

MAGAZINE ACCOMPANYING THE ANNUAL REPORT
2023



#wemakeithappen



SALZGITTERAG
People, Steel and Technology

SHORT PORTRAIT

Salzgitter AG ranks as one of Germany's leading steel and technology groups. Pioneering the Circular Economy, we focus on the sustainable innovation and transformation of our products and processes in the business areas of steelmaking, steel processing, trading and technology.

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DECIDEDLY ON COURSE



Dear Readers,

The year 2023 will also go down in history books as a special one – and unfortunately also as a year characterized by escalating political crises and armed conflicts, which, along with appalling human suffering, entailed economic upheavals.

So how can we as Salzgitter AG assess this financial year? Despite the challenges mentioned, we have remained decidedly on course and advanced the “Salzgitter AG 2030” Group strategy. We are the first German steel company to receive public funding for its transformation program geared to low CO₂ steel production. The symbolic presentation of the funding cheque at the Hannover Messe in spring 2023 by Federal Minister for Economic Affairs and Climate Action Robert Habeck and Lower Saxony’s Minister President Stephan Weil confirms that we are charting the right course. At the same time, this is an incentive and an obligation to continue to consistently drive our SALCOS® – Salzgitter Low CO₂ Steelmaking transformation program forward. This includes further partnering agreements with customers who are already securing green steel volumes and safeguarding the basic pig iron production at the steelworks in Salzgitter with the relining of blast furnace A. This is the last general overhaul of a blast furnace in Salzgitter and should be viewed as a turning point. Not far from the cluster of blast furnaces, the steelworks are transforming at a rapid pace and construction work for the new facilities is in full swing – #wemakeithappen is our slogan.

But the Salzgitter Group is far more than just the steel sector. The Technology Business Unit closed the financial year with a record result and is excellently positioned with its stable customer relationships in the international beverage industry.

In concluding, I believe a few comments on the current political discussions would be appropriate: Salzgitter AG is an internationally active group that engages in long-standing national and international partnerships with customers and suppliers. Openness to the world is an absolutely essential part of our business model. There are excellent employees with a migration background active at all of our Group companies. In many cases, we are finding the skilled employees that we lack outside of Germany. For this reason alone, it is very clear to us: Political concepts geared towards “renationalization” are backward-looking and inflict considerable damage on Germany as a business location. Moreover, such concepts are also incompatible with our values and convictions.

Best regards,

Gunnar Groebler





In pursuing our SALCOS® program we are not only making an effective contribution to achieving the defined climate goals, but are also securing the Salzgitter steel location and its jobs for the decades to come.





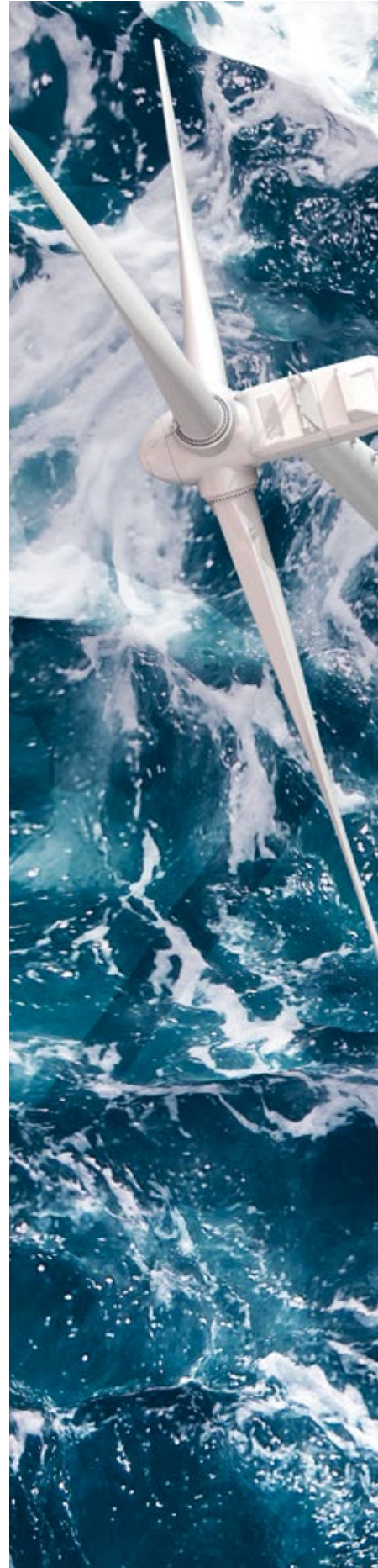
**BY IMPLEMENTING
SALCOS[®], WE WANT
TO TRANSFORM
OUR ENTIRE STEEL
PRODUCTION
TO CO₂-REDUCED
PRODUCTION
OPERATIONS
BY 2033.**

PIONEERING FOR CIRCULAR SOLUTIONS

MULTIPLE PARTNER- SHIPS

“Partnering for Transformation” is an essential component of our “Salzgitter AG 2030” strategy and is geared to securing our value chain with the help of strategic partnerships. In this context, we are pursuing the overarching goal of achieving market leadership in “Circular Economy Solutions”.

Industry in its entirety, and therefore the Salzgitter Group, is undergoing an intensive transformation phase that is enabling new forms of cooperation. Cross-industry cooperation offers Salzgitter AG and its partners economic opportunities spreading across the entire value chain. Strategic partnership agreements enable us to secure and actively develop production relevant reference points at an early stage.



An aerial photograph of an offshore wind turbine in the middle of a churning, blue ocean. The turbine's three blades are visible, extending from a central hub. The water is turbulent, with white foam from the waves surrounding the structure. The overall scene conveys a sense of clean, renewable energy in a natural setting.

CLEAN ENERGY GENERATED BY OFFSHORE WIND FARMS

Salzgitter Flachstahl GmbH and **Iberdrola** Deutschland have now inked a long-term electricity supply agreement. The electricity will be generated by the “Baltic Eagle” offshore wind farm currently under construction in the German Baltic Sea. By concluding this so-called Power Purchase Agreement (PPA), Salzgitter Flachstahl GmbH has secured the supply of 114 megawatts (MW) of green electricity from the new offshore wind farm, which is due to be connected to the grid at the end of 2024, for a total period of 15 years. Once operational, Baltic Eagle will generate a total capacity of 476 MW and is currently being built around 30 kilometers northeast of the island of Rügen.

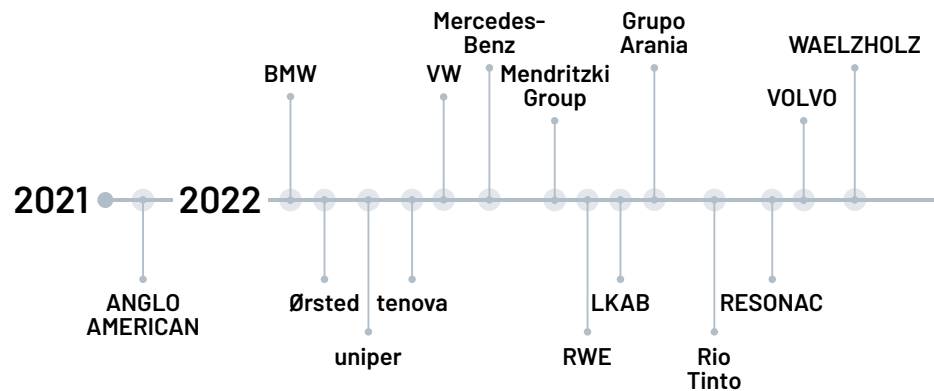


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GREEN STEEL FOR TRADERS

The **SPAETER Group** and Salzgitter Flachstahl GmbH have forged a partnering agreement for the supply of green steel. Accordingly, the company, which was founded in 1875, is already securing CO₂-reduced steel today, which will be produced and supplied as part of SALCOS® as from the year 2026. In future, customers of the SPAETER Group will be able to purchase green SALCOS® steel at all the company's locations worldwide. In this way, the steel trading specialist is supporting its customers in optimizing the product carbon footprint (PCF) of the steel products they purchase.

DECARBONIZATION OF VALUE CHAINS CAN ONLY BE ACHIEVED TOGETHER



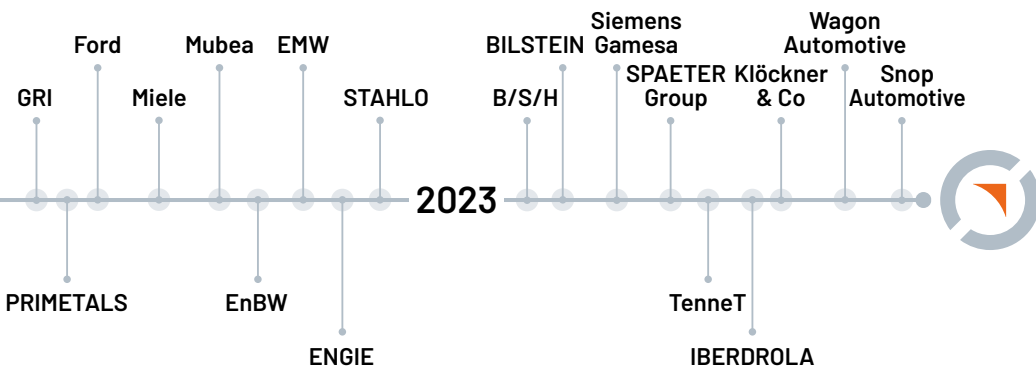


3

THE CIRCULAR ECONOMY AND RESOURCE MANAGEMENT

Joining forces with the local energy supplier **WEVG, Avacon AG** and **Salzgitter AG** are endeavoring to transform the heat supply of the **city of Salzgitter** and lead the city to a climate-neutral future. Salzgitter-Lebenstedt already has a well-dimensioned district heating line in place, connecting the integrated steelworks of Salzgitter AG with the district. The district heating is generated by the Salzgitter Flachstahl GmbH power plant. This is where the by-product gases from steel production (blast furnace, steelworks and coke oven gas) are mainly utilized. This energy, which is already very climate-friendly today, will increasingly be replaced by industrial waste heat from the new production facilities as the transformation of Salzgitter AG's steelworks advances. As part of the **SALCOS® - Salzgitter Low CO₂ Steelmaking program**, the Group is converting the Salzgitter steel location into a green steel production facility by 2033. This will also ensure the supply of climate-neutral district heating in the future, as well as enabling its further expansion.

Customer



Energy, raw materials & technology





»WE WILL ACHIEVE OUR GOALS.«



Heinz-Gerhard Wente, Chairman of the Supervisory Board of Salzgitter AG since 2016, speaks on his role in times of industrial change, the goal of climate neutrality and the values that make all the difference.

You joined the Supervisory Board of Salzgitter AG fairly soon after you stepped down from the Executive Board of Continental AG in 2015. What attracted you to the Supervisory Board assignment?

When I was approached in 2015, I first thought, oh, so this is the obligatory offer that comes along when you retire and are no

longer in demand on the front line. I really did some "soul-searching" – and came to the result that the Supervisory Board can be very important in our two-tier system if it interacts efficiently with the Executive Board in a trust-based manner. And it was clear to me that the things that were important to me during my professional career also had to be in place and further developed in this role: trusting cooperation within the team, with clearly defined responsibilities in the relationship between the Executive Board and the Supervisory Board. Being of assistance in these matters definitely appealed to me.

Do you feel that the work of the Supervisory Board has changed as a result of the transformation?

Yes, because it is the dominant topic in the economy and for us in particular. This is because we are transforming the entire company, in other words, strategically renewing it. Right from the very outset, I was prepared to deal with strategic aspects, in other words, the challenging transformation, in addition to the typical tasks of the Supervisory Board in the meaning of a monitoring function for the Executive Board, that is controlling functions in terms of expediency and efficiency. Today, guiding decisions and accompanying and



supporting measures on transformation topics already represent the focus of the Supervisory Board's activities.

For many investors, especially Anglo-Saxon investors, a supervisory board with an equal number of shareholder and employee representatives is rather unfamiliar.

Yes, I am well aware of these discussions. Different systems in different countries have their advantages and disadvantages. I grew up in a German stock corporation, so to speak, and have come to appreciate our system because it also ensures checks and balances. The prerequisite for success is that the shareholder and employee representatives on the Supervisory Board work together "among themselves" and also with the Executive Board in a cooperative and goal-oriented manner and spirit. It is not about one of these parties "winning" at the end of the day, but about making use of a second resource alongside the Executive Board to successfully manage a company.

Areas such as corporate governance, compliance and non-financial reporting are being monitored in an increasingly close and tight manner. Entirely new demands are also being made on you as Chairman of the Supervisory Board. To what extent does that annoy you?

I am already familiar with audit matters and certifications from the past. Naturally, you can argue or disagree with many of the current requirements, but they are there. I always try to ascertain what can ultimately have a measurable (or at least "tangible") positive impact on the company at the end of the day. That's why there can be no talk of "annoying", although we all have to be careful that the bureaucratic burden remains reasonably proportionate.

You worked at Continental AG for 40 years, where you climbed through the ranks from apprentice all the way through to the Executive Board. What attitude has navigated you through time?

Deal with the tasks at hand and complete them step by step, without losing sight of the bigger picture! And always deliver on what you promise.

Although management cultures are subject to continuous change: Which values will always endure?

Trust comes out on top for me! My credo is to treat others as you would like to be treated yourself – which naturally also applies to trust. And this leads on to another important "value" in our professional world: team spirit and close cooperation! Only a trust-based team that works together for a common cause can implement the kind of epochal structural change that is taking place at Salzgitter AG. I would like to take this opportunity to appeal to our employees to continue to stand by our side with the same levels of commitment as before: We need their manpower, their commitment and their creativity to master this far-reaching change in the upcoming years. Each and every one of them is called on. I am also expressly including employees who do not work directly in the immediate "Steel" area itself. The transformation is an overall task and we want to remain a successful enterprise as a steel and technology company.

Is care, in the meaning of prudence and carefulness, more important today than ever before in the work of managers?

Careful and prudent action, communication and thinking are fundamentally important in order to manage organizations effectively and efficiently. And this is even more the case in a more complex and networked world presenting a wide variety of challenges.

How confident are you that the German economy, and Salzgitter AG in particular of course, will achieve the goal of becoming climate neutral as scheduled?

We have decided to chart this course, in which we are investing resources, knowledge and financial means, and it is clear to me that we will achieve our goal. There is no question that, in addition to the (external) planning security that is repeatedly brought into play, this also requires a certain degree of overall economic recovery.

Do you believe in a green economic miracle?

I can hardly imagine that at the moment. We will have to make every effort to achieve our decarbonization targets as an economy and keep industry securely in place in the country as the backbone of our prosperity. And the latter will only succeed if companies are able to achieve sufficient results to be able to cope with the upcoming investments.

Which governance principles are particularly important to you in order to ensure the long-term growth and stability for the company?

Naturally, we must comply with all rules, procedures and laws according to which a company must be managed in terms of its internal and external responsibilities. However, in order to guarantee this at all times, a stable, reliable and adaptable organization is required. This provides orientation for all stakeholders, while at the same time enabling us to act flexibly when new requirements necessitate this. I was impressed by how Salzgitter AG has held its own through the extremely turbulent markets over the years. This clearly reflects a sustainable positioning – a course that we should maintain.





Salzgitter AG
Herzlichen Glückwunsch
25 Jahre Börsennotiz

TRADITION AND MODERNITY – 25 YEARS OF NEW SALZGITTER AG

Back in 1998, Salzgitter AG embarked on an entirely new chapter of its one-hundred-and-forty-year company history. Preussag, the parent company at the time, increasingly shifted the focus of its activities to the tourism industry and sought to sell the steel division. The federal state of Lower Saxony and the Norddeutsche Landesbank intervened to safeguard Lower Saxony as a steel location and secure the associated jobs. They enabled the company to become independent and go public in 1998, while renaming the company from Preussag Stahl AG to Salzgitter AG. The name is reminiscent of the former temporary parent company of the Group, the state-owned Salzgitter AG. The IPO of the new company took place on June 2, 1998 with an issue price of €11.76.

At the time, only very few people believed that the new company could achieve lasting independence. Back then, who would have thought that a quarter of a century later, Salzgitter AG would not only still exist as an independent, successful company, but – even more so – would have meanwhile become a pioneer in the decarbonization of the German and European basic materials industry.

In the financial year of the IPO, 1997/98, the Salzgitter Group recorded external sales of €3.1 billion. Total assets amounted to €1.8 billion and the core workforce comprised 11,536 employees. In the 25 years since the IPO, external sales have almost quadrupled, total assets have increased sixfold and the core workforce has doubled. To mark the 25th anniversary of the stock exchange listing, an opening bell ceremony was held in the trading hall of the Frankfurt Stock Exchange on June 14, at which our Executive Board members Burkhard Becker and Michael Kieckbusch officially opened trading by ringing the bell.



EQUITY STORY – SIX GOOD REASONS IN FAVOR OF SALZGITTER AG

With our focus on “People, Steel and Technology”, we will lead Salzgitter AG through this decade and secure the future viability of our Group.

1 **Rooted in 160 years of tradition – today’s pioneer and thought leader of the circular economy**

Salzgitter AG is a leading German steel and technology group whose entrepreneurial roots extend back more than 150 years. With its 25,000 employees and posting sales of around €11 billion, today’s Salzgitter AG is a **pioneer and thought leader** for the sustainable transformation of traditional sectors of the economy. The Group is shaping and designing the emergence of a new **circular industry** with new ways of thinking matched by consistent action.

2 **Partnerships and networks as a resilient foundation for change**

The “Salzgitter AG 2030” strategy consistently gears the company with the circular economy, the principle of low-CO₂ and resource-conserving closed energy and material cycles. In line with its “**Partnering for Transformation**” mission – working together to change the future and forging partnerships to achieve these goals – Salzgitter AG is working with a closely-knit network of first-class and ambitious partners on the supply, production and sales side in a determined and target focused manner with the aim of transforming the economy in order to create future-proof, sustainable values. Our long-term, trust-based relationships with our employees form the foundation for change within the company.



SALCOS® will be making green steel a reality as from 2026 onwards

The SALCOS® program will make green steel a reality as early as 2026. The complete transformation of blast furnace-based steelmaking to steelmaking based on direct reduction plants is scheduled for completion by 2033. This will reduce the CO₂ emissions of the company Salzgitter AG by up to 8 million tons – a volume equaling one percent of Germany's total carbon dioxide emissions. In pursuing this course, Salzgitter AG is supporting the ambitious transformation goals of its customers and society as a whole. The targeted pioneering position in the circular economy will create additional **growth opportunities** and help to further increase **profitability**.

The Technology Business Unit is the Group's second, sound mainstay

Salzgitter AG has a second, firm pillar in the form of its Technology operations. This Business Unit comprises three special machinery manufacturers that rank **among the world's leading companies** in their respective market segments. Their innovative products extend the concept of the circular economy and transformational partnerships well beyond the steel cycle.

Ambitious and transparent economic targets

Concrete targets and the ongoing mapping of developments via the strategy scorecard make progress transparent for the owners and stakeholders as well. The **targets** include a consistent EBITDA margin of >10% as well as ROCE of 14% by 2030 in each case, as well as a continuous dividend yield of >2% from 2025 onwards, in addition to efficiency improvements with earnings potential between €200 to €250 million by 2026.

Other highly valuable assets and investments

With its corporate shareholdings, especially the 30% stake in Aurubis AG, which is listed on the MDAX, and the portfolio of CO₂ emission rights up to 2030, Salzgitter AG holds very **valuable assets**. It aims to defend and further increase these assets through consistent entrepreneurial action and active portfolio management measures.

Our goals:

Consistent, continuous EBITDA margin of > 10% and ROCE of 14% until 2030

Consistent, continuous dividend yield of >2% as from 2025 onwards

Efficiency gains with earnings potential between €200 and €250 million by 2026



GOODBYE



Burkhard Becker, CFO
02/2011 – 03/2024



You have been active as Chief Financial Officer at Salzgitter AG since the beginning of 2011. What is it that immediately comes to mind?

When I was appointed to the Executive Board of Salzgitter AG in the year 2011, I had already been on board as CFO of KHS GmbH in Dortmund for three years. Naturally, I already had a good understanding of other Group activities through various Group events. Nevertheless, it was only when I was in Salzgitter that I experienced and understood the cultural differences between the international business of KHS on the one hand, including the trading activities, and the Germany- and Europe-centered activities of steel production and processing on the other hand. This field of tension has accompanied and stimulated me throughout the years of my work. The different business models, which also give rise to tremendous differences

in investment requirements, are among the exciting challenges that have always characterized the Group and will continue to be determining in the future.

The switch to green steel marks the momentous biggest change in the Group's history. As CFO, you were directly involved in setting the course. How did you experience this phase?

The switch to green steel is a socially formulated task that is obvious in view of the environmental impact. The technological course taken today was not yet defined in the mid-2010s. Salzgitter rightly opted for the path of CO₂ avoidance back in 2015. This early commitment and the promotion of this path was crowned with investment decisions of over €2 billion with public funding of €1 billion. Today, the company is "in the toil of the plain" in order to realize the first phase of the conversion of

primary steel production at the Salzgitter site on time in 2026. The self-financing of SALCOS® is ultimately based on the excellent performance of the Group as a whole with its diversified portfolio and recent investments in further processing: I am reminded here of hot-dip galvanizing line 3, the new finishing line in Ilsenburg and the expansion of KHS abroad. Based on this, our banks support our financing requirements, most recently at the end of 2023 with the extension and expansion of the syndicated loan with guarantees of €1 billion. The strategic projects other than SALCOS® were also implemented, such as the streamlining of the portfolio in the form of Bauelemente and in the large-diameter pipes segment. My role has changed and been enriched in recent years, particularly with regard to strategic value contribution.

Enormous start-up financing is required for the transformation. What makes you confident that everything will work out as planned?

I absolutely believe in the strength of Salzgitter AG as an independent company with a diversified portfolio, together with the people and co-determination. It remains important to keep an eye on the financial balance. I will miss the challenges in this context, but I am looking forward to having more time for hobbies in the area of art (collecting) and family.

»I absolutely believe in the strength of Salzgitter AG.«



WELCOME

You look back on a 20-year tenure at Bosch, where your career trajectory took you from management trainee to a managerial position. What is it that excites you about the new task scope?

Salzgitter AG is undergoing the most profound transformation in its history – technologically, culturally and digitally. I would like to use my experience to help shape this change as CFO from a position of overall, encompassing responsibility. All of us – managers and employees – can contribute to the reorientation towards a circular economy and a lower CO₂ footprint. That is indeed our social responsibility. Last but not least, I am personally connected to this region. My family roots are between Helmstedt, Braunschweig and Hanover – this is where I grew up and where I initially studied and later went on to work in Hildesheim, among other places.

»All of us – managers and employees – can make a contribution to the reorientation towards a circular economy and a smaller CO₂ footprint. That is indeed our social responsibility.«

Accompanying the transformation of one of the largest steel groups as CFO sounds like a major challenge. Do the tasks elicit a certain measure of respect?

I think it is only healthy to have respect when facing such major changes – backed by confidence, motivation and pleasure in joining forces with colleagues to secure the future viability of the Salzgitter Group – with its total of 150 subsidiaries and associated companies operating in over 40 countries. In this context, I bring experience from various transformational topics to the table. The automotive industry along with its suppliers are also undergoing the most momentous upheaval in their history.

How complex is the job profile of a CFO today?

In addition to the core competencies of accounting, controlling, treasury, taxes and performance

management, the role is increasingly of a strategic nature and consequently an integral part of the company as a whole. Which is why it is a matter of acting holistically and making strategic decisions together with the other members of the Executive Board. Business acumen as well as an entrepreneurial mindset are the prerequisites for this. The tasks also include providing innovative impetus – for example in shaping and designing digitalization – and representing the company vis-à-vis stakeholders and the public.

You are the first woman to join the Executive Board of Salzgitter AG. Are you also pleased to be sending out signals?

Absolutely. I am in favor of equal opportunities in every respect – naturally, given the respective competence and performance. For me, however, the topic of diversity not only encompasses the gender perspective but also internationality, cultural diversity, different age groups and knowledge backgrounds, as well as gender identity. I am convinced that blended and diverse teams deliver better performance.

How do you gather strength for your professional tasks?

I spend a lot of time with friends and family. My activities for balance also include a wide variety of sports such as diving and snowboarding, but also visits to exhibitions and concerts, both classical and modern, and travelling. For example, while diving I was recently able to explore the biodiversity of Raja Ampat in Indonesia.

Birgit Potrafki,
Executive Board Salzgitter AG,
as from April 2024 CFO



BROAD POSITIONING – MAXIMUM PERFORMANCE

Steel production, steel processing, trading and technology: Our success stands on four strong pillars. The individual business units combine operating companies that conduct market-, customer- and product-related business activities on their own responsibility and act with a high degree of decision-making freedom.

External sales: €10,790 million

EBITDA: €677 million

EBIT: €238 million

Core workforce: 23,138

STEEL PRODUCTION

External sales: €3,528 million

EBITDA: €295 million

EBIT: €76 million

Employees: 7,430

STEEL PROCESSING

External sales: €2,127 million

EBITDA: €227 million

EBIT: €145 million

Employees: €5,317





TRADING

External sales: €3,313 million
EBITDA: €20 million
EBIT: €-14 million
Employees: 1,990

TECHNOLOGY

External sales: €1,647 million
EBITDA: €115 million
EBIT: €81 million
Employees: 5,720





STEEL PRODUCTION

Salzgitter AG's steel producing companies are concentrated in the Steel Production Business Unit. This Business Unit stands for sustainable customer solutions in the flat and section steel segments. To this end, the unit operates a state-of-the-art metallurgical plant at the Salzgitter location. The most demanding technological material properties are achieved here thanks to the highest, uncompromising levels of expertise: The main customers are the automotive sector, the pipes and tubes sector and industry in general.

At our Peine mini mill we produce crude steel from steel scrap: The two electric arc furnaces operated there are among the most modern plants



STEEL PROCESSING

The Steel Processing Business Unit combines the pipes, tubes and plate activities of the Salzgitter Group.

Backed by the tradition-steeped Mannesmann brand name, our pipes and tubes segment has stood for innovative pipes and tube products of the highest quality for over 100 years and is extremely well positioned thanks to an extensive range of applications served. Given the H₂-readiness of its pipes and tubes materials, Mannesmann is making a vital contribution to the expansion of the pipes infrastructure for natural gas as a bridging technology and hydrogen as a future energy carrier, and is offering



TRADING

Our Trading Business Unit turns over more than three million tons of steel products per year. The unit acts as an important partner serving its global customers. Consistently geared to their needs, the transformation of the product range from gray to green steel is also high on the agenda here. In the Circular Economy partner network, closed material cycles are supported – from the provision of materials through to their recycling.

A strong network of full-range, stockholding retailers is attending to the markets in all major European

of this kind worldwide. A large share of the crude steel produced here is rolled into sections, while an increasing share is processed into VERIsteel-certified flat steel at the Salzgitter rolling mills.

We are replacing carbon-based steel production at the Salzgitter site with hydrogen-based direct reduction plants and electric arc furnaces by the year 2033, as part of our SALCOS® decarbonization program. We are currently working flat out to implement the first stage of SALCOS®.

The Group's scrap recycling activities are also included in this Business Unit.

Capacity

- Integrated steel mill with three blast furnaces
- State-of-the-art mini mill with two electric arc furnaces
- Crude steel capacity around 5.7 million t/year
- Recycling of around 2 million tons of steel scrap per year – expansion to 3 million tons per year planned by the year 2030

Core competencies and products

- High-quality steel grades for demanding and sophisticated applications
- Customized solutions, including hot-rolled strip, galvanized and coated cold-rolled sheet, laser-welded tailored blanks, as well as beams
- High processing competence
- Closeness to customers thanks to regional presence

sustainable solutions. In the automotive sector, we are supporting the path to e-mobility with customer-oriented application development.

In the heavy plate production area, Salzgitter AG has established itself in recent years as a reliable supplier of heavy plate serving the green markets, alongside its activities as a supplier to traditional heavy plate customers – thereby making important contributions to the energy transition. The aim is to stake out a strong partner position in the Circular Economy in the future, providing green steel for the supply chain in the wind energy growth market.

Capacity

- Own crude steel supply based on the 30% shareholding in Hüttenwerke Krupp Mannesmann GmbH
- Two rolling mills for heavy plate with 1.1 million t annual capacity
- Semi-finished goods production for seamless pipe manufacturing

Core competencies and products

- Heavy plate: High-strength, abrasion resistant materials and special steels, including offshore, pipes grades
- Mannesmann: Longitudinally and spiral welded large-diameter pipes, medium line pipes, seamless and welded precision tubes, seamless stainless-steel tubes

sub-regions. In addition, Salzgitter Mannesmann Handel Group operates an international trading business in which expedient producers and logistics solutions are devised and combined for customer projects. In this context, the Trading Business Unit maintains its own representative offices and agencies on five continents. These are also tapped by other Group companies in acquiring project business and input materials. Our trading operations will continue to expand digital services and drive the digitization of business processes forward, thereby shaping and designing sustainable customer-oriented solutions.

Capacity

- Own distribution network for steel products in Europe with stockholding locations
- Steel processing group specialized in heavy plate
- International trading

Core competencies and products

- Active in all relevant regions worldwide with own representative offices
- Sales channel for Group products
- Purchasing channel for Salzgitter plants
- Service functions for customers





TECHNOLOGY

The Technology Business Unit consists of three special machinery manufacturers that rank among the leading players in their respective markets.

KHS, for example, is positioned as one of the world's leading companies for the production of beverage filling and packaging systems – developing innovative products that help to reduce beverage packaging volumes. KHS excels in providing its customers with ever new, value-added solutions and upgrades throughout the entire life cycle of their facilities, assisting them in achieving their sustainability goals.



CONSISTENTLY CHARTING A SUCCESS COURSE

In an interview with Kai Acker,
Member of the Group Management Board of Salzgitter AG
(Technology Business Unit) and Chairman of
the Executive Management Board of KHS GmbH,
on current successes and future prospects

What do you attribute the current success of the Technology Business Unit and KHS to in particular? KHS contributes over 90 percent of the sales in the Technology segment of Salzgitter AG. Despite overall volatile developments in the mechanical engineering sector and temporary reticence to invest due to rising interest rates, we were able to make significant gains in the filling and packaging sector for beverages, which is growing against the trend. Thanks to our reliable and intelligent products and services, we are succeeding in inspiring customers and achieving corresponding added value on the market. Having overcome a number of challenges,

the two DESMA companies will also complement the Business Unit's solid and profitable growth in the coming years.

What strategy is KHS pursuing? Our "KHS 2025" corporate strategy presented in the year 2019 comprises 10 core measures for growth, increased efficiency and profitability. Much of this contributes to the overarching "Salzgitter 2030" Group strategy. In line with the objectives set out here, we are currently continuing to chart our future course.

You are generating 90 percent of your sales outside Germany. What preconditions do you need to put in place for this?

At the heart of "KHS 2025" is the expansion of our global footprint, which will bring us even closer to our customers and establish us as a reliable partner over the long term. In order to achieve this, we are strengthening our global presence and expanding our international production capacities. In the after-sales area, we are now maintaining a network of more than 40 service offices in 35 countries. We are also adapting our global organization by consistently standardizing structures and expanding them where necessary in a targeted manner.



DESMA Schuhmaschinen GmbH offers complete solutions – from factory planning to the development of machines and automation concepts and on to mold making and global services. At present, about half of all machines for the direct soling of shoes worldwide were made by DESMA. The Technology Business Unit is rounded out by Klöckner DESMA Elastomertechnik GmbH. The company is positioned as one of the leading manufacturers of injection molding machines in the rubber and silicone industry.

Capacity

- Production sites on almost all continents
- >90% of sales posted outside of Germany
- Turnkey lines, single machines and services

Core competencies and products

- KHS: Ranks among the world's top 3 suppliers of filling and packaging systems; technology and innovation leader
- DESMA Elastomertechnik: Positioned as global market leader for rubber and silicone injection molding machines
- DESMA shoe machines: World market leader for machines for the production of shoes and shoe soles



To what extent is your sector impacted by the omnipresent skills shortages?

Demographic change will be costing us between 25 and 30 percent of our employees over the next 10 years. We need to secure existing know-how and acquire new expertise. In order to achieve this, we want to be an attractive employer that young people are enthusiastic about – and this is a global challenge we are facing.

What contributions is the Technology Business Unit making to circularity and sustainability?

We are working together within the Group to record and reduce CO₂ emissions and have joined the

Science Based Targets Initiative (SBTi), for example, which aims to limit global warming to 1.5 degrees Celsius. Over and beyond climate protection, the Technology Business Unit's global reach brings new perspectives, approaches and successes in terms of sustainability. The EcoVadis gold medal awarded to KHS last year documents this most impressively.

Where will the transformation of industry and the economy be taking the technology sector and KHS in particular over the next ten years?

Especially KHS continues to focus on its core business in the beverages sector. In view of the

global population growth, this is a market that promises considerable potential for organic growth. With regard to recyclability, we want to ensure that all components of our machines are refurbished, reused or recycled at the end of their life cycle wherever conceivably possible. Another aspect of transformation concerns digitalization: here, we will be seeing major progress – for example in predictive maintenance, in our production systems and automation endeavors, as well as in the virtual remote maintenance of our systems – naturally in connection with the support of cloud-based platforms and artificial intelligence.



INTERNATION

OUR LOCATIONS WORLDWIDE

For more than 150 years the companies of the Salzgitter Group have stood for the innovative and sustainable production of steel and technology products. The original idea of smelting ores mined in Lower Saxony has given rise to today's international group that includes world-renowned brands such as Peiner Träger, Mannesmann and KHS. Today, around 25,000 people are working every day to provide customers from a wide range of industries with innovative and sustainable products of the very highest quality. Our core expertise lies in the production of rolled steel, pipe, and tube products, as well as their further processing, and in trading globally in such products. We are also successful in special machinery and plant engineering.



ALIZATION



GLOBAL PRESENCE Salzgitter Group

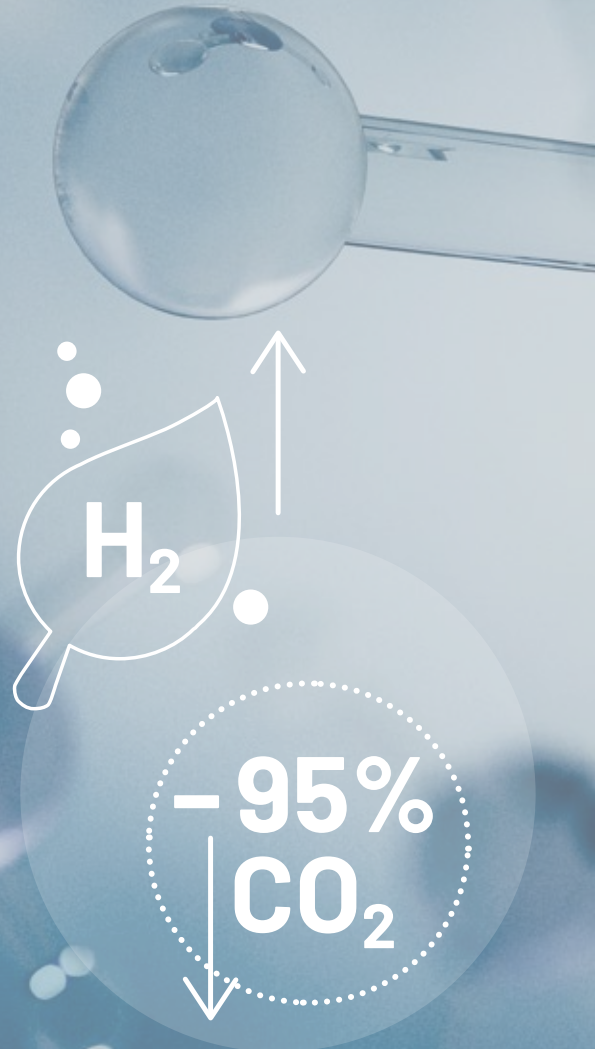
SALCOS® – THE NAME SAYS IT ALL

SALZGITTER AG IS A PIONEER IN VIRTUALLY CO₂-FREE STEEL PRODUCTION

With SALCOS® – Salzgitter Low CO₂ Steelmaking – we are charting the course to virtually CO₂-free steel production together with partners.

The central decarbonization strategy entails the use of electricity from renewable sources and hydrogen. This green hydrogen will replace the coke and coal that we currently employ in the conventional blast furnace process. This is enabled by way of so-called direct reduction plants, in which iron ore is reduced to iron directly in its solid state using hydrogen. With this technology, water vapor is emitted instead of CO₂.

In this way, our SALCOS® program is pursuing the Carbon Direct Avoidance strategy, in other words, avoiding the generation of CO₂ directly in the steel production process. All in all, we will be able to reduce our CO₂ emissions in metallurgy by 95%.



MILESTONES 2023



APRIL

OFFICIAL PRESENTATION OF THE FUNDING DECISION

Federal Minister of Economics and Vice Chancellor Dr. Robert Habeck and Stephan Weil, Minister President of Lower Saxony, jointly handed over the official funding decision for the SALCOS[®] transformation program to our CEO Gunnar Groebler at this year's Hannover Messe in April. This funding approval is geared to supporting SALCOS[®] in its first development stage with funds of around €700 million from the German government and €300 million from the federal state. Together with Salzgitter AG's additional own funds totaling around €1.3 billion, the financing of the first stage of SALCOS[®] has been secured. We will be on the markets with low-CO₂ steels from this route as early as 2026.



TRANSFORMATION PROCESS DURING ONGOING OPERATIONS

Existing buildings will be demolished to make space for the new SALCOS® systems on the construction sites. Work on the first electric arc furnace is in full swing on the construction site. True to the motto #wemakeithappen, the construction of the new production facilities was ushered in with the laying of foundation piles. A total of over 700 such piles will be installed with the help of three drilling rigs.

MAY

AWARDING OF THE DIRECT REDUCTION PLANT

In May 2023, Salzgitter AG assigned a consortium consisting of Tenova, Danieli and DSD Steel Group to build a direct reduction plant (DRI plant) on the premises of Salzgitter Flachstahl GmbH. The unit is the largest sub-plant in the first stage of the SALCOS® - Salzgitter Low CO₂ Steelmaking transformation program and stands for a production capacity of over 2 million tons of direct reduced iron (DRI) per year. The awarding marks another decisive milestone on the road to low-CO₂ steel production. The direct reduction system is based on the innovative "Energiron ZR® Direct Reduction" technology, which can be operated flexibly with hydrogen as well as with natural gas in any mixing ratio.

SEPTEMBER

AWARD OF THE ELECTROLYSIS PLANT AWARDED

In September 2023, the Salzgitter Group ordered one of Europe's largest production plants for green hydrogen from the ANDRITZ technology group. The 100 MW electrolysis plant will feature HydrogenPro technology for pressurized alkaline electrolysis. As from the year 2026, the plant will produce around 9,000 tons of green hydrogen per year, which will be used for the production of green steel. This award completes the order for all the SALCOS® units (electrolysis, direct reduction plant and electric arc furnace).



CONSTRUCTION OF POWER LINE KICKS OFF

Linking up with a direct connection to the 380kV electricity grid, the Salzgitter industrial region is taking another important step in its transformation. One of the aims of the so-called industrial power line is to ensure that a sufficient amount of green electricity will be available for the production of steel in Salzgitter in the future. Gunnar Groebler, CEO of Salzgitter AG, Tim Meyerjürgens, COO of TenneT and Stephan Weil, Minister President of Lower Saxony, were on location for the symbolic ground-breaking ceremony for a transformer station in the immediate vicinity of our plant site.

WE ARE MAKING THE DIFFERENCE – FOR THE ENVIRONMENT

While our products will remain of the same high quality with the switch to low-CO₂ production, our emissions will be significantly cut back. We have a clear goal in mind: 95% lower CO₂ emissions in steel production.





»In the face of global political instability that impacts trade and supply chains, circular economy becomes even more crucial, particularly in regions like Europe, where resources are not as abundant.«

Gunnar Groebler



TRANSITIONING TO A CIRCULAR ECONOMY



CEO Gunnar Groebler and Andrew Morlet, CEO of the Ellen MacArthur Foundation, talk about closing the loop in the steel industry

Salzgitter AG has joined the Ellen MacArthur Foundation. As a Network Member, the Group further integrates circular economy concepts into its business. The Ellen MacArthur Foundation was established in 2010 to accelerate the transition to a circular economy. How much progress has been made since then?

Andrew Morlet: When we started, the concept of “circular economy” was still relatively new, so we took a two-pronged approach: First, we actively promoted the concept of circular economy by integrating various schools of thought, such as cradle-to-cradle, products-as-a-service, and industrial ecology, to name but a few. The Ellen MacArthur Foundation emphasizes and exemplifies not only the environmental aspects of circular economy concepts, but also their economic value. Second, in 2013, we placed a strategic focus on plastics. After two years of research, we compiled our findings in a report that was launched at the World Economic Forum in 2016 and received unprecedented media coverage.

Gunnar Groebler: I would even take you one step further: you have developed an entire economy around eliminating problematic and unnecessary plastic, and ensuring the plastic we use is kept in the economy and out of the environment. With your report and all the hype around it, this business model came to life, right?

AM: Yes, when we launched the New Plastics Economy Report, we wanted to emphasize that plastics are a valuable material in the economy. The problem is that we do not have enough systems in place to capture their value. Plastics are a very versatile material, but the way we tend to use them is incredibly wasteful. We take oil and gas from the earth to make plastic products that are often designed to be used only once, and then we throw them away. This is what we call a linear take-make-waste model. We have massive leakage out of the system, as you know, into the natural environment, into landfills and incineration. This is fundamentally a failure of the economic system. Instead of demonizing plastics, we wanted to show their value. And we managed to bring together more than 1,000 public and private organizations, large and small, from across sectors and industries around the world that are now collaborating to eliminate plastic pollution.

Salzgitter AG has placed circularity at the heart of its new strategy, and this has been very well received by customers, suppliers, and partners alike. What were your ideas driving

this and what do you hope to achieve by joining forces with the Ellen MacArthur Foundation?

GG: When we look at the context of steel, it becomes evident that steel is ideally suited for a circular economy, as it can be reused indefinitely. These are not new concepts as such, but it becomes increasingly important to think about responsible sourcing and reusing finite resources. Acknowledging the economic aspect of circularity, its commercial value beyond its environmental implications, we have positioned circularity at our core and created a business model for our steel products. Collaborations with automotive, white goods and other sectors demonstrate our commitment to circular thinking in the steel industry. Two years ago, strategic discussions led to placing circularity at the very heart of our strategy. Given that I enjoy sailing, I already knew about Ellen MacArthur as a sailor and also about the Foundation, and so I have been aware of the circular economy for quite some time. When you travel the oceans, you see a lot of plastic waste, and I appreciate the efforts of the Ellen MacArthur Foundation to try and make people recognize the value of this material and to fight pollution. As far as I know, Salzgitter is actually the first company in the steel and base material industry to approach you on circularity, is that right?

AM: Yes, we used to be very much focused on just plastics, the fashion and food industries. However, we recognize, of course, the broader significance of



circularity across the different metals sectors, and therefore, we have now increased our focus. Additionally, we are looking more closely at the construction industry, a major consumer of steel, as we see its pivotal role in broader sustainable practices.

Manufacturing processed products for the construction industry is an important pillar of Salzgitter AG's business. What are the strategic considerations here in terms of circularity?

GG: The construction industry is a use case I would very much like to take one step further. Take our steel mill in Peine, for example, which focuses on the building sector, as we produce beams there. Engaging in discussions with architects, other companies, and our customers, we are currently actively exploring how to enhance the reuse of these beams. We have observed a trend indicating that the life span of buildings is decreasing. This underscores the growing need for greater flexibility in construction practices to facilitate the reuse of materials. But we need to engage and coordinate the entire construction ecosystem.

AM: Indeed, the building sector plays a substantial role, also in the context of the climate change discussion, particularly in terms of materials and energy consumption. Steel, being an intensive user of energy in smelting and mining, presents a crucial dimension. Preserving and reusing steel, to treat it as a material bank, proves to be a more efficient use of the energy invested.

GG: And this also offers new ways of financing because you gain material banks that are important long-term assets. And then you can sell off this material after decades of use, or you reuse it somewhere else, and in the meantime the value increases.

AM: I totally agree. For many years, corporates have taken the view that assets are depreciated and eventually scrapped, take old shipping vessels for example. But that whole mindset is changing now. It takes a while for people to get their head around the new circularity concepts and how to bring them to life. But it seems inevitable to us that finite resources must be recycled for future generations.

This paradigm shift, moving away from the traditional production and sale of steel and towards reuse and recycling-based models. Is that something the Ellen MacArthur Foundation sees happening on a global scale?

AM: Absolutely. You know, we even see countries that are now saying, well, perhaps we should not be selling our copper, perhaps we should be leasing it out. These are finite materials that are going to see extraordinary uplift in demand over the next 20 years. And short of deep-sea mining and other controversial and unproven approaches, we have no other option.

GG: I appreciate your perspective, and it aligns well with our strategic thinking. As we move from a linear to a circular business model, we are connecting the dots. However, we also want to look beyond our market segment and consider the entire value chain from end to end. In my view, circular thinking requires a holistic approach. To make concepts like leasing or renting materials viable, you have to coordinate with others to close the loop, from material flow to global structures. This is about moving beyond optimizing isolated segments and towards a global perspective.

What needs to happen in order to achieve a circular economy that benefits everyone within the limits of our planet and takes into consideration economic feasibility?

AM: As Gunnar said, these topics are all connected. This is a fundamental transition we are discussing here, with three crucial elements. Firstly, the design of industrial systems must be altered, as you mentioned. Secondly, the current economic landscape still favors extractive and disposable models, which is why industrial innovation is needed. Thirdly, transition financing is essential to address capital investment requirements. And we also need new policies that support innovators.

GG: And then, our shared focus on a circular economy will open up new business opportunities. While the steel industry has already been embracing some circular practices for years, our increased focus on circularity will drive growth by decoupling it from resource constraints. Collaborating with the Ellen MacArthur Foundation brings us fresh perspectives and new questions. In the face of global political instability that impacts trade and supply chains, the circular economy becomes even more crucial, particularly in regions like Europe, where resources are not as abundant. The shift to reuse, repair, remanufacturing, refurbishing, and recycling is a vital element in sustaining our society, and our industry.

AM: Absolutely. By joining our Network, Salzgitter AG has reaffirmed its commitment to the circular economy and sustainable progress. We have a common goal, and together we can make a lasting impact.






ABOUT THE ELLEN MACARTHUR FOUNDATION

The Ellen MacArthur Foundation is an international charity developing and promoting the circular economy in order to tackle some of the biggest challenges of our time, such as climate change, biodiversity loss, waste, and pollution. The Foundation works with its Network of private and public sector decision-makers, as well as academia, to build capacity, explore collaborative opportunities, and design and develop circular economy initiatives and solutions.

Increasingly based on renewable energy, a circular economy is driven by design to eliminate waste and pollution, circulate products and materials, and regenerate nature, to create resilience and prosperity for business, the environment, and people.

Further information:

www.ellenmacarthurfoundation.org
[@circulareconomy](https://twitter.com/circulareconomy)



»Steel is an intensive user of energy in smelting and mining. Preserving and reusing steel, to treat it as a material bank, proves to be a more efficient use of the energy invested.«

Andrew Morlet



BE PART OF SOMETHING BIG!

We are taking BIG strides towards our goal of being the strongest steel and technology group in Europe and the leading group in the circular economy.

We focus on GREAT development opportunities and further training offerings in our international Group.

We – that is a GREAT team of around 25,000 colleagues active in over 150 subsidiaries worldwide. Together, we are searching for the best solutions for our customers every day.





A wide range of additional benefits are available such as a company pension scheme, profit-sharing, an extensive range of health services, employee discounts, very good opportunities for trainees to be taken on board and much more – all add up to make a GREAT and highly attractive overall package.

We offer BIG opportunities. We offer a wide variety of application areas and career trajectories, from steel production to the development of the latest, most advanced technologies in mechanical engineering, from apprenticeships all the way through to management positions.

A STRONG AND FUN-LOVING TEAM



Interview with
Michael Kieckbusch,
Chief Human Resources Officer
of Salzgitter AG

Mr. Kieckbusch, after school and military service, you launched your career by studying economics in Hanover. What was your trajectory to your current position as Labor Director of the Salzgitter Group?

When I concluded my studies, in 1989, the Federal Republic of Germany was in the midst of far-reaching upheaval. The job market offered many exciting opportunities, and I actually had a few tempting job offers on the table. In the end, I chose Salzgitter because, on the one hand I had a really good interview with my potential future boss there. And because, on the other hand, I was fascinated with steel production right from the very first moment, which I was able to get to know briefly during a tour of the plant. Genuinely archaic forces are at work here. And at the same time, work is performed there right down to the ultra-high precision μ -range. That still inspires me today. What's more, I found the people working there extremely cool. I like to compare it with English soccer. Things can get tough from time to time

on the pitch, but players always treat each other fairly and wind up having a beer together at the end of the day.

My hope of being able to get to know a lot of different things as a trainee in the HR area was fully met. I joined the Group just as the merger with Preussag was being negotiated. As an assistant to the HR Director, I was involved in numerous meetings and found it incredibly exciting. There were many issues looking for a solution – and I wanted to find them with a good team at my side. For me, team success is key. In my opinion, the best possible result is achieved when the strengths of colleagues complement each other in a meaningful and expedient way and success is achieved together

and with some good helpings of fun. To this day, I see this as one of my tasks, namely to bring the right people together for certain tasks so that ultimately the best can be achieved for the company, the workforce and the other stakeholders. This applies to the huge teams that we have working on SALCOS®, for example, as well as to our work on the Executive Board. With our different experiences and perspectives on individual topics, we can gather a lot of information as a team, we can discuss things openly with each other and thereby arrive at the best decisions in our opinion.



»At work and on the soccer pitch: Fight hard and play fair.«



In the perception of my superiors, I seem to have achieved some good results in my first few years at work, because after a short stint at HDI, I was assigned to increasingly responsible jobs within the Group. And now I have been on the Executive Board of Salzgitter AG for over 10 years.

As a Labor Director, you are strongly networked throughout the Group and gain insights into the working environment of many different locations. In spite of all the diversity, is there something that you can describe as the DNA of Salzgitter AG as an employer?

The feedback I receive time and time again is that you have a lot of freedom to make decisions early on in your career at our Group. I also experienced this

myself, where I was entrusted with projects and topics early on that I perhaps wouldn't have considered myself "mature" enough for. But it is a very formative experience when you get the chance to play in the next higher league up and you experience that it works well and is even fun on top. I believe that many others in the Group felt and feel the same way, as evidenced, for example, by the very low fluctuation rate in the past.

Due to demographic change, we will certainly be experiencing greater shifts in the workforce in the future, but this in turn also

offers many opportunities for fresh talent joining the company and setting off on their careers. This can pertain to management, but also to exciting options for individuals pursuing specialist careers.

However, change is not only taking place externally in terms of demographics, but also to a very special extent internally within the Group, for example in the SALCOS® program. I am convinced that we are very well positioned and prepared for these changes. Because despite all the crises and challenges that we have had to face time and again over the last few decades, we have remained a stable, reliable employer and have proven that we can deal with such situations professionally. Comprehensive training programs, detailed succession planning and strong positioning on the external job market are some of the key points that will be a major focus for us in the future.

To come back to my personal concern with regard to staffing and forming teams. We currently have too few female employees on board. We want to change this and have set ourselves specific targets in our strategy. I am convinced that we are still not focusing enough on the potential of female professionals, especially with regard to the mix of strengths, experience and skills.

What advice would you give people starting out on their careers today?

Always be prepared to adapt to new things and rethink the status quo. You don't have to chase after every trend, but you should always critically examine whether an actively initiated change can help me or the company move forward. With this in mind, stay inquisitive and constructively dissatisfied!

KEY FIGURES 2023



€10.8 billion

in sales



50 %

CO₂ reduction target
by 2030



7 million t

of crude steel
capacity per year



≈ 25,000

employees



> 150

subsidiaries and
associated companies
worldwide



> 5,000

patent rights
applied for



> 30

different apprenticeship
professions

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