

Salzgitter, August 12, 2004

Ad – hoc release of the SALZGITTER AG

Yield at Salzgitter Group on satisfactory level in the first half year of 2004

In the first half of 2004 Salzgitter Group's consolidated external sales increased by 10% to EUR 2.77 billion (H1 2003: EUR 2.51 billion). Group pre-tax earnings moved up to EUR 81.7 million (H1 2003: EUR 16.6 million), after-tax earnings totaled to EUR 57.7 million (H1 2003: EUR 9.2 million). The return on capital employed (ROCE) reached 13.2% (H1 2003: 4.2%).

External sales at the Steel Division were up by 7% to EUR 820 million (H1 2003: EUR 764 million). Thanks to the satisfactory results achieved in flat steel and heavy plate products, as well as a gradually more favorable course of business in the beams area, the Steel Division reported a pre-tax profit of EUR 29.5 million (H1 2003: EUR 7.4 million). The half-year result includes EUR 5.8 million profit from the sale of shares of Steel Dynamics Inc.

Though shipments improved overall, external sales of the Tubes Division of EUR 458 million remained below the figure of previous year (H1 2003: EUR 474 million) mainly due to changes in the product mix and as well as negative currency effects. Pre-tax profit came in at EUR 25.7 million and thus returned to normal over the previous year's period that had been impacted by crisis (H1 2003: EUR 1.6 million).

External sales of the Trading Division showed strong growth of 21% to EUR 1.23 billion (H1 2003: EUR 1.02 billion), pre-tax profits jumped to EUR 43.0 million (H1 2003: € 5.6 million).

External sales of EUR 152 million posted by the Services Division exceeded the previous year's figure (EUR 129 million) by 18%. The pre-tax results came in at EUR 9.8 million (H1 2003: EUR 6.7 million). The Processing Division generated external sales of EUR 104 million (first half of 2003: EUR 119 million) and recorded pre-tax losses of EUR -18.8 million (first half of 2003: EUR -7.4 million). Due to a special effect the result from consolidation and other measures was negative with EUR -7.5 million (H1 2003: EUR 2.7 million).

The environment for the business activities of the Salzgitter Group is likely to develop favorably in second half of 2004. Based on current information and expectations concerning the development of the procurement and sales markets, as well as the general conditions and with consideration given to the effects generated by the profit improvement program, the Salzgitter Group expects to achieve a pre-tax profit for the financial year 2004, excluding special effects, that will be close to the good performance of the year 2001. In view of the exceptional situation of the procurement and sales markets, the bandwidth of opportunities and risks impacting the Group's performance is considerably wider than in previous years.