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SALZGITTER AG

Salzgitter Group sets a new record figure with its profit for the first half of 2005

In the first six months of the financial year 2005, Salzgitter AG achieved an outstanding increase in both sales and profit. Whereas the rolled steel business still benefited from orders on hand placed during the boom phase of the market, the demand for tubes remained at a persistently high level.

With external sales of € 3.63 billion, the Salzgitter Group generated a significant increase over the previous year's period (first half of 2004: € 2.77 billion). Group profit before taxes of € 463.4 million marks a new record figure for a half-year result, also in a long-term comparison (first half of 2004: € 81.7 million). After-tax profit stood at € 332.7 million (first half of 2004: € 57.7 million) and return on capital employed (ROCE) came to 45.0 % (first half of 2004: € 13.2 %).

External sales and pre-tax results at the new structured divisions:

(EUR million)	External sales		EBT	
	H1 2005	(H1 2004)	H1 2005	(H1 2004)
Steel	1,134	(912)	282.3	(16.2)
Tubes	705	(459)	157.7	(25.5)
Trading	1,631	(1,232)	44.1	(43.0)
Services	161	(163)	3.7	(4.5)
Consolidation/Others			-24.4	(-7.5)
Group	3,631	(2,766)	463.4	(81.7)

On the basis of the information currently available and estimates concerning the trends in the procurement and sales markets, as well as the general framework conditions, and taking account of the effects of the Profitability Improvement Program, the Salzgitter Group expects to post a pre-tax result of around € 600 million in the current year. We expressly point out that opportunities and risks arising from currently unforeseeable trends in sales prices, input material costs and plant utilization, as well as changes in the currency parity, may significantly affect performance in the second half of the year. Additional positive or negative effects may come about owing to inventory valuation pursuant to revised IFRS standards or the way they are applied. The resulting fluctuation margin in the consolidated result caused by all factors of influence is in the three-digit million range.

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