



First Half 2013

Results
Measures

August 14, 2013



Salzgitter Group

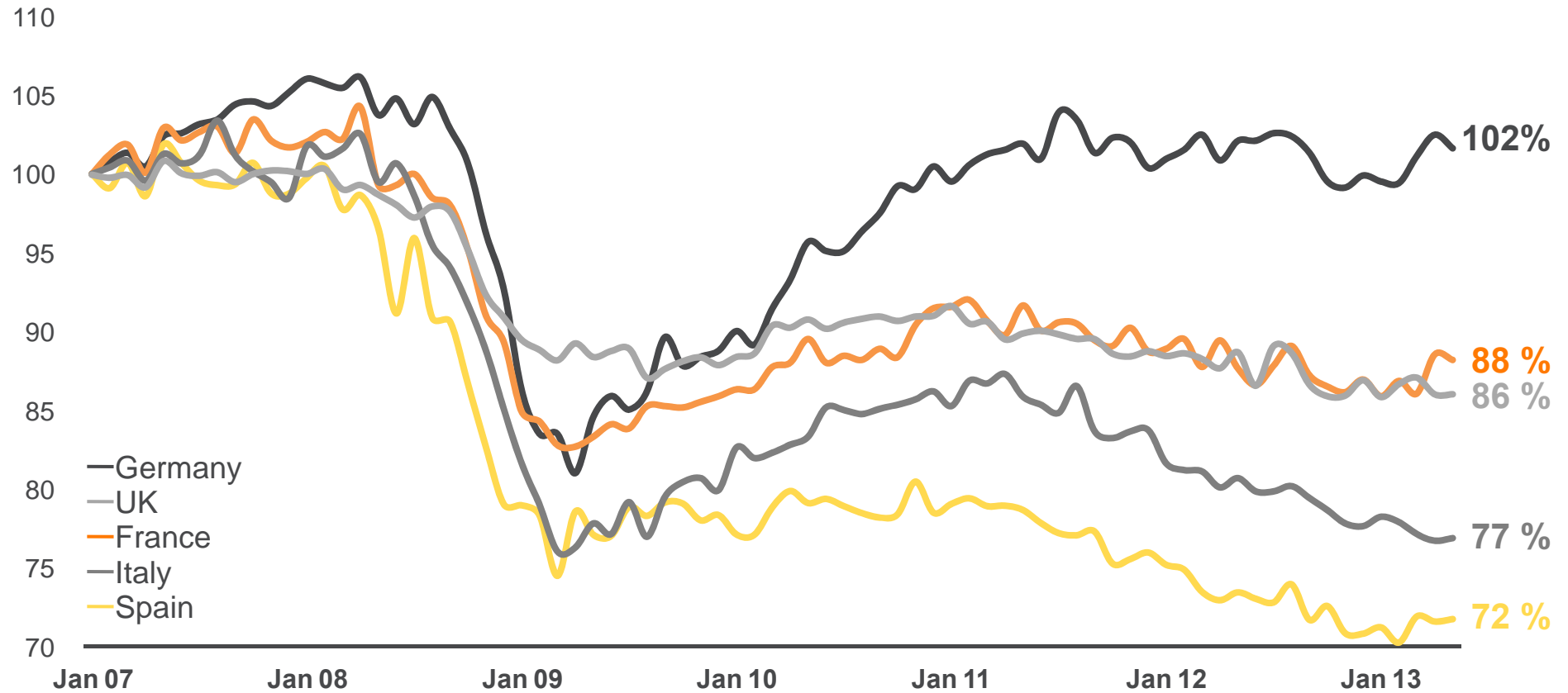
		H1 2013	H1 2012	Δ	Q2 2013	Q1 2013
Crude steel production ¹⁾	kt	3,781.1	3,857.7	-76.6	1,854.7	1,926.3
Consolidated sales	€ million	4,977.3	5,378.5	-401.2	2,530.5	2,446.8
Earnings before tax	€ million	-298.7	-17.9	-280.8	-282.9	-15.8
Earnings after tax	€ million	-315.2	-22.5	-292.7	-298.6	-16.6
Earnings per share (undiluted)	€	-5.87	-0.46	-5.41	-5.55	-0.32
ROCE	%	-13.3	0.4	-13.7	-13.7	0.4
Core workforce ²⁾		23,314	23,334	-20	23,314	23,340

**Half-year results burdened by structural crisis of the European steel industry and
€ 185.0 million impairment at PTG**

¹⁾ incl. the pro-rata volume of Hüttenwerke Krupp Mannesmann GmbH ²⁾ per reporting date

Economic growth in the European Union

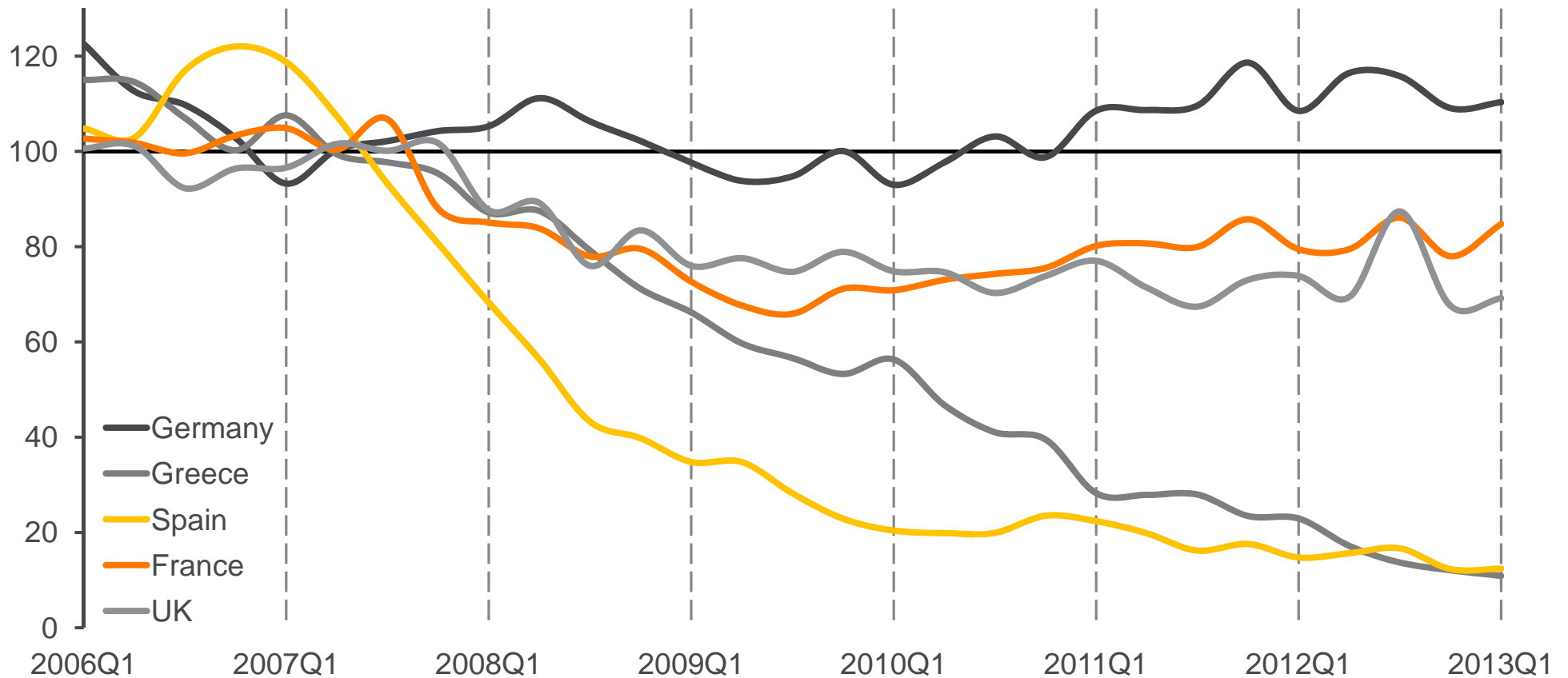
Industrial production in selected EU countries (Jan. 2007 = 100)



**Recession in southern Europe –
German industrial production despite decrease still at the 2007 level**

Economic growth in the European Union

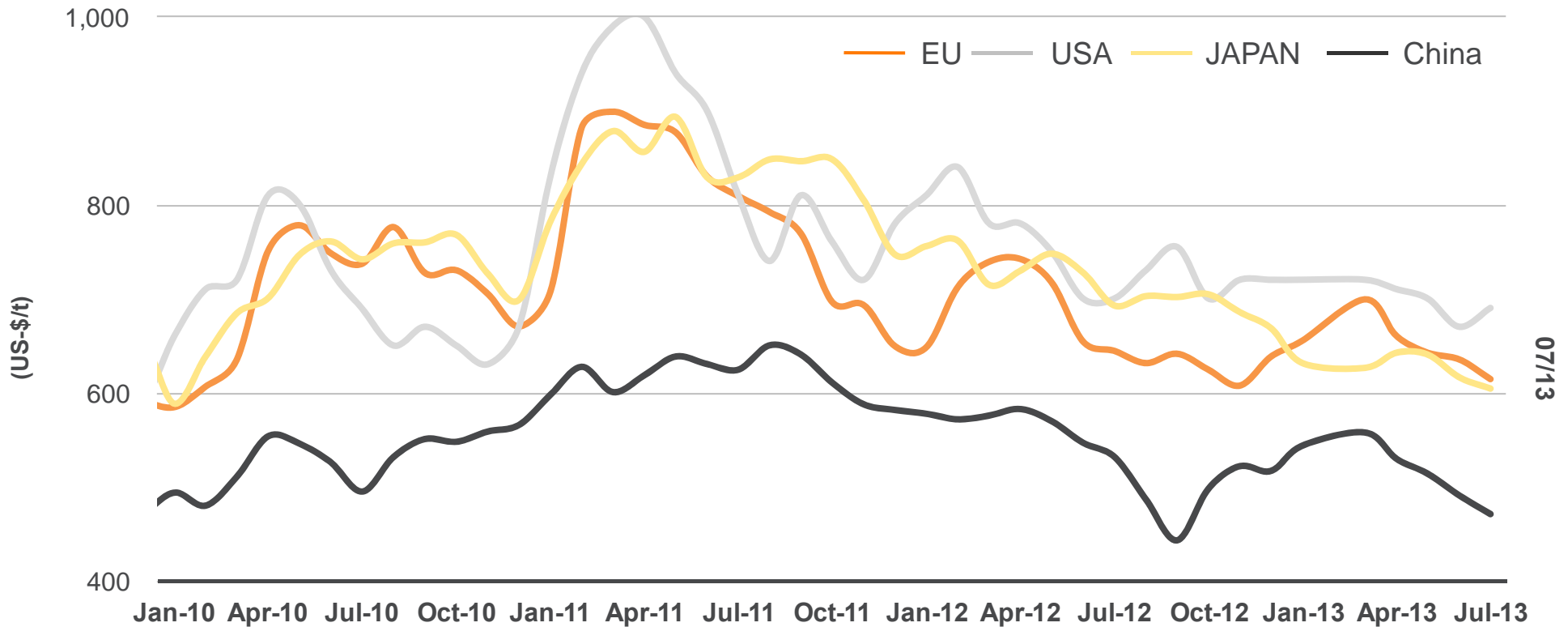
Surface construction building permits in selected EU countries (2007 = 100)



Disastrous situation for the construction industry in southern Europe

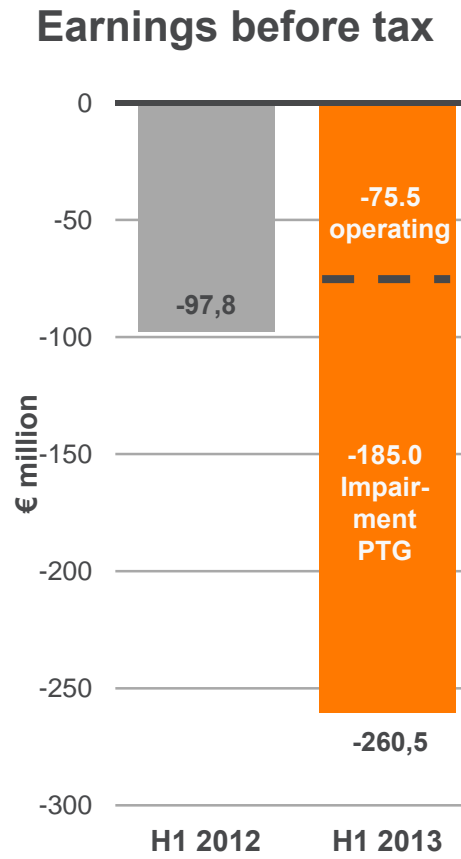
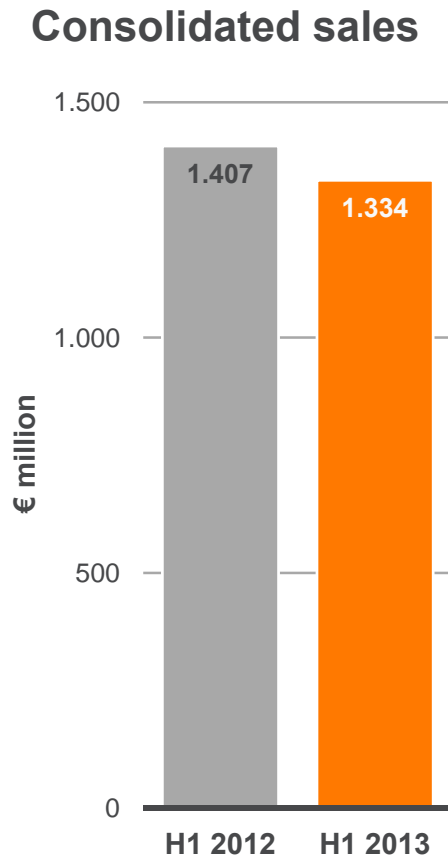
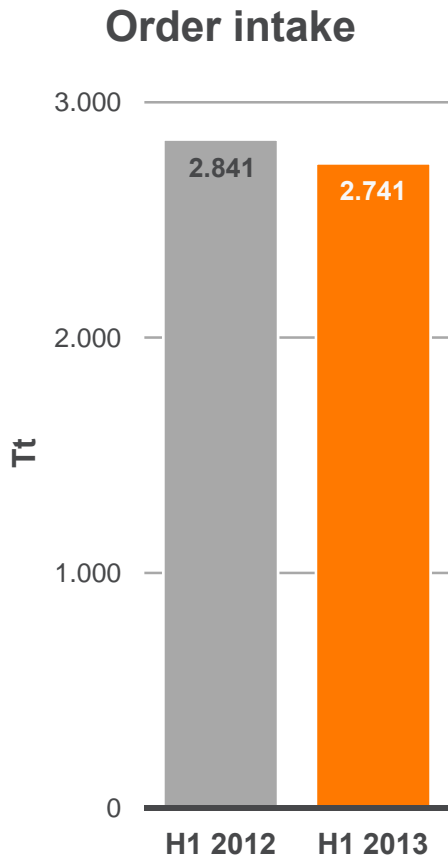
Source: Eurostat, own representation, July 2013; last data point Q1/2013

Spot prices of hot-rolled coil



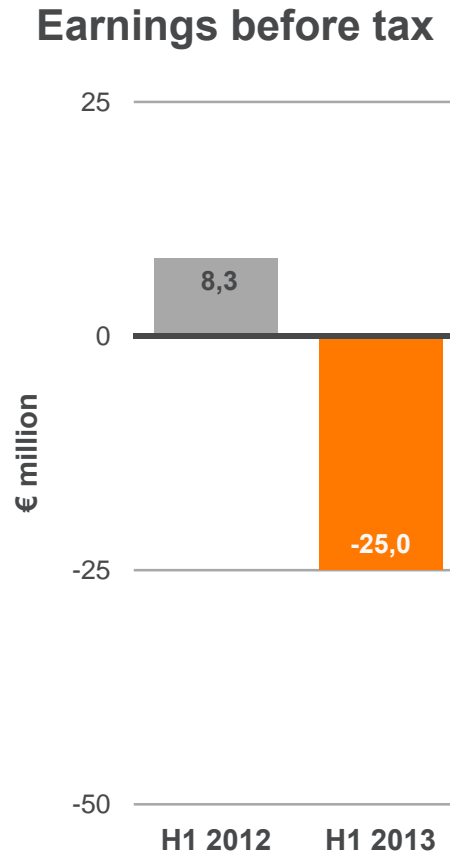
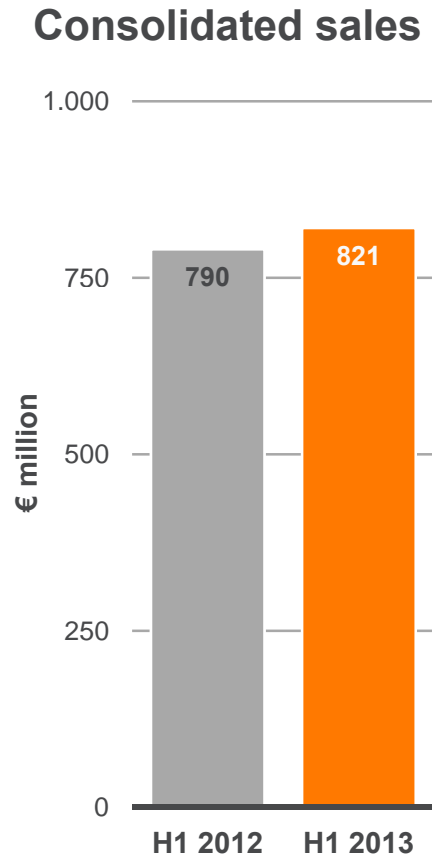
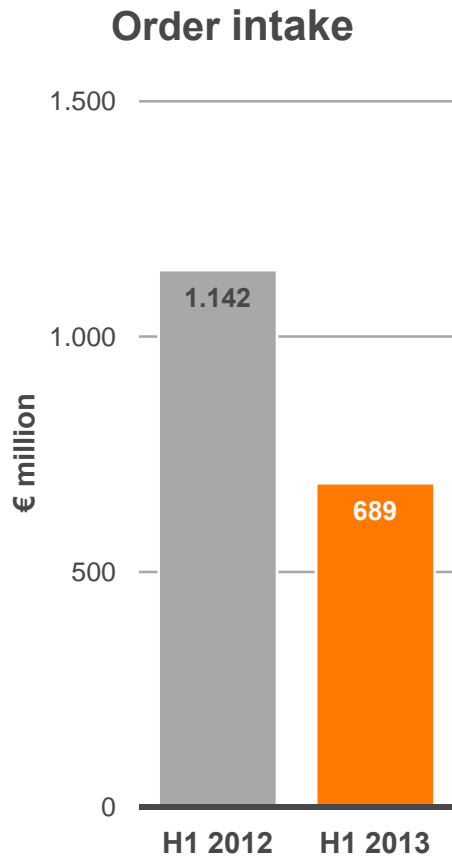
Strong price decline (in US dollar) except in the U.S. until June 2013, trend reversal since then

Steel Division



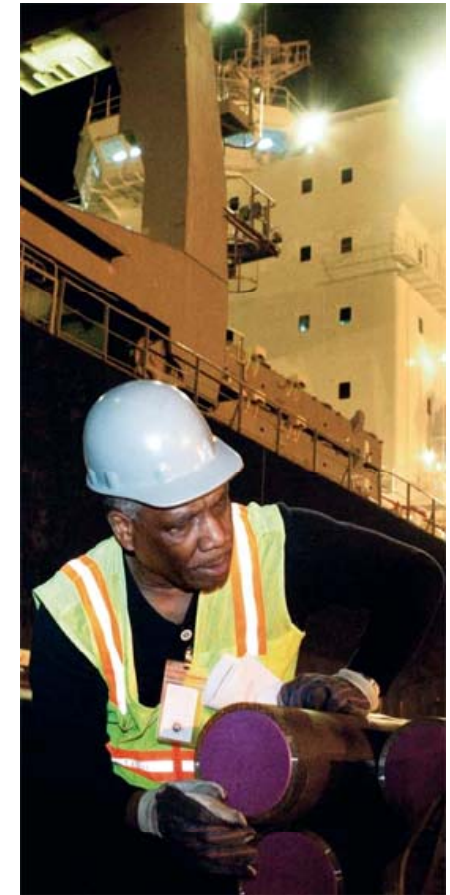
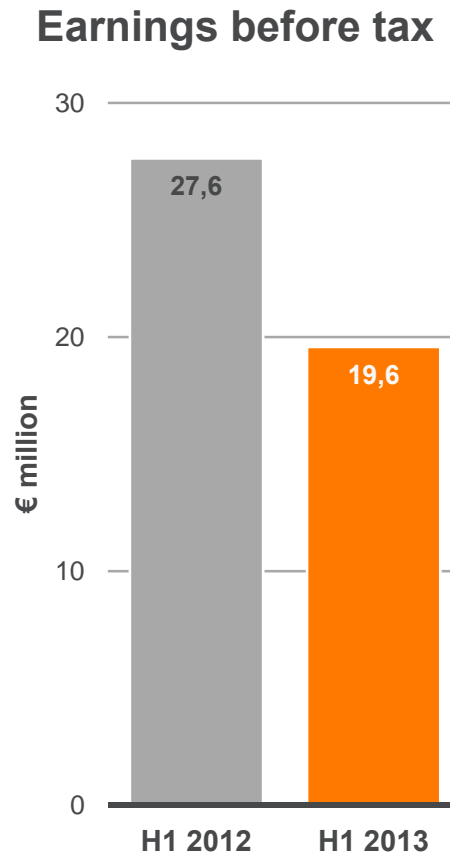
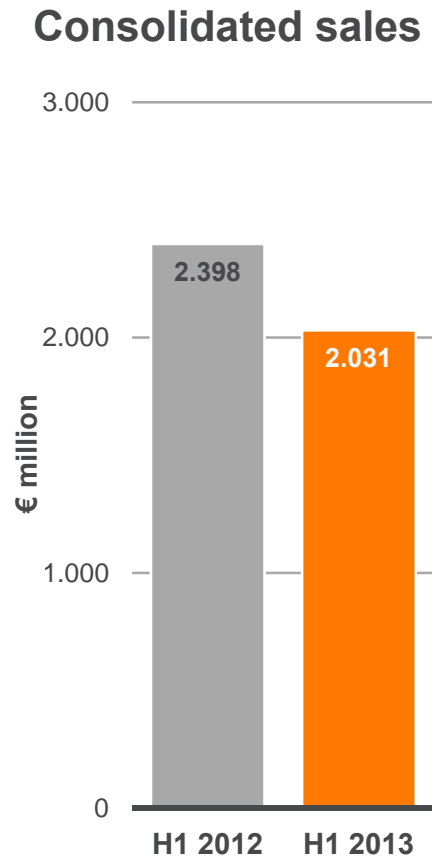
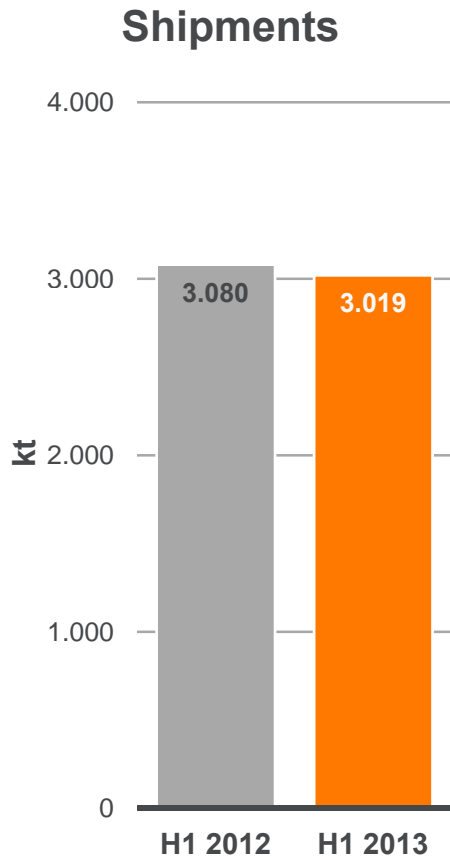
Intense competitive and pricing pressure; section products affected the most

Tubes Division



Unsatisfying order situation, especially for the European large-diameter pipe plants and pressure on sales prices

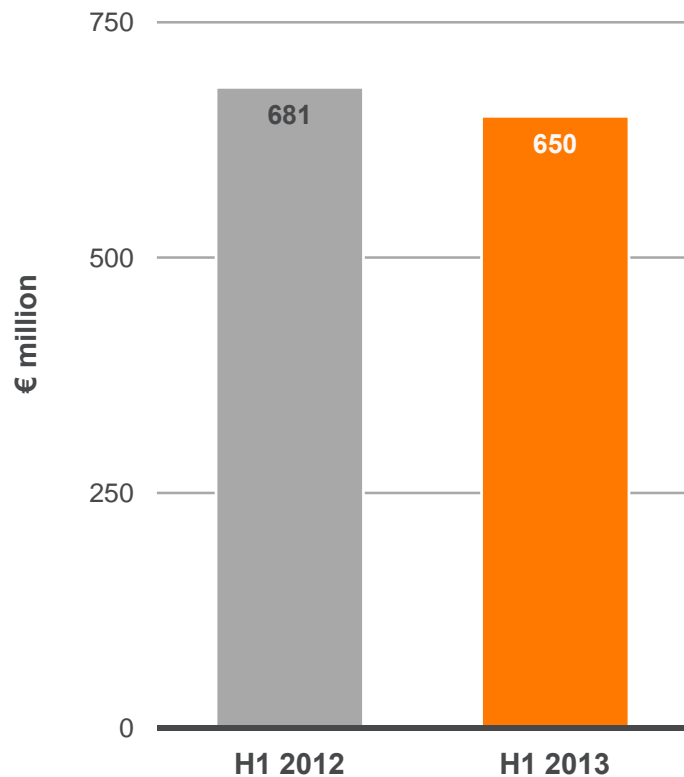
Trading Division



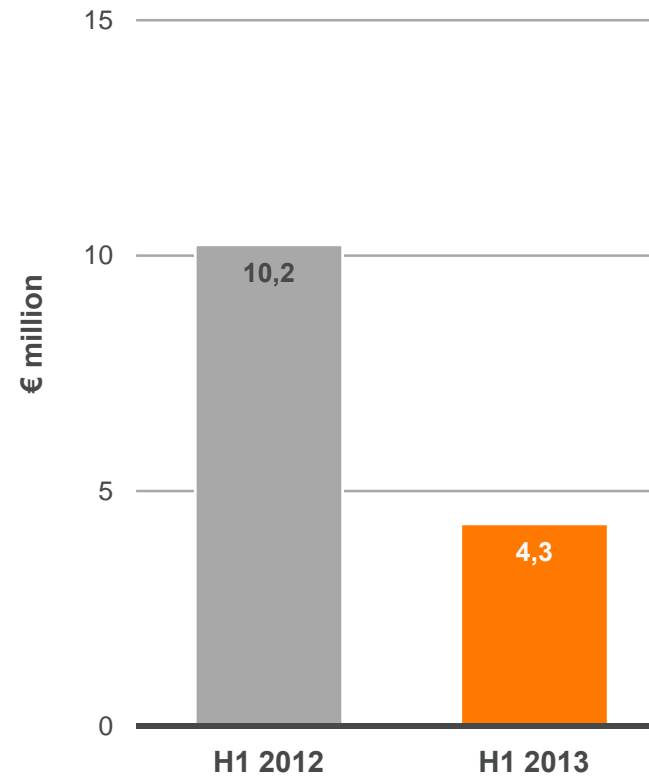
**Continuing very good shipment volumes in international trading;
gratifying pre-tax profit**

Services Division

Segment sales

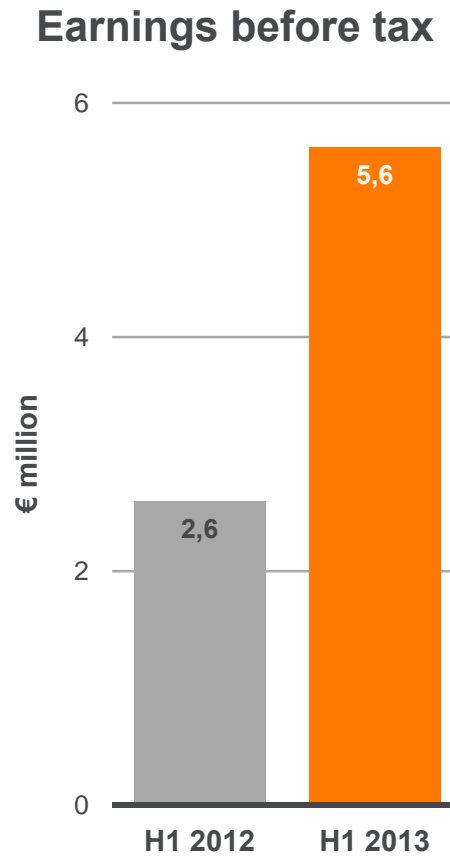
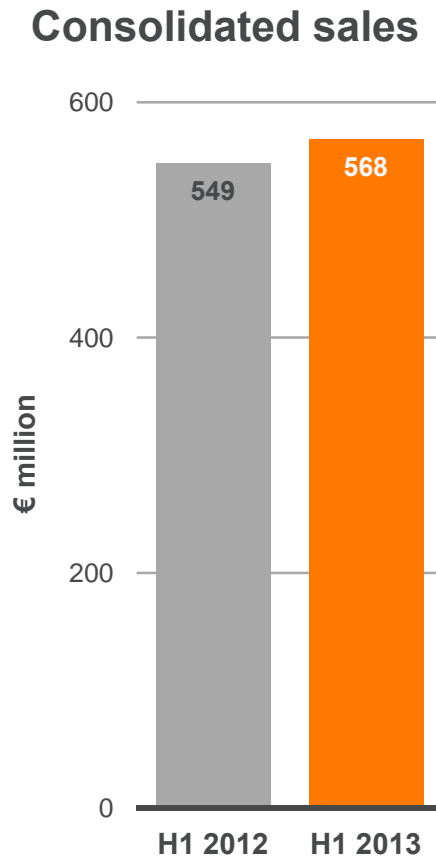
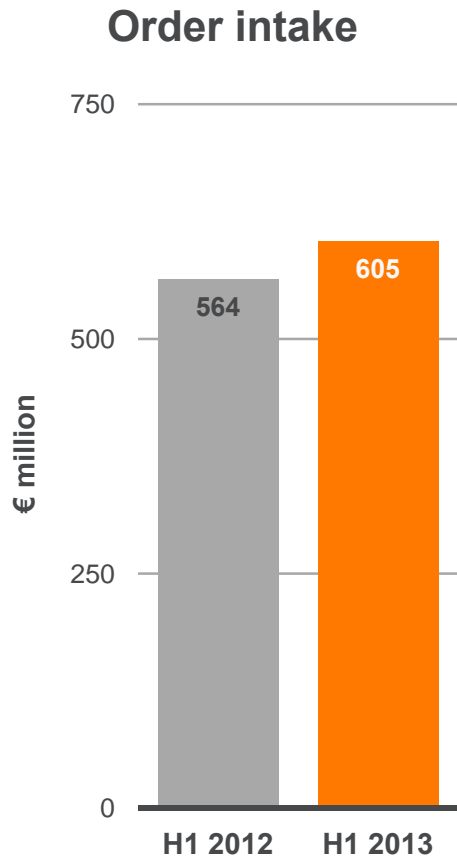


Earnings before tax



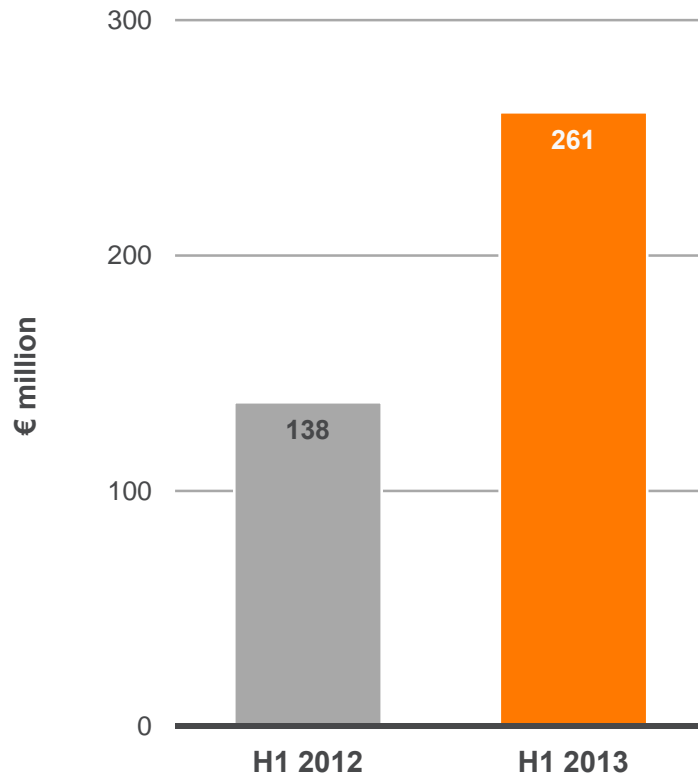
Pre-tax result significantly below previous year due to lower utilization of steel-related companies

Technology Division

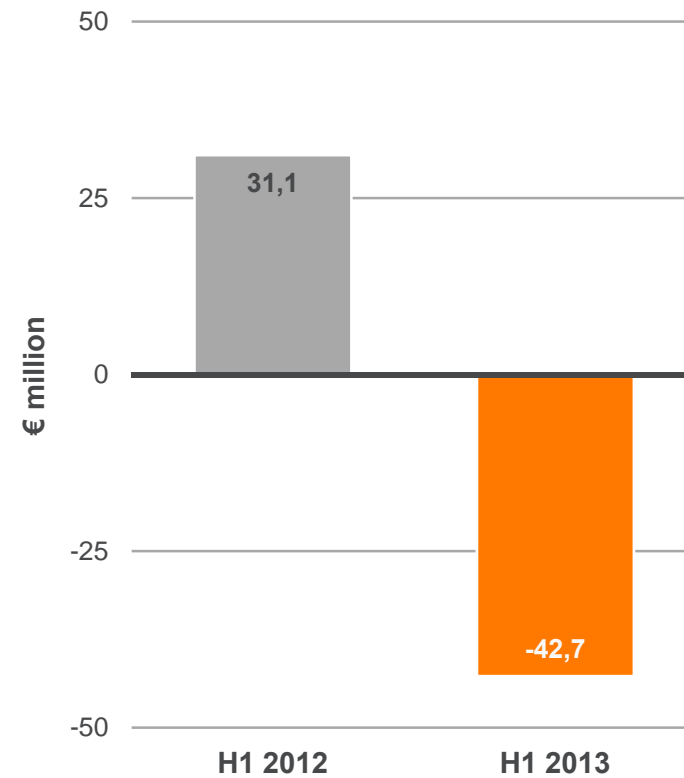


**Key data surpass previous year's figures;
continuing positive development also due to the "Fit4Future" program**

Sales



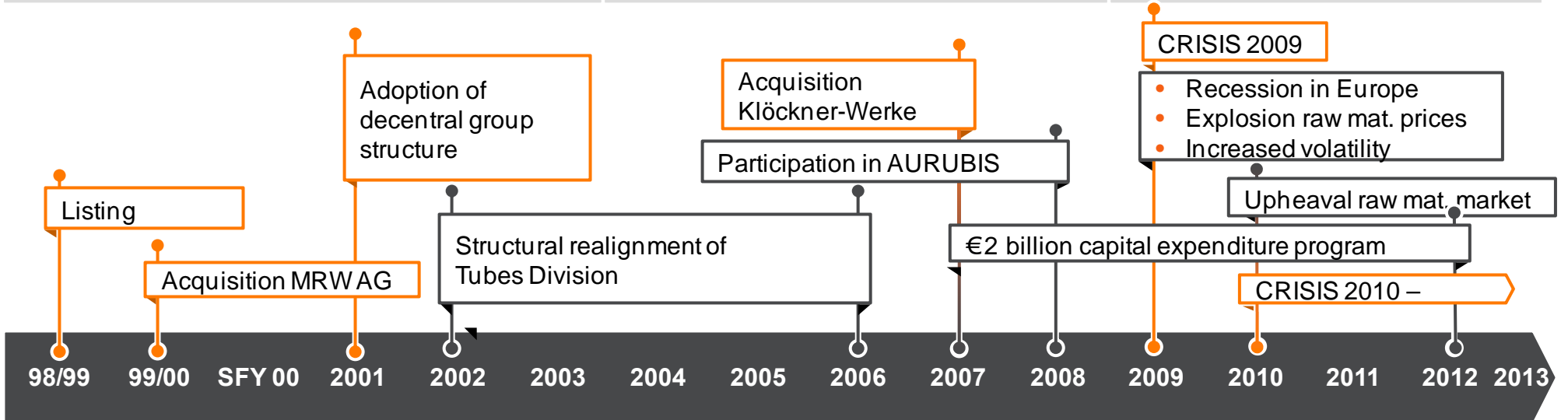
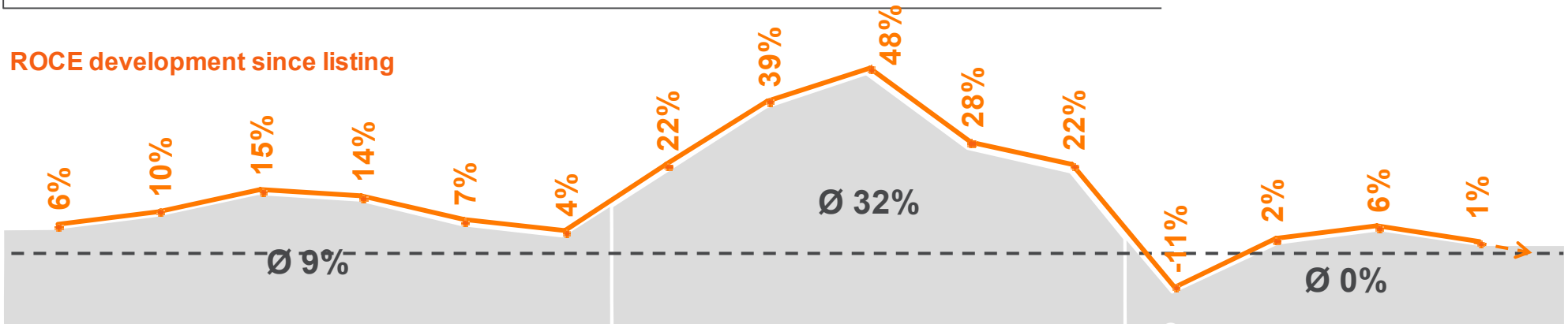
Earnings before tax



Pre-tax result includes € -54.2 million after-tax contribution of the Aurubis participation

Group performance

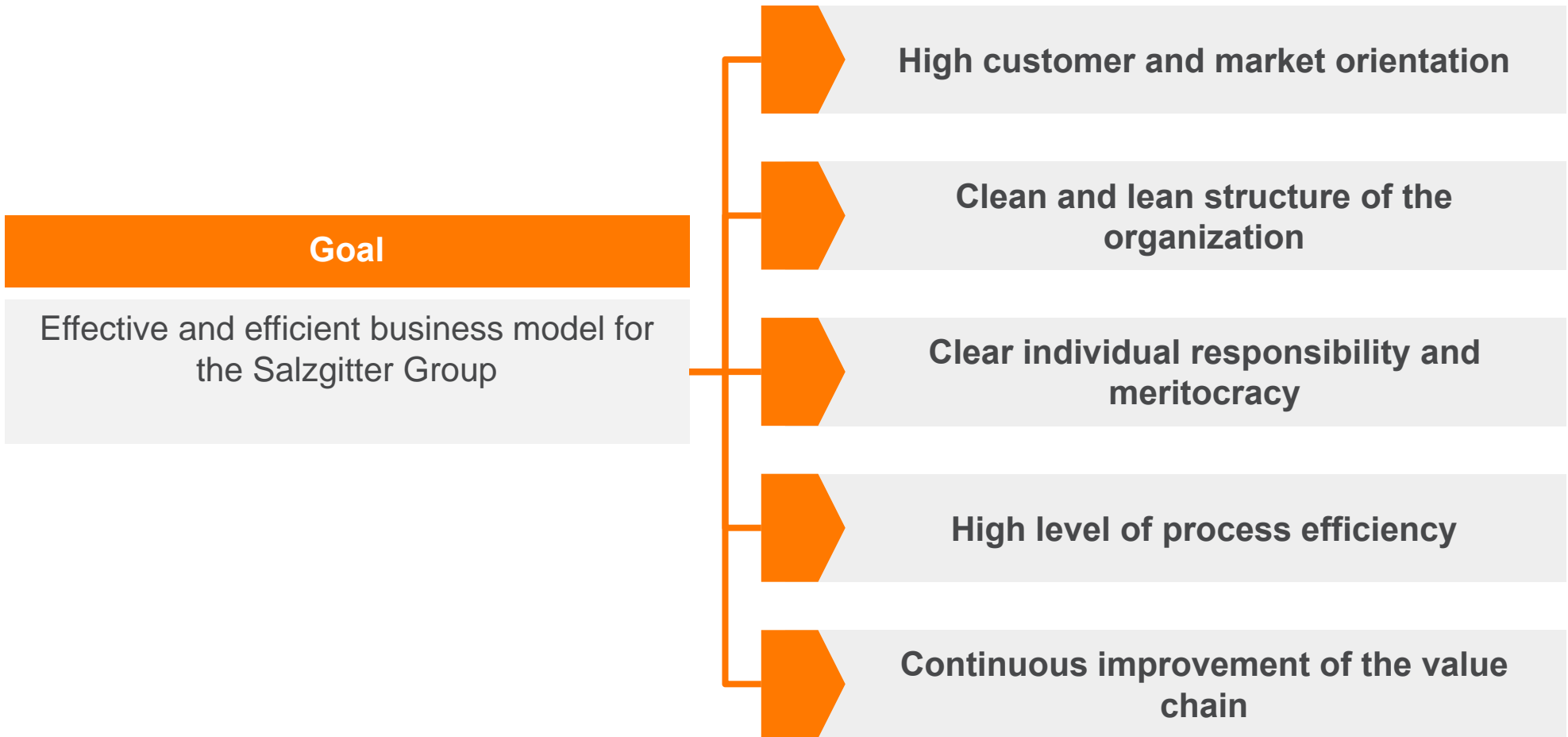
ROCE development since listing



Group will be restructured to meet the challenges of the coming years

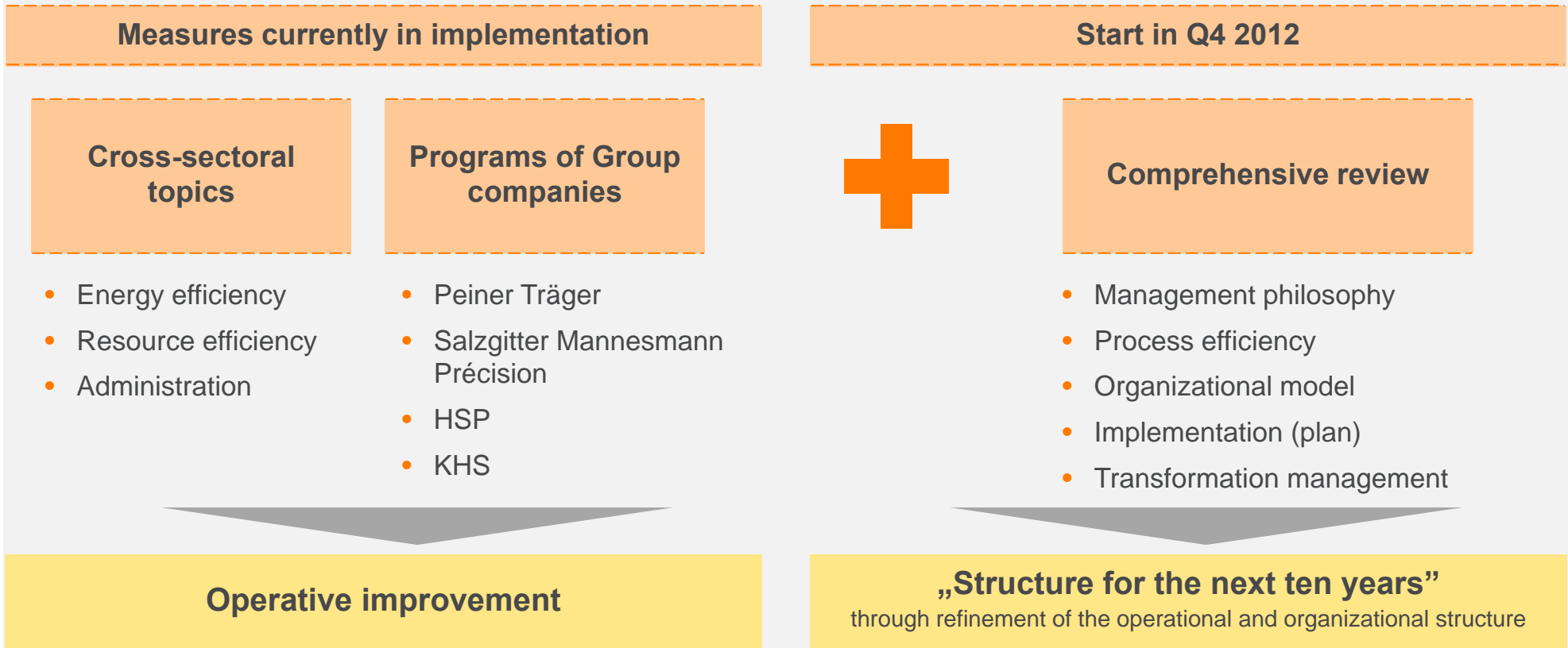
Development horizons to shape the future





Scope

SZAG 2015



Measures currently in implementation will be integrated into the SZAG 2015 program

Source: Salzgitter AG; Booz & Company

Identified earnings improvement potential backed by concrete projects...

> € 90 m

Staff reduction in excess of 1,500 FTE

> € 70 m

Optimization of technical production processes

> € 40 m

Other optimization (e.g. procurement, steel logistic and IT)

...amounts to more than € 200 million per year

Example for the optimization of technical processes



Coal drying, grinding and injection plant

- Substitution of liquid reduction agents and external coke with pulverized coal
 - Coal is economically very attractive due to the price differential to oil
 - Crude coal will be ground and dried in the plant and then injected into Blast Furnaces A and B
- Capital expenditure: € 70 million
- Commissioning: 2015
- Amortization period: approx. two years (on the basis of current energy carrier prices)

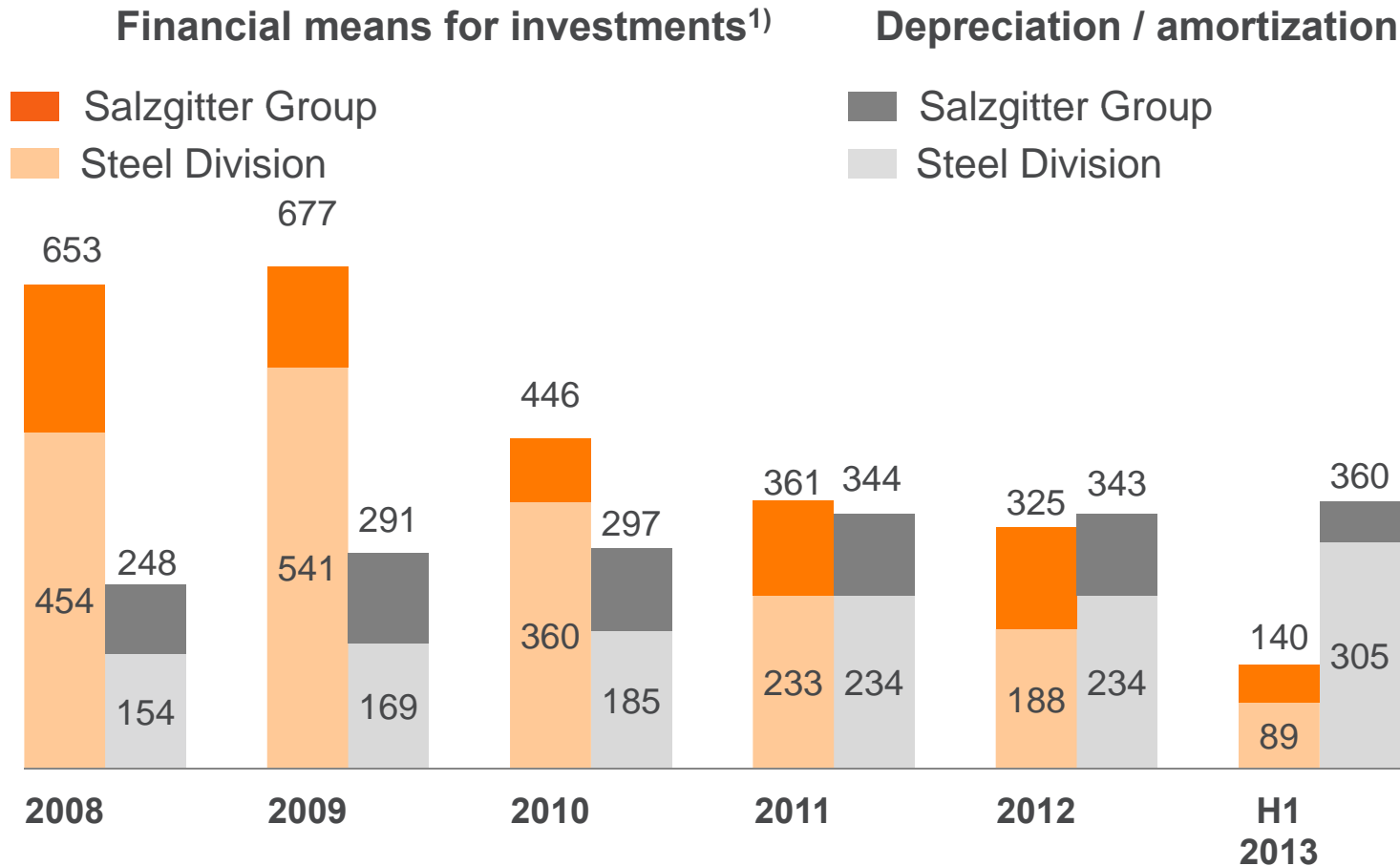
Potential cost savings: upper double-digit million Euro per year

Preconditions for implementation

- Signing of the „Pact for the Future“ with IG Metall and Group Works Council
 - Elements of the organization structure subject to approval: Placet by the Supervisory Board
-

Continued communication of further developments

Investments and Depreciation / Amortization



1) Investments (cash effective) in property and plants and intangible assets, incl. Europipe (50%)

**Funding requirements 2013: ~ € 360 million;
depreciation H1 2013 incl. € 185 million impairment PTG**

Divisions – Outlook for 2013

Steel

- Firece competition and price pressure will persist
- No significant cost reduction from raw materials discernible
- Downturn in sales
- Clearly negative pre-tax result



Tubes

- Continuing considerable capacity underutilization in European large-diameter pipe business
- No significant increase in the order volume for HFI-welded tubes and in the precision tubes segment; seamless stainless steel tubes business is expected to perform well
- Over all, stable sales at best and pre-tax loss in the mid to upper double-digit million euro range



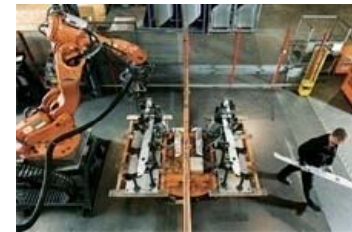
Trading

- Return to normal levels of the recently very brisk project business in international trading
- In case of more stable price situation earnings opportunities in stockholding trading
- Slight downtrend in sales; profit in the double-digit million range continues to appear achievable



Services

- Sales at previous year's level
- Lower earnings before tax compared with 2012



Technology

- Continuing good capacity utilization
- Positive sales and profit trend to hold steady
- Support from KHS Group's "Fit4Future" program



With regard to the Salzgitter Group we expect

- **for the Financial Year 2013 slightly lower sales in a year-on-year comparison**
 - **as well as a negative pre-tax result of around € 400 million.**
 - **As already announced, additional special, initially burdening, non-recurrent effects may still arise as a consequence of implementing the "Salzgitter AG 2015" Group project.**
-

As in recent years, we make reference to the fact that opportunities and risks from currently unforeseeable trends in selling prices, input material prices and capacity level developments, as well as changes in the currency parity, may considerably affect performance in the course of the financial year 2013. The resulting fluctuation in the consolidated pre-tax result may, as current events show, be within a considerable range, either to the positive or to the negative. Moreover, the accuracy of the company's planning is restricted by the volatile cost of raw materials and shorter contractual durations, both on the procurement and on the sales side.