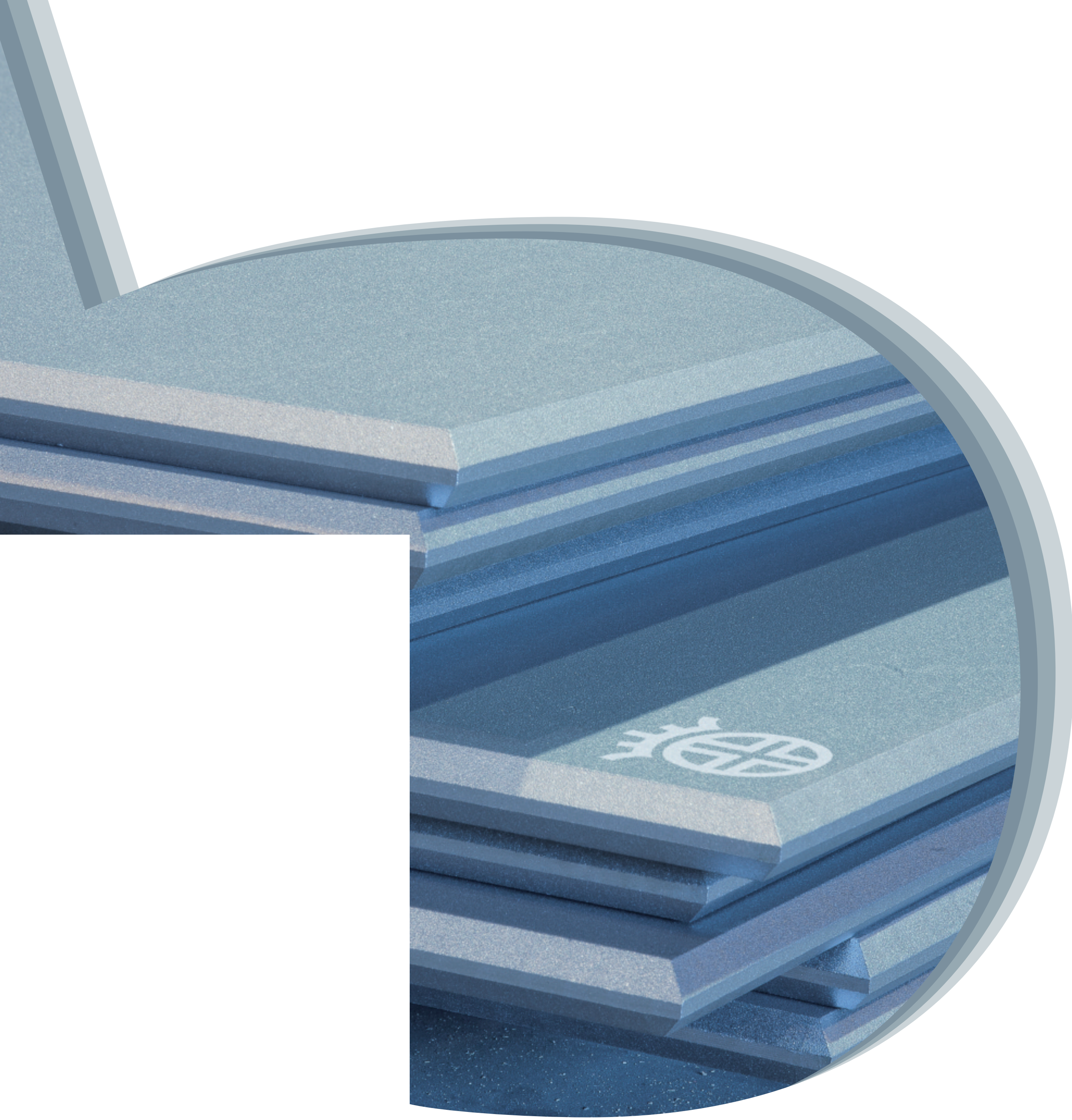

DILLINGER

Executive Summary of the 2020 Financial Statement

CONTENTS

This abridged English-language financial statement is an excerpt from the annual report of Dillinger for the 2020 financial year. This publication does not constitute the complete form required by law (for this, please see the 2020 Annual Report of Dillinger in German).

KEY FIGURES AT A GLANCE

	2019	2020	Change
Hot metal purchase in kt *)	**1,911**	**1,561**	- 18.3 %
Crude steel production in kt	**2,238**	**1,816**	- 18.9 %
Total production of heavy plate in kt	**1,847**	**1,406**	- 23.9 %
of which in Dillingen in kt	**1,291**	**1,000**	- 22.5 %
of which in Dunkerque in kt	**556**	**406**	- 27.0 %
Total shipment in kt	**2,500**	**1,898**	- 24.1 %
of which heavy plate in kt	**1,877**	**1,411**	- 24.8 %
of which semi-finished product in kt	**623**	**487**	- 21.8 %
Sales revenues by country in € million			
Germany	**771**	**575**	
France	**363**	**268**	
Other EU countries	**508**	**380**	
Other exports	**348**	**207**	
Total sales	**1,990**	**1,430**	- 28.1 %
Total workforce (excluding trainees) as of 31 Dec.	**4,871**	**3,925**	
Personnel expenses in € million	**378**	**313**	
Balance sheet total in € million	**2,743**	**2,581**	
Fixed assets in € million	**2,002**	**1,948**	
Investments	**27**	**13**	
Shareholders' equity in € million	**1,470**	**1,304**	
EBITDA in € million	**- 20**	**- 50**	
EBIT in € million	**- 91**	**- 119**	
Net result before profit transfer in € million	**- 149**	**- 166**	
Operating cash flow in € million	**46**	**- 1**	

*) Total production ROGESA: 3,194 kt (previous year: 3,867 kt)

MEMBERS OF THE SUPERVISORY BOARD

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Chairman
Chairman of the Curatorship for Montan-Stiftung-Saar

JÖRG KÖHLINGER, Frankfurt
1st Deputy Chairman
Trade Union Secretary/District Manager of IG Metall Central Region Directorate

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2nd Deputy Chairman
Chairman of the Board of Directors of ArcelorMittal Luxembourg S.A.

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Sales Director of Saarstahl AG, retired

MICHAEL BECKER, Saarwellingen
1st Deputy Chair of the Works Council of Aktien-Gesellschaft der Dillinger Hüttenwerke

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Vice-President of ArcelorMittal Chief Technical Officer Flat Carbon Europe

LARS DESGRANGES, Beckingen
Primary Authorized Representative for IG Metall, Völklingen

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NADINE KLIEBHAN, Illingen
Senior Manager of INFO-Institut Beratungs-GmbH

Dr. KARL-ULRICH KÖHLER, Mülheim a. d. Ruhr
(until 31 December 2020)
Chairman of the Board of Directors of SHS - Stahl-Holding-Saar GmbH & Co. KGaA, of the Board of Directors of Aktien-Gesellschaft der Dillinger Hüttenwerke, of DHS – Dillinger Hütte Saarstahl AG and Saarstahl AG

Prof. Dr. WOLFGANG LEESE, Lindberg
Managing Director / Partner WGL Verwaltung und Beratung GmbH

PAUL PERDANG, Gingelom (BE)
General Manager, Head of Capex, Group Finance ArcelorMittal, Luxembourg

STEFAN RAUBER, Marpingen
(as of 19 January 2021)
Managing Director of Montan-Stiftung-Saar

EUGEN ROTH, Merchweiler
Deputy Chairman of DGB Rheinland-Pfalz/Saarland

RAINER SCHWICKERATH, Nalbach
Member of the Works Council of Aktien-Gesellsch der Dillinger Hüttenwerke

ERICH WILKE, Königstein (Taunus)
Bank Executive, retired

MEMBERS OF THE BOARD OF DIRECTORS

Dr. KARL-ULRICH KÖHLER
(as of 1 January 2021)
Chairman of the Board of Directors and Chief Financial Officer

TIM HARTMANN
(until 19 November 2020)
Chairman of the Board of Directors and Chief Financial Officer

Dr. GÜNTER LUXENBURGER
Chief Sales Officer

MARTIN BAUES
(until 31 March 2021)
Chief Technical Officer

PETER SCHWEDA
(until 30 June 2020)
Chief Human Resources Officer and Labor Director

JOERG DISTELDORF
(as of 1 July 2020)
Chief Human Resources Officer and Labor Director

REPORT OF THE BOARD OF DIRECTORS (MANAGEMENT REPORT 2020)

The company's fundamentals

The core business of Aktien-Gesellschaft der Dillinger Hüttenwerke, in the following referred to as Dillinger, is the manufacture and sale of heavy plate in the form of normal and pipe plate. This entails the activities of an integrated blast furnace route, including the production of coke and hot metal through the subsidiaries Zentralkokerei Saar GmbH (ZKS) and ROGESA Roheisengesellschaft Saar mbH (ROGESA), jointly held with Saarstahl AG (SAG), or the production of liquid steel and semi-finished products. Furthermore, in downstream stages, trading, flame-cutting and treatment businesses offer additional services and customized solutions in sales, in the processing of heavy plate, and in other steel products.

Also affiliated with Dillinger are transport and logistics companies that are involved in both raw materials transport and the shipping of finished products. In the 2020 financial year, restructuring between Saarstahl Group companies and Dillinger led to the consolidation of activities in rail transport operations, technical services and maintenance. As a result of (partial) transfers between operations, employees of Dillinger have moved to subsidiaries held jointly with Saarstahl AG.

Dillinger holds an interest in Saarstahl AG, Völklingen, and EUROPIPE GmbH, Mülheim/Ruhr. Beyond this, these companies are also involved in operating business activities with Dillinger – either through involvement in the hot metal production and buying phase or as a buyer and processor of heavy plate steel. The wholly owned subsidiary Steelwind Nordenham GmbH, which manufactures monopile foundation systems for the offshore wind market in a plant on the Weser river estuary, offers products in a processing depth that extends beyond heavy plate.

The direct or indirect majority shareholder of Dillinger, as well as of Saarstahl AG, is SHS - Stahl-Holding-Saar GmbH & Co. KGaA (SHS), a wholly owned subsidiary of Montan-Stiftung-Saar, under whose umbrella the two companies work closely together, e.g. via a joint purchasing department and via the SHS subsidiary SHS Logistics GmbH, which consolidates the logistics activities of the SHS Group with the aim of leveraging synergies in processes and costs.

Financial report

OVERALL ECONOMIC AND SECTOR-RELATED CONDITIONS

Global economic slowdown

The outbreak of the coronavirus pandemic caused a worldwide economic slump in the spring of 2020 due to lockdown measures: the global economy contracted by 4.2 %, exceeding the decline during the financial and economic crisis of 2008/2009. Developed economies (- 5.5 % in 2020 after + 1.7 % in 2019) as well as emerging and developing economies (- 3.0 % in 2020 after + 3.6 % in 2019) recorded a decline in gross domestic product. In addition to the coronavirus crisis, weakening economic activity, global protectionism, the trade dispute between the United States and China, and protracted negotiations for the Brexit agreement between the EU and the UK also led to a decline in economic output.
The economy in China recovered quickly thanks to a government investment program. According to the Organization for Economic Co-operation and Development (OECD), growth in 2020 was around 2 %, compared to a 6% increase in 2019. For the US, a clear growth trajectory resumed in the summer of 2020. Even so, the economic downturns from the first half of the year could not

be fully offset, resulting in a decline in economic output of just under 4% after an increase of 2.2 % in 2019. GDP declined in the euro area in 2020 by 7.5 % year-on-year; in contrast, there was still an increase in 2019 of 1.3 %.

As an export country, Germany was impacted by a decline of 5.5 %. Exports fell 10 % compared to the previous year, with 2020 marking the first decline in exports since 2009.[1]

Steel demand further weakens

The situation in the steel market was characterized in 2020 by global overcapacities. Global crude steel production in 2020 was 1.864 billion tons compared to 1.869 billion tons in 2019 (- 0.3 %). China's steel production remained unchanged at a high level of around 1.053 billion tons or 56.5 % of the global steel production. Growing protectionism and the associated tariffs made the products of European steel producers more expensive. The EU steel market for many products continued to suffer from high imports. Steel consumption decreased by 11.5 % in 2020 compared to 2019.

Strained situation in the heavy plate market

The European heavy plate market has continued to be burdened since the beginning of 2020 by overcapacities and weak demand due to cyclical factors. Added to this has been a massive slump in demand and sales since the spring as a result of the coronavirus crisis. The decline in consumption was felt in all customer segments, especially in those industries with long, global supply chains, such as the construction equipment and mechanical engineering segment. The oil and gas sector also suffered from the sometimes drastic investment cutbacks by oil companies. Although demand for plate for the offshore wind market was still developing satisfactorily, it was, as expected, weaker.[2]

Imports of heavy plate from third countries into the EU, although down from the previous year, were still very high, accounting for around 21.8 % of market supply. The capacity utilization situation of European producers fell to a dramatic and unprecedented low. Prices, which had recovered slightly at the start of 2020, plunged abruptly with the spring lockdown to inadequate levels. Since autumn, there have been signs of stabilization on the heavy plate market, albeit with volumes remaining low and prices weak.

BUSINESS PERFORMANCE AT DILLINGER

Dillinger continued to be exposed in the 2020 financial year to the unfavorable conditions of recent years – including overcapacities in the heavy plate market, high third-country imports into the EU, and trade restrictions from the United States along with the resulting price pressure in the European market. The coronavirus pandemic has dramatically intensified the existing crisis and the company has seen increasingly weak demand from its core consumer segments over the course of the financial year.
In the year under review, incoming orders fell noticeably below the previous year's level overall, but especially in the second and third quarters. Accordingly, sales volumes declined significantly and sales revenues came under increasing pressure.

The Strategy and Future Program initiated in the previous year was continued but was not able to offset the effects of the drop in sales and revenues. Consequently, Dillinger failed to meet the expectations from the 2020 forecast in the financial year. The key financial metrics used to manage the company in fact worsened compared to 2019: noticeable declines in revenue and increased material and personnel intensity led to EBIT and EBITDA once again falling short of the previous year’s levels. The overall result fell below the previous year’s amount despite significant improvement in the income from interest and investments.

Greatly reduced utilization of plant capacities

The financial year was defined by increasingly weak capacity utilization and a reduction in production over the course of the year. The plate output of around 1.4 million tons is a historic low since the integration of the rolling mill in Dunkerque in 1993.

[1] Source for global economy: OECD.
[2] Source for steel and heavy plate market: World Steel Association, Eurofer

Starting in the spring, production was operated for several months based on current conditions – in some cases at the lowest technically possible limit of the operating modes – including the coking plant (ZKS) area and blast furnaces (ROGESA). As a result of the decision not to temporarily shut down either blast furnace, production at the blast furnaces was then ramped up quickly starting in late summer and reached a normal level by the end of the year.

Purchases of hot metal, at 1,561 kt (2019: 1,911 kt), fell by 18.3 % and crude steel production fell by 18.9 % to 1,816 kt (2019: 2,238 kt) compared with the volumes in 2019. As in previous years, steel production levels satisfied the slab requirements for the rolling mill in Dillingen as well as most of the requirements of Dillinger France S.A. in Dunkerque. The production of both rolling plants (1,406 kt) decreased by a total of 23.9 % from the previous year (2019: 1,847 kt), with 1,000 kt of heavy plate produced in Dillingen (2019: 1,291 kt) and 406 kt of heavy plate produced in Dunkerque (2019: 556 kt).

Due to the decrease in production, Dillinger increasingly made use of the instrument of short-time work in 2020 and was thus able to flexibly adjust the operation of the plants to the downturns in orders. Quality and delivery reliability were maintained at a good level despite the difficult conditions.

EARNINGS POSITION

Lower net sales due to sharp decline in sales volumes and increasing price pressure
Shipped heavy plate fell overall in 2020 by 466 kt (- 24.8 %) to 1,411 kt (2019: 1,877 kt) and thus remained far below expectations. The low revenue levels that had already set in during the previous year came under further pressure during the year under review and continued to fall steadily. Accordingly, sales revenue declined significantly, falling by € 560 million during the financial year from € 1,990 million in the previous year to € 1,430 million (- 28.1 %). The decline in sales revenue was almost evenly distributed across all sectors, with only minor shifts in the individual geographical markets.

Projected results not achieved
Under persistently difficult market conditions, Dillinger closed the 2020 financial year with a negative result that was also below expectations. EBIT fell further to - € 119 million compared to - € 91 million in 2019; EBITDA decreased almost analogously to - € 50 million (2019: - € 20 million). The year-on-year decline in earnings is mainly attributable to a drastic drop in the average revenue level per ton of heavy plate for the year and a noticeable drop in sales and production volumes.

In addition to the year-on-year reduction in the production volume of crude steel by 18.9 % or 422 kt, cost management initiated proactively in the previous year also led to a reduction in the cost of materials, above all in the expenditures for raw materials and supplies including energy, maintenance and purchased services.

Personnel expenses fell in the financial year by 17.2 % to € 313 million (2019: € 378 million), primarily as a result of compensation related to short-time work schedules and the discontinuation of expenses for overtime as well as a provision for restructuring expenses recognized in the previous year. In addition, the average number of employees decreased by 439 in the current year, due in part to the (partial) transfers between operations.

The lower expenditures for materials and personnel amounting to € 437 million could, however, only partially compensate for the decline in total operating revenue; as a result, both the material and personnel intensity once again increased.

Amortization of intangible assets and depreciation of tangible fixed assets amounting to € 69 million were almost equivalent to the previous year.

Due to the decline in shipping tonnage, sales-related expenses declined in the year under review by € 26 million to € 66 million. Other operating expenses fell overall by € 11 million, with administrative expenses remaining almost unchanged and general operating expenses increasing.

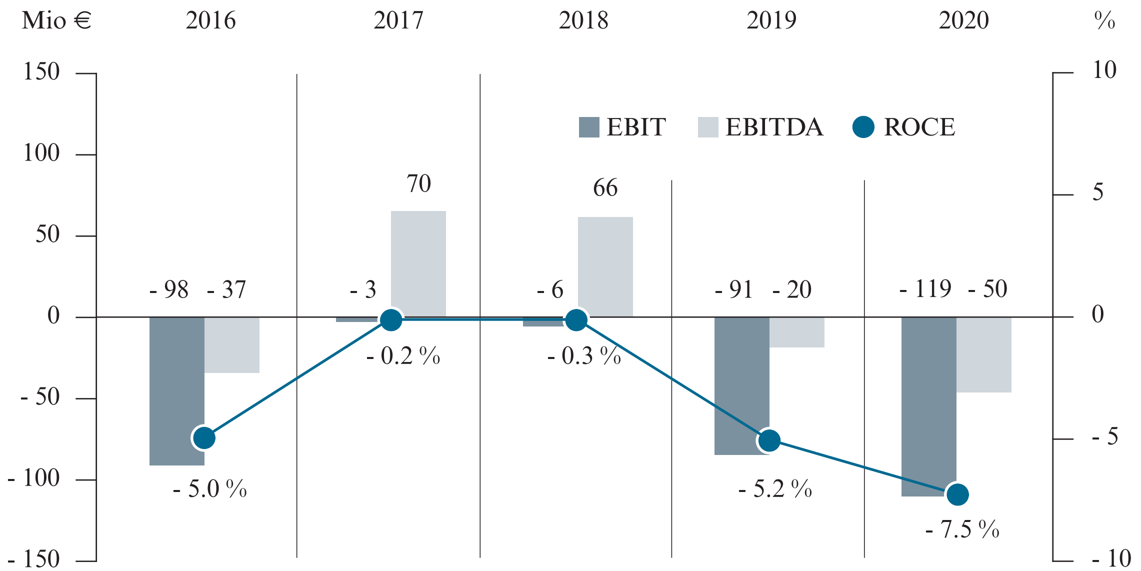
The investment result in the year under review, which is determined by expenses due to assumed losses from subsidiaries that have a profit and loss transfer agreement with Dillinger, improved significantly from - € 30 million in 2019 to - € 5 million in 2020.

The negative net interest income decreased again compared with the previous year by € 12 million to - € 45 million (2019: - € 57 million), which, in addition to lower write-downs on securities recognized in fixed assets, is attributable primarily to lower interest expenditures from the discounting of long-term provisions – in particular the discounting of pension provisions.

After deduction of taxes and compensatory payment to minority shareholders, net loss before loss compensation amounted to - € 166 million (2019: - € 149 million).

This negative profit performance is also reflected in the most important performance indicators for the asset and capital structure as well as yield performance, whereby net sales, EBIT and EBITDA are used as key financial metrics for the management of the company. The return on capital employed (ROCE) during the year under review amounted to - 7.5 % (2019: - 5.2 %); return on sales (EBIT margin) amounted to - 10.2 % (2019: - 5.7 %).

Change in EBIT, EBITDA and ROCE



FINANCIAL AND ASSET POSITION

Moderate investment activity due to restrictive management of investment and maintenance

Cash and cash equivalents increased overall during the financial year from € 75 million to € 100 million (change in the previous year: + € 15 million).

Operating cash flow meanwhile amounted to - € 1 million (2019: € 46 million). The cash inflow from the decline in working capital amounting to € 49 million (2019: € 37 million) is offset by a cash outflow of - € 50 million (2019: € 9 million). This resulted in the 2020 year under review primarily from income for the accounting period adjusted for depreciation, amortization and impairment of fixed assets, non-cash interest expenses for long-term provisions, and income from investments. As a result of the continued restrictive management of investment and maintenance, which was offset by higher cash inflows from loans to affiliated companies, there was a positive cash flow from investment activities in the year under review totaling € 22 million (2019: - € 36 million). Payments for investments in tangible fixed assets accounted for € 13 million (2019: € 27 million). This resulted in positive free cash flow amounting to € 21 million in the year under review (2019: € 10 million).

Investments and replacements in the 2020 year under review related primarily to measures that improve environmental protection and contribute to reducing carbon emissions (see the section on “Sustainability”). In the area of ROGESA, for example, the circular cooler dedusting system was installed at sinter plant 3. A new coke gas injection system was commissioned in the summer to achieve an initial reduction in carbon emissions with hydrogen at blast furnaces 4 and 5. In the area of the ZKS, the high-pressure coke gas scrubber was installed and the extraction hood on the coke transfer machine was refurbished to improve emissions, among other things. Their commissioning was carried out in December 2020.

As in the previous year, borrowings of € 50 million exceeded scheduled payments for financing measures, including their interest payments, resulting in a total cash inflow from financing activities of € 5 million in 2020 (2019: cash inflow of € 5 million).

Equity ratio remains at a high level
The balance sheet total decreased from the previous year by € 162 million to € 2,581 million. The net asset position is meanwhile characterized by a decrease in long-term assets as well as in short-term asset values in particular. Fixed assets decreased in 2020 by a total of € 55 million to € 1,948 million. This resulted primarily from the fact that depreciation and amortization far exceeded capital expenditure and additions to fixed assets.

Current assets declined overall by € 109 million to € 632 million. With an increase in cash and cash equivalents of € 25 million, in particular inventories and trade accounts receivable from third parties declined by € 122 million. The drastic drop in demand – especially in the second and third quarters – impacted sales performance and production and led to a reduction in stock inventories. However, this was largely offset in 2020 by updating the valuation of inventories using the LIFO method, so that inventories decreased by only € 7 million as of the reporting date. The unsatisfactory level of business activity compared with the fourth quarter of the previous year led to a decrease of € 115 million in customer receivables from third parties in particular as at the reporting date.

The € 166 million decrease in shareholders’ equity corresponds to the net result for the year, which was offset by the transfer from earnings reserves; the equity ratio changed commensurately from 53.6 % in 2019 to 50.5 % in the year under review. Borrowed capital increased slightly by a total of € 4 million, with provisions down € 26 million from the previous year. Taking into account the change in the interest rate, pension provisions decreased compared with the previous year, primarily as a result of the (partial) transfers between operations and the restructuring measures in the ongoing strategy process. The decrease in other accruals and provisions results primarily from current business operations. The total amount of liabilities increased from the previous year by € 30 million. Borrowings that exceeded repayments led to a total increase of € 13 million in liabilities to banks; trade accounts payable to third parties rose by € 9 million and to companies in which the company has a participating interest by € 15 million. Liabilities to affiliated companies decreased by € 7 million, mainly due to the decline in compensation payment obligations under the profit and loss transfer agreements.

KEY FIGURES

			2016	2017	2018	2019	**2020**
Capital intensity	Shareholders' equity	€ million	1,707	1,671	1,619	1,470	**1,304**
	Total assets	€ million	2,990	2,937	2,835	2,743	**2,581**
		in %	57.1	56.9	57.1	53.6	**50.5**
Liquidation ratio for fixed assets	Shareholders' equity	€ million	1,707	1,671	1,619	1,470	**1,304**
	Fixed assets	€ million	2,074	2,054	2,064	2,002	**1,948**
		in %	82.3	81.4	78.4	73.4	**66.9**
Debts	Long-term bank liabilities	€ million	245	221	187	200	**212**
	Shareholders' equity	€ million	1,707	1,671	1,619	1,470	**1,304**
		in %	14.4	13.2	11.6	13.6	**16.3**
EBIT margin	EBIT	€ million	- 98	- 3	- 6	- 91	**- 119**
	Sales DH products	€ million	1,305	1,519	1,562	1,583	**1,163**
		in %	- 7.5	- 0.2	- 0.4	- 5.7	**- 10.2**
EBITDA margin	EBITDA	€ million	- 37	70	66	- 20	**- 50**
	Sales DH products	€ million	1.305	1.519	1.562	1.583	**1.163**
		in %	- 2,8	4,6	4,2	- 1,3	**- 4,3**
Return on capital employed (ROCE)	EBIT	€ million	- 98	- 3	- 6	- 91	**- 119**
	Equity, tax provisions, liabilities subject to interest	€ million	1.954	1.922	1.849	1.738	**1.593**
		in %	- 5,0	- 0,2	- 0,3	- 5,2	**- 7,5**
Internal financing capability	Operating cash flow	€ million	103	19	36	46	**- 1**
	Net investment in tangible assets	€ million	69	35	36	27	**13**
		in %	149,3	54,3	100,0	170,4	**- 7,7**
Expense structure in % of overall performance	Material intensity	in %	72,2	75,0	74,6	72,9	**73,3**
	Personnel intensity	in %	22,8	17,9	18,3	19,4	**21,8**

Changes in important non-financial performance indicators

SUSTAINABILITY

Sustainable and responsible operation is firmly anchored in the corporate policy of Dillinger. Together with SHS – Stahl-Holding-Saar and Saarstahl, Dillinger formulated a commitment to sustainability in a first joint sustainability report in 2019: "We accept our responsibility to current and future generations of employees and stakeholders, and we want to manufacture steel products in the most modern and sustainable way. We are committed to the Paris Climate Agreement and want to do our part for low-carbon steel production."

With this voluntary sustainability report, the companies document their responsibility to economic, environmental and societal interests. The report is based on the GRI standards of the Global Reporting Initiative (GRI). A fact sheet with all relevant key metrics is updated annually.

Steel fulfills the principle of sustainability better than virtually any other material. Steel is the most commonly used base material. Its use contributes significantly to environmental and climate protection and is fundamental to mitigating climate reversal. Sustainable production of renewable energy from wind, water and the sun is not possible without steel. The companies of the SHS Group recognized these megatrends early on and produce precisely the steels that are in demand for climate reversal and the mobility transformation.

At the end of their useful lifetimes, products made from steel can be completely recycled as often as desired and then reintroduced into the economic cycle with no waste or loss of quality. In addition, the production of steel in Germany meets high standards in terms of environmental and climate protection in a global comparison.

Sustainability is also an important part of the current strategy process launched in 2019. In it, Dillinger and Saarstahl have specified technical options for the transformation to carbon-neutral steel production. The companies of the SHS Group aim to produce steel in a carbon-neutral process by 2050 at the latest. Dillinger and Saarstahl are technologically capable of producing steel in a carbon-neutral way. To achieve this, however, the framework conditions for the competitiveness of carbon-neutral steel must be created.

Dillinger and Saarstahl invest sustainably and continuously in pioneering measures for environmental and climate protection. A first step on the way to carbon-neutral production was the € 14 million investment in the construction of the coke gas injection system, which began operating in August 2020. With the new plant, Dillinger and Saarstahl are using hydrogen as a reducing agent in regular operation for the first time in Germany, thus achieving a significant reduction in carbon emissions. With the € 28 million investment in a new dedusting system for the circular coolers with an integrated heat recovery system at the sinter plant of the subsidiary ROGESA, Dillinger and Saarstahl have made another important contribution to improving environmental protection. It began operating in early 2021.

In 2020, the Energy Efficiency with Steel network (ESTA), a federal initiative, was able to post positive results after running for three years: Saarstahl, Dillinger and the affiliated companies were able to achieve energy savings of approx. 29,500 megawatt hours per year. This means an annual carbon reduction of approx. 11,750 tons.

In the area of corporate social responsibility, Dillinger received a silver award from the EcoVadis rating agency in 2020. The EcoVadis assessment covers the following areas:

- A human resources policy based on continuity and high social standards
- Internal improvement processes that bring the principles of sustainability and safe conduct to each workplace and each employee
- Consolidation of competence and service for the continuous success of the customers in the economic realization of new products and systems
- Continued enhancement of technological competence

by investing in new plants and modernizing existing ones and by developing innovative products and processes
- Securing of know-how through knowledge transfer and strong training and professional development
- Continuous investment in research and development to enable economical and resource-saving manufacture of innovative products
- Procurement with a focus on secure supply and environmentally compatible modes of transport
- Economically efficient and resource-saving operation through numerous environmental protection measures for the efficient use of energy
- Long-standing cooperation with universities, research institutes and customers for the development and improvement of materials.

In 2020, the companies of the SHS Group participated for the first time in the Carbon Disclosure Project (CDP) sustainability ranking and achieved an overall grade of A-. CDP thus recognizes the leading position of the SHS Group in the "Metal smelting, refining & forming" sector. Once a year, the non-profit organization CDP documents and assesses the voluntarily provided data and information and, in particular, assesses the climate protection strategy. The CDP assessment is based on eleven different categories, including business and financial planning, responsibility in the supply chain, governance, the field of energy issues, and emissions reduction initiatives.

The subsidiaries ROGESA and ZKS also consistently implement the sustainability strategy. As part of a supplier management system introduced in 2019, the companies present "TOP Supplier" awards in the "fuels" and "iron ores" segments. The award was presented for the first time in 2021 and is based on defined criteria.

EMPLOYEES

For employees of Saarstahl, Dillinger and SHS - Stahl-Holding-Saar, 2020 was primarily defined by three issues: dealing with the coronavirus pandemic, the sometimes severe short-time work schedules and the simultaneous implementation of the joint cost-cutting program.

The primary objective during the coronavirus pandemic was to implement efficient measures to protect employees while also maintaining the company's business processes.

As part of the cost-cutting program, the first measures of the planned staff reduction were implemented. The basis for this is the reconciliation of interests and the social compensation plan that describes the framework conditions for socially acceptable staff reductions. Thanks to an upstream voluntary redundancy program, it has so far been possible to reduce the workforce in Saarland without forced layoffs by instituting part-time work for older employees, flexible work schedules and transfers within Group companies.

As a result, at the end of the year under review, 3,925 people were employed (2019: 4,871). They worked at Dillinger itself as well as – in the context of plant management – at ZKS and ROGESA. In addition, a total of 2,271 people were employed at Dillinger subsidiaries and affiliated companies (2019: 2,425). The transfer of employees to proportionately consolidated companies (Saar Stahlbau, Saar Industrietechnik and Saar Rail) is also to be taken into account here. A total of 1,083 employees work there.

Safety and health

A safe and healthy work environment is given top priority at Dillinger. In line with the corporate principles, numerous programs and measures in 2020 again contributed to promoting and maintaining the safety awareness and the health of employees, including Fifteen Minutes for Safety, safety training, the Group-wide introduction of the short risk assessment and coronavirus inspections, and special health programs.

Dillinger concluded 2020 with 23 accidents requiring a leave of absence of at least one day due to injury (2019: 25) and a lost time injury frequency rate (LTIFR, the number of accidents requiring a leave of absence of at least one day per 1 million hours worked) of 3.8 (2019: 3.3) – the second-best result after 2017 (21 incidents).

COVID-19
With the start of 2020, COVID-19, an acute respiratory illness caused by a novel coronavirus (SARS-CoV-2) spread worldwide. The World Health Organization (WHO) declared a public health emergency of international concern (PHEIC) on 30 January 2020.

To contain the risk of infection among employees, Dillinger and Saarstahl jointly introduced precautionary measures at an early stage. The aim of the measures is to protect the health of all people at the sites as fully as possible, to safeguard orderly business operations and to guarantee the safety of employees and the neighborhood surrounding the company, even under restricted conditions.

A Group-wide pandemic working group has been formed for this purpose which, depending on the situation, prepares, initiates and coordinates the necessary measures together with the crisis management team. The prevention plan can be divided into three areas: organizational measures, informative and communicative measures, and hygienic and medical measures. All measures are continuously adapted to the situation. The provisions adopted also apply to all subsidiaries in Germany and abroad.

Fostering young employees
Despite economically difficult conditions, Dillinger continues to invest in training its own young employees to counter a possible shortage of skilled workers resulting from demographic change. In 2020, 64 young people (2019: 83) started their careers in the company. As a result, the company trained a total of 256 young workers (2019: 271), when all training class years are included. For many years now, the company has also maintained partnerships with universities in order to help support young university graduates. In 2020, 24 university students from technical degree programs and 2 university students from business degree programs worked at Dillinger as technical university or university trainees. Currently, a total of 21 students are completing cooperative studies at the company with the Saarland University of Applied Sciences (HTW) and the University of Saarland (UdS).

PERCENTAGE OF WOMEN

Within the framework of the law passed on 24 April 2015 regarding equal participation by women and men in management positions in the private and public sector, corresponding quotas for the development of the percentage of women were set by the Supervisory Board for the Supervisory Board and the Board of Directors, and by the Board of Directors for the first and second management levels.

Overall, the percentage of women in the total workforce at Dillinger in 2020 averaged 7.4 %. When considering this percentage, industry-specific, historical and socio-cultural circumstances must be taken into account. Dillinger is taking measures at various levels to continuously increase the percentage of women: for example, by continuously increasing the percentage of female trainees, a wide range of part-time employment and the possibility of childcare in the company's own “Kleine Hüttenbären” daycare center. Women occupy leadership positions primarily in the administrative area. As part of the assumption of operational tasks by the majority holding company SHS - Stahl-Holding-Saar, such as in the area of central staff functions, a considerable percentage of female employees and managers are represented in the holding company. Consequently, the percentage of female employees in the total workforce of SHS, at 45.0 %, is significantly higher than at Dillinger.

Within the framework of Section 111 (5) of the German Stock Corporations Act (AktG), the target quota of 30 % for the percentage of women on the Supervisory Board committees was set for all companies in the Saarland steel industry (SHS - Stahl-Holding-Saar, Dillinger and Saarstahl). The Supervisory Board of Dillinger will deal with the issue in the case of new appointments at the Board of Director level in accordance with Germany’s law regarding equal participation of women and men in executive positions (FührposGleichberG).

Within the framework of Section 76 (4) of the German Stock Corporations Act (AktG), the Dillinger Board of Directors has set a target quota of 5 % for the percentage of women in management functions. The quota relates to senior executives and includes the first and second levels of the hierarchy as well as the functions that are equivalent to the two top levels of management in terms of their importance for the company.

RESEARCH AND DEVELOPMENT

The projects of Research and Development (R&D) contribute decisively to maintaining a leading position in the global competition among heavy plate manufacturers. Research activities along the value chain – from coke and hot metal production to steel and heavy plate production – again focused in 2020 primarily on process and product improvements as well as on optimizing quality and reducing costs.

A key issue is the development of a strategy to transform the current steel production route toward carbon-neutral steel production. Various options for future processes have been identified here with respect to the required investment and production costs, and the additionally necessary political framework conditions were discussed with various think tanks and public policymakers. With the new coke gas injection system at the blast furnaces, we are using hydrogen for the first time in hot metal production – as the first steel producer in Germany to do so.

A coke oven pilot plant was commissioned to evaluate coke quality and optimize the input mixtures in the area of coke and hot metal production. In process engineering research and studies, important contributions have been developed for sustained improvement of the sinter and coke quality as well as of the blast furnace operation.

Current metallurgical process models were further developed and used in steelmaking to improve processes and reduce costs.

In a variety of projects with external institutes, product-focused R&D has further advanced microstructure-based materials development and, in particular, modeling of microstructures and properties. Efforts in the area of data-based forecasting models were concentrated on the creation of the digital twin for material properties and on its integration into the production processes. Customer needs have been translated into product developments that can be used on a large scale; the feasibility limits have been expanded and numerous developments to reduce manufacturing costs have been completed. The newly developed DIFENDER safety steels were presented to the German Armed Forces and the qualification procedure was initiated. A unique manufacturing and quality assurance concept was developed for sour gas steels, successfully qualified and ultimately rewarded with the booking of a major order.

INNOVATION MANAGEMENT

In addition to continuously developing new and improved products and technologies, Dillinger is always looking for new, innovative solutions that enable us to proactively meet customer expectations. This is why our innovation management is focused on customer-centric innovation. Our goal is to understand the current and future needs of our customers and to offer the right solutions.

To achieve these goals, Dillinger continued this year to employ the customer workshop format and sought open dialogue with customers. The customized workshop format introduced in 2019 offers the opportunity to systematically and creatively develop new ideas together with our clients.
The digital interface between Dillinger and its customers in particular has clearly proven its worth in this context and offers potential for process optimization and new service ideas. Initial, favored project ideas were advanced for this together with Marketing and IT and implemented in Dillinger E-Service.

Another megatrend in addition to digitalization is the trend toward sustainability, which is of crucial importance for Dillinger and requires a wide variety of innovative approaches. In parallel to the fundamental transformation of the steel production route to a carbon-neutral technology, additional complementary solutions are being sought to achieve the long-term goal of carbon-neutral production.

RAW MATERIAL PROCUREMENT AND TRANSPORT

The COVID-19 pandemic has had a mixed impact in 2020 on commodity markets and therefore on supply.

In the case of iron ores, the effects were only felt in the first quarter. Driven by the sudden surge in demand in China and the at least temporary decline in production figures, iron ore prices increased sharply from the second quarter onward and even soared in December. China further extended its market dominance for seaborne-traded iron ore during the pandemic, reaching an import volume of around 1.2 billion tons.

The trend in the coal market ran counter to this. Prices collapsed from the second quarter on, accompanied by a considerable reduction in production capacity. After a brief recovery in the summer – again driven by a rapid recovery in the Chinese steel market – the rest of the year to date has been dominated by the Chinese decision to stop importing Australian coal. The market has since been divided in two with respect to availability and price situation: Australian coal remained available and comparatively cheap, while producers in the United States, Canada and Russia were confronted with high demand from China, enabling them to achieve significantly higher prices to date. China's again record-setting steel production has seen the country go from being the world's largest coke exporter to a net importer over the course of the year, leading to an explosion in coke prices at the end of the year. Volatility of freight rates continued, with increases in the second half of the year, and remained the major challenge. The combination of securing cargo rates over a medium to longer term with concurrent increased use of opportunities on the spot market has proven successful for ROGESA and ZKS.[1]

The issue of "sustainability in procurement" will continue to be implemented. This year, for the first time, the majority of suppliers were assessed on CSR issues and informed of the results. A new supplier management system is currently being introduced for the procurement of raw materials. ROGESA and ZKS are maintaining their continuous efforts to optimize the quality and cost of the supply for the blast furnaces and the coking plant.

The pandemic has had little impact in the transport market and shipments have remained stable. Customer deliveries could be carried out without interruptions or restrictions. Most raw materials and fuels were delivered by rail. Inland waterway transport is likewise an important mode of transport for both inbound and outbound shipment.
The total transport volume at Dillinger and Saarstahl declined in 2020 to a total of 9.9 million tons. Of this amount, around 6.7 million tons went to the supply of raw materials and fuels, and 3.18 million tons to the shipment of semi-finished products, finished products and by-products.

ENVIRONMENTAL PROTECTION

In keeping with its corporate vision and its environmental guidelines, Dillinger consistently strives for sustainable and ecologically sound resource management and production throughout the company. Extensive investment in state-of-the-art technologies helps reduce environmental impacts and continuously improves energy efficiency, not least because innovative product solutions made from steel are an important contribution to environmental protection (see the section on "Sustainability").

Investments and emission control

Implementation of the investment in a circular cooler for ROGESA's sinter plant 3, which started in 2019, continued in 2020. € 28 million is being spent on this. This measure will help to further improve air quality at the site, and additional noise protection measures will also lead to a significant reduction in noise at the smelter site. In addition to the effects described above, the new circular cooler also serves to extract heat and recover additional energy from the waste heat of the sintering plant. The heating water that results from this is used to preheat the condensate circuit in the blast furnace gas

[1] Source: Commerz Bank Commodity Report, Platts, CRU, Refinitiv

power plant (GKW) and to preheat the feed water in a plant. The heat recovery generates an additional energy benefit of 82,000 MWh, which corresponds to a carbon reduction of approx. 25,000 t per year.

In order to achieve an initial reduction of carbon emissions with hydrogen at blast furnaces 4 and 5, construction of the coke gas injection system (investment € 14 million) was implemented. The official opening ceremony for the coke gas injection system for blast furnace 5 was held here on 21 August 2020, with Federal Minister of Economics Peter Altmaier, Minister President Tobias Hans, and Minister of Economics Anke Rehlinger attending.

In May 2020, the environmental management system successfully completed the monitoring audit conducted by TÜV Saar Cert in accordance with DIN EN ISO 14001:2015. There were neither major nor minor compliance issues.

The quality assurance system of the plant production control for slag products again successfully passed external audits by the "Institut Français des Sciences et Technologies, des Transports, de l'Aménagement et des Réseaux" and the "Güteschutz Beton" monitoring company in the 2020 financial year. All sales markets for mineral by-products were stable despite the coronavirus pandemic.

REACH, self-generated hazardous substances
The processing tasks in the area of self-generated substances/mixtures involved the classification of substances/mixtures and the subsequent preparation of the associated safety data sheets/safety information sheets (SDSs/SIBs) with the corresponding characterization documentation in coordination with the plants and departments. Ongoing cooperation with EUROFER also continued.

Carbon emissions trading
As part of the ongoing process of annual emissions reporting to the German Emissions Trading Authority (DEHSt), the legally required emissions reports for the past 2019 financial year were submitted in the reporting year. The annual applications for aid for indirect carbon costs (electricity price compensation) for Dillinger and ROGESA were approved at the end of 2020. For the subsequent trading period 4 (2021-2030), the monitoring plans as the basis for emissions reporting and the methodology plans required for the allocation of free allowances were prepared in accordance with the updated specifications and guidance documents of the DEHSt, and were submitted for approval. In addition, the effects of the national fuel emissions trading system starting in 2021 were examined and concepts for action derived.

MOST SIGNIFICANT SHAREHOLDINGS

Zentralkokerei Saar GmbH, Dillingen
Aktien-Gesellschaft der Dillinger Hüttenwerke and Saarstahl AG each hold an indirect 50 % interest in Zentralkokerei Saar GmbH (ZKS). ZKS produces coke intended exclusively for use in ROGESA's blast furnaces. Total coke production in 2020, at 1,154 kt, was slightly below the previous year's production (1,281 kt). ZKS is a company without employees. Personnel required for operation of the coking plant are provided by Dillinger. Investments at ZKS in 2020 amounted to € 6 million (2019: € 14 million).

ROGESA Roheisengesellschaft Saar mbH, Dillingen
ROGESA Roheisengesellschaft Saar mbH, in which Dillinger holds a 50 % interest (indirect and direct), produces hot metal exclusively for its shareholders, Aktien-Gesellschaft der Dillinger Hüttenwerke and Saarstahl AG. Operational management of ROGESA, as a company without employees, lies in the hands of Dillinger.

At 3,194 kt, hot metal production from blast furnaces 4 and 5 in 2020 was 17.4 % below the previous year's output (3,867 kt). During the year under review, 1,561 kt (previous year: 1,911 kt) was supplied to Dillinger and 1,633 kt (previous year: 1,955 kt) went to Saarstahl. Investments at ROGESA in 2020 amounted to € 19 million (2019: € 18 million).

Along with STEAG New Energies GmbH (49.9 %) and VSE AG (25.2 %), ROGESA holds a 24.9 % stake in Gichtgaskraftwerk Dillingen GmbH & Co. KG, which leases a 90 MW power plant at the Dillingen plant to the operators of GKW, Dillinger, ROGESA and ZKS, for the production of electricity.

Dillinger France S.A., Dunkerque
Dillinger France S.A. is a wholly owned subsidiary of Dillinger that operates a heavy plate rolling mill in Dunkirk. The products are marketed almost exclusively through Dillinger. Dillinger France also procures the majority of its input material from Dillinger.

Due to COVID-19, overall demand weakened and, as a result, Dillinger France's total production for 2020 fell sharply to 406 kt (2019: 556 kt). Activity in the pipe plate market increased by 85 % during the year, mainly due to the Baltic Pipe project. Accordingly, the production of pipe plate increased sharply from 87 kt in 2019 to 161 kt in 2020. In contrast, the tonnage of the normal steel product range decreased significantly by 48 % and amounted to 245 kt in 2020 (2019: 468 kt).

Dillinger France continued the investments started in 2019 during the 2020 financial year. Capital expenditure amounted to € 13 million and included the construction of the first edge-milling machine at the Dunkerque site and the renovation of slab pusher furnace 2. Both plants go into operation in 2021. Modernization of the pusher furnace for an investment sum of € 10 million leads to increased efficiency and a reduction of emissions by 2.7 %.

Since the beginning of the COVID-19 pandemic, Dillinger France has implemented numerous measures to protect its employees. This enabled production to be maintained in the first half of the year and customer orders to be fulfilled.

Sales for the 2020 financial year amounted to € 270 million (2019: € 416 million). This sharp drop in sales (- 35 %) is attributable to declining demand and falling prices, and in particular to the weakening of demand for normal plate. Dillinger France therefore launched the "Avenir 2022" strategy program, which includes cost-cutting measures, internal restructuring and the expansion of the product portfolio to include brands such as Dillimax and Dillidur. The costs could be reduced significantly. EBITDA for the 2020 financial year amounted to - € 9.7 million (2019: € 12.0 million), while net earnings were - € 28.2 million (2019: - € 4.2 million). As at 31 Dec. 2020, the shareholders' equity of Dillinger France amounted to € 67.8 million.

The number of employees remained stable and amounted to 520 persons as of 31 December 2020, compared to 551 persons in the previous year. Dillinger France recorded three workplace accidents in 2020, as in the previous year.

Steelwind Nordenham GmbH, Nordenham
Steelwind Nordenham GmbH is a wholly owned subsidiary of Aktien-Gesellschaft der Dillinger Hüttenwerke that operates a plant in Nordenham for the production of foundation elements for offshore wind farms (monopiles, mega monopiles and transition pieces). Heavy plate steel in the required grades and dimensions is delivered by Dillinger and its subsidiary Dillinger France in Dunkerque.

Monopile foundation systems are cost-effective foundation systems whose support structure is assembled using heavy plate in thicknesses up to 150 mm. The structural elements have diameters of up to 10 m, unit weights of up to 2,400 tons and lengths of up to 120 m.

For Steelwind, the 2020 financial year was dominated in the first half of the year by the production and delivery of segments and entire monopiles for the Taiwanese offshore wind power plant Yunlin. The second half of the year was marked by short-time work due to a lack of demand in the offshore wind market.

Steelwind Nordenham sales revenue in 2020 amounted to € 126 million (2019: € 51 million). EBITDA for the 2020 financial year increased to € 11.3 million (2019: - € 13.9 million), while EBIT amounted to € 1.1 million (2019: - € 25.4 million). At the end of the financial year, the company employed 259 people.

EUROPIPE GmbH, Mülheim an der Ruhr

The EUROPIPE Group manufactures and sells welded large-diameter line pipe made of steel. The diameters of the large-diameter line pipe range from 24 inches (610 mm) to 60 inches (1 524 mm). As a corporate group, EUROPIPE GmbH and its affiliated companies are among the world's leading corporations in this market segment. Dillinger holds a 50 % share of EUROPIPE GmbH.

In Europe, the large-diameter line pipe is produced in Mülheim an der Ruhr on two production lines (18 meter and 12 meter lines). The pipe is coated by EUROPIPE subsidiary MÜLHEIM PIPECOATINGS GmbH, Mülheim an der Ruhr. Closure activities of the former second European production site at Dunkerque are largely completed. The company EUROPIPE France has been without personnel since the middle of the 2019 financial year. The remediation work was completed under the leadership of Dillinger France in the 2020 financial year. Liquidation of the company is in the preparation phase.

In the United States, the operating companies of the EUROPIPE Group are consolidated under the holding company, BERG EUROPIPE Holding Corp. BERG Pipe Panama City Corp. in Panama City, Florida, primarily supplies the North American market with longitudinally welded pipes, while BERG Pipe Mobile Corp. in Mobile, Alabama, supplies spiral pipes. Both plants have facilities to coat the pipe.

The EUROPIPE Group recorded sales in 2020 of € 565 million (2019: € 779 million). Most of the sales volume came from the business of the US group, which, however, was unable to maintain the sales level of the previous year due to the weakened market situation in the United States. Due to the persistently poor order situation at EUROPIPE GmbH, sales fell significantly compared with the previous year. Accordingly, shipments by EUROPIPE GmbH declined sharply compared to the previous year with a volume of 102 kt (2019: 234 kt). As a result of the bleak order situation, the US Group's shipped tonnage in 2020 reached 321 kt, a lower level than in the previous year (2019: 360 kt).

The order backlog of the EUROPIPE Group fell to 239 kt as at 31 December 2020 (2019: 292 kt) due to deterioration in the order situation at EUROPIPE GmbH and the US group. The EUROPIPE Group's net loss for the year, at € 28.8 million, fell significantly from the previous year's level (2019: - € 13.2 million). At the end of 2020, the EUROPIPE Group employed a total workforce of 978 people (2019: 1,086). Of these, 461 employees worked for EUROPIPE GmbH (2019: 521).

The EUROPIPE Group invested € 12.6 million (2019: € 12.1 million) during the financial year for tangible and intangible assets. The largest investments included construction of a fourth welding line at the Mobile location and replacement of the test electronics in ultrasonic system 2 of the 18-meter production line. Expenditures at EUROPIPE GmbH for further development of its products and the continuous improvement of production and quality assurance methods amounted to € 0.7 million (2019: € 1.7 million).

There is currently a high degree of uncertainty regarding the medium- and long-term impact of the coronavirus crisis on the energy infrastructure and investment in this sector. An improvement in the business and order situation is not expected until 2022. There are therefore considerable uncertainties for 2021 regarding the business performance of EUROPIPE GmbH going forward, as apart from a booked major project in the Middle East, there are no larger projects available in the market. Overall, slightly higher production tonnages are planned for EUROPIPE GmbH in 2021 compared to the previous year, but these continue to be at an overall low level. Although slightly higher shipment volumes are forecast compared to the previous year, sales are expected to remain only at the previous year's level due to continuing pressure on margins.

Due to the persistently poor economic situation of EUROPIPE GmbH and structural changes in the pipe market, measures to sustainably and significantly reduce fixed costs and to make EUROPIPE's cost structure more variable have been agreed and largely implemented. These measures include a significant reduction in personnel as well as a reduction in goods and services.

The U.S. portion of the Group will experience significantly weakened orders and business in 2021 as a result of the coronavirus crisis and sharply declining international oil prices, which are leading to declines in capital expenditures in the oil and gas sector. In the medium term, however, the market is expected to improve, especially in the gas sector.

Saarstahl AG, Völklingen

The steel market for wire and rod products, which is relevant for Saarstahl AG, continues to be characterized by overcapacities, so that high pressure on volumes and prices remains. The year under review saw a sharp drop in demand due to an economic downturn in the automotive sector and in mechanical engineering as well as the increase in the volume of imports into the EU from third countries. The effect here as well was amplified by the coronavirus pandemic.

The sales volume of 1,754 kt was down sharply from the previous year's 2,130 kt, and the plant capacities were therefore underutilized. The sales and price trend in 2020 led to a significant decline in sales and earnings figures. The crude steel production of Saarstahl amounted in 2020 to 1,879 million tons and thus fell compared to the previous year by 17.6 %. Shipments of steel products fell by 17.65 % to around 1,754 million tons. Sales revenue dropped by 26.7 % from € 1,662 million in the previous year to € 1,218 million. Earnings before interest and taxes (EBIT) for Saarstahl amounted to - € 113 million (2019: - € 86 million) and earnings before interest, taxes, depreciation and amortization (EBITDA) was - € 64 million (2019: - € 40 million).

The focus of the investments made in 2020 was on the LD steel mill, the Burbach and Neunkirchen rolling mills and the direct subsidiaries in Homburg and Luisenthal. The investment volume for Saarstahl itself amounted to € 42 million (2019: € 66 million).
Implementation of the new continuous casting line S1 was continued in 2020. With the S1, Saarstahl is further extending its technological competitive edge. The new plant, with an investment volume of almost € 100 million, is the first plant worldwide with mechanical soft reduction in the casting format 180 mm x 180 mm. The project planning for the new hot metal crane (investment € 14 million) was successfully completed. Assembly will start in early 2021.

There were 3,827 employees at the end of the year under review (2019: 4,130). A total of 1,546 people were employed at the subsidiaries and affiliated companies of Saarstahl (2019: 2,074). In 2020, 72 young people (2019: 76) started their careers in the company.

Opportunity and risk report

RISK REPORT

Dillinger introduced its company-wide risk management system years ago. The methods and tools of risk management are continuously developed further.

Organization of risk management
Dillinger's risk management consists for one of the risk coordinators and the risk managers in the specialist departments and subsidiaries. In addition, the central risk management department of SHS handles coordination, support and consolidation tasks for Dillinger.

Methods and structure of the risk management system
The risk management system of Dillinger includes all measures aimed at ensuring systematic handling of risk and it focuses on risk transparency, risk manageability and risk communication.

- Risk transparency: Risk management aims to identify and highlight significant risks connected to business activities at the earliest possible stage. A systematic and consistent method of analysis and evaluation is used for this purpose.
- Risk manageability: We define this as avoiding, minimizing or transferring identified risks through new or existing risk control instruments. Transfer of risk is handled through the corporate service provider SHS Versicherungskontor GmbH, which is responsible for arranging adequate insurance coverage.
- Risk communication: The Board of Management is informed about the current risk situation at regular intervals as well with regard to specific events. Moreover, key risk management issues are discussed with the Supervisory Board.

A network of risk coordinators has been established worldwide to carry out the operational risk management process. In addition, ad hoc risk reporting has been implemented. This makes it possible to generate a current overview of the risk situation at all times.

As part of the integrated governance, risk and compliance concept, the risk coordinators collect additional information for early identification of compliance risks (preventive risk analysis). Deriving measures is part of the compliance program.
Corporate Auditing, as part of the comprehensive corporate management approach to establish an internal management and monitoring system, is a component of risk management as defined by the German Corporate Sector Supervision and Transparency Act (KonTraG). In this capacity, it is also responsible for the systematic and effective internal auditing of the risk management system.

ORGANIZATION OF OPPORTUNITY MANAGEMENT

Opportunity management at Dillinger involves the systematic handling of opportunities and potentials. It is directly embedded into the work of the Board of Directors of Dillinger. The strategy process initiated in 2019 is making an important contribution. The key opportunities for Dillinger are discussed in more detail in the following sections.

Strategic opportunities
Steel is indispensable for the sustainable production of renewable energies. Dillinger is already producing the steels today that are needed for the energy transition and climate reversal. Examples of steel applications include offshore wind power as well as onshore wind power, hydraulic steel structures, and steels for exacting infrastructure projects.

The Saarland steel industry is committed to the goals of the Paris Climate Agreement and is focused on working toward the transformation to green steel. Dillinger therefore supports the German government’s Steel Action Plan for the impending transformation process of the steel industry in Germany. One of the key points of the concept is to enable the switch to low-carbon and, in the long term, carbon-neutral steel production, and to take advantage of the opportunity to become a pioneer of innovative climate protection technologies.

Within the company's own strategy process and the "proactive, carbon-free, efficient" program for the future, the changeover to carbon-neutral production is a central topic. Dillinger developed various scenarios early on for switching to carbon-reduced or carbon-neutral steel production. Initial measures have already been implemented. Additional steps such as bridge technologies and concrete technological options are being analyzed and assessed in terms of their metallurgy and economics, and preparations for them are being studied.

The joint strategy process already initiated for Dillinger and Saarstahl also serves to consistently develop new growth potential and to position our company with our products in promising new business segments.

Operational opportunities
The company continues to press ahead with the strategy process initiated in the previous year. Dillinger sees business opportunities in the growth strategy derived from this and in the cost-cutting program. The first measures relating to increasing productivity, eliminating duplicate structures, consolidating sales activities and closing and relocating divisions have already been initiated.
Dillinger and Saarstahl are together exploring new methods of reducing carbon emissions. Since summer 2020, the new coke gas injection system has been running successfully in real operation at blast furnace 5 of ROGESA Roheisengesellschaft Saar mbH. The transformation process at Dillinger and Saarstahl has begun with this plant, which is the first in Germany to use hydrogen as a reducing agent by injecting hydrogen-rich coke gas into the blast furnace at an industrial scale. This means that we have already achieved the conditions for operating our blast furnaces with green hydrogen in the future. The same plant also began operating at blast furnace 4 about three months later.

The offshore wind industry can make a significant contribution to achieving Germany's ambitious national carbon reduction targets. With Steelwind Nordenham, Dillinger wants to make its contribution. For example, Steelwind is supplying the next generation of monopile foundations: the so-called "beyond XXL" monopiles with diameters of up to 10 meters, total lengths of up to 107 meters, and each weighing around 2,000 t. These one-piece monopile foundations will be the largest monopiles to date for German wind farms. Integrating parts of the transition piece into the monopiles, despite the already very large dimensions, offers new opportunities for cost reductions.

Digitalization is likewise a core component of the corporate strategy. To continue to develop from a digital perspective and thus become faster, more efficient and more competitive, the development of an overall concept for digitalization for the Saarland steel industry has been initiated. To achieve this target, the digitalization roadmap, which maps all areas of the company in detail, was adopted in the middle of the year.

All of this is aimed at securing the future viability of the Saarland steel industry.

Sector, external and market risks
Global trade conflicts, especially between the two largest economies, the United States and China, continued to define the framework for trade and economic relations on the world market in 2020. The coronavirus-related recessionary trend has exacerbated this problem. The ongoing structural and cyclical problems in the steel market continue to have a sensitive impact on Dillinger's business activities. In detail, this means overcapacities, import pressure and ongoing very high price pressure. Add to this the economic impact caused by the coronavirus. These more-than-challenging market conditions led to a considerable decline in production at Dillinger.

The offshore wind industry is becoming a mainstay of the energy transition. With the planned increase in offshore expansion targets to 20 GW in 2030 and 40 GW in 2040, new construction activities are being initiated in the German North Sea and Baltic Sea. We continue to expect very high growth potential not only in Germany but also in the European and global markets. The EU has now set a target of 300 GW for 2050. Certain sales risks continue to lie in increasing competition here from steel plate suppliers and monopile manufacturers, as well as long-term risks in the development of new foundation types. However, with the investment in the new edge-milling machine of Dillinger France in Dunkerque, a strong step forward is being prepared to build on Dillinger's excellent position in the market.

The overall market situation in the line pipe market is very difficult due to COVID-19 and the associated low oil and gas prices. Only a few projects are scheduled worldwide for the coming months. They are subject to strong competition on the line pipe and plate side. The global trend toward carbon reduction will likely place considerable pressure on this sales market in the future. With the exception of large demand in Qatar, we continue to expect few projects worldwide to be achievable for Dillinger in 2021.

Due to the uncertainties resulting from the difficult overall economic situation, the effects of the coronavirus pandemic, global overcapacities and trade disputes, the risks for Dillinger are to be assessed as moderate. Much will depend on how the effects of the pandemic play out in the coming months.

Regulatory risks
In 2020, the European Commission reaffirmed its current approach for achieving a climate-neutral economy and further raised the climate targets. This is associated with high long-term risks for the steel industry. Long-term planning security is required to achieve the climate targets, and in particular to initiate the necessary investments. The basis for this is reliable forecasts based on appropriate political decisions. The German government's Steel Action Plan represents an initial concept.

The risks are being countered operationally through the climate-compatible restructuring of steel production, including the use of hydrogen and the development of innovative technologies. Last year, Dillinger and Saarstahl adopted a forward-looking strategy with the motto: proactive, carbon-free, and efficient. The first measures toward emission-free production were already implemented in 2020, but there are additional, enormous investments associated with the climate targets that apply for us. These cannot be managed by the steel companies concerned on their own. Due to its high importance, the issue is being handled by a separate carbon strategy team at the SHS level.

The market stability reserve introduced in conjunction with the emissions trading directive for the fourth trading period has led to a reduction in the quantities of allowances and has caused the price of emissions allowances to rise. For Dillinger, this entails a significant additional financial burden due to the certificates that must be acquired.

The amendment to the Renewable Energy Sources Act presented by the German government provides for a gradual increase in greenhouse gas-neutral electricity. Germany is to have only greenhouse gas-neutral electricity by 2050. The financial impact on the energy-intensive steel industry cannot be quantified at this stage. No changes are expected in the current regulations for self-generated electricity, but the effort required to measure and record the amount of electricity consumed by third parties continues to increase and is generating considerable costs.

We classify the risks from regulatory developments for Dillinger as moderate.

Risks from operating activities
Dillinger's production facilities may be subject to operational interruptions, property damage and/or quality risks. These may be due to the complexity of the manufactured products, to the complexity of the manufacturing processes and technical operating facilities, to human error, or to force majeure. Risks are countered through continuous investment in state-of-the-art equipment and through systematic methods and innovative diagnostic systems for preventive and condition-based maintenance. In addition, the quality assurance system, which is certified in accordance with international standards, is being consistently improved.

Procurement risks
The raw materials for the bulk goods required for hot metal production are procured worldwide. The many geopolitical crises and the current coronavirus pandemic may therefore have a negative impact on the procurement situation.
To minimize risk, an ongoing diversification process with respect to sources and properties has been implemented in the procurement of raw materials. Long-term supply

contracts are also concluded to secure supplies. In order to minimize price risks caused by volatile markets, contractual hedging of quantities and prices is used with the respective supplier/trader (natural hedge) or with derivatives, depending on the market situation.
In addition, alternative possibilities for making the use of raw materials more flexible are constantly being tested and evaluated. Overall, security of the supply of raw materials, energy and logistical capacities in the required quantities and quality can be considered ensured over the medium term.

IT risks
Information processing contributes in important ways to Dillinger's competitiveness. The availability of correct data and information flows is of central importance. Specific information technology areas are consolidated centrally. Risks exist in the failure of key production and management systems within the value chain. The risk of unavailability or to integrity can in particular arise due to system access by unauthorized third parties. In addition, the confidentiality of our data and information may be compromised, for example, through spying by competitors and industrial espionage or sabotage. There are also general threats from cybercrime and fraud. Dillinger counters these risks by continuously monitoring and updating the software used and the information technology protection systems by Group IT.
The existing information security management system is continuously being expanded. A corporate information security officer was appointed for the Group in 2019. Along with various internal and external concepts to achieve IT security, modern technologies and adapted IT operating processes are used to identify and defend against threats, including new ones, at an early stage. Emergency plans and exercises are part of the IT security concept. Close cooperation between departments and data protection officers ensures that personal data is always processed in accordance with the regulations of German Data Protection Law.

Human resource risks
For Dillinger as a manufacturer of products with high technological standards and quality, qualified specialists and executives and their strong commitment to the success of the company are of primary importance. In view of this, Dillinger places great importance on being an attractive employer. There is a general risk of losing skilled employees, and with them, expertise.

The company counters this risk by providing training in various vocational fields. To come into contact with suitable people, Dillinger engages in a wide range of recruiting efforts. The company also promotes intergenerational collaboration to ensure systematic knowledge transfer to the successors of retiring experts and managers. This is supported by specially trained coaches who help to systematically record the knowledge critical to success and transfer it to the successors of employees leaving the company by means of a transfer plan.
Employment risks caused by the situation on the world market are countered by labor market policy instruments (such as the short-time work scheme introduced in all areas of Dillinger in January 2020), as well as by internal flexibility instruments. The current situation in the steel industry reduces the company's attractiveness as an employer. Similarly, a massive reduction in jobs leads to know-how risks, which are countered as described above.

Environmental risks
The production processes in hot metal and steel production as well as the heavy fabrication division involve innate process-related environmental risks such as contamination of air and water. Dillinger therefore does everything it can to exclude damage caused by the product or its production through intensive quality and environmental management. For instance, the company operates an integrated management system that combines quality management, workplace safety and environmental protection with incident management. In addition, the company also invests continuously in measures that increase the effectiveness of its protection of the environment and fulfill environmental requirements.
Beyond this, however, there are still risks due to the tightening of environmental constraints and regulations with requirements that may not be economically feasible with current technology.

We consider the risks from operating activities to be low.

Financial risks
Safeguarding the financial independence of the company by coordinating financial requirements is of central importance for Dillinger. To do so, the financial risks are actively controlled and limited. This is supported by integrating the financial departments under the umbrella of SHS. The introduction of a new treasury system will simplify management and map processes more efficiently.

The company concludes financial instruments only with counterparts that have an excellent credit rating. Receivables in the area of deliveries and services are continuously monitored. Transactions are secured by means of credit insurance. The resulting risk of default can therefore be considered low.

Ongoing financial and liquidity planning and a far-reaching cash management concept ensure the company's liquidity at all times. A steel producer's financing of capital-intensive investments in fixed assets is always made at matching maturities, taking into account the expected capital returns and the necessary backing with equity capital. In addition, all major subsidiaries are incorporated in the short- and medium-term financial plan according to uniform standards. During regularly occurring analysis, both the current status and planning are incorporated into the risk management system. This ensures the necessary financial flexibility for Dillinger.

Independent of this, market risks can influence fluctuations of current market values or future cash flows from financial instruments. Dillinger actively counters these risks through the use of currency and interest rate hedging transactions. These instruments considerably limit or completely eliminate market price risks.

In general, hedging instruments are not employed separately from the underlying performance-related hedged item. They are regularly monitored and analysis is generated for control purposes. The results are incorporated into the risk management system. Any residual risk is considered low. The financial reporting of the hedging instruments mentioned is presented in detail in the notes to the balance sheet. Overall, the financial risks are considered to be low.

Legal risks and compliance risks
One major legal case already concluded in 2019. It is likely that further proceedings will follow this. For very specific issues that reach beyond German and French jurisdictions, Dillinger also procures the expertise of prominent external legal practitioners. This is also true for issues that carry a high risk of uncertainty.

The compliance program of the SHS Group and thus of Dillinger was continued by the Compliance Committee in the past financial year. The focus continues to be on the important areas of antitrust and competition law as well as corruption. Informational events and publications specifically about compliance are used preventively to encourage conduct that is compliant and that exhibits integrity. Use of an eLearning tool makes it possible to access the training content worldwide and in various languages. A stand-alone, structured process by which tips are reported and acted upon was implemented in 2020.

Two Group data protection officers (eDSB) were appointed for the practical implementation of the General Data Protection Regulation, which came into force in May 2018.

The risks are classified as moderate.

Overall assessment of the risk situation
The World Health Organization (WHO) declared COVID-19 a pandemic on 11 March 2020. The effects on the financial and economic markets associated with the spread of the coronavirus will also influence Dillinger's business activities beyond the balance sheet date for the 2020 financial year. However, it is currently not possible to reliably quantify any renewed negative effects on the asset, financial and earnings position, such as declines in demand and sales, employee absences and production risks. Overall, there are no discernible risks that could endanger the company's continued existence.

Forecast

GENERAL ECONOMIC CONDITIONS

Global growth
Global economic output is expected to stabilize in 2021, with GDP growth of 4.2%. Given the renewed lockdown in some regions of the world during the winter of 2020/2021, the recovery will weaken for the time being. The economy in the United States has been on the upswing since the second half of 2020, but this is threatened by high infection rates. GDP growth of 3.2% is expected in 2021. China's economy continues to grow in 2021 (8.0%). This development is based on new incentives to purchase cars and household appliances.

Positive development is also expected for the euro zone (+ 3.6 %). The recovery is being bolstered by the ECB's ongoing expansionary monetary policy. The recovery is generally fragile as there is high volatility and uncertainty due to the current coronavirus situation.

Recovery of the steel market
The steel market is projected to recover in 2021. Worldsteel estimates global steel demand at 1,795.1 million tons (+ 4.1 %). Chinese steel demand is expected to calm down as the extensive fiscal stimulus is phased out and infrastructure and housing projects remain at the same level.

In the euro zone, production in the steel processing sectors will recover slowly due to the good order situation but will remain susceptible to disruptive factors. As in 2020, import pressure coupled with general uncertainty regarding the future conditions for the emission reduction policy will pose a serious challenge for EU steel producers. Supply chains are endangered by the insolvencies of smaller companies. EUROFER forecasts growth of 8.2 % for steel processors in the euro zone. Prognos predicts a dynamic upswing of economic activity for Germany in spring 2021 with an increase in GDP of 3.9 %. Industries that may benefit include the automotive, mechanical engineering, construction and metal industries, among others. A significant and sustained recovery is expected for the offshore wind sector.

Moderately positive outlook for the heavy plate market
The general market environment for heavy plate has trended toward improvement since the end of 2020/beginning of 2021 as a result of an uptick in demand. This upward trend, supported by improved demand from consumer segments and an incipient inventory cycle, is indirectly supported by strong demand for other products such as hot-rolled and cold-rolled strip. A noticeable increase in end-consumer demand is more likely in the second half of 2021, however. Market activity continues to be burdened in general by continuing weakness in demand,

overcapacities and protectionism. In addition, uncertainty remains regarding the course of the coronavirus pandemic in 2021 and the associated risk of a negative impact on the global economy.

Under the current conditions, demand is expected to continue to recover in all customer segments and the price trend for heavy plate will initially remain upward. As a result, the capacity utilization of the European steel producers' plants should also increase again.

DEVELOPMENT OF DILLINGER

In view of the continuing challenges in the heavy plate market and the general economic uncertainties, Dillinger's forecasts for the financial year are cautiously optimistic and remain subject to unpredictable factors, particularly with regard to the duration of the recovery and the further consequences of the ongoing coronavirus pandemic. Dillinger nevertheless expects a significant recovery in business activity.

The company has started 2021 with noticeably better utilization of capacities: Demand has revived in the first few months of the financial year and sales prices are picking up. Dillinger is currently benefiting from customer inventory cycles, the upturn in offshore wind business and the resurgence of activity in the mechanical engineering sector. The short-time work initiated in parts of the company in 2020 will be gradually phased out in 2021 due to the positive development.

As a result, Dillinger expects 2021 order intake, production and sales volumes to be significantly higher than those of the coronavirus year 2020, but still short of 2019 levels. The forecasts are subject to the expectation that the emerging gradual recovery of the economy will continue and not be impeded by further serious setbacks like those that occurred in 2020.

From today's vantage point, significant price increases are expected, especially in the procurement of raw materials, as well as a significant rise in selling prices for steel products in Europe. Due to continuously higher capacity utilization, improved margin development and the consistent continuation of the strategy and cost-cutting program, Dillinger expects significantly higher sales revenues and noticeably improved earnings despite conditions in the heavy plate market continuing to be strained. The company expects positive EBITDA for 2021 while still assuming EBIT and the overall earnings to be negative – albeit significantly above the previous year's level.

Dillinger is fully committed to the Paris climate targets and continues to work towards the goal of carbon-neutral steel production. The company is prepared and technologically capable of providing the solutions for this. Until the political framework is in place for decarbonization under competitive conditions, the company is pursuing an intensified reduction strategy together with Saarstahl. The first major step on the road to the green transformation was taken in 2020 with the new coke gas injection system at the blast furnaces in Dillingen. Additional projects are being pursued with the aim of reducing or avoiding carbon emissions, and various feasibility studies have been initiated.

Dillingen, 29 March 2021
The Board of Directors

Dr. KÖHLER BAUES

DISTELDORF Dr. LUXENBURGER

ANNUAL FINANCIAL STATEMENT

Balance sheet

Assets					
€ thousand			Notes	**31/12/2020**	31/12/2019
A.	**Fixed assets**		(1)		
	I.	**Intangible assets**		**1,875**	934
	II.	**Tangible assets**		**672,570**	729,204
	III.	**Financial assets**		**1,273,060**	1,271,921
				1,947,505	2,002,059
B.	**Current assets**		(2)		
	I.	**Inventories**			
		1. Raw materials and supplies		**51,376**	67,046
		2. Work in process		**71,083**	61,062
		3. Finished goods and merchandise		**68,131**	69,341
				190,590	197,449
	II.	**Receivables and other assets**			
		1. Trade accounts receivable		**43,159**	158,099
		2. Receivables from affiliated companies		**227,814**	247,545
		3. Receivables from companies in which the company has a participating interest		**29,771**	22,814
		4. Other assets		**40,490**	40,089
				341,234	468,547
	III.	**Cash and bank balances**		**100,153**	74,880
				631,977	740,876
C.	**Positive difference from asset allocation**		(3)	**1,614**	372
				2,581,096	2,743,307

DILLINGER

Liabilities			
€ thousand	Notes	**31/12/2020**	31/12/2019
A. Equity	(4)		
I. Subscribed capital		**178,500**	178,500
II. Capital reserve		**378,574**	378,574
III. Earnings reserves		**746,898**	912,674
		1,303,972	1,469,748
B. Reserves	(5)		
1. Accruals for pensions and similar obligations		**480,197**	490,296
2. Tax accruals		**424**	424
3. Other accruals and provisions		**189,444**	205,998
		670,065	696,718
C. Liabilities	(6)		
1. Liabilities to financial institutions		**212,158**	199,604
2. Customer advance payments		**2,679**	3,457
3. Trade accounts payable		**36,231**	27,566
4. Payables to affiliated companies		**260,965**	268,067
5. Payables to companies in which the company has a participating interest		**62,399**	47,457
6. Other liabilities		**32,627**	30,690
		607,059	576,841
		2,581,096	2,743,307

Profit and loss statement

€ thousand		Notes	FY 2020	FY 2019
1.	Net sales	(7)	**1,429,556**	1,989,652
2.	Changes in inventories and other own work, capitalized	(8)	**9,160**	- 35,508
3.	Other operating income	(9)	**20,764**	7,778
			1,459,480	1,961,922
4.	Cost of materials	(10)	**1,054,018**	1,425,380
5.	Personnel expenses	(11)	**313,086**	378,156
6.	Amortization and depreciation of intangible and tangible fixed assets		**69,279**	70,677
7.	Other operating expenses	(12)	**136,427**	147,168
			1,572,810	2,021,381
8.	Income from participating interests	(13)	**- 4,732**	- 30,335
9.	Net interest income	(14)	**- 45,181**	- 56,895
10.	Taxes on income and earnings		**187**	187
11.	Result after tax		**- 163,430**	- 146,876
12.	Other taxes		**1,342**	1,109
13.	Compensatory payment to minority shareholders		**1,004**	1,004
14.	Net loss for the year		**- 165,776**	- 148,989
15.	Transfer from earnings reserves	(15)	**- 165,776**	- 148,989
16.	Balance sheet profit		**0**	0

LIST OF SHAREHOLDINGS

	Currency	Share of capital in %			Shareholders' equity	Results 2020	
		Direkt	*Indirect*	*Total*			
1. Affiliated companies							
Domestic companies:							
Saarlux Stahl GmbH & Co. KG, Stuttgart	€ thousand	53.0		53.0	10,570	**- 220**	
Dillinger Hütte Vertrieb GmbH, Stuttgart	€ thousand	100.0		100.0	4,210		1)
Ancofer Stahlhandel GmbH, Mülheim/Ruhr	€ thousand	100.0		100.0	26,031		1)
Jebens GmbH, Korntal-Münchingen	€ thousand	100.0		100.0	19,808		1)
Cargo-Rail GmbH i.L., Dillingen	€ thousand	100.0		100.0	42	**- 8**	2)
MSG Mineralstoffgesellschaft Saar mbH, Dillingen	€ thousand	100.0		100.0	19,968		1)
Steelwind Nordenham GmbH, Nordenham	€ thousand	100.0		100.0	89,062		1)
Steelwind Nordenham Projekt GmbH, Dillingen	€ thousand	100.0		100.0	2,614	**2**	
Foreign companies:							
Dillinger France S.A., Grande-Synthe	€ thousand	100.0		100.0	67,789	**- 28,212**	
Eurodécoupe S.A.S., Grande-Synthe	€ thousand		100.0	100.0	1,024	**- 121**	
AncoferWaldram Steelplates B.V., Oosterhout	€ thousand	100.0		100.0	40,485	**- 1,482**	
Ancofed S.A.R.L., Grande-Synthe	€ thousand		100.0	100.0	33	**16**	
Trans-Saar B.V., Rotterdam	€ thousand	100.0		100.0	1,020	**550**	
Dillinger Nederland B.V., Dordrecht	€ thousand	100.0		100.0	212	**117**	
Dillinger International S.A., Paris	€ thousand	100.0		100.0	1,440	**125**	
Dillinger Middle East FZE, Dubai	K AED	100.0		100.0	81,160	**- 840**	
Dillinger India Steel Service Center Private Ltd., Mumbai	K INR		100.0	100.0	141,519	**1,280**	
Dillinger America Inc., New York	K USD	100.0		100.0	251	**9**	
Dillinger Nordic AB, Alingsås	K SEK	100.0		100.0	1,253	**128**	3)
Dillinger Italia S.R.L., Mailand	€ thousand	100.0		100.0	113	**23**	3)
Dillinger Espana S.L.U., Madrid	€ thousand	100.0		100.0	89	**11**	3)
Dillinger Hutte U.K. Ltd., London	K GBP	100.0		100.0	104	**16**	3)

1) A profit and loss transfer agreement exists.
2) Company is in liquidation.
3) Previous year's figure.

LIST OF SHAREHOLDINGS

	Currency	Share of capital in %			Shareholders' equity	Results 2020	
		Direkt	*Indirect*	*Total*			
2. Participating interests							
Companies in Germany:							
Dillinger Hütte und Saarstahl Vermögensverwaltungs- und Beteiligungs-OHG, Dillingen	€ thousand	50.0		50.0	268,768	**3,298**	
Zentralkokerei Saar GmbH, Dillingen	€ thousand		50.0	50.0	137,212		1)
ROGESA Roheisengesellschaft Saar mbH, Dillingen	€ thousand	24.5	25.5	50.0	301,636		1)
ROGESA Beteiligungsgesellschaft mbH, Dillingen	€ thousand		50.0	50.0	2,959	**- 24**	
Cokes de Carling S.A.S., Carling	€ thousand		50.0	50.0	- 26,270	**- 149**	
Saar Industrietechnik GmbH, Dillingen	€ thousand		50.0	50.0	66	**41**	
Saar Rail GmbH, Völklingen	€ thousand		50.0	50.0	5,200		1)
Saar Stahlbau GmbH, Völklingen	€ thousand		50.0	50.0	950	**- 2,708**	
EUROPIPE GmbH, Mülheim/Ruhr	€ thousand	50.0		50.0	62,128	**- 15,736**	
EUROPIPE France S.A., Grande-Synthe	€ thousand		50.0	50.0	- 116	**0**	
BERG EUROPIPE Holding Corp., New York	K USD		50.0	50.0	228,856	**21,430**	4)
MÜLHEIM PIPECOATINGS GmbH, Mülheim/Ruhr	€ thousand		50.0	50.0	19,185	**345**	
Saarstahl AG, Völklingen	€ thousand	25.1		25.1	1,939,061	**- 269,408**	4)

1) A profit and loss transfer agreement exists.
4) Consolidated profit.

CASH FLOW STATEMENT

€ thousand		FY 2020	FY 2019
1.	Period result before profit transfer	**- 164,772**	- 147,985
2.	Write-downs/(Write-ups) on fixed assets	**70,715**	79,936
3.	Increase/(Decrease) in provisions	**- 69,805**	5,379
4.	Decrease/(Increase) in inventories, trade accounts receivables and other assets not allocated to investment or finance activities	**84,326**	55,972
5.	Decrease in trade accounts payable as well as other liabilities not allocated to investment or finance activities	**34,378**	- 24,515
6.	Profit from the disposal of fixed assets	**- 369**	- 195
7.	Interest expenses incl. interest expenses and (interest income) not allocated to investment or finance activities	**43,449**	47,161
8.	Other income from shareholdings	**572**	30,335
9.	Income tax	**187**	187
10.	Income tax payments	**- 6**	- 387
11.	**Operating cash flow**	**- 1,325**	45,888
12.	Payments for investments in intangible assets	**- 955**	- 258
13.	Proceeds from disposals of tangible fixed assets	**537**	1.079
14.	Payments for investments in tangible fixed assets	**- 12,800**	- 27,450
15.	Proceeds from disposals of financial assets	**188**	9,700
16.	Payments for investments in financial assets	**- 2,762**	- 1,112
17.	Payments / Proceeds due to financial investments as part of short-term financial resource management	**60,015**	- 11,614
18.	Interest received	**8,690**	12,217
19.	Received dividends and profit and loss transfers	**7,443**	8,060
20.	Payments due to compensation obligations	**- 38,375**	- 26,433
21.	**Cash flow from investment activities**	**21,981**	- 35,811
22.	**Free cash flow**	**20,656**	10,077
23.	Proceeds from loans	**50,000**	50,000
24.	Payments from the amortization of bonds and loans	**- 37,446**	- 37,445
25.	Interest paid	**- 6,933**	- 6,287
26.	Dividends paid to shareholders	**- 1,004**	- 1,004
27.	**Cash flow from financing activities**	**4,617**	5,264
28.	**Net change in cash and cash equivalents**	**25,273**	15,341
29.	**Cash and cash equivalents at the start of the period**	**74,880**	59,539
30.	**Cash and cash equivalents at the end of the period**	**100,153**	74,880

Offsetting and reconciliation of cash and cash equivalents			
€ thousand	**31.12.2020**	31.12.2019	31.12.2018
Cash and bank balances	**100,153**	74,880	59,539
Other securities	**0**	0	0
Cash and cash equivalents	**100,153**	74,880	59,539
Change in cash and cash equivalents	**25,273**	15,341	

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