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SALZGITTER AG

Splendid development of the first nine months 2006 – Group equity increased by 64 % to more than €3 billion

In the third quarter, the Salzgitter Group set new benchmarks in sales and profit. The very pleasing performance of operations in the Steel, Tubes and Trading divisions and the high profit from the sale of the 17.2 % stake in the French seamless tubes manufacturer Vallourec S.A. contributed to this result.

Group external sales improved to €6.21 billion (9 months 2005: 5.38 billion). Including €907.0 million from the sale of the Vallourec participation, consolidated pre-tax profit came to €1.57 billion (9 months 2005: €595.2 million). Operating pre-tax earnings thereby stood at €661.5 million. Earnings after tax stood at €1.35 billion (9 months 2005: €556.3 million). Return on capital employed (ROCE) posted 54.9 %; excluding €907.0 million profit from the Vallourec sale, it came to 30.8 % (9 months 2005: 36.0 %).

External sales and earnings before taxes by Division:

(EUR million)	Consolidated Sales		EBT	
	9M 2006	(9M 2005)	9M 2006	(9M 2005)
Steel	1,793	(1,634)	301.3	(330.6)
Tubes	1,161	(1,039)	184.3	(240.6)
Trading	2,871	(2,465)	149.2	(59.9)
Services	316	(240)	16.6	(5.7)
Other/Consolidation	67	(0)	917.0	(-41.6)
Group	6,207	(5,378)	1,568.5	(595.2)

On the basis of the information currently available and estimates concerning trends in the procurements and sales markets, as well as the general conditions, and taking account of the effects of the profit improvement program, the Salzgitter Group's pre-tax operating profit is expected to reach approximately €800 million in the current year. Including the income from the sale of the Vallourec participation, this would result in a consolidated pre-tax profit of around €1.7 billion. Express reference is made to the fact that opportunities and risks arising from, for instance, currently unforeseeable developments in revenue, input material prices and capacity levels, as well as changes in the currency parity, may still affect performance in the course of the financial year 2006.

More information can be obtained from our Interim Report on the first nine months of 2006 released on November 14, 2006 and posted on our web site under www.salzgitter-ag.de.