

Results of the first quarter 2021

Salzgitter, May 12, 2021

Key data per 2021/03/31

		Q1 2021	Q1 2020	Δ
Crude steel production	kt	1,644.5	1,681.5	-37.0
External sales ¹	€ million	2,094.1	2,108.3	-14.2
Earnings before tax	€ million	117.3	-31.4	148.7
Earnings after tax	€ million	76.6	-43.7	120.3
Earnings per share (undiluted)	€	1.38	-0.83	2.21
ROCE	%	13.2	-2.4	15.6
Core workforce ²		22,475	23,308	-833

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

Encouraging start to the year

Income statement

Income Statement (€ million)	Q1 2021	Q1 2020
Sales	2,094.1	2,108.3
Increase/decrease in finished goods and work in process/other own work capitalized	-18.2	-36.5
	2,075.9	2,071.8
Other operating income	114.8	90.1
Cost of materials	1,333.1	1,378.8
Personnel expenses	424.3	439.0
Amortization and depreciation of intangible assets and property, plant and equipment	74.2	74.1
Other operating expenses	265.2	260.8
Result from impairment losses and reversal of impairment losses of financial assets	-1.4	-2.5
Income from shareholdings	0.0	0.0
Result from investments accounted for using the equity method	36.1	-18.3
Finance income	1.9	2.4
Finance expenses	13.2	22.2
Earnings before taxes (EBT)	117.3	-31.4
Income tax	40.7	12.3
Consolidated result	76.6	-43.8

Consolidated balance sheet

Assets (€ million)	31.03.2021	31.12.2020	Δ
Non-current assets	4,205.8	4,244.5	-38.7
Intangible assets, property, plant and equipment	2,423.5	2,423.6	-0.1
Investment property	81.1	81.5	-0.4
Financial assets	55.1	54.6	0.5
Investments accounted for using the equity method	1,192.0	1,169.1	22.9
Trade receivables	10.3	11.0	-0.7
Other receivables and other assets	16.1	22.3	-6.2
Income tax assets	1.6	0.5	1.1
Deferred income tax assets	426.1	481.9	-55.8
Current assets	4,393.7	3,992.9	400.8
Inventories	1,892.5	1,933.7	-41.2
Trade receivables	1,312.8	923.9	388.9
Contract assets	295.1	300.2	-5.1
Other receivables and other assets	236.8	188.3	48.5
Income tax assets	26.5	23.7	2.8
Securities	50.0	0.0	50.0
Cash and cash equivalents	578.4	621.4	-43.0
Assets available for sale	1.7	1.7	0.0
Balance sheet total	8,599.5	8,237.4	362.1

Consolidated balance sheet

Equity and liabilities (€ million)	31.03.2021	31.12.2020	Δ
Equity	2,834.6	2,678.9	155.8
Subscribed capital	161.6	161.6	0.0
Capital reserve	257.0	257.0	0.0
Retained earnings	2,750.4	2,594.5	155.9
Other reserves	24.5	26.4	-1.9
Unappropriated retained earnings	0.0	0.0	0.0
Treasury shares	-369.7	-369.7	0.0
Minority Interest	10.8	9.1	1.7
Non-current liabilities	3,342.1	3,476.4	-134.3
Provisions for pensions and similar obligations	2,179.9	2,298.6	-118.7
Deferred tax liabilities	73.6	73.9	-0.3
Income tax liabilities	30.4	30.4	0.0
Other provisions	265.0	267.1	-2.1
Financial liabilities	739.2	749.4	-10.2
Other liabilities	54.0	57.1	-3.1
Current liabilities	2,422.7	2,082.1	340.6
Other provisions	213.1	210.4	2.7
Financial liabilities	516.4	488.3	28.1
Trade payables	1,020.2	802.4	217.8
Liability contracts	319.8	272.8	47.0
Income tax liabilities	10.3	5.5	4.8
Other liabilities	342.9	302.8	40.1
Balance sheet total	8,599.5	8,237.4	362.1

Cash flow statement

(€ million)	Q1 2021	Q1 2020	Δ
Cash and cash equivalents at the start of the period	621.4	700.5	-79.1
Cash flow from operating activities	108.8	-142.8	251.6
Cash flow from investment activities	-122.7	-94.7	-27.9
Cash flow from financial activities	-34.9	3.6	-38.5
Changes in cash	-43.0	-236.1	193.1
Cash and cash equivalents at the end of the period	578.4	464.5	113.9

Cash flow from operating activities of € 109 million

		Q1 2021	Q1 2020	Δ
External sales	€ million	606.4	566.2	40.2
Order bookings	kt	1,187.6	1,193.1	-5.4
Order backlog ¹	kt	1,078.4	917.8	160.6
EBITDA	€ million	78.0	34.6	43.3
EBT	€ million	43.1	-6.8	49.9
Core workforce ¹		6,010	6,113	-103

External sales and earnings before taxes exceeded the year-earlier figure first and foremost due to the improved price level

Plate / Section Steel Business Unit

		Q1 2021	Q1 2020	Δ
External sales	€ million	214.4	194.5	19.9
Order bookings	kt	525.1	583.8	-58.7
Order backlog ¹	kt	408.1	369.4	38.7
EBITDA	€ million	-12.4	2.2	-14.6
EBT	€ million	-21.0	-4.2	-16.9
Core workforce ¹		2,260	2,353	-93

Sales growth is attributable to the development of Peiner Träger and DEUMU and DEUMU, erosion of earnings mainly due to lower selling prices realized by the heavy plate companies

		Q1 2021	Q1 2020	Δ
External sales	€ million	256.6	295.9	-39.3
Order bookings	€ million	412.7	319.5	93.1
Order backlog ¹	€ million	448.3	402.3	45.9
EBITDA	€ million	8.1	10.5	-2.4
EBT	€ million	-7.5	-4.6	-2.9
Core workforce ¹		4,317	4,609	-292

Positive earnings contribution of the precision tubes group cannot fully compensate losses incurred by the other product segments

		Q1 2021	Q1 2020	Δ
External sales	€ million	673.3	703.4	-30.1
Shipments	kt	888.0	977.5	-89.5
EBITDA	€ million	48.1	5.8	42.3
EBT	€ million	44.7	0.3	44.4
Core workforce ¹		1,931	2,036	-105

Price increases combined with favorable procurement prices in the stockholding business and at the UES Group drive earnings improvement

		Q1 2021	Q1 2020	Δ
External sales	€ million	300.9	310.3	-9.4
Order bookings	kt	358.0	337.3	20.7
Order backlog ¹	kt	734.3	739.3	-5.0
EBITDA	€ million	31.8	12.6	19.3
EBT	€ million	25.0	5.2	19.8
Core workforce ¹		5,353	5,568	-215

KHS Group exceeded the year-earlier result, deriving strong support from the accounting profit achieved by selling the US-pouch business, DESMA companies stabilized their results

Industrial Participations / Consolidation

		Q1 2021	Q1 2020	Δ
External sales	€ million	42.5	38.0	4.5
EBITDA	€ million	49.2	-8.5	57.7
EBT	€ million	33.0	-21.3	54.4
Core workforce ¹		2,604	2,629	-25

Pre-tax profit includes a contribution of € 42.5 million from the participating investment in Aurubis AG accounted for using the equity method

Business Units – Forecast

Strip Steel

- fully utilized capacity
- considerably improved price levels compared with the previous year
- positive trend is also expected to continue in the second half of the year

Plate / Section Steel

- plate: general trend reversal currently not foreseeable
- section steel: volatile market environment that will continue to focus on the short term

Mannesmann

- large-diameter pipes: demand remains insufficient
- medium line pipes: uptrend in volumes to resume
- precision tubes: demand rebounding especially in the automotive industry
- stainless tubes: growing demand

Trading

- exceptionally good earnings situation of the first quarter cannot be anticipated in these dimensions in the months ahead
- selling price growth rates will slow
- prices will remain at a high level

Technology

- KHS Group: sustained good order situation
- specialist mechanical engineering companies of the DESMA Group: notable rebound of the market

Business Unit

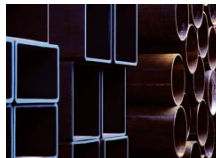
- significant increase in sales
- very gratifying pre-tax profit of more than € 200 million

- notable increase in sales
- discernibly reduced pre-tax loss compared with the previous year

- higher sales level
- pre-tax result will tangibly improve while nevertheless remain in negative territory

- higher sales
- earnings before taxes notably higher than in the previous year

- higher sales compared with the previous-year period
- significant increase in pre-tax profit, positively influenced from non-recurrent effects



In view of the good start to the year and the dynamic increase in rolled steel prices – nevertheless also with explicit reference to the still imminent risk of the coronavirus pandemic – we now anticipate the following for the Salzgitter Group in the financial year 2021:

- **an increase in sales to more than € 8.5 billion,**
- **a pre-tax profit of between € 300 million and € 400 million, as well as**
- **a return on capital employed (ROCE) that is tangibly above 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 and their possible impact may still exert a considerable influence over the course of the financial year.

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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