INTERIM REPORT

SALZGITTER AG
Stahl und Technologie

- Respectable consolidated result given the critical economic situation
- Tubes Division compensates with stable development
- Turning point achieved in steel

1st Quarter 2002

Salzgitter Group

		1st quarter 2002	1st quarter 2001	Δ
Sales (consolidated)	€ mln	1,172	1,140	3 %
Steel Division	€ mln	383	426	-10 %
Tubes Division	€ mln	277	203	36 %
Trading Division	€ mln	432	419	3 %
Service Division	€ mln	56	61	-8 %
Processing Division	€ mln	24	31	-23 %
Flat products	€ mln	505	553	-9 %
Sections	€ mln	219	160	37 %
Tubes	€ mln	338	253	34 %
Share of exports	%	55	50	
Employees				
Personnel expenses	€ mln	220	196	12 %
Workforce (annual average)		18,687	16,936	10 %
Result from ordinary activities	€ mln	20	47	-57 %
Net income	€ mln	21	36	-42 %
Total assets	€ mln	3,848	3,531	9 %
Fixed assets	€ mln	1,925	1,593	21 %
Current assets	€ mln	1,923	1,938	-1 %
Inventories	€ mln	881	760	16 %
Shareholder´s equity	€ mln	1,132	985	15 %
Borrowings	€ mln	2,716	2,546	7 %
Provisions	€ mln	1,928	1,967	-2 %
Liabilities	€ mln	788	579	36 %
of which due to banks	€ mln	159	91	75 %
Capital expenditures[1]	€ mln	59	64	-8 %
Depreciation and amortization	€ mln	56	51	10 %
Key figures				
Earnings before interest and taxes (EBIT)[2]	€ mln	25	51	-51 %
EBIT before depreciation (EBITDA)	€ mln	81	102	-21 %
Return on capital employed (ROCE)[3][4]	%	7.5	18.2	
Cash flow	€ mln	-58	6	

Financial statements according to IAS
1) without financial assets; 2) EBT plus interest paid (excluding interest element in transfers to pension provisions); 3) EBIT in relation to the shareholder´s equity, minority equity interests and tax provisions (excluding deferred taxes) and interest bearing liabilities; 4) annualised

Summary
Despite the fact that in the second half of the preceding financial year, the world economy was in the grip of recessionary developments and economic growth in Europe had come to a standstill, signs of economic recovery are now becoming increasingly evident. Nevertheless, pressure on some of the markets served by the Salzgitter Group initially increased in the first quarter of the 2002 financial year: prices for rolled steel products – in particular for flat steel – again fell sharply. The European steel market was further unsettled by the announcement by the US government of concrete details of the import restrictions covering the American market. The trend in business at the Steel Division reflects these developments. Meanwhile the Tubes Division continued to profit in the first quarter from a strong order book, with a positive influence exerted by the high dollar exchange rate and a comparatively high oil price. Indeed the gratifying development in business at the Tubes Division was more than adequate to compensate for the weak results in Steel, so that a respectable consolidated result was achieved overall. For the coming months, a discernible increase in selling prices is to be expected, in particular for flat rolled steel products, which in turn will lead to an improvement in Steel Division results. At the Tubes Division, on the other hand, a weakening in the results situation in the second half cannot be ruled out, due to the evident slowdown in incoming orders.

Subject to the strength and sustained endurance of the overall economic recovery, for 2002 the Company considers consolidated pre-tax profits in the order of € 90 million to be achievable. This would equate to profits after tax of at least € 75 million, corresponding to earnings per share of € 1.20. Thus despite the significantly worsened economic climate, both pre-tax and after-tax profits will be at a level comparable with the 1999/2000 financial year.

Key data for the 1st quarter of the 2002 financial year:

- **Consolidated external sales € 1.17 billion**
  (+3 % vs. Q1/2001)
- **Pre-tax profits € 20 million**
  (-57 % vs. Q1/2001)
- **Net income for the period € 21 million**
  (-42 % vs. Q1/2001)
- **EBT, Steel Division € -14 million**
- **EBT, Tubes Division € 25.2 million**
- **ROCE 1st quarter: 7.5 %**
  (Q1/2001: 18.2 % – in each case annualized)

Market development
Following the developments bordering on crisis in the world economy and the absence of growth in many industrialized countries in 2001, the global economy is now once again on the threshold of an upturn. The latest data from Europe and especially from the USA give cause for optimism in this respect. In the USA real GDP began to rise once again in the 4th quarter of 2001. In Western Europe, the rise in industrial production at the beginning of the year was modest, but the mood in the economy has improved perceptibly. Germany likewise is at an economic turning point: the signs of recovery are visible. Provisional figures indicate that orders received in the manufacturing sector in the 1st quarter of 2002 were once again well above the level of the previous quarter. Indeed the performance of the economy as a whole can be expected to have experienced an upswing in the first quarter of the year. According to the spring reports by the various business research institutes, the future prospects are benign.

Business situation within the Group
Consolidated Group sales in the first quarter of the 2002 financial year amounted to € 1.17 billion, up 3 % on sales of € 1.14 billion in the same period last year. This positive development is explained on the one hand by the marked increase in performance at the Tubes Division, as well as by the contributions made to sales by Universal Eisen und Stahl GmbH (UES), Robert S.A.S. and the DMV Group, which last year had not yet been consolidated.

The results from ordinary activities for the period amounted to € 20.1 million, representing a decline of 57 % to the previous year (Q1/01: € 47 million). The primary cause for this decline lay in the significantly worsened economic situation faced by the Steel Division, while the Tubes Division once again turned in a gratifying performance. In view of the critical economic situation and in comparison with competing companies, the consolidated result may be described as entirely respectable.

Based on the pre-tax result, EBIT (Earnings before Interest and Taxes) was € 25.4 million

(-50 % vs. Q1/01: € 51 million), with EBITDA (EBIT before Depreciation and Amortization) coming in at € 81.0 million (-21 % vs. Q1/01: € 102 million). Profits after tax at € 21 million fell by 42 % in comparison with the same period in 2001 (€ 36 million).

The most important indicator of the financial success of Salzgitter AG, the return on capital employed (ROCE), amounted to 7.5 % and was thus lower than in the first quarter of last year (Q1/01: 18.2 %).

As at March 31, 2002, Salzgitter AG had net bank borrowings of € 69 million. At the end of the comparable preceding period, the net financial position vis-à-vis lending institutions showed a positive balance of € 230 million. The cause of this increase in borrowing lay on the one hand in changes to the group of consolidated companies. Liabilities to banks rose markedly with the integration of the UES and DMV Groups. In other respects, the implementation of our internal growth strategy with high investments in steelmaking in the course of the financial year 2001 claimed further resources. During the period under consideration, investments at € 59 million were slightly lower than in the same period last year.

The rise of € 317 million (approx. 9 %) taking the balance sheet total to € 3.85 billion is primarily attributable to the integration into the consolidated Group of the UES companies, Robert S.A.S. and the companies of the DMV Group. Other factors include an increase in current assets and the adjustment in value of our SDI holding which pursuant to IAS 39 was not reflected in net income. In addition as a result of the high level of investments, financial resources have been translated into fixed assets.

From an economic perspective – in consideration of the negative difference resulting from the consolidation of capital as well as of minority interests – the equity ratio lies at 34.9 % (Q1/01: 35.3 %).

At the end of the first quarter of 2002 the Group employed a regular workforce of 18,687, 10 % more than at the end of the preceding quarter. This increase is primarily due changes in the group of consolidated companies. As at the end of March 2002, there were 732 trainees engaged at the Group (Dec. 31, 2001: 871).

On March 6, 2002, specific details of the restrictions on imports into the US market were made public by the American government based upon the so-called Section 201. The US government has resolved for a period of three years to impose penalties of up to 30 % on a comprehensive range of steel products. Over the three years there is to be a staggered reduction in these duties. Within this period the American steel industry will have time to overcome its economic and structural problems. In past years, a series of US steel companies have been compelled to file for bankruptcy. The definitive announcement of this action perceptibly unsettled the steel market in Europe. Besides the direct impact on deliveries by some European manufacturers into the US market, there were also fears of an indirect knock-on effect with flows of goods from third countries being diverted to the European Union.

The direct effect of these penal tariffs on the Salzgitter Group is minimal, as Group sales of the affected products in the US market are very low in volume. The oil field pipes regularly supplied to the USA by the Tubes Division are exempt, as the bulk of pipeline tubes for the US market are produced locally.

In the interim, it has also become apparent that the feared indirect effect is unlikely to occur to any appreciable extent. As a result of hefty price increases in the US home market, which at times have lead to price differentials in comparison with Europe of some € 100 per ton of rolled steel, as well as the weakness of the Euro and the announcement that the EU would introduce import restrictions of its own, the European steel market has not proven overly attractive for third-country supplies. The negative effects of the Section 201 action on the European steel industry have thus remained within bounds. Those most strongly affected by the measures which have been taken have proven to be the steel-consuming industries in the USA.

	Consolidated Sales		Income from ordinary activities	
T €	**1st quarter 2002**	**1st quarter 2001**	**1st quarter 2002**	**1st quarter 2001**
Steel Division	383,214	425,677	-13,926	25,143
Tubes Division	277,270	203,218	25,242	14,372
Trading Division	431,761	419,098	4,003	2,502
Services Division	56,233	60,997	2,232	4,059
Processing Division	23,769	30,569	-1,108	88
Others/Consolidation	0	0	3,651	451
	1,172,247	**1,139,559**	**20,094**	**46,615**

Segment data by Divisions

Steel Division
The cutbacks in production at the beginning of this year in response to the development in the global economy lead to a further decline in crude steel production in most regions of the world during the first quarter of 2002. In the EU some 5 % less crude steel was produced than in the same period last year; in Germany the decline was around 11 %. Nevertheless as the first quarter progressed a series of positive signals could be distinguished which indicate that the turning point in the steel market has been reached. With increasing order books the situation for the steel manufacturers has improved, and delivery times have grown longer. Likewise there has been a continued normalization of stocks held at works, in the distribution chain and by end users.

The negative price trend which had initially continued at the beginning of the year was reversed in negotiations for the second quarter; a price rise of around 10 % for flat steel products has been successfully implemented with effect from April 1, 2002. Further price increases for the third quarter were recently announced.

In the first quarter of the financial year 2002, the Steel Division of Salzgitter AG produced 1.28 million tons of crude steel, including 1.03 million tons of LD steel and 0.25 million tons of electrosteel. The overall volume equates to that for the same period last year. Production of rolled steel including input stock for processing reached 1,227 Tt representing a slight increase of 4 % over last year (1,179 Tt).

Shipments of rolled steel and processing products amounted to 1,255 Tt, up 2 % on last year (1,230 Tt). Rolled steel accounted for 1,197 Tt (+3.5 %) and processing products for 58 Tt (-1.5 %).

The Steel Division recorded external sales of some € 383 million, down by 10 % on the figure for the same period last year (€ 349 million). Total sales (excluding deliveries to companies within the Division) amounted to € 489 million, representing a shortfall of 8 % against last year (€ 533 million). Salzgitter Flachstahl GmbH contributed sales of € 276 million, Peiner Träger GmbH € 106 million, Ilsenburger Grobblech GmbH € 81 million and Salzgitter Großrohr GmbH € 26 million.

The pre-tax result for the Division in Q1 2002 amounted to € -13.9 million, and was thus well below the € +25 million achieved in the same period in 2001. Salzgitter Flachstahl GmbH (SZFG) returned a loss of € 17.8 million and Peiner Träger GmbH (PTG) a loss of € 1.7 million. Ilsenburger Grobblech GmbH (ILG) achieved a positive result of € 1.5 million and Salzgitter Großrohr GmbH (SZGR) contributed a pre-tax profit of € 4.0 million.

The reasons for the unsatisfactory results situation in the first quarter of the current financial year, in the case of flat steel and sections in particular, were above all the inadequate sales revenues and the added pressure on costs exerted by raw materials and energy supplies; this in turn was due primarily to the unfavorable US dollar/Euro exchange rate. In making a comparison with last year, it should also be borne in mind that the first quarter of the financial year 2001 marked the highpoint of the last steel cycle.

Orders received in the reporting period amounted to 1,358 Tt. Orders in hand at the end of March had similarly recovered and were running at 1,330 Tt. This positive development will assure a satisfactory level of employment in the months to come.

As at March 31, 2002 the Steel Division employed a total workforce of 7,020. This represented a fall of 13 employees in comparison with the level at the end of the year 2001.

The major investments in the hot strip line and the beam blank casting line at the Peine works were continued and completed as scheduled.

Trading Division
It was evident in worldwide steel trading in the first quarter that the shadow over the economy had not yet entirely dispersed. Prices continued to linger at a low level and in some cases fell further where overall demand was weaker, with flat steel products being particularly affected. The low Euro-dollar exchange rate deterred large-scale imports into Western Europe from third countries and prevented the sales and revenues situation from coming under further pressure. In the majority of third countries, too, demand was at best modest. In North America, the decision by the American government to introduce import restrictions effectively sealed off the US market. With the exception of Mexico, the Latin American market likewise stagnated. In Asia and in the Near and Middle East, with the exception of Iran and China, the development in business was minimal. By contrast in the markets of Africa, and in Nigeria especially, the positive trend in demand persisted.

Sales at the Trading Division in the first quarter reached 1,138 Tt, up 15 % on the same period last year. This increase resulted from a gratifying development in business at the international trading organization, which showed itself to be only marginally affected by the weak international climate in the first quarter. Transactions in China, Mexico, India and some of the African countries more than compensated for downturns in other regions. Sales in Germany declined. The reported sales volume was affected also by the enlargement of the consolidated group following the increase in the stake in Universal Eisen und Stahl GmbH from 50 % to 100 % and the acquisition of a 50 % interest in Robert S.A. in France in financial year 2001.

The Trading Division in the first quarter achieved external sales of € 432 million, up 3 % on last year (€ 419 million). Earnings before taxes (EBT) amounted to € 4.0 million, representing an increase of some 60 % over the figure for the same period last year (€ 2.5 million). Here too, however, the changes referred to above in the consolidated group should be borne in mind.

Services Division
The Services Division in the first quarter of 2002 achieved external sales of € 56 million, representing a decline of 8 % compared with last year's figure of € 61 million. Total sales at € 140 million were consistent with the same quarter last year.

Earnings before taxes (EBT) amounted to € 2.2 million, and were thus down on last year (€ 4.1 million). With the exception of PPS GmbH, which recorded a small loss of around € 1 million, all of the companies in the Division achieved positive results for the quarter.

Processing Division
External sales at the Processing Division in the first quarter fell to € 24 million, down 22 % on the same period last year. Total sales, however, held up better at € 30 million (-9 % vs. Q1/01: € 33 million). The pre-tax result was € -1.1 million. The only company in this Division currently to be consolidated is Hoesch Spundwand und Profil GmbH. The other – thus far non-consolidated – companies include Salzgitter Bauelemente GmbH, Salzgitter Europlatinen GmbH and Salzgitter Automotive Engineering GmbH as well as interests in Oswald Hydroforming GmbH & Co. KG, Salzgitter Antriebstechnik GmbH, the Wescol Group plc and Steel Dynamics Inc. (USA). Business at these companies – some of which are start-ups engaged in innovative fields – on the whole proceeded in line with expectations.

Tubes Division
The situation in the steel tubes industry developed along diverging lines in the first quarter of 2002. Demand for tubes in the energy-dependent sector remained high, however falling sales revenues were recorded in the area of welded tubes up to 16“, due among other factors to the low price of hot-rolled strip. In the area of large tubes, a lack of security in the energy markets caused projects to be postponed. After an extended period of growth, automobile production in Germany slowed in Q1 2002, though manufacturers of premium brands were less affected. Mechanical engineering demand remained modest due to the reluctance of companies to invest, however the reduction in stocks held by tube distributors and traders should by now have been virtually completed.

There have been changes in the consolidated companies which comprise the Tubes Division (Sub-Group): The shareholding in DMV Stainless B.V. was consolidated for the first time with effect from December 31, 2001, as was Eupec PipeCoatings GmbH within the 50 % stake in Europipe GmbH. By contrast, Wälzlagerrohr GmbH and MHP Mannesmann Presné Trubky s.r.o. were deconsolidated on January 1, 2002. The figures for this Division are thus only conditionally comparable with those of last year.

External sales at the Tubes Division in Q1 2002 amounted to € 277 million. This represented an increase of 36 % over the same period last year (€ 203 million). Pre-tax profits amounted to € 25.2 million, up 76 % on last year (€ 14.4 million).

The situation affecting the various product areas was as follows: the diverging market trends in seamless tubes continued. Despite the uncertainty in the energy markets, from a present perspective it is reasonable to assume that 2002 overall will be another good OCTG year, albeit with a degree of normalization setting in compared with the excellent year before. On the other hand, the situation in non-energy-dependent areas was less favorable with demand weakening. Trading stocks had been significantly run down by the end of 2001, and thus far restocking has been hesitant at best. A weak order intake was recorded in March for tubes destined for mechanical engineering and dealer stocks, as well as added-value products. By contrast, construction tubes had a good first quarter. The situation for V&M Brazil was positive. High demand from industry in particular helped boost the order intake to a high level. After negotiations extending over several years, an outline agreement has been signed with Brazilian oil company Petrobras valued at some US$ 450 million. The contract will satisfy Petrobras' OCTG requirements over the next five year period. Nevertheless total orders booked by V&M for seamless tubes in the first quarter fell somewhat short of the comparable figure for last year.

The precision tubes market continued to suffer from weak demand by traders and from the decline in orders for the mechanical engineering sector. Automotive sales were irregular: demand for products destined for premium automobiles remained stable, whereas there was a weakening in demand pertaining to other vehicles, especially trucks. Demand for tubes both for Germany and for export was affected. Consequently, orders received in the first quarter by MHP Mannesmann Präzisrohr were below the comparable level for last year.

A rise in the demand for stainless tubes was already perceptible at the end of 2001, emanating in particular from the projects business. Order received in the first quarter of 2002 at the DMV Stainless group of companies were therefore up on last year.
A price increase has been announced for the second quarter, and has evidently been accepted by customers.

The market for medium line pipes for projects in particular suffered under the poor state of health of the world economy. Major projects were further postponed or deferred. As a result, sales revenues too came under pressure.

In the area of large-diameter tubes also, the lack of comfort in the energy markets and the reduced price of gas lead to projects being postponed. Competition for those projects still being allocated was fierce.

The order intake at Europipe in Q1/02 was in fact slightly up on the first quarter of last year, but below the average for 2001 as a whole. Largely due to the delivery of a major order, shipments by the Europipe Group in the first quarter were up on last year. Europipe's current order book may necessitate adjustments to the employment situation at some works.

The consolidated order intake at the Tubes Division in the first quarter was on a par with last year's level, reaching € 192 million. After adjusting for DMV and Eupec, however, there was a shortfall attributable primarily to the weakening economy and evident in all areas. The consolidated divisional order book by the end of March had fallen to € 386 million, compared with a level of € 470 million at the end of the year 2001.

As at March 31, 2002, the Tubes Division had a workforce of 5,263 of whom 71 % were employed in Germany and 29 % abroad. As a result of the numerous changes in corporate structure, the figures bear only a limited comparison with the preceding year. The bulk of the increase (1,158) over the figure as at December 31, 2001 (4,314 employees) resulted from the consolidation of DMV Stainless B.V.

Outlook

In view of the positive signals now emerging from the international economy and the cautious optimism in some of the important steel processing industries, it now seems that the steel sector has at last turned the corner. The negative development in prices which had persisted for around a year was at last reversed at the beginning of the second quarter and increases in revenues in the order of 10 % have been implemented, with further rises in prospect. The improvements in orders received and in hand underscore this positive trend. As a result of the traditionally high proportion of longer-term delivery agreements, it is likely to be a matter of months before the turnaround in the return on flat rolled products is reflected in the results at the Steel Division. On the costs side, there is presently little relief in sight. The continuing strength of the US dollar places a burden on raw materials purchasing. In the case of some materials, especially scrap, and in the energy sector, price increases cannot be ruled out. From the second half of 2002 onwards, however, a return to the profit zone can be anticipated.

Likewise developments at the Tubes Division are to a large extent dependent on a further revival in the economy, and in particular on movements in the oil price over the coming months. A positive note was sounded recently by the avoidance of impending anti-dumping action in the USA, which would have led to import restrictions on seamless tubes. Nevertheless, with the order situation in particular lagging behind last year's outstanding performance, a decline in profits, too, must be anticipated in the second half.

Subject to the strength and sustained endurance of the overall economic recovery, for 2002 the Company considers consolidated pre-tax profits in the order of € 90 million to be achievable. This would equate to profits after tax of at least € 75 million, corresponding to earnings per share of € 1.20. Thus despite the significantly worsened economic climate, both pre-tax and after-tax profits will be at a level comparable with the 1999/2000 financial year.

Naturally, this outlook is subject to the proviso that there is no further deterioration either in the economy or in the situation affecting the specific markets served by the member companies of the various Divisions. On the contrary, it is dependent on the bases of our plans and forecasts developing as expected in terms of both time and extent.

Shares

During the financial year 2002 the gratifying development in both the price and stock market turnover of Salzgitter shares has continued. From a starting point of € 9.80 € in Frankfurt, the stock price put on a pleasing performance to reach a high of € 12.38 € at the end of January. Daily turnover in our shares on Germany's stock markets averaged a most satisfactory level of 108,000 units in the first quarter. Since December 2001, after the world's stock markets had recovered from the effects of September 11, the inclusion of Salzgitter in the MDAX has had a positive impact on market interest in our stock.

The announcement of concrete measures by the US government to block the import of steel products caused the stock price to fall in February to around € 11. A further contributing factor was the general stock market uncertainty regarding the speed and sustainability of the upturn in the world economy.

Once again in the first quarter of 2002, Salzgitter shares have developed better than European competitors' stock. Salzgitter has also outstripped the European Steel Index and the MDAX.

During the first quarter, Salzgitter AG maintained a presence at two investor conferences, in Germany and elsewhere in Europe. In addition, a series of discussions have been held with investors.

Since the beginning of the financial year, 17 research studies and recommendations have appeared focusing on Salzgitter stock. The ratings were as follows: 16 Buy/Outperform, 0 Hold/Neutral, 1 Sell/Underperform (as of May 27, 2002).

Events of significance
Changes in the membership of executive and supervisory bodies: Mr. Arnold Jacob has stepped down from the Executive Board with effect from March 31, 2002 and entered retirement.

The business activities of Peiner Hüttenstoffe GmbH, Peine, which was engaged in trading in agricultural and metallurgical materials, were terminated with effect from February 28, 2002, and the subsidiary company Hanseatic Agrar- und Baustoffhandel GmbH, Bremen, has been sold.

Negotiations and investigations concerning the acquisition of additional participating interests in the steel processing industry have been continued.

Consolidated Income Statement – January 1, 2002 to March 31, 2002

	1st quarter	
T €	**01.01. – 31.03.02**	**01.01. – 31.03.01**
Sales	1,172,249	1,139,559
Increase or decrease in finished goods and work in progress and other own work capitalized	-4,686	-12,069
Other operating income	26,863	22,445
Cost of materials	766,992	733,706
Personnel expenses	219,988	196,265
Amortization and depreciation on intangible and tangible assets	55,651	50,762
Other operating expenses	131,819	114,159
Income from shareholdings	123	30
Income from associated companies	23,755	12,281
Net interest income	-23,760	-20,739
Net operating income	**20,094**	**46,615**
Taxes	-889	10,100
Consolidated net income for the year	**20,983**	**36,515**
Net income due to minority shareholders	959	476
Net income due to shareholders of Salzgitter AG	**20,024**	**36,039**
Appropriation of income		
Net income due to shareholders of Salzgitter AG	20,024	36,039
Non-distributed income brought forward from previous year	28,014	46,011
Transfer to/withdrawal from other retained earnings	-31,195	-9,252
Dividends	0	0
Non-distributed income to Salzgitter AG	**16,843**	**72,798**
Earnings per share (in €)	**0.32**	**0.61**

Consolidated Balance Sheet at March 31, 2002

Assets **(T €)**	**31.03.2002**	**31.03.2001**
Fixed assets		
Intangible assets	-273,518	-329,906
Goodwill/negative goodwill from capital consolidation	-289,205	-347,133
Other intangible assets	15,687	17,227
Tangible assets	1,460,271	1,335,409
Financial assets	232,720	136,757
Shareholdings in associated companies	505,396	450,603
	1,924,869	**1,592,863**
Current assets		
Inventories	880,543	760,296
Receiveables and other assets	940,840	844,635
Trade receiveables	758,471	700,605
Other receiveables and other assets	182,369	144,030
Trade securities	0	34
Cash and cash equivalents	90,443	321,747
	1,911,826	**1,926,712**
Prepaid expenses for deferred taxes	**718**	**866**
Prepaid expenses	**10,864**	**10,725**
	3,848,277	**3,531,166**

Shareholders´ equity and liabilities (T €)	31.03.2002	31.03.2001
Shareholders´ equity		
Subscribed capital	159,523	159,523
Capital reserves	287,530	287,530
Retained earnings	674,519	497,216
Non-distributed income	16,843	72,798
	1,138,415	**1,017,067**
Treasury shares	-6,323	-32,186
	1,132,092	**984,881**
Minority interests	**21,609**	**8,716**
Provisions		
Provisions for pensions and similar obligations	1,521,212	1,536,179
Tax provisions and other provisions	406,724	430,668
	1,927,936	**1,966,847**
Liabilities		
Bonds	3,640	3,742
Liabilities to banks	159,326	91,387
Trade payables	345,993	330,388
Other liabilities	245,353	132,059
	754,312	**557,576**
Deferred income	**12,328**	**13,146**
	3,848,277	**3,531,166**

Cash Flow Statement according to IAS 7
January 1, 2002 to March 31, 2002

T €	01.01. – 31.03.2002	01.01. – 31.03.2001
Net income for the year	20,024	36,039
Depreciation (+)/appreciation (-) on fixed assets	54,350	56,987
Other expenses (+)/income (-) not affecting payments	-14,439	19,307
Interest expenses	27,435	27,719
Profit (-)/loss (+) from disposal of fixed assets	0	500
Increase (-)/decrease (+) in inventories	-4,929	-4,242
Increase (-)/decrease (+) in trade receiveables and in other assets that cannot be allocated to investment or financing activities	-120,438	-103,155
Increase (+)/decrease (-) in provisions	-55,055	-68,064
Increase (+)/decrease (-) in trade payables and in other liabilities that cannot be allocated to investment or financing activities	35,012	41,295
Cash flow from operating activities	**-58,040**	**6,386**
Payments received from disposals of fixed assets	572	812
Payments made for investments in intangible and tangible assets	-59,045	-64,090
Payments received from disposals of financial assets	417	256
Payments made for investments in financial assets	-2,795	-7,318
Cash flow from investment activities	**-60,851**	**-70,340**
Payments made for buy-back of own shares	0	0
Dividend payments	0	0
Payments received from bond issues and amounts borrowed	98	18,756
Repayments of bond issues and amounts borrowed	-13,033	-9,113
Interest paid	-4,400	-4,896
Cash flow from financial activities	**-17,335**	**4,747**
Cash and cash equivalents at beginning of period	226,669	380,954
Changes in cash and equivalents affecting payments	-136,226	-59,207
Cash and cash equivalents at end of period	**90,443**	**321,747**

Principles of accounting and consolidation, balance sheet reporting and valuation methods

1. The consolidated quarterly financial report of Salzgitter AG, Peine, for the reporting period from January 1 to March 31, 2002, has been prepared as a condensed report with selected details annexed. The report has been prepared in accordance with the International Accounting Standards (IAS) published by the International Accounting Standards Board (IASB) in consideration of the reduced requirements contained in IAS 34 for condensed interim reports.

2. The quarterly report has been prepared pursuant to the same balance sheet reporting and valuation, accounting and consolidation methods as were applied to the annual financial statement to December 31, 2001.

3. In comparison with the annual financial statement to December 31, 2001, two companies have been deconsolidated from the group of consolidated companies. One of these was a German, the other a foreign company, which had both previously been fully consolidated.

Selected explanations of the income statement

1. Sales by Divisions are illustrated under the heading of segmental reporting.

   The organization of the Group into the five Steel, Trading, Services, Processing and Tubes Divisions remains unchanged in relation to the annual financial statement.

2. Earnings per share have been calculated pursuant to IAS 33. The undiluted earnings per share based on the weighted number of shares in Salzgitter AG amounted to € 0.32.

Statement of Changes in Equity

T €	Subscribed capital	Capital reserves	Retained earnings	Thereof from currency translation	Buy-back of own shares	Fair value to IAS 39	Group net income for the year	Shareholders´ equity
At 01.01.2001	**159,523**	**287,530**	**455,773**	**-7,143**	**-37,937**	**0**	**46,011**	**910,900**
Net income for the year							36,039	36,039
Dividend							0	0
Fair value to IAS 39						30,114		30,114
Buy-back of own shares					5,751			5,751
Currency translation			2,077	2,077				2,077
Transfer by Salzgitter AG to retained earnings			9,252				-9,252	0
Other							0	0
At 31.03.2001	**159,523**	**287,530**	**467,102**	**-5,066**	**-32,186**	**30,114**	**72,798**	**984,881**
At 01.01.2002	**159,523**	**287,530**	**572,201**	**-16,410**	**-6,225**	**44,206**	**28,014**	**1,085,249**
Net income for the year							20,024	20,024
Dividend							0	0
Fair value to IAS 39						26,338		26,338
Buy-back of own shares					-98			-98
Currency translation			579	579				579
Transfer by Salzgitter AG to retained earnings			31,195				-31,195	0
Other							0	0
At 31.03.2002	**159,523**	**287,530**	**603,975**	**-15,831**	**-6,323**	**70,544**	**16,843**	**1,132,092**

Notes

Future reporting dates

June 19, 2002
General Meeting to consider the Financial Year 2001

August 28, 2002
Interim Report on the 1st Half of 2002

November 27, 2002
Interim Report on the first 9 Months of 2002

December 31, 2002
Financial Year 2002 ends

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 further 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 in terms of their scope and timing.

Salzgitter AG
Eisenhüttenstraße 99
38239 Salzgitter
Germany
Tel.: +49 (0) 5341 21-01
Fax: +49 (0) 5341 21-2727

Investor Relations:
Tel.: +49 (0) 5341 21-3783
Fax: +49 (0) 5341 21-2570

Postal address:
38223 Salzgitter
Germany

www.salzgitter-ag.de

SALZGITTERAG
Stahl und Technologie