

First half of 2018

13.08.18 | Press release of Salzgitter AG

Salzgitter Group achieves best half-year result since 2008

- **Pre-tax profit almost doubles year on year**
- **Significant contribution of internal programs of measures**
- **Guidance for the full financial year 2018 affirmed**

In the first half of 2018, the Salzgitter Group achieved the best result in earnings before taxes since 2008. The figure came in at € 198.6 million, which is almost double compared with the year-earlier period (€ 100.2 million). Along with the strong performance of the Strip Steel

Business Unit, all other segments contributed to this impressive development with positive results.

“Yet another increase in the pre-tax profit is attributable to the operating performance of the business units as well as to the Group’s steady development resulting from its own endeavors. With € 68 million worth of additional profit improvement potential realized for the first time in 2018 from the ‘FitStructure SZAG’ initiative and the growth programs, the Salzgitter Group is demonstrating its ability to sustain the internal momentum initiated in 2012, also in times of a friendlier market environment. Given the currently stable but nevertheless also potentially fragile economy due to unforeseeable developments in trade policies, this is absolutely imperative,” says Chief Executive Officer Prof. Dr.-Ing. Heinz Jörg Fuhrmann.

The Salzgitter Group’s external sales remained unchanged compared with the year-earlier level (€ 4,617.1 million; H1 2017: € 4,616.2 million). The growth in the sales of the Strip Steel Business Unit, above all on the back of selling prices, more than compensated for the decline in the Trading Business Unit. Earnings before taxes soared to € 198.6 million (H1 2017: € 100.2 million). This figure comprises € 25.1 million in after-tax contribution from a participating investment in Europe’s leading copper producer Aurubis AG, a company included at equity (H1 2017: € 53.7 million). The after-tax result stood at € 135.4 million (H1 2017: € 64.7 million). Earnings per share therefore came in at € 2.45 (H1 2017: € 1.14) and return on capital employed at 12.8 % (ROCE H1 2017: 7.3 %). An equity ratio of 36.3 % and a net financial position that has risen to € 239.5 million (2017/06/30: € 24.2 million) form the basis of the Salzgitter Group's comfortable financial basis and sound balance sheet.

Outlook

Against the backdrop of uncertainty from trade policies and their possible impact, Salzgitter AG is leaving its guidance for the financial year 2018 unchanged – notwithstanding the currently

positive situation of our key sales markets – and continues to anticipate

- a slight increase in sales to above the € 9 billion mark,
- a pre-tax profit of between € 250 million and € 300 million and
- a return on capital employed that is stable compared the previous year's figure.

The complete report released on the results of the first half of 2018 can be viewed at:

<https://www.salzgitter-ag.com/en/investor-relations/news-and-publications.html>

We make explicit reference to the fact that imponderables, including changes in the cost of raw materials, precious metal prices and exchange rates, may have a considerable impact over the course of the financial year 2018. The resulting fluctuation in the consolidated pre-tax result may be within a considerable range, either to the positive or to the negative. The dimensions of this range become clear if one considers that, with around 12 million tons p.a. of steel products sold by the Strip Steel, Plate / Section Steel, Mannesmann and Trading business units, an average € 25 change in the margin per ton is sufficient to cause a variation in the annual result of more than € 300 million. Moreover, the accuracy of the company's planning is restricted by the volatile cost of raw materials.

Disclaimer: Some of the statements made in this report possess the character of forecasts or may be interpreted as such. These are made to the best of the Company's knowledge and judgment, 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' companies, but rather that the underlying bases of plans and outlooks prove to be accurate as expected with regards to their scope and timing. Notwithstanding prevailing statutory provisions

and capital market law in particular, the Company accepts no obligation to continuously update any forward-looking statements that are made solely in connection with circumstances prevailing on the day of their publication.

More information:

↓ [Keydata 1st Half 2018](#)

↓ [Interim Report 1st Half 2018](#)



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Current Tweets

Business Units

Strip Steel
Plate/Section Steel
Mannesmann
Trading
Technology

Social Media



Wir arbeiten intensiv daran, in Zukunft Stahl mit
Emissionen zu erzeugen. Wie das gehen könn



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