



Key figures at a glance

		2011	2012	Change
Hot metal purchase	kt	2,041	2,025	-0.78%
Crude steel production	kt	2,362	2,315	-1.99%
Sales revenues per region				
Germany	€ million	1,579	1,523	
Rest of the EU	€ million	631	605	
Third countries	€ million	463	364	
Total turnover	€ million	2,673	2,492	
Workforce (excluding trainees) 31 Dec.				
		7,036	6,745	
Personnel costs	€ million	413	418	
Balance sheet total				
	€ million	3,989	3,834	
Fixed assets				
	€ million	2,319	2,336	
Investments	€ million	243	141	
Equity				
	€ million	2,788	2,768	
EBITDA	€ million	354	147	
EBIT	€ million	210	9	
Result from ordinary business activities	€ million	194	-11	
Net income for the year	€ million	188	32	
Operating cash flow				
	€ million	-13	277	

Key figures at a glance	2
Members of the Supervisory Board	6
Members of the Board of Management	7
Report of the Board of Management (Management Report)	8
Consolidated financial statements for the year ending 31 December 2012	34
Balance sheet	34
Profit and loss statement	36
Cash flow statement	37
Listing of shareholdings	38



One goal, one team – the motto for hundreds of Saarstahl employees participating each year in the Dillinger Hütte run.



Members of the Supervisory Board

Dr. Michael H. Müller, Saarbrücken Chairman	Chairman of the Management Board of the Curatorship for the Montan-Stiftung-Saar trust
Armin Schild, Biebertal First Deputy Chairman	District Manager of IG Metall Hesse, Rhineland Palatinate, Thuringia and Saarland
Henner Wittling, Ottweiler Second Deputy Chairman	Member of the Management Board of the Curatorship for the Montan-Stiftung-Saar trust
Stephan Ahr, Wadgassen	Chairman of the Central Works Council of Saarstahl AG and Chairman of the Works Council of the Völklingen Plant of Saarstahl AG
Dr. Bernd Bergmann, Wallerfangen	Member of the Management Board of the Curatorship for the Montan-Stiftung-Saar trust
Prof. Dr. Heinz Bierbaum, Saarbrücken	Director of the INFO-Institute, Saarbrücken
Robert Hiry, Rehlingen-Siersburg	Primary Authorized Representative of IG Metall Administrative Unit Völklingen
Michel Maulvault, Paris	Chairman of the Board of Management of Dillinger Hüttenwerke, Dillingen/Saar (retired)
Markus Menges, Waldbrunn	Managing Director Baustahlgewebe GmbH
Dr. Axel Nawrath, Frankfurt a. M.	Member of the Board of Management of the KfW Banking Group
Eleonore Neumann, Ottweiler	Member of the Central Works Council of Saarstahl AG and Chairwoman of the Neunkirchen Works Council of Saarstahl AG
Ingrid Sehrbrock, Bergfelde	Trade Union Secretary/Deputy Chairwoman of the German Confederation of Trade Unions
Angelo Stagno, Saarbrücken	Member of the Central Works Council of Saarstahl AG and Chairman of the Works Council of the Burbach Plant of Saarstahl AG
Reinhard Störmer, Bonn	Managing Director of re:cas GmbH
Erich Wilke, Königstein (Taunus)	Bank Manager (retired)

Members of the Board of Management

Dr. Karlheinz Blessing	Chairman since 10 February 2012 Director of Saarschmiede Unit, Chief Human Resources Officer/Labour Director until 11 April 2011
Dr. Klaus Harste	Chairman and Chief Technology Officer until 10 February 2012
Martin Baues	Chief Technology Officer since 10 February 2012
Fred Metzken	Chief Financial Officer
Dr. Peter Schäfer	Chief Sales & Marketing Officer
Peter Schweda	Chief Human Resources Officer/Labour Director since 11 April 2011



General economic situation

Weak development of the global economy

Growth in the global economy continued to weaken in 2012: Accordingly, the global gross domestic product (GDP) only increased moderately by approx. 3.2%* compared with 2011 (+3.90%). Growth dynamics were again extremely varied in the different global regions: While threshold countries had relatively high increases (China: +7.8%, India: +4.5%), the recession in the Eurozone further intensified (-0.5%). The US Economy, on the other hand, showed an overall positive if, generally, hesitant development (+2.3%). Therefore, no significant impulses for the remaining global economy emanated from the USA as the largest global national economy. Also, in Japan, the stagnation continued. The upswing, expected after the destruction caused by the tsunami, only occurred to a limited extent. At the same time, the Japanese export economy was noticeably held back by the strong currency.

Development in Europe on the decline

The greatest decline in economic performance took place in Europe (EU-27) (-0.4%). The burden on the private and public sector due to consolidation efforts weakened the economy in the Eurozone. In the course of the year, stabilisation of the common currency created circumstances for an improvement in the situation in those countries in Southern and Eastern Europe which have a high level of national debt. However, a further significant decrease in economic activity and increase in unemployment could not be prevented. The German economy, too, felt the effects of the negative economic trend in major European markets. Thus, the economic dynamics decreased continuously throughout the year and came to a complete standstill at the end of the year. In total, the GDP increased only slightly (+0.7%) compared with 2011 (+2.7%)

* All figures concerning the economic situation and steel market are based on currently available statistics some of which are preliminary, official or unofficial.

Steel market

Only slight growth in the global production of crude steel

The global demand for steel weakened increasingly during 2012. This was the result, on the one hand, of weak growth in production in the client sectors worldwide and, on the other hand, of a negative cycle in the stock situation triggered by continuing price pressure, particularly in Europe and North America.

Worldwide production of crude steel therefore hardly increased, and this was reflected in a significantly weaker growth rate. All in all, global production increased by 1.2% (2011: +6.8%) in 2012 and, at 1.55 billion tonnes, only slightly exceeded the figure for the previous year (1.53 billion tonnes). At the same time, the worldwide expansion of capacity continued. There was therefore a tangible decrease in utilization of capacity in crude steel worldwide and, at less than 80%, this was significantly below the long-term average ($\leq 85\%$).

The Chinese steel industry increased its production compared to the previous years only by a moderate 3.1% to 717 million tonnes and thus achieved a proportion of almost 50% of the world production of crude steel. In contrast, production in the European Union fell by 4.7% to around 170 million tonnes, in South America by 3.0% and in the CIS by 1.2%. However, there was an increase in the production of crude steel in the NAFTA region (+2.6%), Turkey (+5.2%) and in the threshold countries of South East Asia. In the USA, strengthening of the automotive industry and normalisation of the construction industry contributed to this.

Steel market in Europe: negative trend increased in the course of the year

No branch of the steel processing industry in Europe was able to escape the general economic downturn. Besides the Euro debt crisis, the weakening global economy, in particular, influenced steel consumption in Europe from the second quarter onwards. The negative trend was especially felt in the building industry and in steel

construction and around 35% of the demand for steel in the EU is attributed to these sectors (- 4.6%). The automotive industry, too, suffered from a sales crisis in Europe and was only able to compensate for the resultant decrease in employment (- 3.4%) to a limited degree through exports to third-party countries. Mechanical engineering proved to be relatively robust and, with a decrease in production of only 0.9%, it almost reached the level of the previous year.

There was a significant decline in the German steel market in 2012. With a total of 42.7 million tonnes, 3.7% less crude steel was smelted than in the previous year. After a short phase of building up stock in the first quarter, processing companies as well as traders were careful with their planning and kept their stocks on a lower level, compared to the level of employment.

The economy in the steel processing sectors of automotive and mechanical engineering decreased after a strong start, especially at the beginning of the year, and ultimately led to tangible reductions in production overall. In contrast, developments in the main construction trade were robust even if there was no sustainable growth. In particular in the long product sector, (wire rod and bar) the situation was very varied. While steel bar, which is dominated by domestic demand, remained relatively stable over the whole year in quality steels and high grade steels, the market for wire rod was influenced by strong negative developments on the European market and even on international markets. Correspondingly, going beyond discounts on raw materials, this segment as well as the flat steel segment became unattractive with regard to price.

If one looks in detail at the markets and sectors relevant for Saarschmiede GmbH Freiformschmiede (Saarschmiede), great variations are recognizable above all in the fields of power generation machinery, special materials and general machinery.

Business development

The development of business in the Saarstahl group is largely affected by the companies Saarstahl AG and Saarschmiede GmbH Freiformschmiede.

Saarstahl AG

In spite of the overall weak economic environment, Saarstahl AG realized satisfactory sales revenues and a satisfactory result in the business year 2012. The economically favourable first six months were followed by a tangible loss in dynamics in the second half of the year. The utilization of capacity in the facilities at Saarstahl was correspondingly good in the first months but this declined noticeably in the further course of the year.

Incoming orders, especially in the 1st quarter of 2012, reflected the good situation with regard to demand at the beginning of the year. As the year went on, falling price levels for steel products worldwide with simultaneously high costs for raw materials led to dwindling margins. For quality long products, too, the leading edge in price and margins diminished considerably in comparison with the previous year which, in turn, led to a tangible increase in the intensity of competition. Incoming orders as well as deliveries increased by 8% in 2012, whereas production at manufacturers of long products in Germany only increased by 0.7%. During the second half of the year, increasing adaptation of stock levels led to a cyclical reduction in incoming orders and deliveries.

Saarschmiede GmbH Freiformschmiede

Saarschmiede GmbH Freiformschmiede is divided up, from the sales point of view, into the three segments of power generation machinery, general machinery and special materials. This division allows the company to fulfil market requirements and especially to meet the demands of different product cycles. In spite of this organisational structure, in 2012, it was not possible to compensate for the stoppage of investments due to insecurity in the energy markets resulting from the financial crisis and the associated reduction in demand for nuclear steam turbines for new construction as well as refurbishment.

It was therefore even more decisive to further develop business fields identified in the previous year such as hydro-power, containers for nuclear waste, primary cycle and tool steel and to intensify cooperation with clients in order to increase Saarschmiede's competitive capability.

Decline in revenue

The Saarstahl group was unable to replicate the positive development of the previous year in 2012. Shipping increased by 8% to 2,117 kt, however, at the same time, revenues from sales decreased from € 2,673 million to € 2,492 million. The decline in revenue is especially due to huge price pressure specific to the sector but is also consequence of the unsatisfactory order situation at Saarschmiede GmbH Freiformschmiede.

The geographic distribution of the sales revenues shows that the Saarstahl group extended its position slightly in the core market of Germany and the other EU states in 2012 whereas it fell behind the development of the previous year in third countries, (NAFTA region, Asia and the rest of the world). The sales revenues in the third countries, for example, fell by more than 20% in 2012 compared with the previous year.

Development of earnings

In 2012, the Saarstahl group achieved an EBIT of € 9 million (previous year: € 210 million) and an EBITDA of € 147 million (previous year: € 354 million). This is mainly due to the fact that the overall result in 2012 fell by € 352 million to € 2,425 million while expenditure for raw materials and energy only fell by € 190 million in the same period.

Labour costs increased in the Saarstahl group to a lesser degree than in 2011. Although the number of employees fell again, wage adjustments, above all, meant that the labour costs in the business year amounting to € 418 million exceeded the figure for the previous year of € 413 million. Depreciation and amortization at € 138 million was slightly lower than the level of the previous year (€ 144 million). The other operating expenses increased, as expected as a consequence of the higher turnover, by € 11 million to € 169 million.

The financial result which is made up of the result from participations and from interest, is at € 26 million, thus lower than the figure for the previous year (€ 39 million). Taking the economic environment of the steel sector into consideration, it was still possible to book a substantial positive impact on the financial result of almost € 43 million due to the equity valuation adjustment of the participation in DHS - Dillinger Hütte Saarstahl AG. Lower interest rates on the capital market and the slightly higher interest expenses, which are usually associated with investments with third-party financing, made a significant contribution to the lower interest income - € 20 million (previous year - € 15 million). The result from ordinary activities therefore amounted to - € 11 million (previous year: € 194 million).

Taking the positive tax result, which was largely due to the change in deferred taxes in 2012, into account, the Saarstahl group closed with a net income for the year of € 32 million (previous year: € 188 million).

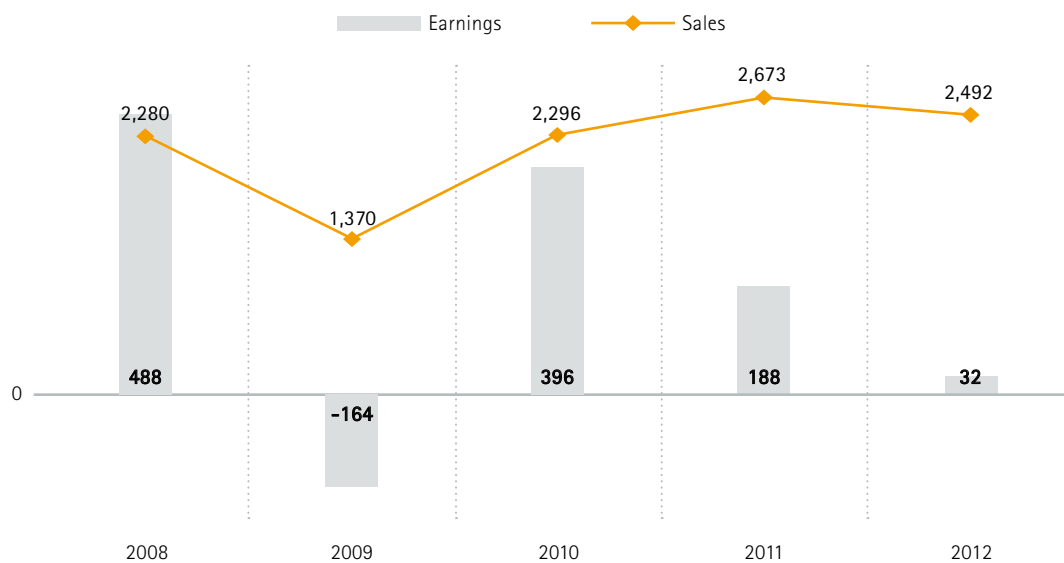
The difficult course of business in the year 2012 was consequently reflected in the key figures of the asset and capital structure as well as in the development of returns. The ROCE (Return on Capital Employed) amounted to 0.3% in the reporting year and the profit margin (EBIT margin) amounted to 0.4%.

Improved operating cash flow

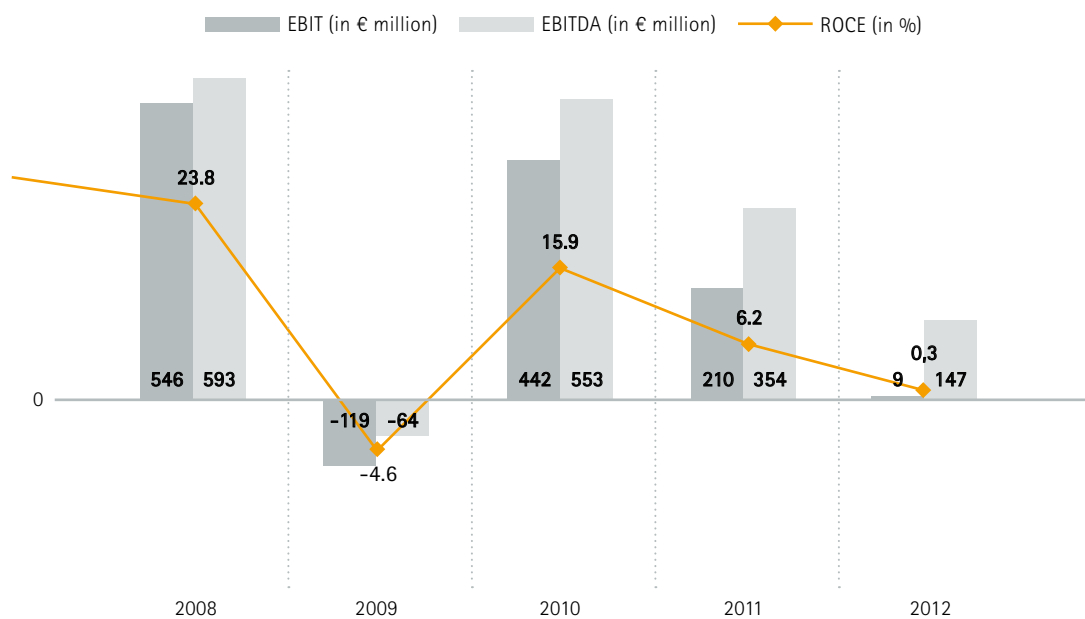
Compared to the previous year, the balance sheet total fell by € 155 million to € 3,834 million. Here, the financial situation is mainly characterized by the consistent reduction in net current assets capital of € 216 million.

Net assets fell by € 20 million to € 2,768 million. The reason for this was that the distribution of dividends (€ 56 million) to the shareholders of Saarstahl AG exceeded the net income for the year of € 32 million in 2012 along with consolidation measures not affecting net income (€ 4 million). The equity ratio increased from 70% in 2011 to the present 72%. With regard to borrowing, in particular liabilities towards credit institutions were paid back according to plan (- € 71 million).

Cash flow from current business activities of € 277 million is to be seen alongside resources required for investments of - € 118 million EUR



Development of sales and earnings (in € million)



Development of EBIT, EBITDA and ROCE

(previous year: - € 204 million). When cash flow from financing activities amounting to - € 115 million (previous year: + € 106 million) is taken into account, largely due to the repayment of short and long term loans as well as the distribution of dividends to the shareholders, liquid assets increased by € 43 million to € 311 million.

Situation for the group

There are currently no apparent risks which could endanger the continuance of the company, nor are there any signs of developments which could have a significant, sustainable effect on the situation regarding assets, finance and earnings.

Financial key figures

		2008	2009	2010	2011	2012
Equity intensity						
Equity	€ million	2,278	1,995	2,639	2,788	2,768
Balance sheet total	€ million	3,185	2,986	3,884	3,989	3,834
	in %	71.5	66.8	67.9	69.9	72.2
Fixed assets coverage ratio						
Equity	€ million	2,278	1,995	2,639	2,788	2,768
Fixed assets	€ million	1,542	1,779	2,220	2,319	2,336
	in %	147.7	112.1	118.9	120.2	118.5
Debt						
Long-term liabilities to banks	€ million	155	159	401	540	469
Equity	€ million	2,278	1,995	2,639	2,788	2,768
	in %	6.8	8.0	15.2	19.4	16.9
EBIT margin						
EBIT	€ million	546	-119	442	210	9
Product sales	€ million	2,280	1,370	2,296	2,673	2,492
	in %	23.9	-8.7	19.3	7.9	0.4
EBITDA margin						
EBITDA	€ million	593	-64	553	354	147
Product sales	€ million	2,280	1,370	2,296	2,673	2,492
	in %	26.0	-4.7	24.1	13.2	5.9
Return on capital employed (ROCE)						
EBIT	€ million	546	-119	442	210	9
Equity, provisions for taxation, liabilities subject to interest (average)	€ million	2,293	2,612	2,788	3,369	3,327
	in %	23.8	-4.6	15.9	6.2	0.3
Internal financing capability						
Operating cash flow	€ million	140	191	17	1	277
Net investments in tangible assets	€ million	239	316	309	207	131
	in %	58.6	60.4	5.5	0.5	211.5
Expense structure in % of the overall performance						
Material intensity	in %	65.6	73.4	64.4	72.0	74.6
Personnel intensity	in %	15.9	27.3	16.5	14.9	17.2

Risk and opportunity report

Risk and opportunity management

The corporate activities of a manufacturer of long products with global operations are exposed to both risk and opportunity. With this in mind, Saarstahl introduced an independent and group-wide risk management system several years ago. The goal of the risk management system is to recognize risk associated with business activities as early as possible, to minimize it and, as much as possible, to eliminate it. To this end, risk is systematically and consistently identified, analyzed and evaluated, and measures for risk management are decided or planned. In addition to avoiding and minimizing risk by implementing suitable measures, risk is also transferred to insurers. This is achieved through the central service provider SHS Versicherungskontor GmbH, which is responsible for arranging a suitable amount of insurance protection. The Board of Management is informed each month on the current risk situation. The opportunities associated with risks are also taken into account. Relevant risk management issues are discussed with the Supervisory Board. The content, structure and results of the risk management system are documented in auditable form in accordance with Germany's Corporate Sector Supervision and Transparency Act (KonTraG).

The corporate internal auditing function, which establishes an internal management and supervision system as part of a comprehensive approach to corporate governance, is an integral part of risk management in accordance with KonTraG. It is also responsible in this function for systematic and efficient auditing and monitoring of the risk management system.

Risk and opportunity in future development

The overall economy continues to be marked by uncertainty caused by the unresolved euro crisis and worldwide recession. This is also reflected in the already highly cyclical steel industry, and is currently demonstrated by the existence of over-capacities and an intensification of the competition. Sales risk is further increased by the resulting fiercely competitive market.

In addition, regulatory efforts at the national and international level complicate the underlying conditions for the steel industry. As a result, while Saarstahl as a heavy plate manufacturer currently profits with its products due to the energy transition being advanced in Germany, the current le-

gislative changes being discussed with respect to the renewable energies law could also impact Saarstahl negatively. Together with the European requirements for CO₂ emissions trading, this could result in significantly higher costs for Saarstahl. Saarstahl is confronting these challenges from the market and business environment by concentrating on manufacturing long products made from premium steels. By doing so, Saarstahl reduces its dependence on the mass market. In terms of risk diversification, the strategic decisions made in this regard have the effect of reducing risk.

Procurement risk

Raw materials and energy are of critical importance to Saarstahl. Securing the supply of the production sites with all required raw materials and input and charge materials is therefore a top priority. Specific procurement areas have therefore been consolidated under the umbrella of SHS – Stahl-Holding-Saar GmbH & Co. KGaA (SHS). Long-term framework agreements are used within the scope of procurement. Options are also employed in order to ensure an underlying flexibility in raw material supply, particularly for the affiliated companies ROGESA and ZKS. Moreover, a supply cushion is ensured at all times through a suitable inventory policy. Furthermore, new sources of supplies – and relatedly, new alternative options for employing raw materials – are systematically and continuously sought, tested and evaluated.

Aside from safeguarding the supply, the implemented measures also help reduce price risk. Given the increasingly volatile purchase price for raw materials, this is of particularly critical importance. With respect to energy supply and cost security, the 90 MW blast furnace gas power plant, which began operating in 2010 at the Dillingen site, contributes significantly to minimizing risk. Furthermore, the leasing of Block 3 of the Saarland power plant Enseldorf of VSE AG helps to reduce cost- and supply risk. The medium-term security of supplies of raw materials and energy in the required amounts and qualities can therefore be considered to be guaranteed.

Risk in operating activities

Due to the complexity of the manufacturing process, the risk of production downtimes due to technical issues cannot be completely excluded. In addition to the use of innovative diagnostics systems for preventative and condition-monito-

ring maintenance and consistent enhancement of the quality assurance system, which is certified according to international standards, these risks are countered in particular by continuous investment in the latest systems to help safeguard plant availability.

Independent of this, there are risks related to force majeure, such as explosions or serious fires, that could considerably damage the assets of Saarstahl as well as disrupt production. While these risks imply a great potential for damage, the likelihood of their occurring must be assessed as minimal. Saarstahl has nonetheless developed preventative measures to this effect with fire-protection equipment, emergency plans and plant fire departments, and has concluded insurance policies providing suitable coverage.

Financial risk

Financial and interest risk that could threaten the existence of the company is excluded long term. This is achieved through financing with matching maturities and fixed interest rates for investment in fixed assets as well as through ongoing liquidity and financial planning in operating business. All major subsidiaries are incorporated into the short- and medium-term financial planning in accordance with uniform standards. Saarstahl counteracts the influence of currency fluctuations from procurement and sales activities through active currency management, particularly by means of forward exchange transactions, with the goal of cost-effectively reducing risk. It is generally the case that hedging instruments may not be used separately from underlying output-related business transactions. Finally, a credit management system is used throughout the corporate group to address the current challenges.

Legal risk and compliance-related risk

Legal risk can currently be assessed as minimal. There is nonetheless a general risk that the increasing internationalization and expansion of Saarstahl's activities may lead to legal uncertainties due to the many fields of law and legal systems involved.

Aside from this, deliberate, improper conduct by individual persons cannot be completely excluded. The potential for improper conduct is counteracted, however, by Saarstahl's commitment to preventative compliance. As a result, the existing Code of Ethics, which aims to ensure that legal

representatives, employees and third parties act in compliance with the rules, was updated and introduced for the entire SHS Group in 2012.

Saarstahl is not currently involved in any judicial or arbitration proceedings that could have a negative impact on the company's economic situation.

IT risk

Both the complex technical production processes and the administrative processes at Saarstahl are supported by modern IT systems. Because of this, as well as due to the expansion of the worldwide presence of Saarstahl, the availability of data and information flows are of increasing importance. Saarstahl is therefore exposed to information and IT risks. Along with malfunctions in important production and administrative systems within the value chain, this can also include the risk of unauthorized system access by third parties. To counteract these risks, an integrated, centralized functionality has been created with SHS Services GmbH, which consolidates IT services within the SHS Group and helps to leverage synergies as well as minimize risks to IT security at Saarstahl.

Personnel risk

For Saarstahl, as a manufacturer of premium products in terms of both technology and quality, skilled workers and managers as well as their commitment and flexibility are of fundamental importance to the company's success. With this in mind, Saarstahl places a premium on continuing to be an attractive employer in the future. Saarstahl provides training in a wide range of career fields and thereby ensures a pool of skilled employees for the future. This helps to actively avoid a shortage of skilled staff. Saarstahl also offers a wide array of options for continued education for skilled and management employees. A cross-generational partnership ensures systematic knowledge transfer from retiring experts and managers to their successors. In addition, the clearing house established in 2012 provides for more flexible use of personnel by allowing access to the entire internal job market within the companies of the SHS Group. Any excess employees in these areas are placed where personnel are needed.

Environmental risk

The production processes for hot metal and steel as well as heavy fabrication carry with them process-related environmental risks such as the con-



The gasometer at the Völklingen plant is an important reservoir for storage and utilization of converter gas.

tamination of air and water. Saarstahl therefore makes every effort to prevent damage that might be caused by the product or its manufacture with intensive quality and environmental management. For instance, Saarstahl employs an integrated management system that combines quality management, workplace safety, environmental protection and incident management. Saarstahl also invests continuously in measures that enhance the effectiveness of environmental protection. For instance, the construction of the new secondary metallurgy at the Völklingen site, which was completed in 2012, included extensive environmental protection measures. There are nonetheless additional risks due to the tightening of environmental regulations with requirements that may not be economically feasible with the current state of the technology.

Strategic opportunities for the company

Opportunities and potentials for Saarstahl are discussed by the company's Board of Management as part of ongoing strategic efforts. As a result, Saarstahl sees both challenges and opportunities in internationalization. By expanding the distribution network, Saarstahl strengthens its worldwide presence and leverages potential, especially in new and emerging markets. Saarstahl also sees the basis for future and continuous growth in the expansion of the heavy fabrication division. In addition, the new secondary metallurgy and the consequent extension of both its product range and product quality is seen as an opportunity to grow in the premium segment.

Moreover, further synergies can be expected to be leveraged through the continued merging and consolidation of the functions and activities of Saarstahl and Dillinger Hütte (DH) under the umbrella of SHS Holding.

Overall assessment of the risk situation

There are currently no identifiable risks that could endanger the continued existence of the company, nor are there indications of any developments that could have a sustained, fundamental influence on the asset, financial and revenue situation.

Sustainability as an integral part of corporate policy

The success and efficiency of the Saarstahl Group are also reflected in the sustainability of its economic management. Responsible and sustainable practices are a key element of corporate policy.

Key areas include:

- Human resources that are geared to continuity and high social standards,
- Company internal improvement processes that bring the principles of sustainable and reliable conduct to each workplace and each employee,
- Pooling expertise and service for the sustained success of the customers in the economic implementation of unusual and innovative projects,
- Safeguarding and expanding our technological capabilities by investing in new facilities and modernizing of existing facilities and by developing innovative products and processes,
- A procurement system that is based on procurement reliability and environment friendly means of transport,
- Economical and resource saving conduct using numerous environmental protection measures for the efficient use of energy, such as the introduction of a certified energy management system and
- Long-term partnerships with universities, research institutions and customers in the development and improvement of materials

Steel, the material itself, and the product of the Saarstahl Group, correspond more clearly than any other material with the principle of sustainability: Through numerous applications and uses, steel provides a valuable contribution to environmental and climate protection. No other material is produced in such an environment friendly manner than steel. When it has fulfilled its purpose after a few decades or generations of use it has become scrap and is therefore a valuable raw material which can be fully recycled over and over again without any loss of quality and returned completely to the economic cycle.

Innovative products made of steel, such as wind turbines and power plant turbines save six times more CO₂ than is used in their production. (Source: Boston Consulting Group, 2012). In automotive engineering, high-strength steels reduce vehicle weight to ensure significant fuel and emissions savings. The use of advanced steels in

structures that are subject to high stress loads can in many cases reduce the amount of materials used by up to 50%, thus helping to conserve valuable resources and boost environmental protection.

Forward-Looking Personnel Management

Further decisions were implemented in 2012 for personnel management that is orientated towards the challenges of the future. These included a change in the organization which effects a standardisation of processes in the sense of "Best Practice" and which, all in all, helps to establish the company as an attractive employer.

It is an integral part of the group strategy to increase awareness of all aspects of work safety. At Saarstahl AG, stabilisation of the low number of accidents in 2012 reflected the improvement achieved. The internal frequency of accidents now lies at 6.8 (previous year: 6.3). In 2012 numerous behaviour-orientated measures were introduced in order to further improve work safety.

The workforce of the Saarstahl group as of 31.12.2012 comprises 3,791 employees of Saarstahl AG, 1,056 employees of Saarschmiede and 1,898 employees of the other companies in the group.

	31 Dec. 2011	31 Dec. 2012
Wage earners	5,437	5,159
Salary earners	1,599	1,586
Total	7,036	6,745

State-of-the-art training and further training

Saarstahl continues to attach great importance to a future oriented initial training. Key milestones included the continued construction work on the new education and further training centre. The number of apprentices and trainees remained almost constant, and developed in 2011 as follows:

	31 Dec. 2011	31 Dec. 2012
Trainees	429	371

Labour costs

Labour costs in the Saarstahl group increased by 1.2 % to € 418 million in the reporting year (2011: € 413 million).

Continued investments

The Saarstahl group pushed ahead with its investment programme for the year 2012. The emphasis here lay on the LD steel plant at Saarstahl at the Völklingen site as well as in the rolling mills in Burbach and Neunkirchen. The investments in the rolling mill at Burbach were successfully completed in 2012; further investments will come into effect in 2013.

At Saarstahl AG itself, the investment volume amounted to € 99 million (previous year: € 122 million). For the two indirect subsidiaries ROGESA and ZKS, the investment expenditure amounted to a total of € 56 million, of which Saarstahl carries half, in accordance with its participation in the companies. Saarschmiede GmbH Freiformschmiede recorded investments amounting to € 2 Mio.

LD Steel plant

Assembly of the facilities for the new secondary metallurgy was essentially completed in 2012. The new facility comprises 2 twin-ladle furnaces, injection station for solids, a vacuum facility (RH) and a sophisticated alloying facility with 34 bunkers. Within the context of the building of the facilities, a building with employee facilities, a workshop as well as an office building and a laboratory had to be moved or newly built, respectively. Initial functional tests were successfully carried out with the two twin-ladle furnaces, the injection unit, the central alloying facility, the water supply system and dust extraction unit. Assembly and subsequent, initial, cold functional tests on the vacuum degassing plant were also very promising so that the requirements for an on-schedule first treatment at the beginning of 2013 were created. It is expected that the system will go into full operation in the summer of 2013.

The extension of the existing alloying plant was also largely completed; the planned commissioning of the complete facility in mid-2013 is therefore realistic. The extension of the existing casting hall in an easterly direction was put into operation in September 2012. The new laboratory was able to carry out first testing assignments at the end of 2012 so that, after a transitional period, the old laboratory can be completely replaced in the first quarter of 2013.



A successful start – the new secondary metallurgy catapults Saarstahl into an even higher league.

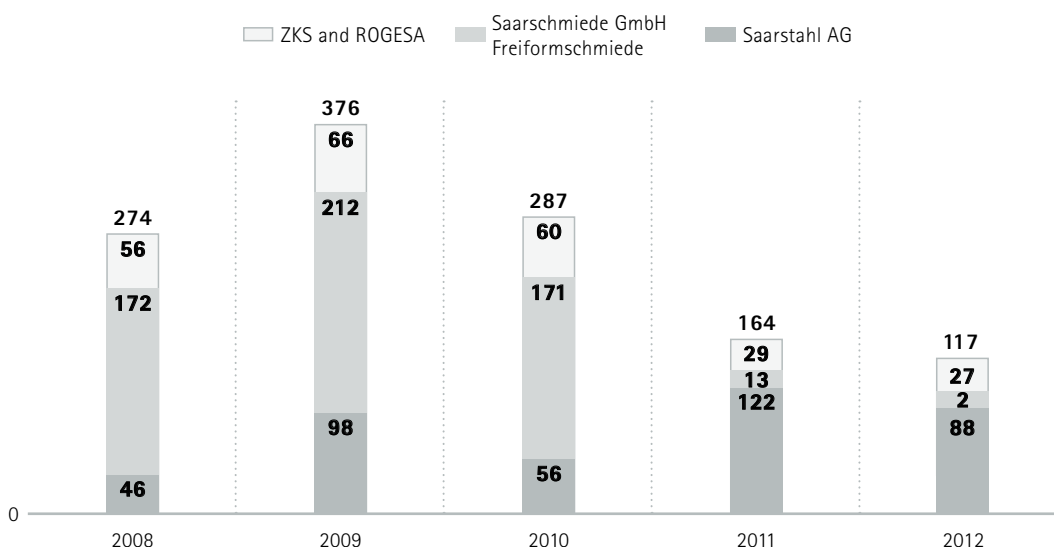
Rolling mills

In the summer of 2012, in the rolling mill in Burbach, the existing cropping and chopping shears in the four-strand intermediate line were replaced by new facilities. As a result of this investment of approx. € 4 million, it was possible to increase the shift output. Furthermore, the new system technology led to an increase in the output of the rolling mill due to more precise cropping and improved performance with material of greater thicknesses by increasing the final stage rolling speed.

For the Neunkirchen rolling mill, extension of halls 18, 19, 20 and 22 on line 31 was approved. This measure represents a first modular step within the context of a progress programme on line 31. Approximately 10,000 m² of new hall area are being created with comprehensive infrastructural adaptations such as rail and sewer connections. The investment volume amounts to € 11.5 million. In 2012, work on the column foundations, sewer and railway were completed. Furthermore, in the Neunkirchen plant, employees moved into the new internal administration building with its own company canteen in July 2012. The building has four storeys and provides space for approximately 70 employees.

Saarschmiede GmbH Freiformschmiede

After above-average investment in the years before, the year 2012 was characterized by consolidation and restraint. Of the investments amounting to € 2 million (previous year: € 13 million), € 1.7 million were used to purchase a ladle car for the electric steel plant.



Development of investments 2008–2012 (in € million)*

* Additions to tangible assets without minor goods

Innovation as the seed of success

Innovative, high quality products form the basis of our competitive capacity and sustainable success of the company. Continuous further development of products and processes, always focused on customer requirements, has therefore been an integral part of our corporate strategy for many years.

Further development of strengths

Activities for producing continuous-cast billets which are largely free of core segregation using soft-reduction technology were further intensified in 2012. Saarstahl is the first steel manufacturer in the world to use this process, which had previously only been used for continuous casting of slabs and blooms, also for casting continuous-cast billets in a casting format of 150 mm x 150 mm. For quite some time now, large scale production of bearing steels and hard grades of wire rod has been in operation for customers with especially demanding specifications in bearing steels and hard grades of wire. With tyre wire, homologation trials commenced at our main clients in 2012.

It continues to be of great importance to develop a quality of steel suitable for application as saw wire - a wire rod which can be drawn to the thinnest dimensions and used for cutting semiconductor crystals and which, as a result of the stringent requirements, is only offered by very few steel producers in the world. Saarstahl has established itself as a producer which is in demand in this field. However, the difficult market situation is currently impeding the desired increase in quantity although, from the technical point of view, this would be possible at any time.

A further focal point in 2012 was preparatory measures for the new secondary metallurgy. The Innovation Department is currently working intensively on trials which have been running since partial commissioning took place in November 2012 to achieve new, suitable slag compositions and to carry out the necessary adaptations to associated work processes. With the aggregates in the new secondary metallurgy, a further leap forward in quality is expected along with the opening up of new business fields.

After long years of development work, Saarstahl received internal approval from a European producer of springs for the first time for SiCr wire rod made in a direct continuous casting process

of 150 mm x 150 mm for engine valve springs. This represents a significant milestone for Saarstahl since demand for such applications is mainly fulfilled by wire rod produced in the Far East using the considerably more complicated method of continuous casting with primary rolling (multiple rolling of an initially thick cross section).

So that the processes can be carried out within the strictest tolerances in order to ensure the product quality, one firmly established part of development work is to continuously increase the process data recorded and the data analysis systems and simulation calculations based upon it.

Expansion of laboratory capacity

Expansion of the secondary metallurgy also made it necessary to increase the capacity of the chemical laboratory. Planning of the required new building was completed at the end of 2011. Building work began in the spring and lasted until autumn 2012. After that, the various appliances for analysis were set up. Commissioning of the laboratory facilities, which was begun in December, was completed in January 2013. A special challenge in this respect was that the work had to be carried out parallel to running operations in the steel plant.

Recognized quality management

Recognized quality is the basis of the central quality management department which organizes the continuation and extension of the quality management system as well as the system of internal audits. The successful result of this work can be seen in both the setting up an integrated management system (Quality, Environmental Protection, Work Safety and Energy Efficiency) and in certification according to DIN EN ISO 9001, ISO 14001 and ISO 50001 for Saarstahl AG and Saarschmiede GmbH Freiformschmiede as well as according to ISO/TS 16949 (Saarstahl AG) and DIN EN 9100 (Saarschmiede GmbH Freiformschmiede).

Activities for emission trading

The Saarstahl Group bindingly participates in emission trading with most of its facilities. Besides implementing statutory requirements and tracking and specialized supervision of legislative procedures at national and international level, the most important tasks include the identification and implementation of optional and obligatory courses of action.

Environmental protection in focus

The topics of the environment and environmental protection play a prominent role in current politics and in public debate. They are closely intertwined with the questions of power generation, use of energy, climate protection, the globalised economy and with the principle of sustainability in its ecological, economic and social dimension. The Saarstahl Group gives high priority to environmental protection in its corporate policy.

The Environmental Protection Department is available to provide support to the operative areas regarding all aspects of the environment. Furthermore, it is active as a control body and supervises the special areas of pollution control and water protection, waste recycling and closed loop recycling management, hazardous substances, environmental and safety management as well as Saarstahl's own waste disposal sites. The environment and safety management systems ensure adherence to statutory regulations as well as a process of continuous improvement. With targeted training courses for employees, the Saarstahl Group creates a high level of sensitivity for the impact which the activities of an individual may have on the environment. This approach guarantees business-like and open communication with the authorities and the general public.

Closed loop recycling management

The changes initiated in the year 2011 in the storage and transport of electric furnace slag were completed in 2012 by a transporter specially constructed for this transport. The material is safely transported in a hot transport system to the slag area in the slag processing unit, taking the relevant legal requirements for hazardous goods and waste disposal into account.

In closed loop recycling management, a possibility for recycling an additional iron dust fraction from the LD steelmaking plant was found. The amount to be disposed of at the waste disposal site could therefore be drastically reduced and a contribution made to conserving resources. On the plant's own waste disposal site in Hostenbach, a section which was no longer needed was closed and surface sealing was carried out over an area of approx. 1.5 hectares in close cooperation with the responsible regional government authorities.

Minimization of dust emissions

The new secondary metallurgy was equipped with a high-power dust extraction system which has an extraction capacity of approx. 600.000 m³/h. This allows further considerable relief of the existing steel plant dust extraction system and therefore also leads to an improvement in the emission situation there. Furthermore, a new lead extraction system on continuous casting facilities 3 and 4 was put into operation and so further minimization of dust in the area of the LD steelmaking plant was achieved. For better verifiability of the measurement results in the continuous dust measuring station which is already installed, an additional weather station was set up in this area.

Saarstahl was again successfully certified according to the international environmental management standard ISO 14001:2004 at the locations in Völklingen, Burbach, Neunkirchen and the Kalksteingrube Auersmacher GmbH and Saarschmiede GmbH Freiformschmiede. This certification documents that continuous efforts are being made to minimise the consumption of resources, the dust and noise emissions and amount of waste in the long term. A further focal point in 2012 was the internal training of approx. 200 employees. In a one-day basic seminar, they received initial information on the basics of environmental law. A second further training seminar, which led on from this, covered additional special topics such as dealing with noise and substances hazardous to water.

Optimum energy supply secured

In 2011, as one of the very first German steel manufacturers, Saarstahl AG was able to successfully complete the introduction of a certified energy management system according to DIN/EN 16001. In order to further increase energy efficiency, to implement energy savings and thus to sustainably secure the company's competitive capability, this energy management system formulates the aims and targets and coordinates the implementation taking the basic legal and energy political requirements into account.

During 2012, the changeover to the newly effective standard ISO 50001 took place. This globally applicable standard will completely replace DIN/EN 16001 in the medium term. With the implementation of measures for increasing efficiency, which are required within the context of certification, the energy consumption in production will be continuously critically checked and further reduced using all means which are economically justifiable. Saarstahl is thus meeting the increased expectations of customers, the general public and its employees with regard to the discussion on energy efficiency.

As part of SHS activities regarding the merging of departments, in the summer of 2012, the management levels of the energy departments at Saarstahl AG and AG der Dillinger Hüttenwerke were integrated into SHS Services GmbH. The newly created, comprehensive department is structured with an operative and a commercial section. The objective is to increase synergy effects resulting from the new structure and to promote a corporate policy which is orientated toward achieving the mutual optimum.

A further focus of the work in 2012 was to integrate essential business activities in connection with block 3 of the power station in Ensdorf into the energy operations. This power station block was leased by Saarstahl AG and Saarschmiede GmbH Freiformschmiede in the late summer of 2011. This step ensures an inexpensive and reliable power supply, which is also an important prerequisite for economical and secure steel production.

Procurement

In 2012, the markets for raw materials were initially characterized by the expansion of existing capacities and further progressing with new projects. In order to prevent an oversupply of raw materials being created, this process was slowed down. New projects were postponed; unprofitable coal pits and ore mines were put out of service or even closed down. On the consumer side, there was a decrease in demand in Europe as a result of the downward trend on the steel market. The rate of increase in the production of hot metal in China was lower compared with the previous years but China - with almost two thirds of the import tonnage of the entire global trading in ore - is, and will continue to be, the dominating factor on the raw materials markets.

High volatility in ore prices

On the global market for iron ore, a quarterly system of price fixing which reflects the spot market - with smoothing over a period of three months - has now established itself and correspondingly reinforces price volatility. After a considerable fall in ore prices from a very high level in the fourth quarter of 2011 they remained constant in the first six months of 2012 and, after that, fell back to the lowest level for several years. Since the low point in October, they have been showing a strong increasing tendency once again.

Coal and coke: decline in demand from China has an impact

The coking coal prices fell greatly in the course of 2012. In spite of a shortage of supply due to a four month industrial dispute (force majeure declaration) at an Australian supplier at the beginning of the year, especially the decrease in demand from China relieved tension on the price situation.

Successful procurement strategy

The procurement strategy of ROGESA and ZKS with inexpensive raw materials of suitable quality was also consistently implemented in 2012. It was therefore possible to secure additional purchase amounts of coke from third-party suppliers which were required as a result of refurbishment of ZKS, the supply of coke for injection could be secured with better conditions and the burdening material cost structure could be optimized. Supply was largely carried out based on long-term contracts.

Transport routes optimized

The shipping volume of the Saarstahl Group's sites reached approximately 2 million tonnes in 2012. The changeover which was begun in the previous year from trucks as a means of transport to the environmentally friendly means of the railway was consistently implemented – also with the aim of significantly increasing the amounts for direct loading. In spite of a reduction in railway wagon capacity at DB Schenker, it was always possible to provide the sites with suitable empty wagons.

In order to be able to benefit promptly from falling prices on the coking coal market, coking coal was freighted in the spot market to the greatest possible extent. The relevant market for shipping of iron ore with Capesize ships was below the already-low listings for the year 2011 – a market situation which was utilized to cover partial amounts on a long term basis. The supply of raw materials to the sites of the steel industry in Saarland could always be secured at any time.

Another important factor for the security of supply to the steel production site of Saarland is also the decision forced by the persevering commitment of many interest groups regarding the upgrading of the sluices on the Moselle. The stoppage of this upgrading, which had already been decided upon by the Federal Government, was revised and now work is progressing further.

Saar Rail extends its range of services

Up till now, Saar Rail GmbH was exclusively responsible for the internal railway activities of the Saarstahl plants. Last year, it applied for a "Safety Certificate" from the federal railway authority to enable it to also carry out transport in public railway operations. A requirement for this was the implementation of a comprehensive safety management system (SMS) and corresponding training of employees. After successful auditing in October 2012 and receipt of the relevant certificate, Saar Rail is now a fully-fledged freight railway and, from now on, authorized to carry out external transport, such as to German seaports. For this purpose, Saar Rail has rented 150 large capacity wagons. The objective is to further reduce freight costs within the Saarstahl group.

SHS Logistics bundles logistics activities

The wholly owned subsidiary of SHS, SHS Logistics GmbH, founded in 2011, has continued its activities regarding bundling the logistics activities of Dillinger Hütte and Saarstahl and their subsidiaries – in particular ROGESA and ZKS – according to plan. The aim is to increase synergy effects with regard to processes and costs. Tasks such as railway management, processing of export and customs, will therefore now be carried out together for the SHS Group.

Purchasing through SHS Services

SHS Services GmbH, also a wholly owned subsidiary of SHS, carries out services as an independent company for Dillinger Hütte, Saarstahl and further affiliated companies for the remaining purchasing requirements (e.g. raw material for the steelmaking plant such as alloys and refractory material). In 2012, these were characterized by sales problems as a result of the increasing slowdown in the international steel markets which led, particularly in Europe, to low procurement volumes in fields relevant for purchasing for steelworks. As a result, nearly all raw materials and additives as well as most technical procurement articles were under considerable price pressure, which led to a tangible reduction in prices in comparison with the previous year.

Parent Company Saarstahl AG

Personnel

Emphasis on industrial safety continues

Continuous further development of the industrial safety structure is a fundamental part of the corporate strategy. This is also reflected in the accident statistics which stabilised in 2012. The frequency of internal accidents (AF = Number of accidents with 1 day lost per 1 million working hours) only increased slightly and now lies at 6.8 (previous year: 6.3). Viewed overall, in the reporting year, there were 46 accidents with days lost (previous year: 42).

In 2012, a large number of industrial safety projects were started, most of which are conceived for the long term such as the implementation of the industrial operating regulations in the rolling mills. Risk assessment - a classic tool in accident prevention - will be newly structured and documented in 2012 in that it will be based on a behaviour-orientated approach. The aim is to increase awareness with regard to safety-relevant aspects even further in employees and management, including in the subsidiaries.

The reduction in accidents achieved last year along with the projects which are already running and those planned form a good basis for realizing the long term aim of halving the number of acci-

dents, step by step, in a three-year plan – based on 69 accidents with lost time in 2010.

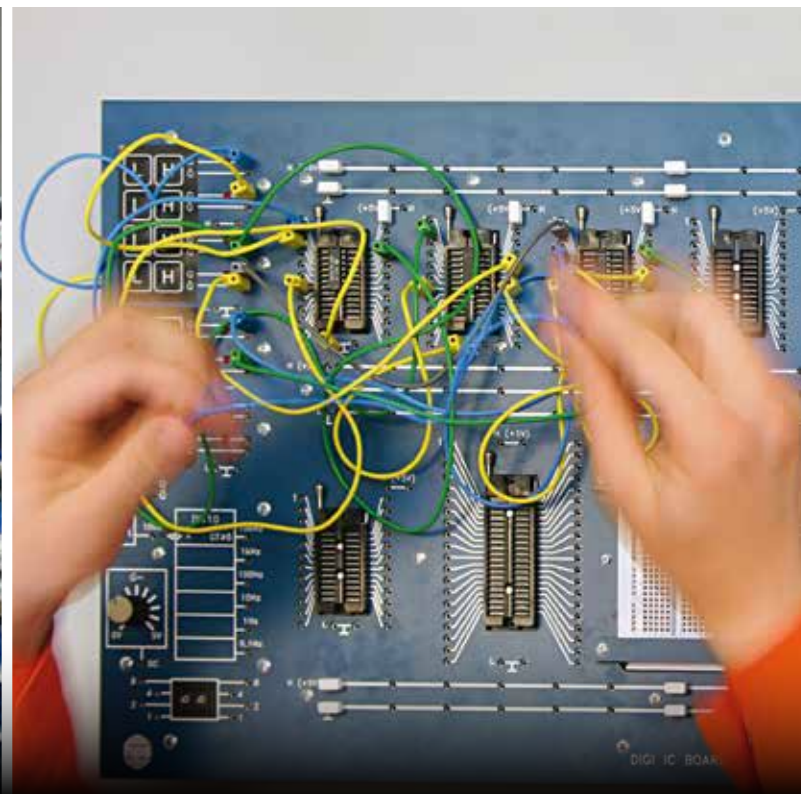
Workforce figures more or less constant

At Saarstahl, the number of employees fell by 114 to 3,791 in the reporting year (previous year: 3,905). This is particularly due to the instrument of part-time employment prior to retirement, which was also actively used in 2012 in order to provide older members of the workforce with a smooth transition from their working life into retirement. At the end of the year, a total of 35 members of the workforce were in the active phase of partial retirement and 450 in the inactive phase. 128 new employees were hired and 92 trainees were taken into employment at Saarstahl AG. 124 trainees were taken on in the whole group.

Measures in the field of personnel marketing were intensified in 2012. Together with Dillinger Hütte, Saarstahl took part in various fairs in order to counteract the lack of young employees and specialists. The fair "Abi – was dann?" is the largest fair in Saarland for orientation of school leavers. The objective is to create enthusiasm in young people for professional training in technical or commercial fields in one of the largest companies providing initial training in Saarland. Participation in the "Absolventenkongress" in Cologne, the most



Electrical training is now concentrated in the new training centre in Völklingen.



important personnel marketing fair in Germany offered the ideal forum for strengthening the brand as an employer in other regions too.

In order to fulfil the demand for specialists who are of critical importance for the company's success, in particular, specialists from study fields such as material sciences/metallurgy, Saarstahl provides scholarships together with the foundation for heavy industry in Saarland for young, talented school leavers from the region with university entrance qualifications to allow them to study metallurgy at the University of Duisburg-Essen. There are currently six scholarship students in the scholarship scheme, each of whom is closely involved in the company due to practical projects carried out during the course of their studies. Furthermore, in 2012, Saarstahl gave a total of 17 student trainees the possibility to gain initial practical experience parallel to their studies.

Up-to-date training and further training

At Saarstahl, the focus in 2012 also lay on up-to-date and practice-based initial training which was subject to a considerable increase in efficiency, in particular due to the merging of the training for electrical and metal processing professions under one roof in the new training centre at the Völklingen site. With the new training centre, which was officially opened in autumn 2012, Saarstahl now counts among the top companies offering initial training in Saarland.

In the year 2012, Saarstahl hired 74 new trainees (previous year: 91) and, including these, now employs a total of 303 trainees. In addition, there were 27 practical trainees who came from secondary school and 12 pupils doing a preparatory vocational training year (BGJ). For the first time in 2012, a three-day seminar was carried out for new trainees in order for them to become acquainted, be more quickly integrated into the company and for better acclimatization to the new phase in life.

The seminar rooms in the new training centre, which are equipped with state-of-the-art technology, are also used for further training of employees. The further training programme was extended to include the fields of industrial safety and health, work techniques and management topics. Overall, there were around 6,500 participants in different training courses, which corresponds to the level of the previous year.

Production

The production area at Saarstahl AG comprises of the core facilities of the steelmaking plant in Völklingen and three rolling mills which are located at the sites in Völklingen (Nauweiler), Burbach and Neunkirchen, respectively. The preliminary steps for production, i.e. the manufacture of coke and hot metal, take place at the Dillingen location with the two companies (participation SAG 50% each) ZKS und ROGESA.

Steelmaking plant

The LD steelmaking plant of Saarstahl AG in Völklingen is supplied with hot metal from ROGESA by rail and has three 170 t LD converters and four continuous casting facilities in which steel is cast into billets or slabs.

Due to the decline in economic demand, steel production fell by approx. 30,000 t compared with the previous year: In 2012, approx. 2 million t of hot metal were blown in the LD steelmaking plant and refined in the secondary metallurgy facilities. This resulted in a continuous casting production of approx. 2.25 million t. One focus of activities in 2012 lay on the new construction of the secondary metallurgy facilities, the largest investment in the steelmaking plant's existence. Besides doubling the vacuum capacity, this investment enables the steelmaking plant to considerably increase the portion of alloys in the liquid steel. Saarstahl is therefore able to offer its customers steels with alloy contents of up to 10%.

Rolling mill Völklingen

The rolling mill in Völklingen produces high quality steel on a semi-open line in round, square, hexagonal, flat and semi-finished forging dimensions. The product range covers round dimensions of Ø 38 mm to Ø 180 mm and, in semi-finished products for the customers, from 46.5 mm² to 200 mm². Also qualities which need to have a certain degree of formability are manufactured in the rolling mill in Völklingen in first class quality.

In the year 2012, it was possible to achieve a significant increase in the average shift outputs of the rolling mills from 647 t to 737 t. In spite of the economic trend being generally negative, in the rolling mill in Völklingen a total of approx. 480.000 t (in primary rolling) were produced in a hot rolling process which represents an increase compared with the previous year of approx. 10.000 t. Not all aggregates were always used at

full capacity during the reporting year, thus, the basic operating methods had to be adapted correspondingly. Following the market trend and therefore the customer requirements has led to a shift in focus towards further processing. For example, in the area "Inspection black", 155,500 t passed through. Compared with the previous year, this represents an increase of approx. 30.000 t.

Rolling mill Burbach

The rolling mill in Burbach with its broad range of products is one of the leading producers worldwide of drawing grades and, with a four-strand wire mill in the dimensional range of between 5 and 20 mm, it is one of the highest-performing facilities of its type.

In the year 2012, production could be increased by 9.6 % to 982,716 t (previous year: 896.700 t). By increasing the rolling speeds with different grades, reducing gaps between bars and through increased acquisition of structural steel grades in the last third of the year, it was possible to significantly increase the shift output by 125 t to 1,495 t/shift. On 17 October 2012, with 2,341 t, a new shift record was even achieved.

Rolling mill Neunkirchen

The rolling mill in Neunkirchen produces wire rod and bar which is used in mechanical engineering as well as in the electrical and automotive industries. Both bar steel and wire rod are manufactured in a combined, single strand line for light sections as well as a single strand wire rod line in the formats round, square, hexagonal and flat and as special profiles. The rolled steel types – free-cutting steels, quality and high grade steels, steels for springs and anti-friction bearings – are further processed by the customers to precision machined parts, forged parts, gear and engine components, connecting elements, vehicle springs and roller bearings.

The majority of bar and wire rod produced in Neunkirchen is delivered to the automotive industry via companies which carry out intermediate and further processing. The high and constantly increasing demands of this clientele require continuous adaptation and optimisation of the materials and technical equipment.

Against the background of the global debate on CO₂ emissions, lightweight construction of vehicles and the associated reduction in energy consumption are topics of great importance. The rolling mill in Neunkirchen provides materials, among other things, for engine technology, which can still easily be mechanically processed and possess the highest tensile strength and capacity to withstand stresses. Improved material properties have meant that the pressures in the diesel injection systems could be considerably increased, which contributed to significant fuel savings. Regular cooperation and an intensive, open and trusting dialog with renowned system suppliers in the highest "Tier 1" category ensure the continuous further development of Saerstahl's products.

Thanks to the successful conversion of the roughing line in rolling mill 32, in Neunkirchen billets with a broaching dimension of 180 mm x 180 mm can be used and the ring weight increased to > 2.6 t. Additional optimization of the material flow while retaining the proven rolling parameter also has a positive influence on the surface quality of the wire rod. In 2012, around 754,000 t of wire rod were produced in the rolling mills in the Neunkirchen plant.

Strategy: strengthen competitive position

For many years, Saarstahl AG has been using multifaceted instruments to spur on internal improvement processes and remain competitive in the long term. The appointment of a "Fully Authorized Representative for Strategic and Corporate Development" highlights the importance which the company places on efficient structuring and planning of future processes.

Saarstahl AG basically follows the strategy of compensating for fluctuations in demand due to economic cycles by ensuring a high degree of flexibility so that an adequate result is always achieved. This target is accompanied by a scheme whereby the development of all products and business fields is critically scrutinized with regard to their contribution to the result and their development potential. This is connected to the target of more closely interlinking the departments of Research & Development and Quality Management. The focus is on strengthening the technical competence of Saarstahl AG for new and existing products.

The activities of the subsidiaries in further processing are being newly aligned in this context: Based on a comprehensive analysis of the portfolio, any overlapping of products and markets is to be determined and removed. Possibilities are also being analysed for optimizing the activities in selected areas through cooperation with suitable partners (up to the point of acquisition).

With regard to exports to third-party countries, the commitment above all in China and the USA is to be considerably increased. The technical competence of the sales organisations in the relevant markets is improved, and it is being looked into whether own production facilities should be set up for suitable sites. Saarstahl is therefore fulfilling the wish of a number of European customers who already operate comprehensive production facilities in China.

In order to improve its own position with regard to costs, in 2012, Saarstahl started a strict cost optimisation programme which also takes synergy effects of cooperation with Dillinger Hütte and SHS into account. In addition, the existing measures for improving process technology within the context of Six Sigma projects, and the projects for improving delivery reliability, are being intensively further pursued.

An important building block here is the project "OTIF" (On Time In Full). The core feature of OTIF is to structure internal processes so that the product desired by the customer can be delivered on the required or agreed date, in the amount ordered without qualitative limitations. Apart from delivery reliability Saarstahl hopes to derive from this a high level of quality which meets customer-specific specifications.

As far as the plant technology is concerned, in 2013, the potentials of the latest investments are to be successfully positioned on the market. These include the new secondary metallurgy with which the change in the portfolio is being pushed forward up to high quality grades requiring vacuum treatment. This is of particular benefit for the rolling mill in Nauweiler where the investment of the last few years will bring about the expected positive economic effects.

Most important shareholdings

Zentralkokerei Saar GmbH, Dillingen

Saarstahl AG and Aktien-Gesellschaft der Dillinger Hüttenwerke each hold an indirect 50% interest in Zentralkokerei Saar GmbH. ZKS produces coke intended exclusively for use in ROGESA's blast furnaces. Coke production (1,008 kt) decreased from the previous year by 1.4% (1,022 kt), in part due to the refurbishment of Coke Oven Battery B1. ZKS is a company without employees. Personnel required for operation of the coking plant are provided by Dillinger Hütte.

Investments at ZKS in 2012 remained at a high level, amounting to € 47 million (2011: € 27 million). The central investment project was the refurbishment of Coke Oven Battery B1. After completion of the assembly of the buckstays and metal structure, Battery B1 was continuously heated up beginning in June of the year under review, allowing the first coke to be produced in October 2012. Following construction of Battery B3 in 2010 and the refurbishment of Battery B1 in 2012, both coke oven batteries are now state-of-the-art facilities. As a result, they contribute significantly to supplying the blast furnaces of ROGESA with top-quality coke as well as to improving environmental protection at the Dillingen site (see also the "Environmental protection" section). A progressive increase in coke production is planned for 2013,

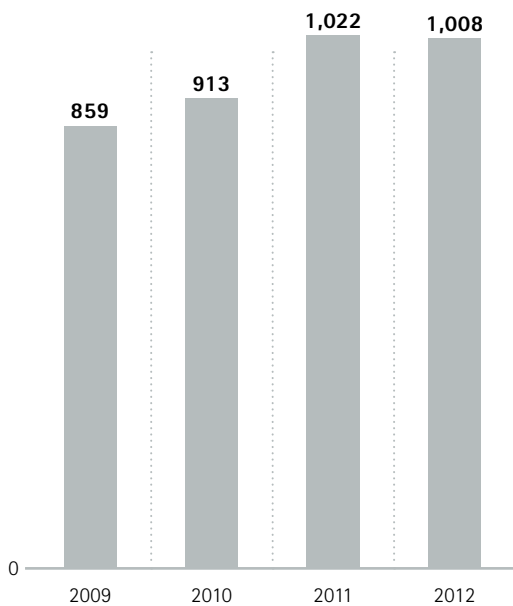
so that ZKS will successively reattain its original production capacity of around 1.2 million tons.

The tamping, charging and extracting machine (SBA 3) ordered during the previous year will start up operation in April 2013. This new machine will replace the two "old" machines and help optimize plant availability.

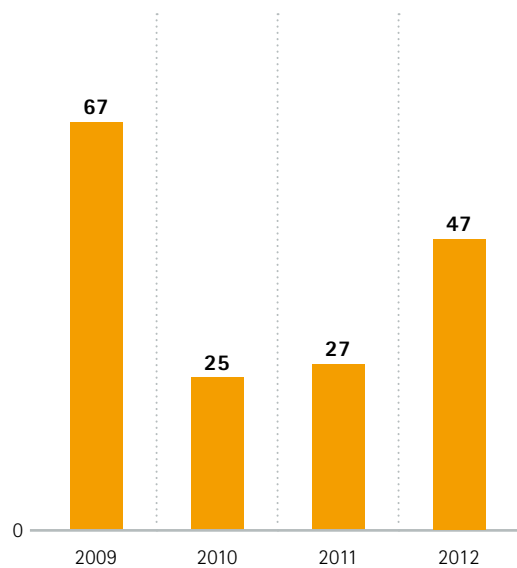
ROGESA Roheisengesellschaft Saar mbH, Dillingen

ROGESA Roheisengesellschaft Saar mbH, in which Saarstahl holds a 50% interest (indirect and direct), produces hot metal exclusively for its shareholders, Saarstahl AG and AG der Dillinger Hüttenwerke. Operational management of ROGESA, as a company without employees, lies in the hands of Dillinger Hütte.

Utilization of ROGESA plant capacities was at nearly the same level as the previous year. Annual production in 2012, at 3,990 kt, was 4% below the annual production for the previous year (4,176 kt). Of the quantity produced, 1,965 kt of hot metal was supplied to Dillinger Hütte (2011: 2,135 kt) and 2,025 kt went to Saarstahl (2011: 2,041 kt).



ZKS coke production (in kt)



Investments in plant, property and equipment at ZKS (in € million)

Investments at ROGESA amounted to about € 8 million during 2012 compared to € 30 million in the previous year. After successful completion of major projects in the area of ROGESA, such as an interim repair of Blast Furnace 4 and the repair of granulation and second relining of Blast Furnace 5, additional, smaller investments were made in these projects during the year under review.

Along with STEAG New Energies GmbH (49.9%) and VSE AG (25.2%), ROGESA holds a 24.9% stake in Gichtgaskraftwerk Dillingen GmbH & Co. KG.

Subsidiaries in the field of further processing

In 2012, the level of sales decreased slightly overall with around 384 kt of wire rod and steel bar products and the trend was towards what has been the average for many years. However, in the same way as the development for hot rolled steel, there were significant differences in individual sectors.

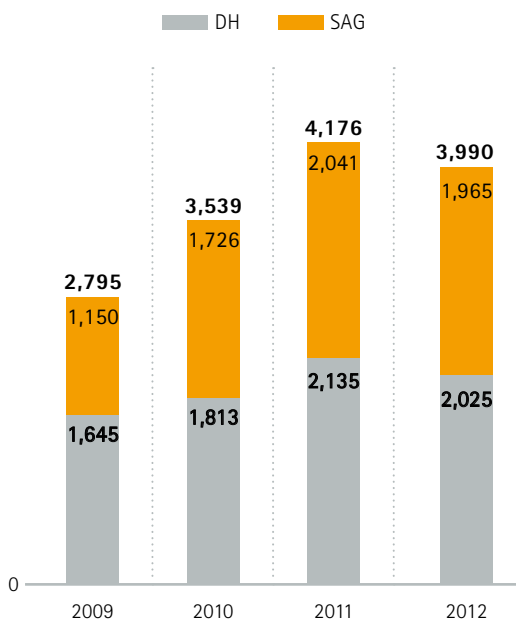
In those companies whose emphasis is on the automotive industry and mechanical engineering, the sales volumes only weakened slightly. One exception was the segment of tyre wire which came under competitive pressure due to a distinctly weak demand and aggressive imports. In this respect, imports from Asia that is from South Korea

and China, contributed increasingly to a critical under-usage of capacity of all European drawing plants including Sodetal.

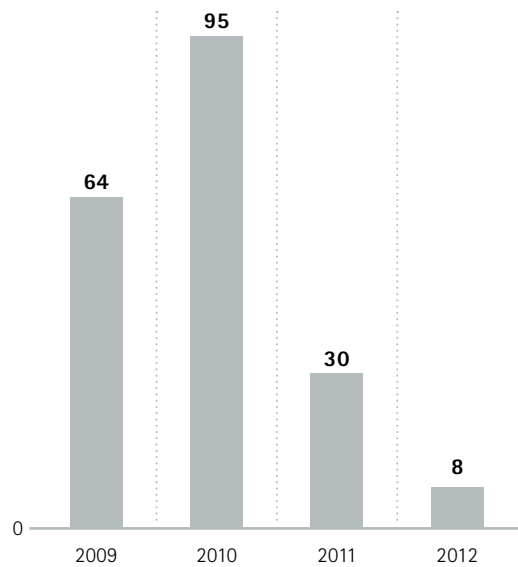
In the field of general industrial and drawing wire, the decline in quantities has been limited although tangible. This applies to both galvanized and bare wires. However, in spite of the fact that steel procurement prices also fell, an erosion of margins in this production step could not be avoided. This applies in particular to pre-stressing steel, which is used in concrete construction and which continues to be under considerable pressure with regard to quantity and price due to over-capacity in southern Europe. The situation is similar for clamping and stapling wire where pressure regarding price and quantity is mainly created due to imports from Eastern Europe and Asia.

Special products such as cold rolled strip steel or high-alloy welding wire have generally been able to more or less maintain the volume of sales of the previous year. The margin pressure on these products was also within manageable limits.

In 2012, the eleven independent companies for further processing achieved sales revenues of € 446 million (previous year: € 495 million) with a shipping quantity of 384 kt (previous year: 414 kt).



Hot metal production by ROGESA for SAG and DH (in kt)



Investments in plant, property and equipment at ROGESA (in € million)

The EBIT of all further processing subsidiaries amounts to € 8 million (previous year: € 5 million). The focus of investments in 2012 continued to be the re-alignment of cold heading activities by concentrating processing on the St. Ingbert site.

For 2013, the further processing companies are planning to stabilise sales volumes and to return to a balanced overall result for the year.

Saarschmiede GmbH Freiformschmiede

General situation on the market

Even two years after the reactor accident in Fukushima, energy markets are in upheaval. Whereas Germany, Japan and partially France are pushing further ahead with the nuclear phase-out, in the USA, for the first time in 30 years, construction of two new nuclear power plants was approved. The prognosis that shortfalls in the power supply due to the phasing out of nuclear power could be compensated through new construction or modernisation of coal and gas power stations did not prove to be true in 2012. Irrespective of energy sources, global investment activities in power plant construction declined. For cost reasons, but also to increase efficiency and reduce CO₂ emissions, power companies carried out retrofitting projects in 2012 whereby older facility parks were modernized in order to extend their life cycles. Growth in the field of renewable energy was sustained above all in Germany. The question of storage capacity and adequate network structures remained open, however.

Business development

The year 2012 was a difficult year for Saarschmiede GmbH Freiformschmiede. The continuing unfavourable economic situation, the sustained uncertainty on the energy markets and a halt in investments led to a considerable slump in profit and sales. The aggressive price war which dominated competition in 2012 also had an impact so that there were partial gains in market share but still a decline in sales.

So it was all the more decisive that the additional business fields identified in the previous year such as hydro-power, nuclear waste containers and tool steel, were further developed in order to provide Saarschmiede with a broader basis. In a positive light, the cooperation with Dillinger Hütte

should be mentioned. The product portfolio could be additionally extended through receipt of the ASME Quality System Certificate (QSC-659) as "Material Organization". The ASME approval enables Saarschmiede to have quality-assured manufacture, documentation and delivery of forgings for applications in the primary area of nuclear power plants.

The annual turnover in 2012 amounted to € 275 million and therefore fell by 13.25% compared with the previous year (€ 317 million). Of the investments amounting to € 2 million. (previous year: € 13 million), € 1.7 million were utilized for the procurement of a ladle car for the electric steel plant. Saarschmiede confronted the difficult year with socially-compatible adaptation of personnel, largely realised through part-time work prior to retirement and natural fluctuation. The workforce therefore decreased to 1,056 employees by 31.12.2012 (previous year: 1,153).

Saarschmiede GmbH Freiformschmiede consists of three business divisions:

Power generation machinery

The market segment power generation machinery represents the largest sales market of Saarschmiede with a share of approx. 80% of the annual turnover. For many decades, the company has been an established manufacturer of sophisticated open-die forgings for gas and industrial turbines, steam turbines for fossil and nuclear applications as well as for generators and is a key supplier worldwide to all leading OEMs (Original Equipment Manufacturers; power plant construction). Sales in the field of power generation machinery decreased in 2012. This is due to restraint in power plant construction overall and, in particular, to the lack of business in the field of gas turbines. The situation was made more severe by competitive pressure and the price war which is currently dominating the markets.

General machinery

The field of general machinery includes the production of forgings for the primary nuclear cycle, for container and press construction, rollers for bending machines, shafts for the mining industry, ship shafts, spin casting moulds and tool steel. In this business division, Saarschmiede was able to increase its sales slightly in spite of a difficult market environment. Here, too, there was compe-



Saarschmiede is one of the top addresses worldwide for heavy forgings for power generation applications.

titive pressure and intense price war but it was possible to counteract these by strategically extending the business divisions and by increasing cooperation with Dillinger Hütte. In the business division of tool steel, re-positioning of Saarschmiede was successfully continued. In particular special products with large dimensions such as ingots made of plastic-mould steel for the automotive industry, carry very promising potential.

Special Materials

The product segment of special materials comprises standard products for the aerospace industry, high alloy forgings for components in power generation machinery and, occasionally also for general machinery as well as nuclear waste containers and applications for the hydro-power market. Due to the restraint on behalf of the nuclear industry, the global halt in investments and the over-capacity in large forges, the sales curve also declined in the special materials division in 2012. With the continuous further development of the business portfolio already started in the previous year, it was possible to compensate for this negative development comparatively well.

Sales companies

In Germany, Sairstahl AG sells its products through direct marketing and in other countries in Europe largely via its own distribution networks with subsidiaries in France, Italy, Belgium, Switzerland, the Czech Republic and Turkey. Worldwide, Sairstahl AG is represented with its own sales organisations in the USA, China (Hongkong and Shanghai), India and Malaysia. In other European countries and in the markets of third countries, Sairstahl-Export GmbH in Düsseldorf is responsible for sales.

The emphasis of the international distribution organisation lies on sales of the long products of Sairstahl AG and its subsidiaries. To a limited degree, trading deals are carried out and external companies are represented.

In 2012, there was a decrease in exports to third countries compared with the previous year. At the same time, besides a partial weakness in demand significant over-capacity in China due to increased exports, in particular to South East Asia, for the first time, led to negative effects. In addition, the weak price levels in Turkey, India and in the whole of Eastern Asia made it difficult to record

any adequate revenues in the books. Increased sales volumes on the domestic market and in EU export markets due to targeted acquisitions over-compensated the decline in exports to third countries.

The sales companies achieved a result of approx. € 3 million (2011: € 4 million) in 2012.

Aktien-Gesellschaft der Dillinger Hüttenwerke

Aktien-Gesellschaft der Dillinger Hüttenwerke (Dillinger Hütte), Dillingen, specialises in the manufacture of high quality heavy steel plates. In cooperation with its subsidiary GTS Industries S.A. in Dunkerque, France, Dillinger Hütte is the world leader in its market segment.

Market for heavy plate suffers due to economic slow-down

As a consequence of the general economic downturn, from the second quarter onwards, there was a general decline in demand on the market for heavy plate coupled with falling prices. The production output of European heavy plate manufacturers decreased by around 5% in 2012 compared to the previous year. The average utilization of capacity in 2012 lay at 65%. At the same time, not least because of the low price level, the European market lost attractiveness for third country imports, which decreased by 20% from the beginning of the year. Without taking the market for large pipes into account, the visible market consumption in Europe fell by more than 6% in 2012, but there was a slight upward tendency again at the end of the year.

Dillinger Hütte: Quantities and revenues under pressure

2012 was characterized for Dillinger Hütte by fluctuating but all in all still satisfactory utilisation of capacity. In spite of the difficult market situation and decreasing production quantities and sales revenues, it was possible to achieve positive results also in 2012. Dillinger Hütte continued its strategy of continuously investing in the optimisation and modernisation of facilities and processes even in economically difficult times. Investments in 2012 increased significantly again.

Steel production as well as production in the two rolling mills, i.e. at Dillinger Hütte itself and at its wholly owned subsidiary GTS Industries, fell compared with the previous year and were almost on

the level of 2010. The procurement of hot metal with 1,965 kt (2011: 2,135 kt) fell by 8.0% along with the production of crude steel with 2,298 kt (2011: 2,497 kt) which fell by 8.0% compared with the previous year. As in the previous years, the production of steel covered the supply of slabs for the rolling mill in Dillingen as well as the essential requirements of slabs for GTS Industries. The production of the rolling mills (1,882 kt) decreased by a total of 10.8% compared with the previous year (2,110 kt) whereby 1,309 kt of heavy plates (2011: 1,425 kt) were produced in Dillingen and 573 kt of heavy plates (2011: 685 kt) in Dunkerque.

Revenues from sales in 2012 were lower than the turnover for the previous year, above all due to a significant fall in sales: € 2,351 million compared to € 2,499 million in the previous year (- 5.9%). Total sales of heavy plates fell from 2,104 kt in the previous year to 1,856 kt (- 11.8%) in 2012 whereby the decrease in sales for normal steel plates exceeded the decrease for pipe plate.

The EBIT (Earnings Before Interest and Tax) amounted to € 209 million (2011: € 163 million) and the EBITDA (Earnings before Interest, Tax, Amortization and Depreciation) amounted to € 266 million (2011: € 220 million). The ROCE in the reporting year was 10.6% (previous year: 8.9%).

Number of employees fell slightly

At the location in Dillingen, at the end of the reporting year, the workforce comprised 5,377 employees (31.12.2011: 5,464). These worked at Dillinger Hütte itself, at Zentralkokerei Saar GmbH and at ROGESA Roheisengesellschaft Saar mbH. 179 employees were hired in 2012. Furthermore, 97 trainees and two people doing retraining were taken on. On the other hand, a large number of people reached retirement age so that the overall number of employees compared with the previous year fell by 87 employees (- 1.59%). At the end of the business year, there was a workforce of 624 (31.12.2011: 618) was employed at the wholly owned subsidiary GTS Industries S.A. in Dunkerque. After a continuous improvement in the accident statistics at Dillinger Hütte over the previous years, no further reduction was achieved after 2009. The number of accidents with 1 or more days lost lay at 48 in 2012 (2011: 40) and the frequency of accidents lay at 5.4 (number of acci-

dents with one day lost per 1,000,000 working hours) and was therefore, in comparison, within the national average.

Renewed increase in investments

With an investment volume of € 171 million, the investments at Dillinger Hütte in the year under review were again significantly above the already high level of the previous year of € 95 million.

The emphasis of this investment is on the new continuous casting facility CC 6, with which Dillinger Hütte is highlighting its leading role in technology for the manufacture of high-quality continuous cast slabs for the most stringent heavy plate specifications. On 6 Feb. 2012, the ground-breaking ceremony for the largest single project in the company's history with an investment volume of over € 300 million took place. By the end of 2012, foundation work on the deepest part had largely been completed and in spring 2013, the steel construction work for the extension of steelmaking plant 5 will begin. The new two-strand CC 6 ensures the supply of slabs to the two heavy plate rolling mills in Dillingen and Dunkerque and will replace continuous casting facility 3.

In order to fulfil the increased demand for vacuum treated steel with a very high degree of cleanliness, a new vacuum plant (VD 4) was set up. The assembly work was completed in December 2012 so that trial operations can begin in February 2013.

Investment in the rolling mill was focused on the slab finishing line: thus, a new 90 tonne slab transport crane replaced the old crane, also because of increased slab weights. Furthermore, the building of the foundations for a new slab turnover device was completed and final assembly and commissioning are planned for April 2013. An additional burr removal system, which removes material occurring during the flame cutting process, also contributes to the process optimisation in the production line. In order to reduce the large amount of time needed for manual measurement and to achieve more precise measurement results, a new planeness measuring device for plates was each installed for the rolling mill and annealing plant in Hall 12.

Consolidated financial statement for the year ended 31 December 2012

Balance sheet

	31 December 2012		31 December 2011	
	K€	K€	K€	K€
Assets				
A. Fixed assets				
I. Intangible assets	5,956		4,978	
II. Tangible assets	1,278,958		1,284,036	
III. Financial assets	1,050,698		1,030,286	
		2,335,612		2,319,300
B. Current assets				
I. Inventories				
1. Raw, auxiliary and operating materials	276,658		361,348	
2. Unfinished products, unfinished services and finished products	410,280		500,409	
3. Downpayments received on orders	-1,163	685,775	-728	861,029
II. Accounts receivable and assets				
1. Trade accounts receivable	318,841		328,918	
2. Accounts receivable from affiliated companies	34,044		36,912	
3. Accounts receivable from companies where a participatory interest exists	12,161		43,709	
4. Other assets	132,392	497,438	128,709	538,248
III. Cash balance and credit with financial institutions		311,181		268,210
		1,494,394		1,667,487
C. Accruals and deferrals		2,009		1,385
D. Deferred taxes on the assets side		2,008		-
E. Debit difference in assets in the calculation of assets		25		514
		3,834,048		3,988,686

Liabilities	31 December 2012		31 December 2011	
	K€	K€	K€	K€
A. Equity				
I. Subscribed capital	200,000		200,000	
II. Capital reserves	44,014		44,014	
III. Other retained profit	1,187,539		1,182,434	
IV. Balance sheet profit	1,336,865		1,361,841	
		2,768,418		2,788,289
B. Reserves				
1. Reserves for pensions	17,702		17,925	
2. Reserves for taxes	15,552		24,550	
2. Other reserves	172,683		195,144	
		205,937		237,619
C. Liabilities				
1. Liabilities towards financial institutions	468,754		540,169	
2. Downpayments received on orders	1,445		-	
3. Trade liabilities	193,360		185,318	
4. Liabilities from the acceptance of drawn bills of exchange and and issue of own bills of exchange	240		159	
5. Liabilities towards affiliated companies	7,624		6,569	
6. Liabilities towards companies where a participatory interest exists	41,966		38,955	
7. Other liabilities	145,307		141,162	
		858,696		912,332
D. Accruals and deferrals		997		745
E. Deferred taxes on the liabilities side		-		49,701
		3,834,048		3,988,686

Profit and loss statement

	2012 K€	2011 K€
1. Sales revenues	2,491,626	2,672,730
2. Changes in inventory and internally produced and activated assets	-66,998	104,299
3. Other operating income	72,666	93,165
	2,497,294	2,870,194
4. Material costs	1,809,284	1,999,653
5. Personnel costs	417,643	413,023
6. Depreciation and amortization of intangible assets, of fixed assets and tangible assets	138,079	144,403
7. Other operating expenses	169,186	158,148
	-36,898	154,967
8. Income from participations	45,920	54,770
9. Interest income	-19,945	-15,283
10. Results from ordinary activities	-10,923	194,454
11. Taxes on income and earnings	-46,125	2,238
12. Other taxes	3,600	3,980
13. Net income for the year	31,602	188,236

Cash flow statement

	2012 K€	2011 K€
Net income for the year	31,602	188,237
Amortization and depreciation/appreciation		
- Intangible assets and tangible assets	138,079	155,074
- Financial assets	-43,359	-53,804
Changes in long-term reserves	-223	-1,315
Expenses and income not affecting payments	-51,709	-10,192
Cash flow according to DVFA/SG *)	74,390	278,000
Changes in inventory and outstanding payments	215,928	-116,123
Result from the disposal of fixed assets	-432	-1,268
Changes in the remaining reserves and liabilities	-13,429	-173,552
Operating cash flow	276,457	-12,943
Investments in		
- intangible assets and tangible assets	-135,343	-231,671
- financial assets	-5,245	-16,239
Disposal of assets	1,797	17,059
Dividends from equity companies	20,655	27,014
Cash flow from investment activities	-118,136	-203,837
Changes in long and short-term financial liabilities	-71,415	140,111
Dividend payments	-56,000	-44,000
Repayments from loan to SHS	12,065	9,643
Cash flow from financial activities	-115,350	105,754
Changes in liquidity	42,971	-111,026
Liquid assets at the beginning of the period	268,210	379,236
Liquid assets at the end of the period	311,181	268,210
Change in liquid assets	42,971	-111,026

*) DVFA/SG: German Association for Financial Analysis and Investment Consulting / Schmalenbach Association

**) Presentation according to uniform regulations for the group led to further opening up of the capital flow calculation and to changes in the systematic presentation. As a result of this measure, it was necessary to adapt the presentation of individual data for the previous year.

Listing of shareholdings

	Capital share		Equity 31 December 2012 K€	Result for the business year 2012 K€
	direct %	indirect %		
1. Full consolidation				
§ 294 Section 1 German Comm. Code				
Affiliated companies				
a) Inland				
Saar-Blankstahl GmbH, Homburg	100.00		49,414	3,528
Saar-Bandstahl GmbH, Völklingen	100.00		12,894	1,407
Saarstahl-Export GmbH, Düsseldorf	100.00		6,163	1,316
Metallurgische Gesellschaft Saar GmbH, Völklingen	100.00		13,121	1,583
Saarschmiede GmbH Freiformschmiede, Völklingen	99.95	0.05	193,940	-48,651
Saarstahl Finanzanlagen GmbH, Völklingen	100.00		5,659	2,678
Drahtwerk St. Ingbert GmbH, St. Ingbert	2.49	97.51	12,729	-7,160
Drahtwerk Luisenthal GmbH, Völklingen ¹⁾		100.00	4,851	0
DWK Drahtwerk Köln GmbH, Cologne	3.62	96.38	14,593	253
Schweißdraht Luisenthal GmbH, Völklingen		100.00	1,812	388
Stahlguss Saar GmbH, St. Ingbert	100.00		4,156	-1,398
Saar Stahlbau GmbH, Völklingen	100.00		8,459	-1,852
Saar Rail GmbH, Völklingen	100.00		11,492	844
Saarstahl Beteiligungsgesellschaft mbH, Völklingen	100.00		4,357	-7
b) Abroad				
Secosar S.A.S., Fontenay-sous-Bois / France	99.99	0.01	16,471	1,131
Conflandey Industries S.A.S., Port-sur-Saône / France	80.00	20.00	4,462	-568
S.P.M. Participation S.A.S., Fontenay-sous-Bois / France	100.00		1,476	-88
Sodetal S.A.S., Tronville-en-Barois / France		100.00	-3,700	-8,877
2. Proportionately consolidated companies				
Dillinger Hütte und Saarstahl Vermögens- verwaltungs- und Beteiligungs-OHG, Dillingen	50.00		265,491	1,864
ROGESA Roheisengesellschaft Saar mbH, Dillingen ¹⁾	24.50	25.50	224,636	0
Zentralkokerei Saar GmbH, Dillingen ¹⁾		50.00	137,212	0
3. Consolidation at equity § 312 German Comm. Code				
DHS – Dillinger Hütte Saarstahl AG, Dillingen ²⁾	37.50		3,000,999	113,692

	Capital share		Equity 31 December 2012 K€	Result for the business year 2012 K€
	direct %	indirect %		
4. Waiver of consolidation				
acc. to § 296 Section 2 Art. 1 German Comm. Code				
Saarsteel Inc., New York ^{3) 4)}	100.00		216	69
Saarstahl-Export Ltd., Hongkong / China ⁴⁾		60.00	1,188	-1
Saarstahl (S.E.A.), Petaling Jaya / Malaysia ^{3) 4)}		100.00	100	2
EUROFIL Polska, Warsaw / Poland ⁴⁾		98.00	-68	-11
Saarstahl Export India Pvt Ltd, Mumbai / India ⁴⁾	1.00	99.00	145	59
Saarstahl Demir Celik Sanayi Ltd., Istanbul / Turkey ⁴⁾		100.00	80	-17
Saarstahl s.r.o. Ostrava / Czech Republic ⁴⁾		100.00	117	109
Saarstahl-Vermögensverwaltung GmbH, Völklingen	100.00		7,079	315
SAG Medienversorgungs-GmbH, Völklingen	100.00		16,030	-56
SIB-Immobilien-gesellschaft mbH, Völklingen		100.00	51	-2
Neunkircher Eisenwerk Wohnungsgesellschaft mbH, Völklingen	100.00		8,894	105
Gewerbe- und Wohnpark Heubügel GmbH, Völklingen		89.00	32	-4
FORGE Saar GmbH, Völklingen	100.00		91	-4
44. Vermögensverwaltungs- und Beteiligungs-GmbH, Völklingen		100.00	2,825	-4
45. Saarstahl Beteiligungsgesellschaft mbH, Völklingen	100.00		91	-4
Secosar-Etirage S.A.S., Fontenay-sous-Bois / France		100.00	1,734	-342
Quinofer S.A.S., Fontenay-sous-Bois / France		100.00	1,019	79
Saarstahl AG, Zurich / Switzerland ⁴⁾	97.50		3,616	-127
Les Aciers Fins de la Sarre S.A., Liège / Belgium	95.83	4.17	3,313	226
Acciai della Saar SpA., Milan / Italy	100.00		1,470	156
Tréfileries du Beuchot S.A.S., Saint-Loup-sur-Semouse / France		98.80	342	-80
Metalfil S.A., Granollers Barcelona / Spain		100.00	607	-24
FILMETAL S.A., Bussy-Saint-Georges / France		99.17	1,841	-156
Sodetal s.r.o., Kosice / Slovakia		100.00	368	-395
ROGESA Beteiligungsgesellschaft mbH, Dillingen		50.00	3,022	-6
5. Waiver of consolidation				
acc. to § 311 Section 2 German Comm. Code				
GAL Zentralkokerei Saar Besitzgesellschaft mbH & Co. KG, Dillingen		24.50	15,726	1,014
1. Dillinger Projekt GmbH, Dillingen	50.00		101	-5
Kraftwerk Wehrden GmbH, Völklingen ³⁾	33.33		10,627	0

¹⁾ A profit and loss transfer agreement exists.

²⁾ Data is based on the result for the group.

³⁾ Data refers to the previous year as no final result was available when the financial result was drawn up.

⁴⁾ Currency of the country converted into €.

Imprint

Publisher:

Saarstahl AG
66330 Völklingen

Phone: +49 6898 10-0

Fax: +49 6898 10-4001

E-Mail: saarstahl@saarstahl.com

Internet: www.saarstahl.com

Editor:

Ute Engel, SHS – Stahl-Holding-Saar GmbH & Co. KGaA, Dillingen

Ulrike Jungmann, SHS – Stahl-Holding-Saar GmbH & Co. KGaA, Dillingen

Concept/Design:

7°OST Werbeagentur GmbH, Saarbrücken

Wolfgang Schmitt, SHS – Stahl-Holding-Saar GmbH & Co. KGaA, Dillingen

Photos:

Dirk Martin, Saarstahl AG

Production:

GBQ Saar mbH, Völklingen