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Ad – hoc release of the SALZGITTER AG

Salzgitter Group posts gratifying profit development in the first quarter of 2004

In the first quarter of 2004 external Group sales amounted to €1.30 billion (Q1/2003: €1.27 billion). Pre-tax Group profit came in at €26.2 million (Q1/2003: €6.2 million), while after-tax profit rose to €20.1 million (Q1/2003: €2.9 million). ROCE was recorded at 9.3% (March 31, 2003: 3.4%).

At €401 million external sales at the Steel division fell somewhat short of the previous year's figures of €406 million. The pre-tax result improved to €11.5 million (Q1/2003: €2.1 million). The result includes profits of €4.5 million from the sale of shares of the US steel company Steel Dynamics Inc.

The Tubes division reported external sales of €206 million, which is 14% less than the performance of the first quarter of 2003 (€240 million). The main reasons here were –among others– currency effects, as the weak US dollar has a negative earnings impact on transactions invoiced in dollars and converted to euros. The pre-tax result increased to €5.6 million (Q1/2003: €0.2 million).

The external sales of the Trading division improved by 14% to €569 million (Q1/2003: €500 million), pre-tax profit more than trebled to a total of €11.2 million (Q1/2003: €2.4 million).

At the Services division external sales moved ahead to €77 million (Q1/2003: €65 million), while pre-tax profit increased to €4.8 million (Q1/2003: €3.0 million).

In the new business year the Processing division has not experienced any upswing in business activities. The division concluded the quarter posting declining external sales of €47 million (Q1/2003: €55 million) and pre-tax losses of €10.7 million (Q1/2003: €-3.5 million).

Based on the current information and expectations regarding the developments of procurement and sales markets, as well as the general conditions and with due consideration given to planned internal measures, the Salzgitter Group anticipates a pre-tax result in the upper double digit million range. The bandwidth of opportunities and risks on the sales and procurement markets is considerably wider than in previous years that were far less impacted by such events.