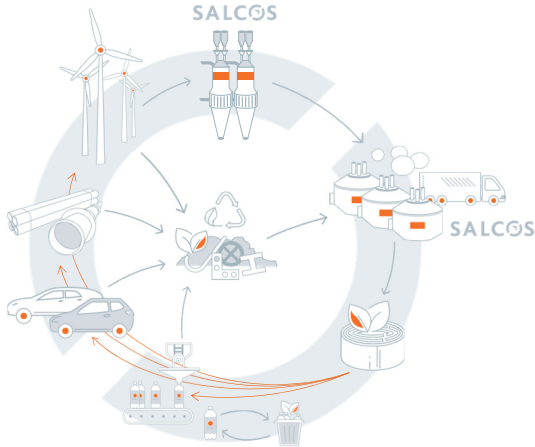


PARTNERING FOR TRANSFORMATION

Together we will resolutely chart new courses, transform industry, and create sustainable value for the future.

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

CUSTOMERS COMMIT TO GREEN SUPPLY CHAIN

Strategy



"Volkswagen is working on new carbon neutral supply chains."



"Here and now we are striving for carbon neutral production worldwide by the end of 2022."



"Cutting absolute greenhouse gas emissions by 50 % by 2030."



"By 2030 we will have reduced carbon in the supply chain by around >20 %."



"Our goal is to achieve greenhouse-gas-neutral mobility by 2050."



"Our plants will all be carbon neutral by 2030."

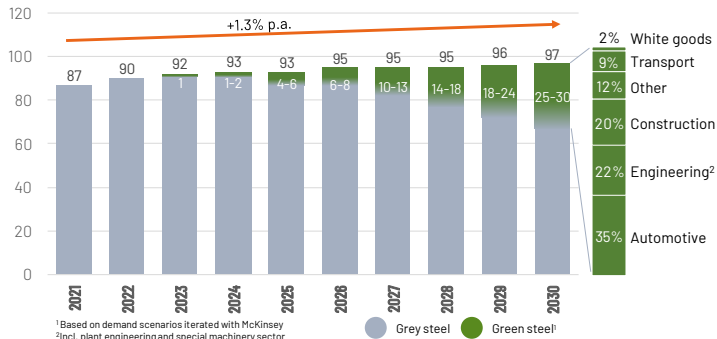


Large customers are focused on decarbonizing their supply chains

GREEN STRIP STEEL MARKET

Strategy

STRIP STEEL DEMAND EU-28 (mt)



Source: Eurofer, media research, company website, annual reports, expert estimates

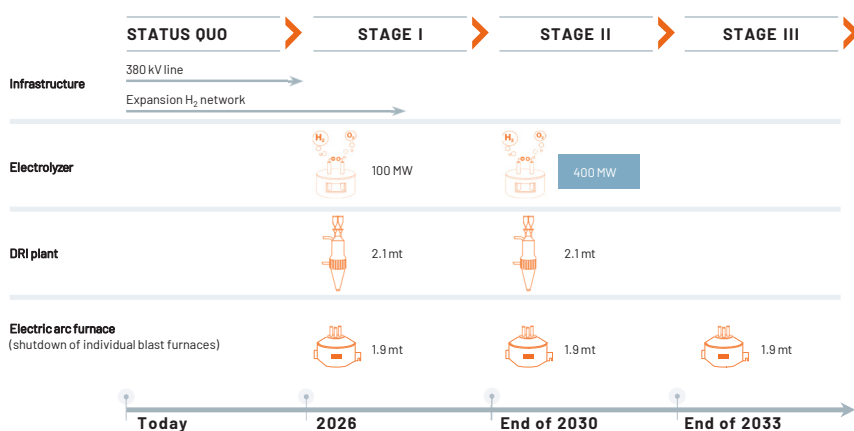
The demand for green steel is estimated to increase to 25-30 mt by 2030

DRIVER FOR GREEN STEEL DEMAND

- / Rising influence of policymakers for the transformation process
 - / Scarcity of emission rights (ETS)
 - / Introduction of cross-border adjustment mechanism (CBAM)
 - / Creation of green lead markets
- / Automotive OEM, wind turbine producer and wind farm operators with ever increasing Scope 3 decarbonization targets
- / Green steel as differentiator for environmentally friendly and energy efficient household appliances
- / Grey steel under pressure in the mid-term due to trend to lower Scope 3 emissions in all industrialized countries, therefore substitution with green steel to be expected

04 SALCOS®: COMPLETE REALIZATION PLANNED BY 2033

Strategy



KEY POINTS

- / SALCOS®: investment eligibility achieved, own funds approved
- / 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 around € 2.2-2.4 billion

■ "Make or Buy" decision pending

SALCOS® – TRANSFORMATION IS IN FULL SWING

Strategy



Integration of new facilities into the existing steel works



Work on the construction site started



All core plants for the first stage of SALCOS® ordered

SALCOS®: CONTROL POINTS AT AN EARLY STAGE

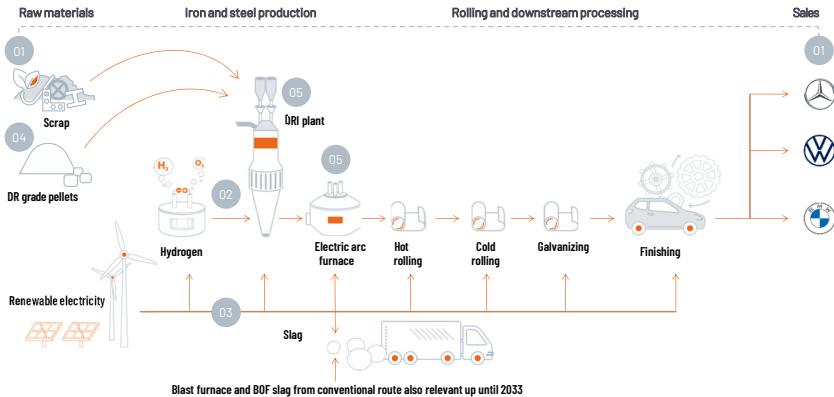
Strategy

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



OPPORTUNITIES: EXPANSION OF WIND POWER

Strategy

TARGETS OF THE EU

- / Climate neutrality by 2050
- / Offshore wind concept
 - / Construction of 450 GW in additional offshore wind energy capacity (currently 25 GW capacity)
 - / Linking of wind parks across national borders envisioned

IMPLEMENTATION

- / Up to 21,250 wind power turbines with an output of 20 MW each
 - / Construction of 750 wind power turbines per year in a best-case scenario
- / Estimated investment requirements of € 790 billion
 - / thereof potentially up to € 80 billion from the "Power Up" program of the Green Deal

IMPLICATIONS FOR THE STEEL INDUSTRY

- / Up to 2,500 t of steel per offshore wind power turbine necessary
- / This **corresponds to approx. 1.5 million t p.a. plate demand** for 750 wind power turbine per year
- / An associated high demand for low-CO₂ plate is anticipated



Significant potential for plate from Ilsenburg and Mülheim also as provider of green plate (GreenerTower etc.)!

OPPORTUNITIES: TECHNOLOGY BUSINESS UNIT

Strategy

TECHNOLOGY BUSINESS UNIT COMPANIES

- / KHS Group: one of the top three manufacturers of beverage filling and packaging systems
- / DESMA Elastomertechnik: global market leader for rubber and silicone injection molding machines
- / DESMA Schuhmaschinen: world market leader for machines to produce shoes and shoe soles

TECHNOLOGY BUSINESS UNIT STANDS FOR

- / Marketable, reliable and resource-saving lines and machines
- / Innovative and high-margin technologies with competitive advantages
- / Global footprint: reliable and fast local after-sales support
- / Digitalization and sustainability are strategically positioned with focus on long-term goals

FINANCIAL YEAR 2023

- / Against the general trend in German mechanical engineering, record number of incoming orders
- / Record result aimed for in 2023



Technology Business Unit - diversification that works!

EARNINGS IMPROVEMENT THROUGH COST SAVINGS PROGRAM

Strategy

PERFORMANCE 2026

Use potentials. Optimize processes.

FULL-YEAR EFFECT (€ million)



Around € 200 million in effects from measures identified, NEW: target increased to € 250 million full-year effect

DECARBONIZATION IS IN FULL SWING



Rising demand for green steel projected; more and more customers commit to supply chain decarbonization



With SALCOS® Salzgitter AG is well positioned as a pioneer of the decarbonization in the steel sector



Besides SALCOS® there are other growth areas within Salzgitter Group

#wemakeithappen



SALZGITTERAG
People, Steel and Technology