Q1

Interim Report
1st Quarter 2012

SALZGITTER AG
Stahl und Technologie

Contents

Salzgitter Group Figures

		Q1 2012	Q1 2011	+/–
Crude steel production[1]	**kt**	**1,916.6**	**1,817.9**	**98.7**
External sales	**€ million**	**2,614.8**	**2,307.6**	**307.2**
Steel Division	€ million	724.8	698.4	26.4
Trading Division	€ million	1,103.9	782.3	321.5
Tubes Division	€ million	389.0	445.2	–56.2
Services Division	€ million	108.4	119.5	–11.1
Technology Division	€ million	280.1	242.9	37.2
Others	€ million	8.6	19.2	–10.6
Export share	%	54.7	45.0	9.6
EBITDA[2]	**€ million**	**88.9**	**162.7**	**–73.9**
EBIT[2]	**€ million**	**4.0**	**80.7**	**–76.7**
Earnings before tax (EBT)	**€ million**	**–19.6**	**56.3**	**–75.9**
Steel Division	€ million	–51.6	9.4	–61.0
Trading Division	€ million	11.5	23.3	–11.7
Tubes Division	€ million	–9.6	14.7	–24.3
Services Division	€ million	6.2	5.0	1.2
Technology Division	€ million	2.5	–8.3	10.8
Others/Consolidation	€ million	21.4	12.2	9.2
Earnings after tax	**€ million**	**–15.5**	**44.0**	**–59.5**
Earnings per share (undiluted)	**€**	**–0.31**	**0.79**	**–1.10**
ROCE[3][4]	**%**	**–0.5**	**5.9**	**–6.4**
Operating cash flow	**€ million**	**239.3**	**–79.0**	**318.3**
Capital expenditure[5]	**€ million**	**75.2**	**80.2**	**–5.0**
Depreciation and amortization[5]	**€ million**	**84.9**	**82.0**	**2.9**
Balance sheet total	**€ million**	**9,210.8**	**8,823.8**	**387.0**
Non-current assets	**€ million**	**3,713.3**	**3,429.9**	**283.4**
Current assets	**€ million**	**5,497.6**	**5,393.9**	**103.7**
of which inventories	€ million	2,096.0	1,816.8	279.2
of which cash and cash equivalents	€ million	1,068.7	1,361.7	–293.0
Equity	**€ million**	**3,975.2**	**3,835.5**	**139.7**
Liabilities	**€ million**	**5,235.7**	**4,988.3**	**247.4**
Non-current liabilities	€ million	3,029.1	3,012.2	16.9
Current liabilities	€ million	2,206.6	1,976.1	230.5
of which due to banks[6]	€ million	102.6	73.6	29.0
Net position to banks[7]	**€ million**	**641.5**	**1,074.7**	**–433.2**
Employees				
Personnel expenses	€ million	370.4	356.6	13.8
Core workforce	31.3.	23,334	23,164	170
Total workforce	31.3.	25,260	25,031	229

Disclosure of financial data in compliance with IFRS

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

[2] EBIT = EBT + interest expense/- interest income; EBITDA = EBIT plus depreciation and amortization

[3] Return on Capital Employed (ROCE) = EBIT (=EBT + interest expense excluding the interest portion of allocations to pension provisions) in relation to the shareholder's equity (without calculation of accrued and deferred taxes), tax provisions, interest-bearing liabilities (excluding pensions provisions) and liabilities from financial leasing, forfaiting

[4] Annualizet

[5] Excluding financial assets

[6] Current and non-current liabilities to banks

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

Summary

After a difficult start, upside trend

In the first quarter of 2012, the Salzgitter Group reported notably expanded its business activities in virtually all of its operations. The first successful impact of implementing the profit improvement and restructuring program in the KHS Group was reflected in the profit generated by the Technology Division in the first quarter. The measures introduced at Peiner Träger GmbH also led to a substantial improvement in the results. This was nonetheless unable to compensate the effects of a sharp downturn in the average selling prices of many steel products at the end of 2011, as well as the temporary gap in capacity utilization in the large-diameter tubes segment. As a result, the Group closed the first quarter of 2012 with a slightly negative pre-tax result.

Group

- **External sales:** up 13 % to € 2,614.8 million
- **Earnings before tax:** € –19.6 million.
- **Earnings after tax:** € –15.5 million
- **Earnings per share** (basic): € –0.31
- **ROCE:** –0.5 %.
- The **net financial position** (€ 642 million) and the **equity ratio** (43.2 %) continue to constitute an exceptionally sound balance sheet and financial position

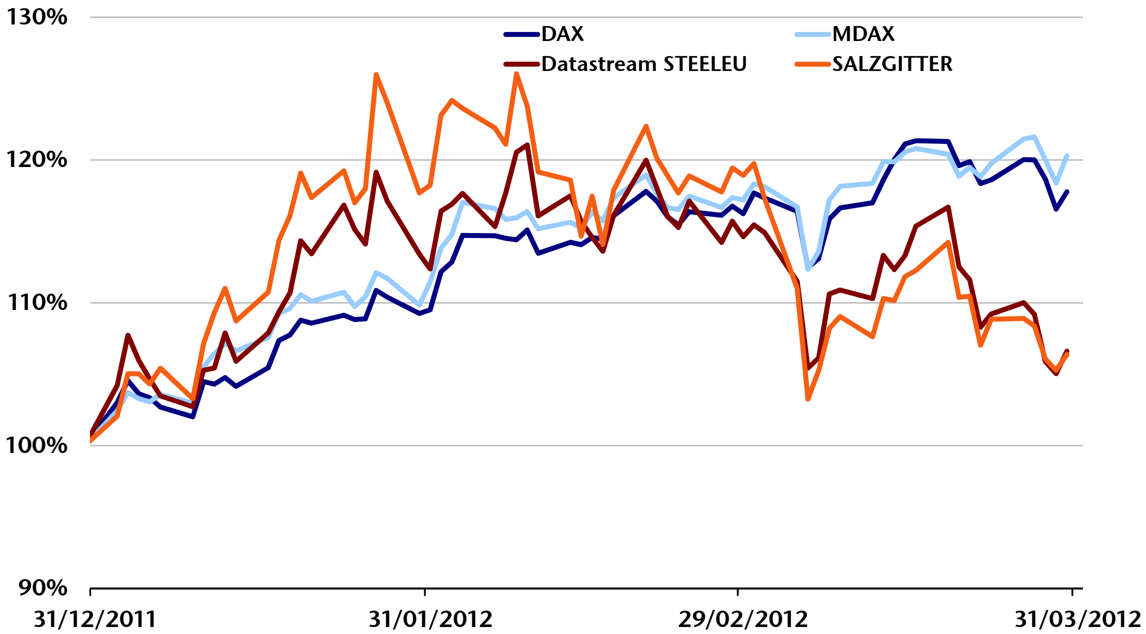
Business development of the product segments:

- **Steel:** high capacity utilization in most companies; given the time lag between order booking and invoicing, however, the results were dominated by the unsatisfactory flat steel selling prices in the fourth quarter of 2011; positive effects emanate from the streamlining measures at Peiner Träger GmbH; external sales post slight growth; pre-tax result falls short of the year-earlier figure
- **Trading:** International trading develops well; as against the first quarter of 2011, substantial growth of more than 50% in external sales; gratifying pre-tax profit below the previous year's figure which included several windfall effects
- **Tubes:** stable precision tubes business; strong recovery in respect of HFI-welded tubes and seamless stainless steel tubes; large-diameter tubes product segment impacted by severe gap in capacity utilization, the reason for the division's decline in external sales and the negative pre-tax result
- **Services:** external sales at year earlier levels; pre-tax profit higher year on year
- **Technology:** KHS Group reaps above-average benefit from trends in the food and packaging machinery sector; significant increase in external sales; higher selling price margins in project business and the first successful impact of the “Fit4Future” program delivers substantial growth in pre-tax profit to € +2.5 million
- **Other/Consolidation:** volume-induced decline in external sales; earnings before tax amount to € 21.4 million, which includes the after-tax profit contribution of € 28.0 million of the Aurubis AG participation

Guidance for the financial year 2012: assuming that no major economic slumps will occur in the period covered by guidance, we still anticipate that the Salzgitter Group's sales will remain stable at minimum, and that a positive earnings before tax can be delivered in 2012. Given the difficult first quarter, it will be a challenge to achieve the year-earlier result.

Investor Relations

Capital Market and Price Performance of the Salzgitter Share



Sources: Xetra closing prices DBAG, Datastream STEELEU

In the first three months of 2012, developments on the **stock markets** were generally upbeat. The recovery, which commenced in the fourth quarter of 2011, held steady in the wake of initially positive news about the economy. Although the underlying uncertainty due to the unresolved debt problem in many eurozone countries still persists, the uptrend in business climate indices in Germany and the improved economic situation in the US prevailed right through into March. The Greece's debt restructuting at the start of March, presaged by huge anxiety about massive turmoil in the capital markets, turned out to be less of a burden on the markets than the Chinese government's announcement of a downward revision to China's growth target. This news was, however, only a temporary setback to the uptrend. Compared with their status at year-end 2011, the DAX had gained 18 % and the MDAX climbed by as much as 20 % by March 31, 2012.

Similar to other equities in cyclically sensitive sectors, the **Salzgitter share** was particularly affected by news events in the first quarter of 2012. Starting from its closing price of € 38.63 at the end of 2011, the share initially outperformed the leading index and the shares of many competitors, on the back of rising steel prices and business expectations. It reached its preliminary peak for the year on February 8 at € 48.95, with profit taking ensuing in the remaining weeks of the month. The publication of the key data for the financial year 2011 and the first outlook for the current year on March 5 coincided with the downward revision of China's growth target, which exerted pressure on almost all cyclically sensitive equities. This correction had not been fully compensated by the end of the reporting period. In the first quarter of 2012 the overall performance of the Salzgitter share came to 6 %.

In current **analyst coverage** conducted by 13 banks, the Salzgitter share has been assessed with the following recommendations (as per March 31, 2012): 8 buy/outperform, 5 hold/market perform, 0 sales/underperform.

The **average daily turnover** in the Salzgitter share on German stock exchanges came to around 320,000 units during the period under review. Salzgitter AG therefore took seventh place measured by turnover and held 14th place in terms of free float market capitalization in the MDAX ranking of Deutsche Börse AG as per March 30, 2012.

As part of our capital **market communication work**, we made presentations at investor conferences in New York, Frankfurt and Luxembourg in the first quarter of 2012. In addition, we organized a road show in London. Investors and analysts took advantage of our offer of visiting our plants in Salzgitter, Peine and Ilsenburg and of informing themselves about our company and its potential at in situ meetings with representatives of the company. At the start of April, we presented the results of financial year 2011 and the outlook for the current year at well-attended analysts' conferences in Frankfurt and London.

Treasury shares

Salzgitter AG's portfolio of treasury shares amounted to 6,009,700 units as of March 31, 2012, unchanged from December 31, 2011.

Information for investors

		Q1 2012	Q1 2011
Nominal capital as of 31/01/	€ million	161.6	161.6
Number of shares as of 31/03/	million	60.1	60.1
Number of shares outstanding as of 31/03/	million	54.1	54.1
Market capitalization as of 31/03/[1)2)]	€ million	2.223	3.013
Price as of 31/03/[1)]	**€**	**41.10**	**55.70**
High 01/01/ – 31/03/[1)]	€	48.95	65.64
Low 01/01/ – 31/03/[1)]	€	38.60	49.70
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

Earnings, Financial Position and Net Worth

Economic environment

Following a period of consolidation in the fourth quarter of 2011, the **global economy** was noticeably more buoyant in the new year. This phenomenon is primarily attributable to two factors: less direct economic risk and improved business and consumer sentiment. For instance, global industrial production, after six months of near stagnation, has risen sharply since December 2011, and world trade also picked up notable momentum. In the US, the recovery trend stabilized while economic momentum in China and other emerging economies slowed from a high level. In terms of the global economy, leading German economic research institutes expect growth to decline to 2.5% in 2012.

In the **eurozone**, economic growth is diverging significantly between countries. While the economies of eurozone heavyweights Germany and France, as well as those of some smaller countries, are expanding at a modest rate at the very least, countries in the Mediterranean area, in particular, are currently faced with a decidedly challenging situation: here, the already recessionary developments are exacerbated by governments stepping up their fiscal consolidation efforts. Overall, eurozone GDP is expected to slow slightly (-0.3%) in 2012, according to the joint economic forecast of Germany's leading economic research institutes. The projected change in economic output ranging from -6.0% (Greece) to +1.8% (Slovakia) once more highlights extremely heterogeneous developments within the euro area.

Following a sluggish second half of 2011, **Germany's** economic situation improved in the first three months of 2012. Since December 2011, business expectations as well as the consumer climate have brightened. The domestic economy-led recovery and macroeconomic output should stabilize as the year progresses. In view of the problems in the eurozone, exports are likely to stage a modest uptrend. According to the spring 2012 forecast of Germany's leading economic research institutes, economic growth of 0.9% is projected for Germany in 2012 as a whole.

As before, Europe's unresolved sovereign debt crisis represents the largest risk to the global economy. The sharp rise in oil prices and different political conflicts are also having a detrimental impact.

		Q1 2012	Q1 2011
Crude steel production[1]	kt	1,916.6	1,817.9
External sales	**€ million**	**2,614.8**	**2,307.6**
EBITDA[2]	€ million	88.9	162.7
EBIT[2]	€ million	4.0	80.7
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Earnings after tax	**€ million**	**–15.5**	**44.0**
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Equity ratio	%	43.2	43.5

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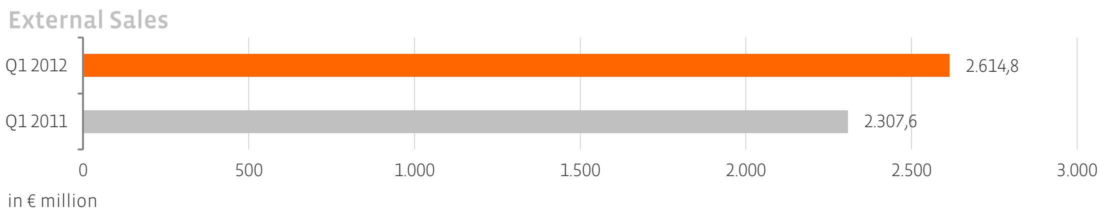
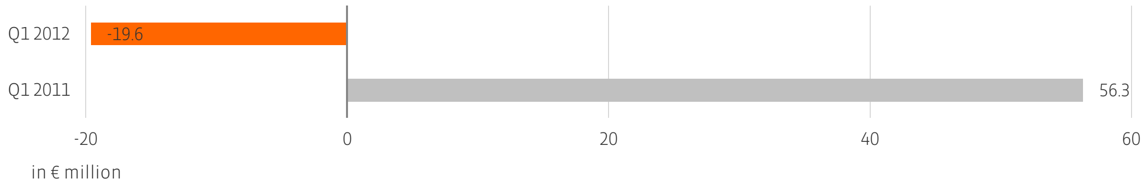
4) Annualized
5) Excluding financial assets
6) Including investments, e.g. securities and structured investments

Earnings situation within the Group

In the first quarter of 2012, the Salzgitter Group reported notably expanded its business activi-ties in virtually all of its operations. The first successful impact of implementing the profit im-provement and restructuring program in the KHS Group was reflected in the profit generated by the Technology Division in the first quarter. The measures introduced at Peiner Träger GmbH also led to a substantial improvement in the results. This was nonetheless unable to compensate the effects of a sharp downturn in the average selling prices of many steel prod-ucts at the end of 2011, as well as the temporary gap in capacity utilization in the large-diameter tubes segment. As a result, the Group closed the first quarter of 2012 with a slightly negative pre-tax result. As before, an equity ratio of 43 % and a net financial position of € 641 million constitute an extremely sound basis for the entrepreneurial activities of Salzgitter AG.



EBT



Consolidated **external sales** rose by more than € 300 million to € 2,614.8 million (first quarter of 2011: € 2,307.6 million), which was primarily attributable to the significant increase in the business volume of the Trading Division. Earnings before tax came to € –19.6 million in the first quarter of 2012 (first quarter of 2011: € 56.3 million). The result includes € 28.0 million (first quarter of 2011: € 29.0 million) in after-tax profit from Aurubis AG (NAAG), a shareholding included at equity. Based on this figure, the result after tax amounts to € –15.5 million (first quarter of 2011: € 44.0 million) and basic earnings per share to € –0.31 (first quarter of 2011: € 0.79). Return on capital employed (ROCE) posted –0.5 % (first quarter of 2011: 5.9 %).

Steel Division

		Q1 2012	Q1 2011
Order bookings	kt	1,558.1	1,378.2
Order backlog as of 31/03/	kt	1,173.5	1,088.4
Crude steel production	kt	1,496.6	1,403.9
LD steel (SZFG)	kt	1,116.7	1,200.8
Electric steel (PTG)	kt	379.9	203.1
Rolled steel production	kt	1,449.6	1,387.1
Shipments	kt	1,462.0	1,447.0
Sales[1)]	**€ million**	**1,034.9**	**1,032.9**
External sales	**€ million**	**724.8**	**698.4**
Earnings before tax (EBT)	**€ million**	**–51.6**	**9.4**

1) Including sales with other divisions in the Group

With its branded and special steels, the **Steel Division** is particularly representative of our Group's core competence. The division's six operating companies produce a wide range of steel products (flat steel and sections, plate, sheet piling, components for roofing and cladding and tailored blanks) in the locations of Salzgitter, Peine, Ilsenburg and Dortmund. The product portfolio caters especially for flat steel products - geared to premium steel grades and qualities for use in increasingly sophisticated applications.

Market situation

The **global steel market** had a modest start to the year. Global steel output fell by 8% in January compared with its year-earlier counterpart. With the exception of Europe, production volumes were in decline, particularly in Asia. According to the World Steel Association, the downturn in China was as much as 13%. Over the course of the first quarter, the situation stabilized and the global production of crude steel picked up moderate momentum, above all in North America.

Demand rallied in the **European steel market** during the reporting period, as expected, following on from the first signs at the end of 2011. The order intake of European steel manufacturers climbed in comparison with the previous year's quarter. Along with the good capacity utilization of steel processors, the inventory cycle was a key driver of this development. The distribution sector in particular replenished its stocks having pared down its inventories in the fourth quarter of 2011. Inventory trends varied widely depending on the product segment: while flat steel and plate recorded at best marginal increases in inventories in the first months of the current year, the stocking of long products progressed at a much swifter pace.

The situation in **Germany's steel market** also improved in the first quarter of 2012 compared with the second half-year of 2011. Both new orders and the production of crude steel entered an uptrend. Above-average order levels have meanwhile been reattained for flat products. However, the figures posted in the first three months of 2011 were not repeated. In the year ended, expectations of rising raw materials and fuel prices triggered exaggerated order patterns, especially in the steel trade. In contrast, inventories have settled at a modest level below that of a year ago.

Deterioration in the transparency of iron ore pricing

The transparency in the global market for **iron ore** has visibly deteriorated. VALE, Brazil's market leader, implemented a price model in 2010 based on fine ore quoted in the Chinese spot market with a time lag of four months. The market trend in October 2011, with tumbling prices, exerted considerable pressure on this pricing model. At the insistence of a Chinese customer, VALE made the offer to its customers of changing the reference month for the fourth quarter of 2011 from June–August to October–December. According to VALE, the clear majority of its customers have taken the opportunity and switched in order to participate at short notice from lower spot market prices. Given that the new pricing model no longer allows for a basis for calculation – the price to be paid for iron ore now corresponds to the actual quarterly average and can therefore only be ascertained at the end of the respective period – Salzgitter AG opted to remain with the former method. Following the record figures in 2011, contract iron ore prices for the first half of 2012 declined appreciably.

The coking coal market returns to normal levels

Similar to the pricing of iron ore, most producers of **coking coal** also offer fixed pricing on a quarterly basis. In contrast, global market leader BHPBilliton has now largely switched its contracts from quarterly to monthly prices, which has made reliable forecasting even more difficult. Market development in the first quarter of 2011 was determined by a return of production to normal levels in Queensland, Australia, after the severe flooding in the first half year of 2011. As a result, prices have fallen virtually to around the level posted before the crisis.

Price fluctuations in metals and ferro-alloys

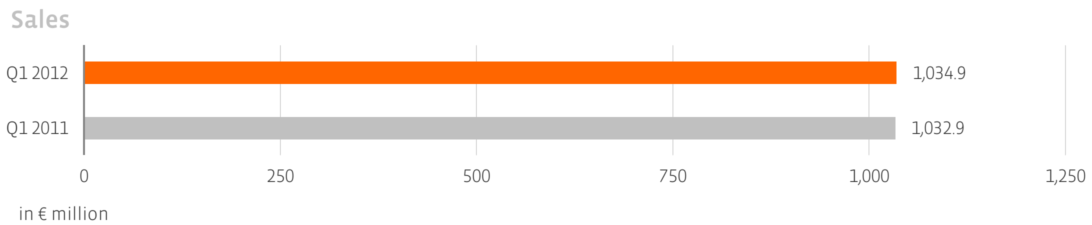
The international markets for **metals and alloys** lacked homogeneity in the first three months of 2012: whereas the prices of listed metals, such as zinc, nickel, copper and aluminum, largely trended sideways, the prices quoted for manganese-based bulk alloys rose sharply.

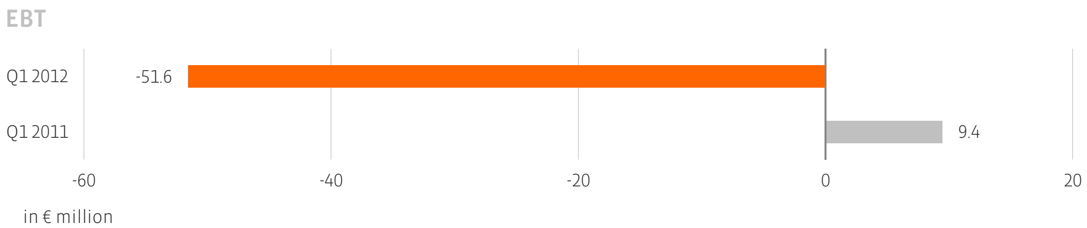
Steel scrap market volatile

In the first months of 2012, the German **steel scrap market** displayed parallel parallel trends to 2011. The substantial requirements by domestic consumers coincided in January with similarly strong demand for exports and, starting from an already high level, triggered further price increases. February saw German steel works reduce their purchase prices. As, however, the extreme winter weather severely hampered the supply and shipment situation of the steel works, considerably higher prices for merchandise immediately available were also accepted in some regions. There was a similar situation on the European neighboring markets where there price declines mirrored those on the German scrap steel market.

Against this backdrop the Steel Division developed as follows:

The good capacity utilization of most steel processing sectors and support from the inventory cycle boosted **new orders** and **orders on hand** of the steel companies as well as **crude steel output** and **rolled steel production** compared with the year-earlier period. **Shipments** also exceeded the figure achieved in the first three months of 2011. **Segment sales** matched the previous year's level, with a volume-induced increase in **external sales**. The **pre-tax result** was negative, as the start to the new financial year was impacted by unsatisfactory average selling prices – especially in the flat steel segment – of the orders booked in the fourth quarter of 2011. The impact of the restructuring measures introduced and the better capacity utilization situation had a notably positive impact on the results of Peiner Träger GmbH (PTG).





More detailed explanations on the individual companies

New orders booked by **Salzgitter Flachstahl GmbH (SZFG)** settled around the good level achieved in the first three months of 2011. The order book and crude steel production fell short of the year-earlier period as opposed to the production of rolled steel which matched the previous year's volume, boosted by greater slab purchasing. With shipments remaining stable, sales corresponded to year-earlier figure. In the second half of 2011, steel prices came under increasing pressure, a trend reflected in the reporting period in the revenues invoiced for orders booked in 2011. In combination with an only slight decline in the cost of raw materials, this led to a significantly negative pre-tax result.

Following the modest start to the year, demand in the **plate market** stabilized initially. Inquiry levels on the part of the stockholding steel trade as well as consumers were brisker although, by Easter, they had slowed again. Given higher inventory levels and the unsatisfactory capacity utilization situation of many steel works, market participants tended to adopt a wait-and-see stance. Implementing price increases was there for only possible in individual cases.

In the export business, fiercely contested for months now, **Ilsenburger Grobblech GmbH (ILG)** recently reported a rise in new orders. The project business continued to develop well. Accordingly, order intake and orders on hand as well as rolled steel production were running at a notably higher level than in the previous year. Growth in shipments compared with a year ago resulted in an increase in sales despite the decline in selling prices. ILG achieved a marginally positive pre-tax profit that was nonetheless below year-earlier figure due to narrower margins.

Demand for **sections** remained at a stable level. Since the stockholding trade had pared down its inventories at year-end as usual, producers of long steel recorded particularly high order intake at the start of the first quarter of 2012. Stockholding sales, however, did not develop as well as expected so that, by the end of the reporting period, orders had already declined again. The capacities in the market are still too high given weak level of construction activities in a number of European sub-markets. Nonetheless, prices in core Europe remained at a stable level.

Order intake and orders on hand of **Peiner Träger GmbH (PTG)** were significantly higher than a year ago. The production of crude steel also rose notably as, in the first quarter of 2011, the two furnaces were not working in parallel operation. The output of rolled steel also exceeded the year-earlier level. Sales rose on the back of higher shipments and selling prices. Improved market conditions and the growing impact of measures under the streamlining program enabled the pre-tax loss to be pared down notably by a quarter in comparison with the counterpart figure in 2011.

The sheet piling market depends to a great extent on demand by public-sector investors and is suffering from their spending constraints. Demand from the private commercial sector was also slack as stimulus which could have emanated from the new energy policy has been hampered by protracted approval procedures. As a result, the order intake and orders on hand of **HSP Hoesch Spundwand und Profil GmbH (HSP)** were in decline compared with the first quarter of 2011. Shipment volumes rose through the comparatively higher –albeit still unsatisfactory – production and shipment volumes. Capacity utilization and inadequate margins were responsible for a negative result.

Industrial construction demand is stable overall. Both the sales and the pre-tax result of **Salzgitter Bauelemente GmbH (SZBE)** exceeded the year-earlier figures, as opposed to shipment volumes which fell marginally short.

The automotive industry that is important for **Salzgitter Europlatinen GmbH (SZEP)** continued to produce at the 2011 level. Shipments and sales were somewhat higher in the first three months of 2012, although pre-tax profit was lower year on year due to the end of orders with strong earnings and cost increases.

Trading Division

.		Q1 2012	Q1 2011
Shipments	kt	1,460.3	942.6
Sales[1)]	**€ million**	**1,109.9**	**801.7**
External sales	**€ million**	**1,103.9**	**782.3**
Earnings before tax (EBT)	**€ million**	**11.5**	**23.3**

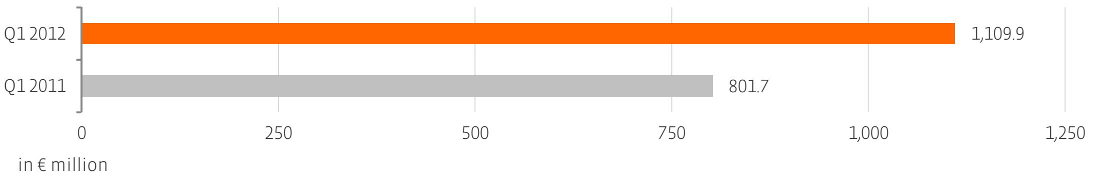
1) Incl. sales to other corporate divisions

Alongside a well-developed organization of stockholding steel trading subsidiaries in Europe, the **Trading Division** comprises three companies structured as steel service centers (SSC) specialized in plate and flat steel products, as well as a globalized international trading network. Along with the rolled steel and tubes products of the Salzgitter Group, it also sells the products of other manufacturers in Germany and abroad. In addition, the division procures semi-finished products for the Group and external customers in the international markets.

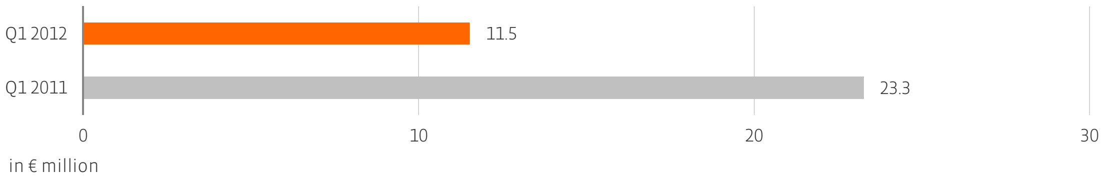
The development in the international steel markets was determined by a general increase in demand in the first months of the financial year. An initial uptrend in prices slowed at the end of the quarter. Selling prices in the Asian emerging markets in particular were on the rise, in contrast to Latin American steel works which are keeping them at a low level to curb imports. The depreciation of the euro against the US dollar caused a decline in steel imports into the euro area and strengthened the export opportunities from this region. Following on from reticent procurement patterns of many steel customers at year-end 2011, demand in Germany was once again running at a sound level.

Thanks to the good order volume of international trading, the Trading Division reported a rise in **shipments** of more than 50% in a year-on-year comparison, as well as a notable increase in **segment and external sales**. **Pre-tax profit** did not, however, match the year-earlier result which included windfall profits.

Sales



EBT



The Salzgitter Mannesmann Handel Group continued the previous year's gratifying performance. Coupled with a stable steel stockholding business, the considerable growth in international trading's shipment tonnage resulted in much higher shipments compared with the year-earlier period. Although sales also rose sharply, the pre-tax result nonetheless fell short of the previous year's figure due to lower average selling prices.

The European **stockholding companies** presented a disparate picture as far as shipments were concerned. Seen overall, however, they achieved the volume generated in the first three months of 2011. While the year-earlier tonnage was exceeded in the Netherlands and the Czech Republic, the other markets fell short of the mark. Earnings before tax were lower than a year-earlier figure which included windfall effects.

Buoyed by business in Africa trending upward and deliveries to the Far East, **international trading** reported a sizable increase in volume compared with the previous year. This development compensated for the unsatisfactory margin situation, which resulted in a pre-tax result that was higher than in the first quarter of 2011.

Strong demand from the mechanical engineering, steel and plant engineering sectors as well as from the construction machinery industry enabled the **Universal-Eisen und Stahl Group (UES Group)** to raise shipments and sales above the year-earlier figures. Good material availability resulted in margins contracting overall. Nonetheless profit rose in a year-on-year comparison through the pleasing contribution of the US company included in the consolidated group last September.

The steel service center **Hövelmann & Lueg GmbH (HLG)** reported virtually stable shipments and sales on par with the previous year's quarter. Nonetheless, the market is still not fully using the processing capacity on offer, which led to strong price pressure, particularly in the automotive segments, and a marginally negative pre-tax result.

Tubes Division

		Q1 2012	Q1 2011
Order bookings	€ million	750.9	801.7
Order backlog as of 31/03/	€ million	1,209.6	1,261.6
Sales[1)]	**€ million**	**476.7**	**536.6**
External sales	**€ million**	**389.0**	**445.2**
Earnings before tax (EBT)	**€ million**	**–9.6**	**14.7**

1) Incl. sales to other corporate divisions

The **Tubes Division** comprises a large number of subsidiaries and associated companies engaged in manufacturing and processing welded and seamless steel tubes on three continents. The product portfolio consists mainly of pipelines and tubes of all diameters, ranging from gas pipelines through to injection tubes for diesel engines, stainless oil field and boiler tubes, precision tubes and cold-finished tubes for the automotive and machine building industries, as well as construction tubes in a variety of profiles.

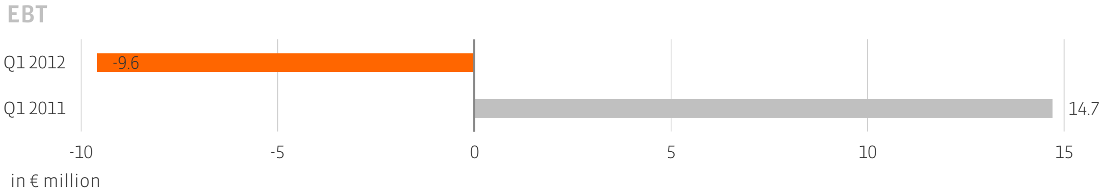
Following a sharp increase in 2011, global demand for steel tubes slowed somewhat in the first three months of the reporting year. Order activity in the automotive sector declined, and there was no notable stimulus from the machinery and plant engineering sector either. In contrast, accelerating demand in the energy sector provided support.

Despite greater volumes, the **order intake** of the Tubes Division fell marginally short of the 2011 figure due to selling prices. Compared with HFI-welded tubes, which reported significant growth (+85 %), the large-diameter and precision tubes segments did not match the year-earlier level, which was also a factor contributing to a somewhat lower **order book**.

Growth in the shipments of HFI-welded tubes and seamless stainless steel tubes was unable to fully compensate for the downturn in the volumes of large-diameter tubes caused by the cancellation of an order. Disruptions in the processing of major contract caused a temporary gap in capacity utilization which had been closed by the end of the quarter. All in all, the division reported lower **tubes shipments**.

Segment sales fell short of the previous year's figure due to the shortfall in the large-diameter tubes product segment (–11 %). In contrast, the other product groups reported partly significant increases. The **external sales** of the Tubes Division declined accordingly by 13 %.

Earnings before tax were negative in the first quarter of 2012 (previous year: € +14.7 million), which was mainly attributable to the canceled order and the resulting huge capacity underutilization in the large-diameter tubes segment.



Business development of the product segments:

The **large-diameter tubes** segment was impacted in the first quarter of 2012 by a temporary gap in capacity utilization. This gap had, however, been closed for the most part towards the end of the quarter thanks to a major Australian order placed for the delivery of 410,000 large diameter tubes. Order intake and orders on hand did not match the year-earlier figures. As the tubes deliveries of Europipe GmbH (EP) were virtually non-existent due to the shortfall in orders, shipments declined notably compared with a year ago. Against this backdrop, revenues were also considerably lower than in the first quarter of 2011. Short-time working was introduced in the Mülheim and Dünkirchen locations in January and February. Owing to this situation, coupled with unsatisfactory selling price levels for orders placed by external parties with Salzgitter Mannesmann Grobblech GmbH (MGB), the large-diameter tubes segment reported a negative result.

The order volumes of **HFI-welded tubes** in the standard business developed extremely well in the first quarter of 2012. Larger-volume orders were acquired in the international project business. Order intake and orders on hand were therefore appreciably higher than in the year-earlier period. Shipments and sales also rose sharply in a year-on-year comparison. Consequently, the division again generated presentable earnings before tax.

In the **precision tubes** segment the downturn in order activity in machine engineering and trade combined with slackening demand from the automotive sector resulted in order intake falling by around a third compared with the first quarter of 2011 and a correspondingly lower order book. In contrast, shipments remained at the high year-earlier level. An increase in product selling prices across almost all business segments enabled a marginal rise in revenues. The pre-tax result was lower than in the previous quarter owing to subsequent burdens from the financial year ended for input materials and did not quite reach breakeven.

The **seamless stainless steel tubes** benefited from the stable market development in the first quarter of 2012. A major contributory factor emanated from the standard business which made up two thirds of orders acquired. In comparison, the project business, especially in power plant engineering which is important for the Salzgitter-Mannesmann Stainless Tubes Group, fell below expectations. Stainless product segment significantly raised new orders and orders on hand as well as shipments and sales. Earnings before tax were therefore clearly in the black.

Services Division

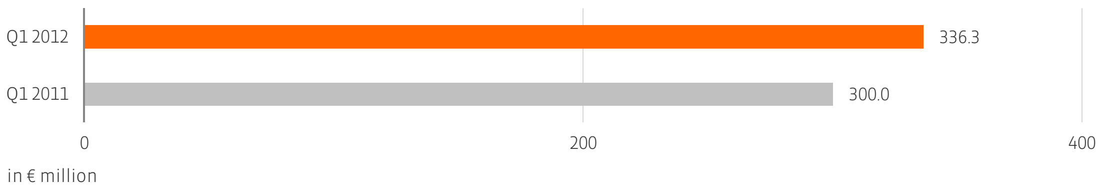
		Q1 2012	Q1 2011
Sales[1]	**€ million**	**336.3**	**300.0**
External sales	**€ million**	**108.4**	**119.5**
Earnings before tax (EBT)	**€ million**	**6.2**	**5.0**

1) Incl. sales to other corporate divisions

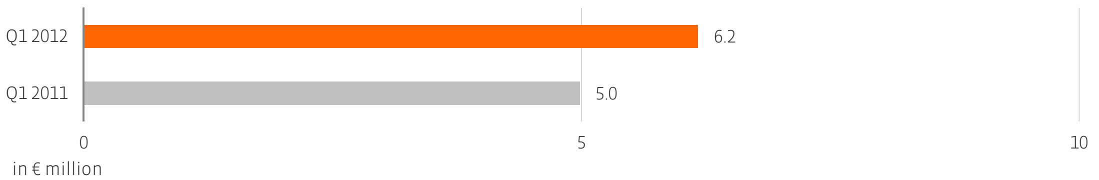
The **Services Division** comprises a number of service companies that are mainly geared to the requirements of the Group itself, but are equally successful in providing services to external customers as well. Services are offered in the fields of raw materials suppliers, logistics, IT, personnel, research and development as well as automotive products.

During the first three months of the reporting year, the division's business activity was determined by the good capacity utilization of the steel companies.

Sales



EBT



Segment sales climbed by 12 % to € 336.3 million in comparison with the year-earlier period. DEUMU Deutsche Erz- und Metall-Union GmbH (DMU) contributed the biggest share which was mainly attributable to the shipment-induced increase in the steel scrap segment. To the exception of Salzgitter Automotive Engineering GmbH & Co. KG (SZAE) which expanded sales substantially, the results of all other companies remained virtually unchanged from the previous year's level. **External sales** totaled € 108.4 million.

With a **pre-tax profit** of € 6.2 million, the division exceeded the previous year's result 2011 (€ 5.0 million).

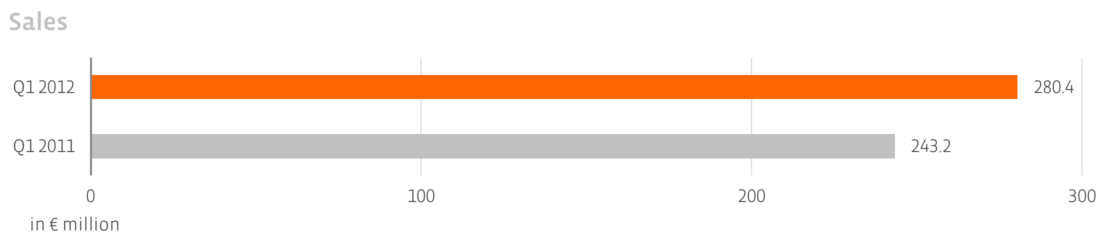
Technology Division

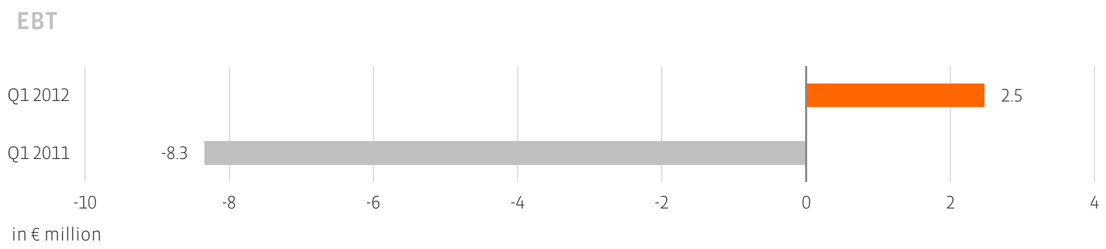
		Q1 2012	Q1 2011
Order bookings	€ million	287.4	243.5
Order backlog as of 31/03/	€ million	439.4	363.9
Sales[1)]	**€ million**	**280.4**	**243.2**
External sales	**€ million**	**280.1**	**242.9**
Earnings before tax (EBT)	**€ million**	**2.5**	**– 8.3**

1) Incl. sales to other corporate divisions

The **Technology Division** of Salzgitter AG comprises mechanical engineering companies which operate worldwide. The sales mainstay is KHS GmbH (KHSDE), one of the leading manufacturers of filling and packaging technology. The KHS Group views itself as a full-line supplier, from intralogistics across processing through to the filling and packaging of beverages under one roof. Other companies of the division sell special machinery for the shoe industry and specialize in the manufacturing of rubber and silicon injection molding machinery. In addition, RSE Grundbesitz und Beteiligungs-AG (RSE), a company managing and developing commercial real estate in Germany, is also assigned to the Technology Division.

Starting from an exceptionally high level, the order intake of the German machinery and plant engineering sector declined by 9 % in the first three months of 2012 in a year-on-year comparison. According to the German Engineering Federation (VDMA), this development should be interpreted as a stabilization and not as a trend reversal. By contrast, the market for food and packaging machinery continued its strong recovery, posting sharp growth in comparison with the year-earlier period (+15 %). This growth impetus was generated mainly by the emerging markets that compensated for the recessionary influences of the European debt crisis.





The **order intake** of the Technology Division rose appreciably compared with the first three months of 2011, boosted in particular by the KHS Group where growth came to 18 %. The division even outperformed the overall food and packaging machinery sector. This success was primarily attributable to KHS' local companies in Germany, the US and India. The four KHS and KDE companies, included in Salzgitter AG's group consolidated companies with retrospective effect as per January 1, 2011, made a gratifying contribution to this performance. **Orders on hand** totaled € 439.4 million and were significantly higher than a year ago.

Segment and external sales rose considerably as against the year-earlier period (+15 %). Along with the sales growth of Klöckner DESMA Schuhmaschinen GmbH (KDS), the KHS companies operating in Germany and in the US made a major contribution to this as well. There were also positive effects from the aforementioned expansion of the group of consolidated companies.

Earnings before tax developed well in the first quarter of 2012, posting € 2.5 million which is substantially higher than the previous year's quarter. Along with high capacity utilization, this result reflects rising sales margins in the project business at the KHS Group and first successful impacts of the "Fit4Future" program launched at the end of 2011. The doubling of the KDE Group's profit was attributable to the newly consolidated companies in the US and India. KDS also raised its pre-tax result substantially.

In order to achieve sustainable competitiveness and profitability, the KHS Group stepped up the pace of its streamlining measures in the second half of 2011. The "Fit4Future" program launched for this purpose comprises eleven components aimed at a leaner Group, lowering costs, enhancing the flexibility with which the volatile order intake is handled and reducing the complexity by focusing production and standardizing the global product program. In this context, 300 jobs are to be cut at KHSDE, mainly in the area of administration, on the basis of a redundancy program, covering 137 employees by March 31, 2012. The process of relocating the Kriftel keg technology production site to KHSDE's second largest site in Bad Kreuznach has been completed. Along with its excellent infrastructure, this site has greater potential for smoothing peaks in demand. Moreover, there is sufficient surface area to accommodate further expansion. The relocation of packaging and pallet transport production from Worms to Dortmund is ongoing due to the high level of orders to be processed.

Other/Consolidation

		Q1 2012	Q1 2011
Sales[1)]	**€ million**	**81.8**	**47.7**
External sales	**€ million**	**8.6**	**19.2**
Earnings before tax (EBT)	**€ million**	**21.4**	**12.2**

1) Incl. sales to other corporate divisions

The **Other/Consolidation segment** comprises activities that are not directly allocated to an operating division which specifically include the business of Salzgitter AG and Salzgitter Mannesmann GmbH (SMG) as the holding companies. As a management holding company, Salzgitter AG does not have any operations of its own. Instead it manages SMG and Salzgitter Klöckner Werke GmbH (SKWG), the company under which the major companies of the Salzgitter Group are held.

Sales in the Other/Consolidation segment, which are based mainly on business in semi-finished products with subsidiaries and external parties, climbed to € 81.8 million due to more extensive intercompany deliveries during the reporting period (previous year: € 47.7 million). **External sales** fell to € 8.6 million (previous year: € 19.2 million) for volume-related reasons.

Pre-tax profit stood at € 21.4 million, which is higher compared with a year ago (€ 12.2 million). The result includes € 28.0 million in after-tax profit (previous year: € 29.0 million) from Aurubis AG (NAAG), a participation included at equity. An additional positive effect derived from interest income resulting from the cash management carried out by SKWG. Effects from the valuation of financial instruments had a countervailing impact.

Explanations on the Financial Position and Net Worth

The **Balance sheet total** of the Salzgitter Group rose by just under 5 % (€ +411 million) in the reporting period compared with December 31, 2011. Whereas the depreciation/amortization of tangible and intangible fixed assets exceeded investments by € 10 million, financial investments in particular climbed by € 40 million.

The increase in **current assets** (€+ 373 million) is attributable to the volume- and price-induced growth in trade receivables (€ +253 million) and in securities (€ +90 million). Cash and Cash equivalents rose by € 123 million.

On the **liabilities side**, the improved volume of business was mainly shown by the current liabilities (€ +450 million). Trade payables (€ +166 million) and other liabilities (€ +290 million) reflected the increase in the trade receivables. The equity ratio stood at 43.2 % and continues to constitute a sound basis.

In particular the increase in prepayments (€ +219 million) for projects resulted in a positive **cash flow from operating activities** (€ 239 million), despite a negative pre-tax result (€ –20 million). A reduction in inventories also contributed to this positive cash flow (€ –10 million). Similarly, the increase in liabilities also had a positive effect as it exceeded the cash outflow from the higher level of receivables and the utilization of provisions by € 116 million.

Cash outflow from investment activities (€ –110 million) was primarily attributable to payments for investment in property, plant and equipment (€ –75 million) and financial assets (€ 41 million) the level of which corresponded to the year-earlier period (€ –113 million).

The disbursement of loans (€ –2 million) and interest payments (€ –5 million) constituted **cash outflow from financing activities** (€ –7 million).

Cash and cash equivalents rose by € 123 million compared with December 31, 2011. On the reporting date, however, they had declined by € 211 million.

The **net financial position** had risen to € 642 million by the end of the reporting period (December 31, 2011: € 508 million) despite the increase in working capital (€ +78 million). Funds € 1,336 million, including securities, were offset by liabilities of € 695 million (December 31, 2011: € 695 million) owed to banks. The latter also include € 592 million in obligations attached to convertible and exchangeable bonds.

Investments

In the first three months of the financial year 2012, **investments in property, plant and equipment and intangible assets** amounted to € 75.2 million, which is slightly below the year-earlier figure (€ 80.2 million). Depreciation and amortization (€ 84.9 million) exceeded the amount of investment in the reporting period.

In the first quarter of 2012, **Salzgitter Flachstahl GmbH (SZFG)** focused on projects to optimize existing facilities, geared to securing availability, and on environmental protection measures.
The investment in the **"Blast Furnace B Top Gas Recovery Turbine"** for recovering energy from the top gas resulting from the blast furnace process will reduce the volume of electricity purchased externally by up to 57 GWh/year. The plant and equipment technology was gradually taken into operation and can be used, as planned, to generate energy-efficient electricity from the second quarter of 2012 onwards.
Work on the assembly of the mechanical and electrical equipment under the **"Belt Casting Technology"** project that will enable the future production of innovative steel materials featuring special properties, while conserving resources, progressed in line with schedule.
The construction measures involved in the **"Tandem Mill Entry Looper"** continued. The tandem mill is to be supplemented by an inlet system with a welding machine and strip storage that will allow partly continuous rolling. This measure will enhance both the efficiency of the mill and the quality of the products subsequently manufactured.
The building and assembly phase has commenced under the **"Sinter Cooler Dust Removal"** environmental protection project. The existing sinter cooler is to be equipped with a dust extraction system and connected up to a filter to reduce emissions

As part of the "ILG 2015" investment project of **Ilsenburger Grobblech GmbH (ILG),** projects to raise the volume of thick slabs (350mm thick input material) used in production are in the preparatory or realization phase.

Technical implementation of the major investment of **Salzgitter Mannesmann Grobblech GmbH (MGB)** in the "Replacement of the Cross Cut Shear" has been scheduled unchanged for the downtime in Easter 2013. The preparatory work is progressing according to plan.

Two more of a total of 40 locomotives arrived at **Peine-Salzgitter GmbH (VPS) in the first quarter of 2012**. The company is now well equipped to transport the greater volumes incurred by the parallel operation of the two electric arc furnaces in Peine.

The investment activities of the Technology Division were channeled into replacement and streamlining measures geared to promoting the competitiveness of the **KHS Group** in a sustained manner. IT projects in Germany and in the international companies were carried out to further optimize processes.

With the primary aim of lowering contract-related costs, the main emphasis in the first quarter, of 2012, along with a number of smaller investments, was on relocating both the Kriftel production site (keg technology) to Bad Kreuznach and the packaging and pallet transport production from Worms to Dortmund.

Research and Development

Salzgitter Mannesmann Forschung GmbH (SZMF) is the central research company of the Steel and Tubes divisions. The R&D activities are concentrated on material development and processing, as well as application, coating and testing technologies. In addition to the Salzgitter Group companies, customers include external companies, for example, from the steel processing industry, automotive industry, the machine and plant engineering, energy technology, as well as the building and construction industry.

SZMF's R&D expenses in 2012 are likely to remain at the year-earlier level. No significant changes have been planned either as regards the number of employees.

Resource efficiency has always taken high priority at Salzgitter AG. SZMF is coordinating and conducting the research and development activities addressing these topics in the newly created, central department for resource efficiency and R&D coordination.

Large-diameter pipes for sour gas duty remain intact after plastic deformation

In the transport of media containing sour gas (hydrogen sulfide) such as oil and gas large-diameter pipes must meet special demands in terms of sour gas duty. SZMF conducted a testing program involving large-diameter pipes by EUROPIPE GmbH (EP) with regard to the effects of plastic deformation on the sour gas resistance. It was ascertained that the plastic deformation that arises through external influences as in pipe laying or the operation of a pipeline does not incur any negative effects. The challenge of the examinations consisted of adjusting the necessary testing technology accordingly. To this end, SZMF developed an innovative 4-point bending test that enables an additional 2% plastic deformation of the test samples, in addition to the tension normally applied to the elastic section of the pipe material. These findings enable the points of failure of large diameter pipes for the transport of media containing sour gas to be assessed in connection with additional plastic deformation.

Longitudinally Welded Large Diameter Pipes for Arctic Applications

The transport of natural gas from arctic regions to the market is gaining significance globally in light of diminishing natural resources. The environmental conditions result in highly demanding toughness requirements for steels for longitudinally-welded large-diameter pipes. The optimization of the heat-affected zone of the longitudinal weld in view of cost aspects is therefore especially challenging.

Extensive interdisciplinary investigations were carried out at the SZMF on behalf of Europipe GmbH (EP). The influence of alloying elements on the heat-affected zone toughness under realistic welding conditions was investigated using laboratory heats. Cost-efficient alloying concepts were identified based on these results that allow an application under arctic conditions

KHS sets new benchmarks in beer stabilization

Fielding the Innopro ECOSTAB C filtration system for regenerative beer stabilization, KHS GmbH (KHSDE) is setting a new standard in the brewing industry. Beer stabilization is essential in order to achieve the longest possible shelf life of beer. Breweries usually employ polyvinylpolypyrrolidon (PVPP) as a stabilization agent, which is added to the beer for a short period of time and subsequently extracted to 100 %.

By comparison with conventional filtration systems, Innopro ECOSTAB C requires around 70% less PVPP volume. The new filtration system by KHSDE operates continuously at a high level of automation and permits the utilization of PVPP material by different producers. The compact frame construction facilitates the rapid installation and commissioning of the modular system. Low vessel volumes allow short set-up times when starting up and shutting down the system, short switchover periods between different types of beers, as well as low product losses. In an installation at a large-scale Belgian brewery this new development is already delivering a convincing performance in connection with considerably reduced investment and operating costs.

Employees

	31/03/2012	31/12/2011	+/–
Core workforce	**23,334**	**23,367**	**–33**
of which Steel Division	7,095	7,014	81
of which Trading Division	2,051	2,070	–19
of which Tubes Division	5,540	5,550	–10
of which Services Division	3,914	3,943	e29
of which Technology Division	4,564	4,625	–61
of which Others	170	165	5
Apprentices, students, trainees	1,292	1,550	–258
Passive age-related part-time employment	634	591	43
Total workforce	**25,260**	**25,508**	**–248**

The **core workforce** of the Salzgitter Group came to 23,334 employees on March 31, 2011, which is 33 staff less since the beginning of the year. This decrease is due first and foremost to employees leaving the company under the redundancy program and non-active age-related part-time employees, resignations and the expiry of temporary contracts. In the reporting period, a total of 228 trainees were given permanent contracts and 181 were appointed temporarily. In addition, good capacity utilization also necessitated the hiring of more than 200 additional staff, mainly on a temporary basis.

The number of employees affected by short-time work fell from 172 to 118 during the first quarter. As per March 31, 2012, the number of temporary staff outsourced had fallen by 151 in comparison with the previous year's reporting date.

Forecast, Opportunities and Risk Report

Expectations placed on the global economy are currently cautiously optimistic; the prospects for growth, however, remain mixed, especially in the eurozone. In its spring forecast, the European Commission predicted a decline in the GDP in eight of the seventeen countries in the euro area.

The market supply of steel in the EU is set to decline marginally this year, and the German steel market is expected to trend sideways. Real demand in 2012 is likely to remain unchanged from the year-earlier level, and no braking effects are expected to emanate from the inventory cycle. The recovery in European rolled steel selling prices nonetheless slowed from March onwards. The trend of raw material prices is not a reliable indicator of how they will develop over the remainder of the year. Based on a market environment which continues to stabilize, sales at minimum corresponding to the previous year's level in the financial year 2012 and a marginally positive earnings before tax are still achievable for the **Steel Division**.

Backed by the comparatively stable demand in international markets in the coming months, the **Trading Division** anticipates a sustained uptrend in international trading and a stable situation in the stockholding steel trading business. The division's sales are expected to develop accordingly. From today's standpoint, another profit in the mid-double-digit range would appear to be feasible.

The return to capacity utilization in the large-diameter tubes companies of the **Tubes Division** should be reflected in the positive impact on the results of the coming quarters, thereby con-firming the fundamentally positive outlook. The other product segments expect their capacity utilization and margins to remain generally satisfactory, which is the basis for us to anticipate a pre-tax profit for the Tubes Division.

The **Services Division** is set to benefit from the projected good capacity utilization of the Steel Division. Sales and profit are expected to achieve the levels posted in 2011.

The KHS Group as part of the **Technology Division** has delivered proof of progress made with the restructuring measures. The anticipated substantial improvement in the pre-tax result appears more likely, as the pleasing first quarter suggests. The positive trend in division's other companies is expected to hold steady.

The widely feared escalation in Europe's debt crisis has not materialized so far. This nonetheless poses a huge risk on a global scale, as do the sharp increase in the oil price and various political conflicts. Assuming, however, that no major economic slumps will occur in the period covered by guidance, we anticipate that the Salzgitter Group's sales will remain stable at minimum, and that a positive earnings before tax can be delivered in 2012. Given the difficult first quarter, it will be a challenge to achieve the year-earlier result.

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 2012. The resulting fluctuation in the consolidated pre-tax result may be within a considerable range, either to the positive or to the negative. The dimensions of this range be-come clear if one considers that, with around 9 million tons of steel products to be sold by the Steel, Trading and Tubes divisions over the remainder of the year, an average € 20 contraction in the margin per ton is sufficient to cause a variation in the annual result of more than € 180 million. Moreover, the accuracy of the company's planning is restricted by the volatilities and shorter contractual durations, both on the procurement and on the sales side.

Risk Management

As regards the individual opportunities and risks, we make reference to the Annual Report 2011. At the time of reporting there were no risks which could endanger the Salzgitter Group as a going concern.

In terms of risks arising from raw materials price volatility, particularly iron ore and coking coal whose deliveries are largely based on quarterly contracts in 2012 as well, the effects on the result of the companies have been factored to the extent they can be estimated. Negotiations with iron ore suppliers – involving a customarily significant volume – on a one-year contract have not yet been concluded. The market leader for coking coal implemented contracts based on monthly pricing from the second quarter of 2011 onwards. This affects around one third of the volume purchased by Salzgitter AG. From today's standpoint, we do not anticipate any fundamental change at short notice in the Group's risk position.

Events of Significance

There were no events subject to reporting requirements.

Interin Financial Statement

I. Consolidated Income Statement

in € million	1st Quarter 2012	1st Quarter 2011
Sales	2,614.8	2,307.6
Increase/decrease in finished goods and work in process/other own work capitalized	2.5	79.8
	2,617.3	2,387.4
Other operating earnings	59.0	50.7
Cost of materials	1,948.8	1,695.4
Personnel expenses	370.4	356.6
Amortization and depreciation	84.9	82.0
Other operating expenses	296.4	251.8
Income from shareholdings	0.8	0.0
Income from associated companies	27.3	28.5
Financing income	9.0	7.4
Financing expenses	32.6	31.8
Earnings before tax	**–19.6**	**56.3**
Income tax	–4.1	12.3
Consolidated net income/loss for the period	**–15.5**	**44.0**
Appropriation of profit		
Consolidated net income/loss for the period	–15.5	44.0
Profit carried forward from the previous year	27.1	19.3
Minority interests	1.3	1.1
Appropriation from (+) / to (–) other retained earnings	16.8	–42.9
Unappropriated retained earnings	**27.1**	**19.3**
Basic earnings per share (in €)	**–0.31**	**0.79**
Diluted earnings per share (in €)	**–0.31**	**0.79**

II. Statement of Comprehensive Income

in € million	1st Quarter 2012	1st Quarter 2011
Consolidated net income/loss for the period	**–15.5**	**44.0**
Changes in currency translation	–3.1	–10.2
Change in value from hedging transactions		
Changes in current value recorded directly in equity	–2.1	0.9
Recognition of settled hedging transactions with effect on income	1.3	–0.7
Changes in current value recorded dirctly in equity of financial assets in the "Available-for-sale assets" category		
Changes in current value recorded directly in equity	3.6	1.1
Deferred tax on changes without effect on income	–0.3	0.0
Other changes without effect on income	–6.7	–12.0
Changes directly recorded in equity	**–7.3**	**–20.9**
Total comprehensive income	**–22.8**	**23.1**
Total comprehensive income due to Salzgitter AG shareholders	–23.9	22.0
Total comprehensive income due to minority interests	1.1	1.1
	–22.8	**23.1**

III. Consolidated Balance Sheet

Assets in € million	31/03/2012	31/12/2011
Non-current assets		
Intangible assets		
Other intangible assets	117.3	120.8
Property, plant and equipment	2,525.0	2,533.6
Investment property	23.9	24.0
Financial investments	176.6	136.1
Associated companies	607.5	600.9
Deferred income tax assets	259.1	256.1
Other receivables and other assets	3.8	3.8
	3,713.3	**3,675.3**
Current assets		
Inventories	2,096.0	2,105.8
Trade receivables	1,700.6	1,447.3
Other receivables and other assets	397.7	477.3
Income tax assets	67.3	71.1
Securities	167.3	77.0
Cash and cash equivalents	1,068.7	946.2
	5,497.6	**5,124.7**
	9,210.8	**8,800.0**

Equity and liabilities in € million	**31/03/2012**	**31/12/2011**
Equity		
Subscribed capital	161.6	161.6
Capital reserve	238.6	238.6
Retained earnings	3,907.2	3,933.1
Unappropriated retained earnings	27.1	27.1
	4,334.5	**4,360.4**
Treasury shares	–369.7	–369.7
	3,964.8	**3,990.7**
Minority interests	10.4	9.0
	3,975.2	**3,999.8**
Non-current liabilities		
Provisions for pensions and similar obligations	1,885.5	1,893.2
Deferred tax liabilities	75.0	81.8
Income tax liabilities	208.3	207.4
Other provisions	256.7	259.6
Financial liabilities	603.6	601.4
	3,029.1	**3,043.4**
Current liabilities		
Other provisions	348.5	352.3
Financial liabilities	147.4	146.5
Trade payables	966.0	800.5
Income tax liabilities	37.8	40.6
Other liabilities	706.9	416.9
	2,206.6	**1,756.8**
	9,210.8	**8,800.0**

IV. Cash Flow Statement

in € million	1st Quarter 2012	1st Quarter 2011
Earnings before tax (EBT)	–19.6	56.3
Depreciation, write-downs (+)/write-ups (-) on fixed assets	84.9	82.0
Income tax refunded (+) / paid (–)	1.4	–13.8
Other non-payment-related expenses (+)/income (–)	14.1	42.3
Interest expenses	32.6	31.8
Profit (–)/loss (+) from the disposal of fixed assets	0.3	0.1
Increase (–)/decrease (+) in inventories	9.8	–86.7
Increase (–)/decrease (+) in trade receivables and other assets not attributable to investment or financing activities	–259.3	–281.0
Use of provisions affecting payments, excluding income tax provision	–71.0	–72.2
Increase (+)/decrease (–) in trade payables and other liabilities not attributable to investment or financing activities	446.1	162.2
Cash outflow/inflow from operating activities	**239.3**	**–79.0**
Cash inflow from the disposal of fixed assets	0.7	0.3
Cash outflow for investments in intangible and fixed assets	–75.4	–85.4
Cash inflow (+)/outflow (–) for funds	4.7	0.0
Cash inflow from the disposal of financial assets	0.9	5.1
Cash outflow for investments in financial assets	–41.1	–33.6
Cash flow from investment activities	**–110.2**	**–113.6**
Cash inflow (+)/outflow (–) as a result of the issuing of bonds, borrowings and other financial liabilites	–1.7	–11.9
Interest paid	–5.0	–6.0
Cash outflow/inflow from financing activities	**–6.7**	**–17.9**
Cash and cash equivalents at the start of the period	946.2	1,574.3
Gains and losses from changes in foreign exchange rates	0.1	–2.1
Payment-related changes in cash and cash equalities	122.4	–210.6
Cash and cash equivalents at the end of the period	**1,068.7**	**1,361.7**

V. 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, 2010	**161.6**	**238.6**	**– 369.7**	**4,108.1**	**– 14.5**
Goodwill resulting from the acquisition of minority interst				– 31.8	
Total comprehensive income				0.0	– 10.3
Group transfers to retained earnings				42.9	
Others				– 0.7	
As of March 31, 2011	**161.6**	**238.6**	**– 369.7**	**4,118.5**	**– 24.8**
As of December 31, 2011	**161.6**	**238.6**	**– 369.7**	**4,311.1**	**– 15.0**
Total comprehensive income				0.2	– 3.1
Group transfers to retained earnings				– 16.8	
Others				– 2.0	
As of March 31, 2012	**161.6**	**238.6**	**– 369.7**	**4,292.5**	**– 18.1**

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
−0.3	**−6.1**	**−301.8**	**19.3**	**3,835.3**	**10.6**	**3,845.9**
				−31.8	−1.0	−32.8
0.3	1.1	−11.9	42.9	22.1	1.1	23.2
			−42.9	0.0		0.0
				−0.7		−0.7
0.0	−5.0	−313.7	19.3	3,824.8	10.7	3,835.5
1.1	**−14.0**	**−350.1**	**27.1**	**3,990.7**	**9.0**	**3,999.8**
−0.8	3.6	−7.0	−16.8	−23.9	1.1	−22.8
			16.8	0.0		0.0
				−2.0	0.2	−1.8
0.3	**−10.4**	**−357.1**	**27.1**	**3,964.8**	**10.4**	**3,975.2**

Notes

Segment Reporting

in € million	Steel		Trading		Tubes	
	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011
External sales	724.8	698.4	1,103.9	782.3	389.0	445.2
Sales to other segments	310.1	334.6	6.1	19.4	87.5	90.7
Sales to Group companies that cannot be allocated to an operating segment	0.0	0.0	0.0	0.0	0.2	0.7
Segment sales	1,034.9	1,032.9	1,109.9	801.7	476.7	536.6
Interest income (consolidated)	0.0	0.6	1.0	1.8	0.2	0.3
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	0.0	0.1	0.0	0.8	0.1	0.5
Segment interest income	0.1	0.7	1.0	2.6	0.4	0.8
Interest expenses (consolidated)	3.5	3.2	2.0	1.7	1.9	1.7
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	18.2	17.5	3.4	1.3	4.1	2.0
Segment interest expenses	21.7	20.7	5.4	3.0	6.0	3.7
of which interest portion of allocations to pension provisions	2.4	2.2	0.8	0.8	1.5	1.5
Depreciation/amortization of tangible and intangible fixed assets	58.2	56.5	2.6	2.5	11.2	10.9
thereof scheduled depreciation of tangible fixed assets and amortization of intangible assets	58.2	56.5	2.6	2.5	11.2	10.9
EBITDA	28.2	85.8	18.5	26.3	7.2	28.6
EBIT	–30.0	29.4	15.9	23.8	–4.0	17.7
Earnings before tax (EBT)	–51.6	9.4	11.5	23.3	–9.6	14.7
of which from associated companies	0.0	0.2	0.0	0.0	–0.8	–0.6
Investments in tangible and intangible fixed assets	44.0	60.1	3.2	2.1	11.4	8.6

Services		Technology		Total segments		Others/Consolidation		Group	
Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011
108.4	119.5	280.1	242.9	2,606.2	2,288.4	8.6	19.2	2,614.8	2,307.6
226.7	179.5	0.2	0.1	630.5	624.3	73.2	28.5	703.7	652.6
1.2	1.0	0.1	0.2	1.5	1.9	0.0	0.0	1.5	1.9
336.3	300.0	280.4	243.2	3,238.2	2,914.6	81.8	47.7	3,320.0	2,962.3
0.2	0.1	0.6	0.5	2.1	3.3	7.0	4.1	9.0	7.4
0.0	0.0	0.0	0.0	0.0	0.0	27.0	22.6	27.0	22.6
2.9	3.4	0.1	0.1	3.2	4.9	0.0	0.0	3.2	4.9
3.1	3.5	0.7	0.6	5.2	8.2	33.9	26.7	39.2	34.9
3.5	3.4	1.3	2.1	12.1	12.1	20.5	19.8	32.6	31.8
0.0	0.0	0.0	0.0	0.0	0.0	3.2	4.8	3.2	4.8
1.1	0.8	0.2	1.0	27.0	22.6	0.0	0.0	27.0	22.6
4.5	4.2	1.5	3.1	39.0	34.7	23.7	24.6	62.7	59.3
3.3	3.3	1.0	1.6	9.0	9.4	10.1	10.5	19.2	19.9
5.9	5.4	6.1	6.0	84.1	81.3	0.8	0.5	84.9	82.0
5.9	5.4	6.1	6.0	84.1	81.3	0.8	0.5	84.9	82.0
13.6	11.1	9.4	0.3	76.9	152.1	12.0	10.6	88.9	162.7
7.6	5.7	3.3	−5.8	−7.2	70.8	11.2	10.0	4.0	80.7
6.2	5.0	2.5	−8.3	−41.0	44.0	21.4	12.2	−19.6	56.3
0.0	0.0	0.0	0.0	−0.8	−0.4	28.0	29.0	27.3	28.5
13.2	5.7	3.3	3.6	75.1	80.1	0.1	0.1	75.2	80.2

Further information

Principles of accounting consolidation, sheet reporting and valuation methods

1. The consolidated financial report of Salzgitter AG, Salzgitter, for the reporting period from January 1 to March 31, 2012, 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 set out under IAS 34 for condensed interim reports.
2. In comparison with the annual financial statements as at December 31, 2011, no changes have been made in the accounting, valuation, calculation and consolidation methods applied to the interim financial statement for the period ended March 31, 2012.

Selected explanatory notes to the income statement

1. Sales by division are shown in the segment report.
2. Earnings per share are calculated in accordance with IAS 33. Basic earnings per share, calculated from the weighted number of shares of Salzgitter AG, came to € –0.31 in the period under review. Dilution would occur if earnings per share were reduced through the issuance of potential shares from option and conversion rights. Such rights, attached to a convertible bond, existed as of the balance sheet date. When taken into account there is no decrease in earnings per share from continued operations, as a result of which these option and conversion rights do not have a dilutive effect. Diluted earnings per share also amount to € –0.31.

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 (arm's length). Deliveries and services rendered for related companies primarily concerned deliveries of filling machines for resale to KHS Machine & Equipment (Qinhuangdao) Co., Ltd. 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 € million	Sale of goods and services	Purchase of goods and services	Trade receivables	Trade payables
	01/01-31/03/2012	01/01-31/03/2012	31/03/2012	31/03/2012
Hüttenwerke Krupp Mannesmann GmbH Essen	0.5	167.6	1.7	33.0

There is a long-term loan granted to Hüttenwerke Krupp Mannesmann GmbH, Duisburg, in an amount of € 80.0 million.

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

This set of interim financial statements and interim report has not been subjected to an auditor's review.

Financial calendar 2012

March 5, 2012	Key data for financial year 2011
March 30, 2012	Publication of consolidated financial statement for 2011 Annual Results press conference
April 2, 2012	Analysts' conference in Frankfurt am Main
April 3, 2012	Analysts' conference in London
May 15, 2012	Interim report on the first quarter of the financial year 2012
May 24, 2012	General meeting Shareholders in 2012
August 14, 2012	Interim report for the first half of the financial year 2012 Analysts' conference in Frankfurt/Main
August 15, 2012	Analysts' conference in London
November 14, 2012	Interim report for the first nine months of the financial year 2012
December 31, 2012	End of financial year 2012

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.

For computational reasons, rounding-off differences of +/– one unit (€, % etc.) may occur in the tables.

The Interim Report of Salzgitter AG is also available in German. In the event of any discrepancy, the German version shall prevail.

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