



Executive Summary
of the **2015**
Financial Statement

Key figures

	2014	2015	Veränderung
Hot metal purchase in kt *	2 018	2 060	+ 2.1 %
Crude steel production in kt	2 345	2 401	+ 2.4 %
Total production of heavy plate in kt	1 820	1 856	+ 2.0 %
of which produced in Dillingen in kt	1 258	1 296	+ 3.0 %
of which produced in Dunkerque in kt	562	560	- 0.4 %
Total shipment in kt	2 441	2 451	+ 0.4 %
of which heavy plate in kt	1 767	1 843	+ 4.3 %
of which semi-finished product in kt	674	608	- 9.8 %
Sales by country in millions of €			
Germany	640	669	
France	347	289	
Other EU countries	384	396	
Other exports	501	378	
Total sales	1 872	1 732	- 7.5 %
Total workforce (excluding trainees) as of 31 Dec.	5 048	5 081	
Personnel expenses in millions of €	317	344	
Balance sheet total in millions of €	2 962	2 943	
Fixed assets in millions of €	1 967	2 019	
Investments	140	105	
Shareholders' equity in millions of €	1 812	1 812	
EBITDA in millions of €	237	110	
EBIT in millions of €	183	57	
Earnings from ordinary activities in millions of €	141	10	
Net result before profit transfer in millions of €	139	8	
Cash flow from operations in millions of €	77	188	

* Total production ROGESA Roheisengesellschaft Saar mbH: 4 429 kt (2014: 4 383 kt).

Cover photo:

A look into a Mega-Monopile at Steelwind Nordenham.

Forward-looking:

The layout of the Annual Report 2015 is already characterized by the Dillinger brand relaunch implemented in April 2016, which is intended to sharpen the brand profile and set new marks in the global framework.

Control panel of the new continuous casting machine CC6, the largest individual investment at the Dillingen site



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* This abridged English-language financial statement is an excerpt from the annual report of Dillinger Hütte for the 2015 financial year. This publication does not constitute the complete form required by law (for this, please see the 2015 Annual Report of Dillinger Hütte in German).

Members of the Supervisory Board

Dr. MICHAEL H. MÜLLER, Saarbrücken

Chairman

Chairman of the Curatorship for the Montan-Stiftung-Saar

ARMIN SCHILD, Biebertal

1st Deputy Chairman (until 31 Dec. 2015)

*District Manager for IG Metall Hessen,
Rheinland-Pfalz, Thüringen, Saarland*

JÖRG KÖHLINGER, Frankfurt

1st Deputy Chairman (as of 15 March 2016)

*Trade Union Secretary/District Manager
for IG Metall central regional management*

MICHEL WURTH, Sandweiler

2nd Deputy Chairman

*Chairman of the Supervisory Board,
ArcelorMittal Luxembourg S. A.*

ARIBERT BECKER, Rehlingen

(as of 15 March 2016)

*Member of the Executive Board of the Curatorship
for the Montan-Stiftung-Saar*

Dr. BERND BERGMANN, Wallerfangen

*Member of the Board of Management (ret.)
of Dillinger Hütte*

Prof. Dr. HEINZ BIERBAUM, Saarbrücken

Director of the INFO Institute, Saarbrücken

JÜRGEN BLUDAU, Dillingen

*Member of the Group Works Council and Deputy
Chairman of the Works Council of Dillinger Hütte*

CARL DE MARÉ, Belsele

Vice-President of ArcelorMittal,

Chief Technical Officer Flat Carbon Europe

MICHAEL FISCHER, Dillingen

Chairman of the Group Works Council and

Chairman of the Dillinger Hütte Works Council

ALBERT HETTRICH, Saarbrücken

(until 31 Dec. 2015)

Chief Representative of SHS - Stahl-Holding-Saar

ROBERT HIRY, Rehlingen-Siersburg

Primary Authorized Representative

for IG Metall Völklingen Administrative Office

EUGEN ROTH, Merchweiler

Deputy Chairman of Deutscher Gewerkschaftsbund

Rheinland-Pfalz/Saarland

FRIEDEL SCHMIDT, Merten

Member of the Group Works Council

and the Dillinger Hütte Works Council

STEVE WAMPACH, Born

*CFO ArcelorMittal Europe – Flat Products –
Business Division North*

ERICH WILKE, Königstein/Taunus

Bank Executive (ret.)

HENNER WITTLING, Ottweiler

Member of the Curatorship

for the Montan-Stiftung-Saar

Members of the Board of Directors

Dr. KARLHEINZ BLESSING

Chairman

(until 31 Dec. 2015)

FRED METZKEN

Spokesperson for the Board of Management

(as of 18 March 2016) and Chief Financial Officer

Dr. GÜNTER LUXENBURGER

Chief Sales Officer

Dr. BERND MÜNNICH

Chief Technical Officer

PETER SCHWEDA

Chief Human Resources Officer and Labor Director



from left to right:

Dr. Bernd Münnich, Dr. Günter Luxenburger, Fred Metzken, Peter Schweda

Report of the Board of Directors (abridged)

The company's fundamentals

The core business of Aktien-Gesellschaft der Dillinger Hüttenwerke, in the following referred to as Dillinger Hütte (DH), is the manufacture and sale of heavy plate in the form of normal and pipe plate. This involves on the one hand the activities of an integrated steel plant, including the production of coke and hot metal through the subsidiaries Zentralkokerei Saar GmbH (ZKS) and ROGESA Roheisengesellschaft Saar mbH (ROGESA), both jointly held with Saarstahl AG (SAG), and the production of liquid steel and semifinished products. On the other, 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.

SHS – Stahl-Holding-Saar GmbH & Co. KGaA (SHS) is the direct and indirect majority shareholder of Dillinger Hütte as well as of its affiliated company in Saarland, Saarstahl. SHS is the wholly owned subsidiary of Montan-Stiftung-Saar, and the two companies cooperate closely under its umbrella. The wholly owned SHS subsidiary SHS Logistics GmbH consolidates the logistics activities of the SHS Group with the goal of leveraging additional synergies in processes and costs. The same goal is pursued by SHS Services GmbH, likewise a wholly owned subsidiary of SHS. It performs services in other purchasing (e.g. raw materials for steel plants) for the companies of the SHS Group.

Financial report

Overall economic and sector-related conditions

World economy: growth remains weak

Worldwide economic growth in 2015 remained below expectations, with the lowest growth in global gross domestic product since the crisis year of 2009: the International Monetary Fund (IMF)* anticipates growth in world production of 3.1 % (2014: 3.4 %). China's falling rate of growth is seen as the central cause for the slowing of the global economy (only 6.9 % in 2015, after 7.3 % in 2014 and 7.7 % in 2013). Recessions in major emerging

markets such as Brazil (2015 GDP: - 3.8 %) and Russia (- 3.7 %) strained the world economy. In contrast, advanced economies as a whole expanded moderately overall once again in 2015. Economic activity in the USA (GDP 2.5 %) continued to display relatively vigorous growth, but in contrast was weaker in Japan (0.6 %).

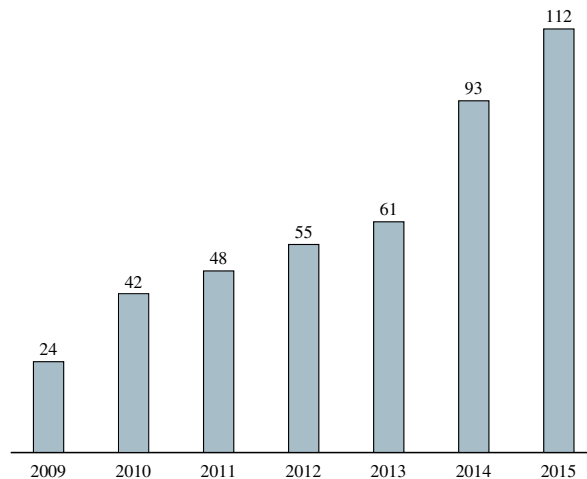
Europe as a whole stable

Due in part to the weaker euro exchange rate, the euro area was able to improve economic performance in 2015 (1.5 %, after 0.9 % in 2014). Germany in particular showed stable development here (+ 1.5 %). With a 1.1 % growth rate, France's economic performance remained below average, whereas Spain, with 3.2 %, posted the highest growth rate in the euro area. The revival appears intact in the United Kingdom as well (+ 2.2 %). Countries in central and eastern Europe posted a growth rate of 3.4 %.

Worldwide steel market in crisis mode

For the first time since 2009, crude steel production fell in 2015 by - 2.8 % to 1.62 billion tons.** With the exception of India (+ 2.6 % to 90 million tons), all of the major steel-producing countries were affected. Even China, with around 804 million tons still the undisputed top-producing country, was unable to elude the drop in demand and for the first time produced around 20 million tons less crude steel in 2015 than in the previous year (- 2.3 %). At the same time, apparent steel consumption declined worldwide in 2015 by 2.6 %. The slump in China was especially

Chinese steel exports (in millions of tons), source: official foreign trade statistics, German Steel Federation (WV Stahl)



* IMF, World Economic Outlook, January 2016

** worldsteel, 25 Jan. 2016

*Employees as a success factor:
Due to the commitment and flexibility
of the workforce it was possible to
conclude the business year with a profit.*



sharp (- 5.3 %, to 673 million tons). Similar to the drop in demand, the rate of utilization of capacities collapsed during the year and achieved an average of just 70 % for the year.

The flood of Chinese steel exports at record-low prices led to substantial downward pressure on the overall price level for steel: from November 2014 to November 2015, world steel prices fell by 28 % – a development that triggered a flood of commercial litigation worldwide in 2015.

European steel market strongly impacted by imports

In Europe, the most important sales market for Dillinger Hütte, the steel processing sectors grew by 2.0 % compared to the previous year. * Apparent steel consumption in the EU 28 meanwhile increased by around 2.3 % to 150 million tons (2014: 3.9 %); the entire increase in consumption was however covered by imports from third countries, which were also able to gain additional market share. As a consequence, European crude steel production sank by 1.8 %. In the first eleven months, steel imports in the EU rose by 25 %. The three biggest import countries are in particular China, followed by Russia and the Ukraine.

Heavy plate market fiercely competitive

Incoming orders at European heavy plate plants also fell dramatically (- 9.3 %) due to skyrocketing imports from third countries. At the same time, incoming orders for exports from the EU to non-EU countries slumped in comparison to the previous year by 18.5 %. The market share for imports to the EU from third countries is at a high 22.6 %. Accordingly, utilization of capacities at the plants of the European Confederation of Iron and Steel Industries (Eurofer) in the first nine months of 2015 averaged only about 61 %, and in the third quarter fell to the lowest level since 2009 – certainly attributable in part to shutdowns for maintenance – at around just 54 %.

Insufficient utilization of capacities, falling raw material costs and the extreme increase in imports were the defining factors for starkly negative price development throughout the entire year, which largely also impacted the premium quality segment. Due to the negative development in oil and gas prices, the situation in the directly involved segments – boiler and pressure vessel construction, offshore oil and gas, and line pipe – was extremely diffi-

cult, since few larger projects were realized, and those that were involved fierce price competition. In contrast, the construction machinery segment as well as the large machine construction segment operated at a satisfactory level. Trade activities were at a rather moderate level. The situation in the offshore wind segment developed very well in terms of volumes in the second half of the year. The steel construction and onshore wind segments operated at a satisfactory volume level but where highly problematic in terms of prices.

Business development at Dillinger Hütte

The heavy plate market proved extremely challenging for Dillinger Hütte in 2015: Massive overcapacities and imports led to aggressive predatory competition that resulted in increasing pressure on revenues. Dillinger Hütte suffered particularly from weak demand for pipe plate due to a lack of projects; incoming orders fluctuated widely and on the whole were low, due to the project-dependent nature of the orders. However, higher volumes were booked in the normal plate product segment. In view of this, production and sales volumes increased slightly compared to the previous year and thus the capacities of the production plants were utilized at a level similar to the previous year.

The financial year was concluded with a profit, which – due to dramatic declines in revenue and a changed expense and income structure – was nonetheless significantly below the previous year’s level.

Internal cost-cutting programs, which were rigorously continued in 2015 as part of the strategy program PRIMUS 16 launched in late 2014, which aims to strengthen and further expand the company’s competitiveness with various business initiatives, made a positive contribution here. Strategic investments as well as the optimization and modernization of technical equipment were also continued according to plan.

Good utilization of production plant capacities

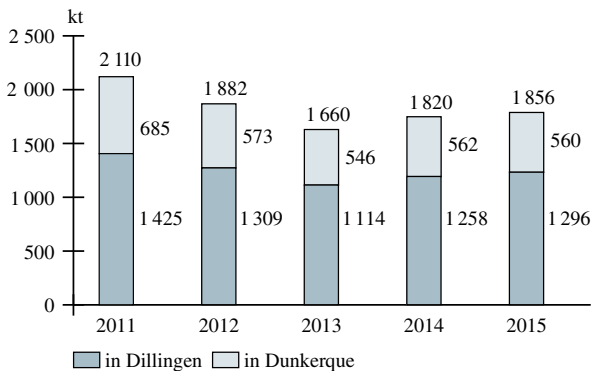
Due to both the generally more continuous production in 2015 and the planned inventory build-up of slab as an

* Measured against Eurofer’s Steel Weighted Industrial Production Index (SWIP)

input material – prompted by the relining of blast furnace 4 (2016) – it was possible to slightly exceed the previous year’s production, as expected.

Production figures were at or above the volumes of the previous year in the primary stages (hot metal and steel production) as well as at both rolling mills, i.e. at Dillinger Hütte itself as well as at Dillinger France S.A. in Dunkirk. Purchases of hot metal meanwhile rose by 2.1 % to 2 060 kt (2014: 2 018 kt), and crude steel production increased from the previous year by 2.4 % to 2 401 (2014: 2 345 kt).

Change in heavy plate production



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. The production of the rolling mills (1 856 kt) increased by a total of 2.0 % from the previous year (2014: 1 820 kt), with 1 296 kt of heavy plate produced in Dillingen (2014: 1 258 kt) and 560 kt of heavy plate produced in Dunkirk (2014: 562 kt).

Earnings situation

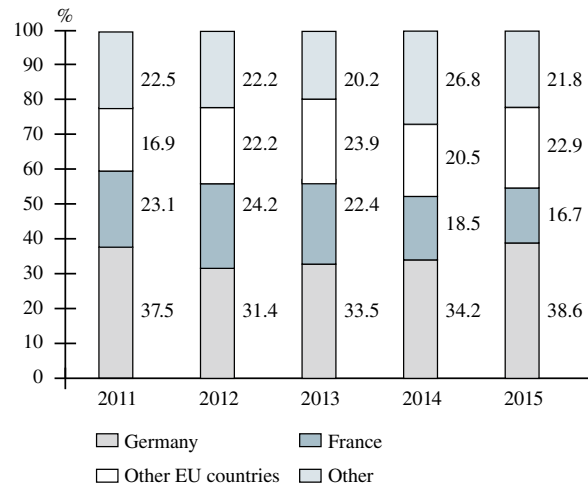
Fallen net sales despite higher sales volumes

Despite higher sales volumes, net sales in 2015 were below the previous year’s sales and also below the targeted level. Worldwide overcapacities coinciding with significantly higher imports from China and steadily declining raw material prices during the year caused sales revenues to decline sharply once again in the entire heavy plate segment.

Shipped heavy plate increased by 76 kt (+ 4.3 %) to 1 843 kt, whereby the decline in the pipe plate segment was offset by a considerable increase in normal plate. A reduced inventory of slab from Dillinger France in 2015 led primarily to a 66 kt (- 9.8 %) decline in sales of semifinished products, to 608 kt, for Dillinger Hütte.

Net sales fell under these circumstances from € 1 872 million in the previous year to € 1 732 million (- 7.5 %). Distribution of net sales by geographic market shows that, with a higher revenue amount domestically, the share outside the European Union concurrently fell more significantly; this is mostly project-related.

Geographic distribution of sales



Earnings under sustained pressure

The forecast for 2015 called for a positive operating result that would be significantly below that of 2014. Under the ongoing difficult market conditions, Dillinger Hütte achieved positive EBIT (Earnings Before Interest and Taxes) of € 57 million in the 2015 financial year, compared with € 183 million in 2014, and EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of € 110 million (2014: € 237 million). The expected considerably weaker performance resulted for one thing from the effects of the enormous pressure on revenues and margins, and for another, from a higher ratio of personnel expenses to total output and a further overall increase in operational expenses.

Material intensity decreased moderately here by 0.9 % compared to the previous year, amounting to 65.9 %. The reasons for this are savings from the cost-cutting and restructuring program DH 2014 plus, reduced material input prices and dissolution of value adjustments in provisions at Dillinger Hütte itself as well as at the production units ROGESA and ZKS.

Other operating revenue (€ 25 million) were below that of the previous year (€ 41 million); this is almost completely attributable to reduced revenues from foreign exchange rates as well as to lower income from the release of provisions.

Whereas personnel expenses were reduced during the previous year due above all to one-off effects, the increase was higher in 2015 due to one-off effects as well as to adjustments to negotiated wages and allocations to provisions. At € 344 million, it was 8.5 % higher than the previous year's level (2014: € 317 million). The ratio of personnel expenses to total output in 2015 amounted to 19.4 % compared to 16.5 % in the previous year.

The depreciation and amortization of intangible and tangible fixed assets amounting to € 53 million were nearly equal to the previous year's level (€ 54 million).

In all, other operating expenses increased by € 42 million, with administrative expenses (+ € 1 million) and general operating expenses (+ € 4 million) remaining almost unchanged. Along with higher freight costs (+ € 5 million) as a consequence of the increase in sales in the year under review, changes in sales-related provisions had a negative impact on earnings, so that total marketing costs were € 37 million higher.

A € 4 million increase in income from dividends was offset by an € 11 million increase in expenses due to assumed losses 2015, which primarily resulted in income from investments falling to - € 13 million (2014: - € 5 million).

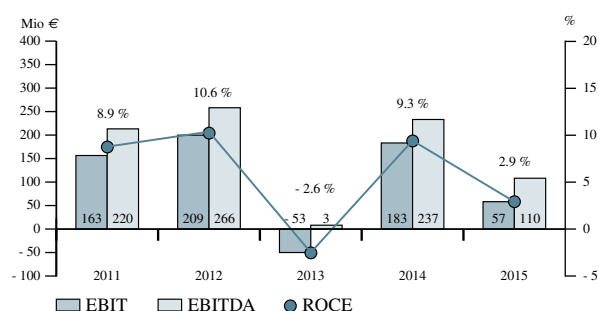
Interest expenditures from the discounting of long-term provisions continued to be higher compared to the previous year – here above all the discounting of pension provisions – which reduced net interest income by € 17 million to - € 48 million.

The result from ordinary activities fell overall by € 131 million to € 10 million.

After deduction of taxes and compensatory payment to minority shareholders, the net result before profit transfer amounted to € 8 million (2014: € 139 million). This also corresponds to the transfer of profit to the parent company DHS - Dillinger Hütte Saarstahl AG.

This negative profit performance is also reflected in the most important key figures for the structure of assets, liabilities and capital, as well as in the yield performance. The return on capital employed (ROCE) during the year under review amounted to 2.9 % (2014: 9.3 %); the return on sales (EBIT margin) amounted to 4.1 % (2014: 12.2 %).

Change in EBIT, EBITDA and ROCE



Financial and asset situation

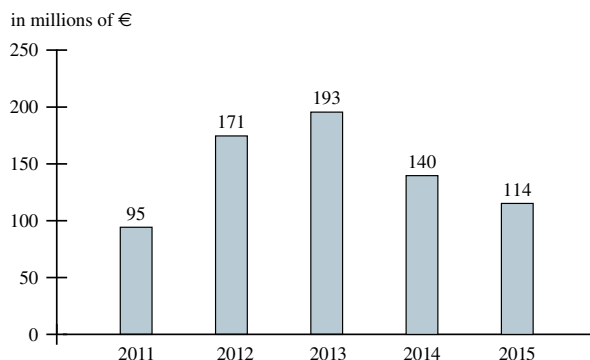
High cash flow from operating activities – investment activity remains high

Cash and cash equivalents decreased by € 13 million during the financial year from € 80 million to € 67 million; change in the previous year: - € 65 million.

Cash flow from operations meanwhile amounted to + € 188 million (2014: + € 77 million). Primary components of cash flow result from the income for the accounting period – adjusted for the depreciation of fixed assets and for the non-payment-related interest expenditures for long-term provisions – in the total amount of € 110 million (2014: + € 237 million) and the significant cash inflows from the reduction of the working capital in the amount of + € 66 million (2014: - € 165 million).

The cash outflow for investments in 2015 amounted to a total of € 89 million (2014: € 92 million) – with € 114 million going to payments for investments in tangible fixed assets alone (2014: € 140 million).

Investments in plant, property and equipment at Dillinger Hütte



The primary focus of investment was again the continuous casting machine CC 6 – a major project with which Dillinger Hütte underscores its leadership in technology for manufacturing premium continuously cast slabs for the most demanding heavy plate specifications. The warm calibration tests began with the first casting in autumn 2015; the first slabs were produced on the newly constructed line in trial operation. In addition to the large CC6 project, the investments primarily involved the rolling mill, but also included heavy fabrication and the steel plant laboratory.

A total of € 112 million (2014: € 49 million) was spent during the financial year for financing measures including the processing of the profit and loss transfer agreement with the parent company. At the same time, payments totaling € 47 million for scheduled loan repayments including interest payments were offset by a loan in the amount of € 10 million.

Weaker operation activity without impact on equity ratio

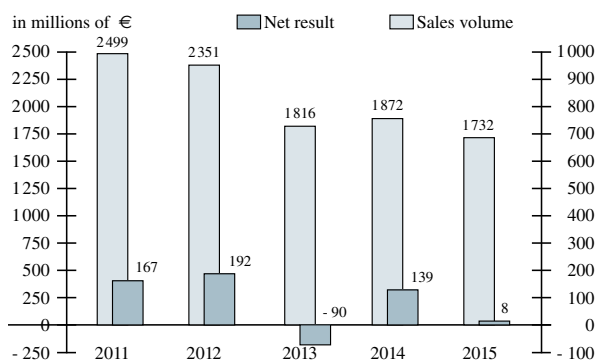
The balance sheet total decreased only minimally from the previous year by € 19 million to € 2 943 million. The net asset position here is characterized by growth in long-term assets and a concurrent reduction in short-term asset values. Fixed assets increased once again in 2015 by € 52 million to € 2 019 million. The primary reasons for this are the investments in tangible fixed assets undertaken in 2015, which exceeded the scheduled depreciation. Current assets increased overall by € 76 million to € 919 million. Provisions meanwhile rose by € 40 million, while receivables and other assets fell by € 103 million, and cash and cash equivalents declined by € 13 million.

The lower value of current assets resulted mainly from lower operation activity compared to the fourth quarter of the previous year.

Whereas shareholders' equity remained unchanged, accruals and provisions were € 72 million higher than the previous year – with provisions for pensions and similar obligations alone (+ € 49 million) – and liabilities were € 90 million below the previous year's level.

Scheduled repayment of liabilities to banks in the amount of € 39 million are offset by a new intake of € 10 million. Reduced operation activity in the fourth quarter compared to the previous year led essentially to a total decline of € 51 million in trade accounts payable and liabilities to affiliated companies. Accordingly, the equity ratio increased slightly from 61.2 % to 61.6 % in the year under review.

Sales and profit performance

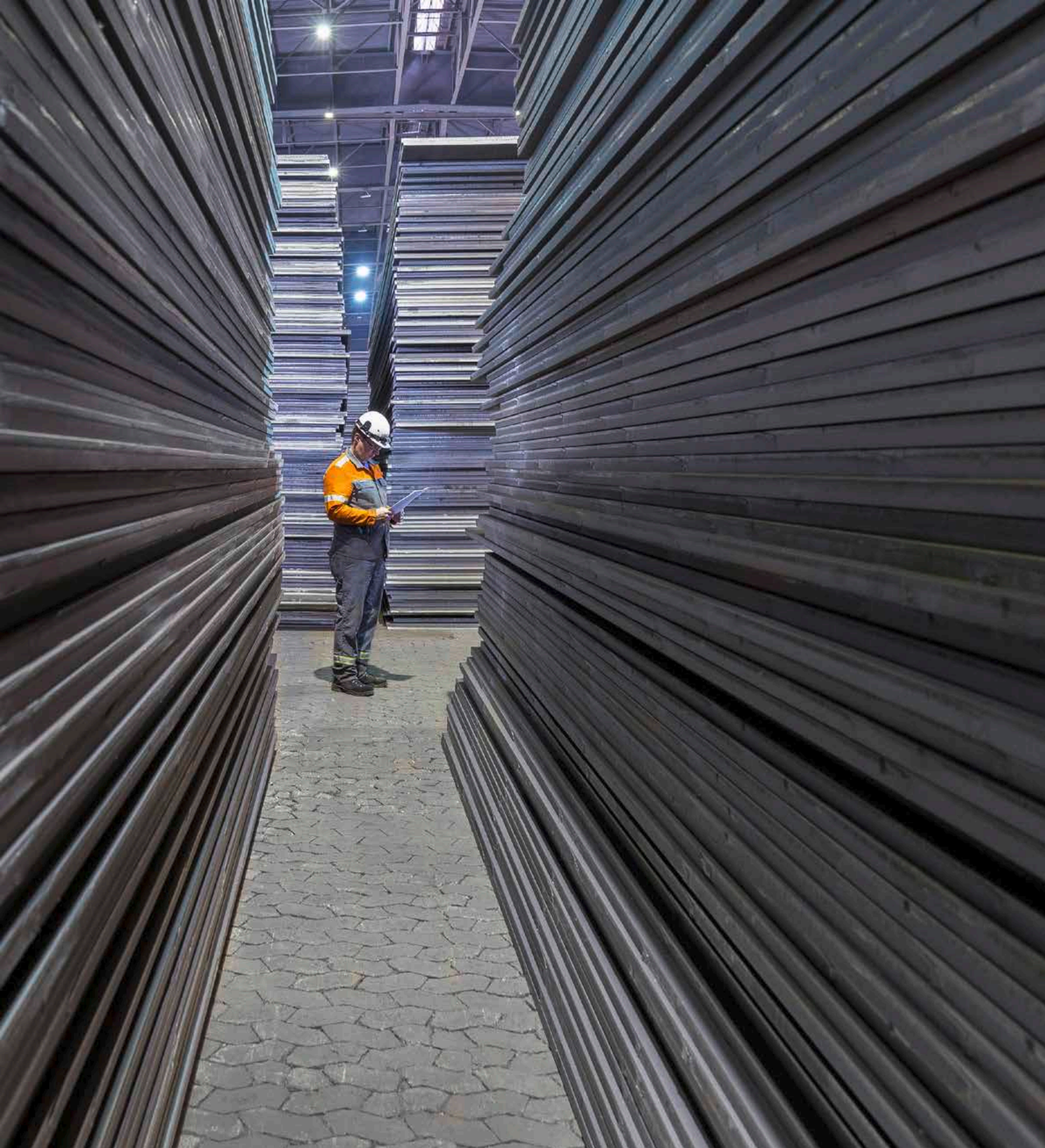


Key figures

		2011	2012	2013	2014	2015
Capital intensity						
Shareholders' equity	millions of €	1 742	1 837	1 747	1 812	1 812
Total assets	millions of €	2 723	2 949	2 872	2 962	2 943
	in %	64.0	62.3	60.8	61.2	61.6
Liquidation ratio for fixed assets						
Shareholders' equity	millions of €	1 742	1 837	1 747	1 812	1 812
Fixed assets	millions of €	1 582	1 734	1 894	1 967	2 019
	in %	110.1	105.9	92.2	92.1	89.7
Debts						
Long-term bank liabilities	millions of €	152	231	211	172	143
Shareholders' equity	millions of €	1 742	1 837	1 747	1 812	1 812
	in %	8.7	12.6	12.1	9.5	7.9
EBIT margin						
EBIT	millions of €	163	209	– 53	183	57
Sales DH-products	millions of €	1 926	1 881	1 449	1 505	1 375
	in %	8.5	11.1	– 3.7	12.2	4.1
EBITDA margin						
EBITDA	millions of €	220	266	3	237	110
Sales DH-products	millions of €	1 926	1 881	1 449	1 505	1 375
	in %	11.4	14.1	0.2	15.7	8.0
Return on capital employed (ROCE)						
EBIT	millions of €	163	209	– 53	183	57
Shareholders' equity, tax provisions, liabilities subject to interest (average)	millions of €	1 840	1 981	2 013	1 971	1 970
	in %	8.9	10.6	– 2.6	9.3	2.9
Internal financing capability						
Cash flow from operations *	millions of €	93	363	70	77	188
Net investment in tangible assets	millions of €	95	171	193	140	114
	in %	97.9	212.3	36.3	55.0	164.9
Expense structure in % of total operating revenue						
Material intensity	in %	76.9	69.4	72.7	66.8	65.9
Personnel intensity	in %	13.1	15.0	20.7	16.5	19.4

* Statements as of 2014 through application of the German Accounting Standard (Deutsche Rechnungslegungs Standards, DRS) 21.

*Due to their special properties and dimensions
where limits are continuously extended
Dillinger plates are applied in diverse projects
and areas of use around the world.*



Changes in important performance factors

Sustainability

The efficiency and success of Dillinger Hütte are determined by its sustainable and responsible behavior toward employees, the environment, the public and the region. This is demonstrated not only by the company's 330 years of existence as of this financial year but also by numerous focal issues and areas of activity contained in the following sections of the management report. The sustainable corporate policy of Dillinger Hütte is distinguished by:

- responsible human resource efforts that aim for workplace safety and health as well as high social standards,
- internal company improvement processes that bring the principles of sustainability and safe conduct to each workplace and each employee,
- bundling competence and service in the interest of the customer's long-term success in efficiently implementing unique and innovative projects,
- safeguarding and enhancing Dillinger Hütte's technological leadership through investing in new facilities and modernizing existing ones as well as through developing innovative products and processes,
- safeguarding know-how through knowledge transfer and strong traineeship and in-service training programs,
- continuous investment in research and development in order to manufacture innovative products profitably while conserving resources,
- procurement oriented on the security of supply and environmentally beneficial modes of transport,
- efficient activity that protects resources by using a multitude of environmental protection measures for efficient use of energy, for the recycling of co-products from steel production and for the reduction of emissions.

Dillinger Hütte also continues to pursue its sustainability policy through, among others, the PRIMUS 16 strategy program that was adopted in 2014.

Moreover, the very product that Dillinger Hütte manufactures – steel – fulfills the principle of sustainability more explicitly than virtually any other. Steel is the most frequently used industrial base material and it contributes significantly, through a wide range of applications, to

protecting the environment and climate. No other material is produced through a process that is as environmentally compatible as steel. At the end of their useful lifetimes, products made from steel can be completely recycled as often as desired and reintroduced into the economic cycle with virtually no waste or loss of quality.

Sustainable production of renewable energies from wind, water and the sun is inconceivable without steel. Innovative products made from steel, such as wind power plants or modern power stations, save six times as much CO₂ as is produced during their manufacture, according to a study by the Boston Consulting Group. The use of steel in building construction – likewise an important customer segment for Dillinger Hütte – is characterized by especially short installation times, which reduces to a minimum any negative impacts on the environment, such as from noise, dirt or traffic disruptions during bridge construction. In structures subjected to high stresses, it is not uncommon for material usage to be reduced by up to 50 % through the use of high-tensile steels, which helps preserve valuable resources and protects the environment.

Employees

Alongside state-of-the-art equipment and technologies, the highly qualified employees and their know-how, strong commitment and flexibility are a decisive factor in the success of Dillinger Hütte. The company therefore invests systematically in socially compatible and responsible human resources efforts. The primary focus here in 2015 was on improving workplace safety, promoting good health and supporting young, skilled employees.

Number of employees nearly unchanged

A total of 5 081 people were employed at the Dillinger plant at the end of the financial year (31 Dec. 2014: 5 048). These employees worked at Dillinger Hütte itself, at ZKS, and at ROGESA. In 2015, 62 new employees were hired. In addition, 58 trainees were employed. The overall number of employees increased by 33 persons (+ 0.65 %) compared to the previous year. A total of 2 455 people were employed at Dillinger Hütte's subsidiaries (2014: 2 317).

Focus on workplace safety

A safe and healthy work environment is a natural component of the human resources policy for Dillinger Hütte. The Board of Management defined new guidelines for this purpose in the past year. In addition, numerous programs, measures and facilities again contributed to promoting and maintaining the safety-consciousness and good health of employees. Dillinger Hütte concluded 2015 with 46 accidents requiring at least one day of time off (2014: 60) and a lost time injury frequency rate (LTIFR) or a rate of accident frequency (the number of accidents requiring one day of time off per 1 million hours worked) of 5.7 (2014: 7.4). As a result, for the first time in six years, a simultaneous reduction was achieved in both the absolute number of accidents and of the accident rate.

Support for young employees

To counteract a possible shortage of skilled workers as a consequence of demographic change, Dillinger Hütte invests in training its own young, skilled employees, even in economically difficult times. During the financial year, 65 young people started their careers with the company. As a result, the company trained a total of 206 young workers, when all training class years are included. Added to this were 17 interns from technical universities who completed a one-year school internship in Dillinger Hütte plants.

For many years now, the company has also maintained partnerships with universities in order to help support young academic talent. In 2015, 45 university students from a technical course of study and 16 university students from a business administration course of study worked at Dillinger Hütte as technical university or university trainees. In addition, four students began their cooperative degree program with the University of Applied Sciences in Saarbrücken (HTW) as well as the University of Saarland (UdS). A total of 18 students are currently completing this practical course of study in the company.

Corporate social policy and responsibility

In addition to good retirement benefits, the responsible corporate policy at Dillinger Hütte has traditionally included offering its employees a wide range of social services. The commitment to helping employees balance work and family includes two AWO „Kleine Hüttenbären“ child daycare facilities, initiated and supported by Dillinger

Hütte. A total of 70 children can be cared for here, making it one more way the company is working to meet its social responsibility to the region.

Improvement processes

Dillinger Hütte employs various improvement programs to enhance and continuously improve the company.

The GPS program for integrated planning and control („Ganzheitliche Planung und Steuerung“) includes company-wide focal issues and objectives defined by the Board of Management, which are formulated with measures in the annual development plan (JEP) and are monitored with the relevant key indicators. In 2015, this once again included improvement of workplace safety as well as the issue of optimizing costs.

The GPS system is complemented with the DILLIGENZ continuous improvement process, which applies proven CIP methods that are integrated into day-to-day operations. In 2015 the focus of DILLIGENZ was on analysis and optimization of processes and workflows following lean management principles as well as in particular the issue of boosting efficiency as part of the PRIMUS 16 program.

The company’s proDH idea management program also again provided improvements in cost and performance. The net benefit of the projects for the year amounted to a record level of € 4.2 million; a sum of more than € 25 million in cost savings was generated through the effects of the associated projects.

The proven instruments for continuous improvement were supplemented by the PRIMUS 16 strategy program launched in late 2014, which aims to strengthen and further expand the company’s competitiveness with various business initiatives. Roughly half of the initiatives were successfully completed in 2015. Important areas of activity here were the expansion of the normal steel product range, strengthening sales and streamlining structures in the administrative area.

Buildings and reference projects

Heavy plate steel from Dillinger Hütte is used for efficient realization of exceptional and innovative projects all over the world and in a wide range of industries. Customers rely on custom-tailored solutions here for special and new requirements, high and dependable product quality, smooth processing of orders and generally good service.

Dillinger plate for Gina Krog jacket

The Gina Krog field on Norway’s continental shelf in the North Sea possesses a reservoir of more than 225 million barrels of oil and gas. Due to the 116 m depth of the water, an exceptionally large jacket was required as the base for the offshore platform: With a height of 142 m, it measures 60 x 50 m on the seabed and 42 x 26 m at the upper end. It is anchored on the seabed with piles that are each 90 m long and have a total weight of around 8 000 tons. Dillinger Hütte delivered 20 000 tons of mostly thermomechanically rolled heavy plate for the jacket, which was successfully installed in June 2015.

Novy Port oil loading station – steel for extreme arctic conditions

Dillinger Hütte delivered around 7 000 tons of heavy plate for the Novy Port oil loading station. Because of the geographic location in northern Siberia, at the mouth of the Ob River, 2 700 tons of steel had to satisfy the toughest arctic demands. Plate for these climatic conditions exhibits sufficient toughness even at extremely low temperatures and thus ensures high component safety. The thermomechanically rolled heavy plate from Dillinger Hütte fulfills the stipulated requirements in both the notch impact test at test temperatures of -80 °C and in the fracture mechanics test at -50 °C; its outstanding weldability also allowed the project to be completed cost-efficiently.

Innovative technology and Dillinger steel: KHI Solar One solar power plant

The state-of-the-art KHI Solar One solar tower power plant currently being constructed in the North Cape province in South Africa, with a planned capacity of 50 MW, will supply up to 65 000 households with sustainable energy. This will cut 183 000 tons of carbon emissions each year. The core of the plant, an integrated energy storage system, enables energy production to be maintained for up to two hours even without solar radiation. Dillinger

Hütte supplied 2 600 tons of low-alloy pressure vessel steel in thicknesses up to 107 mm for construction of the steam accumulators used here.

Dillinger heavy plate links Europe with Asia

In late 2016, each day 100 000 cars will begin commuting between Europe and Asia through a tunnel 100 m below the Bosphorus. This will shorten the time required to travel between the two sides of Istanbul from the current 100 minutes to just 15 minutes. As a consequence, traffic and carbon emissions will be reduced dramatically. A tunnel boring machine manufactured mostly from Dillinger steel and featuring a shield diameter of 13.7 m set new technical standards in the process. After 16 months, the on-schedule breakthrough was achieved on 22 August 2015. Within a short time span, Dillinger Hütte delivered more than 1 000 tons of heavy plate for the project in various steel construction grades that, due to their high quality, ensured safe and reliable processing in the welded constructions of the machine.

Europe’s largest lift bridge: Botlek Bridge

The Botlek bridge in Rotterdam harbor is Europe’s largest vertical-lift bridge and is among the biggest in the world. At 1 243 meters long, it is constructed of six 64 m high oval armored-concrete lifting towers as well as two steel superstructures that weigh 4 850 tons. With a lifting capacity of 10 000 tons, the double lift bridge also moves the world’s largest mass and possesses both the highest lift frequency and lift speed: about once an hour it is lifted or lowered 30 meters in less than 100 seconds. The vertical-lift bridge is designed for a 100-year life span, or 900 000 lift cycles, which is twice as long as is customary in the industry. These specifications place extremely high demands on the materials and welding technologies employed. Dillinger Hütte supplied around 9 000 tons of heavy plate steel for both the steel superstructures and the guide rails for the lifting gear. To reduce weight, thermomechanically rolled steel was primarily used.

Dillinger heavy plate steel – foundation for the energy transition

The monopiles for Germany’s largest wind farms Gode Wind I (55 wind turbines/330 MW) and Gode Wind II (42 wind turbines/252 MW) off the North Sea island of Juist are completely made from Dillinger steel. After their completion, the two wind farms together will supply around

*Also in economically challenging times
Dillinger relies on strong initial training:
In 2015, 65 young people completed the first
steps into their working lives in the enterprise.*



600 000 German households with clean electricity. The wind farm is equipped with state-of-the-art 6 MW wind turbines. The plants are being built on monopile foundation structures at water depths of 28 to 34 m. Dillinger Hütte delivered 117 000 tons of mostly thermomechanically rolled heavy plate in thicknesses up to 111 mm for the steel pipes, which are up to 67 m long, have a diameter of 7.5 m and weigh up to 939 tons. Startup of operation is planned for the second half of 2016.

Research and development

As an important basis for innovation, Dillinger Hütte invests continuously in research and development (R & D). Among its tasks is the development of highly sophisticated steels with increasingly complex properties and combinations of properties, along with sustained improvement of raw materials and energy efficiency.

Production of hot metal and coke

The focus of research in the area of hot metal and coke production during the year under review was on controlling emissions while also boosting plant and energy efficiency at the sintering plants. Extensive measurements and trials were conducted for this. Based on the results, a cost-effective investment concept was created that both ensured compliance with limits for dust emissions and utilized process heating. An expert system for optimizing furnace operation has been introduced to cut hot metal costs. After implementation, the system was successfully tested on blast furnace 5 and significant savings were verified in reducing agent and thus in hot metal costs.

Steel production

One of the priorities in steel plant research was optimizing energy efficiency in the use of converter gas and vacuum treatment of steel melt. A 15 % improvement in the degree of utilization of converter gas was achieved here. The basis for energy-efficient vacuum treatment of steel melt was developed in a joint project promoted by the Federal Ministry for Economic Affairs and Energy.

Heavy plate steel research and product development

In heavy plate research, the expansion of metallographic knowledge about products and processes forms the foundation for fast and efficient development. One significant

key to the development of product properties is the microstructure. Consistent work is therefore continuing on the focal issues of microstructure-based material design and modeling. To enhance these research activities, an allocation of € 1 million over three years was granted for the Materials Science and Engineering department at the University of Saarland.

Important, fully mature industrial product developments were also successfully implemented once again in 2015, which allowed new products to be realized. Thermomechanically rolled construction steels can now be manufactured in plate thicknesses of up to 150 mm. Steels with a chrome content of 9 % were added to the product portfolio. Through sophisticated process routes, cost savings have been realized in construction steels, wear-resistant and high-strength steels, frequently even in combination with intensified requirements or more demanding dimensions.

Procurement and transport of raw materials

Raw materials markets were characterized in 2015 by increasing oversupply of raw materials along with stagnating demand. This development led to a massive price slump and to intensified predatory competition. In order to survive, the remaining producers reduced their costs. Ineffective mines were closed, mines with low costs were further expanded or put into operation. Multiple smaller producers had to partially or completely halt mine operation. As a result, supply bottlenecks occurred for certain grades despite a generally good supply situation, which at times required response at short notice.

In 2015, the EU summit at Elmau resolved to „decarbonize the world“ by 2100. Further strategic decisions as part of the Paris World Climate Summit led to a general trend of major investors turning away from fossil fuels. Even though they are primarily aimed at energy generation, the formulation of such overarching objectives is not without impact on the medium- to long-term availability of coals for steel production.

Ore prices at a low level

Despite the already existing oversupply of the market with iron ore, leading iron ore producers – particularly in Australia – dramatically increased their production. Demand,

*A look at the mixing beds:
The strategy of diversification and optimization as
pursued by ROGESA ensured an optimal supply of
the blast furnaces also under difficult conditions.*



on the other hand, stagnated. As a result, seagoing ore imports to China remained nearly constant compared to the previous year, at around 900 million tons. Ore prices are at a very low level.

The strategy pursued by ROGESA of diversification and continuous optimization of the blast furnace charge allowed for optimal supply of the blast furnaces at all times in terms of quality and costs, even under these difficult conditions.

Fuel prices still depressed

Producers and prices of fuels also continue to be under pressure. Prices for coking coals and injection coals reached a new low. The oversupplied market was characterized in 2015 by supplier insolvencies, capacity reductions and mine closings. Along with additional cost reductions, priorities for ROGESA and ZKS included intensive analysis of diversification opportunities and increasing procurement flexibility.

Maritime shipping: volatile cargo rates

The cargo market displayed high volatility again in 2015. The average price level fell further and reached historically low rates in November. The combination of long-term stocks of favorably priced cargo along with the simultaneous use of opportunities on the spot market proved fruitful for ROGESA and ZKS once again this year.

Successful supply strategy

Intensified oligopolization of raw material markets represents a growing challenge. Progressing predatory competition has already led to a loss of multiple types of ore and coal. This development is managed by ROGESA and ZKS with their risk minimization strategy through concluding contracts with varying durations and conditions while at the same time diversifying and developing new sources of supply. Supply bottlenecks as well as negative impacts on quality and cost of coke, sinter and hot metal could be avoided. The supply of ROGESA and ZKS with ore, fuels and aggregate materials was ensured at all times and at good conditions.

Consistent transport volumes at the Dillingen plant

Transport volumes at the Dillingen plant, at more than 16 million tons, remained at roughly the same level as the previous year. Environmentally sound railway and inland

vessels were again used to transport a high proportion of this volume of more than 80 %.

Despite the train driver strike in the first half of the year and severe low water in the second half of the year under review, the supply of the Saarland plant was ensured at all times by changing over to alternative modes of transport.

Environmental protection and energy efficiency

In keeping with its corporate vision and environmental guidelines, Dillinger Hütte consistently strives for sustainable and ecologically sound management and production. Extensive investment in state-of-the-art technologies helps reduce environmental impacts and continuously improves energy efficiency. The focus of activities in 2015 was on emission control, conserving valuable resources and increasing energy efficiency at the Dillingen steel plant. Not least, innovative product solutions made from steel contribute significantly to protecting the environment.

Improving air quality

Again in 2015, a multitude of measures such as optimization of process exhaust treatment systems at the sintering plants, efficiency improvement studies on the electrostatic precipitator and room dedusting at sintering plant 2 helped to maintain and improve air quality at the Dillingen plant.

Not least, implementation of the Industrial Emissions Directive (IED) through German legislation led to expanded monitoring by official agencies as well as even stricter limits on specific plants that perform an activity covered by IED – which includes nearly all facilities at the Dillingen plant. The focus here of official environmental inspections and testing for permit conditions in 2015 was on the blast furnace gas-fired power plant, the steel and rolling mills, the sintering plants 2 and 3, and ZKS.

Noise control continuously pursued

An important focus of environmental protection activities in the year under review was once again on effective reduction of noise emissions. As a result, new construction projects such as the cooling towers at blast furnace 4 were designed to be integrated into the site's general noise control concept. The processing and updating of the plant-wide noise inventory also contributed once again to continuous improvement of the noise situation.

Blast furnace gas-fired power plant: maximization of electricity production through optimal utilization of capacities

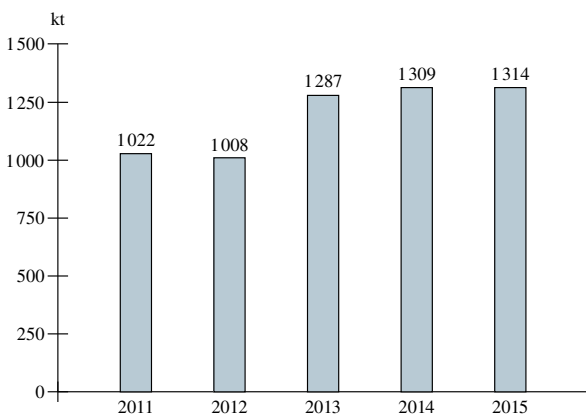
The blast furnace gas-fired power plant of Gichtgas-kraftwerk Dillingen GmbH & Co. KG combines optimum protection of the environment with maximum energy utilization at the Dillingen plant (see the „Shareholdings – ROGESA“ section). The blast furnace gas-fired power plant has an electric output of around 90 MW and a thermal output of 230 MW. By employing the best systems technology currently available, up to 2 billion cubic meters of blast furnace gas can be used annually to produce 570 million kWh of electricity and 400 000 tons of steam or usable heat for consumers at the steel mill site. In 2015, the electricity self-produced by Dillinger Hütte, ZKS and ROGESA in the GWK gas power plant amounted to 495 GWh (2014: 550 GWh).

Most significant shareholdings

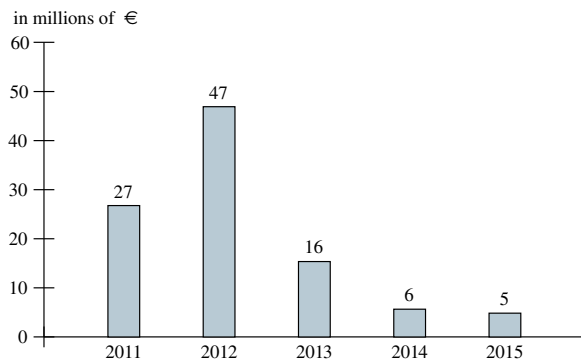
Zentralkokerei Saar GmbH, Dillingen

Aktien-Gesellschaft der Dillinger Hüttenwerke and Saarstahl AG each hold an indirect 50 % interest in Zentralkokerei Saar GmbH. ZKS produces coke intended exclusively for use in ROGESA’s blast furnaces. Total coke production in 2015, at 1 314 kt, was slightly above the previous year’s production (1 309 kt). ZKS is a company without employees. Personnel required for operation of the coking plant are provided by Dillinger Hütte.

ZKS coke production



Investments in plant, property and equipment at ZKS



Investments at ZKS in 2015 amounted to € 5 million (2014: € 6 million). Following the start of operation for the new stamping, charging and pushing machine (SBA 3) during the previous year, key investments in 2015 included a new coke sampling station as well as soil sealing on the „white side“. These investments contribute significantly to ensuring the quality of the coke as well as to protecting the environment at the site.

ROGESA Roheisengesellschaft Saar mbH, Dillingen

ROGESA Roheisengesellschaft Saar mbH, in which Dillinger Hütte 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 Hütte.

Hot metal production in 2015 proceeded according to plan with the blast furnaces 4 and 5, and annual production, at 4 429 kt, was 1.1% higher than the previous year (4 383 kt). During the year under review, 2 060 kt (previous year: 2 018 kt) was supplied to Dillinger Hütte and 2 369 kt (previous year: 2 365 kt) went to Saarstahl.

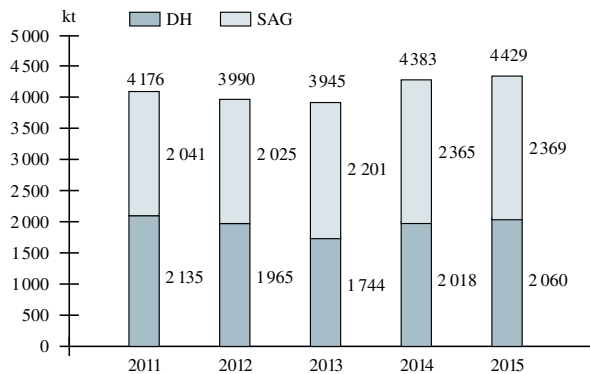
Investments at ROGESA in 2015 amounted to € 28.6 million (2014: € 13 million). As in the previous year, additional procurements were arranged to avoid supply bottlenecks during relining of blast furnace 4, planned for the third quarter of 2016. In addition, modernization of blast furnace blower D1 was continued with a complete replacement of the electrical and control equipment, which ensures availability of the wind supply.



*High tech:
A look into the dispatching control stand,
which controls the media supply on site.*

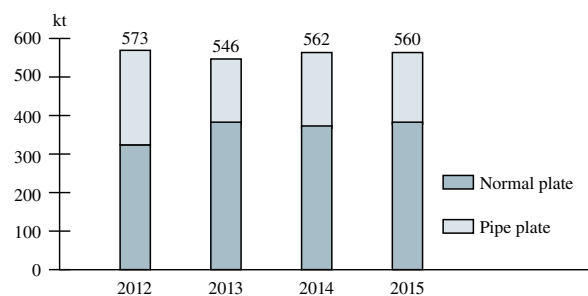


Hot metal production by ROGESA for DH and SAG

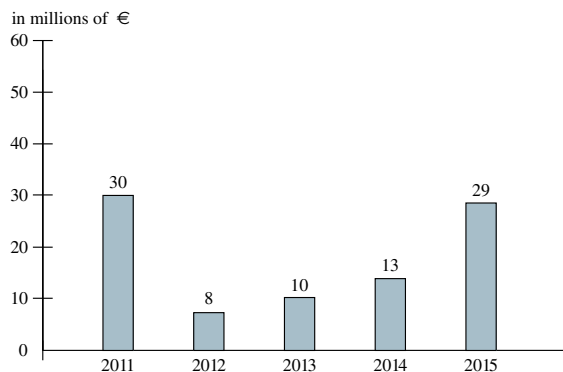


Although planned production goals were not achieved, total production of 560 kt corresponded roughly to that of the 2014 financial year (562 kt).

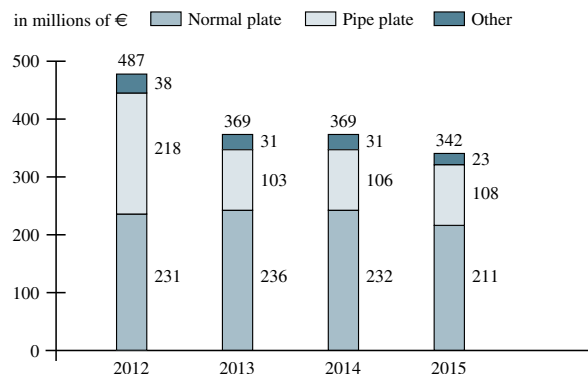
Change in heavy plate production



Investments in plant, property and equipment at ROGESA



Sales performance of Dillinger France



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

Dillinger France S.A., Dunkirk

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

2015: crisis persists

Despite a particularly challenging environment and the strained circumstances in the pipe plate market, Dillinger France posted satisfactory utilization of capacities in 2015 – thanks not least to projects in North America.

Earnings still depressed

In light of the crisis and heavy competition, the sales prices for heavy plate continued to decline and fell to the lowest point in ten years. The drop was especially sharp in the normal plate segment. Thanks to the high market share of the pipe plate in America, a more favorable sales price level could be maintained in this segment.

Since the product mix in both the 2014 and 2015 financial years was almost identical, the significant decline in sales at Dillinger France of € 369 million in 2014 to € 342 million in 2015 can only be explained by the change in the sales prices.

As part of the DH 2014 plus project, large savings were achieved that influenced earnings. As a result, the € 14.4 million loss in 2014 was reduced to € 11.7 million.

Number of employees remains constant – workplace safety at a high level

The number of employees at Dillinger France, with 550 at the end of 2014, remained nearly constant in comparison, with 554 employees at the end of 2015.

The workplace safety performance at Dillinger France continues to be very positive: only one accident resulted in lost time injuries (LTI). The number of workplace accidents subject to reporting requirements, at a total of 17, was close to the same good level of 2013 and 2014, although it exceeded the company's self-imposed goal of no more than 12 accidents subject to reporting requirements.

Ongoing investment

The authorized investments in 2015 involved renovating the rolling mill of the double roller table in front of the descaling system and renovating the descaling mechanics as well as refurbishing the transmission and rolls on the crane in the mechanical workshop unit. In addition, work concluded in 2015 to extend the diffusion hall by 100 meters and to install a new 30-meter bunker.

2016 remains problematic

In light of the very challenging circumstances in the worldwide steel market and for heavy plate in particular, Dillinger France must be prepared for another difficult year. Efforts to improve processes and cut costs are being rigorously continued, and further optimization of quality and customer service is being expedited as part of the PRIMUS 16 strategy program.

Steelwind Nordenham GmbH, Nordenham

Steelwind Nordenham GmbH is a wholly owned subsidiary of Dillinger Hütte that operates a plant in Nordenham for the production of foundations for offshore wind turbines (monopiles, Mega-Monopiles and transition pieces). The heavy plate in the required grades and dimensions is delivered by Dillinger Hütte and its subsidiary Dillinger France in Dunkirk.

Monopile foundation systems (monopiles or Mega Monopiles and transition pieces) are cost-effective foundation systems whose support structure is constructed from heavy plate in thicknesses up to 150 mm. The structural elements have diameters of up to 10 m, unit weights of up to 1 500 tons and lengths of up to 120 m.

Steelwind successfully booked its first orders in 2015. For a new landing stage for supertankers in the Port of Rotterdam (Caland Channel), 31 piling pipes with 2.5 m diameter were built in series production. The piling pipes, up to 50 m long and weighing up to 100 tons, had to be produced within three months and delivered on a very tight schedule, which was achieved thanks to optimal logistic processes. The pipes were driven into the ground immediately after being delivered to the construction site practically just-in-time.

Steelwind received the first big order in July 2015 for the delivery of 91 monopiles for the Race Bank wind farm in England. Race Bank is an offshore wind farm off the East Coast of England (Greater Wash area) that will supply a capacity of 580 MW to the grid when it is completed in 2018. The water depth ranges from 4 to 22 m. The monopiles have a diameter of 6.75 and 7 m and unit weights of up to 750 tons. This order ensures the utilization of capacities at Steelwind until the second half of 2016.

EUROPIPE GmbH, Mülheim

The EUROPIPE Group manufactures and sells welded large-diameter line pipe made of steel. The diameters of the line pipe range from 20 inches (508 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 Hütte holds a 50 % share of EUROPIPE GmbH.

In Europe, the large-diameter line pipe is produced in Mülheim. Coating of the pipe is carried out by EUROPIPE subsidiary MÜLHEIM PIPECOATINGS GmbH (MPC), Mülheim a.d. Ruhr.

Measures to reorganize the corporate site of EUROPIPE France S.A. in Dunkirk are now in the final phase of implementation. Efforts are currently underway to sell the technical equipment.

In the United States, the operating companies of the EUROPIPE Group are consolidated under the holding company BERG EUROPIPE Holding Corp. (BEHC). Berg Steel Pipe Corp. (BSPC) of Panama City, Florida, primarily supplies the North American market with longitudinally welded pipe; Berg Spiral Pipe Corp. (BSPM) in Mobile, Alabama, supplies spiral pipe. Both plants have

facilities to coat the pipe. Marketing activities for the North American companies are combined in the BERG EUROPIPE Corp. (BEC) marketing company of Houston, Texas (USA).

Activity, shipping and sales volume in the Group improved significantly

Booking of capacities at the plants developed very unevenly in 2015 and was considerably weaker at the Mülheim plant than originally planned. Production was halted in Dunkirk in January due to the restructuring measures.

Booking of the 18-meter rolling mill was extremely negatively impacted in the first half of the year by the suspension of the South Stream order, in effect since December 2014. Reduced work hours were unavoidable, at least temporarily. Additional costs accrued in connection with the suspension were reimbursed in full.

The American plants benefited in 2015 from the two large orders ETC Rover and Sabal Trail. The backlog of orders at EUROPIPE GmbH as of 31 Dec. 2015 increased to 418 kt. Large orders here included the bookings for the TAP onshore and offshore projects as well as for the Zohr field development project. The backlog of orders at the EUROPIPE Group increased as of 31 Dec. 2015 to 927 kt.

Revenue posted by the EUROPIPE Group in 2015 nearly doubled in amount to € 888 million, but revenue in Europe turned out to be an extremely low € 260 million, primarily due to the suspension of the South Stream order. The considerable growth in the Group can be attributed above all to the improved revenues at the American plants. Shipped tonnage increased overall from the previous year by 70 % and amounted to 695 kt. The outcome of the 2015 financial year for the EUROPIPE Group is a significantly lower net loss for the year of € 6.9 million. Earnings in Europe were negatively impacted by the weak booking of capacities, the suspension of the South Stream order and the implementation of the social compensation plan for the plant in Dunkirk. After-tax result for EUROPIPE GmbH changed only slightly compared to the previous year and amounted to a net loss for the year of € 46.8 million.

At the end of 2015, the EUROPIPE Group employed a total workforce of 1 217 people. Of these, 601 employees worked for EUROPIPE GmbH.

Research and investment in quality and process optimization

The EUROPIPE Group invested a total of € 11.3 million in 2015. One goal is to stabilize the market position through continuously improving product quality. In the Mülheim plant, a gap in production was closed by the procurement of expander wedges in the 24" to 28" dimension range.

EUROPIPE GmbH spent € 1.7 million in 2015 on research and development aimed at enhancing its products and on continuous improvement of production and quality assurance processes. The ultimate goal of the development efforts is to expand the range of application of the large-diameter line pipe and to improve quality parameters.

Slightly improved prospects for the large-diameter line pipe market

Worldwide demand for large-diameter line pipe improved slightly in 2015, but unrelentingly intense competitive pressure continues, especially from India, Turkey and, increasingly, China. Fortunately, demand in EUROPIPE's important home market of Europe is improving, primarily due to the announcement of two additional lines in the Baltic Sea route of the Nord Stream 2 project and the associated follow-up projects. Multiple projects in North America furthermore indicate a continuation of the overall good market situation.

The drastic slump in oil prices has also had a visibly negative impact on the large-diameter line pipe market. Political conditions continue to be shaped by warlike conflicts between Russia and Ukraine as well as in Syria.

In Europe, higher production and shipped tonnages are expected in 2016 compared to the previous year. In addition to the delivery of the remaining South Stream volumes, the already secured orders for the TAP (onshore and offshore) and Zohr field development projects as well as the large project Nord Stream 2 are particularly worthy of note. For the US Group, business conditions in 2016 are expected to continue to be very positive, based on the current backlog of orders that have already been secured.

Saarstahl AG, Völklingen

Specialties of Saarstahl AG, in which Aktien-Gesellschaft der Dillinger Hüttenwerke holds 25.1 % of shares, include the production of wire rod, bar steel and semifinished

products in various grades. Open-die forgings are also included in the product range. Customers include automotive companies and their suppliers, companies that build machinery for power generation, the general machine manufacturing segment, the aerospace industry, the construction industry and other segments that process steel.

Saarstahl AG concluded 2015 with positive earnings despite economic difficulties and a challenging market environment. In the wire and rod segment, capacities were well utilized and the quantities shipped were maintained at the previous year's level. Saarlustahl profited here in terms of volumes from stable demand in the automotive and machine manufacturing sectors in Germany. On the revenue side, there was an intermediate high in price development in the quality long products segment. Saarlustahl was able to gain market share, but the generally difficult underlying economic conditions in most European countries as well as ongoing worldwide overcapacities led once again to dropping price levels during the remainder of the year.

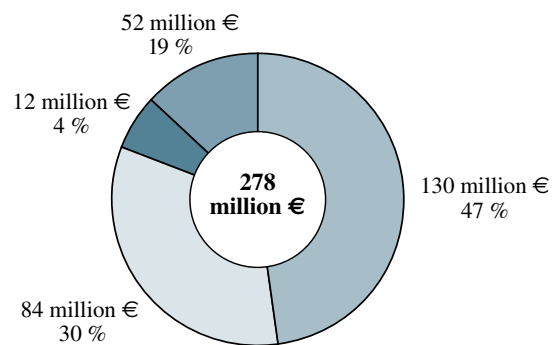
The crude steel production of Saarlustahl in 2015 increased compared to the previous year by 1.6 % to 2.78 million tons. Shipping of steel products fell by 1.1 % to about 2.34 million tons.

Sales revenues fell from € 1 754 million in the previous year to € 1 635 million (- 6.8 %). Earnings before interest and taxes (EBIT) for Saarlustahl amounted to € 89 million (2014: € 127 million) and earnings before interest, taxes, depreciation and amortization (EBITDA) was € 132 million (2013: € 199 million).

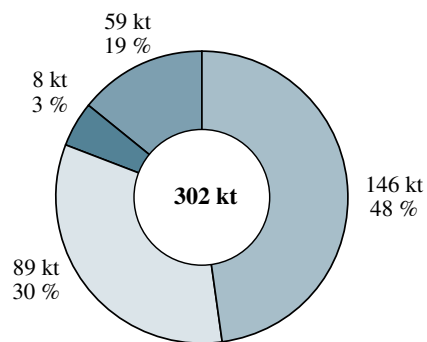
Additions to property, plant and equipment for Saarlustahl AG in 2015 amounted to € 63 million (previous year: € 14 million). After a year marked more by trendsetting investment decisions in 2014, the volume of realized investments was once again significantly higher in 2015. Attention focused on the rolling mills in Neunkirchen, Völklingen and Burbach.

As of 31 Dec. 2015, there were 4 031 people employed by Saarlustahl AG (previous year: 4 026). A total of 75 (previous year: 58) young people were able to begin their vocational training during the year under review.

Sales volume and shipped tonnage in 2015 for the trading and flame-cutting companies in the DH Group



Sales volume



Shipped tonnage

- Germany: Ancofer Stahlhandel GmbH, Mülheim
Jebens GmbH, Korntal-Münchingen
- Netherlands: Ancofer Waldram Steelplates B. V.,
Oosterhout
- France: Eurodécoupe S. A. S., Lyon-Chaponnay
Ancofed S. A. R. L., Lyon-Chaponnay
- Dubai: Dillinger Middle East FZE, Dubai

To supplement the range of products and lengthen the value chain, Dillinger Hütte holds several indirect and direct shareholdings in trading and flame-cutting companies in Germany, the Netherlands, France, Dubai and India. These companies are specialized both with regard to their regional focus and their product ranges and processing depth; however, products from other steel producers are also marketed and processed.

Customer demand for the products of the trading and flame-cutting companies developed unevenly in various regions in 2015. For instance, sales stagnated in the EU countries outside Germany, whereas they increased or even significantly increased within Germany and in third countries, after falling sales in Germany and a marginal increase in other countries were posted in the previous year. For the trading, flame-cutting and treatment activities, business performance was marked by a consistent drop in revenue levels with overall sales volumes exceeding those of the previous year. With continued declines in procurement prices, gross margins at the companies declined consistently and significantly – depending on the competitive environment and the product portfolio. The operating results of the main companies varied here, but the negative profit performance was conspicuous in all companies.

Cumulative sales for 2015, at € 278 million, were 5.7 % above those of the previous year (€ 263.3 million). Net shipped tonnage rose by 14.8 % to 302 kt (2014: 263 kt), whereas sales in the flame-cutting activities was nearly unchanged, and trading activities increased from the previous year. Earnings from operations amounted to - € 4.0 million (2014: € 5.5 million).

Risk and opportunity report

Risk report

For Dillinger Hütte, as a global producer of heavy plate in various grades, taking a structured and constructive approach to business risks and opportunities is of central importance. This is particularly the case in light of the anticipated challenging underlying economic conditions indicated in the forecast report. Dillinger Hütte introduced an independent and company-wide risk management system for this reason several years ago. The methods and tools of risk management are continuously developed further.

Organization of risk management

Risk management at Dillinger Hütte consists in part of the risk coordinators and officers in the departments and subsidiaries. These are responsible for the operational risk management tasks that are integrated into the processes of

the individual divisions and subsidiaries as well as for providing timely risk reports for their area of responsibility to SHS Risk Management. In addition, SHS Risk Management handles coordination, support and consolidation duties for Dillinger Hütte. Risk coordinators and SHS Risk Management collaborate as partners in this process.

Methods and structure of risk management

The risk management system at Dillinger Hütte includes all measures aimed at ensuring a systematic approach to risk and focuses on risk transparency, risk control and risk communication.

- **Risk transparency:** Risk management aims to identify and disclose risks connected to business activities as early as possible. A systematic and consistent method of analysis and evaluation is used for this.
- **Risk control:** Another objective of risk management is to avoid, minimize or transfer identified risks through new or existing risk control instruments. The transfer of risk takes place through the corporate service provider SHS Versicherungskontor GmbH, which is responsible for arranging an appropriate level of insurance coverage.
- **Risk communication:** The Board of Management receives regular and event-related information regarding the current risk situation. Moreover, key risk management issues are discussed with the Supervisory Board.

A regular risk management process is the basis of the risk management system at Dillinger Hütte. This includes, in addition to risk identification, risk assessment and risk control. In addition to the risk management process, risk analysis is an important component of the risk management system at Dillinger Hütte. SHS Risk Management conducts risk analyses for Dillinger Hütte for specific orders and issues. The content, structure and results of the risk management system are documented in auditable form as per the German Corporate Sector Supervision and Transparency Act (KonTraG).

Corporate Auditing, as part of the comprehensive approach of corporate management to establish an internal management and monitoring system, is a component of risk management in accordance with the German Corporate Sector Supervision and Transparency Act. In this capacity, it is also responsible for the systematic and effective auditing and supervision of the risk management system.

Sector, external and market risks

Dillinger Hütte is a company with worldwide operations. Moreover, the customer base of Dillinger Hütte is also characterized by companies with global activities, particularly by businesses in the capital goods sector. This implies a dependency on both overall future development of the world economy as well as the development of individual customer segments. Due to worldwide steel overcapacities, increased import pressure, lower growth rates in emerging markets, the still partially unresolved debt crisis in the euro area and geopolitical crises in eastern Europe and the Middle East, there are economic risks, accompanied by intensified competition, that Dillinger Hütte cannot entirely avoid. The aforementioned externally driven risks ultimately result in restriction of market prospects and thus in sales risks for the company. To counter these risks, the company continuously monitors both the overall economic situation and the sales markets in the specific countries. As a further measure, market-oriented adjustments are made to the product mix. Moreover, the strategy program PRIMUS 16 aims to effectively guarantee the long-term competitiveness of Dillinger Hütte and its subsidiaries under these problematic underlying conditions. Overall, the impacts of these externally driven risks are considered to be significant.

Procurement risks

To produce high-quality products, Dillinger Hütte requires raw materials, energy and logistical capacities in a sufficient quality and quantity. Specific procurement and logistics segments are therefore consolidated under the umbrella of SHS Services GmbH and SHS Logistics GmbH. Independent of this, the current geopolitical crises could have a negative impact on the procurement situation as individual raw materials are procured from the affected regions. Ongoing developments in the crisis regions are therefore followed closely; the associated risks are discussed with suppliers and minimized through consultation and cooperation with suppliers. Purchase prices may nevertheless fluctuate considerably and burden the cost structures of the company. Furthermore, suppliers may fail, which could negatively influence production and associated delivery obligations. For this reason, long-term framework agreements are used in procurement. In addition, options are also employed to ensure a basic flexibility in raw material supply, especially in the affiliated companies ROGESA and ZKS. A supply buffer is also

consistently maintained through an adequate stock policy, and new sources of supply are systematically and continuously sought. In connection with this, alternative possibilities for employing raw materials are tested and analyzed. In addition to safeguarding the supply, the implemented measures also help reduce price risks. With regard to energy supply and cost certainty, the 90 MW blast furnace gas-fired power plant in Dillingen helps to significantly minimize risk. Overall, the medium-term security of the supply of raw materials, energy and logistical capacities in the required quantities and quality can be considered ensured.

Risks from operating activities

Stoppages, property damage and/or quality risks may occur in the production plants of Dillinger Hütte. This could be due to the complexity of the manufactured products, to the complexity of the manufacturing processes and technical operating facilities, or to force majeure. Dillinger Hütte counteracts the former causes through continuous investments in state-of-the-art systems in addition to the use of innovative diagnostics systems for preventative and status-based maintenance, and consistent development of the quality assurance system, which has been certified in accordance with international standards.

The company counteracts risks associated with force majeure, such as explosions or major fires that have high potential to cause damage but can be considered unlikely to occur, with fire-protection systems, emergency plans and its own fire department. In addition, Dillinger Hütte has procured an adequate amount of insurance coverage.

Despite these extensive preventative measures, discrepancies from customer requirements occurred during the 2014 financial year in pipe plate manufactured by Dillinger Hütte. Dillinger Hütte is currently involved in an arbitration procedure with the customer in this matter in order to achieve a satisfactory solution for both the customer and Dillinger Hütte and to minimize the associated financial risks for the company. A solution in this matter can be expected in the 2016 financial year.

Financial risks

Safeguarding the financial independence of the company by coordinating financial requirements is of central importance for Dillinger Hütte. Financial risk is actively

managed and limited for this reason. This is supported by the integration of the financial departments under the umbrella of SHS.

Dillinger Hütte 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. Whereas an ongoing financial and liquidity plan generally reduces liquidity risk, the current investment activity as well as the current market situation have a noticeable impact on Dillinger Hütte's liquidity situation. This development is countered with a far-reaching cash management approach. In addition, all major subsidiaries are incorporated in the short- and medium-term financial planning according to consistent standards. As part of regular analyses, both the status quo and planning are incorporated into the risk management system. This ensures the necessary financial flexibility of Dillinger Hütte. Independent of this, market risks can influence fluctuations of current market values or future cash flows from financial instruments. Dillinger Hütte 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 analyses are generated for management 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 financial statements.

Legal risks and compliance risks

On the whole, legal risks can be considered to be minimal. A general risk exists, however, that due to the increasing internationalization and expansion of business activities, Dillinger Hütte could face legal uncertainties as a consequence of contact with numerous fields of law and legal systems. For issues that reach beyond German jurisdiction, Dillinger Hütte also procures the expertise of prominent external legal practitioners.

Independent of this, deliberate misconduct on the part of

individuals cannot be completely excluded. Dillinger Hütte counteracts potential misconduct through its preventative compliance efforts. Dillinger Hütte is committed to the code of ethics of the SHS Group. This code of ethics demonstrates both the values and conduct in our relationships with each other as well as with customers and third parties outside the company. Compliance efforts by the SHS Group and thus by Dillinger Hütte were further expanded during the past financial year by the Compliance Committee. Informational events and publications on specific compliance issues are also used preventatively to work toward proper conduct that complies with guidelines.

Regulatory risks

New laws and changes to legal framework conditions at the national and international level may carry implicit risks for Dillinger Hütte. This is particularly true when new or amended laws are associated with higher costs for Dillinger Hütte in comparison to its international competitors. The company therefore follows regulatory efforts closely and through working contacts with trade associations.

Dillinger Hütte is committed to constructive climate protection efforts and proactively supports climate reversal through its corporate activities in the area of offshore wind. However, regulatory developments regarding climate protection also mean risks for Dillinger Hütte. Emission rights that must be procured, for instance, pose a significant cost risk to the company, if the costs for carbon certificates in the fourth trading period (starting 2021) should increase significantly. Although the final arrangements for the European Commission's regulations are not yet available, the current proposals in this regard suggest there will be considerable burdens. A further significant threat results from the announced review in 2017 of the EEG surcharge exemption granted to in-plant electricity production with existing plants.

The UN Climate Change Conference took place in Paris in 2015. While the world community united around a climate agreement, binding and comparable goals have not been defined. The formulation of specific European and national goals is still pending. The risk exists that goals will be formulated that further burden Dillinger Hütte or that could lead to distortion of international competition.

IT risks

Both the complex technical production processes and the administrative processes of Dillinger Hütte are supported with modern IT systems. The availability of data and information flows is therefore of central importance for Dillinger Hütte. For this reason, specific information technology segments are consolidated under the umbrella of SHS Services.

Risks that endanger the confidentiality, availability and integrity of IT-supported information and systems can therefore result from human error, organizational or technical procedures and/or security gaps. In addition to the breakdown of important production- and administration-related systems within the value chain, risks due to access to systems by unauthorized third parties, such as in industrial espionage or sabotage, are notable in this regard. The software used is therefore continuously monitored by Dillinger Hütte and SHS Services, and systems are updated as needed. In addition, hardware components such as servers and networks are continuously expanded and adapted to technological innovations. Furthermore, publications are used preventatively to warn employees of dangers and to motivate them to be sensitive with respect to IT security.

Close cooperation between departments and the data protection officer ensures that personal data is always processed in accordance with the regulations of the German Data Protection Law.

Human resource risks

For Dillinger Hütte, as a manufacturer of high-tech and high-quality products, successful operation fundamentally depends on skilled employees and managers as well as on their high level of commitment. In view of this, Dillinger Hütte places great importance on being an attractive employer.

There is in general a risk of losing skilled employees. This can be due to various reasons such as retirement or personal reorientation. Dillinger Hütte counters this by providing training in various vocational fields. To make contact with suitable people, Dillinger Hütte undertakes various recruiting efforts. This involvement also works to actively prevent the expected shortage of skilled employees. Moreover, Dillinger Hütte offers a range of advanced training

options for skilled and management employees and counseling oriented to specific target groups.

Independent of this, risks due to surplus personnel prompted by future market conditions and associated, unsatisfactory utilization of capacities cannot be excluded. Dillinger Hütte responds to this with the continued development of the organizational structure. Dillinger Hütte can furthermore make use of various employment policy tools such as reduced working hours and partial-retirement models.

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 Hütte therefore does everything it can to exclude damage caused by the product or its production through intensive quality and environmental management. For instance, Dillinger Hütte 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. Beyond this, however, there are still risks due to the tightening of environmental constraints and regulations with requirements that may not be achievable with current technology.

Organization of opportunity management

Opportunity management at Dillinger Hütte involves the systematic handling of opportunities and potentials. It is directly embedded into the work of the Board of Management of Dillinger Hütte. The Board of Management identifies and discusses opportunities and potential, and when needed, conducts strategic dialogue about market and technology trends with the affected departments and subsidiaries. The Board of Management focuses these strategic efforts on the current global drivers of growth as well as those for specific sectors, and continuously develops the company with consideration of global trends. An important contribution to these efforts is made by the strategy program PRIMUS 16, which includes various business initiatives to make use of both strategic and operational opportunities that arise.

Strategic opportunities

Dillinger Hütte sees both challenges and opportunities in the internationalization of its business activities. Many customers of Dillinger Hütte operate internationally or are in the process of expanding their international operations. In doing so, they are often focusing on the new growth markets. Dillinger Hütte therefore sees the opportunity to accompany this development through strategic partnerships and alliances. Relevant possibilities are being explored and assessed.

Moreover, acquiring new customers who have not yet been reached can be viewed as an opportunity. Dillinger Hütte is therefore strengthening its worldwide presence through expanding the sales network and is in particular leveraging potential in new and emerging markets, without giving up its market position in the traditional markets.

The new continuous casting machine CC 6, which goes into full operation in 2016, will allow Dillinger Hütte to expand its product range and thus to differentiate itself from the competition. The machine will also allow Dillinger Hütte to optimize the product mix and consequently to generate better utilization of capacities.

Treatment and heavy fabrication are important components of Dillinger Hütte's business model. These allow Dillinger Hütte to offer a wide range of products and services. The company works closely here with its customers in order to find optimal solutions for them. This service philosophy is a feature that distinguishes the company from its competitors. The company therefore sees an opportunity for future business activity in the strengthening and further expansion of treatment and heavy fabrication as well as expanding various services.

Dillinger Hütte sees an opportunity in the continuous development of the value chain. Dillinger Hütte has posted the first successes in this regard with the subsidiary Steelwind Nordenham, which launched successfully in the last financial year with production of offshore wind foundation structures.

Operational opportunities

The operating activities of Dillinger Hütte consist of a multitude of processes that are sometimes interdependent or connected with each other through interfaces. Dillinger

Hütte sees an operational opportunity in the optimization of these in-plant processes. It may be possible through adaptation to achieve an accelerated workflow in selected processes and thus reduce throughput times and lower costs. Optimized processes offer the chance for more flexibility in production processes and workflows. This flexibility will make the company capable of responding more quickly to changes in circumstances regarding orders and capacity utilization.

Dillinger Hütte is working to further develop its organizational structure. This is tied to the opportunity for shorter decision-making processes and more direct communication. Moreover, further development of the organizational structure as part of PRIMUS 16 may lead to cost optimizations. In addition, Dillinger Hütte is working to continue development of its management culture in order to meet future demands and to promote innovation.

In the continuous and mandatory application of cash management and cost controlling methods, Dillinger Hütte sees the opportunity to increase cost sensitivity among all employees and ultimately to improve cost structures.

In addition, there are opportunities in the continued merging and consolidation of the functions and activities of Aktien-Gesellschaft der Dillinger Hüttenwerke and Saarstahl AG into SHS – Stahl-Holding-Saar GmbH & Co. KGaA as well as its service companies. This may lead to a leveraging of additional synergies as processes and workflows are harmonized and improved.

Overall assessment of the risk situation

On the whole, there are currently no identifiable risks that could endanger the continued existence of the company, nor are there any signs of trends that could have a major influence in the long-term on the asset, financial and earnings situation.

Forecast

Underlying economic conditions

Growth of world economy remains moderate

Growth of the world economy will remain at a moderate 3.4% during the coming year as well, according to the

*Investment into the future:
With the new continuous casting facility the enterprise
underlines its leading role as a manufacturer of high-quality
continuous-cast slabs for demanding heavy plate specifications.*



latest IMF forecasts. This is not least because the emerging markets, which had pushed world trade until the outbreak of the economic and financial crisis, will also grow only at a moderate 4.3 % in 2016. The western markets in the euro area (+ 1.7 %) and the USA (+ 2.6 %) will presumably continue to develop positively. While Russia and Brazil remain in recession, Ukraine is expected to be able to escape recession and again find its way on the path toward growth. For Germany, which as an export country especially profits from the low euro exchange rate, the forecast rate of economic growth in 2016 is 1.7 % – with this, domestic growth should continue to remain stable compared to the previous year.

These forecasts are however accompanied by a range of uncertainties and risks that can have a sharply negative impact on the worldwide consumption and investment climate. In addition to general geopolitical factors and the collapse of raw material prices, these include in particular tensions within the EU created by the refugee crisis, and not least the difficult situation in Syria and in the entire Middle East, with the resulting terror risks.

Global steel market: another difficult year expected

The global steel market will continue to experience imbalance in 2016 with a marginal growth rate of 0.2 %. There will be no significant increase in steel consumption as long as there is no fundamental increase in demand in especially steel-intensive industries like the energy sector, or as long as the weak capital investment phase remains unresolved. On the supply side, on the other hand, the problem of overcapacities remains. Experts do not rule out the possibility that Chinese steel exports, which reached a new record in 2015, could continue to rise in 2016 due to the weaker Chinese yuan. Plans announced by the Chinese government to gain control of overcapacities through consolidation remain to be implemented. It must also be feared that competition in the international markets will continue to be waged in 2016 with unfair methods.

No recovery in the heavy plate market

Again in 2016, no improvement in business activities in the heavy plate market is expected due to the current underlying conditions, which include a continuing rise in overcapacities, a sustained high level of imports and a weak level of implementation of large projects combined with ruinous price competition among supplier plants.

The boiler and pressure vessel construction segment as well as offshore oil and gas will continue to experience enormous pressure because of the negative development of oil prices, particularly as medium-term forecasts do not anticipate a significant recovery of oil prices. This is also particularly true for the large-diameter line pipe market, in which Asian vendors are increasingly trying to secure a certain utilization of capacities through booking large projects at very low prices. While machine manufacturing will operate at a satisfactory level based on the existing volume of orders, it will remain challenging due to developments on the Chinese market. Similarly stable demand as in 2015 can be expected for the offshore wind segment, but with more even distribution of volumes over the quarters. The few projects in the steel construction segment that are currently to be realized are fiercely competed for by the supply plants, with long-term price maintenance at a very low level. Positive effects from the European infrastructure program are not expected until the second half of 2016.

Heavy plate producers and consumers alike are currently involved in fierce predatory competition in which each is trying to generate as much activity as possible to utilize existing capacities. The first plants and traders have already failed to withstand this competition and have taken their capacities out of the market or have put them up for sale. Without necessary further consolidation, however, no significant recovery of the heavy plate market can be expected in the coming years.

Development of Dillinger Hütte

Development of competitiveness continues to be the focus

Considering the difficult situation in the market, Dillinger Hütte successfully defended its market position in 2015. The cost savings achieved through the cost and restructuring program DH 2014 plus have been effectively implemented and contributed considerably to the financial year being concluded with a profit, despite the dramatic declines in revenue. The strategy program PRIMUS 16, which was launched at the end of 2014 and is aimed at strengthening competitiveness, is also being consistently advanced. Numerous measures were successfully implemented in 2015, including the initiative to expand the nor-

mal steel product range and the streamlining of administrative structures.

Given that the underlying conditions continue to be challenging, Dillinger Hütte will maintain its efforts to reduce its costs and further enhance its competitiveness in 2016 as well. In doing so, all efforts are focused on defending and expanding the company's position as a technology leader in Europe in the fight for market share, without neglecting the interesting niche markets outside of Europe. Additional measures are being implemented as part of PRIMUS 16 that aim to further improve utilization of production facility capacities, shorten delivery times, further enhance productivity and increase the flexibility of the workforce within the company. As always, achieving the best possible customer satisfaction is also a focus. With the brand relaunch in April 2016, the company is seeking to further enhance its brand image and make a strong impact worldwide.

There were no transactions of major significance following the balance sheet date.

Declining revenue and balanced result expected

Dillinger Hütte expects 2016 to be another difficult year. In light of growing overcapacities, sustained strong im-

ports from China, continued reluctance to implement large projects – especially in the oil and gas sector due to the low oil price – a significant recovery of the extremely low price level is not foreseen. The company hopes for positive impetus for the challenging heavy plate market from the order announced in March 2016 for EUROPIPE to deliver 890 000 tons of large-diameter line pipe for the third and fourth line of the Baltic Sea pipeline (Nord Stream 2), which contributes in the second half of the year to an improvement of the utilization of capacities in the line pipe division.

Overall, Dillinger Hütte expects tonnage production 2016 to be at roughly the level of the previous year, although utilization of capacities may fluctuate widely over the course of the year. This is not least due to the relining of blast furnace 4 and the associated shutdown from July to September, and to the inconsistent emergence of large projects over time.

Dillinger Hütte expects net sales to decline due to ongoing pressure on the price. Provided that the achieved cost savings are sustained, the additional measures to increase profitability and competitiveness are effective and market conditions do not further deteriorate, a balanced operating result (EBIT) is anticipated for 2016.

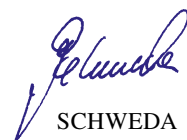
Dillingen, on 29 March 2016

The Board of Management


METZKEN


Dr. LUXENBURGER


Dr. MÜNNICH


SCHWEDA

Annual financial statement (abridged)

Balance sheet

Assets			
K €	Appendix	31/12/2015	31/12/2014
A. Fixed assets	(1)		
I. Intangible assets		2 526	1 619
II. Tangible assets		837 226	777 733
III. Financial assets		1 179 736	1 187 970
		2 019 488	1 967 322
B. Current assets	(2)		
I. Inventories			
1. Raw materials and supplies		30 691	25 595
2. Work in process		111 771	75 490
3. Finished goods		91 619	93 339
		234 081	194 424
II. Receivables and other assets			
1. Trade accounts receivable		59 679	117 164
2. Receivables from affiliated companies		179 069	243 167
3. Receivables from companies in which the company has a participating interest		52 427	48 548
4. Other assets		327 793	312 856
		618 968	721 735
III. Cash and bank balances		65 852	78 382
		918 901	994 541
C. Positive difference from asset allocation	(3)	5 087	46
		2 943 476	2 961 909

Shareholders' equity and liabilities			
K €	Appendix	31/12/2015	31/12/2014
A. Shareholders' equity	(4)		
I. Subscribed capital		178 500	178 500
II. Capital reserve		378 574	378 574
III. Earnings reserves		1 254 937	1 254 937
		1 812 011	1 812 011
B. Accruals and provisions	(5)		
1. Accruals for pensions and similar obligations		403 515	354 683
2. Tax accruals		378	567
3. Other accruals and provisions		259 577	236 527
		663 470	591 777
C. Liabilities	(6)		
1. Liabilities to financial institutions		143 437	172 046
2. Customer advance payments		2 132	2 514
3. Trade accounts payable		49 690	64 091
4. Payables to affiliated companies		229 514	266 083
5. Payables to companies in which the company has a participating interest		15 146	16 050
6. Other liabilities		28 076	37 337
		467 995	558 121
		2 943 476	2 961 909

Profit and loss statement

K €	Appendix	2015	2014
1. Net sales	(7)	1 731 770	1 871 777
2. Increase in finished goods, work-in-process and other own work, capitalized	(8)	41 192	48 080
3. Other operating income	(9)	24 690	41 348
		1 797 652	1 961 205
4. Cost of materials	(10)	1 169 093	1 282 784
5. Personnel expenses	(11)	343 760	317 110
6. Amortization and depreciation		53 006	53 866
7. Other operating expenses	(12)	161 036	118 599
		1 726 895	1 772 359
8. Income from participating interests	(13)	– 12 803	– 4 544
9. Write-down of long-term financial assets		0	12 597
10. Net interest income	(14)	– 47 853	– 31 033
11. Result from ordinary activities		10 101	140 672
12. Taxes on income and earnings		187	181
13. Other taxes		1 037	830
14. Compensatory payment to minority shareholders		1 004	1 004
15. Compensatory payment due to a profit and loss transfer agreement	(15)	7 873	73 657
16. Net loss / net income		0	65 000
17. Transfer to earnings reserves		0	65 000
18. Unappropriated retained earnings		0	0

Prospect – 2016 is expected to be another difficult year for the steel market.



Listing of shareholdings

	Share of capital in %			Shareholders' equity	Results 2015
	Currency	Direct	Indirect		
1. Affiliated companies					
Domestic companies:					
Saarlux Stahl GmbH & Co. KG, Stuttgart	K €	53,0		53,0	12 505 – 567
Dillinger Hütte Vertrieb GmbH, Stuttgart	K €	100,0		100,0	4 210 ¹⁾
Ancofer Stahlhandel GmbH, Mülheim/Ruhr	K €	90,0		90,0	21 278 – 3 974
Jebens GmbH, Korntal-Münchingen	K €	100,0		100,0	19 808 ¹⁾
DHC-Consult GmbH, Dillingen	K €	100,0		100,0	196 3
Cargo-Rail GmbH, Dillingen	K €	100,0		100,0	43 0
MSG Mineralstoffgesellschaft Saar mbH, Dillingen	K €	100,0		100,0	19 968 ¹⁾
Steelwind Nordenham GmbH, Nordenham	K €	100,0		100,0	89 062 ¹⁾
Raupenfahrzeuge Nordenham GmbH, Dillingen	K €		100,0	100,0	2 – 5
Steelwind Nordenham Projekt GmbH, Dillingen	K €	100,0		100,0	2 591 – 10
Foreign companies:					
Dillinger France S.A., Grande-Synthe	K €	100,0		100,0	132 448 – 11 758
Eurodécoupe S.A.S., Grande-Synthe	K €		100,0	100,0	– 352 – 254
Ancofed S.A.R.L., Grande-Synthe	K €		100,0	100,0	– 745 – 201
AncoferWaldram Steelplates B.V., Oosterhout	K €	100,0		100,0	36 276 907
Trans-Saar B.V., Rotterdam	K €	100,0		100,0	1 535 1 065
Dillinger Nederland B.V., Zwijndrecht	K €	100,0		100,0	659 314
Dillinger International S.A., Paris	K €	100,0		100,0	1 311 91
Dillinger Middle East FZE, Dubai	K AED	100,0		100,0	73 777 1 134
Dillinger India Steel Service Center Private Ltd., Mumbai	K INR		100,0	100,0	129 119 – 12 536
Dillinger Hütte Services B.V., Zwijndrecht	K €	100,0		100,0	68 5 ²⁾
Dillinger America Inc., New York	K USD	100,0		100,0	658 101
Dillinger Nordic AB, Alingsås	K SEK	100,0		100,0	879 – 440 ²⁾
Dillinger Italia S.R.L., Mailand	K €	100,0		100,0	299 155
Dillinger Espana S.L.U., Madrid	K €	100,0		100,0	76 8 ²⁾
Dillinger Hutte U.K. Ltd., London	K GBP	100,0		100,0	105 32

¹⁾ A profit and loss transfer agreement exists.

²⁾ If the current financial year's figures are not available, previous year's figures (12/31/2014) are stated.

	Share of capital in %			Shareholders' equity	Results 2015	
	Currency	Direct	Indirect			Total
2. Participating interests						
Domestic companies:						
Dillinger Hütte und Saarstahl Vermögens- verwaltungs- und Beteiligungs-OHG, Dillingen	K €	50,0		50,0	265 469	64
Zentralkokerei Saar GmbH, Dillingen	K €		50,0	50,0	137 212	¹⁾
ROGESA Roheisengesellschaft Saar mbH, Dillingen	K €	24,5	25,5	50,0	253 636	18 000 ¹⁾
ROGESA Beteiligungsgesellschaft mbH, Dillingen	K €		50,0	50,0	3 013	– 7
Cokes de Carling S.A.S., Carling	K €		50,0	50,0	– 24 908	– 1 628
EUROPIPE GmbH, Mülheim/Ruhr	K €	50,0		50,0	57 133	– 46 821
EUROPIPE France S.A., Grande-Synthe	K €		50,0	50,0	7 700	12
BERG EUROPIPE Holding Corp., New York	K USD		50,0	50,0	229 225	47 662 ³⁾
MÜLHEIM PIPECOATINGS GmbH, Mülheim/Ruhr	K €		50,0	50,0	14 925	700
Saarstahl AG, Völklingen	K €	25,1		25,1	2 573 134	– 8 956 ³⁾

¹⁾ A profit and loss transfer agreement exists.

³⁾ Consolidated profit

Cash Flow Statement

K €	2015	2014*
1. Period result before profit transfer	8 877	139 662
2. Write-downs on fixed assets	53 009	66 460
3. Increase/decrease of provisions	17 271	– 43 750
4. Decrease/(Increase) in inventories, trade accounts receivable as well as other assets not allocated to investment or financing activities	70 188	– 101 984
5. Decrease in trade accounts payable as well as other liabilities not allocated to investment or financing activities	– 21 882	– 19 130
6. Profit from the disposal of fixed assets	– 565	– 432
7. Interest expenses incl. interest expenses and (interest income) not allocated to investment or finance activities	48 408	31 275
8. Other income from shareholdings	12 803	4 544
9. Income tax	187	181
10. Income tax payments	– 547	– 360
11. Cash flow from operations	187 749	76 466
12. Payments for investments in intangible assets	– 471	– 88
13. Proceeds from disposals of tangible fixed assets	1 313	1 312
14. Payments for investments in tangible fixed assets	– 113 683	– 140 037
15. Proceeds from disposals of financial assets	56 996	49 333
16. Payments for investments in financial assets	– 48 765	– 50 038
17. Payments / Proceeds due to financial investments as part of short-term financial resource management	– 9 460	24 869
18. Interest received	14 682	15 141
19. Dividends received	10 667	7 021
20. Cash flow from investment activities	– 88 721	– 92 487
21. Free cash flow	99 028	– 16 021
22. Proceeds from loans	10 000	0
23. Payments from the amortization of bonds and loans	– 38 609	– 38 609
24. Interest paid	– 8 288	– 9 108
25. Dividends paid to shareholders	– 74 661	– 1 004
26. Cash flow from financing activities	– 111 558	– 48 721
27. Net change in cash and cash equivalents	– 12 530	– 64 742
28. Cash and cash equivalents at the start of the period	79 539	144 281
29. Cash and cash equivalents at the end of the period	67 009	79 539

Offsetting and reconciliation of cash and cash equivalents			
K €	31/12/2015	31/12/2014 *	1/1/2014 *
Cash and bank balances	65 852	78 382	143 124
Other securities	1 157	1 157	1 157
Cash and cash equivalents	67 009	79 539	144 281
Change in cash and cash equivalents	- 12 530	- 64 742	

* For easier comparison, the cash flow statement and cash and cash equivalents for the 2014 financial year are presented using the German Accounting Standard (Deutsche Rechnungslegungs Standards, DRS) 21.

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