

Presentation

given by

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Chairman of the Executive Board

of Salzgitter AG

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in the City Hall of Braunschweig

The spoken word takes precedence.

Dear Shareholders,

On behalf of the Executive Board, the Group Management Board and all employees, I would like to welcome you warmly to today's Annual General Meeting of the Shareholders of Salzgitter AG in Braunschweig.

We are delighted by your attendance here today, as it expresses your keen interest in our company.

Slide 2

Ladies and gentlemen, 2014 proved to be another year that was not easy for us, more a year of transition that brought many challenges and changes for the Executive Board, the management teams, and all employees.

We nonetheless have some reason to look back – even with a certain sense of pride – in what we have achieved. In 2014, we delivered on our promise – and worked in a more concentrated

and more concerted manner – without making much ado in the media.

This is because our 2014 results say more than many words. The “Salzgitter AG 2015” project is being rigorously implemented, and the pre-tax loss in 2014 was less than a thirtieth of the 2013 result. We have halted cash outflow from the Group. It is nevertheless the case – and I will state this from the outset: This undisputed success should not detract from the fact that we still have our work cut out for us on the way to achieving allround satisfactory financial performance.

Slide 3

The fact that we have reached this important intermediary stage – this milestone – is essentially based on our own performance. The story told by the images in our 2014 annual report gives clear expression to this. It reflects our employees' commitment to be the best possible partners for our customers, to structure our processes more efficiently, to expand our business areas, and –

not least – to surprise the markets with clever ideas and innovations. This dynamism is new – and it is unfolding at all levels. Our success is our joint success. We have formulated the title "Younited" for our new Group mission statement in order to give expression to our claim and aspiration of thinking and acting through our combined forces with the aim of achieving corporate success. I'll say more about this later ...

Slide 4

Ladies and gentlemen,

It is only through jointly and consistently addressing the tasks and challenges that face us that we can move forward toward stability and success. Particularly when you consider that conditions in our environment are still far from helpful. We've summarized this situation in this chart. It starts with the ongoing structural crisis in the EU steel sector that continues to entail considerable supply and demand imbalances in some product segments. This exerts pressure on the market prices achievable, and therefore also margins and earnings. This situation is exacerbated by the fact

that additional, politically motivated burdens are being imposed in the EU, particularly in Germany, which is very detrimental to our competitive position in the international arena. First of foremost in this context I would like to mention the necessity of purchasing CO₂ allowances to operate our plants, and the additional costs from the levy to promote renewable energies – also known as the EEG apportionment. Of course, this political melange reflects the latently critical stance towards industry held by parts of the population and much of the media. It is sometimes a source of astonishment how one-sided public debate about environmental topics can be. What is often forgotten in such debates is that energy-intensive companies such as Salzgitter AG produce emissions at the absolute lower limit of what is possible in terms of the physics and chemistry – at great technical expense – while also ensuring many thousands of well-paid and secure jobs.

Our business also currently faces impediments emanating from foreign policy: the regrettable escalation of the Russia-Ukraine

conflict has had a direct and negative impact on our business due to the temporary suspension of the South Stream pipeline project.

Finally, the fact is that – compared with other sectors – social standards in the German and European steel industry are high. I generally view these very positively – but the fact is that the money to afford such standards first needs to be earned.

Ladies and gentlemen,

There is only one conclusion that can be drawn from observing the general conditions we are operating in: no one from outside is essentially going to come to our aid in mastering our challenges – not the market, not policymakers, and also not fate. Indeed, we can be grateful if no further millstones are hung around our neck.

So, there is only one thing to do: We ourselves will have to get down to work quickly and rigorously address the tasks in hand! It is precisely this realization that has now spread through the entire

Salzgitter Group. You can sense it at all levels, and virtually all of us are all pulling together. This is really something to be really proud of! We take great satisfaction in the fact that our results in 2014, and especially in the first quarter of 2015, have shown that we are on the right track.

Slide 5

Dear Shareholders, following these preliminary remarks, let me now turn to the current market environment:

Slide 6

Apart from a few well-known issues, things do not look too bad overall for the global economy.

The economic situation remains very good in Germany and, despite the extreme risks, Greece being an obvious example among others, Europe is also showing signs of a more sustained economic recovery, which gives grounds for cautious optimism.

By contrast, the upswing in America might be losing some of its momentum. After all, German exports to the USA are running at record levels.

China gives us more cause for concern: It is logical that China can no longer be expected to deliver the same growth rates that it achieved ten years ago given the level of prosperity and economic strength now reached. But what is worrying is the fact that industrial capacities have been created in China – and not only in the steel sector – that at best would only have been appropriate if annual growth rates of ten percent could have been sustained over the next five years as well.

The effects of the Ukraine crisis and the West's sanction policies are obvious. They have had an extremely negative effect on the Russian economy – and many German companies also feel the impact on their order books. Exports to Russia declined by 18 percent in 2014, and the downtrend continues.

The overall economic situation has improved a little compared with the previous year, but many questions remain – here the Near and Middle East come to mind.

Slide 7

This is underscored by a look at industrial production in a few selected European countries:

Industrial production in Germany has actually returned to its pre-crisis level. Almost every day, the media reports new records and good capacity utilization. Insofar our overall economy is generally in good shape.

Other major countries such as France and the UK have stabilized at a level of ninety percent.

However, the situation in Southern Europe remains dramatic.

Although both Italy and Spain have meanwhile halted the

contraction in their industrial production, it is still at a shockingly low level. In Italy, output remains around the low levels posted in 2008 and 2009, and in Spain it is even lower.

Slide 8

If we take a look at past performance and forecasts for the steel-processing sectors, we see a similar picture.

Here, too, only Germany has outperformed its pre-crisis level.

The UK is gradually approaching the one hundred percent threshold, but the recovery in France, Italy and Spain is very modest.

Slide 9

This situation is naturally reflected in the EU steel market supply.

If this slide looks familiar, it's because not much has changed in terms of the facts since the last Annual General Meeting.

Unfortunately.

So far only a few producers have removed capacities from the market, mainly market leader ArcelorMittal, although we have, however, also reduced capacities by around 900,000 tons with our transition to single furnace operation in Peine. Seen overall, however, not enough has been done overall to restore balance between supply and still low demand.

Subsequently, there is still excess supply on the European market although this varies considerably in terms of product groups and regions. When observed in isolation the situation in Germany is really quite encouraging – market supply here has returned to around the level of the good years in 2005 and 2006. This is far from the case in the rest of the EU where the level of steel consumption is only around two thirds of the volume used before the crisis. In a free common market, this poses a problem for all producers alike.

This is because the market economy theory of prices based on the relationship between supply and demand naturally also applies to the entire EU market: if a structural oversupply coincides with demand at a lower level, prices and margins come under pressure. The lower limit on prices is determined by the producer with the lowest costs – and sometimes prices go even lower if there's a sufficiently high level of capacity underutilization, debt, and consequently desperation.

In Northern Europe, prices have meanwhile more or less stabilized. This is almost a ray of sunshine, especially if you compare the development in the market price of steel products with the price trend of raw materials.

And here, something completely unexpected has happened!

Not even recognized experts forecast that iron ore prices would experience a collapse in the dimensions that we have seen over the last 15 months.

Starting from over 100 dollars per ton for the Carajas benchmark, the price dropped below 50 dollars at times. The market has now returned to a level close to 60 dollars per ton. The price collapse was attributable to mining companies ramping up capacities extensively, but also to the slowdown in Chinese growth. The market in China meanwhile accounts for 70 percent of seaborne-traded iron ore worldwide.

Coking coal has not followed this trend to the same extreme extent. However, the current price for metallurgical coking coal still amounts to only around 90 to 100 dollars per ton.

The dollar firming up against the euro erodes some of the ensuing cost savings. The fact that the extreme price slump in raw materials has not affected steel prices to the same extent is nevertheless really quite encouraging for the assessment of the steel market situation.

Slide 12

Ladies and gentlemen, as I've already indicated, market conditions are not the only determinant for the success of your company. Political factors meanwhile present us with interesting challenges as well.

Slide 13

In recent years, we have had to make repeated reference to the topic of energy policy. Not least thanks to intervention by the present German government in Brussels, some risks have been mitigated for energy-intensive industries, but regrettably new issues have been added to them.

The main risk we face at the moment is the review of the in-house power privilege that has been announced for 2017. Part of this will examine whether the electricity generated in our state-of-the-art power plant from cogeneration gases that are a byproduct anyway is to be treated in the context of additional levies for renewable energies the same way as if we were to buy electricity produced from fossil fuels from outside sources. The additional burden of our own electricity production would be extremely costly and would literally threaten the existence of our steelworks in Salzgitter.

Considerable financial burdens from the next carbon dioxide trading period from 2021 onward pose a threat to us. In this case, we would need to anticipate additional costs totaling up to 300 million euros a year in the worse case scenario, costs which a competitor outside Europe would not have to bear – also the case for virtually all European competitors outside Germany! I am also personally spending a lot of time on the road in order to make my

own modest contribution to ensuring that such a scenario does not come to pass. And I am not just speaking to deaf ears or knocking on closed doors in Hanover, Berlin, and even Brussels. But, ladies and gentlemen, let's be frank: the mainstream is not for us. Despite this, we, and I, are not giving up. We will fight on.

Slide 14

By contrast, in other aspects of the political fundamentals, we would like to see a bit more regulation.

You are sure to have read in the newspapers about the Italian government's attempts to keep ILVA, Europe's largest steelworks, afloat with massive financial aid.

These efforts bear witness to an inglorious tradition. Back in the years between 1970 and 1990, these steelworks already received a massive injection of twenty-two billion euros, which makes up

around 95 percent of all Italian – equivalent to almost one third of all European – aid!

ILVA is now to be subsidized again to the tune of two billion euros, and in a manner that is flagrantly distorting for competition, after the company has failed for a long time to invest adequately in environmental protection technology. This is a clear breach of market economy principles and is hopefully doomed to failure due to Europe's stringent aid scheme – which still exists on paper, at least. This scheme was installed as a result of the “addiction” to subsidies seen in past decades.

For this reason, we welcome and support the formal complaint that the Federation of German Steel Industry has submitted to the EU Commission about these subsidies. I shall be interested to see how things develop.

Slide 15

Another difficult topic that receives far less public attention is the European Union’s potential recognition of China as a market economy.

Although China de facto does not meet hardly any of the relevant criteria applicable to market economy status, efforts are being made within the EU to grant China this status for purely political reasons. We think this should be avoided at all costs.

So why?

If China were to be granted market economy status, anti-dumping investigations would no longer take domestic prices in the EU as the benchmark – which should at minimum generally be at the level of domestic production costs – but instead steel prices on the Chinese market.

But steel prices on the Chinese market are held artificially low by the government through subsidies and intervention, and are distorted as a result. So giving China market economy status would significantly lower the measurement basis for the decision as to whether low-priced steel imports constitute dumping.

This would make anti-dumping lawsuits almost impossible. We would be left defenseless against Chinese imports that today already account for more than one third of all steel imports into the EU.

Slide 16

Ladies and gentlemen, as you can see, the challenges have not diminished. Considerable forces are bearing down upon us from many sides! We are not waiting for help from outside. We are taking our own extensive initiative to sustainably remedy weak points within the company, and exploit the extensive potential on offer to us that doubtless exists.

Slide 17

That this is exactly what we are doing is proven by our 2014 financial year results:

Our 2014 financial statements document the achievement of an important interim stage. The progress that we have made is clearly visible.

After adjusting for one-off positive and negative extraordinary items, the result before tax is even in the black! And I am speaking here about EBT, and not, as some of our competitors do, about EBIT, or even EBITDA. These are, and were, acceptable in any case.

All business units contributed to this result, notably our former biggest worries: Peiner Träger GmbH, the precision tubes group and the Technology Business Unit.

The "Salzgitter AG 2015" program is on track across the entire Group, generating more than 100 million euros of cost savings for

us in 2014 alone, which most certainly would not have been achieved without these measures.

By the end of 2014, we had already realized around 75 percent of the personnel adjustments from the Salzgitter AG 2015 program.

And we have launched further efficiency measures that we are rigorously implementing.

It is encouraging that the Group's financial position can be described as very sound, as before. Particularly noteworthy here is that that we have succeeded in halting the cash outflow.

Our net financial position has even been strengthened again for the first time in a long while, and our equity ratio remains sound.

To summarize, I would like to say: In 2014, we have not yet quite managed to get clear of the mud, but we have come much closer to the surface.

Slide 19

Now for some figures from the 2014 financial year compared to the previous year.

Crude steel production grew slightly to 7.3 million tons, which is particularly attributable to the Salzgitter operations. In September 2013, we had to carry out an unscheduled repair to a blast furnace there, which cost us pig iron capacity. Overall production grew in 2014, even though we have been consistently realizing the One Million Ton Concept in Peine since the start of the year.

Sales were down slightly, which is particularly attributable to Trading, where falling steel product prices had a negative effect.

The pre-tax result improved by more than 460 million euros, from minus 483 million euros in 2013 to minus 15 million euros, in other words, to less than one thirtieth of the previous year's loss.

The result after tax was also correspondingly better. Although earnings per share remain negative, our return on capital employed (ROCE) of 1.8 percent was a positive value again.

Independently of job cuts as part of the "Salzgitter AG 2015" program, which we also actually realized at numerous subsidiaries, the workforce has grown slightly year-on-year due to consolidation effects and growth. Growth was focused on the Technology Business Unit's international companies.

Slide 20

A look at the operating units' results shows that all segments have improved to some extent enormously.

Not least, the raw materials price trend that I've just talked about had a favorable impact on the Strip Steel unit's results. Production at the large integrated Salzgitter steelworks also largely ran free of interruption.

In the Plate and Section Steel Business Unit, the loss reduced from 403 million to 130 million euros. In the previous year, this unit incurred 185 million euros of extraordinary items, mainly for impairment of the non-current assets of Peiner Träger GmbH. In 2014, charges of 64 million euros had to be absorbed for the restructuring of Hoesch Spundwand und Profil GmbH.

But the most important driver was the operating turnaround at Peiner Träger GmbH, which shows that the measures that were implemented there made sense, and were successful.

The Energy Business Unit improved its result by 10 million euros to minus 40 million euros. In this context, the Europipe joint-venture suffered very poor capacity utilization at the start of the 2014 business year, in both the European and US steelworks.

With the booking of the South Stream order for the Mülheim plant, and a very high level of new order intake in the USA, the situation improved significantly in the second half of the year. The American Europe subsidiary Berg Steel Corporation enjoyed the largest order in its company's history, which guarantees capacity utilization all the way into 2016.

Despite the turnaround at the precision tube group of companies, and another notable earnings contribution from the stainless steel tube companies, the segment result has not yet been turned around in the direction of breakeven.

Trading generated 60 million euros of profit, which is double the previous year's result. This includes a 40 million euro earnings contribution largely from the first-time consolidation of a number of smaller foreign companies, and their payouts of previously retained results.

The Technology Business Unit doubled its pre-tax result. Along with the KHS Group, particularly significant contributions in this context also came from the two smaller companies Klöckner Desma Elastomertechnik and Klöckner Desma Schuhmaschinen.

The Industrial Participations / Consolidation area registered an earnings improvement to 79 million euros. This is mainly due to the turnaround in the contribution from the Aurubis investment, where a result of 31 million euros is now reported.

Slide 21

In the results reconciliation, it should be noted that the 483 million euro pre-tax loss in 2013 includes around 240 million euros of extraordinary charges, most of which are attributable to the 185 million euros of impairment applied to non-current assets in Peine that I have just mentioned.

The "quasi-operating" loss amounted to 243 million euros in 2013 accordingly. Due to the 228 million euros of earnings growth, it reduced to just 15 million euros for the 2014 financial year. As I mentioned – this corresponds to a reduction to one thirtieth of the previous year's figure.

This earnings growth was due to a considerable extent to the 108 million euros of effects from the "Salzgitter AG 2015" program in 2014 alone.

The swing in the results contribution from the Aurubis interest contributed 48 million euros. The moderate improvement in the market environment and other effects impacted earnings to the tune of 72 million euros.

I have already mentioned the total of minus 43 million euros of one-off accounting effects in the 2014 financial statements. These are composed of a net balance of 83 million euros of charges – most of which are the 64 million euros deriving from the HSP topic – that are offset by 40 million euros of positive one-off effects in the Trading Business Unit.

Excluding these one-off effects, we even achieved a positive result in 2014 – no less than 28 million euros.

Slide 22

Our balance sheet remains very solid. Not much has changed on the assets side of the balance sheet. Property, plant and equipment, inventories, and cash and cash equivalents are thoroughly comparable with the previous year's figures.

Our equity capital reduced by around 300 million euros in the 2014 financial statements, as we had to cut the discount rate for pension provisions from 3.25 percent to 2.0 percent due to the further fall in capital market interest rates. This resulted in an increase in pension provisions, which had no impact on our earnings, but was instead offset against equity. This is just an accounting mechanism – the pension regulations are unchanged.

Rising interest rates – bound to happen at some point – will then reduce the pension provisions again.

Our net financial position amounted to 403 million euros as of December 31, 2014, which reflects an increase of around 100 million euros compared with the previous year's equivalent figure. With this situation, which is almost entirely free of bank borrowings – and an equity ratio above 30 percent – we remain able to take, and implement, short-term acquisition and investment decisions without protracted negotiations about financing arrangements.

Slide 23

Ladies and gentlemen, we now come to the results for the first quarter of the 2015 financial year that we already published on April 29.

On approximately stable sales of 2.3 billion euros, the Salzgitter Group generated its highest quarterly earnings since the second quarter of 2011.

This encouraging 51.8 million euro pre-tax result exceeded the result we generated in the first quarter of 2014 substantially.

Along with particularly positive earnings trends in the Strip Steel and Plate and Section Steel business units, all other business units contributed to this result.

Economic conditions in the first quarter of 2015 were only slightly better than a year previously in this context. For this reason, the pleasing trend mainly reflects the comprehensive effect of our "Salzgitter AG 2015" program.

Ladies and gentlemen,

As you might have gathered from various newspaper reports, since last year the Braunschweig Public Prosecutor's Office has been conducting investigations at various of our Group companies due to suspicion of tax evasion and bribery. In the course of these investigations, business premises at the companies that are affected were searched, as well as private premises of Group staff.

The allegations raised by the Public Prosecutor's Office can be split into two areas of materially relevant topics.

The first set relates to companies from the steel area which purportedly acted improperly in the amounts of expenses for provisions and investments they set off against tax.

Secondly, in the trading area, commission payments and customer credits are alleged to have been handled inappropriately from a tax perspective. In addition, investigations have recently been launched into Mannesmann Grossrohr staff due to suspicion of payment of bribes.

It goes without saying that both Salzgitter AG and the companies that are affected are cooperating fully with the investigating authorities. Although the Public Prosecutor investigations are still ongoing, we remain firmly convinced that we have not intentionally made any false statements in the respective tax returns. As far as the related matters are concerned – as things stand today – we see no serious or overwhelming probability of a quantifiable demand for back taxes. Of course, the same is also true of the Public Prosecutors' allegations that commission payments and customer credits have not been treated in a fiscally permissible manner.

We assume that the investigations will continue well into 2016, or beyond. This is unpleasant, because we would much prefer to

bring this chapter to a close today, rather than tomorrow. But we are just going to have to see it through to its conclusion, which we will do.

Slide 25

Dear shareholders, I now come to the core of my presentation, where I would like to show you the progress that we have made with our 360 Degree Concept.

Slide 26

It goes without saying that it was entirely clear to us from the outset that although cost savings, accompanied by restructuring, would be in any case unavoidable, they would be insufficient alone to make our company fit for the future in the given conditions. Rather, we are realizing a comprehensive further development of our Group with our "360 Degree Concept". It affects all aspects of our Group structure – from our innovative capacity through to our corporate values.

Our concept derives from our corporate policy, which focuses on maintaining our independence. Along with our "Salzgitter AG 2015" program, its further key elements comprise the short to medium term development of our business units to exploit long-term opportunities from innovations that extend above and beyond it, as well as a new mission statement as a medium for further cultural development within the company.

As I explained the details of our concept at last year's AGM, I would like to concentrate in my report today on the progress that we have made. If you wish, you can read a detailed description of the contents of our "360 Degree Concept" in the chapter entitled "Goals and Key Factors for Success" in our annual report, starting on page 56.

Ladies and gentlemen,

Let me assure you of one thing right away: We are on track with the implementation of our concept! Our entire Group has started to move in a constructive and motivated manner.

We can see this by taking a look at our time plan – which it should also be noted is our original time plan, and not a version that has been through X many revisions. At last year's Annual General Meeting, for instance, we announced the implementation of the Group structure, and the achievement of our target workforce numbers in Peine.

A lot has happened since: By the end of 2014, we had implemented more than 60 percent of the agreed measures. We have commenced with the break-in run at the Salzgitter pulverized coal injection plant, and we are reporting positive results again.

The new Group organization with the five business units of Strip Steel, Plate and Section Steel, Energy, Trading and Technology, along with the Industrial Participations / Consolidation area, was put into force on January 1, 2014. The reorganization was aimed at achieving maximum proximity to customers and the market

across the entire Group, starting from the top management level. I would like to take this opportunity to let you know that it's working very well!

Slide 29

Now let's turn to the hard figures. We had set ourselves the target of leveraging more than 200 million euros of annually recurring earnings improvement potential as part of the efficiency-boosting measures included in the "Salzgitter AG 2015" program.

This total is divided into more than 90 million euros of effects from a personnel reduction above 1,500 full-time jobs, around 70 million euros from the optimization of technical processes in production, and a further 40 million euros from other optimization measures, including in purchasing, steel logistics, and IT.

We're also running quite nicely to schedule in this context. We might also even be able to eventually raise these targets in some areas!

In the 2013 financial year, we already absorbed 80 percent of the restructuring costs connected with our program, especially the costs for personnel adjustments.

Slide 30

When we launched "Salzgitter AG 2015" two and a half years ago, we identified four companies as particular sources of concern. These were KHS, Peiner Träger, the Präzisrohr Group, and HSP.

Today we can note that three of these companies have clearly left this group of worrisome businesses.

In particular, the reorganization of Peiner Träger GmbH was – and I will permit myself to use this adjective – an outstanding

success. We achieved slightly above breakeven there in 2014. We even made a small result in the first quarter of 2015. Just two years ago, hardly anybody would have believed that we would manage to achieve this.

Despite this, we made an effort, and we have been successful.

Ladies and gentlemen, we can only take our hats off to the team in Peine that managed to achieve this.

The KHS Group is meanwhile delivering sustained positive results. But we still want to do a bit more work here, because further potentials exist.

The SMP Group stood a little in the shadow of the spectacular turnaround at Peiner Träger, but it has also worked its way out of a loss-making situation that had continued for years.

Only HSP has remained as our last structural problem case of material relevance. We have set ourselves the objective of

solving this problem over the course of this year – which we will also do.

Ladies and gentlemen, "Salzgitter AG 2015" does not just stand for essential organizational and cost-reducing steps.

Slide 31

As part of "Salzgitter AG 2015", we are also investing in our plants in order to position ourselves more efficiently. The most recent example of this is the new pulverized coal injection plant, where we commenced with the break-in run on April 2. The facility has since been in its start-up phase, which will transition to regular production operation by midyear.

With this plant, we want to use coal to replace oil as an additional reducing agent in the A and B furnaces in Salzgitter, as in all likelihood the coal price could remain permanently below the price of oil.

We are investing a total of 78 million euros, and the amortization period comprises just a few years, even given the currently low oil prices.

Slide 32

As part of implementing our "360 Degree Concept", a particular concern was to identify and leverage potential on the product side at the Group companies that could be activated short to medium term. This sometimes also requires projecting the right image externally.

Slide 33

For example, about a month ago, we presented ourselves at the Hanover Trade Fair, which went down very well. The guests we welcomed also included Chancellor Angela Merkel together with the Prime Minister of India, Mr. Modi, as well as three German minister presidents, led by our Minister President Stephan Weil. I will now show you a few impressions of our trade fair appearance.

Hanover Trade Fair film

It seems we made a good impression.

Slide 34

This is important. And communication with our customers is at least as important. Within our very broadly positioned customer portfolio, the automotive industry with its suppliers occupies a special position. Not least for this reason, over the past one and a half years we have presented the entire automotive expertise of our research, of Salzgitter Flachstahl, of the Präzisrohr Group, and through to hydroforming, under the motto of "Automotive Performance" to important customers as part of so-called "Tech Days".

These in-house trade fairs have always gone down very well with both design engineers and our customers' managers. The format has proved its worth, and we will continue it in July with a Tech Day at MAN.

This facilitates direct and partnership-based dialog that forms the best basis for joint development of component solutions made from steel.

Slide 35

The following example shows how very useful such dialog is. Over the past years, investors and analysts have asked me on many occasions whether we will be forced to capitulate in the face of the carbon fiber car. But we are not capitulating – quite the contrary – without, however, underestimating the competition.

In fact, the future doesn't belong exclusively to the carbon fiber or aluminum vehicle, but instead to a vehicle produced from a mix of materials.

Carbon composite materials possess indisputable benefits compared with other materials as far as weight is concerned. But they also have disadvantages – both in terms of some materials

properties, as well as in terms of production costs and recyclability.

On the other hand, modern steel has some considerable advantages in these areas that no other material can offer.

Which is also why it is not surprising that even in one of the most state-of-the-art carbon fiber vehicles – the much discussed BMW i3 – steel components have been integrated at important points.

We were able to provide the steel supplies for the component depicted here in series production with a galvanized hot-rolled strip from the StronSal family that we developed according to the customer's specific requirements. I believe that this spectacular example demonstrates our materials expertise impressively.

We need to cultivate such expertise. For this, we need not only motivated staff with smart ideas but also modern plant technology.

At the Salzgitter steelworks, we are currently preparing for the installation of a Ruhrstahl-Heraeus plant.

This not exactly cheap facility costing 80 million euros will allow us to set the lowest carbon content levels for particular types of strip steel products, especially also for the automotive industry and exterior body parts. The Ruhrstahl-Heraeus plant is also quite significant for our plate production, particularly to produce steels with higher alloys.

The plant allows us to boost our process security in a quite general way, and finally also the efficiency of our steel production because of the shorter treatment time.

The Ruhrstahl-Heraeus plant will go into operation during the first half of 2017.

Slide 37

Our new Group structure has enabled us to place the two plate-producing companies under unified management in order to intensify combinations and synergies between the two plants. In particular, we are now marketing plate on a one-stop shop basis.

The locations were oriented differently to date, as they served different end-markets. In Mülheim, we can produce plates up to 4.80 meters in width. In Ilsenburg, although we can produce only up to 3.50 meters, Ilsenburg has a more extensive range of grades and designs.

We are currently expanding the capacities of both plants in the direction of heavier and broader plates. We are getting the logistics in shape to this end, so that we can process and transport corresponding slabs and plates within the plant. The

works in Ilseburg were completed successfully in 2014, and in Mülheim we are preparing the implementation.

Slide 38

All of these measures have already proved worthwhile for us: For example, in March and April we acquired some really attractive project orders in just a few weeks, despite a somewhat weak market environment. Overall, 178,000 tons of plate were ordered for various offshore wind park projects, and even for the "Power of Siberia" pipeline in Russia. This would hardly have been possible without the reorganization, the bundling of our forces, including international trading.

Ladies and gentlemen,

As the last point in this group of topics, I would like to speak briefly about the ending of the suspension of the South Stream order, which was as surprising as it was pleasing.

Perhaps you noticed almost two weeks ago in the press that Europipe was informed by its customer about the ending of the suspension. Europipe will now quickly enter into negotiations about processing the delivery of the remaining 150,000 tons, and then also resume production. Overall, this pleasing turnaround in affairs should bring us around three months of capacity utilization for Europipe's Mülheim plant.

This brings us to the fourth main complex of the 360 Degree Concept: innovations. Including "Industry 4.0", this topic alone would be sufficient to fill a whole evening – but I can touch on it only briefly here.

As a medium-sized group, we have to be aware about how we are utilizing our forces and our funds. We cannot – and will not – participate in every expensive party, but instead we will develop our products and processes in a targeted and effective manner.

For this reason, in our scientific cooperation ventures, we take care to create the right networks, and also to cultivate them.

Examples include our contacts with the Fraunhofer Society, as well as with numerous universities, starting with the Technical University here in Braunschweig.

In the wind energy market, we have decided not to create our own foundation structures – not least in order to avoid competing with our customers.

Instead, we have developed pre-produced components in the area of so-called jackets, in other words, structures produced from tubes and pre-produced joints. We are in the process of marketing this attractive solution along with appropriate partners.

Our most spectacular innovations include belt casting technology, as well as two innovative plants from KHS, which I will talk about in more depth shortly.

Slide 42

I would like to start with belt casting technology. In November of last year, we were nominated for the final round of the 2014 German Future Award together with the Clausthal University of Technology and our plant builder SMS. The German President presents this award. It was doubtless a special distinction.

We have meanwhile carried out more than 100 castings, and we can now produce construction steel grades as salable hot-rolled strip – an important milestone.

Our actual and extremely ambitious target remains producing and marketing high manganese content steels with properties that

have not been achieved to date. We are continuously further developing our belt casting process for this reason.

Slide 43

Last year, I presented KHS's direct printing technology, where you print labeling directly onto PET bottles, and where you no longer need to attach labeling material.

It enables completely new marketing possibilities. For example, beverage manufacturers could publish the latest football results directly on bottles quickly, and in brilliant digital print format, which would then already be available the next morning in shops.

This plant concept made it to the final round of the Hermes Award at the 2014 Hanover Trade Fair.

KHS has delivered a very interesting extra with its Nature MultiPack. This innovative packaging solution creates multipacks

of plastic bottles using special adhesive technology, thereby saving large volumes of packaging film.

Both innovations, Direct Print and Nature MultiPack, together won the 2014 German Packaging Award.

Slide 44

Ladies and gentlemen,

It is impossible nowadays to talk about innovations without also referring to the term "Industry 4.0" – a term that has unfortunately become completely inflated, and consequently somewhat emptied of meaning. "Industry 4.0" was the leading topic of the Hanover Trade Fair for the third time in a row, and has now mutated into a symbol for a new, beautiful, fast world in production and marketing.

But what is it actually about?

Put simply, the starting point is the premise that customers increasingly have individual requirements that you can no longer

serve with standard products from classic mass or series production. The future frequently belongs to products individually adapted for each customer – the "batch size 1".

For this, you need to be able to network all elements of the value chain to exchange data in real time, in order to thereby derive the optimal value creation flow at any time.

In this way, the entire production process from planning through to re-utilization at the end of the useful life could be optimized according to different criteria such as costs, availability and resource consumption. This is closely connected with services, above all marketing, and potentially also servicing.

The idea is not a new idea as such. Many of you here in this room with an affinity for technology will also remember the CIM concept from the nineteen-eighties. Large-scale projects failed to work out at the time. Today, with the Internet and the miniaturization of

high computing performance, we have the requisite technical preconditions.

"Industry 4.0" is also fundamentally nothing new for the Salzgitter Group. A long time ago, we already took the first steps to install integrated product and production planning in real time. But complex material flows with many ramifications exist in the steel industry, with many steering parameters. For a long time, computing capacities were also insufficient to network them in a way that allowed them to be optimized.

Slide 45

As far as our Group products are concerned, we have developed some promising Industry 4.0 applications, particularly in the Energy and Technology areas, and we have launched some of them on the market.

Since 2010, we have been offering pipe end caps equipped with so-called RFID chips, as well as pipes equipped with a barcode

system where the location can be documented and followed by computer – or, something that is completely new, with an app for mobile devices.

This barcode system is now also being deployed at Peiner Träger.

The next logical step would be a system that we call "Intelligent Pipe", which even monitors the individual pipe's operating condition by means of fiber optic cable integrated into the coating. This is one topic from our current pipeline developments.

Slide 46

Our Technology Business Unit is already offering some Industry 4.0 applications, and is currently developing other groundbreaking solutions for our customers together with German research institutions:

The Direct Print technology that I've already mentioned enables bottles to be printed in many motif variants in very small batch volumes. This brings us very close to the core idea of Industry 4.0, in other words, the individualization of products.

Other solutions enable customers to implement smart production management: The "KHS everywhere" app informs them by Internet at any time, and at any location worldwide, about their plants' performance data and operating conditions. All the data – which are prepared graphically – can be accessed via a smart phone.

KHS's Manufacturing Execution System (MES) goes even further: It networks the functions of production planning, plant steering and monitoring, materials tracking and recipe management, within a single system. This enables optimized plant availability and utilization, conservation of resources such as water and packaging materials, and thereby cost savings in filling operations.

The "Cyber System Connector" is a groundbreaking research project that should enable the automated digital documentation of assembly, and of maintenance work and adaptation work carried out on filling lines, across their entire life cycles. Once you have entered the SQR code, you can use this system directly at the plant location to access the entire maintenance history for the relevant machine component via the Internet. This allows our customers to gain production time – because, as we all know, "time is money" – especially in the beverages industry, which is a very demanding and competitive industry.

Slide 47

By way of summary, we can say today: In various forms, we have already anchored the "Industry 4.0" concept within our Group. Initial applications are included in both our production processes, as well as in our products themselves.

"Industry 4.0" is not a new doctrine of salvation for us. We examine the potentials in all business areas, and implement innovations and new approaches where we can really also see an economic and financial benefit for us and for our customers. It looks here as if production processes will develop continuously as part of automation and networking – which hasn't just started recently – while disruptive changes can occur in the marketing area – "Trade 4.0" is the watchword in this context. In all of this, we also pay attention to risks – such as the aspects of data sovereignty and data security. In spite of all the euphoria about the new digital possibilities, you should never lose sight of this.

Slide 48

Lastly, let us now turn to our new mission statement: YOUNITED.

Slide 49

Here, too, "Innovation" as the key word doesn't arise by chance. Because all of this is only possible with employees who are open-

minded, motivated and creative. For this, we have developed a new mission statement together with our employees.

As part of this, six values were established – which incidentally harmonize to a very significant extent with the structuring principles for the Salzgitter AG 2015 program. To this extent, a high degree of authenticity was achieved in terms of both participation and content, and in relation to both the mission statement and the underlying principles of "Salzgitter AG 2015".

The mission statement itself is in no way a type of esoteric contrasting event during what are otherwise hard times. On the contrary – over the coming years we aim to anchor our six core values as integral elements of corporate management and the development of our corporate culture through specific projects deriving from all employees' daily lives.

The first value that we focused on in 2014 and 2015 was innovation. For this, we launched a kickstart initiative for creativity and innovation, and held an ideas competition within the Group.

More than around 4,000 ideas have been submitted so far. This massive response far exceeded our expectations. They include some brilliant ideas that bring us forward measurably. This shows that our employees are, firstly, motivated across the board, and, secondly, that they possess considerable creativity. The winner of the main prize in our ideas competition, a senior production engineer at our stainless steel pipe subsidiary, stands here today for many of his colleagues.

A few days ago, at our annual managers' conference, we presented the value for 2015/2016. We are going to address sustainability.

Sustainability we understand to mean living and conducting business in a manner that is viable for the future. While the first aspect is mainly attributable to the private domain, what we have to do now is to intensively address the topic of conducting sustainable business – in the way that we previously addressed creativity and innovation.

Slide 52

As with the previous year, we will again accompany the sustainability project in the Salzgitter Group with a kickstart campaign – this time with the motto of "avoiding waste".

Where we previously fostered free scope for new approaches, we would now like to further strengthen integrity, commitment and long-term thinking. Of course, we also expect measurable financial effects at the end.

Slide 53

Ladies and gentlemen, I would be pleased on behalf of my Executive Board colleagues, and also on behalf of all our

committed employees, if it has become clear that our "360 Degrees Concept" is not some sort of announcing event accompanied by some nice charts, but that we put it into practice every day. But this also should mean that everything is perfect, and that there isn't still a lot to do!

We have realized more than half of the "Salzgitter AG 2015" optimization program on time, but we have not in any way been thereby neglecting the potentials that lie within your, and our, company.

With expedient investments and innovations, we are constantly improving our range of services and products with new types of materials and processes, including in a competitive context. We are promoting our corporate culture by emphasizing our strengths, and by working on our weak areas.

We are working well together, and constructively. We are all pulling on the same end of the rope. This is true of our

employees, our managers, and of our Executive and Supervisory boards. Which doesn't mean that there are no discussions.

All in all, we see ourselves as well prepared for the coming years, not least because we also continue to give high priority to financial solidity.

Slide 54

With that, I now come to the outlook for the 2015 financial year.

Slide 55

On April 29, we raised our earnings forecast slightly, and now expect stable sales, and a pre-tax result in the low to mid-double-digit million euros range, and a year-on-year increase in our return on capital employed (ROCE).

Given the almost 52 million euros of pre-tax result in the first quarter, this forecast might not look very ambitious at first glance, but when you take into account the forthcoming blast furnace

relining at Salzgitter Flachstahl in the third quarter, which is projected to account for around 80 million euros of expenses in 2015, and the fact that the European steel market remains in a relatively fragile condition, this type of judgment needs to be relativized.

Slide 56

Finally, ladies and gentlemen, some remarks about today's agenda:

Slide 57

Please allow me a brief digression.

Two months ago, I received a letter from a shareholder praising us for our honest communication, quoting the well-known American star investor Warren Buffett.

Ladies and gentlemen, it was always our maxim to describe circumstances in our company and in the market environment without putting a gloss on things.

Many companies, by contrast, have started to use EBIT, or even EBITDA, as their reference figure. Of course, by doing so they can report, and communicate, positive results sooner rather than later – simply because the bar is set considerably lower.

We do not differentiate between first and second-class expenses – we are wholly with Mr. Buffett on this, as the quotation from him proves. "We'll never buy a company when the managers talk about EBITDA. To do so implies that depreciation is not really an expense, as it is a "non-cash" item. This is nonsense."

For this reason – for us, too – earnings before tax, and not EBITDA, is the key figure for discussing profitability.

Slide 58

Perhaps Mr. Buffett is currently one of our shareholders – because the capital market now seems to have been persuaded that our approach is the right approach, and is effective. Our

share price performance since the start of the year also reflects this.

Our share has performed very well over the past 12 months.

During the current 2015 year, it even ranks as the share that has risen the most among Western European steel stocks.

Slide 59

Ladies and gentlemen, it is always our intention to mitigate the cyclical effects of earnings trends through a continuous dividend payment. For this reason, the Executive and Supervisory boards are in favor of paying a dividend for the 2014 financial year, despite the fact that a further loss was incurred last year.

Slide 60

Taking into account what has been achieved – as well as what is still expected – the Executive and Supervisory boards propose that the General Meeting of Shareholders approve the payment of a dividend of 20 cents per share under agenda item 2.

As the company currently holds 10 percent of the total of 60,097,000 shares in issue, in other words 6,009,700 shares, and in view of the fact that these shares do not qualify for the dividend as a consequence, the remaining dividend-bearing shares amount to 54,087,300.

The payout consequently amounts to a total of EUR 10,817,460.

Accordingly, the Executive and Supervisory board propose to utilize the unappropriated retained earnings of EUR 12,100,000 from the financial year 2013 as follows:

Payout of a dividend totaling	EUR 10,817,460.
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The remainder,	EUR 1,282,540
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is to be carried forward to the new account.

The proposals regarding agenda items 3 and 4 – discharge of the Executive and Supervisory boards – need no explanation.

Under agenda item 5, the Supervisory Board submits a proposal to appoint Wirtschaftsprüfungsgesellschaft

PricewaterhouseCoopers AG as the independent auditor for the 2015 financial year. The Supervisory Board is of the view that this company has proved to be a competent and critical auditor.

By way of conclusion, in relation to agenda item 6: The authorization issued by the 2010 Annual General Meeting to purchase, sell and cancel treasury shares with the possibility of exclusion of subscription rights pursuant to Section 71 Paragraph 1 Number 8 of the German Stock Corporation Act expires on June 7, 2015.

These types of authorizations are nowadays standard at public stock corporations.

The new authorization, for which we request your approval today under agenda item 6, should again enable the Executive Board to

purchase and resell treasury shares in a volume of up to a maximum of 10 percent of the share capital where required.

That the company holds treasury shares up to a maximum of 10 percent of its share capital will be ensured.

We have always proceeded carefully and responsibly with this instrument.

The authorization also expressly includes the possibility to purchase treasury shares by deploying option transactions. This allows us try to optimize such purchases in financial terms. These types of authorizations at numerous other public stock corporations also include this type of possibility.

So much for my remarks about the resolutions proposed under the agenda. Ladies and gentlemen, on behalf of the Executive and Supervisory boards, may I kindly request you to approve all of the proposed resolutions.

Thank you and, as we say in German, "Glückauf" – good luck!