

QUARTERLY STATEMENT  
9 MONTHS 2024

# 9M



**SALZGITTERAG**  
People, Steel and Technology

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## THE SALZGITTER GROUP IN FIGURES

		9M 2024	9M 2023	+/-
<b>Crude steel production</b>	kt	4,857.6	4,447.7	409.9
<b>External sales</b>	€ m	7,727.3	8,405.7	-678.4
Steel Production Business Unit	€ m	2,665.7	2,806.3	-140.6
Steel Processing Business Unit	€ m	1,268.7	1,684.4	-415.7
Trading Business Unit	€ m	2,349.6	2,557.3	-207.8
Technology Business Unit	€ m	1,305.0	1,231.3	73.7
Industrial Participations/ Consolidation	€ m	138.3	126.4	11.9
<b>EBIT before depreciation and amortization (EBITDA)</b>	€ m	320.6	576.0	-255.4
Steel Production Business Unit	€ m	157.7	268.2	-110.5
Steel Processing Business Unit	€ m	-63.3	197.6	-260.9
Trading Business Unit	€ m	16.8	19.5	-2.7
Technology Business Unit	€ m	105.7	79.8	25.9
Industrial Participations/ Consolidation	€ m	103.7	11.0	92.7
<b>Earnings before interest and taxes (EBIT)</b>	€ m	-54.6	341.6	-396.2
<b>Earnings before taxes (EBT)</b>	€ m	-141.2	254.3	-395.5
Steel Production Business Unit	€ m	-25.0	106.9	-132.0
Steel Processing Business Unit	€ m	-246.7	137.3	-384.0
Trading Business Unit	€ m	-9.3	-8.2	-1.1
Technology Business Unit	€ m	78.6	55.3	23.4
Industrial Participations/ Consolidation	€ m	61.2	-37.0	98.3
<b>Consolidated result</b>	€ m	-197.7	193.7	-391.4
<b>Earnings per share - basic</b>	€	-3.74	3.51	-7.25
<b>Return on capital employed (ROCE)<sup>1</sup></b>	%	-1.6	6.5	-8.1
<b>Cash flow from operating activities</b>	€ m	-94.5	671.1	-765.6
<b>Investments<sup>2</sup></b>	€ m	538.2	443.3	94.9
<b>Depreciation / amortization<sup>2,3</sup></b>	€ m	-375.2	-234.0	-141.2
<b>Total assets</b>	€ m	10,533.4	11,177.6	-644.2
<b>Non-current assets</b>	€ m	4,752.4	4,634.1	118.4
<b>Current assets</b>	€ m	5,781.0	6,543.5	-762.5
<b>Equity</b>	€ m	4,555.9	5,021.6	-465.7
<b>Liabilities</b>	€ m	5,977.5	6,156.0	-178.5
Non-current liabilities	€ m	2,458.9	2,556.2	-97.2
Current liabilities	€ m	3,518.6	3,599.9	-81.3
of which due to banks <sup>4</sup>	€ m	712.7	697.7	15.0
<b>Net financial position on the reporting date<sup>5</sup></b>	€ m	-889.4	-400.8	-488.6
<b>Employees</b>				
Personnel expenses	€ m	-1,505.5	-1,421.3	-84.3
Core workforce on the reporting date <sup>6</sup>	Empl.	23,444	23,005	439
Total workforce on the reporting date <sup>7</sup>	Empl.	25,671	25,110	561

Disclosure of financial data in compliance with IFRS

<sup>1</sup> Annualized

<sup>2</sup> Excluding financial assets

<sup>3</sup> Scheduled and unscheduled write-downs

<sup>4</sup> Current and non-current bank liabilities

<sup>5</sup> Including investments, e.g. securities and structured investments

<sup>6</sup> Excl. trainee contracts and excl. non-active age-related part-time work

<sup>7</sup> Incl. trainee contracts and incl. non-active age-related part-time work

# PROFITABILITY, FINANCIAL POSITION AND NET ASSETS

## PROFITABILITY OF THE GROUP

		Q3 2024	Q3 2023	9M 2024	9M 2023
Crude steel production	kt	1,528.9	1,312.2	4,857.6	4,447.7
External sales	€ m	2,484.1	2,570.0	7,727.3	8,405.7
EBIT before depreciation and amortization (EBITDA)	€ m	87.0	146.7	320.6	576.0
Earnings before interest and taxes (EBIT)	€ m	-124.3	70.7	-54.6	341.6
Earnings before taxes (EBT)	€ m	-152.7	43.3	-141.2	254.3
Consolidated result	€ m	-179.1	33.5	-197.7	193.7
Return on capital employed (ROCE) <sup>1</sup>	%	-8.7	4.0	-1.6	6.5
Investments	€ m	223.7	238.2	538.2	443.3
Depreciation / amortization	€ m	-211.3	-75.5	-375.2	-234.0
Cash flow from operating activities	€ m	42.8	422.1	-94.5	671.1

<sup>1</sup> Annualized

The failure of the economy to recover and an economic environment dominated by high import volumes and non-competitive energy costs characterized the business performance of Salzgitter AG's steel-related activities over the first nine months of the year 2024. As a result of the prices of most rolled steel products trending down compared with the previous year's period, the Salzgitter Group's **external sales** dropped to € 7.7 billion (9M 2023: € 8.4 billion). Also mainly due to selling prices, **EBITDA** (€ 320.6 million; 9M 2023: € 576.0 million) and **earnings before taxes** (€ -141.2 million; 9M 2023: € 254.3 million) declined. The result includes an impairment of € -149.3 million (9M 2023: € 0) essentially relating to an adjustment in assets of companies belonging to the Mannesmann Precision Tubes Group as part of the Steel Processing Business Unit. Thanks to the strong performance of the Technology Business Unit and a contribution of € 107.6 million (9M 2023: € 20.0 million) from Aurubis AG (IFRS accounting), an investment included at equity, we were nevertheless able to deliver breakeven overall in our operating earnings before taxes (**EBT without special items**: € 8.1 million; 9M 2023: € 254.3 million). The **after-tax result** came in at € -197.7 million (9M 2023: € 193.7 million), which brings basic **earnings per share** to € -3.74 (9M 2023: € 3.51). The return on capital employed (**ROCE**) stood at -1.6% (9M 2023: 6.5%). The **equity ratio** remained at a very sound 43.3% (9M 2023: 44.9%).

We are working to counteract the current challenges on the one side with our established "Performance 2026" profitability improvement program, and on the other through further short-term measures to stabilize earnings and secure liquidity and structural adjustments.

**SPECIAL ITEMS**

In € million	EBT		Restructuring		Impairment/ Reversal of impairment		Other		EBT without special items	
	9M 2024	9M 2023	9M 2024	9M 2023	9M 2024	9M 2023	9M 2024	9M 2023	9M 2024	9M 2023
Steel Production	-25.0	106.9	-	-	-	-	-	-	-25.0	106.9
Steel Processing	-246.7	137.3	-	-	-149.4	-	-	-	-97.4	137.3
Trading	-9.3	-8.2	-	-	-	-	-	-	-9.3	-8.2
Technology	78.6	55.3	-	-	-	-	-	-	78.6	55.3
Industrial Participations/ Consolidation	61.2	-37.0	-	-	-	-	-	-	61.2	-37.0
<b>Group</b>	<b>-141.3</b>	<b>254.3</b>	<b>-</b>	<b>-</b>	<b>-149.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.1</b>	<b>254.3</b>

## BUSINESS UNIT PERFORMANCE

### STEEL PRODUCTION BUSINESS UNIT

		Q3 2024	Q3 2023	9M 2024	9M 2023
Order intake <sup>1</sup>	kt	1,195.5	1,105.5	3,778.5	3,649.5
Order backlog on reporting date <sup>1</sup>	kt	1,071.1	985.1	1,071.1	985.1
Crude steel production	kt	1,233.8	1,003.6	3,926.2	3,518.7
Salzgitter Flachstahl	kt	1,037.9	825.6	3,228.6	2,880.7
Peiner Träger	kt	196.0	178.0	697.6	638.0
Rolled steel production	kt	1,128.4	1,014.7	3,375.6	3,230.4
Salzgitter Flachstahl	kt	928.4	853.7	2,725.3	2,657.0
Peiner Träger	kt	200.0	161.0	650.4	573.4
Shipments	kt	1,291.7	1,205.4	4,105.3	3,978.6
Segment sales <sup>1</sup>	€ m	1,121.9	1,131.2	3,595.6	3,823.7
External sales	€ m	850.2	841.8	2,665.7	2,806.3
EBIT before depreciation and amortization (EBITDA)	€ m	56.5	73.7	157.7	268.2
Earnings before interest and taxes (EBIT)	€ m	11.0	32.9	18.3	143.9
Earnings before taxes (EBT)	€ m	-3.0	23.4	-25.0	106.9

<sup>1</sup> Including sales with other business units in the Group

Along with the two steel producing companies of Salzgitter Flachstahl GmbH (SZFG) and Peiner Träger GmbH (PTG), the **Steel Production Business Unit** also comprises DEUMU Deutsche Erz- und Metall-Union GmbH (DMU) as an important internal transformation partner for our **↗ SALCOS® - Salzgitter Low CO<sub>2</sub> Steelmaking** decarbonization program. Furthermore, the business unit includes the companies of Salzgitter Mannesmann Stahlservice GmbH (SMS) and Salzgitter Europlatinen GmbH (SZEP). The product range of the business unit comprises hot-rolled strip, galvanized and coated cold-rolled strip, sections and laser-welded tailored blanks, among other products.

### MARKET DEVELOPMENT

The subdued economic situation in the first six months of 2024 persisted at the start of the second half of the year on the European and most particularly on the German steel market. Lackluster economic activity in virtually all key customer sectors for strip steel and section products kept demand at a low level. Along with weak construction activities, the automotive sector also recorded a slight dip in vehicle production in Germany during the first nine months of the current year.

The consequences of the ailing economy fed through to price developments on the **strip steel market**. Accordingly, the period under review was characterized by prices trending down. The end of September saw spot market prices hit their lowest level since the autumn of 2020. Along with demand running at a low level, global surplus capacities continued to be reflected in high import volumes. China's exports into non-EU countries have filtered through into redirections of goods, ultimately distinctly raising the volumes available on the European market. This scenario weakened the market position of domestic steelworks further against the backdrop of slow demand, resulting in low order intake, while imports grew significantly compared to the year-earlier period. Against the backdrop of the steep decline in China's steel prices, Chinese suppliers were active on the European market despite trade defense measures, which placed an additional burden on prices.

Following volatile activity on the market in the first half of the year, accompanied by reduced demand and a commensurate decline in prices, the situation in the **sections market** stabilized in the third quarter. Contributing factors included pent-up demand in the stockholding steel trade, along with supply-side shortages in particular. Producers' factory vacations and changed sales channels, compounded by technical difficulties experienced by competitors, sent prices up again and led to an improved capacity utilization situation. Over and above these effects,

there was no real increase in demand, however. Generally speaking, the weak macroeconomic situation is keeping investment propensity – and consequently the demand for sections – at a low level.

## PROCUREMENT

### IRON ORE

Starting at around 140 USD/dmt at the beginning of the year, the iron ore price had dropped to only a fraction above the 100 USD/dmt mark by the end of the first quarter. As the year progressed, prices rose temporarily to more than 120 USD/dmt in May. Following a correction shortly afterwards, the iron ore price fluctuated within a range of between 100 and 110 USD/dmt over the remainder of the second quarter. Iron ore requirements that declined in line with Chinese demand for steel were also reflected in the increase in iron ore inventories in China's import harbors that, having posted almost 150 million tons at the end of June, were approaching capacity limits. As from July, the persistently negative economic outlook determined the development of the iron ore market. Consequently, the iron ore price slipped further, dropping below the 100 USD/dmt mark in August. Following a brief upturn, prices continued to decline in September and, at 89.35 USD/dmt, reached their lowest level since November 2022. The Chinese government's announcement of economic stimulus measures enabled iron ore prices to recover at the end of September. Compared with the year-earlier quarter, the price quoted shed 12.6% and settled at an average of 99.69 USD/dmt.

### COKING COAL

Having risen to 338 USD/t at the start of the reporting period, the coking coal price declined from February onward, also due to generally weaker steel market prospects. Slack demand from key customers such as India and Europe sent the benchmark price down to just under 245 USD/t at the end of March. The price stabilized initially in the second quarter at a level of 230 – 240 USD/t before the benchmark price – impacted by a few spot market shipments – rose to partly exceed the 250 USD/t mark in June. Having trended sideways briefly at a level of just under 260 USD/t at the start of the third quarter, the price entered a steady downtrend. This development was due to weak demand resulting from high coking coal inventories in Chinese and Indian ports in conjunction with the steel market's subdued outlook. The end of August saw the price drop below the 200 USD/t mark for the first time in two years. By mid-September, the benchmark price had dipped further to 180 USD/t. In preparation for the Golden Week, Chinese demand then climbed again at the end of September above the 200 USD/t threshold. Expressed as an average, the price stood at 211 USD/t in the third quarter, down approximately 20% compared with the year-earlier period.

Depending on the situation in the market, the Salzgitter Group hedges limited volumes of iron ore and coking coal in order to mitigate the procurement risks.

### STEEL SCRAP

The first half of 2024 showed generally stable demand, with prices rising, albeit dipping slightly in the spring. As a result of vacation-related plant shutdowns, however, demand from steel producers declined significantly at the beginning of the third quarter. Consequently, the market reported a significant excess supply that was reflected in price markdowns. Over the course of the quarter, the demand of various mini mills that kept exclusively to rolling heavily discounted semi-finished products also dwindled. This situation caused prices to drop further through to the end of the reporting period.

## BUSINESS DEVELOPMENT

The **order intake** of the Steel Production Business Unit somewhat exceeded the year-earlier level. **Orders on hand** also outperformed the year-earlier period due above all to developments in the sections segment. **Crude steel production** was significantly and **rolled steel production** marginally higher than in the previous year's period that was impacted by the relining of Blast Furnace A. Against the backdrop of a slight improvement in **shipments**, the business unit's **segment** and **external sales** nevertheless declined. These circumstances mainly reflect the downturn in the selling prices of strip steel products that remained at a low level, pressured by the failure of economic stimulus to materialize as well as by rising imports. Despite notably higher shipment volumes in the sections business, sales remained virtually stable due to selling prices. Accordingly, the Steel Production Business Unit generated **EBITDA** of € 157.7 million (9M 2023: € 268.2 million) and € –25.0 million in **earnings before taxes** (9M 2023: € +106.9 million). The result of both PTG and SZFG settled in negative territory due to falling selling prices. With the exception of SMS, whose results improved compared with the first nine months of 2023, all the other companies also fell short of the previous year's figures.

## INVESTMENTS

After full upgrading lasting more than 100 days, the Blast Furnace A in Salzgitter was fired back up again in December 2023 and recommissioned. The requisite performance and availability test was conducted on the blast furnace during the first nine months of the financial year 2024. In relining the blast furnace, the Salzgitter Group has completed an important operational step in securing the pig iron basis for the incremental transformation toward low carbon steel production within the context of SALCOS®.

### SALCOS®

Our SALCOS® transformation program is aimed at fully converting the integrated steelworks of Salzgitter Flachstahl GmbH into low carbon crude steel production over the period up until 2033. At the present point in time, we are in the process of building a 100 MW electrolysis plant, a direct reduction plant (DRI plant) and an electric arc furnace (EAF). Following extensive work to clear the construction site, hundreds of bored piles were driven into the ground and the foundations laid. In the third quarter, the steel construction of the DRI plant and thus the building of the SALCOS® facilities commenced on these foundations. With a view to supplying the new facilities in the future, assembling the first part of the mega media line was completed. At the end of 2026, and after having invested around € 2.3 billion for the conversion of crude steel production, we will be operating on the market with products produced via the SALCOS® route. In its first stage, SALCOS® will be supported by public funds of around € 700 million from the German government and € 300 million from the federal state. Salzgitter AG itself has approved funds of around € 1.3 billion.

By commissioning a new scrap shredder facility, we will be bolstering the expansion envisaged for scrap recycling activities in the context of SALCOS®. The total costs of constructing the plant on the integrated steelworks in Salzgitter in direct proximity to the SALCOS® facilities amount to almost € 30 million. The new plant will enable the processing of high quality scrap grades, thereby representing another module of producing “green steel” in line with SALCOS®.

Having showcased its SALCOS® green steel brand at the Hanover Trade Fair 2024, which has created a clear identification of the Group's low carbon steel products, Salzgitter AG is already supporting its customers by offering low carbon steel products. A key component and brand promise consist of focused orientation towards the green steel categorization of the German Steel Federation's Low Emission Steel Standard (LESS). The Salzgitter Group exclusively offers physically significantly lower carbon green steel products in the LESS category C and better under its SALCOS® brand name. Today, customers are already able to source various low carbon steel products produced via the Group's electric arc furnace route.



**STEEL PROCESSING BUSINESS UNIT**

		Q3 2024	Q3 2023	9M 2024	9M 2023
Order intake	€ m	453.8	513.6	1,365.0	1,737.2
Order backlog	€ m	720.2	816.8	720.2	816.8
Crude steel production	kt	295.1	308.6	931.4	929.0
Rolled steel production	kt	203.6	234.5	724.2	773.4
Shipments	kt	324.1	322.4	1,044.9	1,166.7
Segment sales <sup>1</sup>	€ m	611.1	703.9	1,986.3	2,412.8
External sales	€ m	409.4	497.4	1,268.7	1,684.4
<b>EBIT before depreciation and amortization (EBITDA)</b>	€ m	<b>-26.3</b>	<b>16.2</b>	<b>-63.3</b>	<b>197.6</b>
Earnings before interest and taxes (EBIT)	€ m	-169.1	2.2	-232.5	150.1
<b>Earnings before taxes (EBT)</b>	€ m	<b>-174.2</b>	<b>-1.7</b>	<b>-246.7</b>	<b>137.3</b>

<sup>1</sup> Including sales with other business units in the Group

The companies producing steel tubes and pipes and the Salzgitter Group's heavy plate activities are combined under the **Steel Processing Business Unit**. The pipes and tubes portfolio covers a wide range of line pipe diameters, as well as precision steel tubes and stainless steel and nickel-based tubes. Two heavy plate mills also belong to the business unit. Along with standard grades, the Ilsenburg mill produces high-strength and sour-gas resistant plate. The competence of the mill operating out of Mülheim an der Ruhr resides above all in the production of line pipe plate for onshore and offshore pipelines in medium to large batch sizes. The business unit has its own supply of input material through its participation in Hüttenwerke Krupp Mannesmann GmbH (HKM).

HKM is included at 30 % on a proportionate basis in the consolidated financial statements. The 50 % stake held in the EUROPIPE Group is accounted for using the equity method.

Following the conclusion of the contract concerning the sale of the Mannesmann Stainless Tubes Group (MST Group) in February 2024, the final still pending official approval for the purchaser to complete the actual takeover was granted at the beginning of October. The MST Group will be deconsolidated in the fourth quarter of 2024.

**MARKET DEVELOPMENT****QUARTO PLATE**

Similar to the strip steel market, the negative trend of the first six months was ongoing on the heavy plate market during the third quarter. Generally steady demand from the wind industry and from steel bridge construction were juxtaposed to weak procurement activities from trade and from tube and pipe producers. Despite the downturn in demand, significant imports continue to crowd onto the market, particularly from South Korea, India, Japan, Indonesia and North Macedonia that were able to increase their market share. As a result of these developments, prices declined further in the third quarter and have now settled at their lowest level since mid-2021. Intense competitive pressure in the market has been exacerbated by the availability of cheap heavy plate based on Russian semi-finished products. Insufficient sanctions in this area are making the challenging situation on the market even more difficult.

**STEEL TUBES AND PIPES**

The project business suffered further delays on the large-diameter pipes market, which was also due to the approval of the hydrogen core network that is still pending. The medium-diameter line pipe segment was characterized by weak demand from traders. Uncertainty about energy policies, in France and in the United Kingdom for instance, and a wait-and-see approach in the run-up to the US election are putting the brakes on international business. The precision tubes market has been determined by reticent demand from core segments over the course of the year. Only at the end of the third quarter did the automotive industry report a slight stabilization. The development of business in the stainless steel tubes segment continued to be characterized by the lack of momentum in key markets

seen in the first six months of the year. High import volumes in the main markets brought prices under pressure, and the demand of the stockholding steel trade only picked up again toward the end of the period under review.

#### **BUSINESS DEVELOPMENT**

In the weak market environment described above, the Steel Processing Business Unit's **order intake** and **orders on hand** dropped notably below the levels posted in the previous year. Both the heavy plate companies and most steel tubes and pipes producers recorded significant declines. Against the backdrop of tangibly lower **shipments**, **segment** and **external sales** also fell notably short of the previous year's figures. The Steel Processing Business Unit generated **EBITDA** of € -63.3 million (9M 2023: € 197.6 million) and **earnings before taxes** of € -246.7 million (9M 2023: € +137.3 million). Reduced input material costs in the heavy plate segment were unable to compensate for lower selling price levels in conjunction with the drop in shipment volumes. All steel tube producing companies, including the EUROPIPE Group accounted for using the equity method, also reported marked declines in earnings. The pre-tax loss includes an adjustment of € 129.4 million relating to the assets of companies belonging to the Mannesmann Precision Tubes Group, as well as precautionary impairment of € 20.0 million in the stainless steel tubes segment was based on an updated purchase price estimate for the MST Group.

**TRADING BUSINESS UNIT**

		Q3 2024	Q3 2023	9M 2024	9M 2023
Shipments	kt	790.6	791.7	2,535.1	2,360.5
Segment sales <sup>1</sup>	€ m	762.9	810.6	2,384.5	2,584.8
External sales	€ m	745.8	796.9	2,349.6	2,557.3
EBIT before depreciation and amortization (EBITDA)	€ m	0.1	7.1	16.8	19.5
Earnings before interest and taxes (EBIT)	€ m	-4.5	2.8	2.7	6.5
Earnings before taxes (EBT)	€ m	-8.6	-3.1	-9.3	-8.2

<sup>1</sup> Including sales with other business units in the Group

The **Trading Business Unit** comprises a network of stockholding steel trading subsidiaries in Europe with a wide range of processing capabilities, various companies specialized in plate, as well as an international trading network spanning the globe. Along with selling rolled steel and tubes products of the Salzgitter Group and complementary products of other producers, feedstock is also procured on the international markets for Group companies and external customers.

**MARKET DEVELOPMENT**

The stockholding steel trade in Europe registered weak demand in the first nine months of 2024. Given that demand had already declined notably in 2023, overall shipments dropped again in a year-on-year comparison. Warehouse sales prices increased only briefly at the start of the year before falling noticeably as the year progressed. Conversely, shipments developed well in the US but have nevertheless also been trending down slightly since the end of the second quarter. The international trading business picked up compared with the year-earlier period.

**BUSINESS DEVELOPMENT**

Thanks to significantly higher sales volumes in international trading, the Trading Business Unit's **shipments** rose moderately compared with the weak year-earlier period. In terms of the European stockholding steel trade, however, that contributes around half of the overall shipments very reticent demand in the market caused volumes to decline. The business unit's **segment** and **external sales** were lower year on year as selling prices had dropped sharply. Although selling prices appear to be stabilizing at a low level at the present point in time, operating margins remain under pressure. Against the backdrop of the increasing decline in sales volumes in the European stockholding steel trade, **EBITDA** (€ 16.8 million; 9M 2023: € 19.5 million) and the **pre-tax result** (€ -9.3 million; 9M 2023: € -8.2 million) settled notably below the year-earlier figures.

**TECHNOLOGY BUSINESS UNIT**

		Q3 2024	Q3 2023	9M 2024	9M 2023
Order intake	€ m	446.6	436.1	1,224.2	1,586.7
Order backlog on reporting date	€ m	1,263.0	1,540.7	1,263.0	1,540.7
Segment sales <sup>1</sup>	€ m	434.0	395.1	1,305.7	1,231.8
External sales	€ m	433.8	394.9	1,305.0	1,231.3
EBIT before depreciation and amortization (EBITDA)	€ m	34.8	27.7	105.7	79.8
Earnings before interest and taxes (EBIT)	€ m	26.5	19.8	80.8	56.5
Earnings before taxes (EBT)	€ m	25.9	19.1	78.6	55.3

<sup>1</sup> Including sales with other business units in the Group

Three manufacturers of special machinery steeped in tradition are grouped within the **Technology Business Unit**. More than 90 % of sales is generated by the KHS Group that, as a plant engineering specialist, holds a leading global position in filling and packaging technology. The KHS Group is a full-line supplier. The product range covers intralogistics and processing through to the filling and packaging of beverages. The Klöckner DESMA Elastomertechnik Group (KDE Group) manufactures injection molding machinery for rubber and silicon products, while DESMA Schuhmaschinen GmbH (KDS) sells special machinery for the shoe industry.

**MARKET DEVELOPMENT**

According to the German Engineering Federation (VDMA), order intake by German mechanical engineering declined significantly in the period under review. Demand has therefore been trending down persistently for a year. In contrast to the sustained, pronounced weakness in investment activities in Germany, demand from abroad improved slightly.

**BUSINESS DEVELOPMENT**

Mirroring the downtrend in the sector, the Technology Business Unit's **order intake** dropped considerably below the strong year-earlier level due to weaker demand. Thanks to the stable inflow of orders at year-end 2023, the business unit's **orders on hand** had settled at a good, albeit notably lower level by the reporting date compared with the year-earlier period. The high level of orders on hand underpinned capacity utilization at the KHS Group and bolstered the business unit's **segment** and **external sales** that improved compared with the first nine months of 2023. All in all, the Technology Business Unit lifted **EBITDA** to € 105.7 million (9M 2023: € 79.8 million) and **EBT** to € 78.6 million (9M 2023: € 55.3 million) during the reporting period. The positive development in earnings is especially due to the KHS Group. While the KDE Group's result improved, KDS did not match the previous year's figure.

The Technology Business Unit's efficiency and growth program consistently interacts and meshes with the Salzgitter Group's strategy. Extensive measures have contributed to the increase in revenue and profits achieved so far despite the fiercely competitive market environment, hallmarked by uncertainty. Along with continuously developing its production locations in Germany, the KHS Group's strategic focus is especially placed on expanding its international presence.

**INDUSTRIAL PARTICIPATIONS / CONSOLIDATION**

		Q3 2024	Q3 2023	9M 2024	9M 2023
Sales <sup>1</sup>	€ m	285.5	318.1	884.0	974.9
External sales	€ m	45.0	39.0	138.3	126.4
EBIT before depreciation and amortization (EBITDA)	€ m	21.9	22.0	103.7	11.0
Earnings before interest and taxes (EBIT)	€ m	11.9	13.0	76.1	-15.6
Earnings before taxes (EBT)	€ m	7.1	5.5	61.2	-37.0

<sup>1</sup> Including sales with other business units in the Group

**Industrial Participations/Consolidation** comprises activities that are not directly allocated to a business unit. As a management holding company, Salzgitter AG (SZAG) does not have any operations of its own. Instead, it manages Salzgitter Mannesmann GmbH (SMG) and Salzgitter Klöckner Werke GmbH (SKWG) under which the major companies of the Salzgitter Group are held. Aside from this, the results of companies operating primarily within the Group, as well as those of Group companies that support the core activities of the business units with their products and services, are recorded here.

**Sales** in the Industrial Participations/Consolidation segment, which are based mainly on business in semi-finished products with subsidiaries and external parties, declined compared with the first nine months of 2023. **External sales** increased as against the year-earlier period. **EBITDA** (€ 103.7 million; 9M 2023: € 11.0 million) includes a contribution of € 107.6 million (9M 2023: € 20.0 million) from the participating investment in Aurubis AG disclosed using the equity method (IFRS accounting) and thus came out notably above the year-earlier figure. At € 61.2 million (9M 2023: € -37.0 million), **earnings before taxes** also significantly outperformed the year-earlier period. The results from the valuation of derivatives positions and net interest income from cash management of the consolidated group delivered a positive contribution overall (€ 6.0 million; 9M 2023: € -5.6 million). The result of this area of business also includes the negative operating result from holding services provided for the subsidiaries. The companies largely acting on behalf of the Group generated an improved pre-tax result compared with the year-earlier period (€ 4.4 million; 9M 2023: € 2.5 million).

## FINANCIAL POSITION AND NET ASSETS

### NOTES TO THE BALANCE SHEET

The **total assets** of the Salzgitter Group rose by € 31 million in the first nine months of 2024 compared with December 31, 2023.

**Non-current assets** advanced slightly compared with the last reporting date (€ +182 million). Investments in intangible assets and property, plant and equipment (€ +538 million) significantly exceeded the scheduled depreciation and amortization of fixed assets (€ -245 million) in the period under review, above all due to the SALCOS® investments. Along with scheduled depreciation and amortization, impairment of € 130 million essentially on MPT's assets is included. The share of companies accounted for using the equity method increased by € 69 million on the reporting date due to Aurubis AG's higher contribution. Deferred tax assets (€ -39 million) decreased due in particular to the remeasurement of deferred tax assets on tax loss carryforwards at SKWG. **Current assets** dropped marginally below the figure on the year-earlier reporting date (€ -151 million). While trade receivables, including contract assets, increased (€ +234 million), cash and cash equivalents declined notably (€ -358 million), due in particular to the higher investment level. Inventories were € 34 million lower than on the previous year's reporting date.

On the **liabilities side**, shareholders' equity fell somewhat short of the level seen on the previous year's reporting date (€ -279 million). Against the backdrop of a slight increase in total assets, the equity ratio continued to post a very sound 43.3% (2023/12/31: 46.0%). **Non-current liabilities** have increased discernibly year on year (€ +106 million). Given the slight decrease in the actuarial rate, pension provisions remained virtually unchanged (€ +5 million) compared with the previous year's reporting date. Financial liabilities have increased significantly (€ +98 million) compared with the year-earlier balance sheet date. Similarly, **current liabilities** also rose discernibly by € 204 million. While current financial liabilities (€ +233 million), along with other liabilities (€ +60 million) increased, trade payables, including contract liabilities, and other provisions shed € -65 million and € -9 million respectively.

The **net financial position** (€ -889 million) dropped considerably compared with the reporting date at year-end 2023 (€ -214 million). Cash investment (€ 587 million; 2023/12/31: € 946 million) was offset by liabilities of € 1,476 million (2023/12/31: € 1,160 million), of which € 599 were owed to banks (2023/12/31: € 511 million). Apart from that, there are € 764 million (2023/12/31: € 504 million) liabilities in particular in the context of the short-term lending of emission certificates to be surrendered in the future. The Federal Republic of Germany and the Federal State of Lower Saxony have committed to providing funds in the dimensions of € 1 billion for the SALCOS® transformation program that will be paid out depending on the investments implemented. An amount of € 262 million in total had been paid out from the funds in 2023 and by the reporting date. As before, assets and liabilities from leasing arrangements are not considered in the net financial position. Higher trade receivables, including contract assets, will impact the net financial position only when payment is made.

### NOTES TO THE CASH FLOW STATEMENT

With a pre-tax result of € -141 million, a negative **cash flow from operating activities** of € -95 million was reported (previous year: € +671 million). The significantly lower result in a year-on-year comparison, in conjunction with the higher level of working capital, has negatively impacted the operating cash flow.

The **cash outflow from investing activities** stood at € -490 million (previous year's period: € -412 million). Disbursements for capital expenditure on intangible assets and on property, plant and equipment (€ -561 million; previous year's period: € -538 million) were noticeably higher than in the year before and, along with scheduled replacement investments, also include payouts of € 254 million for SALCOS®. An amount of € 61 million in public funding has so far been received in the financial year 2024 for the SALCOS® program, with a commensurate cash effect. Lower incoming payments from selling intangible assets and property, plant and equipment, as well as from non-current assets, are exerting an additionally negative effect on the cash flow compared with the year-earlier period. A counter effect emanated from the lower level of disbursements for investments in other non-current assets.

We paid dividend of € 24 million to our shareholders (previous year's period: € 54 million). Proceeds from borrowing and other financial liabilities (€ 577 million) are offset by lower repayments of loans and other financial liabilities (€ 262 million) and interest payments (€ 52 million), resulting in an overall **cash inflow from financing activities** (€ 239 million; previous year's period: cash outflow of € 95 million).

As a result of the negative total cash flow, **cash and cash equivalents** (€ 582 million) declined accordingly compared with December 31, 2023 (€ 940 million).

## EMPLOYEES

	2024/09/30	2023/12/31	Change
<b>Core workforce<sup>1</sup></b>	<b>23,444</b>	<b>23,138</b>	<b>306</b>
Steel Production Business Unit	7,591	7,430	161
Steel Processing Business Unit	5,301	5,317	-16
Trading Business Unit	1,893	1,990	-97
Technology Business Unit	5,915	5,720	195
Industrial Participations / Consolidation	2,744	2,681	63
Apprentices, students, trainees	1,584	1,413	171
Non-active age-related part-time employment	644	632	12
<b>Total workforce</b>	<b>25,671</b>	<b>25,183</b>	<b>488</b>

Rounding differences may occur due to pro-rata shareholdings.

<sup>1</sup> Excluding executive body members.

As of September 30, 2024, the **core workforce** of the Salzgitter Group numbered 23,444 employees, which is 306 persons more than at the end of the financial year 2023. Higher workforce numbers include the initial consolidation of KHS subsidiary KHS Vietnam Company Ltd.

The increase of 150 employees recorded at Salzgitter Flachstahl GmbH in the third quarter of 2024 is due in particular to additional personnel requirements in connection with the SALCOS® program, and the partial substitution of temporary employees outsourced by core workforce members. Other tangible personnel increases were reported at the KHS Group (+174) and Digital Solutions GmbH (+52) and are instrumental in realizing the expansion in business already planned and the ongoing digitalization of business processes. Furthermore, the two heavy plate companies also reported increases in the workforce (+44), which was attributable to withdrawing critical vacancies that had not yet been filled by the turn of the year 2023/24. By contrast, the Trading Business Unit's workforce dropped by 97 employees due mainly to demand declining in the stockholding steel trade. A total of 254 trainees were hired during the reporting period, 137 of whom were given temporary contracts. A counter trend emanated from employees reaching retirement through switching to the non-active age-related part-time or going into immediate retirement.

The **total workforce** amounted to 25,671 employees. The number of **temporary staff** outsourced came in at 1,103 on September 30, 2024, which is 81 persons below the number reported on previous year's reporting date. At the end of the reporting period, 326 employees (September 30, 2023: 274) were working short time in the domestic Group companies, 298 of whom at Salzgitter Mannesmann Stahlhandel GmbH.



# FORECAST, OPPORTUNITIES AND RISK REPORT

## OUTLOOK

Compared with the previous year, the business units anticipate that business in the financial year 2024 will develop as follows:

The results of the companies forming part of the **Steel Production Business Unit** mirrored the persistently subdued economy in the first nine months of 2024 although sound demand was reported from the automotive manufacturers and orders on hand still remained at a healthy level. Despite ongoing hesitant demand from non-automotive segments, we anticipate shipments at the year-earlier level in the strip steel business. Crude steel production is running at a slightly reduced rate on the basis of three-furnace operation. After a notable upturn in shipments in the first nine months compared with the low volumes in the year-earlier period, we assume a stable shipment situation for steel sections through to the end of 2024. We expect selling prices to fall further in both product segments – strip steel and sections – a development that will not be offset by a passable decline in input costs. All in all, we therefore predict moderately lower sales for the business unit compared with the previous year (2023: € 3,528.0 million), EBITDA that will fall discernibly short of the year-earlier figure (2023: € 295.5 million), as well as a considerably lower, negative pre-tax result (2023: € 75.8 million).

For the **Steel Processing Business Unit's** target markets we are anticipating an exacerbation of the phase of economic weakness in the second half of 2024. We expect heavy plate order intake to drop discernibly below the already weak year-earlier level, with prices under intense pressure. The large-diameter pipe mills expect capacity utilization below the operating point due to the delay in awarding major projects. We predict a significant downturn in volumes in the medium-diameter line pipe segment. The weak economic environment is especially reflected in the precision tubes group. We anticipate a notable year-on-year decline overall in sales for the business unit (2023: € 2,126.5 million). EBITDA (2023: € 227.4 million) and the pre-tax result (2023: € 144.7 million) are likely to be tangibly lower compared with the previous year and settle clearly in negative territory, also due to non-recurrent expenses mainly in the precision tubes group.

A generally improved result is not anticipated for the companies of the **Trading Business Unit** in 2024, which is also due to the ongoing deterioration in Germany's economy and the consequences for the stockholding steel trade. By contrast, growth is expected in the shipments of international trading in a year-on-year comparison. All in all, the following is forecast for the Trading Business Unit: a considerable decline in the level of sales (2023: € 3,313.0 million, EBITDA below the year-earlier level (2023: € 20.5 million) and noticeably lower earnings before taxes (2023: € -13.6 million). The results will also be impacted by provisions for imminent restructuring.

The **Technology Business Unit** is expected to deliver a decidedly gratifying performance in 2024 as well. With regard to the KHS Group in particular, we anticipate that business will continue to develop satisfactorily based on the quality of the order backlog in the project business and ongoing, focused growth in the service business, as in recent years. The two DESMA specialist mechanical engineering companies anticipate a sustained market recovery and supported by cost-cutting programs, a pre-tax result that exceeds the year-earlier figure. As a result of KHS's dominant position, we generally anticipate notable sales growth for the business unit (2023: € 1,647.4 million), as well as EBITDA (2023: € 114.9 million) and a pre-tax profit (2023: € 81.1 million) at record levels.

Factoring in one-off items through profit and loss (impairment and restructuring provisions) amounting to around € 270 million, and with regard to the current economic outlook for the remainder of the year, we anticipate the following for the **Salzgitter Group** in the financial year 2024:

- / sales of between € 9.5 billion and € 10.0 billion,
- / EBITDA of between € 275 million and € 325 million,

- / a pre-tax loss of between € 275 million and € 325 million,
- / a return on capital employed (ROCE) that is discernibly below the year-earlier figure.

We make reference to the fact that criteria of the annual financial statements and opportunities and risks, including changes in the cost of raw materials, precious metal prices and exchange rates, may still have a considerable impact on the end of the financial year 2024.

### FORECAST FOR THE BUSINESS UNITS AND THE GROUP

		Financial Year 2023		Forecast for the Financial Year 2024	
Steel Production	Sales	€ m	3,528.0	Moderately lower	
	EBITDA	€ m	295.5	Notably below	
	EBT	€ m	75.8	Considerably lower, negative	
Steel Processing	Sales	€ m	2,126.5	Discernibly reduced	
	EBITDA	€ m	227.4	Notably lower y/y, clearly negative	
	EBT	€ m	144.7	Notably lower y/y, clearly negative	
Trading	Sales	€ m	3,313.0	Significant downtrend	
	EBITDA	€ m	20.5	Below previous year	
	EBT	€ m	-13.6	Discernibly lower	
Technology	Sales	€ m	1,647.4	Significantly higher	
	EBITDA	€ m	114.9	Considerably higher y/y	
	EBT	€ m	81.1	At record level	
Group	Sales	€ m	10,790.5	Between € 9.5 billion and € 10.0 billion	
	EBITDA	€ m	677.0	Between € 275 million and € 325 million	
	EBT	€ m	238.4	Between €-275 million and €-325 million	
	ROCE	%	5.6	Discernibly lower y/y	

#### DENOMINATION

Stable, at year-earlier level:  
 Marginal, slight, somewhat:  
 Moderate, modest, more detailed description not available:  
 Tangible, considerable, notable, significant, visible:

#### SALES, EBITDA AND EBT

Up to ± 2 %  
 ± 2 % to < ± 5 %  
 ± 5 % to < ± 10  
 Upward of 10 %

#### DELTA ROCE

± 1  
 1 to 5  
 -  
 > ± 5

## RISK MANAGEMENT

At the time of reporting, we find ourselves still confronted by the impact of geopolitical, economic and sectoral risks. At present, and to the extent foreseeable, we have factored in the effects on our companies' earnings into guidance for the current year, as far as can be estimated.

Despite reduced discernibility, there were no risks that could endanger the Salzgitter Group as a going concern as of the reporting date. With regard to the individual **opportunities and risks**, we make reference to the Annual Report 2023.

### GEOPOLITICAL RISKS

Salzgitter AG is a group with global operations and is therefore especially exposed to geopolitical impact. The most recent geopolitical events, such as the war in Ukraine, the conflict in the Middle East, and the terror attacks in the Red Sea may negatively impact Salzgitter AG's business model. These events also include developments such as the outcome of the US election, China's Taiwan policy and the EU's policies on sanctions. Effects may also manifest on the sales markets, the commodities markets, the energy markets and on transport routes.

Against the backdrop of Hamas' terrorist attack on Israel and other parties entering the war, as well as most particularly Iran's attacks on Israel, the situation in the Middle East is threatening to escalate, with a significant impact on energy prices, particularly on oil and gas, and renewed supply chain disruptions. Should the conflict in the Middle East spread, as has been observed since September 2024, the negative consequences can be expected to filter through to the flow of goods and the energy markets in particular. At the current point in time, no notable effects on Salzgitter AG's business policy are discernible.

Concerning the Salzgitter Group, the economic uncertainties resulting from the Russia/Ukraine war pertain most especially to price trends and supply reliability on the procurement markets for energy and commodities and future sales prospects. An indirect impact is emanating from insufficiently drafted sanctions that allow introducing slab from Russia into the EU through to 2028 in significant volumes and at prices detrimental to the market (see also sectoral risks). The decline in sales in the war-affected regions plays a minor role for Salzgitter AG. The business activities in these regions have been scaled back substantially and do not present a relevant risk.

A further geopolitical risk is also inherent in the US elections. Trump's return to the Oval Office may translate into a negative scenario with the US withdrawing its support for Ukraine and an escalation in trade policy measures against China - and also against the EU. Flat-rate import and export duties or even exclusion from America's domestic market would hit export-oriented branches of Europe's industries hard. Such a scenario would also have a direct and detrimental impact on Salzgitter AG's business model given the high volumes of Germany's indirect steel imports into the US and some Group companies' direct deliveries.

Tensions between "the West" and China have been exacerbated by China's support of Russia and China's repeated and intensified threats regarding Taiwan. Furthermore, the Chinese central government, with its economic policy aligned to "dominance via subsidies" and the ensuing consequences, have put the US on higher alert - and meanwhile also Europe. In response, the US, Canada and also the EU have imposed tariffs on the importing of Chinese electric vehicles. The threat of blocks forming in global trade is already redirecting investment flows. Important customers in the steel industry, for instance, are relocating their value chains to the US and China, with the aim of circumventing trade defense measures. European industry's dependence on critical commodities originating from China that are difficult to substitute harbors yet another risk.

Geopolitical risks, however, are also emerging on the European continent. The rise of populist parties in many European countries is fueling uncertainty about economic developments in the near-term concerning the direction of fiscal policy. Not only this - a further deterioration in the investment climate could also exacerbate the recessionary trends of Germany's overall economy and prolong the doldrums on the steel market.

### **ECONOMIC RISKS**

The aforementioned risks may negatively impact the short-term development of the global economy. This is compounded by further risks for the global economy, such as China's weak economic growth or imponderables regarding inflation in the advanced economies. These risks are framed by growing tensions regarding trade policies that constitute yet another risk for the global economy.

Over the course of 2024, the prospects for global economic development have stabilized, albeit with expansion at a merely modest pace. Global growth stood at 2.7% in 2023. The institutes issuing the Joint Economic Forecast anticipate growth of 2.7% in 2024, while predicting growth of 2.5% in 2025. The OECD is somewhat more upbeat in its estimations. Expectations for 2024 and 2025 are half a percentage point higher at 3.2% respectively and therefore range at the upper end of the forecast table. The heterogeneous developments of sectors and regions are especially conspicuous. Generally speaking, the services sector is performing better than industry.

In terms of the various regions, economic development in the US continued to develop over a long period with surprising momentum given the country's pursuit of a restrictive monetary policy. A slowdown is anticipated next year, however. In 2023, growth posted 2.5 %, is expected at 2.6 % in the current year, and is estimated at 1.6 % in 2025 in the Joint Economic Forecast. China's economy, having posted growth of 5.2 % in 2023, remained below the trend level prior to the pandemic. The dent in the economy is explained by the crisis in the real estate sector, with the downtrend still unabated. The high level of uncertainty and increasingly unprofitable projects is firstly putting the brakes on the construction industry, and secondly causing consumer spending reticence. Growth in 2024 and 2025 has been predicted at around 4.8 % and 4.5 % respectively. The economic support packages anticipated from China's central government have so far not translated into any decisive impact and have remained too abstract to deliver any recovery. In addition, there are growing signs that regional governments' high level of indebtedness is increasingly burdening the Chinese economy.

In this context, China's sluggish growth also represents an indirect risk. Ailing demand is presenting European exporters with challenges as China is a key sales market. At the same time, considerable export pressure is building up due to the massive subsidies that have resulted in excess capacities in China in many parts of the country's industry. This has negative consequences for the steel industry's key customer sectors (conventional steel construction, vehicle manufacturing and heavy mechanical engineering, wind turbines).

Europe's economy performed below average (2023: 0.9 %; 2024: 1.4 %). Europe's growth is only likely to catch up with America's performance in 2025, achieving a level of 1.6 %. The German economy is responsible for constraining growth in Europe. Last year value added contracted by 0.3 %. The Joint Economic Forecast anticipates a further setback of around 0.1 % for 2024, while growth is still predicted at a mere 0.8 % for 2025. In recent months and in contrast to hopes for an acceleration that prevailed in the first half of the year, the forecast has been incrementally revised downward by all the relevant economic research organizations. Conversely, the German government's forecast for 2025 is more positive (1.1 %). Benchmarked against the global economy, Salzgitter AG's key industrial markets are developing below average. The in any case tepid outlook is accompanied by numerous uncertainties. In addition, the analyses described above are subject to the economic development of a host of risk factors.

Against the backdrop of a weaker economic outlook and geopolitical imponderables, Salzgitter AG may face the risk of sustained reduced demand on Germany's core market. Subdued demand in Germany as well as across Europe as a whole, in conjunction with global and still growing surplus capacities, are keeping prices at a low level on Europe's steel market.

Inflation poses a further risk. The disinflation process could come to a halt due to rising wages and new shocks hitting supply chains. This scenario could put the ECB under pressure, which would prompt it to halt the cycle of lowering interest rates. As regards Salzgitter AG's core markets, a delayed interest rate cut would be considered negative since little stimulus would be anticipated for the construction economy and consumer spending on cars or household appliances, for instance, would be more difficult to finance.

Germany's currently lackluster growth may prove to be a persistent, structural weakness. Rising wage levels in the country, accompanied by price hikes for imports, and for energy in particular, could cause a sustained deterioration in Germany's competitiveness. These circumstances could put a permanent damper on the demand for steel not only due to weaker exports, but also from steel producers relocating their production sites elsewhere, thereby exerting sustained pressure on demand and steel prices.

A further risk emanates from the growing political uncertainty as a result of the failure of the traffic light coalition. Along with delays to the reforms necessary for bolstering investment, uncertainty about the reliability of economic and political framework conditions is hampering investment behavior and is contributing to perpetuating the economic weakness.

**SECTORAL RISKS**

China's lackluster economy is negatively impacting the global steel markets. The rising volume of China's exports that, following on from 100 million tons in the previous year, may even surpass this threshold in 2024 will result in imports into the EU market increasing in the medium term and consequently in price levels declining in Europe. Against the backdrop of domestic market and export prices in China falling significantly below the manufacturing costs (< 400 USD/t ex-works for hot strip), the effects of direct Chinese imports of steel on the EU market are being felt again despite numerous significant double-digit anti-dumping duties on Chinese products.

Rising Chinese steel exports are creating a domino effect, as many other steel markets are opting in turn for exporting or using cheap Chinese hot strip with a view to selling processed products on the EU market, thereby reaping the benefit of market distortions and China's subsidies. The first countermeasures have already been introduced and anti-dumping proceedings against imports from India, Egypt, Japan and Vietnam were initiated in the summer at the request of European hot strip producers. Investigations are still ongoing. Further countermeasures are subject to continual review. Surplus capacities that have been built up on a global scale are generally burdening the steel markets and exerting pressure on exports and margins. At the same time, continued investments in expanding steel capacities are lifting surplus capacities even further. In the absence of structural solutions, the EU market is set to suffer long term from the impact of excessive capacity development and government subsidies.

Moreover, following the elections in the US a reintroduction of Section 232 duties (minus tariff quotas) in the coming months could pose a threat for European exporters into the US. Following unsuccessful negotiations to draw up a Global Sustainable Steel Agreement (GSSA) in the fall of 2023, the EU and the US have agreed to suspend duties and counter-duties through to March 2025 or October 2025 respectively. Trump's reelection could exacerbate the risk of another escalation, including reinstating the US Section 232 duties that have currently been suspended. The consequences would be further redirections of tonnage into the EU market and the loss of exports destined for the US that have been stabilizing since the introduction of the tariff quotas. This scenario would pose risks for Salzgitter AG regarding exports in the medium-diameter line pipe segment.

In 2022, the EU member states resolved to introduce import restrictions on Russian steel products. Accordingly, importing steel products of Russian origin that have been processed in non-EU countries is prohibited as from October 2023. The sanctions that took effect from October 2023 have been softened with regard to obligations to provide proof, which will increase the probability of circumvention. Furthermore, contrary to the decision from September 2023 with the twelfth package of sanctions in December 2023, the transition period for the import of Russian slab was extended from 2024 to 2028. As a result, Russian slab can be imported into the EU at low-cost conditions for another four years. These circumstances not only undermine the sanctions' effectiveness but also harbor the risk of inflicting significant damage on the heavy plate market as this is where the proportion of Russian slab is the highest and up to around 30 % of the players in the market either partly or fully take recourse to Russian slab.

In December 2022, the EU member states agreed on the introduction of a Carbon Border Adjustment Mechanism (CBAM) as a future Carbon Leakage Safeguard Instrument and as a replacement for free allowances in EU emissions trading. A transition phase commenced as from October 1, 2023, and, as from January 1, 2026, importers will be required to bear the carbon costs on imports, similar to EU producers in emissions trading. Risks arise from the form the new instrument will take. This includes, for instance, regulations on circumventing the CBAM and on extending the CBAM to downstream sectors in steel processing, along with a solution to ease the burden of carbon costs on exports. Numerous further detailed regulations, such as collating emission data, the purchase of allowances and control mechanisms, have not yet been defined or tested. Risks arise in this context, both from relocating the production of steel-intensive goods outside the EU and from the targeted redirection of lower carbon products into the EU market without genuine climate protection endeavors being in place in the exporting countries.

# INTERIM REPORT

## CONSOLIDATED INCOME STATEMENT

In € million	Q3 2024	Q3 2023 <sup>1</sup>	9M 2024	9M 2023
Sales	2,484.1	2,570.0	7,727.3	8,405.7
Increase / decrease in finished goods and work in process / other own work capitalized	-3.0	-82.6	86.8	-158.8
<b>Total operating performance</b>	<b>2,481.1</b>	<b>2,487.4</b>	<b>7,814.1</b>	<b>8,246.9</b>
Other operating income	96.8	127.0	312.8	462.2
Cost of materials	1,672.3	1,695.4	5,323.7	5,583.2
Personnel expenses	498.1	476.0	1,505.5	1,421.3
Amortization and depreciation of intangible assets and property, plant and equipment	211.3	75.5	375.2	234.0
Other operating expenses	359.6	331.1	1,089.1	1,189.4
Result from impairment losses and reversal of impairment losses of financial assets	0.1	6.6	1.7	0.5
Income from shareholdings	1.0	0.0	1.3	1.2
Result from investments accounted for using the equity method <sup>1</sup>	38.0	27.7	109.0	58.6
Finance income	8.0	11.5	23.8	28.3
Finance expenses	36.4	38.9	110.4	115.6
<b>Earnings before taxes (EBT)</b>	<b>-152.7</b>	<b>43.3</b>	<b>-141.2</b>	<b>254.3</b>
Income tax	26.4	9.8	56.4	60.6
<b>Consolidated result</b>	<b>-179.1</b>	<b>33.5</b>	<b>-197.6</b>	<b>193.7</b>
Amount due to Salzgitter AG shareholders	-180.3	32.7	-202.2	190.0
Minority interest	1.2	0.8	4.5	3.7
<b>Appropriation of profit</b>				
Consolidated result	-179.1	33.5	-197.6	193.7
Profit carried forward from the previous year	-	-	27.1	60.1
Minority interest in consolidated result	1.2	0.8	4.5	3.7
Dividend payment	-	-	-24.3	-54.1
Transfer from (+) / to (-) other retained earnings	180.3	-32.7	202.1	-190.0
<b>Unappropriated retained earnings of Salzgitter AG</b>	<b>0.0</b>	<b>0.0</b>	<b>2.7</b>	<b>6.0</b>
<b>Earnings per share (in €) - basic</b>	<b>-3.34</b>	<b>0.60</b>	<b>-3.74</b>	<b>3.51</b>
<b>Earnings per share (in €) - diluted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> Year-earlier figures adjusted for Aurubis AG restatement.

## STATEMENT OF COMPREHENSIVE INCOME

In € million	Q3 2024	9M 2024	Q3 2023 <sup>1</sup>	9M 2023
<b>Consolidated result</b>	<b>-179.1</b>	<b>-197.7</b>	<b>33.5</b>	<b>193.7</b>
<b>Recycling</b>				
Changes in value from currency translation	-15.2	-10.3	3.3	1.0
Changes in value from cash flow hedges	2.0	-18.5	18.6	19.5
Fair value change	3.1	-18.3	20.6	21.5
Recognition with effect on income	-1.1	-0.3	-1.9	-1.9
Changes in the value of investments in companies accounted for using the equity method	0.3	1.3	-20.9	-31.0
Fair value change	-0.1	-3.4	-21.7	-26.3
Currency translation	1.6	4.6	0.4	-8.4
Deferred taxes	-1.2	-	0.3	3.7
Deferred taxes on other changes without effect on income	-0.0	0.0	0.0	0.0
Subtotal	-12.9	-27.6	1.0	-10.5
<b>Non-recycling</b>				
Remeasurements	-66.0	-17.8	73.8	67.4
Remeasurement of pensions	-87.1	-23.4	96.0	87.6
Deferred taxes	21.1	5.7	-22.2	-20.3
Changes in the value of investments in companies accounted for using the equity method	1.3	-7.1	14.8	1.5
Fair value change	-	-	14.9	3.1
Remeasurement of pensions	4.1	-8.3	-0.7	-1.6
Deferred taxes	-2.8	1.2	0.5	-
Subtotal	-64.7	-24.9	88.6	68.9
<b>Other comprehensive income</b>	<b>-77.6</b>	<b>-52.4</b>	<b>89.6</b>	<b>58.4</b>
<b>Total comprehensive income</b>	<b>-256.7</b>	<b>-250.1</b>	<b>123.1</b>	<b>252.1</b>
Total comprehensive income due to Salzgitter AG shareholders	-257.9	-254.6	122.2	248.4
Total comprehensive income due to minority interest	1.2	4.5	0.8	3.7
	<b>-256.7</b>	<b>-250.1</b>	<b>123.1</b>	<b>252.1</b>

<sup>1</sup> Year-earlier figures adjusted for Aurubis AG restatement.

**CONSOLIDATED BALANCE SHEET**

Assets in € million	2024/09/30	2023/12/31
<b>Non-current assets</b>		
Intangible assets	185.0	207.3
Property, plant and equipment	2,561.1	2,388.5
Investment property	75.6	76.6
Financial assets	28.7	29.0
Investments in companies accounted for using the equity method	1,574.7	1,505.5
Trade receivables	1.4	2.6
Other receivables and other assets	29.8	28.9
Income tax assets	9.6	6.6
Deferred income tax assets	286.7	325.3
	4,752.4	4,570.4
<b>Current assets</b>		
Inventories	2,833.6	2,867.2
Trade receivables	1,430.4	1,221.5
Contract assets	397.0	372.0
Other receivables and other assets	235.4	231.4
Income tax assets	45.4	34.6
Securities	0.0	0.0
Cash and cash equivalents	581.6	939.7
	5,523.3	5,666.5
Assets held for sale	257.7	265.2
	5,781.0	5,931.7
	10,533.4	10,502.0



Equity and liabilities in € million	2024/09/30	2023/12/31
<b>Equity</b>		
Subscribed capital	161.6	161.6
Capital reserve	257.0	257.0
Retained earnings	4,441.0	4,660.4
Other reserves	55.8	90.5
Unappropriated retained earnings	2.7	27.1
	4,918.0	5,196.6
Treasury shares	-369.7	-369.7
	4,548.3	4,826.9
Minority interest	7.6	7.6
	4,555.9	4,834.5
<b>Non-current liabilities</b>		
Provisions for pensions and similar obligations	1,672.3	1,667.8
Deferred tax liabilities	98.5	98.4
Income tax liabilities	19.1	19.1
Other provisions	206.7	203.7
Financial liabilities	458.0	360.2
Other liabilities	4.4	4.1
	2,458.9	2,353.3
<b>Current liabilities</b>		
Other provisions	230.7	239.3
Financial liabilities	1,173.1	940.6
Trade payables	1,244.0	1,247.6
Contract liabilities	385.5	447.2
Income tax liabilities	11.7	26.0
Other liabilities	350.3	289.9
Liabilities associated with assets held for sale	123.3	123.7
	3,518.6	3,314.3
	10,533.4	10,502.0

**CASH FLOW STATEMENT**

In € million	9M 2024	9M 2023
Earnings before taxes (EBT)	-141.2	254.3
Depreciation write-downs (+) / write-ups (-) of non-current assets	374.4	234.2
Income tax paid (-) / refunded (+)	-32.2	-71.5
Other non-cash expenses (+) / income (-)	61.7	75.0
Interest expenses	109.9	115.6
Gain (-) / loss (+) from the disposal of non-current assets	-1.4	11.3
Increase (-) / decrease (+) in inventories	23.7	417.7
Increase (-) / decrease (+) in trade receivables and other assets not attributable to investment or financing activities	-271.0	-190.8
Use of provisions affecting payments, excluding income tax provisions	-174.9	-177.4
Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investment or financing activities	-43.4	2.9
<b>Cash outflow / inflow from operating activities</b>	<b>-94.5</b>	<b>671.1</b>
Cash inflow from the disposal of intangible assets, property, plant and equipment and investment property	9.1	42.3
Cash outflow for investments in intangible assets, property, plant and equipment and investment property	-561.0	-538.4
Cash inflow of subsidies for investments in intangible assets, property, plant and equipment	61.3	61.4
Cash inflow from investments of funds	-	0.0
Payments for financial investments	-0.0	-0.6
Cash inflow from the disposal of non-current assets	0.5	32.8
Cash outflow for investments in non-current assets	-0.1	-9.8
<b>Cash outflow from investment activities</b>	<b>-490.2</b>	<b>-412.4</b>
Cash inflow (+) / outflow (-) as a result of sale and repurchase of treasury shares	-	-
Payouts to company owners	-24.3	-54.1
Deposits from taking out loans and other financial debts	577.0	59.8
Repayment of loans and other financial liabilities	-262.1	-65.1
Interest paid	-51.7	-35.7
<b>Cash outflow / inflow from financing activities</b>	<b>238.8</b>	<b>-95.2</b>
Cash and cash equivalents at the start of the period	939.7	988.4
Cash and cash equivalents relating to changes in the consolidated group	0.0	-0.1
Gains and losses from changes in foreign exchange rates	-12.2	-4.9
Payment-related changes in cash and cash equivalents	-345.9	163.5
<b>Cash and cash equivalents at the end of the period</b>	<b>581.6</b>	<b>1,147.0</b>

## NOTES

### SEGMENT REPORTING

In € million	Steel Production		Steel Processing		Trading	
	9M 2024	9M 2023	9M 2024	9M 2023	9M 2024	9M 2023
External sales	2,665.7	2,807.8	1,268.7	1,684.4	2,349.6	2,557.3
Sales to other segments	927.5	1,011.2	476.8	546.5	34.9	27.4
Sales to group companies that are not allocated to an operating segment	2.4	4.7	240.8	182.0	0.0	0.1
Segment sales	3,595.6	3,823.7	1,986.3	2,412.8	2,384.5	2,584.8
Interest income (consolidated)	0.2	0.2	2.6	3.3	1.7	2.8
Interest income from other segments	-	-	-	-	-	-
Interest income from group companies that are not allocated to an operating segment	1.2	13.5	2.2	4.5	14.6	7.9
Segment interest income	1.5	13.7	4.8	7.8	16.2	10.7
Interest expenses (consolidated)	38.4	45.2	10.6	11.3	27.8	24.9
Interest expenses to other segments	-	-	-	-	-	-
Interest expenses to group companies that are not allocated to an operating segment	6.4	5.5	8.5	9.4	0.5	0.4
Segment interest expenses	44.8	50.7	19.1	20.7	28.3	25.4
of which interest portion of allocations to pension provisions	16.7	17.5	6.5	6.7	2.2	2.4
Depreciation of property, plant and equipment and amortization of intangible assets	139.4	124.2	169.2	47.5	14.1	13.0
of which scheduled depreciation of property, plant and equipment and amortization of intangible assets	139.4	124.2	39.8	47.5	14.1	13.0
Reversal of impairments of tangible and intangible assets (according to IAS 36)	-	-	0.8	-	-	-
EBIT before depreciation and amortization (EBITDA)	157.7	268.2	-63.3	197.6	16.8	19.5
Earnings before interest and taxes (EBIT)	18.3	143.9	-232.5	150.1	2.7	6.5
Segment earnings before taxes	-25.0	106.9	-246.7	137.3	-9.3	-8.2
of which resulting from investments in companies accounted for using the equity method	-	-	1.4	38.6	-	-
Investments in property, plant and equipment and intangible assets	386.1	339.7	60.4	45.4	18.8	21.8

Technology		Total segments		Industrial Participations / Consolidation		Group	
9M 2024	9M 2023	9M 2024	9M 2023	9M 2024	9M 2023	9M 2024	9M 2023
1,305.0	1,231.3	7,589.0	8,280.8	138.3	124.9	7,727.3	8,405.7
0.6	0.5	1,439.9	1,585.5	745.8	850.0	2,185.7	2,435.6
-	-	243.2	186.8	-	-	243.2	186.8
1,305.7	1,231.8	9,272.1	10,053.1	884.1	974.9	10,156.2	11,028.0
4.1	2.3	8.6	8.6	15.1	19.6	23.8	28.2
-	-	-	-	17.5	16.1	17.5	16.1
0.1	0.5	18.1	26.4	-	-	18.1	26.4
4.2	2.9	26.7	35.1	32.7	35.8	59.4	70.8
4.2	3.3	80.9	84.7	29.4	30.8	110.4	115.6
-	-	-	-	18.1	26.4	18.1	26.4
2.2	0.8	17.5	16.1	-	-	17.5	16.1
6.4	4.1	98.5	100.9	47.5	57.2	146.0	158.1
2.3	2.4	27.6	29.1	15.7	18.2	43.3	47.3
24.9	22.8	347.6	207.4	27.6	26.5	375.2	234.0
24.9	22.8	218.2	207.4	26.6	26.5	244.7	234.0
0.0	-	0.8	-	-	-	0.8	-
105.7	79.8	216.9	565.0	103.7	11.0	320.6	576.0
80.8	56.5	-130.7	357.1	76.1	-15.6	-54.6	341.6
78.6	55.3	-202.5	291.3	61.2	-37.0	-141.3	254.3
-	-	1.4	38.6	107.6	20.0	109.0	58.6
41.8	18.2	507.0	425.2	31.2	18.1	538.2	443.3

## PRINCIPLES OF ACCOUNTING AND CONSOLIDATION, BALANCE SHEET REPORTING AND VALUATION METHODS

1. The consolidated financial report of Salzgitter AG, Salzgitter (SZAG), for the reporting period from January 1 to September 30, 2024, has been prepared as a condensed report with selected notes. The report has been drawn up, as before, in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) in consideration of the requirements set out under IAS 34 for condensed interim reports.
2. In comparison with the annual financial statements as at December 31, 2023, no changes have been made in the accounting, valuation, calculation and consolidation methods applied to the quarterly financial statements for the period ended September 30, 2024, notwithstanding the following exceptions.
3. In calculating the fair value of defined benefit obligations as of September 30, 2024, an actuarial rate of 3.4 % was applied (December 31, 2023: 3.5 %). The resulting increase in provisions for pensions and similar obligations are reported in other comprehensive income (pension remeasurement) and incurs a corresponding reduction in equity.
4. The recognition of the lease liabilities assigned to financial liabilities is calculated as the present value of the lease payments to be made. In subsequent measurement, the carrying amounts of the lease liability are compounded and reduced by the lease payments remitted with no effect on income. The usage rights reported in property, plant and equipment are recognized at the cost of acquisition less accumulated depreciation and amortization and, if appropriate, any necessary impairment.

In accordance with the accounting rules for leases (IFRS 16), the historical cost of acquisition of the usage rights and leasing liabilities is shown in the following:

In € million	2024/09/30	2023/12/31
Right of use of land, similar rights and buildings, including buildings on land owned by others	157.8	142.1
Right of use of plant equipment and machinery	62.3	54.7
Right of use of other equipment, plant and office equipment	35.3	27.1
<b>Non-current assets</b>	<b>255.4</b>	<b>223.9</b>
Right of use of land, similar rights and buildings, including buildings on land owned by others	52.2	42.8
Right of use of plant equipment and machinery	40.2	32.8
Right of use of other equipment, plant and office equipment	17.3	13.5
<b>Depreciation / amortization</b>	<b>109.7</b>	<b>89.2</b>
<b>Lease liabilities</b>	<b>154.5</b>	<b>140.7</b>

Non-current lease liabilities accounted for € 131.6 million. Moreover, in the first nine months of 2024, depreciation and amortization amounted to € 24.1 million, interest expenses to € 4.2 million and cash outflow totaled at € 23.3 million.

5. Following the conclusion of a contract concerning the sale of the Mannesmann Stainless Tubes Group (MST Group) in February 2024, the last approval still outstanding from the authorities and required for the purchaser to complete the actual takeover was granted in October. The MST Group will be deconsolidated in the fourth quarter of 2024. Until then, the assets and liabilities of the MST companies will continue to be disclosed under the "assets held for sale" item.
6. The selling price for the MST Group depends on a number of variable components. Compared with year-end 2023, the most recent valuations show that the purchase price assumptions made to date will not be met. In consideration of the current estimate, we assume a lower purchase price. With this in mind, and as a precautionary measure, we reduced the assets of the MST Group held for sale by another € 20 million through profit and loss in the second quarter of 2024.

7. The international automotive market is currently in the throes of a tense economic situation. At the present point in time, we assume that this scenario will trigger structural change in long-term customer demand. This has prompted us to re-evaluate the medium- and long-term planning assumptions about the impairment test conducted on the cash generating unit of the Mannesmann Precision Tubes Group (MPT Group). Accordingly, sufficient cash inflows from operations are not expected in the long term for this cash generating unit in the context of being able to continue assuming the recoverability of the non-current assets of this group of companies. The recoverable amount depends most particularly on the final determination of long-term planning assumptions that are to be forecast beyond the three-year planning horizon. According to preliminary assumptions, the recoverable amount will be negative and amount to less than € -100 million. Irrespective of exact calculations, impairment costs of € 129.4 million were recognized through profit and loss. These costs include a comprehensive value adjustment to the intangible assets (€ 9.9 million) and property, plant and equipment (€ 119.5 million) disclosed in the companies of the MPT Group. The calculation of fair value less costs to sell was carried out in accordance with the discounted cash flow method and assuming an after-tax interest rate of 8.55 %.
8. With regard to the impact of the Russia-Ukraine war and the war in the Middle East on the Salzgitter Group, we refer to our explanations in the forecast, opportunities and risk report.
9. In May 2024, based on a Resolution of the Regular Annual Meeting of Shareholders, Salzgitter AG distributed the dividend proposed at a prior point in time of € 0.45 per share. Taking account of treasury shares not eligible for dividend, the payout amount totaled € 24.3 million.

## SELECTED EXPLANATORY NOTES TO THE INCOME STATEMENT

- Sales by business segment are shown in the segment report.
- Earnings per share are calculated in accordance with IAS 33. Basic earnings per share, calculated from the weighted number of shares of SZAG, stood at € -3.74 in the period under review. Dilution would occur if earnings per share were reduced through the issuance of potential shares from option and conversion rights. Such rights did not exist as of the balance sheet date.

## RELATED PARTY DISCLOSURES

In addition to business relationships with companies that are consolidated fully, relationships also exist with companies that must be designated as related companies in accordance with IAS 24. The category of other associated companies essentially comprises the majority interests and joint ventures of the Federal State of Lower Saxony as well as of Hanover-based GP Papenburg AG.

The sale of goods and services essentially comprise deliveries of input material for the manufacture of large-diameter pipes. Their volumes are shown in the table below:

In € million	Sale of goods and services	Purchase of goods and services	Receivables	Liabilities
	01/01-2024/09/30	01/01-2024/09/30	2024/09/30	2024/09/30
Non-consolidated Group companies	23.9	10.8	10.3	2.2
Joint ventures	62.4	63.2	13.1	17.2
Associated companies	0.1	8.5	0.0	0.6
Other related parties	1.9	89.1	3.5	92.2

## **INFORMATION PURSUANT TO SECTION 37W PARAGRAPH 5 OF THE GERMAN SECURITIES TRADING ACT (WPHG)**

This set of interim financial statements and the interim report have not been the subject of an auditor's review.

### **EVENTS AFTER THE REPORTING DATE**

As announced via the ad hoc release on November 4, 2024, the shareholder GP Günter Papenburg Aktiengesellschaft informed Salzgitter AG that it considers, together with TSR Recycling GmbH & Co. KG as a Consortium, to submit a voluntary public takeover bid to our shareholders in order to acquire shares of Salzgitter AG. The possible offer shall, among other things, be subject to the Consortium achieving an aggregate shareholding of at least 45% + one share of Salzgitter AG (including the shares already held by GP Günter Papenburg Aktiengesellschaft) by the end of the acceptance period. The range of a potential offer price has not yet been mentioned to Salzgitter AG. We will inform the capital market about further relevant developments in this regard without undue delay in accordance with the legal obligations. In case of the Consortium actually submitting a voluntary public takeover bid to our shareholders, the Executive Board and the Supervisory Board of Salzgitter AG will issue a reasoned opinion pursuant to §27 German Securities Acquisition and Takeover Act (WpÜG).

**LEGAL DISCLAIMER**

Some of the statements made in this report possess the character of forecasts or may be interpreted as such. They are made upon the best of information and belief and by their nature are subject to the proviso that no unforeseeable deterioration occurs in the economy or in the specific market situation pertaining to the business units, but rather that the underlying bases of plans and outlooks prove to be accurate as expected in terms of their scope and timing. Notwithstanding prevailing statutory provisions and capital market law in particular, the company undertakes no obligation to continuously update any forward-looking statements.

For computational reasons, rounding-off difference of +/- one unit (€, % etc.) may occur in the tables.

The Quarterly Statement of Salzgitter AG is also available in German. In the event of any discrepancy, the German version shall prevail.





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