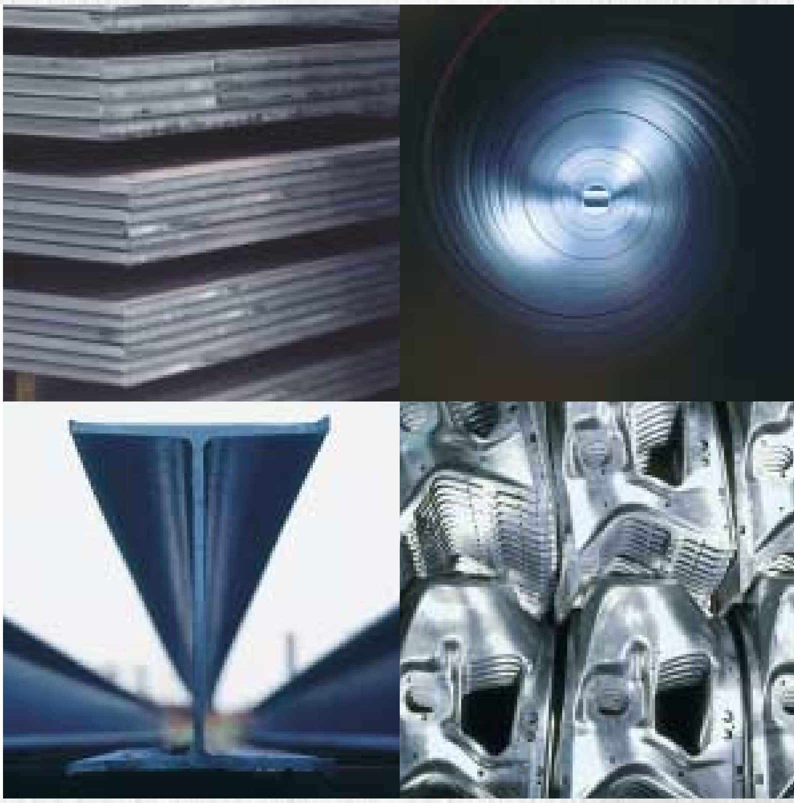
INTERIM REPORT

SALZGITTER AG
Stahl und Technologie



- Significant increase in Group sales and earnings on previous year
- Excellent business development of Tube Division
- More impulses for Salzgitter stock through increase in free float and forthcoming inclusion in MDAX

First Half of 2001

Salzgitter Group

		First half 2001	First half 2000[1]	Δ
Sales (consolidated)	Mio. €	2,283	1,652	38 %
Steel Production Division	Mio. €	774	631	23 %
Tubes Division	Mio. €	490	–	
Steel Trading Division	Mio. €	842	903	-7 %
Raw Materials and Services Division	Mio. €	119	118	1 %
Industrial Shareholding Division	Mio. €	58	0	
Flat rolled products[2]	Mio. €	1,056	926	14 %
Sections[2]	Mio. €	313	306	2 %
Tubes[2]	Mio. €	601	–	
Share of exports	%	53	49	8 %
Employees				
Personnel expenses	Mio. €	398	277	44 %
Workforce (annual average)		16,945	12,506	35 %
Result from ordinary activities	Mio. €	84	46	83 %
Net income	Mio. €	70	32	119 %
Total assets	Mio. €	3,549	2,382	49 %
Fixed assets	Mio. €	1,646	1,236	33 %
Current assets	Mio. €	1.903	1,146	66 %
Inventories	Mio. €	754	582	30 %
Shareholders´ equity	Mio. €	1,031	889	16 %
Borrowings	Mio. €	2,518	1,493	69 %
Provisions	Mio. €	1,958	975	101 %
Liabilities	Mio. €	560	518	8 %
thereof due to banks	Mio. €	86	177	-51 %
Capital expenditures[3]	Mio. €	115	80	44 %
Depreciation and amortization	Mio. €	101	81	25 %
Key figures				
Earnings before interest and taxes (EBIT)[4]	Mio. €	91	57	60 %
EBIT before depreciation (EBITDA)	Mio. €	192	138	39 %
Return on capital employed (ROCE)[5][6]	%	15.7	8.8	78 %
Cash flow	Mio. €	24	27	-11 %

Financial statements according to IAS
1) adjusted figures and without Mannesmannröhren-Werke AG; January 1, 2000 to June 30, 2000; 2) Divisions Steel, Trading and Tubes; 3) without financial assets;
4) EBT plus interest expense (without interest as part of additions to pension provisions); 5) EBIT in relation to total of shareholders´ equity, minority interests in equity, tax provisions (without deferred taxes) and interest-bearing liabilities; 6) annualized

Management Report

Summary
In spite of a global economy moulded by recessionary fears and a decelerating growth of major national economies, Salzgitter AG succeeded to improve Group sales and earnings substantially compared with the equivalent period of the previous year. While business activities and results of Steel Production and Steel Trading eased off as projected earlier, sales and profits of the Tube Division, included in the scope of consolidation since October 1, 2000, increased significantly.

Although it cannot yet be envisioned at what point in time the world economy will start to improve and the turning point of the European steel market can only be expected in fall at the earliest, Salzgitter AG maintains the optimistic earnings outlook for the current fiscal year, as already expressed in its press release of July 10, 2001. The assessment that earnings before taxes of € 135 million can be achieved depending on the further economic development and on an unrestricted world trade flow for steel products is thus confirmed.

Key Data of First Half 2001:

- **Group external sales € 2.28 billion (+38 % vs. first half 2000)**
- **Earnings before taxes € 84 million (+83 % vs. first half 2000)**
- **Net income for the period € 70 million (+119 % vs. first half 2000)**
- **Steel Division income from ordinary operations € 40.5 million (+18 % vs. first half 2000)**
- **Tube Division income from ordinary operations € 36.3 million (not consolidated during previous fiscal year)**
- **ROCE first half 2001: 15.7 % (first half 2000: 8.8 % – both annualized)**

Market Development
The world economy is moving on a turbulent path. Global growth which had reached its peak in the first half of the prior year entered into its weakest phase for a long while during the second quarter 2001, remaining below the 2 % mark. Meanwhile, an expansive monetary and fiscal policy in the US had first stimulating effects which is supported by recent advance economic indicators. It can be assumed that a recovery of the US economy will also have its positive impacts on the European markets, albeit with a certain time lag. The present difficult phase is thus interpreted as a temporary growth interval. Momentarily, the European markets are still decelerating their pace of growth with the German market trailing behind.

Short to medium-term expectations for German industrial production are only cautiously optimistic because export activities will not be the primary mover as in the previous year. However, with a projected increase of 7 % compared with the prior year (+17 %), export business will remain a major economic cornerstone. Automotive industry is exemplary as rising export orders produced excellent production figures in spite of repeated sales declines on the domestic market.
The cooling off of the economy in the United States, in Europe as well as in Germany will leave its traces for some time to come. Most economic research institutes expect an economic growth rate in Germany of a good one percent only for 2001 and a good two percent for 2002. From today's viewpoint, a stronger upturn does not seem to be impossible for the second half 2002.

Group Business Situation
Consolidated Group sales during the first half of the fiscal year 2001 amounted to € 2.28 billion. They thus exceeded sales of the equivalent period of € 1.65 billion by 38 %, however, Mannesmannröhren-Werke AG (MRW) not being consolidated yet. Group sales of € 1.14 billion each for the first and second quarter were practically on the same level, while the individual Divisions' contribution towards total sales changed substantially.

Income from ordinary operations during the period under review amounted to € 84.3 million. Compared with the equivalent period of the previous year, it represented a significant increase of 83 %. Based on the pre-tax profit, an EBIT (Earnings Before Interest and Taxes) of € 91 million was achieved (+60 % vs. first half 2000) and an EBITDA (EBIT before Depreciation and Amortisation) of € 192 million (+39 % vs. first half 2000). Income after taxes of € 70 million was even more than doubled compared with the first half 2000 (+119 %).
(It should be pointed out again that balance sheet tax expenses also include deferred – non cash – taxes in accordance with IAS regulations. The actual cash tax expenses may well deviate from the tax expenses stated.)

Salzgitter AG's most significant indicator of success, the ROCE (Return On Capital Employed) reached 15.7 % and substantially succeeded the targeted 12 %. During the equivalent period 2000, a ROCE of 8.8 % was achieved.

At the end of the first half 2001, Salzgitter AG had a positive net financial position amounting to € 229 million. At the end of the equivalent period last year, the Company had an indebtedness of € 126 million. The liquid funds brought into the Group by Mannesmannröhren-Werke AG were responsible for this welcome swing.

Capital expenditure during the period under review of € 115 million topped the € 87 million of the equivalent period by 44 %. This reflects the expanded scope of consolidation and also the strong investment activities in steel production.

The consolidated Group workforce at June 30, 2001, came to 16,984 employees, 11,587 thereof wage earners and 5,397 thereof salaried employees. At the equivalent date of the prior year, the Group workforce was only 12,996 (8,829 thereof wage earners and 4,167 thereof salaried employees) as Mannesmannröhren-Werke AG and Hoesch Spundwand und Profil GmbH were not included in the consolidation yet.

During June, negotiations with the Works Council were finalised regarding a new model in respect of the employees' participation scheme and company pension plan. Implementation of the model can start in the Group companies after final adoption during the fourth quarter.

Divisions

Steel Production Division
During the first six months 2001, world crude steel production was 0.3 % below prior year's level. The weak US economy was reflected in a decline of crude steel production of 13 %. In comparison, the 15 EU countries performed relatively well with a decline of 1.2 %. German crude steel production diminished by about 1 %, an average performance.

Crude steel production of Salzgitter AG during the first half 2001 amounted to approximately 2.56 million metric tons and was thus on the same level as in the previous year. Shipments of rolled steel and processed products reached 2.32 million metric tons during the period under review, up 2.2 % on the equivalent period of the prior year. Within the period under review, shipments of about 1.1 million metric tons during the second quarter were about 11 % below the first quarter level. This development reflects the economic market situation. Average net revenues per tonne for rolled steel and processed products during the six month period were still about 9.5 % higher than during the first half of calendar 2000, however, sliding between the first and the second quarter just as the tonnage shipped.

The development of Division sales mirrored the market and price situation. Total sales came up to € 981 million and thus exceeded prior year's € 874 million by 12 %. External sales reached € 774 million, up 23 % on last year. However, the course of the six month period also reflected the receding trend between the first and the second quarter. After € 426 million in the first quarter, sales dropped by approximately 18 % to € 349 million in the second quarter.

Consolidated Sales

€ thousand	2nd quarter 2001	First half 2001	2nd quarter 2000[1)]	First half 2000[1)]
Steel Production	348,602	774,279	301,872	630,798
Tubes	286,904	490,122	0	0
Steel Trading	422,893	841,991	468,243	902,816
Raw Materials and Services	57,860	118,857	61,211	118,481
Industrial Shareholdings	27,031	57,600	0	0
Consolidation/others	0	0	0	0
	1,143,290	**2,282,849**	**831,326**	**1,652,095**

Results from ordinary operations

€ thousand	2nd quarter 2001	First half 2001	2nd quarter 2000[1)]	First half 2000[1)]
Steel Production	15,411	40,554	13,152	34,444
Tubes	21,970	36,342	0	0
Steel Trading	1,011	3,513	5,128	10,048
Raw Materials and Services	4,286	8,345	2,554	6,168
Industrial Shareholdings	-1,876	-1,788	0	0
Consolidation/others	-3,153	-2,702	-206	-4,643
	37,649	**84,264**	**20,628**	**46,017**

1) according to IAS (Previous year without MRW); MRW was included in the consolidation for the first time in October 2000

Income from ordinary operations amounted to € 40.6 million, exceeding last year's value of € 34.4 million by 18 %. Earnings before taxes declined between the first and the second quarter, namely by 39 % to € 15.4 million. Aside from the price and tonnage development, increased dollar-based purchasing prices for ore and coking coal had their effects. Slightly lower fuel oil and scrap prices did not compensate for these negative consequences.

Incoming orders for rolled steel and processed products during the first half 2001 added up to 2.19 million metric tons, approximately 2 % below the volume of 2.23 million metric tons of the equivalent last year's period. Lower order bookings in the sectors hot rolled coils and reversing mill plates were partly compensated by satisfactory order levels for cold rolled flat products and sections. 55 % of incoming orders originated from the domestic market, 35 % from other EU countries and 10 % from third countries. Order backlog at the end of the period under review came to 1.05 million metric tons. Previous year's equivalent amounted to 1.22 million metric tons.

The large investments in the hot strip mill, in the second hot-dip galvanising line and in the beam-blank casting plant in the Peine Works continued on schedule.

Tube Division
In spite of a dwindling world economy, the market for steel tubing remained in excellent shape. Demand from the energy sector for oil and gas field tubular goods as well as for line pipes continued to benefit during the first half 2001 from the high oil price which fluctuated between 25 and 30 $/b during the second quarter and was thus in the upper region of OPEC's target range. Incoming orders from the automotive industry, supported by its export business, continued on a satisfactory level. Demand from mechanical engineering, covered by the warehousing trade, showed significant signs of a slowdown. Manufacturing capabilities were, however, well utilised and lead-times became extended. Revenue increases were realised in many segments during the first half 2001.

Shipments of the consolidated companies of the Tube Division, established in accordance with the principles of consolidation, reached 767k metric tons. Shipments during the second quarter increased by significant 36 % vs. the previous quarter, as Europipe commenced deliveries for the Gulfstream Project in the US. Viewing the whole 100 percent each of the companies combined in the MRW AG, total shipments during the first half 2001 came to more than 2 million metric tons.

Total sales of the Tube Division amounted to € 496 million during the first half. Consolidated sales amounted to € 490 million with second quarter sales increasing strongly by 41 % to € 287 million vs. € 203 million in the first quarter. Income from ordinary operations during the second quarter was € 22 million. This represents a rise of more than 53 % compared with the previous quarter and led to the encouraging first-half result of € 36 million.

Incoming orders of the consolidated companies of the Tube Division during the first half amounted to 710k metric tons. Order bookings for hot rolled seamless tubes at V&M during the first half 2001 came nearly up to the high level of the previous year. The market for precision steel tubes suffered from the economic slowdown in Germany. Demand from the automotive industry was still relatively stable, obvious downward trends were recognizable in the areas of industry and trade. The market for medium line pipes remained steady: There was active demand and further large projects are still under negotiation.

As the economic indicators (energy prices, gas requirements and dollar/euro exchange ratio), being the decisive factors for the large-diameter tube market, continued to develop positively, order bookings remained active and led to higher sales prices. Europipe thus took some interesting orders during the first half. Aside from some large tonnages for Great Britain, Austria, Saudi Arabia and Russia, a substantial order for Ireland covering 130.000 metric tons should be mentioned which will be produced and shipped yet this year. Europipe's current order backlog ensures a satisfactory capability utilisation in all producing mills for the rest of 2001 and even beyond.
At the end of June, consolidated order backlog of MRW AG dropped to just below 596k metric tons, still a comparatively large volume. This is mainly due to the shipments for the Gulfstream order commencing at Europipe.
On June 30, 2001, the total workforce of the consolidated companies of Mannesmannröhren-Werke AG was 4,006, 85 % thereof employed in Germany, 15 % abroad.

Steel Trading Division
The steel trading situation was characterised during the first half by stagnant markets. Overall economic demand in Germany during the period under review was relatively poor. Activities of the steel-consuming industries suffered from the respective economic situation. Production and demand particularly in the construction industry, using about 8 % of the entire steel consumption, remained on a low level. An overall slowing demand for steel products was also registered in Western Europe. Pressure on prices was, however, limited as there were hardly any imports from third countries due to the high dollar value.

Demand from most third-country markets was also quite subdued. In North America, particularly in the US, the market was influenced by inventory build ups and a considerable unpredictability because of anti-dumping measures announced. With the exception of China, there was a lack of activity on all other Asian markets. While the Near and Middle Eastern markets were stagnant, demand from East and West Africa continued to be buoyant.

In line with the economic environment, Division shipments of 2.02 million metric tons were 14 % below prior year's tonnage of 2.39 million metric tons. Total sales amounted to € 857 million, -11 % compared to previous year with € 967 million. External Division sales amounted to € 842 million and were only 7 % below last year's volume of € 903 million. The general price level was about 8 % higher compared with the equivalent period of 2000.

Division income from ordinary operations came to € 3.5 million and was thus substantially below the result of the equivalent prior year's period of € 10.0 million (-65 %). Compared with the first fiscal quarter (€ 2.5 million), the current result dropped but remained in positive territory.

Raw Materials and Services Division

The companies combined in the Raw Materials and Services Division, developed on the approximate level of the short fiscal year. Division total sales were € 280 million, +6 % compared to previous years total of € 265 million. External sales of € 119 million were practically unchanged from the equivalent period (€ 118 million). The result of € 8.3 million was an improvement of 35 % on € 6.2 million of the previous year. All Division companies made positive contributions towards this result.

Industrial Shareholdings Division

Hoesch Spundwand und Profil GmbH (HSP) is currently the only Division company being consolidated. In line with IAS regulations, the company could not be included in the scope of consolidation during the equivalent period of last year. Reaching shipments of 119k metric tons during the first half, HSP matched the tonnage of the previous year. Total sales amounted to € 65 million, external sales amounted to € 58 million. The higher dollar exchange rate and subsequent significantly increased prices for blooms led, however, to a negative result of € -1.8 million in spite of improved productivity.

Further companies included in this Division are especially Salzgitter Bauelemente GmbH, Salzgitter Europlatinen GmbH, Salzgitter Automotive GmbH and shareholdings in Oswald Hydroforming GmbH & Co. KG and in Steel Dynamics Inc. (USA). Overall business development of these companies met expectations.

Personnel Changes in Management and Supervisory Bodies

On December 31, 2000, Dr. Eberhard Luckan and on March 31, 2001, Dr. Jürgen Kolb left the the Executive Board to go into retirement. Effective April 1, 2001, Dr.-Ing. Paul H. Schwich was appointed Member of the Executive Board. Dr. Schwich has taken over the technical management from Mr. Jacob on July 1, 2001. In future, Mr. Jacob will be responsible for major investments in steel production. Helmut F. Koch will be appointed to the Executive Board of Salzgitter AG as of July 1, 2001. Mr. Koch is Chairman of the Executive Board of Mannesmannröhren-Werke AG and responsible for the Tube Division within the Group Executive Board.

On December 31, 2000, Heinz-Hermann Witte retired from the Supervisory Board. On March 13, 2001, Hartmut Tölle was appointed Member of the Supervisory Board.

Special Events

Shareholding in Robert Group, France, became effective

The contracts signed at the end of December, 2000, regarding a 50 % shareholding of Salzgitter AG in the Robert Group, France, operating four steel service centers in the Paris and Lyon areas, became effective on January 30, 2001. Robert SAS will be assigned to the Steel Trading Division.

Shareholding in ETC Bleistahl GmbH & Co. KG, Chemnitz

On May 18, 2001, a 50.82 % majority shareholding in ETC Bleistahl GmbH & Co. KG, Chemnitz was acquired. On June 8, 2001, the name of the company was changed to Salzgitter Antriebstechnik GmbH & Co. KG. This „start-up“ company produces camshafts for the automotive industry employing the hydroforming technology. Commercial property was acquired in Crimmitschau for the start of production.

Participation in Compensation Fund of the German Industry Increased

Salzgitter AG increased its participation in the compensation fund of the German industry by € 1.3 million to a total of € 3.8 million during the first quarter 2001.

Cooperation Talks

Cooperation talks as well as negotiations and investigations towards acquisitions of shareholdings in steel service centers, trading companies and in the sector of prototyping for the automotive industry were continued.

Current Events

A new corporate structure of the Salzgitter Group went into effect as of July 1, 2001. Salzgitter AG, as a Management Holding, is positioned at the top level. It manages the five largely independent Divisions: Steel, Tubes, Trading, Processing and Services. The Holding will be focusing on strategy, coordination and controlling functions together with counselling and support of its subsidiaries on administrative and Group-wide issues. All market, product, process and location related questions will, in future, be dealt by the individual operative companies in their own decentralized responsibilities. The necessity of such a functional division was the logical and inevitable result of the strong growth in the fiscal year 1999/2000 during which the Salzgitter Group took over Mannesmannröhren-Werke AG among others.

A closer customer support, the decentralization of responsibility and a stronger orientation towards established income targets shall continue to strengthen the performance of the Group and its operative subsidiaries. Achieving a return on the capital employed in the Group of 12 % through the steel cycle will have top priority.

Outlook
Distinct tendencies towards consolidation and slowdown were noticeable in steel production and steel trading since the turn of the year for which the temporary downturn of the global economy and effects from inventory cycles were responsible. Although there are first signs on the horizon indicating a turn-round in some areas, diminishing tonnages and price reductions for some products will influence the results of the Steel Production and Steel Trading Divisions in the months to come.

By contrast, it is already foreseeable now that the encouraging trend in the Tube Division will continue during the course of 2001. In view of the expected large investments in exploration and production of the energy sector, the strong demand for oil and gas country tubular goods as well as line pipes should go on. The earnings situation at MHP Mannesmann Präzisrohr GmbH is expected to improve further due to the cost-cutting measures and product selection introduced. In view of the positive development in the first half and the excellent demand it can be assumed today that Division earnings will continue to develop encouragingly.

Depending on the further economic development, the Company deems it possible to achieve consolidated Group earnings before taxes for the current fiscal year on a fourfold level of the short fiscal year, i.e. about € 135 million. However, it remains to be seen how the recently announced measures of the US Government will impact global trade flows of steel products and thus the conditions on the EU steel market.

Salzgitter Stock
During the fiscal year 2001, the encouraging development of price and turnover of the Salzgitter share, which had begun around mid 2000 already, continued. In mid May, the share reached its high of € 10.83 for the period under review. The turnover at the German exchanges reached a respectable average volume of 53,600 shares per day.

The announcement of the US Government to investigate import restrictions for steel products led to falling European steel shares during June. The Salzgitter share could not entirely evade this development either; nevertheless, it beat the European steel index clearly during the first half.

The backdrop of this encouraging development during the period under review was essentially the positive perception of the successful growth program by capital markets - not least promoted by thorough IR activities. Enhanced assets and additional earnings potentials of the Company led to considerable added interest by analysts and institutional investors. This favorable environment was used during the period under review to expand the Company's free float by more than two thirds to over 53 % today. The increase by about 20 % was achieved by a placement of stock with domestic and foreign institutional investors.

During the first half, Salzgitter AG presented itself at two regular analysts' conferences and two investors' conferences in Europe. Additionally, a number of talks were held with investors. During the past twelve months, 17 research studies and recommendations of the Salzgitter share appeared during the period under review with the following ratings: 13 buy/outperform; 3 hold/neutral; 1 sell/underperform. The excellent price development and rising stock exchange turnovers on the Frankfurt trading floor and in XETRA trading made for constant improvement during the first half of the chances for a promotion to the MDAX share index. On August 7, the Deutsche Börse AG in Frankfurt made known its decision to include Salzgitter AG in the MDAX stock exchange index as of September 24.

Stock Options/Treasury Shares
At the end of March 2001, members of governing bodies and employees had 1,483,800 subscription rights for one share each of Salzgitter AG. They were issued within the stock option program 1998 to the Members of the Executive Board and other executives. Treasury stock on June 30, 2001, amounted to 735,904 shares. This represented € 1,881,308.70 of the nominal capital or 1.18 %.

Compared with the number of own shares at December 31, 2000, treasury stock diminished by 3,374,299 shares. 259,366 shares thereof were issued free of charge to own employees as a bonus during February and on further occasions. In accordance with the objective of the authorization given at the Annual Shareholders' Meeting of Salzgitter AG on March 16, 1999, concerning the buyback of own shares, 3,114,933 shares at an average price of € 9.59 were used for repurchasing own shares during the period under review. During the same time, 2,868 shares thereof were utilized as payment equivalent for services by third parties. 362,065 shares were applied against payment of an acquisition. 2,750.000 shares were placed with domestic and foreign institutional shareholders towards expanding the free float of the shares.

Consolidated Income Statement for the First Half 2001

	2nd quarter[1]		First half[1]	
€ thousand	**01.04. – 30.06.01**	**01.04. – 30.06.00**	**01.01. – 30.06.01**	**01.01. – 30.06.00**
Sales	1,143,290	831,326	2,282,849	1,652,095
Increase or decrease in finished goods and work in progress and other own work capialized	21,664	12,690	9,595	-4,422
Other operating income	40,076	3,785	62,521	11,498
Cost of materials	766,461	546,422	1,500,167	1,055,871
Personnel expenses	202,175	139,458	398,440	277,186
Amortization and depreciation on intangible and tangible assets	50,039	36,993	100,801	80,520
Other operating expenses	147,623	95,001	261,782	179,279
Income from shareholdings	-4	587	26	729
Income from associated companies	19,257	-132	31,538	-352
Net interest income	-20,336	-9,754	-41,075	-20,675
Net operating income	**37,649**	**20,628**	**84,264**	**46,017**
Taxes	3,198	6,789	13,298	13,578
Consolidated net income for the year	**34,451**	**13,839**	**70,966**	**32,439**
Net income due to minority shareholders	527	282	1,003	564
Net income due to shareholders of Salzgitter AG	**33,924**	**13,557**	**69,963**	**31,875**
Appropriation of income				
Net income due to shareholders of Salzgitter AG	33,924	13,557	69,963	31,875
Non-distirbuted income brought forward from	46,011	63,419	46,011	63,419
Transfer to/Withdrawal from other retained	-32,816	-22,738	-32,816	-22,738
Dividends	-39,383	-32,366	-42,606	-27,946
Non-distributed income to Salzgitter AG	**40,552**	**44,610**	**40,552**	**44,610**
Earnings per share (in €)	**0.58**	**0.23**	**1.19**	**0.54**

1) according to IAS (Previous year without MRW); MRW was included in the consolidation for the first time in October 2000

Consolidated Balance Sheet at June 30, 2001

Assets € thousand	**30/06/01**	**30/06/00**[1]
Fixes assets		
Intangible assets	-317,365	16,483
Goodwill/negative goodwill from capital consolidation	-333,049	636
Other intangible assets	15,684	15,847
Tangible assets	1,338,419	1,135,680
Financial assets	162,605	65,442
Shareholdings in associated companies	462,493	18,074
	1,646,152	1,235,679
Current assets		
Inventories	754,306	582,241
Receiveables and other assets	861,098	534,900
Trade receiveables	725,121	464,213
Other receiveables and other assets	135,977	70,687
Trade securities	291	0
Cash and cash equivalents	270,769	25,110
	1,886,464	1,142,251
Prepaid expenses for deferred taxes	924	0
Prepaid expenses	15,383	3,771
	3,548,923	**2,381,701**

1) according to IAS (Previous year without MRW); MRW was included in the consolidation for the first time in October 2000

Shareholders´ equity and liabilities € thousand	30/06/01	30/06/00[1)]
Shareholders´ equity		
Suscribed capital	159,523	159,523
Capital reserves	287,530	287,530
Retained earnings	549,825	433,473
Non-distributed income	40,552	44,610
	1,037,430	925,136
Treasury shares	-6,792	-36,225
	1,030,638	**888,911**
Minority interests	**8,694**	**3,650**
Provisions		
Provisions for pensions and similar obligations	1,533,767	682,500
Tax provisions and other provisions	424,705	292,850
	1,958,472	**975,350**
Liabilities		
Bonds	3,742	3,875
Liabilities to banks	86,000	176,713
Trade payables	295,028	211,486
Other liabilities	152,536	119,820
	537,306	**511,894**
Deferred income	**13,813**	**1,896**
	3,548,923	**2,381,701**

1) according to IAS (Previous year without MRW); MRW was included in the consolidation for the first time in October 2000

Cash Flow Statement for the First Half 2001

€ thousand	01.01 – 30.06.2001	01.01 – 30.06.2000[1)]
Net income for the year	69,963	31,875
Depreciation (+)/appreciation (-) on fixed assets	100,801	80,520
Other expenses (+)/income (-) not affecting payments	-17,457	36,364
Interest expenses	52,972	24,736
Profit (-)/loss (+) from disposal of fixed assets	1,057	1,256
Increase (-)/decrease (+) in inventories	1,748	-39,480
Increase (-)/decrease (+) in trade receivables and in other assets that cannot be allocated to investment or financing activities	-124,592	-47,511
Increase (-)/decrease (+) in provisions	-86,521	-45,484
Increase (-)/decrease (+) in trade payables and in other liabilities that cannot be allocated to investment or financing activities	25,610	-15,576
Cash flow from operating activities	**23,581**	**26,700**
Payments received from disposals of fixed assets	812	297
Payments made for investments in intangible and tangible assets	-114,962	-80,417
Payments received from disposals of financial assets	551	2,342
Payments made for investments in financial assets	-12,957	-2,323
Cash flow from investment activities	**-126,556**	**-80,101**
Payments made for buy-back of own shares	32,819	-36,121
Dividend payments	-32,816	-22,738
Payments received from bond issues and amounts borrowed	0	120,200
Repayments of bond issues and amounts borrowed	-49	-3,885
Interest paid	-7,164	-5,703
Cash flow from financing activities	**-7,210**	**51,753**
Cash and cash equivalents at beginning of period	380,954	26,758
Changes in cash and equivalents affecting payments	-110,185	-1,648
Cash and cash equivalents at end of period	**270,769**	**25,110**

1) according to IAS (Previous year without MRW); MRW was included in the consolidation for the first time in October 2000

Statement of Changes in Equity

€ thousand	Subscribed capital	Capital reserves	Retained earnings	Thereof from currency translation	Buy-back of own shares	Group net income for the year	Shareholders´ equity[1]
At 01.01.2000[1]	**159,523**	**287,530**	**404,770**	**333**	**-104**	**63,419**	**915,138**
Net income for the year						31,875	31,875
Dividend						-22,738	-22,738
Buy-back of own shares					-36,121		-36,121
Currency translation			386	386			386
Tranfer by Salzgitter AG to retained earnings			27,946			-27,946	0
Other			371				371
At 30.06.2000[1]	**159,523**	**287,530**	**433,473**	**719**	**-36,225**	**44,610**	**888,911**
At 01.01.2001	**159,523**	**287,530**	**455,773**	**-7,143**	**-37,937**	**46,011**	**910,900**
Net income for the year						69,963	69,963
Dividend						-32,816	-32,816
Fair value to IAS 39			52,324				52,324
Buy-back of own shares					31,145		31,145
Currency translation			-878	-878			-878
Tranfer by Salzgitter AG to retained earnings			42,606			-42,606	0
Other							0
At 30.06.2001	**159,523**	**287,530**	**549,825**	**-8,021**	**-6,792**	**40,552**	**1,030,638**

1) according to IAS (Previous year without MRW); MRW was included in the consolidation for the first time in October 2000

Notes

Accounting and Consolidation Principles, Accounting and Valuation Methods.
The consolidated financial statements of Salzgitter AG, Peine, for the period of January 1 to June 30, 2001, were established as a short version including selected and explanatory notes. The financial statements were established in accordance with the International Accounting Standards (IAS) of the International Accounting Standards Committee (IASC) under consideration of the reduced requirements of IAS 34 for shortened interim statements.

The six month financial statements were established in line with the same accounting and valuation, computation and consolidation methods as the annual financial statements at December 31, 2000.

Moreover, IAS 39 „financial instruments“ and IAS 40 „land and buildings held as financial instruments“, effective January 1, 2001, were applied for the first time.

A foreign shareholding acquired during the period under review was included in the consolidated financial statements for the first time, following the equity method. The number of associated companies thus increases to 12.

Selected Notes to Income Statement
Sales by Divisions are stated under segment reporting. The organization of the Group in five Divisions: Steel Production, Tubes, Steel Trading, Raw Materials/Services and Industrial Shareholdings was unchanged compared with the annual financial statements. Earnings per share were computed according to IAS 33. The undiluted earnings per share computed on the weighted number of Salzgitter AG shares amount to € 1.19.

Next Reporting Dates

November 13, 2001
Report on First Nine Months of Fiscal Year 2001

Legal Disclaimer
Certain statements in this report are or could be construed as forward-looking. Factors that cause actual results to differ materially from these forward-looking statements include the ability to achieve the benefits from the Company’s ongoing continuous improvement and rationalization process, changes in customer demand and a weak global economy. The Company undertakes no obligation to update any forward-looking statements.

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