



Results of the first nine months 2018

Salzgitter, November 14, 2018

Key data per 2018/11/14

		9M 2018	9M 2017	Δ	Q3 2018	Q2 2018	Q1 2018
Crude steel production	kt	5,203.6	5,151.0	52.6	1,674.7	1,755.1	1,773.8
External sales ¹	€ million	6,931.2	6,813.2	118.0	2,314.2	2,309.6	2,307.5
Earnings before tax	€ million	284.6	174.5	110.1	86.0	102.7	95.9
Earnings after tax	€ million	194.0	112.6	81.3	58.6	70.1	65.2
Earnings per share (undiluted)	€	3.51	2.01	1.5	1.06	1.27	1.18
ROCE	%	11.6	7.9	3.7	9.7	13.9	11.6
Core workforce ²		23,338	23,276	62	23,338	23,273	23,333

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

Ongoing dynamic earnings performance of the Salzgitter Group in the summer quarter

Income statement

Income Statement (€ million)	9M 2018	9M 2017
Sales	6,931.2	6,813.2
Increase/decrease in finished goods/own work capitalized	24.7	107.9
Total output	6,955.9	6,921.2
Other operating income	196.7	193.3
Cost of materials	4,503.6	4,553.9
Personnel expenses	1,292.0	1,259.2
Amortization and depreciation	252.9	253.2
Other operating expenses	811.1	890.7
Income from shareholdings	4.8	5.8
Profit or loss of associates and joint ventures accounted for using the equity method	35.7	69.3
Finance income	9.4	14.3
Finance expenses	58.3	72.6
Earnings before taxes (EBT)	284.6	174.5
Income tax	90.6	61.8
Consolidated result	194.0	112.7

Consolidated balance sheet


Assets (€ million)	2018/09/30	2017/12/31	Δ
Non-current assets	3,659.2	3,565.9	93.3
Intangible assets, property, plant and equipment	2,391.1	2,433.3	-42.2
Investment property	21.4	21.5	-0.1
Financial assets	87.5	84.1	3.4
Investments accounted for using the equity method	778.2	577.5	200.7
Trade receivables	20.6	25.6	-5.0
Other receivables and other assets	16.0	26.0	-10.0
Income tax assets	2.3	4.5	-2.2
Deferred income tax assets	342.2	393.2	-51.0
Current assets	4,902.8	4,751.9	150.9
Inventories	2,225.1	2,084.5	140.6
Trade receivables	1,458.5	1,492.2	-33.7
Contract assets	181.7	0.0	181.7
Other receivables and other assets	437.4	394.2	43.2
Income tax assets	20.0	24.9	-4.9
Securities	68.6	76.6	-8.0
Cash and cash equivalents	511.6	679.4	-167.8
Balance sheet total	8,562.0	8,317.8	244.2

Consolidated balance sheet

Equity and liabilities (€ million)	2018/09/30	2017/12/31	Δ
Equity	3,119.3	2,989.7	129.6
Subscribed capital	161.6	161.6	0.0
Capital reserve	257.0	257.0	0.0
Retained earnings	3,022.6	2,854.6	168.0
Other reserves	36.0	51.1	-15.1
Unappropriated retained earnings	2.8	27.1	-24.3
Treasury shares	-369.7	-369.7	0.0
Minority Interest	9.1	8.1	1.0
Non-current liabilities	3,275.4	3,321.5	-46.1
Provisions for pensions and similar obligations	2,407.4	2,440.5	-33.1
Deferred tax liabilities	41.9	41.9	0.0
Income tax liabilities	85.3	97.6	-12.3
Other provisions	306.0	303.5	2.5
Financial liabilities	430.7	433.8	-3.1
Other liabilities	4.2	4.1	0.1
Current liabilities	2,167.3	2,006.5	160.8
Other provisions	237.3	232.3	5.0
Financial liabilities	259.5	237.8	21.7
Trade payables	1,172.4	1,169.0	3.4
Liability contracts	79.0	0.0	79.0
Income tax liabilities	24.6	28.2	-3.6
Other liabilities	394.5	339.2	55.3
Balance sheet total	8,562.0	8,317.8	244.3

Cash flow statement

(€ million)	9M 2018	9M 2017	
Cash and cash equivalents at the start of the period	679.4	818.1	-138.7
Cash flow from operating activities	280.4	118.2	162.2
Cash flow from investment activities	-409.0	-251.3	-157.8
Cash flow from financial activities	-43.0	-40.9	-2.1
Changes in cash	-171.6	-174.0	2.3
Cash and cash equivalents at the end of the period	511.6	636.6	-125.0


 Increase of operating cash flow mainly due to improved earnings

Strip Steel Business Unit

		9M 2018	9M 2017	Δ	Q3 2018	Q2 2018	Q1 2018
External sales	€ million	1,812.1	1,649.7	162.4	569.3	633.3	609.4
Order bookings	kt	3,487.0	3,368.2	118.8	1,104.0	1,144.7	1,238.3
Order backlog ¹	kt	928.6	896.0	32.6	928.6	906.4	944.6
EBITDA	€ million	334.6	318.9	15.7	107.7	108.9	117.9
EBT	€ million	171.2	159.2	11.9	61.4	47.2	62.5
Core workforce ¹		6,174	6,106	68	6,174	6,175	6,183

Solid steel demand in Germany and the EU resulted in higher volume- and sales price development

Plate / Section Steel Business Unit

		9M 2018	9M 2017	Δ	Q3 2018	Q2 2018	Q1 2018
External sales	€ million	773.9	772.1	1.8	219.5	267.9	286.6
Order bookings	kt	1,688.9	1,727.8	-38.9	523.9	535.7	629.2
Order backlog ¹	kt	395.6	435.8	-40.2	395.6	370.5	380.8
EBITDA	€ million	49.4	21.4	28.1	4.6	24.2	20.6
EBT	€ million	14.5	-18.7	33.2	-7.5	12.7	9.3
Core workforce ¹		2,460	2,542	-82	2.460	2,466	2,467

Positive development of the section business drives earnings performance

		9M 2018	9M 2017	Δ	Q3 2018	Q2 2018	Q1 2018
External sales	€ million	841.6	824.0	17.5	278.1	292.4	271.0
Order bookings	kt	1,118.2	1,221.1	-103.0	351.6	383.7	382.8
Order backlog ¹	kt	553.6	522.0	31.6	553.6	555.4	539.7
EBITDA	€ million	74.0	55.9	18.0	26.3	28.7	19.0
EBT	€ million	20.7	1.4	19.3	8.3	10.7	1.6
Core workforce ¹		4,602	4,671	-69	4,602	4,623	4,651

Nearly all product segments with noticeable earnings improvements

Trading Business Unit

		9M 2018	9M 2017	Δ	Q3 2018	Q2 2018	Q1 2018
External sales	€ million	2,405.7	2,463.1	-57.4	856.8	789.0	759.8
Shipments	kt	3,381.5	3,587.5	-205.9	1,134.9	1,123.9	1,122.7
EBITDA	€ million	48.9	55.3	-6.4	14.9	16.1	17.9
EBT	€ million	35.2	44.8	-9.6	10.2	11.3	13.8
Core workforce ¹		2,003	1,973	30	2,003	1,984	1,991

Shipments declines due to lower volume of project business and the lack of large-scale contracts in international trading; nonetheless another very presentable pre-tax profit of the business unit

Technology Business Unit

		9M 2018	9M 2017	Δ	Q3 2018	Q2 2018	Q1 2018
External sales	€ million	956.9	954.9	2.0	346.9	282.3	327.7
Order bookings	kt	946.2	987.1	-40.9	332.4	307.9	305.9
Order backlog ¹	kt	697.2	654.0	43.2	697.2	706.3	686.1
EBITDA	€ million	46.3	34.4	11.9	15.7	14.7	15.9
EBT	€ million	30.5	17.8	12.7	10.0	9.3	11.2
Core workforce ¹		5,493	5,387	106	5,493	5,419	5,425

Gratifying earnings improvement of KHS, DESMA companies continue extremely positive development

Industrial Participations / Consolidation

		9M 2018	9M 2017	Δ	Q3 2018	Q2 2018	Q1 2018
External sales	€ million	141.2	149.5	-8.3	43.6	44.6	52.9
EBITDA	€ million	31.3	0.5	30.7	8.5	21.0	1.8
EBT	€ million	12.6	-30.0	42.7	3.6	11.5	-2.4
Core workforce ¹		2,606	2,597	9	2,606	2,606	2,616

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

¹ per reporting date

Business Units – Forecast 2018

Strip Steel

- market environment remains sensitive
- continuing good utilization and supporting effect of EU safeguard measures expected

Plate / Section Steel

- Plate: market environment still characterized by high levels of imports, over the course of the year signs of the situation improving
- Section steel: speculative buying patterns of customers persist
- Largely sound capacity utilization predicted for all three locations

Mannesmann

- Large-diameter pipe mills: remain well booked in Germany, US market picking up
- Medium line pipes: Demand lower than year before, but at improved selling prices
- Precision tubes: uptrend in selling prices and margins
- stainless tubes: marginal improvement

Trading

- subdued activities in international trading
- earnings increasingly returning to 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 project business
- positive impact of the measures to raise efficiency
- KDS and KDE Group: performing at record levels

Business Unit

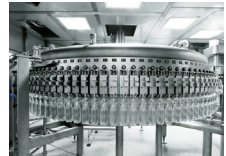
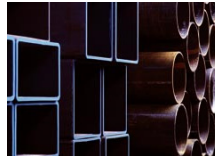
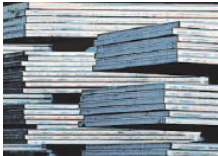
- significantly higher sales
- pre-tax profit at minimum at the level of the outstanding previous year's result

- moderate sales growth
- return to the profit zone

- sales on previous year's level
- substantially improved, now positive pre-tax result

- slight increase in sales due to new consolidation in Q4
- gratifying pre-tax profit, nevertheless considerably below outstanding previous year

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



Salzgitter Group – Guidance from September 19, 2018 affirmed

We continue to 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.

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