Interim Report | 1st Quarter 2009

SALZGITTER AG
Stahl und Technologie

Salzgitter Group in Figures

		Q1 2009	Q1 2008	+/-
Crude steel production[1)]	**kt**	**1,004.7**	**1,834.0**	**-829.3**
External sales	**€ million**	**2,194.7**	**2,901.1**	**-706.4**
Steel Division	€ million	427.7	782.1	-354.4
Trading Division	€ million	926.9	1,154.3	-227.4
Tubes Division	€ million	552.0	543.0	9.0
Services Division	€ million	83.4	128.6	-45.2
Technology Division	€ million	192.5	248.5	-56.0
Others	€ million	12.1	44.6	-32.5
Export share	%	54.9	50.6	4.3
EBITDA[2)]	**€ million**	**1.0**	**361.8**	**-360.8**
EBIT[3)]	**€ million**	**-92.6**	**301.0**	**-393.6**
Earnings before tax (EBT)	**€ million**	**-98.3**	**291.9**	**-390.2**
Steel Division	€ million	-129.7	172.5	-302.2
Trading Division	€ million	-20.6	48.6	-69.2
Tubes Division	€ million	50.8	66.0	-15.2
Services Division	€ million	-3.2	4.9	-8.1
Technology Division	€ million	-23.3	4.2	-27.5
Others/Consolidation	€ million	27.7	-4.3	32.0
Earnings after tax	**€ million**	**-74.1**	**194.9**	**-269.0**
Earnings per share (undiluted)	**€**	**-1.38**	**3.40**	**-4.78**
ROCE[4) 5)]	**%**	**-7.7**	**22.4**	**-30.1**
Operating cash flow	**€ million**	**379.4**	**252.8**	**126.6**
Capital expenditure[6)]	**€ million**	**160.7**	**131.6**	**29.1**
Depreciation and amortization[6)]	**€ million**	**86.5**	**60.8**	**25.7**
Balance sheet total	**€ million**	**8,404.9**	**9,005.7**	**-600.8**
Fixed assets	**€ million**	**3,037.9**	**2,250.9**	**787.0**
Current assets	**€ million**	**5,367.0**	**6,754.8**	**-1,387.8**
of which inventories	€ million	2,194.3	2,110.5	83.8
of which cash and cash equivalents	€ million	1,187.0	2,135.3	-948.3
Equity	**€ million**	**4,283.6**	**4,430.3**	**-146.7**
Liabilities	**€ million**	**4,121.2**	**4,575.4**	**-454.2**
Non-current liabilities	€ million	2,349.0	2,374.6	-25.7
Current liabilities	€ million	1,772.3	2,200.8	-428.5
of which due to banks	€ million	167.1	433.6	-266.5
Net position to banks	**€ million**	**1,147.2**	**2,222.8**	**-1,075.6**
Employees	**€ million**			
Personnel expenses	€ million	349.1	361.0	-11.9
Core workforce	31/03/	24,119	23,412	707
Total workforce	31/03/	25,884	25,070	814

Disclosure of financial data in compliance with IFRS

1) In regard of the participation in Hüttenwerke Krupp Mannesmann

2) EBITDA = EBT + interest paid (excluding interest element in allocations to pension provisions) + depreciation and amortization

3) EBIT = EBT + interest paid (excluding interest element in allocations to pension provisions)

4) ROCE = EBIT in relation to the total of shareholders' equity (without calculation of accrued and deferred taxes), tax provisions, interest-bearing liabilities (excluding pension provisions) and liabilities from financial leasing, forfaiting and asset-backed securitization

5) Annualized

6) Excluding financial assets

Summary

Difficult economic situation and accounting measures impact the result of the first quarter

In the first quarter of the financial year 2009, the **Salzgitter Group** stood under the pressure exerted by recessionary trends in the businesses of the Steel, Trading and Technology divisions. By contrast, the sustained, positive result of the Tubes Division, coupled with income from the Aurubis AG participation and financial investments, had a considerably stabilizing effect. Consolidated external sales fell by 24 %, which is indicative of the substantial decline in the business activities of all divisions, to the exception of the Tubes Division. Salzgitter Group closed the period with a pre-tax loss. This result includes accounting measures relating to inventory valuation in the Steel Division. The after-tax result was negative too.

In the reporting period it was the **Steel Division** which was hardest hit by the global recession. Capacity utilization of the Salzgitter and Peine mills came to only around 50 % of the capacity available. At the same time, the spot market prices of a large part of steel products tumbled. External sales fell accordingly. The current downtrend in the price of raw materials was only reflected to a minor extent in the current results owing to the high level of inventories purchased at prices prevailing a year ago, but nonetheless induced us to adjust inventories downwards. These measures are therefore likely to have factored in all major negative influences from inventory-related valuations in the Steel Division as far as the currently available information is concerned. Including these accounting measures, the pre-tax result was negative.

The external sales of the **Trading Division** also reflected the difficult business environment. Many steel processors and downstream traders focused on scaling down inventories. First and foremost weak demand from the domestic market, therefore, caused the pre-tax result to be in the red.

In the first quarter of 2009, business in the **Tubes Division** was consistently robust as the large-diameter tubes, HFI-welded tubes and seamless stainless steel tubes product segments generated positive contributions which more than compensated for the unsatisfactory level of capacity utilization in the precision tubes segment.

The companies of the **Services Division** suffered mainly from the sharp downturn in the business activities of the steel companies, which caused demand for raw materials and services to slacken.

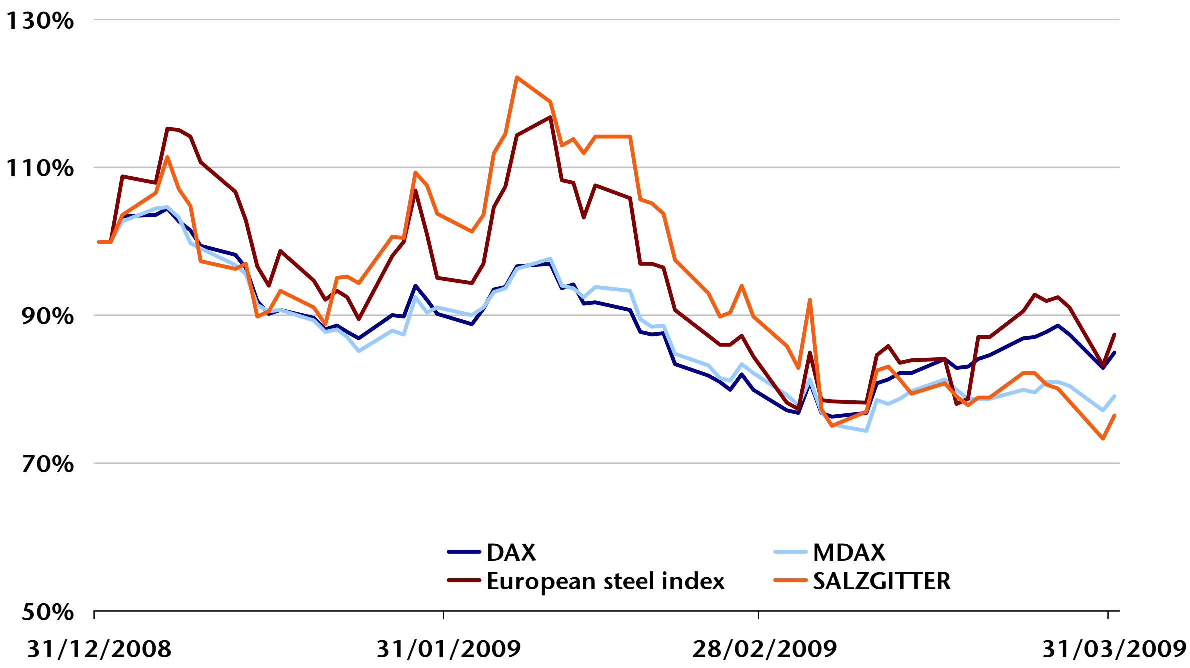
The **Technology Division**, with its core businesses in filling and packaging technology and special machine engineering was severely affected by the recessionary trends in its global sales markets.

The external sales of **Others/Consolidation**, which are generated through business in semi-finished products with external parties, fell 73 % in the first three months. Since the start of the financial year, the 23 % participation in Aurubis AG has been consolidated at equity here and contributed to stabilizing the consolidated result in the period under review.

Forecast: As from the third quarter, the reduction in the price of raw materials will filter through to manufacturing costs to an increasing extent. Subsequently, we believe, also taking account of valuation adjustment measures already carried out on inventories, that, given a notable recovery in the rolled steel market and in demand from the automotive industry, achieving breakeven in the pre-tax result in 2009 should still be possible. This is, however, contingent upon a strong and sustained turnaround of the situation in the steel market. As in recent years, we make reference to the fact that opportunities and risks from currently unforeseeable trends in selling prices, input materials and capacity level developments, as well as changes in the currency parity, may considerably affect performance in the course of the financial year 2009.

Investor Relations

Capital market and the performance of the Salzgitter stock



Sources: Xetra closing prices DBAG, Datastream STEELEU

Until the beginning of March the **stock markets** were still in a pronounced downtrend, which started in 2008 due to the global financial and economic crisis and deep insecurity on the part of investors. Despite the announcement of stimulus packages to support the economies of a number of countries, stock market sentiment remained initially lackluster due to poor economic data. At the end of the quarter, there were a few first hesitant signs of recovery but not enough to compensate for losses already sustained. The performance on the DAX and the MDAX came to –15 % and –21 % respectively in the first quarter of 2009.

In this hostile stock market environment, the **Salzgitter share** was particularly strongly impacted by news bulletins owing to the assumed cyclical sensitivity of Salzgitter AG’s business activities. Having moved in parallel to the DAX up until mid-January, the share price bounced back more strongly during the short-lived rally in February and reached its peak for the reporting period at € 69.50 on February 6, 2009. The phase of the share’s outperformance of the DAX came to an end upon the release on March 5 of the excellent key data for the financial year 2008 and the modest initial outlook for the year 2009. Although we previously had made clear reference to the challenges emerging during the current financial year, a number of market participants put a very negative interpretation on the statements on future business performance, as the impact of the global economic crisis on the steel sector had evidently been underestimated at that point in time. In the period that followed, our share performance virtually mirrored that of the market. The closing price as per March 31 of € 42.08 was around 23 % below the year-end 2008 closing price (€ 55.00).

The **daily average turnover** of the Salzgitter share on German stock exchanges came to almost 760,000 units in the reporting period, thereby falling marginally short of the exceptionally high previous year’s figure (810,000 shares per trading day). In terms of this criterion, our company therefore took 26th place among Germany's companies listed in the index ranking of Deutsche Börse AG. As per March 31, 2009, free float market capitalization stood at almost € 1.7 billion, which corresponds to 29th position in the DAX.

Investor Relations

As part of its **capital market communications** work in the first three months of this year, Salzgitter AG presented itself at a series of investor conferences and road shows in New York, London and Frankfurt. Moreover, analysts and investors visited Salzgitter headquarters. The 2008 annual financial statements and the current situation in the market were discussed at length at very well attended analyst conferences in Frankfurt and London. The readers of the Börse Online magazine elected the investor relations work of the Salzgitter AG to fourth place in the MDAX and 10th place out of a choice of 160 companies. Communication with private investors was assessed.

Since the beginning of the financial year, a total of 33 company reports and recommendations on the Salzgitter share have been published by 16 banks, along with financial publications with the following current **ratings** (as per March 31, 2008): 10 buy/outperform, 2 hold/market perform, 4 sell/underperform.

Treasury Shares

Salzgitter AG's portfolio of **treasury shares** came to 6,009,680 as per March 31, 2009. As against December 31, 2008 (6,009,684 units), the decrease came to 4 units. These four shares were given to members of the workforce as a bonus for improvement suggestions.

Information for investors

		Q1 2009	Q1 2008
Nominal capital as of 31/03/	€ million	161.6	161.6
Number of shares as of 31/03/	million	60.1	63.2
Number of shares outstanding as of 31/03/	million	54.1	56.9
Market capitalization as of 31/03/[1][2]	€ million	2,276	6,269
Price as of 31/03/[1]	**€**	**42.08**	**110.19**
High 01/01/ - 31/03/[1]	€	69.50	124.50
Low 01/01/ - 31/03/[1]	€	40.22	80.51
Security identification number	620200		
ISIN	DE0006202005		

[1] All data based on prices from XETRA trading

[2] Calculated on the basis of the respective closing price at the end of the period multiplied by the number of shares outstanding per this date

Interim Management Report

Earnings, Financial Position and Net Worth

Economic environment

The economic downtrend of the last months of 2008, when the **global economy** plunged deeper into recession, persisted into the reporting period. Industrial production plummeted, pressured by weak demand and extensive inventory coverage, and global trading continued to slump. This trend was considerably worsened by substantial financing problems which made it increasingly difficult for companies to obtain loans or guarantees. The growing interconnectedness of the various economic regions led to developments moving almost in parallel in many parts of the world. The downswing in the USA, which set in over the winter of 2008/2009, accelerated notably, and the jobless rate reached its highest level since more than 25 years in February. The difficult economic environment in Japan, compounded by an appreciation of the yen, caused an unparalleled decline in exports. The abrupt slowdown in demand in the industrial nations and tumbling prices of raw materials dragged the emerging markets increasingly into the recession. Finally, China and India were the only countries still delivering positive growth rates. The report of the International Monetary Fund (IMF) of April 22 assumes that global production in 2009 will contract by 1.3 %, which is the first minus for decades.

Many leading indicators in the **euro zone** flagged in February in the wake of further economic cooling. Consumer and company confidence reflected the lowest level ever recorded. The negative trend of global trading exerted a most unfavorable impact on the export-oriented economies. The real estate crises in Ireland and Spain sent investment in the construction sector into steep decline and prevented a return to greater overall economic impetus. The economic downturn is expected to bottom out only once the excessive inventories of many commodities from the previous year have been reduced. Consequently, the IMF predicts that GDP is set to contract by 4.2 % in the current year.

The huge reduction in the balance of trade had caused a dramatic slowdown in **Germany**'s economic output by the end of March. The high export quota, which had been the driver of the German economy up until last year, will probably result in the recession hitting Germany harder than other countries in the euro zone. The economic program launched will serve to brake the downtrend temporarily, but will probably not be able to prevent the decline in growth which is dominated by foreign trade. Moreover, the negative development on the employment front is likely to cause private consumption to slow further over the course of the year. For the year as a whole, the IMF predicts a decline in economic output of 5.6 %.

Earnings situation within the Group

		Q1 2009	Q1 2008
Crude steel production[1]	kt	1,004.7	1,834.0
External sales	**€ million**	**2,194.7**	**2,901.1**
EBITDA[2]	€ million	1.0	361.8
EBIT[2]	€ million	-92.6	301.0
Earnings before tax (EBT)	**€ million**	**-98.3**	**291.9**
Earnings after tax	**€ million**	**-74.1**	**194.9**
ROCE[3] [4]	**%**	**-7.7**	**22.4**
Capital expenditures[5]	€ million	160.7	131.6
Depreciation and amortization[5]	€ million	86.5	60.8
Operating cash flow	€ million	379.4	252.8
Net position to banks[6]	**€ million**	**1,147.2**	**2,222.8**
Equity ratio	%	51.0	49.2

[1] In regard of the participation in Hüttenwerke Krupp Mannesmann

[2] EBIT = EBT plus interest paid (excluding interest element in allocations to pension provisions); EBITDA = EBIT plus depreciation and amortization

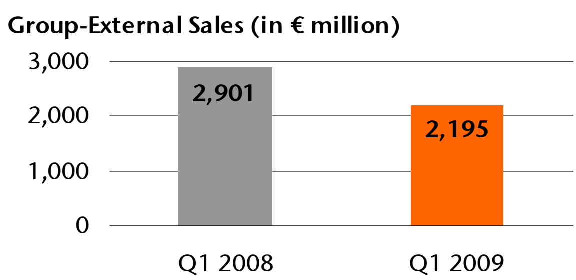
[3] EBIT in relation to the total of shareholders' equity (without calculation of accrued and deferred taxes), tax provisions, interest-bearing liabilities (excluding pension provisions) and liabilities from financial leasing, forfaiting and asset-backed securitization

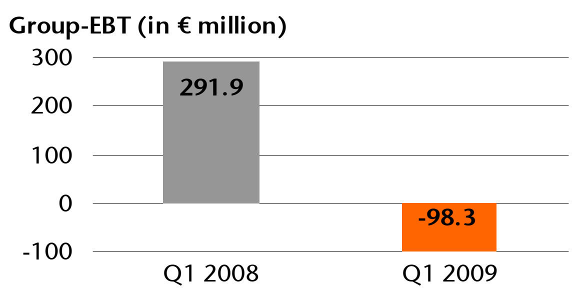
[4] Annualized

[5] Excluding financial assets

[6] Including investments, e.g.securities and structured investments

In the first quarter of the financial year, the **Salzgitter Group** was exposed to the pressure exerted by recessionary trends, especially in the businesses of the Steel, Trading and Technology divisions. By contrast, the sustained, positive result of the Tubes Division, coupled with income from the participation in Aurubis AG and financial investments, had a considerably stabilizing effect. **Consolidated external sales** fell by 24 % to € 2,194.7 million (first quarter 2008: € 2,901.1 million), which is indicative of the substantial decline in the business activities of all divisions, to the exception of the Tubes Division.





The Salzgitter Group closed the first quarter with a pre-tax loss of € 98.3 million (first quarter 2008: € +291.9 million). This result includes around € 100 million for accounting measures relating to inventory valuation in the Steel Division. Moreover, a very gratifying first-time amount of € 23.7 million in after-tax earnings of Aurubis AG, the leading European copper manufacturer in which the Group holds a 23 % stake consolidated at equity, was recorded.

The after-tax result stood at € –74.1 million (first quarter 2008: € +194.9 million), bringing earnings per share to € –1.38. Return on capital employed (ROCE) from industrial operations was negative (–11.3 %; first quarter 2008: 37.9 %) and, including € 1.3 billion in cash and cash equivalents, resulted in –7.7 % (first quarter 2008: 22.4 %).

Interim Management Report

Steel Division

		Q1 2009	Q1 2008
Order bookings	kt	714.0	1,727.8
Order backlog as of 31/03/	kt	402.7	1,188.6
Crude steel production	kt	789.3	1,433.2
LD steel (SZFG)	kt	708.9	1,164.4
Electric steel (PTG)	kt	80.4	268.8
Rolled steel production	kt	755.3	1,421.9
Shipments	kt	823.5	1,521.9
Sales[1)]	**€ million**	**652.3**	**1,110.4**
External sales	**€ million**	**427.7**	**782.1**
Earnings before tax (EBT)	**€ million**	**-129.7**	**172.5**

1) Incl. sales to other corporate divisions

In recent months, the **global steel markets** have experienced a sharp downturn of unprecedented dimensions. In the first quarter of 2009, 23 % less crude steel was produced year on year. In most of the EU countries, the USA, Brazil and Japan output tumbled by between 40 % and 50 %, whereas production in China stagnated for the first time after many years of significant increases. As opposed to former years, all steel markets were showing signs of weakness at the same time: steel prices softened rapidly in all spot markets and settled at the same level in an international comparison, which meant that there were virtually no profitable export possibilities.

With the deepening of the economic crisis in the **Euro zone**, the order and capacity utilization situation of European steel processors deteriorated dramatically. For this reason, the order intake of European flat steel producers in the period from January to February 2009 was 59 % below the previous year, with both hot and cold products being equally affected. The demand for steel also came under pressure from excessive inventories, the scaling back of which progressed only sluggishly across the value chain due to the recession. The order books of steel producers are meanwhile likely to have dwindled to no more than a customary month’s production. The production of hot rolled strip in Europe, which is the basic material for all flat steel products, fell by around 44 % during the reporting period. The critical economic situation of producers and consumers has resulted in fierce competition, accompanied by price declines, which even the drastic production cuts of steel manufacturers were unable to prevent.

In the first three months of 2009, new orders of **German manufacturers** in the rolled steel segment fell 57 % short of the previous year's level. Flat steel producers suffered particularly from the considerable cuts in production by the German automotive industry (first quarter of 2009: –36 %) and their supplier industries. With output of 7.31 million tons, German steel mills produced almost 40 % less crude steel in the reporting period as against the previous year’s quarter.

The **international procurement markets** were also fully eclipsed by the global economic crisis during the first quarter of the year 2009. Negotiations on the **iron ore** global market prices between the large producers Vale, BHP Billiton and Rio Tinto with the Chinese steel industry stagnated and have, as yet, not resulted in a benchmark agreement for the delivery year 2009. The current forecast assumes considerable price markdowns.

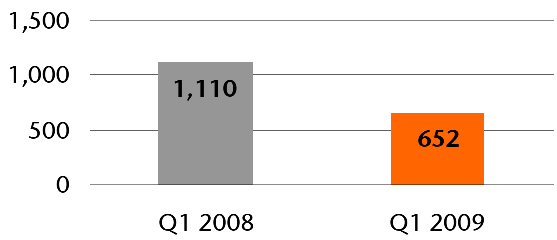
Developments on the **coking coal global market** were characterized by a sharp downturn in demand in the first months of 2009, which led to a considerable correction of last year's benchmark prices. Following the explosion in prices to 300 USD/t FOB for the Australian lead price grades in 2008, the market leader BHP Billiton and the Japanese steel company Nippon Steel agreed at the end of March a new benchmark price of 128 USD/t FOB, which corresponds to a drop of 57 %.

Following the dramatic slump in **sea freight rates** in the fourth quarter of 2008, the shipment market was showing signs of a slight recovery at the start of year. China in particular proved to be the driving force here owing to increased imports in iron ore and coking coal. The steep downtrend in the orders of the steel and foundry industry led to a sharp decrease in the volume of orders in the German steel scrap industry and to very low **steel scrap prices**.

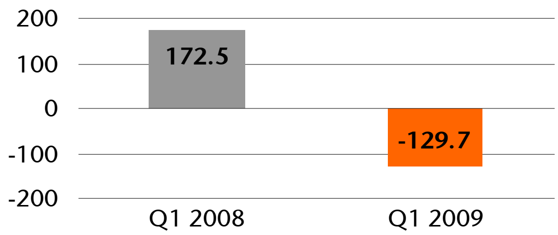
In the first three months of 2009, the market development of **metals and alloys** was very disparate, depending on the individual groups of materials. Whereas alloy prices continue to slip, listed industrial metals appear to have bottomed out. A number of metals, such as nickel and zinc, for instance, showed signs of a slight uptrend after the tumbling prices of the past year.

Against this backdrop, the **Steel Division** developed as follows: Consolidated order intake fell 59 % short of the previous year's figure, and the order book also declined dramatically (–66 %). The production of both crude steel and rolled steel was considerably below the volume recorded in the first quarter of 2008. There was a price- but above all a volume-induced decline in segment and external sales as against the record first quarter of 2008. The pre-tax result came in at € –129.7 million (first quarter 2008: € +172.5 million). Alongside the operating loss of the division, this result includes around € 100 million in accounting-related valuation markdowns - reflecting the falling prices of raw materials and the development of spot market prices - on inventories of raw materials and semi-finished products. All relevant negative influences from the valuation of inventories in the Steel Division should have therefore been factored in as far as the currently available information is concerned.

Steel-Sales (in € million)



Steel-EBT (in € million)



In accordance with the market situation and order intake, **Salzgitter Flachstahl GmbH (SZFG)** had to curb production considerably in the reporting period. It curtailed production by 40 % for crude steel and around 60 % for electrolytic galvanized sheet. In view of the poor capacity utilization prospects, reduced working hours was introduced at production sites in January and later on extended. Blast Furnace C was idled at the end of March. The abrupt slump in demand for flat steel products caused SZFG to record the worst quarterly shipment since its founding. New orders and orders in hand were way below the previous year's figures. Selling price level dropped, impacted by the plummeting prices seen in recent months, to the level of early summer 2008. It was nonetheless still above that of the year-earlier quarter. Above all due to the massive downturn in shipment volumes as against the first quarter of 2008, SZFG recorded its lowest quarterly sales since 2004. The negative pre-tax result was substantially burdened by value adjustments to inventories of raw material and semi-finished products.

Interim Management Report

By the end of the first quarter of 2009, the situation in the heavy plate market had deteriorated to such an extent that **Ilsenburger Grobblech GmbH (ILG)** is now also affected by the economic crisis. Quarterly contracts largely disappeared from the market, as neither trader nor consumer were willing to bind themselves in the longer term due to market prices which were falling week by week. The severe lack of orders in almost all metal processing sectors resulted in a sharp downturn in demand; moreover, the placing of orders, especially in the project business, was hampered by unclarified financing. As a result, the volume of new orders halved in comparison with the previous year's period. Still supported by the existing orders, the production of flat steel declined by around a fifth in comparison with the first quarter of 2008. As the selling prices in January and February were still at the high level seen at year end, sales did not decline as sharply as shipments. ILG’s input material costs remained at the same level as the previous quarter and thus discernibly above those of the first quarter of 2008. In addition, they were burdened by the negative divergence in the capacity utilization of Salzgitter's metallurgy, which also had to be absorbed. Profit before tax, though below the comparable figure of the previous year, was nonetheless still most presentable.

Both in Europe and in other export markets the demand for section steel slumped during the reporting period, and projects were postponed or, in some cases, cancelled altogether. The scaling down of inventories with stockholding steel traders continues. Southern European manufacturers in particular still attempted to squeeze excess inventories in semi-finished products into the market by making massive price reductions. Against this backdrop, new orders and the order book of **Peiner Träger GmbH (PTG)** fell notably short of the previous year's level in the period under review. As in December of last year, the response to this development was to curb production. In the first quarter, the mill produced only from the start of February to mid-March, which caused the output of crude steel to fall 70 % below the comparable 2008 figure. The cutbacks in the production volume caused a sharp decrease in shipments. Given the only marginal downtrend in average selling prices, the decline in sales was first and foremost due to lower volumes. The course of business described above has made it impossible to achieve positive pre-tax results.

Sustained weak demand for sheet piling caused the shipment volume of **HSP Hoesch Spundwand und Profil GmbH (HSP)** to fall further in the reporting period and to rely primarily on existing orders. The associated lower sales and input material prices, which were higher as against the previous year, led to a negative quarterly result which was also influenced by the impact of downward value adjustments to input material inventories. **Salzgitter Bauelemente GmbH (SZBE)** was also faced with the pronounced reluctance of its customers to place orders, but was nonetheless successful in closing the first quarter of 2009 with a positive result. In the wake of the production slashes by automotive manufacturers, shipments and sales of **Salzgitter Europlatinen GmbH (SZEP)** dropped. Accordingly, the company delivered a result which was still marginally positive but considerably below the previous year's figure.

Trading Division

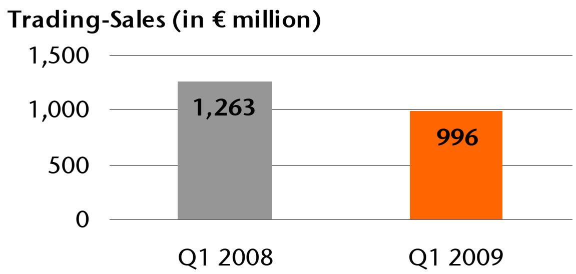
		Q1 2009	Q1 2008
Shipments	kt	1,073.7	1,516.0 [1]
Sales[2]	**€ million**	**995.7**	**1,263.3** [1]
External Sales	**€ million**	**926.9**	**1,154.3**
Earnings before tax (EBT)	**€ million**	**-20.6**	**48.6**

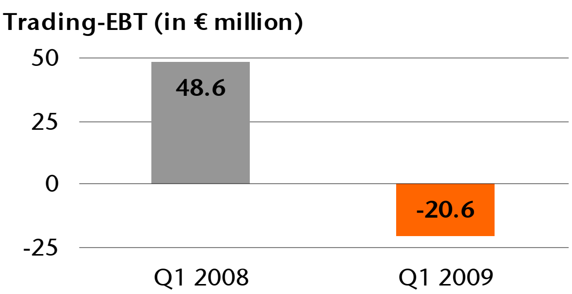
[1] Disclosure changed as against previous year (excl. deliveries within Trading Division, respectively within SMHD-Group)

[2] Incl. sales to other corporate divisions

The difficult macro-economic conditions were also reflected by the situation of **international steel trading**. Alongside the poorer capacity utilization of many steel processors, depressed by weak demand, the ongoing reduction of excessive inventories of steel traders caused prices to tumble. The development of the lending markets exacerbated this negative trend and is currently preventing capital expenditure from recovering. Many major projects have therefore been shelved for the time being. On a global scale, the prevailing development is impacting individual regions in varying degrees of intensity. Countries with a high consumption of steel and a high proportion of exports, such as Germany, Japan and the CIS countries, are particularly affected at present. The slump in demand in Asia, Africa and the Middle East was more moderate.

The **Trading Division** has unavoidably come under considerable pressure from the economic conditions, which up until now have had more of an effect on European stockholding steel traders than on international trading business. Sliding selling prices, in conjunction with the considerably lower volumes of shipment, were reflected by the substantial decline in segment sales and external sales as against the previous year's quarter and determined a loss before tax.





Salzgitter Mannesmann Handel Gruppe (SMHD-Gruppe) delivered a negative pre-tax result during the first quarter of the financial year 2009, with the positive results of international trading companies being unable to compensate for the losses of stockholding steel trading. The lower selling price level and declining sales throughout the whole reporting period caused sales to fall significantly in almost all branches.

The business situation of the SMHD Group's **stockholding steel trading** developed in tandem with the economic environment in Germany. The capacity utilization situation of major customers, above all in the mechanical engineering and construction sectors, was severely dampened in the first months of 2009. The decline encompassed all the stockholding steel trading companies of the division in Germany, the Benelux countries and Eastern Europe. The low level of selling prices, coupled with shrinking gross margins, led to a negative result. At the start of the year, the Czech company Salzgitter Mannesmann Stahlhandel s.r.o, Prague (SMCZ) was integrated into the group of consolidated companies.

Interim Management Report

The SMHD Group's **international trading** recorded an overall downtrend in sales and revenue figures in the wake of weak global demand and difficulties experienced by customers in obtaining financing. Nonetheless, satisfactory gross earnings ensured that the year-on-year result was marginally higher despite the difficult situation.

The price erosion in the plate market, already discernible at year-end 2008, in conjunction with the swift decline in the needs of all relevant customer groups, gathered pace in the first quarter of 2009. In order to reduce their inventories and release liquidity, many traders opted to take the consequences of quite considerable cash losses. This market situation gave rise to the lower level of shipment tonnage at **Universal Eisen und Stahl GmbH (UES) as against the previous year's period.** The sale of highly priced inventories bought caused a negative pre-tax result.

The steel service centre **Hövelmann & Lueg GmbH (HLG)** suffered from reticent demand in all its customers sectors during the reporting period. Both shipments and sales fell significantly short of the previous year's figures, and the pre-tax result was correspondingly negative.

Tubes Division

		Q1 2009	Q1 2008
Order bookings	€ million	300.2	507.4
Order backlog as of 31/03/	€ million	1,565.5	2,296.7
Sales[1]	**€ million**	**688.3**	**687.6** [2]
External sales	**€ million**	**552.0**	**543.0**
Earnings before tax (EBT)	**€ million**	**50.8**	**66.0**

[1] Incl. sales to other corporate divisions

[2] Disclosure changed as against previous year

The slowdown in demand for steel tubes persisted during the first three months of the current year. For this reason, new orders of steel tubes manufacturers were considerably lower than in the previous year. The high level of orders in hand from the end of December 2008 in a number of product segments, which initially cushioned the negative impact of this development, fell rapidly due to the lack of new orders. In some cases, tubes mills have already had to be closed temporarily owing to capacity utilization being too low. The troubled financial market has led to projects in the pipeline product segment being increasingly shelved, and there was no great incentive in exploration to develop new oil and gas fields due to low oil prices. The rig Count in the USA, for instance, has fallen from 1,700 to only 1,050 rigs since January. Prices, which had already started to decline in 2008, continued their downtrend in the current reporting period.

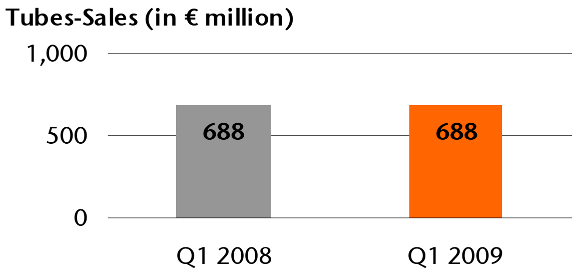
Cooling demand for steel tubes is reflected in the **lower order intake** of the Tubes Division in the first quarter, which affected all product segments. All in all, orders declined by 41 % in a year-on-year comparison. The **consolidated order book** of the division at the end of March was 32 % lower than the figure posted on March 31, 2008. Precision and stainless steel tubes suffered the greatest decline as opposed to the HFI-welded tubes segment where the figure was actually higher than in the previous year.

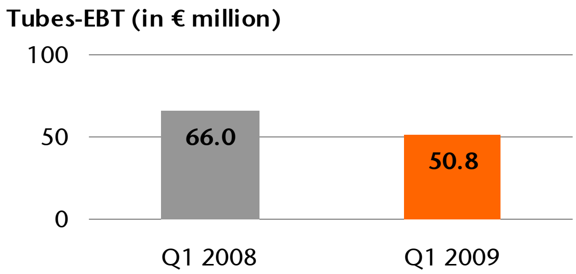
A notable increase in shipments of HFI-welded tubes was able to virtually compensate for the decline in the precision and stainless steel tubes product segments. This brought total shipments in the period from January to

March 2009 to a level which was only slightly below that of the previous year’s first quarter (–3 %).

Owing to the still very good selling price level, **segment sales** remained unchanged from the previous year's level, despite the lower shipment tonnage. External sales, which stood at € 552 million, even rose by 2 %.

In the first three months of the year, the companies of the Tubes Division generated a very pleasing **pre-tax profit** of € 50.8 million which nonetheless fell 23 % short of the excellent previous year's figure. Owing to the weak automotive industry, the precision tubes segment recorded an operating loss which could not be compensated by the increase in profit of Salzgitter Mannesmann Line Pipe GmbH (MLP).





The individual product segments performed as follows:
Whereas the effects of the recession were felt worldwide and in almost all sectors, the situation in the **large-diameter tubes** segment, carried above all by long-term projects in the energy industry already recorded in 2007 and 2008, remained stable for the most part. There are nonetheless the first signs of a slowdown in demand in this segment as well. As a result, EUROPIPE GmbH (EP) and Salzgitter Mannesmann Großrohre GmbH (MGR) recorded lower order intake in a year-on-year comparison. Moreover, there was evidence of intensifying competition, in particular in respect of longitudinal-welded large-diameter tubes of EP. Orders in hand were therefore in decline, but were nonetheless still at a comfortable level, securing full capacity utilization in 2009 for all companies operating in the large-diameter tubes business. The healthy capacity utilization situation and an increase in shipments were reflected in revenue growth as compared with the first three months of 2008. The previous year's result was, however, not achieved due to the higher prices of input material.

Demand in almost all the markets relevant for the **HFI-welded tubes** segment was very modest and entailed discernibly fiercer competition by tubes manufacturers, accompanied by falling prices. In the first quarter of 2009, MLP’s order intake settled at a below-average level owing to the current business conditions and did not achieve the previous year's figure. Product volumes already booked in 2008 secured a higher level of orders and shipments as against the year-earlier period. The associated selling price level was still comparatively comfortable, and enabled sales and pre-tax profit to rise considerably above the figures in the first quarter of 2008.

The automotive and supplier industries reacted to the sharp tumble in car sales through massive adjustments to production capacities. Overall, the **precision tubes segment thus** recorded a historical decline in orders, which was exacerbated by the energy sector’s slacker demand for tubes. The critical developments took their toll on order intake in the first quarter. On an aggregated level, orders booked by the Salzgitter Mannesmann Precisions Group were only a quarter of what they were a year ago, which has resulted in order books standing fifty percent lower. Capacity utilization in all the mills was therefore only running at fifty percent. The lack of orders was reflected accordingly in shipments and sales. The pre-tax result of the precision tubes group was clearly negative.

Since the middle of the fourth quarter of 2008 there has been a marked decline in demand for **seamless stainless steel tubes**, caused by the global economic downturn. Despite a new major order, the flow of orders in the first quarter of 2008 was not matched. Although capacity utilization was good in all mills owing to full order books, shipment tonnage fell short of the previous year's excellent volume. Tumbling prices of alloy components has had the effect, on the one hand, of significantly reducing sales but, on the other, due to lower cost of materials, has led to a more than satisfactory profit before tax.

Services Division

		Q1 2009	Q1 2008
Sales[1]	€ million	177.8	299.0 [2]
External sales	€ million	83.4	128.6
Earnings before tax (EBT)	€ million	-3.2	4.9

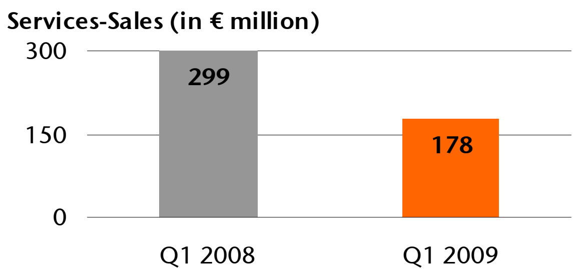
[1] Incl. sales to other corporate divisions

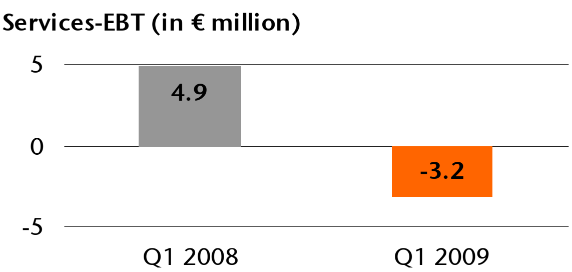
[2] Disclosure changed as against previous year

In the first three months of the financial year, the companies of the **Services Division** suffered mainly from the sharp downturn in the business activities of the steel companies, which caused demand for raw materials and services to slacken.

The division’s **segment sales** declined by 41 % during the first quarter. The sharpest downturn was sustained by the raw materials trading company **DEUMU Deutsche Erz- und Metall-Union GmbH (DMU)** as, in correlation to lower steel production, both scrap volumes placed and prices dropped considerably. The business of **Hansaport Hafenbetriebsgesellschaft mbH (HAN)** and **Verkehrsbetriebe Peine-Salzgitter GmbH (VPS)** was impacted by the much lower turnover of coal and ore and of transport required. A combination of these factors brought sales to a lower level in comparison with the previous year's period.

Salzgitter Automotive Engineering GmbH & Co. KG (SZAE) felt the effects of fierce competition owing to an ailing automotive industry, and was therefore unable to match the gratifying sales of the year-earlier quarter. By contrast, the first-time consolidation of the group company **Salzgitter Hydroforming GmbH & Co. KG (SZHF)** at the start of the year made a positive contribution to sales. The Services Division’s external sales, which are mainly generated through the raw materials trading of DMU, sank by around 35 % to € 83.4 million.





All in all, the segment recorded a marginally negative **pre-tax result** (€–3.2 million) in the reporting period. DMU, along with VPS and SZAE, were unable to repeat the excellent results of the previous year's quarter and disclosed losses. By contrast, the TELCAT Group, GESIS Gesellschaft für Informationssysteme mbH (GES), HAN and SZHF delivered very satisfactory results.

Technology Division

		Q1 2009	Q1 2008
Total Sales[1]	€ million	192.6	248.5 [2]
External sales	€ million	192.5	248.5
Earnings before tax (EBT)	€ million	-23.3	4.2

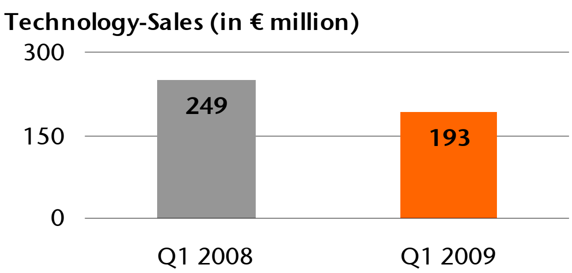
[1] Incl. sales to other corporate divisions

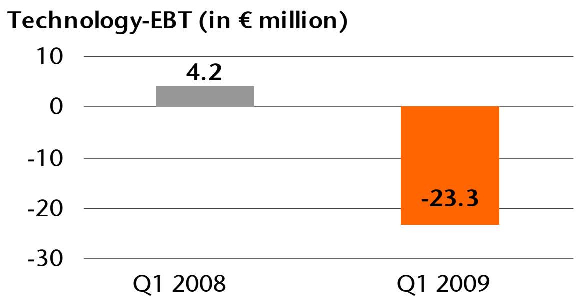
[2] Disclosure changed as against previous year

German mechanical engineering has meanwhile been fully engulfed by the general economic crisis, and the steady uptrend over years has consequently come to an end for the time being. In the first quarter, order intake was 42 % below the previous year's level. According to estimates of the German Machinery and Plant Manufacturing Association (VDMA), a recovery should emerge in the second half of the year. Nonetheless, experts anticipate a decline in production of 10 % to 20 % in 2009. Moreover, reduced working hours - currently affecting the jobs of around 100,000 employees out of 975,000 in the sector - can be expected to become more widespread.

The companies of the **Technology Division** operate first and foremost in mechanical engineering and plant construction. Business is dominated by the KHS Group´s filling and packaging technology, which makes up more than 90 % of its sales. Slow **order intake** and the correspondingly low **level of orders** in the segment reflect above all the reluctance of large manufacturers of consumer goods in the beverages industry to invest. Against the background of a global recession, machinery, plant and equipment is being used longer and more intensively than in the past. To counteract the downturn in orders and the correspondingly low capacity utilization in production sites, the **KHS Group** and **Klöckner DESMA Elastomertechnik GmbH (KDE)** have introduced reduced working hours.

The difficult situation in international mechanical engineering is, by definition, also reflected in the sales and earnings figures of the companies of the Technology Division. With sales of € 192.6 million, the division recorded a decline in the segment’s sales of 22 % as against the first three months of the previous year. Almost all companies were affected by this development.





Interim Management Report

The pre-tax result was therefore unable to match the first quarter of 2008 and, taking account of risk provisioning for legacy orders as per 31 March 2009, declined to €–22.8 million. The obligatory purchase price allocation under IFRS incurred by the acquisition of the majority holding in Klöckner-Werke and of SIG-Beverages stood at €–0.9 million in the reporting period and has also been included in this result.

More information on Klöckner Werke and their business development can be found on the Internet under the following website: www.kloecknerwerke.de

Others/Consolidation

		Q1 2009	Q1 2008
Total Sales[1]	**€ million**	**63.9**	**130.1**
External sales	**€ million**	**12.1**	**44.6**
Earnings before tax (EBT)	**€ million**	**27.7**	**-4.3**

[1] Incl. sales to other corporate divisions

As against the first three months of 2008, sales of **Others/Consolidation** which are based on business in semi-finished products with subsidiaries and external parties, fell by almost half to € 63.9 million, down from € 130.1 million. The main reason was changed patterns in the input material supply relationships by individual internal customers as from January 1, 2009. External sales declined to € 12.1 million (first quarter 2008: € 44.6 million) in the wake of slower demand by external customers.

Pre-tax profit stood at € 27.7 million. Since the start of the financial year, the 23 % stake in Aurubis AG has been included at equity here. After the subtraction of the purchase allocation price of € 3.0 million, obligatory under IFRS, the company contributed € 20.7 million in profit after tax to the consolidated result.

Explanations on the Financial Position and Net Worth

The total assets of the Salzgitter Group contracted by 3 % in the period from December 31, 2008 to March 31, 2009. Current assets declined by € 416 million, influenced mainly by the reduction in working capital (€ –318 million; of which € –357 million worth of inventories). In a comparison of cash and cash equivalents, which stood at approximately € 1.3 billion at the end of the reporting period, the fact that, on the previous year's reporting date, other receivables and other assets also comprised financial investments worth € 400 million, now disclosed as financial investments owing to the different form of investment, must be taken into account.

Non-current assets rose by € 120 million primarily on the back of capital expenditure in property, plant and equipment, in particular in the Steel Division

On the liability side, the consolidated loss after tax (€ 74.1 million) caused equity capital to fall to € 4.28 billion. Non-current liabilities dropped moderately by € 31 million, whereas current liabilities, similar to current assets, recorded a much sharper decline (€ –203 million) owing to the lower volume of trade payables.

The extension of the group of consolidated companies to include the Czech steel stockholding company Salzgitter Mannesmann Stahlhandel s.r.o, Prague (SMCZ), the American spiral-welded tube company Berg Spiral Pipe Corporation (BSPM; consolidated on a pro-rata basis) and Salzgitter Hydroforming GmbH & Co. KG (SZHF) did not have any severe impact on the quarterly financial statements.

It is pleasing to note that, despite the high outflow of liquidity earmarked for capital expenditure and the generally poor development of business, the cash flow rose by € 126.6 million to € 379.4 million. This was mainly due to the considerable reduction in inventories in the first three months of this financial year 2009.

The net credit balance, including investment, which is not disclosed under financial investments, had climbed to € 1.1 billion by the end of the reporting period (December 31, 2008: € 1.0 billion).

Interim Management Report

Investments

In the first three months of the current financial year capital **expenditure in property, plant and equipment** came to € 160.7 million, which is higher than in the first quarter of 2008 (€ 131.6 million). At the same time, there was a considerable increase in depreciation and amortization in the reporting period (€ +25.7 million), driven by the active investment activities of the Steel and Tubes divisions.

During the first quarter, the **Steel Division** concentrated mainly on securing the progress of major projects already under way. For instance, work on the project Power Plant 2010 progressed swiftly. The assembly of the steel housing to take the boiler plant has started, and major components have already been delivered. The "**Salzgitter Steel 2012**" investment program is also proceeding according to schedule. Both assembly work on the new continuous casting line and preparatory work for the installation of the new heating furnace of the hot strip rolling line were completed to deadline.

Construction work on the water supply, batch transport and the open storage area went according to plan. Following the successful commissioning of the "5th stand of the degassing line", it is now running in break-in operation under production conditions. By contrast, the start-up phase of Continuous Pickling Line 2 has not yet been completed.

The "**Peine Träger GmbH 2010**" **(PTG 2010)** investment project went according to schedule. However, the metallurgy sub-project was temporarily interrupted at the start of March owing to changed conditions in the economic environment. The aim is to identify savings potential, together with the suppliers, and to adjust the date for the start of production to the changed market situation.

Despite the currently extremely difficult market environment in which Peine Träger GmbH (PTG) operates, and after having conducted a series of in-depth studies, the decision was made to complete the second new line, ordered for the Peine steel mill, consisting of an electric arc furnace, secondary metallurgy (including vacuum facilities), dust removal, water supply and the extension of the existing Continuous Casting Line 2. The individual dates for commissioning will, however, be postponed with a view to selecting the best timing from a business standpoint.

The conversion measures on the universal beam mill (UMIT) are running as planned so that the commissioning will take place in August as scheduled. In addition to the "PTG 2010" investment package, PTG is in the process of implementing two other large projects: On the one hand, the cooling bed of the mill's Continuous Casting Line 1 is to be replaced and, on the other, an oxygen pipeline is to be installed between Salzgitter and Peine. Both locations can be supplied centrally and cost effectively through this pipeline. Plans for the pipeline route have already been completed.

In the **Tubes Division** work connected with the major "Conversion of the Shifting Manipulator" investment in the plate rolling mill of Salzgitter Mannesmann Grobblech GmbH (MGB) is progressing according to schedule. At present, the foundations are being laid and the construction of a new electrical distribution building carried out.

Research and Development

Salzgitter Mannesmann Forschung GmbH is the central research company of the Salzgitter Group. The R&D activities are concentrated mainly on the key areas of developing materials and materials processing, application and coating technologies, as well as test engineering. Along with the companies of Salzgitter AG, external companies, for instance from the steel processing industry, automotive industry, the machinery and plant construction sector, energy technology and the construction industry, are customers.

Thin dual-phase steel for outer skin car body parts:
In the flat steel product segment, a hot-dip galvanized dual-phase steel for application in the automotive industry has been developed in the sheet thickness range of 0.5 mm. This steel is particularly suitable as an alternative material to aluminium for outer skin car body parts, such as fenders, doors, hoods and trunk lids. Its great strength combined with good ductility properties enables these "thinner sheets" to be used even for complex component geometry, which allows lightweight construction potential to be realized. The dual-phase steel has already been successfully tested by automotive manufacturers.

Higher strength hot-rolled strip for tube grades:
The request addressed to Salzgitter Mannesmann Großrohr GmbH (MGR) concerning specifications for high-pressure gas pipes necessitates to an ever increasing degree steels with considerably higher strengths. In response to this request, SZMF has developed hot-rolled strip which features low carbon content and a high share of niobium, which more than meets customer requirements. The alloy concept has resulted in a series of advantages for process technology in production in the steel mill and the processing in the hot strip rolling mill. The development took place in cooperation with the Korean steel manufacturer POSCO.

Interim Management Report

Employees

	31/03/2009	31/12/2008	+/-
Core workforce	**24,119**	**23,915**	**204**
of which Steel Division	6,987	6,949	38
of which Trading Division	2,017	1,983	34
of which Tubes Division	5,914	5,929	-15
of which Services Division	4,169	4,003	166
of which Technology Division	4,882	4,907	-25
of which Others	150	144	6
Apprentices, students, trainees	1,313	1,466	-153
Passive age-related part-time employment	452	429	23
Total workforce	**25,884**	**25,810**	**74**

The **core workforce** of the Salzgitter Group came to 24,119 employees on March 31, 2009. This represents an increase of 204 positions since the start of the year which is mainly attributable to the first-time consolidation of Salzgitter Mannesmann Stahlhandel s.r.o., Prague (SMCZ), Berg Spiral Pipe Corporation, Wilmington, USA, (BSPM) and Salzgitter Hydroforming GmbH & Co.KG, Crimmitschau (SZHF), as per January 1, 2009, with a total of 215 employees. Net of these accounting-related transactions, the Group has reduced its employee numbers by 11 members. In the reporting period, 153 trainees were offered full-time positions, of which 143 were limited contracts.

In response to the impact of the economic crisis, the Salzgitter Group has availed itself of the instruments for adjusting capacity in the subsidiaries which are currently in a difficult economic situation and implemented them step by step: The number of hired workers, employees in age-related active part-time service and members with limited contracts fell during the reporting period by 45 people in total. Since the start of the crisis, namely from October 2008 onwards, the number has therefore fallen by 616 people. Flexi-time and overtime accounts were used, on the one hand, to react to fluctuations in the work requirements and, on the other, to avoid more drastic measures in more extended periods when no orders are placed. In addition, employees have taken more holiday and other free days. At the same time, paid overtime was reduced to an unavoidable minimum. The more we go into the crisis the more unavoidable is the necessity of introducing reduced working hours. As a result, working hours were reduced at 11 group companies, which affected around 4,100 employees. In the months ahead, the amount of working hours reduced can be expected to rise.

After only two rounds of negotiations, the parties to the negotiations reached a collective agreement on April 1, 2009, for employees in the steel industry, which was then also subsequently adopted in the East German steel industry. The key components are:

- a one-off payment of € 350 for the period from April until December 2009 (trainees: € 50)
- raising of wages and salaries by 2 % as from January 1 (also for trainees)
- retiring from working life by way of age-related part-time service is still possible up to and beyond December 31, 2009
- taking over of trainees for 24 instead of formerly 12 months (with a minimum 28-hour week)
- possibility of reducing working time from 35 to down to 28 hours in order to avoid enforced redundancy (formerly down to 30 hours)
- term of the collective agreement: 17 months (until August 31, 2010)

Forecast, Opportunities and Risks Report

With regard to the economic environment, there is no notable improvement in sight in the second quarter for the business activities of the Salzgitter Group. For this reason, our activities continue to be focused on measures to secure our company as a healthy going concern in the medium and long term. To this end, projects to effectively cut costs have been initiated in all companies at short notice. Parts of the investment program currently under way have been postponed and, wherever necessary, the option of reducing working hours has been used. Fundamentally speaking, the Salzgitter Group's broad-based business and its high degree of financial stability and sound balance sheet are proving to be extremely advantageous in the current situation.

No discernible improvements have yet been identified in the order intake of the **steel companies**. Instead there are meanwhile considerable capacity utilization problems also for plate, a product which lags economic cycles. In the case of a number of products, selling price trends appear to be close to bottoming out. At the same time, however, the average level to be invoiced across all products will be considerably lower than in the first quarter. A general brightening of the situation can in all probability be expected after the summer break at the earliest.

The **Trading Division** is expecting demand to remain weak in the second quarter, a trend which will be particularly reflected in domestic steel stockholding trading. An unabated downturn in international business will cause sales and the result to remain around the level of the first quarter.

The outlook for the **Tubes Division** is set to remain good overall, mainly owing to orders in hand. Sales will remain stable for the most part and, although the result is likely to be lower than the previous year's figures, it will still be comparatively positive.

Sales and the pre-tax result of the **Services Division** will stagnate in the months ahead as a consequence of the low production volume of the steel companies.

Lackluster demand in the **Technology Division** is likely to persist, which means that no driving stimulus can be expected for sales and profit.

Owing to the ailing global economy, we consider our original forecast of not achieving breakeven for the Group in the first half of the year to be affirmed. We currently do not have any reliable indications that there will be a recovery in the second half year. We nonetheless believe it is possible that order activity for steel products will settle at a normal level once the steel processors and traders have completed the process of reducing their inventories.

As from the third quarter, the reduction in the price of raw materials will be felt to a greater extent in terms of the manufacturing costs. Accordingly, we still believe, even taking account of valuation adjustment measures carried out on inventories, that, given a notable recovery in the rolled steel market and in demand from the automotive industry, achieving breakeven in the pre-tax result in 2009 should still be possible. This is, however, contingent upon a strong and sustained turnaround of the situation in the steel market.

As in recent years, we make reference to the fact that **opportunities and risks** from currently unforeseeable trends in selling prices, input materials and capacity level developments, as well as changes in the currency parity, may considerably affect performance in the course of the financial year 2009. The resulting fluctuation in the consolidated pre-tax result may, as current events show, be within a considerable range, either to the positive or to the negative. The dimensions of this range become clear if one considers that, with around 10 million tons of steel products sold by the Steel, Trading and Tubes divisions, an average contraction of just € 50 in the margin per ton is sufficient to cause annual profit to diverge by more than € 500 million.

Events of Significance

The participating interest in RSE Grundbesitz und Beteiligungs-Aktiengesellschaft, Frankfurt am Main, (RSE), a company operating in real estate development, was raised from 99.6 % to 100 % by way of squeeze out.

Interim Financial Statements

I. Consolidated Income Statement

in € million	1st Quarter 2009	1st Quarter 2008
Sales	2,194.7	2,901.1
Increase or decrease in finished goods and work in process and other own work capitalized	-49.5	1.4
	2,145.2	2,902.5
Other operating earnings	124.8	55.6
Cost of materials	1,630.6	1,920.3
Personnel expenses	349.1	361.0
Amortization and depreciation	86.5	60.8
Other operating expenses	299.9	322.2
Income from shareholdings	-0.4	-0.3
Income from associated companies	22.0	-1.1
Impairment losses of financial assets	7.0	0.0
Financing income	11.2	29.3
Financing expenses	28.0	29.9
Earnings before tax (EBT)	**-98.3**	**291.9**
Income taxes	-24.3	97.0
Consolidated net income	**-74.1**	**194.9**
Appropriation of profit		
Consolidated net income	-74.1	194.9
Profit carried forward from the previous year	84.2	189.7
Minority interests	0.3	0.8
Appropriation to other retained earnings	74.4	-162.8
Unappropriated retained earnings	**84.2**	**221.0**
Undiluted earnings per share (in €)	**-1.38**	**3.40**
Diluted earnings per share (in €)	**-1.38**	**3.40**

II. Consolidated Balance Sheet

Assets in € million	31/03/2009	31/12/2008
Non-current assets		
Intangible assets		
Goodwill	0.0	20.6
Other intangible assets	180.4	184.0
	180.4	204.6
Property, plant and equipment	2,348.3	2,199.4
Investment property	31.0	31.6
Financial assets	93.9	122.1
Associated companies	367.9	341.7
Deferred tax assets	13.5	15.7
Other receivables and other assets	2.9	3.2
	3,037.9	**2,918.2**
Current assets		
Inventories	2,194.3	2,551.2
Trade receivables	1,470.7	1,652.3
Other receivables and other assets	432.0	882.0
Income tax assets	55.6	75.1
Securities	27.4	30.7
Cash and cash equivalents	1,187.0	592.1
	5,367.0	**5,783.2**
	8,404.9	**8,701.4**

Equity and liabilities in € million	31/03/2009	31/12/2008
Equity		
Subscribed capital	161.6	161.6
Capital reserve	184.2	184.2
Retained earnings	4,199.9	4,261.7
Unappropriated retained earnings	84.2	84.2
	4,629.9	4,691.6
Treasury shares	-372.8	-372.8
	4,257.1	4,318.8
Minority interests	26.6	27.2
	4,283.6	**4,346.1**
Non-current liabilities		
Provisions for pensions and similar obligations	1,781.2	1,787.0
Deferred tax liabilities	68.5	103.1
Income tax liabilities	211.9	207.4
Other provisions	221.3	214.4
Financial liabilities	66.1	68.0
	2,349.0	**2,379.9**
Current liabilities		
Other provisions	497.5	473.5
Financial liabilities	147.9	110.5
Trade payables	644.6	865.4
Income tax liabilities	29.1	36.3
Other liabilities	453.1	489.6
	1,772.3	**1,975.4**
	8,404.9	**8,701.4**

III. Statement of Income and Accumulated Earnings

in € million	1st Quarter 2009	1st Quarter 2008
Consolidated net income for the period	-74.1	194.9
Changes in the financial year recorded directly in equity		
Changes in currency translation	6.3	-9.6
Changes in value reserve from hedging transactions		
Changes in current value recorded directly in equity	11.8	18.5
Recognition of settled hedging transactions with effect on income	-11.0	-5.4
Changes in value of financial assets in the "available-for-sale assets" category		
Changes in current value recorded directly in equity	-2.2	-7.7
Actuarail gains and losses	2.8	0.9
Deferred tax on changes without effect on income	-0.9	-1.4
Difference from IFRS 3		0.0
Other changes without effect on income	0.3	0.0
	7.1	**-4.6**
Total profit pursuant to IAS 1.97 in conjunction with IAS 19.93B	**-67.0**	**190.3**
Total profit due to Salzgitter AG shareholders	-67.3	189.0
Total profit due to minority interests	0.3	1.3
	-67.0	**190.3**

IV. Cash Flow Statement

in € million	1st Quarter 2009	1st Quarter 2008
Earnings before tax (EBT)	-98.3	291.9
Deprecreciation, write-downs (+)/write-ups (-) on fixed assets	93.5	60.8
Income tax paid	-15.3	-93.0
Other non-payment-related expenses (+)/income (-)	57.1	66.5
Interest expenses	28.0	29.9
Profit (-)/loss (+) from the disposal of fixed assets	1.0	0.2
Increase (-)/decrease (+) in inventories	368.4	-12.9
Increase (-)/decrease (+) in trade receivables and other assets not attributable to investment or financing activities	278.1	-94.9
Use of provisions affecting payments, excluding income tax provisions	-73.9	-61.4
Increase (-)/decrease (+) in trade payables and other liabilities not attributable to investment or financing activities	-259.2	65.8
Cash flow from operating activities	**379.4**	**252.8**
Cash inflow from the disposal of fixed assets	0.2	0.3
Cash outflow for investments in intangible and tangible fixed assets	-157.7	-134.6
Cash inflow (+)/outflow (-) for short-term loans against borrower´s notes/bonds	400.0	-400.0
Cash inflow from the disposal of financial assets	0.7	1.0
Cash outflow for investments in financial assets	-22.8	-17.4
Cash flow from investment activities	**220.3**	**-550.7**
Cash inflow (+)/outflow (-) as a result of the issuing of bonds, borrowings and other financial liabilites	-1.0	298.0
Interest paid	-3.9	-3.6
Cash flow from financing activities	**-4.9**	**294.4**
Cash and cash equivalents at the start of the period	592.1	2,138.8
Payment-related changes in cash and cash equalities	594.9	-3.5
Cash and cash equivalents at the end of the period	**1,187.0**	**2,135.3**

Notes
I. Statement of Changes in Equity

in € million	Subscribed capital	Capital reserve	Purchase/ repurchase of treasury shares	Other retained earnings	Reserve from currency translation
As of December 31, 2007	**161.6**	**295.3**	**-227.8**	**3,943.6**	**-25.9**
First-time consolidation of affiliated companies hithero not consolidated due to materiality				5.8	0.8
As of January 1, 2008	161.6	295.3	-227.8	3,949.5	-25.1
Goodwill resulting from IFRS 3				0.4	
Net income				0.4	-10.4
Group transfers to retained earnings				162.8	
Other				-5.6	
As of March 31, 2008	**161.6**	**295.3**	**-227.8**	**4,107.4**	**-35.5**
As of December 31, 2008	**161.6**	**184.2**	**-372.8**	**4,474.3**	**-27.1**
First-time consolidation of affiliated companies hithero not consolidated due to materiality				11.2	
As of January 1, 2008	161.6	184.2	-372.8	4,485.5	-27.1
Goodwill resulting from IFRS 3				-0.4	
Net income				0.0	6.3
Group transfers to retained earnings				-74.4	
Other				-5.3	
As of March 31, 2009	**161.6**	**184.2**	**-372.8**	**4,405.4**	**-20.8**

Changes in the value of the reserve from hedging transactions	Changes in the value reserve from available for-sale assests	Other changes in equity with no effect on income	Unappropriated retained earnings	Equity (excluding minority interests)	Minority interests	Equity
8.8	**30.9**	**-179.8**	**189.7**	**4,196.5**	**49.4**	**4,245.9**
				6.7		6.7
8.8	30.9	-179.8	189.7	4,203.2	49.4	4,252.6
				0.4	-3.4	-3.0
13.1	-7.7	-0.5	194.1	189.0	1.3	190.3
			-162.8	0.0		0.0
				-5.6	-3.9	-9.5
22.0	**23.2**	**-180.2**	**221.0**	**4,386.9**	**43.4**	**4,430.3**
-2.2	**-13.5**	**-169.8**	**84.2**	**4,318.8**	**27.2**	**4,346.1**
				11.2		11.2
-2.2	-13.5	-169.8	84.2	4,330.0	27.2	4,357.3
				-0.4	-1.0	-1.4
0.8	-2.2	2.3	-74.4	-67.3	0.3	-67.0
			74.4	0.0		0.0
				-5.3		-5.3
-1.4	**-15.8**	**-167.5**	**84.2**	**4,257.1**	**26.6**	**4,283.6**

II. Segment Reporting

in € million	Steel		Trading		Tubes	
	Q1 2009	Q1 2008	Q1 2009	Q1 2008	Q1 2009	Q1 2008
External sales	427.7	782.1	926.9	1,154.3	552.0	543.0
Sales to other segments	223.5	287.2	60.4	102.9	136.1	144.4
Sales to Group companies that cannot be allocated to an operating segment	1.1	41.1	8.4	6.1	0.2	0.2
Segment sales	652.3	1,110.4	995.7	1,263.3	688.3	687.6
Interest income (consolidated)	0.7	0.0	1.8	2.2	0.5	0.6
Interest income to other segments	0.0	0.0	0.0	0.0	0.0	0.0
Interest income to Group companies that cannot be allocated to an operating segment	0.1	0.0	0.0	0.2	0.4	0.4
Segment interest income	0.7	0.0	1.8	2.4	0.9	1.0
Interest expenses (consolidated)	2.7	3.1	2.4	3.4	1.7	2.5
Interest expenses to other segments	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses to Group companies that cannot be allocated to an operating segment	11.8	8.6	5.9	4.6	5.2	3.7
Segment interest expenses	14.5	11.7	8.2	8.0	6.9	6.2
of which interest portion of allocations to pension provisions	2.2	2.1	0.9	0.9	1.4	1.3
Depreciation/amortization of tangible and intangible fixed assets	38.8	38.0	2.8	2.7	10.7	9.3
thereof scheduled depreciation of tangible fixed assets and amortization of intangible assets	38.8	38.0	2.8	2.7	10.7	9.3
EBITDA	-78.7	220.0	-10.4	58.3	74.0	80.3
EBIT	-117.5	182.0	-13.2	55.6	56.3	71.0
Earnings before tax (EBT)	-129.7	172.5	-20.6	48.6	50.8	66.0
of which from associated companies	0.7	0.8	0.0	0.0	0.6	-1.9
Investments in tangible and intangible fixed assets	126.9	97.9	1.9	5.0	13.8	16.8

Services		Technology		Total segments		Others/ Consolidation		Group	
Q1 2009	Q1 2008	Q1 2009	Q1 2008	Q1 2009	Q1 2008	Q1 2009	Q1 2008	Q1 2009	Q1 2008
83.4	128.6	192.5	248.5	2,182.6	2,856.5	12.1	44.6	2,194.7	2,901.1
92.7	169.2	0.0	0.0	512.7	703.7	51.8	85.5	564.4	789.2
1.8	1.2	0.1	0.0	11.6	48.6	0.0	0.0	11.6	48.6
177.8	299.0	192.6	248.5	2,706.8	3,608.8	63.9	130.1	2,770.7	3,738.9
0.1	0.2	0.4	2.0	3.5	5.0	7.5	24.3	11.0	29.3
0.0	0.0	0.0	0.0	0.0	0.0	23.9	17.8	23.9	17.8
3.1	3.4	0.1	0.0	3.7	4.0	0.0	0.0	3.7	4.0
3.2	3.6	0.5	2.0	7.2	9.0	31.4	42.1	38.6	51.1
3.5	3.5	2.3	3.8	12.6	16.3	15.4	13.6	28.0	29.9
0.0	0.0	0.0	0.0	0.0	0.0	3.7	4.0	3.7	4.0
0.7	0.6	0.5	0.3	24.0	17.8	0.0	0.0	24.0	17.8
4.2	4.1	2.7	4.1	36.6	34.1	19.0	17.6	55.6	51.7
3.3	3.2	1.9	1.8	9.8	9.3	12.4	11.5	22.2	20.8
5.5	5.0	7.6	5.4	65.5	60.4	21.0	0.4	86.5	60.8
5.5	5.0	7.6	5.4	65.5	60.4	0.5	0.4	66.0	60.8
3.2	10.8	5.7	12.0	-6.2	381.4	7.1	-19.6	1.0	361.8
-2.3	5.8	-22.5	6.6	-99.2	321.0	6.7	-20.0	-92.6	301.0
-3.2	4.9	-23.3	4.2	-126.0	296.2	27.7	-4.3	-98.3	291.9
0.0	0.0	0.0	0.0	1.3	-1.1	20.7	0.0	22.0	-1.1
6.9	4.5	11.2	7.4	160.7	131.6	0.0	0.0	160.7	131.6

Notes

Principles of accounting and consolidation, balance sheet reporting and valuation methods

1. The consolidated financial report of Salzgitter AG, Salzgitter, for the reporting period from January 1 to March 31, 2009, has been prepared as a condensed report with selected notes. The report has been drawn up, as before, in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) in consideration of the requirements contained in IAS 34 for condensed interim reports.
2. In comparison with the annual financial statements as at December 31, 2008, no changes have been made in the accounting, valuation, calculation and consolidation methods applied to the interim financial statements for the period ended March 31, 2008.
3. For the first time, the following companies have been consolidated fully or on a pro-rata basis:
   - Salzgitter Hydroforming GmbH & Co. KG, Crimmitschau
   - Salzgitter Mannesmann Stahlhandel s.r.o., Prague; (Czech Republic)
   - Berg Spiral Pipe Corporation, Wilmington (USA)

Selected explanatory notes to the income statement

1. Sales by division are shown in the segment report.
2. Earnings per share are calculated pursuant to IAS 33. The undiluted earnings per share based on the weighted number of shares of Salzgitter AG came to €–1.38 in the period under review.

Dilution of the earnings per share occurs if the average number of shares is increased by the addition of potential shares issued on the basis of the option and conversion rights. There were no such options and conversion rights outstanding as of March 31, 2009. Diluted earnings per share therefore equaled **undiluted earnings per share** and amounted to €–1.38.

Related Party Disclosures

In addition to business relationships with companies that are consolidated fully and proportionately in the consolidated financial statements, relationships also exist with associated companies and shareholdings that must be designated as related companies in accordance with IAS 24. All business transactions with related companies are conducted on terms that also customarily apply among third parties. Deliveries and services rendered for related companies primarily concern deliveries of sheet piling to ThyssenKrupp GfT Bautechnik GmbH for resale and crude steel products supplied for processing. The deliveries and services rendered essentially comprise deliveries of input material for the manufacture of large-diameter pipes and precision tubes. Their volumes are shown in the table below:

in k€	Sale of goods and services	Purchase of goods and services	Trade receivables	Trade payables
	01/01/-31/03/2009	01/01/ - 31/03/2009	31/03/2009	31/03/2009
Thyssen Krupp GfT Bautechnik GmbH, Essen	6,562	0	19,666	1
Hüttenwerke Krupp Mannesmann GmbH, Duisburg	179	99,154	4,025	32,420

Information pursuant to Section 37w para. 5 of the German Securities Trading Act (WpHG)

The interim financial statement and interim management report have not been subjected to an auditor's review.

Financial calendar 2009

March 5, 2009	Key data for financial year 2008
March 26, 2009	Publication of consolidated financial statements for 2008
	Annual press conference
March 30, 2009	Analyst conference in Frankfurt/Main
March 31, 2009	Analyst conference in London
May 14, 2009	Interim report for the first quarter 2009
May 27, 2009	Ordinary Shareholders' Meeting
August 13, 2009	Interim report for the first half 2009
	Analyst conference in Frankfurt/Main
August 14, 2009	Analyst conference in London
November 12, 2009	Interim report for the first nine months 2009
December 31, 2009	End of financial year 2009

Legal disclaimer

Some of the statements made in this report possess the character of forecasts or may be interpreted as such. They are made upon the best of information and belief and by their nature are subject to the proviso that no unforeseeable deterioration occurs in the economy or in the specific market situation pertaining to the Division companies, but rather that the underlying bases of plans and outlooks prove to be accurate as expected in terms of their scope and timing. The company undertakes no obligation to update any forward-looking statements. The official financial report for the period under review in this document is the German-language hardcopy version of the Salzgitter AG Interim Report. In case of ambiguity between this document and any other version of the interim report, information provided in the German-language hardcopy version shall supersede information provided in any other form.

Notes

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