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Salzgitter AG
Investor Relations
D-38223 Salzgitter

Phone: +49-(0)5341-21-3783
Fax: +49-(0)5341-21-2570
kleinermann.b@salzgitter-ag.de

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SALZGITTER AG

Salzgitter Group reports a leap in profits in Q1 2005

Thanks to strong global demand and the generally satisfactory level of prices – achieved in stages since the beginning of last year – for rolled steel products and tubes, the Salzgitter Group recorded exceptional rises in sales and profits in the first quarter of 2005 over the same period in 2004 which had marked the start of the present favorable situation in the steel market.

Consolidated external Group sales rose by 36 % to € 1.76 billion (Q1 2004: € 1.30 billion). Group pre-tax profits at € 253.5 million represented a new quarterly high (Q1 2004: € 26.2 million). Profits after tax of € 173.5 million (Q1 2004: € 20.1 million) and an annualized return on capital employed (ROCE) of 56.5 % (Q1 2004: 9.3 %) clearly illustrate the exceptionally positive business situation in comparison with the same period last year.

External sales and pre-tax results at the various divisions:

(EUR million)	External sales		EBT	
	Q1 2005	(Q1 2004)	Q1 2005	(Q1 2004)
Steel	525	(401)	167.7	(11.5)
Tubes	309	(206)	77.0	(5.6)
Trading	797	(569)	26.3	(11.2)
Services	77	(77)	5.7	(4.8)
Processing	57	(47)	-3.4	(-10.7)
Consolidation/Others			-19.8	(3.8)
Group	1,765	(1,300)	253.5	(26.2)

On the basis of current information and expectations regarding the development in the input and output markets and the situation in general, and taking into account the effects of the profitability improvement program, for the current year the Salzgitter Group should return a pre-tax result in the mid three-digit million range. We expressly point out that opportunities and risks resulting from at present unforeseeable variations in product revenues, input material prices and capacity utilization as well as exchange rate fluctuations may have a significant effect on developments in the financial year 2005, especially in the second half. Other positive or negative effects may derive from the valuation of inventories in accordance with modified IFRS standards or from the application of the latter. The resulting fluctuation margin in consolidated pre-tax earnings resulting from all mentioned factors likewise falls within a triple-digit million spread.

For further details and an outlook on the current financial year, please refer to today's press release (see www.salzgitter-ag.de).