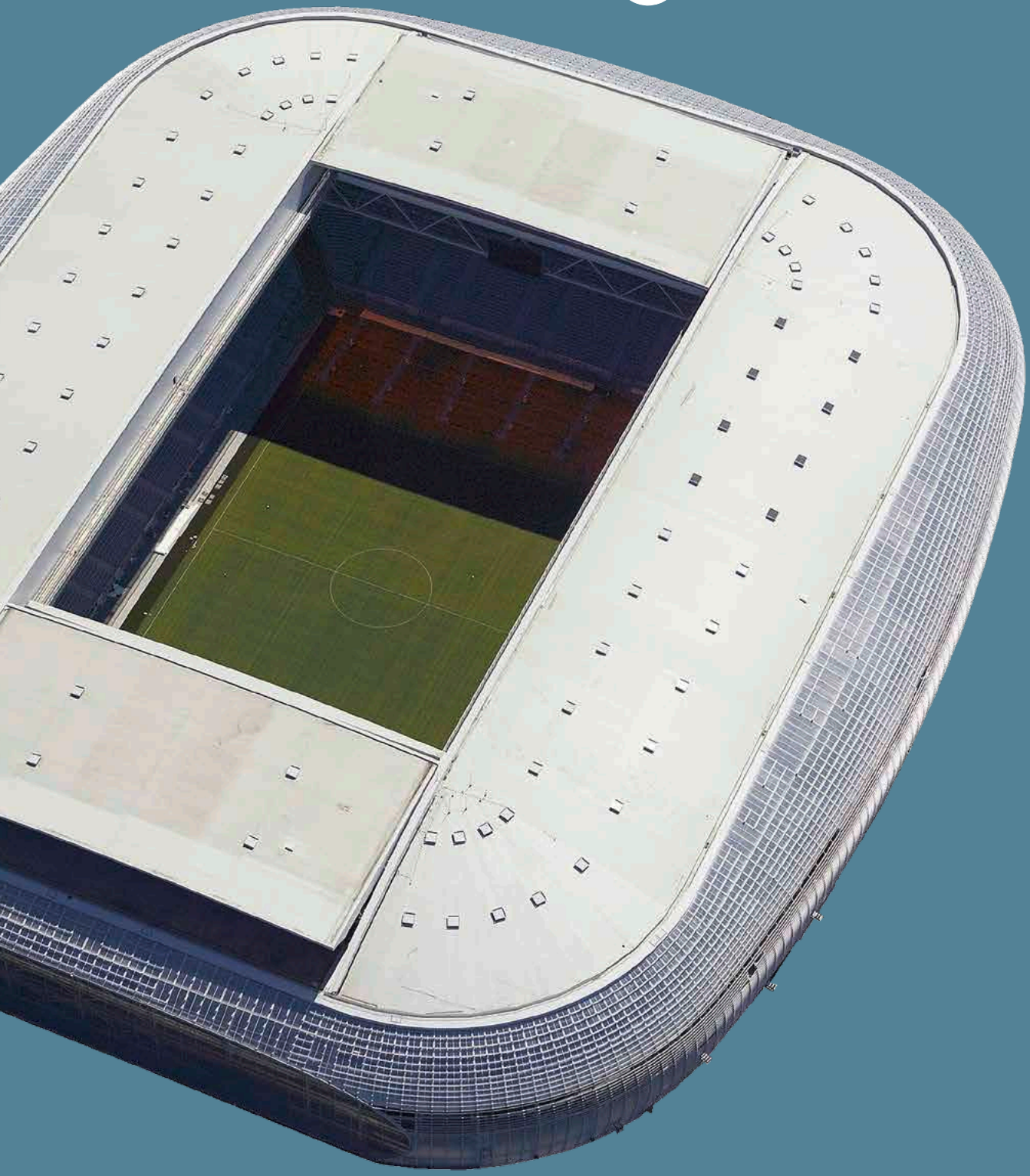
DILLINGER HÜTTE



EXECUTIVE SUMMARY OF THE 2013 FINANCIAL STATEMENT

KEY FIGURES

	2012	**2013**	Change
Hot metal purchase in kt*	1 965	**1 744**	– 11.2 %
Crude steel production in kt	2 298	**2 023**	– 12.0 %
Total production of heavy plate in kt	1 882	**1 660**	– 11.8 %
of which produced in Dillingen in kt	1 309	**1 114**	– 14.9 %
of which produced in Dunkerque in kt	573	**546**	– 4.7 %
Total shipment in kt	2 499	**2 291**	– 8.3 %
of which heavy plate in kt	1 856	**1 677**	– 9.6 %
of which semi-finished product in kt	643	**614**	– 4.5 %
Sales by country in millions of €			
Germany	739	**608**	
France	569	**408**	
Other EU countries	522	**433**	
Other exports	521	**367**	
Total sales	2 351	**1 816**	– 22.8 %
Total workforce (excluding trainees) as of 31 Dec.	5 377	**5 291**	
Personnel expenses in millions of €	353	**372**	
Balance sheet total in millions of €	2 949	**2 872**	
Fixed assets in millions of €	1 734	**1 894**	
Investments	220	**231**	
Shareholders' equity in millions of €	1 837	**1 747**	
EBITDA in millions of €	266	**3**	
EBIT in millions of €	209	**– 53**	
Earnings from ordinary activities in millions of €	194	**– 87**	
Net result before profit transfer in millions of €	192	**– 90**	
Cash flow from operations in millions of €	363	**70**	

** Total production ROGESA Roheisengesellschaft Saar mbH: 3 945 kt (2012: 3 990 kt)*

Cover Picture:
High-tech steel by Dillinger Hütte for the „Stade Pierre Mauroy", honored with the European Steel Design Award in 2013

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** This abridged English-language financial statement is an excerpt from the annual report of Dillinger Hütte for the 2013 financial year. This publication does not constitute the complete form required by law (for this, please see the 2013 Annual Report for Dillinger Hütte in German).*

MEMBERS OF THE SUPERVISORY BOARD

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MICHAEL FISCHER Dillingen *(as of 11 January 2013)*	*Chairman of the Dillinger Hütte Works Council*
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ROBERT HIRY Rehlingen-Siersburg	*Primary Authorized Representative for IG Metall Völklingen Administrative Office*
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FRIEDEL SCHMIDT Merten *(as of 11 January 2013)*	*Member of the Dillinger Hütte Works Council*
CLAUDE SEYWERT Luxembourg	*Head of Strategy and Development, Creos Luxembourg S.A.*
ERICH WILKE Königstein / Taunus	*Bank Executive (ret.)*
HENNER WITTLING Ottweiler	*Member of the Executive Board of the Curatorship for the Montan-Stiftung-Saar*

MEMBERS OF THE BOARD OF MANAGEMENT

Dr. KARLHEINZ BLESSING	*Chairman*
Dr. NORBERT BANNENBERG	*Chief Technical Officer*
Dr. GÜNTER LUXENBURGER	*Chief Sales Officer*
FRED METZKEN	*Chief Financial Officer*
PETER SCHWEDA	*Chief Human Resources Officer/Labor Director*

Fred Metzken, Peter Schweda, Dr. Norbert Bannenberg, Dr. Karlheinz Blessing, Dr. Günter Luxenburger (from left to right)

REPORT OF THE BOARD OF MANAGEMENT (abridged)

The company's fundamentals

The core business of Aktien-Gesellschaft der Dillinger Hüttenwerke, in the following referred to as Dillinger Hütte (DH), is the manufacture and sale of heavy plate in the form of normal and pipe plate. This is accompanied by the activities of an integrated steel mill, including the production of coke and hot metal through the subsidiaries Zentralkokerei Saar GmbH (ZKS) and ROGESA Roheisengesellschaft Saar mbH (ROGESA), both jointly held with Saarstahl AG, or the production of liquid steel and semifinished products. In downstream stages, trading, flame-cutting and treatment businesses offer additional services and customized solutions in sales, in the processing of heavy plate and in other steel products.

SHS - Stahl-Holding-Saar GmbH & Co. KGaA (SHS) is the direct and indirect majority shareholder of Dillinger Hütte as well as of its affiliated company in Saarland, Saarstahl. SHS is the wholly owned subsidiary of Montan-Stiftung-Saar, and the two companies cooperate closely under its umbrella.

Financial report

Overall economic and sector-related conditions

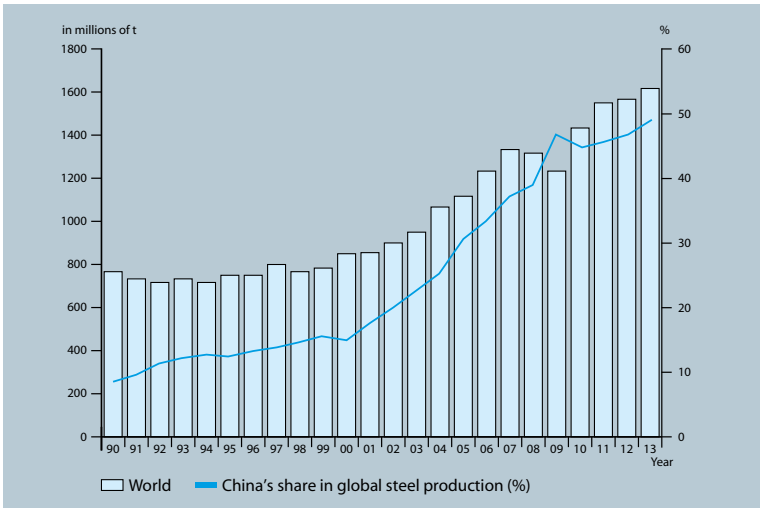
Continued weak growth in the world economy

The global gross domestic product grew in 2013 by a moderate 3 %* (2012: 3.1 %) and therefore fell short of the forecasts by 0.2 %. World trade remained at the level of 2012 (+ 2.7 %). The gross domestic product of industrialized countries increased in 2013 by a total of 1.3 % (2012: 1.4 %). The euro zone, with a decline in economic performance of 0.4 % (2012: - 0.7 %), prevented a more positive result. In other industrialized countries, on the other hand, the economic mood brightened considerably. As a result, the increase in production in the United States began to accelerate significantly in the summer, which led to a 1.9 % growth rate (2012: 2.8 %). In Japan, there was an increase of 1.7 %. Surprisingly, the trend for economic performance in the emerging markets did not weaken in 2013 as much as was expected at the middle of the year. China, with 7.7 %, remained on its steady course of growth; good growth rates were achieved in India (4.4 %) and Brazil (2.3 %).

Economic activity in the euro zone revives only slightly

After a weak first half of the year, economic growth in Europe experienced a slight upturn of 0.4 % (2012: - 0.4 %). The differences between the individual countries remained great. While key countries like Germany (0.5 %), the United Kingdom (1.7 %) and France (0.2 %) posted mildly positive growth indicators, economic activity in Spain (-1.2 %) and Italy (-1.8 %) continued to be burdened by structural reform processes. Economic activity stabilized in Germany as well, after a weak phase at the start. Despite unusually favorable financing conditions, companies refrained from investing; production capacities were utilized at normal levels on average for the year. The recovery was sustained for the most part by private consumption and a rise in public expenditures.

** All figures regarding economic conditions and the steel market are based on currently available and sometimes preliminary information from official and unofficial sources.*



Changes in worldwide steel production / China's share

There was less statistical impetus for growth from foreign trade than in the previous years.

Growth in global steel demand continued

The steady growth of global steel demand continued and resulted in increasing worldwide crude steel production, despite the subdued world economy of the past year. Total worldwide production for all of 2013 increased by 3.1 % and achieved a new record high of 1.6 billion tons (previous year: 1.56 billion tons). However, the expansion of production capacities also continued and reached nearly 2.2 billion tons, which resulted in a drop in the utilization of worldwide capacities for crude steel to below 80 %.

China increased production by 6.6 % to 779,000,000 tons and thus was responsible for 48 % of worldwide crude steel production. In addition to China, India and Japan also contributed notably to growth in 2013. In contrast, traditionally strong steel producers such as the EU, the CIS, NAFTA and South Korea recorded an in part significantly lower level of crude steel production. Crude steel production in Germany, at 42.6 million tons, reached the level of the previous year (2012: 42.7 million tons).

European steel market in crisis mode

While producers in China and other emerging markets profit first and foremost from the rising worldwide demand for steel, the European steel industry struggles with an ongoing crisis. According to the European Steel Association (Eurofer), Europe's steel market in 2013 was once again characterized overall by sinking demand. After apparent consumption fell in 2012 by 10 %, it fell again in 2013 in comparison to the previous year, if only by 0.5 % to 141 million tons. This weak demand faces massive overcapacities,* which leads to increasingly intense price competition.

Heavy plate market especially hit hard by steel crisis

The heavy plate market has been hit especially hard by the weak demand for steel. Whereas the construction sector, machine manufacturing and steel trading experienced average levels of activity, ship building and especially the large-diameter line pipe market – both major worldwide consumers of heavy plate – continued to operate in crisis mode. The situation in the pipe plate market appeared particularly drastic: the increasing importance of shale gas and the associated drop in the price of gas are placing pressure on the market, which leads to delay or even complete cancellation of large-diameter line pipe projects. At the same time, the production of shale gas offers few areas for the use of heavy plate. Deliveries to European manufacturers of large-diameter line pipe alone fell by half in 2013.

** The OECD assumes a production volume too high by one third in Europe alone.*

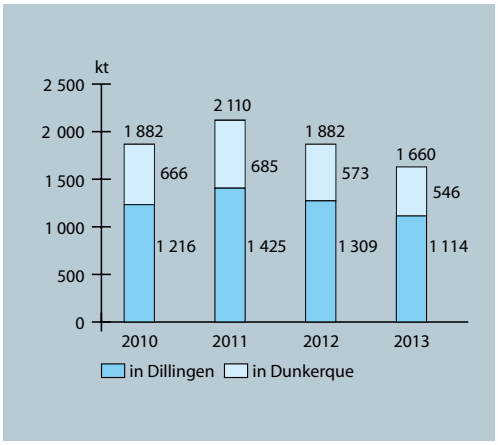
The utilization of capacities of EUROFER heavy plate plants reached less than 61 % during the year under review – except for the crisis year of 2009, this was the poorest level since 2006. The gap between capacity and consumption led to high price pressure in the market. As a result, the price for commodity-grade heavy plate fell worldwide – a trend that specialty heavy plate was also unable to evade. Third-country imports into the European Union experienced a small peak in the second quarter, but diminished overall to the point that they were below the average of the last 10 years. Excluding the large-diameter line pipe market, apparent market consumption in Europe declined in 2013 from the previous year's weak level by around 4 %, although there was a slight upturn at the end of the year. The level of stock inventories fell in 2013 by 6 % compared to 2012.

Business trend for Dillinger Hütte

For Dillinger Hütte, 2013 was marked by a significant decline in incoming orders starting in the second quarter, which led to progressively diminished utilization of capacities. Because of the extremely difficult market situation and the significant decline in production and sales volumes accompanying it, the 2013 financial year concluded with losses. To counteract this situation and to enable the company to respond more flexibly to the market situation, the restructuring and cost-cutting program "DH 2014 plus" was launched in the third quarter with the goal of permanently saving € 130 million per year at the Dillingen site. Dillinger Hütte continued its strategy of investing in optimizing and modernizing important equipment and processes even in economically challenging times; investment expenditures were once again increased considerably in comparison with the previous year.

Low utilization of plant capacities

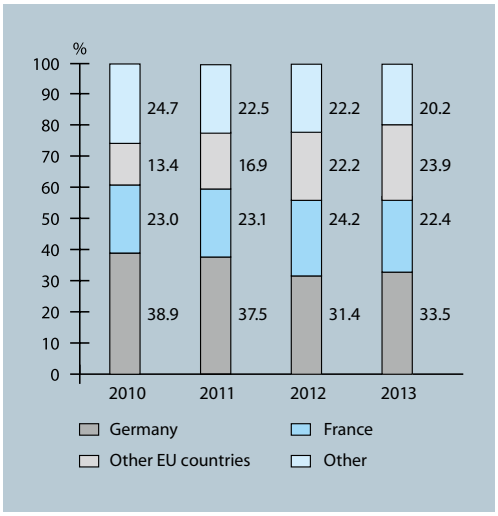
Worldwide overcapacities as well as the extremely poor order situation in individual customer segments led to the production facilities of Dillinger Hütte being utilized at below average levels from the end of the first quarter to far into the third quarter. Production for the year as a whole was nearly at the level of the crisis year 2009.



Change in heavy plate production

Production figures were significantly below the volumes of the previous year in the primary stages (hot metal and steel production) as well as at both rolling mills, i.e. at Dillinger Hütte itself and at GTS Industries S.A. (renamed Dillinger France S.A. on 1 Jan. 2013) in Dunkerque (France). Purchases of hot metal meanwhile decreased by 11.2 % to 1 744 kt (2012: 1 965 kt), and the production of crude steel decreased by 12.0 % compared to the previous year to 2 023 kt (2012: 2 298 kt).

As in previous years, steel production levels satisfied the slab supply requirements for the rolling mill in Dillingen and, for the most part, those of GTS Industries as well. The production of the rolling mills (1 660 kt) declined by a total of 11.8 % from the previous year (2012: 1 882 kt), with 1 114 kt of heavy plate produced in Dillingen (2012: 1 309 kt) and 546 kt of heavy plate produced in Dunkerque (2012: 573 kt).



Geographic distribution of sales

Earnings situation

Sales and revenue decline significantly

Sales revenues fell in 2013 due in particular to significantly lower sales, but also due to further declines in revenues throughout the entire heavy plate segment. Sales of heavy plate declined from 1 856 kt in the previous year to 1 677 kt (- 9.6 %) in 2013, and therefore were on a par with the crisis year 2009. The increase in sales of normal plate could not compensate for the massive decline in sales of pipe plate.

The low revenue levels that had already emerged at the end of the previous year continued through most of the first half of the year and deteriorated further in the third quarter. Falling sales volumes and lower heavy plate revenues led to a decline in sales revenues from € 2 351 million in the previous year to € 1 816 million (- 22.8 %). The only minimal shifts in the individual geographic markets indicate that the decline in sales revenues occurred almost equally in all sectors.

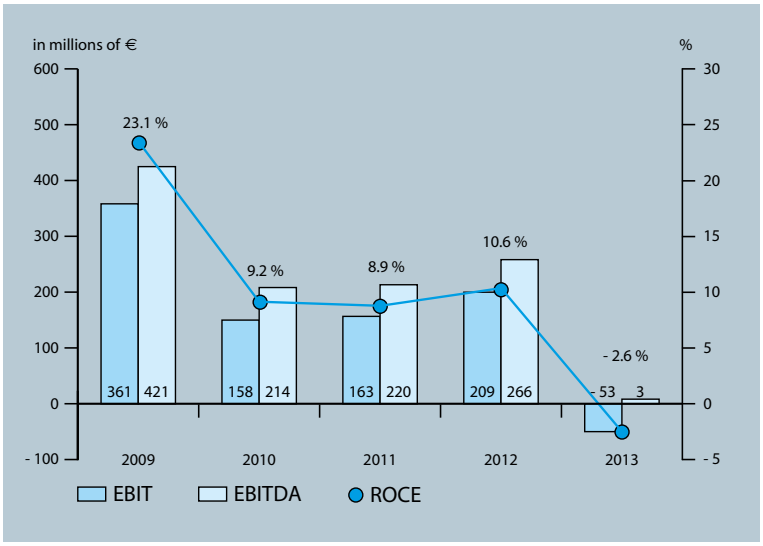
Significant drop in earnings

Dillinger Hütte concluded the 2013 financial year with an EBIT of - € 53 million (2012: € 209 million) and EBITDA of € 3 million (2012: € 266 million). The significant drop in earnings compared to the previous year is primarily the result of a considerably lower average revenue level for the year per ton of heavy plate as well as a sharp decline in sales and production volumes. Despite a significant decline in revenue, the material intensity increased only moderately from 69.4 % to 72.7 % in 2013 due to a drop in prices for input and to the ongoing as well as newly implemented programs for cutting costs.

Personnel expenditures rose in the financial year by 5.4 % to € 372 million (2012: € 353 million). This increase was due in particular to the rise in pay rates in early June 2013 for both hourly wages and salaries as well as in social security contributions and pension costs. The depreciation and amortization of intangible and tangible fixed assets amounting to € 56 million were nearly equal to the previous year's level.

Despite the slump in shipped tonnage, sales-related expenses increased by € 18 million to € 115 million during the year under review, primarily due to appropriations to provisions for anticipated losses. In all, other operating expenses increased by € 18 million, with administrative and general operating expenses remaining almost unchanged.

Dividend disbursements that rose by € 7 million led to an increase to € 24 million in income from investments. Reduced market interest rates compared to the previous year as well as higher interest expenditures from the discounting of long-term provisions changed the net interest income by € 15 million to - € 20 million. The write-down of financial investments amounting to € 16 million concern a devaluation of investment securities due to anticipated continued loss of value.



Development of EBIT, EBITDA and ROCE

At - € 87 million, earnings from ordinary activities fell in 2013 compared to the previous year by € 281 million.

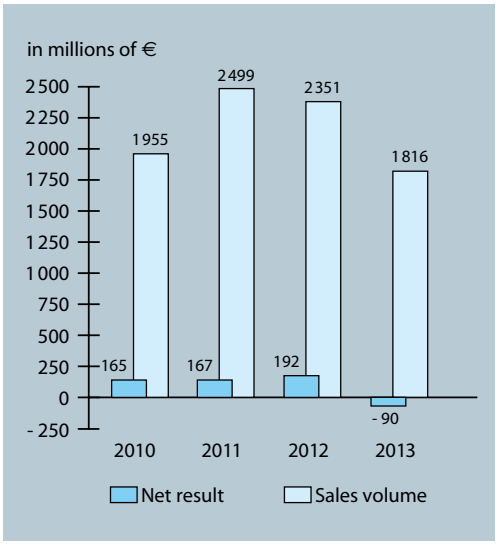
After deduction of taxes and compensatory payment to outside shareholders, net loss for the year amounted to € 90 million (2012: € 192 million net income for the year before profit transfer).

This negative profit performance is also reflected in the most important key figures for the structure of net assets and capitalization, as well as in the yield performance. The return on capital employed (ROCE) during the year under review amounted to - 2.6 % (2012: 10.6 %); return on sales (EBIT margin) amounted to - 3.7 % (2012: 11.1 %).

Financial status

Investment activity at a high level

Cash flow from operational activities amounted to € 70 million (2012: € 363 million). The sharp decline resulted largely from the significant drop in earnings from € 192 million in 2012 to - € 90 million in 2013. Resources required for investments amounted to € 231 million (2012: € 218 million). Including cash flow from financing activities in the amount of - € 117 million (2012: - € 8 million), the cash at bank and in hand decreased by € 278 million to € 143 million.



Sales and profit performance

Net asset position

Equity ratio remains high

The balance sheet total fell from the previous year by € 77 million to € 2 872 million. The net asset position, meanwhile, was marked by the growth of fixed assets by € 159 million to € 1 894 million. The primary reasons for this are the investments in fixed and financial assets undertaken during the year under review. Current assets declined by € 229 million to € 977 million. Inventories meanwhile fell by € 34 million and liquid assets by € 278 million, while receivables and other assets rose by € 82 million.

The € 90 million decrease in shareholders' equity resulted from a withdrawal from the revenue reserves. Borrowed capital increased by a sum of € 13 million. Whereas provisions increased by € 74 million, liabilities were below the previous year's level by € 61 million. The reason for this was the € 76 million decrease in other liabilities to affiliated companies. The equity ratio decreased accordingly from 62.3 % to 60.8 % in the year under review.

Key figures		2009	2010	2011	2012	2013
Capital intensity						
Shareholders' equity	millions of €	1 519	1 662	1 742	1 837	**1 747**
Total assets	millions of €	2 768	2 754	2 723	2 949	**2 872**
	in %	54.9	60.3	64.0	62.3	**60.8**
Liquidation ratio for fixed assets						
Shareholders' equity	millions of €	1 519	1 662	1 742	1 837	**1 747**
Fixed assets	millions of €	1 516	1 531	1 582	1 734	**1 894**
	in %	100.2	108.6	110.1	105.9	**92.2**
Debts						
Long-term bank liabilities	millions of €	145	123	152	231	**211**
Shareholders' equity	millions of €	1 519	1 662	1 742	1 837	**1 747**
	in %	9.5	7.4	8.7	12.6	**12.1**
EBIT margin						
EBIT	millions of €	361	158	163	209	**– 53**
Sales DH-products	millions of €	1 726	1 484	1 926	1 881	**1 449**
	in %	20.9	10.6	8.5	11.1	**– 3.7**
EBITDA margin						
EBITDA	millions of €	421	214	220	266	**3**
Sales DH-products	millions of €	1 726	1 484	1 926	1 881	**1 449**
	in %	24.4	14.4	11.4	14.1	**0.2**
Return on capital employed (ROCE)						
EBIT	millions of €	361	158	163	209	**– 53**
Shareholders' equity, tax provisions, liabilities subject to interest (average)	millions of €	1 564	1 726	1 840	1 981	**2 013**
	in %	23.1	9.2	8.9	10.6	**– 2.6**
Internal financing capability						
Cash flow from operations	millions of €	523	209	93	363	**70**
Net investment in tangible assets	millions of €	56	74	95	171	**193**
	in %	933.9	282.4	97.9	212.3	**36.3**
Expense structure in % of total operating revenue						
Material intensity	in %	67.4	75.8	76.9	69.4	**72.7**
Personnel intensity	in %	14.6	15.9	13.1	15.0	**20.7**
Gross yield from business property (location-based)						
Gross operating result	millions of €	280	81	137	95	**– 139**
Gross business property	millions of €	915	1 016	1 163	1 399	**1 416**
	in %	30.6	8.0	11.8	6.8	**– 9.8**

Key financial figures

Changes in important performance factors

Sustainability

The effectiveness and success of Dillinger Hütte is determined by sustainable and responsible behavior toward employees, the environment, the public and the region, and this is a central component of corporate policy. This is demonstrated in the following sections of the management report on the basis of numerous focal issues and areas of activity. The sustainable corporate policy of Dillinger Hütte is distinguished by:

- responsible human resource efforts that aim for workplace safety and health as well as high social standards,
- internal company improvement processes that bring the principles of sustainability and safe conduct to each workplace and each employee,
- bundling competence and service in the interest of the customer's sustainable success through efficiently implementing unique and innovative projects,

- safeguarding and enhancing Dillinger Hütte's technological leadership through investing in new facilities and modernizing existing ones as well as through developing innovative products and processes,
- continuous investment in research and development in order to realize innovative products profitably while conserving resources,
- procurement oriented on the security of supply and environmentally beneficial modes of transport,
- efficient activity that protects resources by using a multitude of environmental protection measures for efficient use of energy, for the recycling of co-products from steel production and for the reduction of emissions.

Moreover, the very material that Dillinger Hütte produces – steel – fulfills the principle of sustainability more explicitly than virtually any other: Steel is the most frequently used basic material in industry and it contributes significantly, through a wide range of applications, to protecting the environment and climate. No other material is produced with a process that is as environmentally compatible as steel. At the end of their useful lifetime, products made from steel can be completely recycled as often as desired and reintroduced into the economic cycle with virtually no waste or loss of quality.

"Steel – miracle of recycling": 570 million tons of steel are recycled annually. This equals 76 000 Eiffel towers. No other material can boast such figures.

Sustainable production of renewable energies from wind, water and the sun is inconceivable without steel. Steel makes up more than 80 % of a modern wind power plant. Innovative products made from steel such as wind power plants or modern power stations save six times as much CO_2 as is produced during their manufacture, according to a study by the Boston Consulting Group. The use of steel in building construction – likewise an important customer segment for Dillinger Hütte – is marked by especially short installation times, which reduces to a minimum any negative impacts on the environment, such as from noise, dirt or traffic disruptions during bridge construction. In structures subjected to high stresses, it is not uncommon for material usage to be reduced by up to 50 % through the use of high-tensile steels, which helps preserve valuable resources and protects the environment.

Employees

In addition to the high quality of its products, Dillinger Hütte owes its success to its highly qualified and dedicated employees, whose commitment, know-how and flexibility keep its customers satisfied day after day. In order to meet the company's responsibility to its employees, the focus of human resource efforts in 2013 remained on the continuous improvement of workplace safety, the sustained promotion of employee health, the expansion of training and human resource development activities and the socially responsible implementation of the "DH 2014 plus" cost-cutting program.

Staff size at the Dillingen location reduced

A total of 5 291 people were employed at the Dillingen location at the end of the financial year (31 Dec. 2012: 5 377). These employees worked at Dillinger Hütte itself, at ZKS and at ROGESA. In 2013, 34 employees were hired, with 7 of them being wage employees and 27 salaried employees. In addition, 67 trainees were hired on. In contrast,

Over the last 10 years, the number of accidents (lost time injury/one day) at Dillinger Hütte has been reduced by more than half.

age-related departures and around 100 temporary employees who moved to Saarstahl as part of "DH 2014 plus" meant that the total number of employees fell by 86 people (- 1.6 %). Another 2 323 people were employed at Dillinger Hütte's subsidiaries and affiliated companies (2012: 2 477).

Strongly dedicated to workplace safety

Sustained improvement of workplace safety is the top priority at Dillinger Hütte, with the ambitious goal being to achieve accident-free operations. With accidents (one-day lost time injury – LTI) and a lost time injury frequency rate (LTIFR) of 5.8 per 1 million hours worked the number of accidents remained almost unchanged from the previous year. Dillinger Hütte will continue with its dedicated efforts for safety, with proven workplace safety tools such as regular "safety quarter hours," accident investigations and rounds of plant inspections by the Board of Management, as well as with new projects like a plant-wide safety training program.

In 2013, 43 trainees of Dillinger Hütte were able to move their exams forward. Moreover, 3 trainees managed to finish best in class in the state.

Developing young skilled employees

Even in difficult times, Dillinger Hütte is focused on developing its own young skilled employees: a total of 51 young people in 11 career fields began vocational training at Dillinger Hütte during 2013 (2012: 67). As a result, the company employed a total of 207 trainees when all training class years are included. Once again in 2013, 32 young people also started their careers at the company with technical college internships. For many years now, Dillinger Hütte has also maintained partnerships with universities in order to help support young academics. Again in 2013, six students began their cooperative degree program with the University of Applied Sciences in Saarbrücken (HTW) as well as the University of Saarland (UdS). A total of 25 students are currently completing this practical course of studies in business.

High rate of participation in professional training

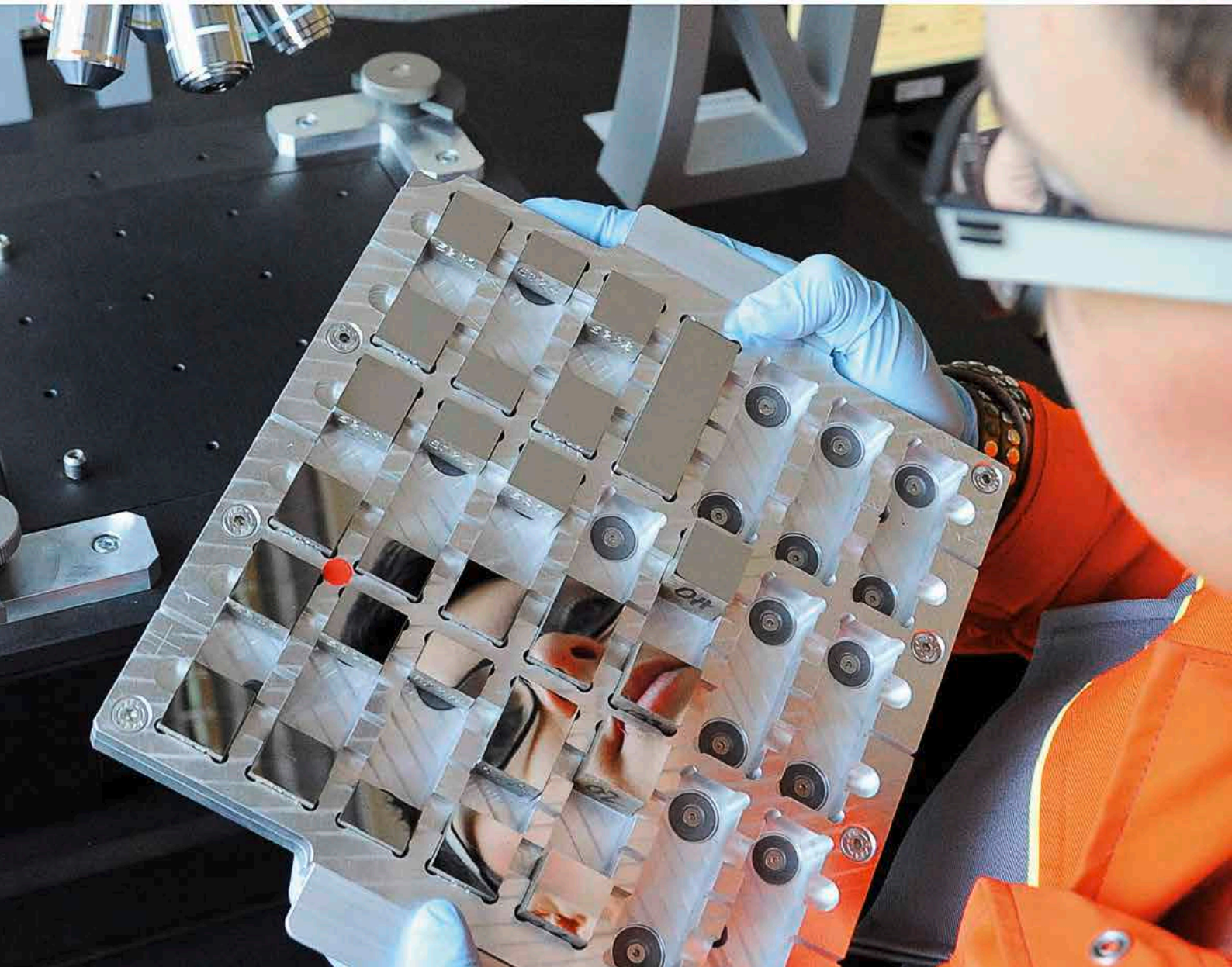
Dillinger Hütte not only places a high priority on qualified initial job training, but also on continuous professional training for its employees. With an average of 31 advanced training hours per employee (2012: 35) or 137 487 participant instruction hours (2012: 153 875), the rate of professional training at Dillinger Hütte continues to be high.

Socially minded and family-friendly corporate policy

In addition to good retirement benefits, the responsible corporate policy at Dillinger Hütte has traditionally included offering its employees a wide range of social services. The commitment to helping balancing work and family now includes two AWO "Kleine Hüttenbären" child daycare facilities initiated and supported by Dillinger Hütte. A total of 58 children can be cared for here – one more way the company is working to meet its social responsibility to the region.

Improvement processes

Dillinger Hütte employs its management tool GPS (Integrated Planning and Control Program) to enhance and continuously improve the company. As part of the process, the Board of Management assesses the state of the company each autumn and provides a



Cost reductions through ideas management: The proDH projects of 2013 amount to a reduction of over 10 million euros.

forecast of the challenges in the coming year. This assessment is the basis for specifying company-wide focal issues and objectives, which are formulated with measures in the annual development plan (JEP) and are monitored using the relevant key figures. In 2013 these once again included improvement of workplace safety as well as the issue of optimizing costs. Associated with this was the "DH 2014 plus" project launched in September 2013, which identified potential savings of € 130 million and, in doing so, in fact exceeded the stated goal of € 120 million.

The GPS system is supplemented by the DILLIGENZ continuous improvement process (CIP), which focuses on customer satisfaction, productivity, work safety and protecting health and the environment.

In addition to GPS and DILLIGENZ, the company's proDH idea management program also provides cost and performance improvements as well as optimization of workplace quality and safety. A total of 540 improvement projects were submitted during the year under review; 522 projects were evaluated and conclusively decided. The net benefit of the projects for the year amounted to more than € 2 million.

Buildings and reference projects

High product quality and a collaborative approach to project management are essential in the construction of challenging buildings and complex technical facilities. This is why clients all over the world rely on the services of Dillinger Hütte. The focus here is not only on the challenge of offering customers a type of heavy plate optimized for their specific needs, but also on smooth processing of the order: from complete documentation and regular production status reports to prompt delivery and logistical services. Technically demanding and innovative projects can only be accomplished through close cooperation and a persistent focus on the needs of the customer.

Award-winning: Lochkov viaduct near Prague

The Lochkov viaduct near Prague is a highly sophisticated structure both in terms of its architecture and function. It constitutes the centerpiece of the southern section of Prague's bypass highway, and when it opens, it will shift through-traffic away from the metropolitan area of Prague. This will lead to a significant reduction in pollutant emissions and will therefore improve air quality in the Czech capital. Its integral design makes the 461-meter-long bridge an outstanding example of the art of innovative bridge construction. Not least due to its aesthetics and simultaneous use of innovative and customized technical solutions, it was awarded the European Steel Design Prize for 2013. Dillinger Hütte supplied 1 150 tons of heavy plate for this extraordinary structure.

Environmentally compatible energy generation: Gwynt y Môr Offshore Wind Farm

With an output of 576 MW, the Gwynt y Môr (Welsh for "wind in the sea") Offshore Wind Farm will be one of the world's biggest offshore wind farms when it is completed. Gwynt y Môr lies roughly 13 km off the coast of North Wales, bordered by the North Hoyle and Rhyl Flats wind farms, which both feature monopile foundation structures for which Dillinger Hütte likewise supplied heavy plate steel. A total of 160 wind turbine systems

are being constructed over an area of 79 km², in water depths of up to 28 m. After its completion it will feature an annual output of 1 950 GWh and will therefore be able to supply the annual energy requirements for 400 000 households. Dillinger Hütte delivered 103 000 tons of heavy plate, in thicknesses of 50 to 95 mm, for the steel monopiles that the wind turbines rest upon.

Steel for special loads: Niederfinow Nord ship hoist

The foundation stone for the Niederfinow Nord ship hoist was laid back in 2009. When completed in 2014, the hoist will eliminate a significant bottleneck in the only trans-European, east-west waterway connection between Szczecin, Poland, and Duisburg. When it begins operation, the Oder-Havel canal will for the first time be able to offer a consistent bridge clearance height of 4.50 m, and transport with 11.45 m wide and 115 m long motor barges will be allowed. The new vertical hoist will be 133 m long, 55 m high, and with a working trough width of 12.5 m, it can offset a height difference of 36 m. For the trough, the 65 m long channel bridge and the pulley supports, Dillinger Hütte supplied 5 500 tons of heavy plate in thicknesses up to 80 mm and special Z grades able to withstand the especially high tensile loads in the direction of plate through-thicknesses.

Effective energy storage with Dillinger steel: La Muela 2 pumped storage hydroelectric power plant

The worldwide steadily increasing share of renewable energies in electricity consumption and their inconsistent availability require new solutions for storing energy. One of the most environmentally friendly and effective options is provided by the La Muela pumped storage hydroelectric power plant on the Jucar River in Spain. It was expanded in October 2013 with 4 generators with an output of 240 MW each. It now has a total capacity of 2 000 MW, making it the biggest pumped storage hydroelectric power plant in the world. Dillinger Hütte delivered a total of 5 330 tons of heavy plate in thicknesses up to 180 mm for the downpipe lines, in which the water from the storage reservoirs is accelerated.

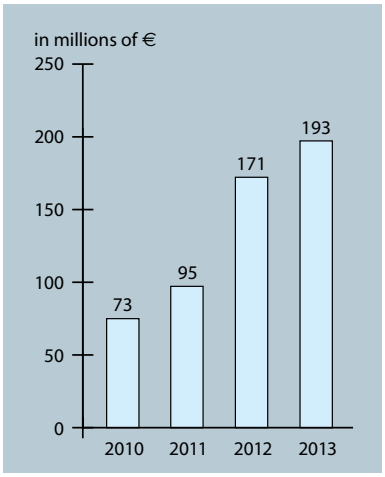
High-tech plate for the Clair Ridge project

The Clair Ridge project is promoting the development of the Clair oilfield located 75 km west of the Shetland Islands, from which an estimated 120 000 barrels per day (bpd) of oil could be pumped until 2050. In 2003, Dillinger Hütte delivered heavy plate for the construction of the first platform, and now Dillinger heavy plate has fulfilled all of the steel requirements for the third phase of the construction. Dillinger Hütte delivered a total of 59 700 tons of heavy plate in thicknesses up to 115 mm for both the 169 m high jackets, which are the foundation structures for the platforms, as well as for the topsides, which are the superstructures of the drilling rigs.

High-quality steel for the Haliç Metro Bridge at the Golden Horn

Istanbul is not just the only city located on two continents, but with almost 15 million inhabitants, it is now the fourth-largest city in the world. To help manage the extremely congested traffic and the considerable environmental problems that this causes, expansion of the Metro is one of the top priorities for the city's administrators. The new

387-meter-long and 65-meter-high Haliç Metro swing bridge will increase the capacity of the Metro by 500 000 passengers per day while also allowing the many tourists visiting the European Cultural Capital of 2010 to stroll over the Golden Horn from continent to continent. For this extraordinary project, Dillinger Hütte delivered 14 540 tons of heavy plate in thicknesses up to 150 mm.



Development of investments in property, plant and equipment at Dillinger Hütte

Investments

In order to safeguard the company's future as a worldwide manufacturer of premium quality heavy plate steel, Dillinger Hütte invests continuously in optimizing and modernizing its facilities and processes. With an investment sum of € 193 million, the company's investments for the financial year were once again significantly higher than the previous year's already high amount (€ 171 million). In addition, another € 26 million was invested in both indirect subsidiaries, ROGESA and ZKS at the Dillinger location. Dillinger Hütte bears half of these investment costs, in proportion to its shares in the companies (see the "Most significant shareholdings" section).

Major projects in the steel plant: CC 6 and VD 4

Investment in the steel plant in 2013 was focused on the construction of the new CC 6 continuous casting machine and the new VD 4 vacuum treatment line. At the large construction site for the new continuous casting line, the supports, the roof and the crane runway were completed in the casting house. The side stages and hydraulic chamber are in the assembly phase; the lower section of the machine's scaffolding has been installed. In addition, the structure of the pump house cellar has been completed, and installation work for the output roller table as well as the dust collection system for the flame-cutting machine was performed, as was important electrical work (infrastructure measures for the CC 6 in the central works switchgear station, construction of a new e-house). The new double-strand CC 6 ensures the supply of slabs for both the Dillingen and Dunkerque heavy plate rolling mills and will replace the CC 3 continuous casting machine.

The abbreviations "CC" and "VD" denote "continuous casting" and "vacuum degassing".

A new VD 4 vacuum system was constructed to meet increased demand for vacuum-treated steel with extremely high purity levels. After a 3-year construction period, it began trial operation in March 2013.

New slab turner and plate edge-milling machine

A new slab turner was installed in the slab finishing area.

In order to meet the forecast market demand in coming years for edge-milled plate, suitable for direct mechanical welding, a second modern plate edge-milling machine began operating in July 2013 in the heavy fabrication division of Dillinger Hütte. This system allows plate to be precisely dimensioned, a service offered to customers so that they can dispense with the performance of this procedure. These plates are primarily heavy plate with high thicknesses, used to make pressure vessels and offshore wind energy monopiles, for example.

Research and development

An important factor in the performance and success of Dillinger Hütte is Research and Development (R&D), which the company continuously invests in so that it can produce innovative steel products efficiently while conserving resources. Among the tasks of research and development is the development of highly sophisticated steels with increasingly complex properties and combinations of properties, along with sustained improvement of raw materials and energy efficiency.

Production of hot metal and coke

Optimization of input materials is one of the most important factors with respect to reducing production costs and improving product quality. In the production of coke, researchers work intensively with internal sites and external research institutes on the selection of suitable coking coals and the input composition. In the production of sinter, researchers have developed customized software for the flexible and reliable calculation of optimum input material volumes. Numerous studies and analyses aimed at improving plant efficiency were conducted during the financial year. Constant improvement of 2D gas temperature measurement methods in blast furnace 4 have resulted in a success story that has drawn interest from experts at an international level; the measurements provide valuable information about the internal state of the blast furnace and are used to optimize furnace operation.

ULCOS project

Sustained reduction of CO_2 emissions in the steel industry represents a challenge in Europe. As a core member of the major European ULCOS project (Ultra-Low Carbon Dioxide Steelmaking), Dillinger Hütte – together with Saarstahl AG – is participating in an extensive EU initiative to examine long-term potential for reducing CO_2 emissions in the production of iron and steel. Two new technologies are currently a focus: the Top Gas Recycling Blast Furnace (TGR-BF), a process in which blast furnace gas is recirculated, and the Hlsarna smelting reduction process.

Steel production

As a consequence of the difficult economic environment in the 2013 financial year, the R&D activities in steel production were also concentrated on optimizing costs. As a result, working together with the Purchasing Department, cost-effective alternatives to long-established alloying agents were found and also employed. In addition, further improvements were made to optimizations begun in 2012 in the temperature control of smelting in the steel plant. With the start of operation of the degassing model on the vacuum systems, the hydrogen content of the prepared samples can be measured within the range of measuring accuracy, thus eliminating the need for the HYDRIS control measurements usually performed to date.

Product development

Consistently expanding the limits of the dimensions and properties – to allow steels to be used under extreme conditions, for example – is the core task of the product developers. In addition, existing concepts are continuously improved. Economic aspects play

an important role in this process. The microstructural method of analysis using a raster electron microscope as well as the identification of fundamental correlations between structure and properties have contributed significantly to this. Optimization and development efforts make selective use of sophisticated modeling systems, such as those that employ neural networks. As a result, efforts to design even more extreme and previously unrealized combinations of properties continue to achieve success. While incorporating the latest processing routes and technologies, targeted developments enabled a suitable number of new products to be realized during the 2013 financial year.

Procurement and transport of raw materials

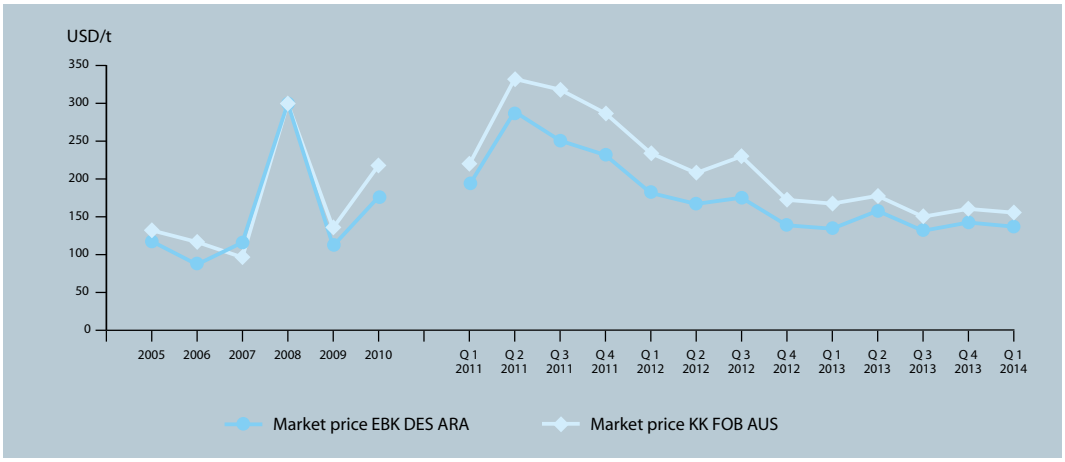
In the raw material markets, the trend to delay projects for tapping new raw material sources continued in 2013, in order to reverse the expansion of existing capacities, and to cut the corresponding budgets. By doing so, raw material producers are seeking to avoid an oversupply of raw materials. China continues to be the main player in the market. Despite the Chinese government's repeated announcements of a desire to restrict steel production, production of hot metal and the required raw material volumes increased steadily. This largely determined the demand in the raw material markets, especially in the ore segment. Ore imports in China reached a scale of more than 800,000,000 tons in the year under review. This equates to roughly two thirds of the entire worldwide seagoing ore trade.

Ore prices still volatile

The decline of the IODEX (CFR China 62 % Fe) index for ore trading, which was expected at the beginning of the year, did not materialize in 2013. In fact, as a consequence of the China factor as well as the oligopoly of the producers, it was on average USD 5/t above the previous year.

Fuels: Prices under pressure

The market for coking coal and pulverized coal was characterized by slightly decreasing prices in 2013. Through renegotiated deals, ROGESA was able to cover its needs for



Price changes for pulverized coal (PC) and coking coal (CC) in the world market

pulverized coal in the second half of the year at comparably low price conditions. With respect to coking coal, ZKS profited from dropping prices through short-term deals.

Successful supply strategy

For the supply of ROGESA and ZKS, contracts with varying durations and conditions were consistently concluded to minimize risk, and the volatile market situation was also used. In addition, the development of new sources for supplies and the use of new products had a positive effect on hot metal costs. In both the ore segment and on the fuel side, additional diversification of the supplier structure created alternatives to the existing oligopolies. The supply of ROGESA and ZKS with ore, fuels and aggregate materials was ensured at all times and at good conditions.

SHS Logistics consolidates logistics activities

The wholly owned SHS subsidiary SHS Logistics GmbH continued with its mission to consolidate the logistics activities of the SHS Group with the goal of leveraging additional synergies in processes and costs. In this regard, optimization measures such as the consolidation of large shipment tonnages in oceangoing shipping to India and the United States played a particularly important role. One key area is also ensuring customer service (delivery reliability) in connection with optimized scheduling of order shipment, which is also expected to improve shipping costs. Retroactive to 1 January 2013, the two logistics subsidiaries of Dillinger Hütte and Saarstahl – Satrans and Saarlog – were integrated into SHS Logistics. With this, workflows were simplified and areas of competence were appropriately consolidated.

Purchasing through SHS Services

SHS Services GmbH, likewise a wholly owned subsidiary of SHS, is an independent company that performs services for Dillinger Hütte, Saarstahl and other affiliated companies in other purchasing (e.g. raw materials for steel plants such as alloys and refractory material). The reduction of the total procurement expenditure continued in 2013 due to improved purchasing performance as well as to noticeable price reductions in purchasing segments related to steel. These price reductions could be traced to further downturns in international steel markets and reached their low point in autumn 2013. Problems related to sales in the steel industry, which led particularly in Europe to a notable drop in production, inevitably resulted in lower procurement volumes in almost all purchasing relating to metallurgical plants. With the exception of machine manufacturing and consumables not related to metallurgical plants, this caused almost all raw and aggregate materials as well as most purchased technical items to experience considerable price pressure.

Environmental protection and energy efficiency

Sustainable environmental and climate protection is an important corporate goal for Dillinger Hütte, and is achieved through extensive investment in state-of-the-art technologies that effectively improve environmental protection and energy efficiency at the Dillingen site. The focus of activities in the year under review was once again on effective improvement of emission control, conserving valuable resources and increasing energy efficiency.

Successful improvement of air quality

Again in 2013, a multitude of measures aimed at preventing air pollution were implemented during refurbishment or new construction activities, helping to maintain and improve air quality at the Dillingen site. As a result, for example, the dust collection system for the new VD 4 vacuum treatment system in the steel plant was successfully brought online in 2013. Inspection measurements taken in the chimney of the dust collection system confirm its highly efficient dust collecting capability. In addition, the planning activities continued for the new dust collection system of the CC 6 continuous casting machine as well as the clean air measures in the area of ZKS aimed at optimizing the coke batteries with respect to the input and use of the various fuel gases produced. As a result, a significant reduction of dust deposits at the Dillingen site was observed.

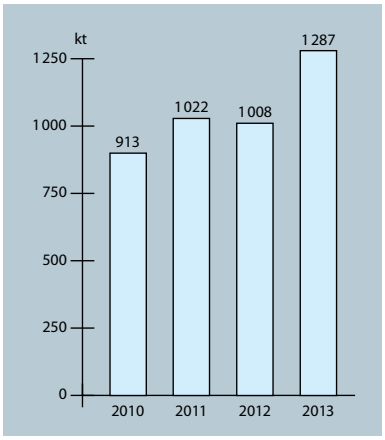
Noise control further developed

An important focus of environmental protection activities in 2013 was once again the sustainable reduction of noise emissions. As a result, successful measures included the integration of numerous noise control measures for the start of operation of the new VD 4 vacuum treatment system, and the noise control concept for the CC 6 continuous casting machine was continued in accordance with the progress of system planning. Along with the planning activities for the new construction and renovation of installations, the continuous improvement and updating of the noise register represents one of the main activities in the area of noise control.

The top gas power plant at Dillinger Hütte generates up to 570 million kWh of electricity. This would be enough to supply energy to more than 160 000 households over a period of 365 days.

Improvement of energy efficiency

The blast furnace gas-fired power plant of Gichtgaskraftwerk Dillingen GmbH & Co. KG combines optimum protection of the environment with maximum energy utilization at the Dillingen site (see the "Shareholdings – ROGESA" section). The blast furnace gas-fired power plant has an electric output of around 90 MW and a thermal output of 230 MW. By employing the best systems technology currently available, a maximum of 2 billion cubic meters of blast furnace gas can be used annually to produce 570 million kWh of electricity and 400 000 tons of steam or usable heat for consumers at the steel mill site. In 2013, the electricity self-produced by Dillinger Hütte, ZKS and ROGESA in the GKW gas power plant, at around 490 GWh (compared with 370 GWh in 2012), increased by more than 30 % – with comparable production of hot metal and thus of blast furnace gas.



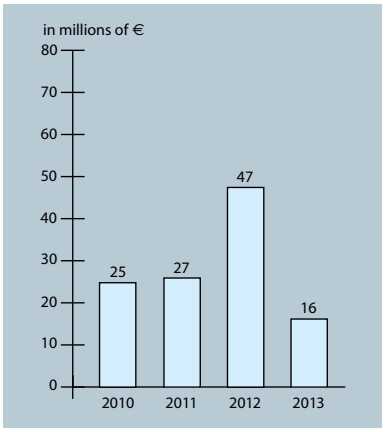
ZKS coke production

Most significant shareholdings

Zentralkokerei Saar GmbH, Dillingen

Aktien-Gesellschaft der Dillinger Hüttenwerke and Saarstahl AG each hold an indirect 50 % interest in Zentralkokerei Saar GmbH. ZKS produces coke intended exclusively for use in ROGESA's blast furnaces. Coke production (1 287 kt) increased by 27.7 % from the previous year (1 008 kt). ZKS is a company without employees. Personnel required for operation of the coking plant are provided by Dillinger Hütte.

Investments at ZKS in 2013 amounted to € 16 million (2012: € 47 million). As part of a comprehensive renovation concept for ZKS, B 3 battery was constructed in 2010 and B 1 battery was refurbished in 2012; both coke oven batteries are now state-of-the-art facili-



Investments in plant, property and equipment at ZKS

ties. 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. Daily coke production increased steadily during the course of the year under review.

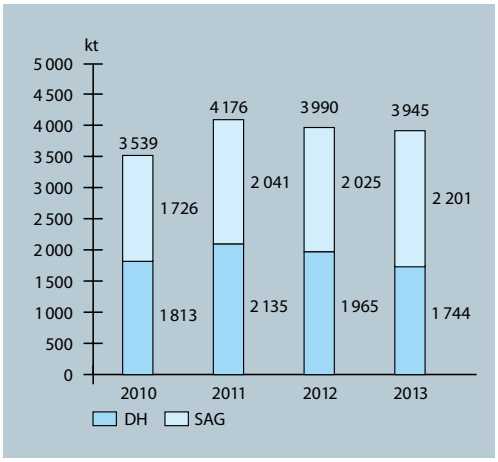
After a two-year construction period, the SBA 3 tamping, charging and extracting machine ordered in 2012 began operating in 2013 and has been in a "warm" test phase since August 2013. After completing the adjustment and optimization work in 2014, the new SBA 3 will replace one of the two "old" machines and will thus contribute to optimizing system availability.

ROGESA Roheisengesellschaft Saar mbH, Dillingen

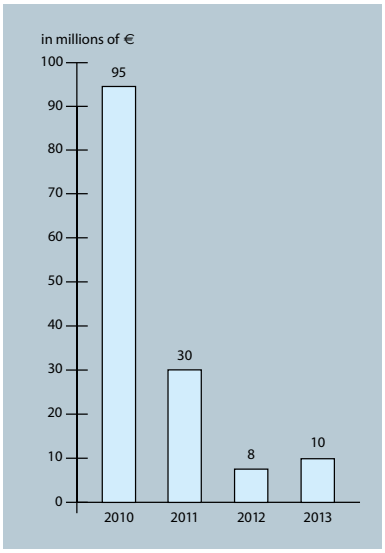
ROGESA Roheisengesellschaft Saar mbH, in which Dillinger Hütte holds a 50 % interest (indirect and direct), produces hot metal exclusively for its shareholders, AG der Dillinger Hüttenwerke and Saarstahl AG. Operational management of ROGESA, as a company without employees, lies in the hands of Dillinger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

Hot metal production in 2013, at 3 945 kt, was slightly below the previous year's level of 3 990 kt. Of the hot metal produced, 1 744 kt was supplied to Dillinger Hütte (2012: 1 965 kt) and 2 201 kt went to Saarstahl (2012: 2 025 kt).

Investments at ROGESA amounted to about € 10 million during 2013 compared to € 8 million in the previous year. In March 2013, Blast Furnace 5 was blown down for a planned interim repair. The main point of this repair was to replace the cooling plates with copper cooling elements in the section above the blow molds. Other activities included installing blow mold cameras and work in the surroundings, such as main-



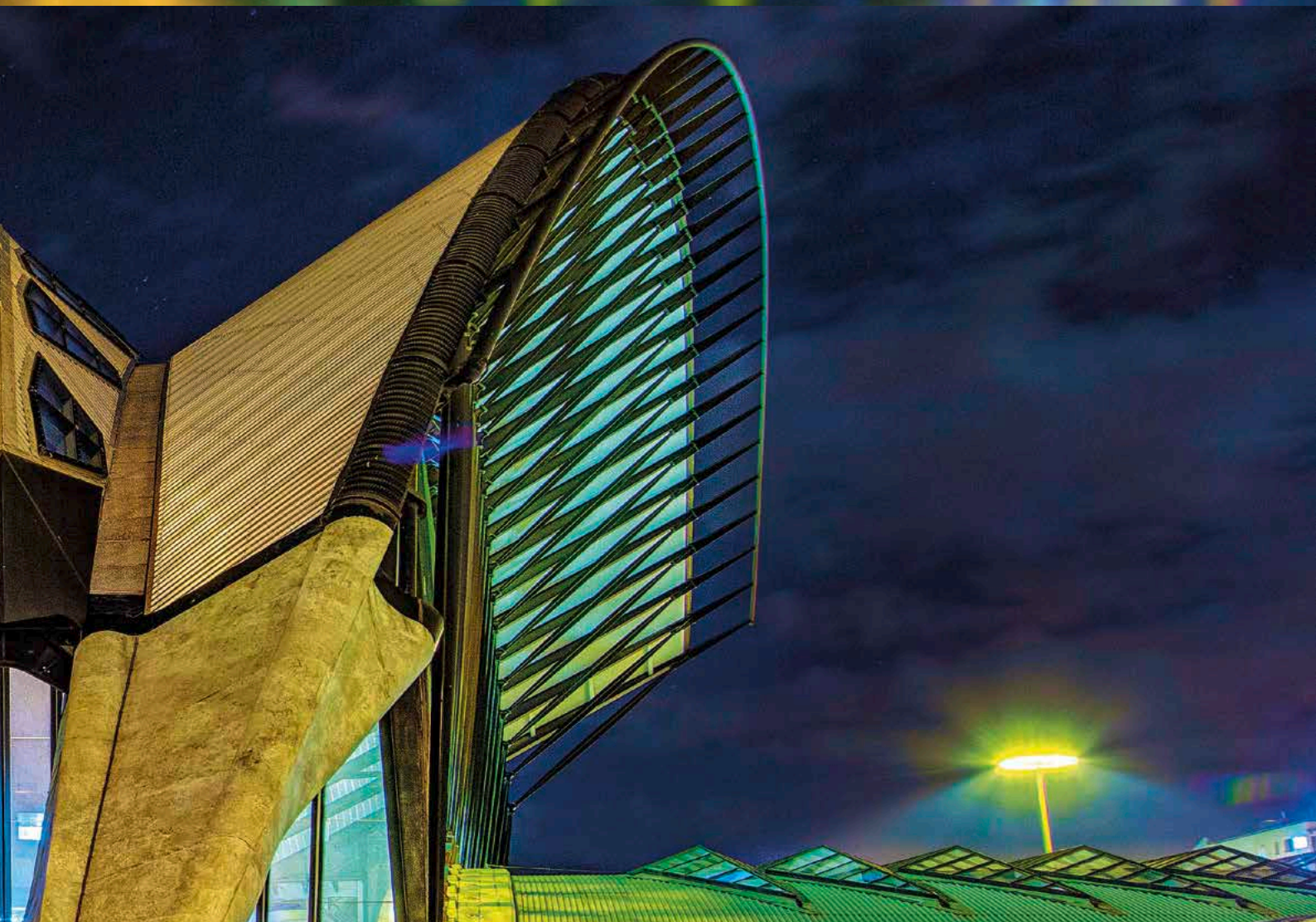
Hot metal production by ROGESA for DH and SAG



Investments in plant, property and equipment at ROGESA

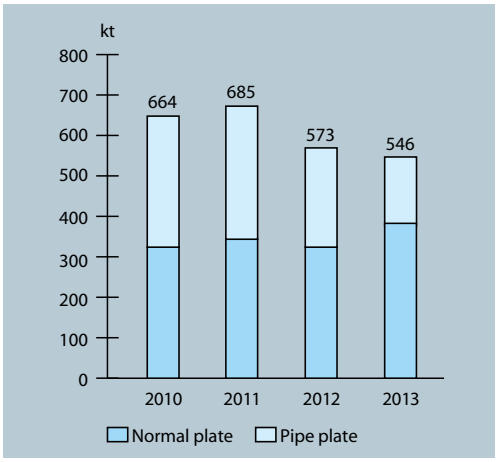
Dillinger steel makes the connection …

… in the French city of Lyon, for instance, where two extraordinary projects combine aesthetics and functionality: The Lyon Saint-Exupéry TGV railway station designed by Spanish architect Santiago Calatrava (bottom) and the 260-meter-long, 17.5-meter-high Raymond-Barre arched bridge (top). Both structures are distinguished by their combination of outstanding functionality and striking appearance – and by the material that makes this possible. Premium quality steel from Dillinger Hütte is sought after by architects around the globe, and it ensures robust connections in not only beautiful structures but in offshore wind park monopiles and pipelines as well ...

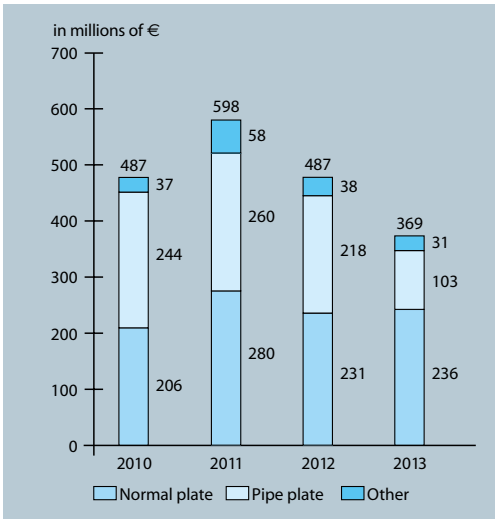


tenance of the dust scrubber, dust bag and gas wash water treatment. The interim repair was successfully completed after 17 days of shutdown, 3 days earlier than planned, so that the first hot metal could be tapped on 13 April 2013. The existing dispatching building was also renovated during the year under review so that it could be used as a new blast furnace air control room. This ensures a state-of-the-art air supply to the blast furnaces.

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, which leases a 90 MW power plant at the Dillingen site to the operators of GKW, Dillinger Hütte, ROGESA and ZKS, for the production of electricity.



Performances of the heavy plate production of GTS Industries



Sales performance of GTS Industries

GTS Industries S.A., Dunkerque

GTS Industries S.A. (renamed Dillinger France S.A. on 1 Jan. 2014) is a wholly owned subsidiary of Dillinger Hütte that operates a heavy plate rolling mill in Dunkerque. The products are marketed almost exclusively through Dillinger Hütte. GTS Industries also procures the majority of its input material from Dillinger Hütte.

Production and sales volume declined

The slump in the pipe plate market (see the "Economic situation" section) hit GTS Industries particularly hard. The number of new projects is very low in what is currently an uncertain geopolitical context, while competitive pressure is increasing. As a consequence, activities remained at a low level, as was already the case in 2012. Total heavy plate production in 2013, at 546 kt, fell once again from the previous year's level (573 kt), which is completely attributable to the pipe plate segment, whose production declined from 256 kt in 2012 to 171 kt in 2013. In contrast, the production of normal plate posted an increase, which at least partially compensated for the decline in pipe plate. The increased production of normal plate was made possible by the intensified use of the second flame-cutting line for thick plate.

While the sale price for pipe plate in 2012 could be maintained due to earlier contracts, they declined in 2013, as did prices for normal plate, but at a much sharper rate. As a consequence, the sales volume fell at GTS Industries from € 487 million in the previous year to € 369 million in 2013. Extensive measures aimed at reducing or delaying expenditures were decided in 2013. Nonetheless, the unfavorable cost-price squeeze and the lower activity impacted the total earnings of GTS Industries: in 2013 the company posted a loss of € 52 million (2012: - € 15.3 million).

Number of employees reduced – workplace safety further improved
Due to the economic situation, hiring was largely suspended in 2013. At the end of the year under review, there were 590 people employed at GTS Industries (31 Dec. 2012: 624). The high number of departing personnel could meanwhile be primarily attributed to retirement.

In 2013, GTS Industries did not register any lost-time incidents. The last lost-time incident occurred in January 2012. The number of incidents subject to reporting requirements was likewise reduced from 20 during the previous year to 14. The severity of all of the accidents was low. The accident rate also improved among the external companies working within the plant premises: in 2013 there were two lost-time incidents compared to five in 2012, and three incidents subject to reporting requirements, compared to 10 in the previous year.

Decisions for important strategic investments
Due to the difficult economic circumstances, investment spending was cut in 2013. Nonetheless, two important investments are pending: one is the launch of expanding the capacity for thick plate. This project includes the extension of the production hall by 100 m as well as construction of the 30 m long effusion bunker. This strategically important investment for GTS Industries supports the shift already underway in the company's focus toward a product portfolio of thick and heavy plate especially suited to the market for offshore wind power plants. Another investment involves a third transformer that will safeguard the electricity grid. It is expected to begin operating in 2014.

The first phase of the "plate router" project, which began in 2012, was completed in the thick plate area during 2013. The project is aimed at improving transport procedures for the plate by pinpointing location with three coordinate axes.

A difficult 2014 expected
On 1 January 2014, GTS Industries changed its name to Dillinger France. This step is a way to once again emphasize the unity and strength of the Dillinger Hütte Group and the position of the heavy plate rolling mill in Dunkerque as a wholly owned subsidiary. Conditions continue to be strained in the heavy plate segment, and particularly in pipe plate – an important market for Dillinger France. As a consequence, 2014 will be another difficult year for Dillinger France.

As at Dillinger Hütte, the Dillinger Hütte Group has launched a comprehensive cost-cutting program at all subsidiaries in order to counteract the problems presented by the current crisis. Dillinger France will fulfill the corresponding objectives while also further strengthening its flexibility and responsiveness.

EUROPIPE GmbH, Mülheim
The EUROPIPE Group manufactures and sells welded large-diameter line pipe made of steel. The diameters of the line pipe range from 20 inches (508 mm) to 60 inches (1 524 mm). As a corporate group, EUROPIPE GmbH and its affiliated companies are among the

world's leading corporations in this market segment, with annual production of more than 900 kt or about 2 000 km. As the management company for the EUROPIPE Group, EUROPIPE GmbH manages the group and coordinates the technical and commercial activities of the subsidiaries. Dillinger Hütte holds a 50 % share of EUROPIPE GmbH.

Within Europe, large-diameter line pipe is produced in Mülheim, Germany, and Dunkerque, France. Both the acquisition of the input material and the sale of the pipe produced at the German and French locations to customers worldwide are handled through EUROPIPE GmbH in Mülheim. EUROPIPE France, with its plant in Dunkerque, handles the conversion of the pipe from EUROPIPE GmbH in France. Coating of the pipe in Mülheim is carried out by MÜLHEIM PIPECOATINGS GmbH (MPC), whose sole shareholder is EUROPIPE GmbH. In France, the pipe produced by EUROPIPE is coated by an external service provider.

In the United States, the operating companies of the EUROPIPE Group were consolidated in 2008 under the holding company, BERG EUROPIPE Holding Corp. (BEHC), of New York. Berg Steel Pipe Corp. (BSPC) of Panama City, Florida, primarily supplies the North American market with longitudinally welded pipe. Marketing activities for the North American companies are combined with those for EUROPIPE GmbH in the BERG EUROPIPE Corp. (BEC) marketing company of Houston, Texas (USA). The spiral pipe mill Berg Spiral Pipe Corp. (BSPM) in Mobile, Alabama, primarily supplies the North American market with spiral pipe.

Little activity, depressed shipping and sales volume

Following the successful delivery of the large order for Ichthys in Australia in spring, there were no further large projects for EUROPIPE in Europe in 2013. As there was also a lack of small and medium-sized projects in the market, after April it was necessary to operate with reduced working hours in the European plants. The cause for the poor level of activity continues to be poor demand, especially in the key markets of Europe and the Middle East. Conditions have also deteriorated significantly for the Russian market, since the low demand can easily be satisfied by the Russian pipe mills. This strained market situation has had a correspondingly negative impact on employment and the earnings of EUROPIPE. The backlog of orders at EUROPIPE GmbH as of 31 December 2013 fell significantly compared to the previous year to 50 kt (2012: 280 kt). The backlog of orders of the EUROPIPE Group decreased accordingly as of 31 December 2013 to 139 kt (2012: 440 kt).

Sales posted by the EUROPIPE Group in 2013 were 19 % lower than in the previous year, at € 709 million (2012: € 879 million). The drop can be traced in particular to the considerably lower shipped tonnage at the European plants compared to the previous year, which was caused by the significant lack of orders due to an absence of projects in the area of large-diameter line pipe. This trend could not be compensated for, despite a continued increase in sales in 2013 by the U.S. Group in comparison with the previous year. Delivered shipped tonnage decreased overall from the previous year by 16.5 % and amounted to 626 kt (2012: 750 kt). The long-time trend of the previous years toward greater weight per meter continued during the financial year for the European plants, so

that the weight per meter for quantities shipped, at 603 kg/m, was significantly higher than the 504 kg/m of the previous year.

The significant decline in shipping and the continued unsatisfactory revenue quality had a diminishing impact on the earnings of the EUROPIPE Group. The 2013 financial year therefore concluded with a net loss for the year as per the German Commercial Code (HGB) of - € 60.1 million (previous year: € 10.3 million). These earnings include the one-time expense of approx. € 17 million, which resulted from a legal dispute lost by EUROPIPE GmbH. The costs associated with implementing the social compensation plan and the reconciling of interests in the MPC as well as the devaluation of shares carried out by MPC are reflected negatively in the consolidated earnings. After-tax earnings for EUROPIPE GmbH fell significantly after having shown a surplus in the previous year and amounted to a net loss for the year of - € 60.5 million (2012: € 21.1 million)

At the end of 2013, the EUROPIPE Group employed a total workforce of 1 230 people (previous year: 1 289). Of these, 619 employees worked for EUROPIPE GmbH (previous year: 620).

Forward-looking investments and research continued
The EUROPIPE Group invested a total of € 15.3 million in 2013 (2012: € 19.7 million). Of this amount, € 6.3 million (2012: € 6.7 million) were invested at the Mülheim site (large-diameter pipe and surface coating plant and headquarters) for plant, property and equipment and for intangible assets. The investments were primarily used in the interest of further rationalization and to improve the market position by continuously improving product quality. Particularly worthy of note for the pipe plant in Mülheim is the automated pipe geometry measuring system, which determines pipe geometry at multiple positions along its longitudinal axis. At MPC, preparations were made to invest in an additional pipe heating system, with which the coating of thick-walled pipe could be performed in sync with pipe production, dispensing with the need for an additional shift that is otherwise necessary. The pipe mill in Dunkerque continues to renovate its pipe welding facilities in a program lasting several years. After the start of operation of the expander for the plant in Panama City during the previous year, this investment has already proved its worth superbly in two pipe projects.

EUROPIPE GmbH invested € 4.1 million during 2013 (2012: € 3.6 million) in the enhancement of its products and the continuous improvement of production and quality assurance methods. The ultimate goal of the development efforts is to expand the range of application of the large-diameter line pipe and to improve quality through, among other things, greater wall thicknesses for offshore projects at great depths, improved strength of the material with the same or greater toughness, and optimized heat-affected zones.

Highly uncertain prospects for the large-diameter line pipe market
It is currently expected that the reduced working hours for the 18 m line in the Mülheim plant will last until March 2014, when production will start for the large South Stream order. The contract for this order, for which a considerable allotment could be booked,

was signed in late January 2014. While basic utilization of capacity at the Dunkerque plant is ensured until the end of January 2014, there are at present no prospects for subsequent orders. Thus, the considerable underutilization of capacities at the European sites will continue in the first quarter of 2014.

Starting in the second quarter of 2014, however, the prospects for activity are decidedly brighter. This is attributable to the booking of the large South Stream order, in which EUROPIPE was able to achieve a significant allotment from the first section of the offshore line. As a result, the capacities of the Mülheim plant will be fully utilized for more than 12 months beginning in April 2014, on the basis of full two-shift operation.

Unlike Europe, the plants in the United States were well utilized in 2013 and concluded the year profitably. Even though the number of projects is not high, a few larger projects stand to be awarded in early 2014.

Although the world market for large-diameter line pipe in 2013 appeared to be in its weakest condition in years, a few bright spots have appeared for 2014. The large South Stream project, which starts in the second quarter of 2014, could lead to a revival of the market for large-diameter line pipe. In the medium-term, the easing of tensions between Iran and the United States could have a beneficial effect on business in the Middle East.

Saarstahl AG, Völklingen

Specialties of Saarstahl AG, in which Aktien-Gesellschaft der Dillinger Hüttenwerke holds 25.1 % of shares, include the production of wire rod, bar steel and semifinished products in various qualities. Open-die forgings are also included in the product range. Customers include automotive companies and their suppliers, companies that build machinery for power generation, the general machine manufacturing sector, the aerospace industry, the construction industry and other sectors that process steel.

Considering the economic situation, the 2013 financial year went better than expected for Saarstahl AG, especially with respect to volumes, and with satisfactory revenue and earnings figures. The Saarstahl Group, on the other hand, experienced consistently difficult business conditions. The negative trend in the area of subsidiaries and joint ventures resulted in the financial year concluding with a significant loss.

In the second half of the year, Saarstahl profited in particular from the positive trend in the automotive sector in Germany in terms of volumes in the wire and rod product segment. Incoming orders and the utilization of plant capacities developed at a similarly positive rate. On the revenue side, price increases were successfully introduced in the quality long products segment at the start of the second quarter. However, the generally difficult underlying economic conditions in the other European countries as well as the disappointing utilization of capacities of the steel producers overall led to growing downward pressure and once again to dropping price levels in the second half of the year.

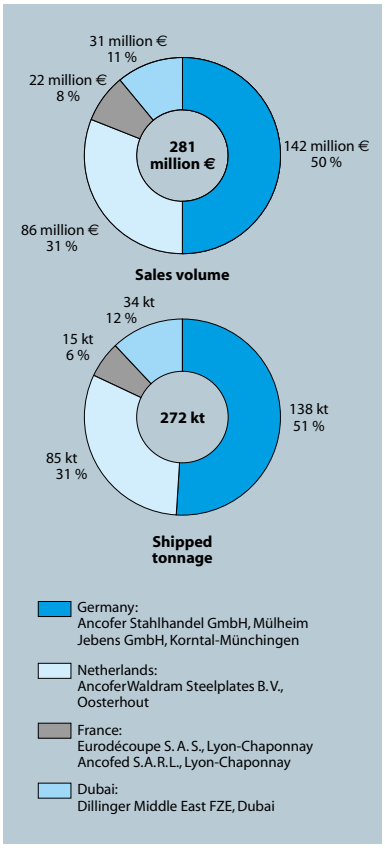
The crude steel production of Saarstahl for 2013 was at 2.4 million tons and increased compared with the previous year by 199,000 tons (8.8%). Shipping of steel products rose by 2.6 % to about 2.2 million tons.

Sales revenue (Saarstahl AG only) fell from € 1 759 million in the previous year to € 1 675 million (- 4.8 %). A similar trend was observed in the further processing subsidiaries. Earnings before interest and taxes (EBIT) for Saarstahl amounted to € 55 million (2012: € 67 million) and earnings before interest, taxes, depreciation and amortization (EBITDA) was € 120 million (2012: € 126 million).

At Saarschmiede GmbH Freiformschmiede, the existing uncertainty in the worldwide energy markets continued to have a negative impact. The prevailing reluctance to invest caused by this resulted in a decline in annual sales of 22 % to € 215 million (previous year: € 275 million).

In 2013, additions to Saarstahl AG property, plant and equipment amounted to € 55 million (previous year: € 99 million). After the large investments of the previous years, investments made in 2013 were again at a somewhat lower level. The focal areas, meanwhile, were the LD steel plant as well as the Neunkirchen and Nauweiler rolling mills. The startup phase for the secondary metallurgy system put into operation in 2013 has largely been completed. The system was fully optimized in the process, so that the machines are now available for successful and efficient production operation. The new systems provide Saarstahl with a multitude of new treatment options. This allows the existing product range to be sustainably developed further.

As of 31 Dec. 2013, there were 3 867 people employed by Saarstahl AG. A total of 58 young people were able to begin their vocational training during the year under review. With this, Saarstahl AG – as one of the biggest employers in the federal state of Saarland – is once again fulfilling its social responsibility to the region.



Sales volume and shipped tonnage in 2013 for the trading and flame-cutting operations in the DH Group

Trading and flame-cutting operations in the DH Group

To supplement the range of products and lengthen the value chain, Dillinger Hütte holds several indirect and direct shareholdings in trading and flame-cutting companies in Germany, the Netherlands, France and Dubai and India. These companies are specialized both with regard to their regional focus and their product ranges and processing depth; however, products from other steel producers are also traded and processed.

Customer demand for the products of the trading and flame-cutting companies developed unevenly in 2013 depending on region. It ranged from stagnating or minimal increases in sales in Europe to a decline in sales in third countries, after a decline in all main geographic areas was experienced in 2012. For the trading, flame-cutting and treatment activities, the business trends involved only a slight overall drop in sales volumes but consistent decreases in revenue levels. Despite further declines in procurement costs during the course of the year under review, with increasing pressure being placed at the same time on sales prices, it was not always possible to achieve satisfactory

gross margins. The most important companies concluded the 2013 financial year with overall operating results at the low level of the previous year.

Cumulative sales for 2013, at € 281.3 million, were 13.1 % below those of the previous year (€ 323.8 million). Net shipped tonnage declined by 2.2 % to 272 kt (2012: 278 kt), whereas the 7.0 % decline in sales involved the flame-cutting activities, while trading activities remained almost unchanged from the previous year. Earnings from operations for 2013 amounted to € 2.1 million (2012: € 1.9 million).

Risk and opportunity report

Risk report

Because of its business activities as a global manufacturer of heavy plate in various qualities, Dillinger Hütte is exposed to both opportunities and risks. With this in mind, Dillinger Hütte introduced an independent and company-wide risk management system several years ago.

Organization of risk management

Risk Management at Dillinger Hütte consists in part of the risk officers in the departments and subsidiaries. These are responsible for the operational risk management tasks that are integrated into the processes of the individual divisions and subsidiaries. In addition, SHS Risk Management handles the coordination, support and consolidation duties for Dillinger Hütte. Risk officers and SHS Risk Management collaborate as partners in the process.

Methods of risk management

The risk management system at Dillinger Hütte includes all measures aimed at ensuring a systematic approach to risk and focuses on risk transparency, risk control and risk communication.

- **Risk transparency:** Risk management aims to identify and disclose risks connected to business activities as early as possible. A systematic and consistent method of analysis and evaluation is used for this.
- **Risk control:** Another objective of risk management is to avoid, minimize or transfer the identified risks through new or existing risk control instruments. The transfer of risk takes place through the corporate service provider SHS Versicherungskontor GmbH, which is responsible for arranging an appropriate level of insurance coverage.
- **Risk communication:** The Management Board is regularly informed about the current risk situation. Moreover, key risk management issues are discussed with the Supervisory Board.

The content, structure and results of the risk management system are documented in auditable form as per the German Corporate Sector Supervision and Transparency Act (KonTraG). Corporate Auditing, as part of the comprehensive approach of corporate management to establish an internal management and monitoring system, is a component of risk management in accordance with the KonTraG. In this capacity, it is also responsible for the systematic and effective auditing and supervision of the risk management system.

Sector, external and market risks

Like many of its customers, Dillinger Hütte is itself a company with worldwide operations. Dillinger Hütte is therefore generally dependent on international economic trends. Specifically, there is a dependency on the heavy plate market, which is currently characterized by overcapacities and in parts inadequate price levels. This is especially true for the pipe plate market that is so important for Dillinger Hütte. Due to uncertainty related to future energy supply, including increasing extraction of shale gas and oil, which does not use heavy plate, hardly any pipeline projects are being developed; only the international South Stream project is currently worthy of note. This can lead to highly volatile utilization of capacities. The market and sales risks – particularly in the pipe plate segment – currently must be viewed as high, and are placing significant strain on Dillinger Hütte.

The current market situation is also leading to clearly noticeable intensification of competition, which means that the competitive risk must now also be considered high. Dillinger Hütte is therefore continuously monitoring its competitors and their strategic involvement, and with this, is laying the foundation for maintaining its competitive advantage.

Dillinger Hütte is actively confronting these challenges in the market and business environment. In the 2013 financial year, for instance, the "DH 2014 plus" project was initiated with the goal of guaranteeing the competitiveness of Dillinger Hütte and its subsidiaries even under the problematic underlying conditions in the medium-term. The aim here, aside from cutting costs, is also to improve flexibility.

New laws and changes to legal framework conditions at the national and international level may exacerbate the competitive situation for Dillinger Hütte by potentially causing higher costs or other disadvantages for Dillinger Hütte in comparison to its international competitors. In view of this, the reform of EU emissions trading and the investigation of state aid initiated on 18 Dec. 2013 by the European Commission against the Federal Republic of Germany are specifically worthy of note. This investigation of state aid focuses in part on the reduced charges for energy-intensive companies resulting from the German Renewable Energy Law (EEG), which the European Commission views as representing state aid not permitted under European competition law. As an energy-intensive business, Dillinger Hütte and some of its subsidiaries profit from the reduced charges resulting from the EEG. Risks for Dillinger Hütte could result from this as well as from what is currently an unsettled outcome of the case. In addition, a potential amendment to the EEG law could exacerbate the effect in this respect.

Procurement risks

Raw materials and energy are of fundamental importance to Dillinger Hütte. Safeguarding the supply of the production sites with all of the required input materials as well as with energy is therefore a top priority. For this reason, specific procurement segments are consolidated under the umbrella of SHS. Long-term framework agreements are used in procurement. However, options are also employed in order to ensure a basic level of flexibility in raw material supply, especially for the affiliated companies ROGESA and ZKS.

A supply buffer is also consistently maintained through an adequate stock policy. New sources of supply and, connected with this, new, alternative possibilities for employing raw materials are systematically and continuously sought, tested and analyzed. In addition to safeguarding the supply, the implemented measures also help reduce price risks. Given the increasingly volatile purchase prices for raw materials and the associated burdens for the cost structures of Dillinger Hütte, this is of central importance.

A significant factor influencing competitiveness is the energy supply. For Dillinger Hütte, the costs of emission trading, and the relatively high price of energy when compared internationally and with competitors, represent a burden for the site. Added to this are uncertainties over possible changes to the Renewable Energies Act (EEG). As an energy-intensive sector, the European steel industry is at a clear disadvantage compared to locations with low-cost energy sources such as natural and shale gas.

With regard to the energy supply and cost reliability, the 90 MW blast furnace gas-fired power plant in Dillingen that began operation in 2010 (see the "Environment and energy efficiency" section) makes an important contribution to risk minimization. On the other hand, there are the risks presented by the energy transition being accelerated in Germany, which aims to significantly increase the quota of renewable energies. In this respect, notable risks associated with the financing of the energy transition include an increasing electricity price and a growing EEG surcharge, which represent serious challenges to the international competitiveness of energy-intensive industrial companies like Dillinger Hütte. Potential regulatory changes to the EEG could exacerbate the impact in this respect.

Independent of this, the medium-term security of the supply of raw materials and energy in the required amounts and quality can be considered to be ensured.

Risks from operating activities

Because of the complexity of the manufacturing process, the complexity of the production facilities employed and the dependencies within an integrated steel mill site (Dillinger Hütte together with ZKS and ROGESA), the risk of production stoppages for technical reasons and quality risks cannot be completely excluded. In addition to the use of innovative diagnostics systems for preventative and status-based maintenance and consistent development of the quality assurance system, which has been certified in accordance with international standards, continuous investments in state-of-the-art systems counteract these risks and thus contribute to safeguarding system availability as well as the quality of the products from Dillinger Hütte.

Independent of this, there are risks of force majeure, such as explosions or serious fires, that could severely damage both the assets of Dillinger Hütte and lead to grave production stoppages. These risks imply great potential for damage, but the likelihood of their occurring must be considered low. Even so, with fire-protection systems, emergency plans and plant fire departments, Dillinger Hütte has implemented preventative measures in this regard and has obtained adequate insurance coverage.

Financial risks

Safeguarding the financial independence of the company by coordinating financial requirements is of central importance for Dillinger Hütte. Active management and limiting of financial risks is employed for this purpose.

As a rule, for instance, Dillinger Hütte concludes contracts for financial instruments in the financial area only with counterparts that have an excellent credit rating. Receivables in the area of deliveries and services are continuously monitored. Transactions are secured by means of credit insurance. Any risk of default can therefore be considered low.

Ongoing financial and liquidity planning reduces liquidity risk, which can currently be considered low. All major subsidiaries are incorporated in the short- and medium-term financial planning according to uniform standards. As part of regular analyses, both the status quo and planning are incorporated into the risk management system.

Independent of this, market risks can influence fluctuations of current market values or future cash flows. Dillinger Hütte actively counters these risks through the use of currency and interest rate hedging transactions. These instruments considerably limit or completely eliminate market price risks. In general, hedging instruments are not employed separately from the underlying performance-related transaction. They are regularly monitored and analyses are generated for management purposes. The results are incorporated into the risk management system. Any residual risk is considered low. The financial reporting of the hedging instruments mentioned is presented in detail in the notes to the financial statements.

Legal risks and compliance risks

Legal risks are currently considered low. A general risk exists, however, that due to the increasing internationalization and expansion of business activities, Dillinger Hütte could face legal uncertainties as a consequence of contact with numerous fields of law and legal systems.

Independent of this, deliberate misconduct on the part of individuals cannot be completely excluded. Dillinger Hütte is dedicated to counteracting potential misconduct through its preventative compliance efforts. A code of ethics was introduced in 2012 in an effort to ensure that legal representatives, employees and third parties act in compliance with the rules. In addition, an interdisciplinary compliance committee was established within SHS during the 2013 financial year. The objectives of this committee include communicating the content of the code of ethics, the corporate guidelines and the corporate values of the SHS Group – and thus also of Dillinger Hütte – to the management and employees as well as to external third parties. The emphasis here is on information and prevention. In addition, the compliance committee will help in efforts to clarify future incidents in which compliance rules are violated.

Dillinger Hütte is not currently involved in any litigation or arbitration that could have a sustained negative impact on the economic circumstances of the company.

IT risks

Both the complex technical production processes and the administrative processes of Dillinger Hütte are supported with modern IT systems. Because of this, as well as due to the expansion of the worldwide presence of Dillinger Hütte, the availability of data and information flows are gaining in importance. Risks that endanger the confidentiality, availability and integrity of IT-supported information can therefore result from human error, organizational or technical procedures and/or security gaps. In addition to the breakdown of important production- and administration-related systems within the value chain, risks due to access to systems by unauthorized third parties, such as in industrial espionage, are notable in this regard. Software that is employed is therefore continuously monitored by Dillinger Hütte and SHS Services GmbH, and systems are updated as needed. In addition, hardware components such as servers and networks are continuously expanded and adapted to technological innovations. For example, a new loop wiring system was put into operation in 2013 that provides redundant connectivity between Dillinger Hütte and Saarstahl AG and its plants in Völklingen, Burbach and Neunkirchen, and therefore ensures greater availability, bandwidth and flexibility.

Human resource risks

For Dillinger Hütte, as a manufacturer of high-tech and high-quality products, successful operation of the company fundamentally depends on skilled employees and managers as well as their high flexibility and commitment. In view of this, Dillinger Hütte places great importance on being an attractive employer. With its trendsetting and sustainable human resource policy, which relies on strong initial job training, development of systematic, continuing professional training and close cooperation with schools, universities and technical universities, Dillinger Hütte provides for its own qualified and skilled young talents and works to actively counter the anticipated shortage of skilled labor.

Regardless of this, risks caused by surplus personnel prompted by the current unfavorable market conditions and the associated, unsatisfactory utilization of capacities, cannot be excluded. Dillinger Hütte is responding to these risks by using various employment policy measures such as reduced working hours or partial retirement models; in addition, transfer solutions to other companies within the SHS Group are also being applied.

Environmental risks

The production processes in hot metal and steel production as well as the heavy fabrication division involve innate process-related environmental risks such as contamination of air and water. Through intensive quality and environmental management, Dillinger Hütte therefore does everything it can to exclude damage caused by the product or its production. For instance, Dillinger Hütte operates an integrated management system that combines quality management, workplace safety and environmental protection with incident management. The company also invests in measures that increase the effectiveness of its environmental protections. Beyond this, however, there are still risks due to the tightening of environmental regulations with requirements that may not be achievable with current technology.

Organization of opportunity management

Opportunity management at Dillinger Hütte is directly embedded into the work of the Board of Management of Dillinger Hütte. The Board of Management identifies and discusses opportunities and potential, and when needed, conducts strategic dialogue about market and technology trends with the affected departments and subsidiaries. In these strategic efforts, the Board of Management focuses on the current global drivers of growth as well as those for specific sectors, and continuously develops the company with consideration of global trends.

Strategic opportunities

Dillinger Hütte sees both challenges and opportunities in the internationalization of its business activities. Many customers of Dillinger Hütte are internationalized or are in the process of internationalizing. In doing so, they are often focusing on the new growth markets. Dillinger Hütte therefore sees an opportunity to safeguard relationships with existing customers through further internationalization. Acquiring new customers who have not yet been reached represents an additional opportunity. Dillinger Hütte is therefore strengthening its worldwide presence through expanding the sales network and is in particular leveraging potential in new and emerging markets, without giving up its market position in the traditional markets.

An additional opportunity for future business activity lies in the engineering skills of the employees of Dillinger Hütte. This enables the company to optimize processes and equipment, and to further develop, improve or completely redesign products.

An important component of Dillinger Hütte's business model is treatment and heavy fabrication. These allow the company to offer a wide range of products and services. Here, Dillinger Hütte works closely with its customers in order to find the optimal solution. This view of service represents a feature that distinguishes the company from its competitors. The company therefore sees an opportunity for future business activity in the strengthening and further expansion of treatment and heavy fabrication.

In addition, Dillinger Hütte sees an opportunity for future business success in the subsidiary Steelwind Nordenham GmbH. With Steelwind Nordenham, a manufacturer of monopiles, that began test operation in October 2013, Dillinger Hütte can not only support the accelerated energy transition in Germany but can also profit from it economically in that, with the production of monopiles, an important contribution is made to offshore electricity production.

Operational opportunities

The operating activities of Dillinger Hütte consist of a multitude of processes that are sometimes interdependent or connected with each other through interfaces. Dillinger Hütte sees an operational opportunity in the optimization of these in-plant processes. Through adaptation it may be possible to achieve an accelerated workflow in selected processes and thus to reduce costs. These efforts have been accelerated by the "DH 2014 plus" project, which primarily focuses on structural process adaptation. In a consistent

implementation of this project, Dillinger Hütte therefore sees the opportunity to generate cost benefits and therefore competitive advantages.

In addition, there are opportunities in the continued merging and consolidation of the functions and activities of Dillinger Hütte and Saarstahl into SHS. These may lead to a leveraging of additional synergies as processes and workflows are harmonized.

Overall assessment of the risk situation

On the whole, there are currently no identifiable risks that could endanger the continued existence of the company, nor are there any signs of trends that could have a major influence in the long-term on the earnings, financial and asset situation.

Forecast

Underlying economic conditions

Moderate recovery in the world economy

The International Monetary Fund (IMF) currently expects the global economy to grow moderately at a rate of 3.6 % in 2014. However, this generally positive scenario continues to be accompanied in 2014 by numerous uncertainties, especially from the financial sector. Further economic development is marked by a shifting picture of growth: Whereas the upturn is expected to weaken in the emerging and developing markets, which had been highly dynamic in recent years, the growth rates in the more advanced economies are recovering at an increasing pace. This is particularly true for the United States, as the aggravating fiscal factors are gradually losing their significance. Slight growth and a stabilization of the recovery is expected for the euro zone; for the German economy, growth significantly above 1 % is expected. Due to the high level of exports, economic development remains dependent, especially in Germany, on the economic growth of our major trade partners in Europe and in third countries, as well as on the international currency exchange rates.

The world steel market: utilization of capacities still below average

Continued recovery of the steel industry is expected for the global steel market in 2014. A growth rate of 3.4 % is predicted for worldwide steel demand, while crude steel production is expected to grow by 3.7 % to 1.672 billion tons. Due to the persistent expansion of capacities, however, the utilization of global crude steel capacities will remain under the longtime average.

In the European Union (28), a slight improvement in the steel market, starting from a low level, is expected overall. Growth in demand remains modest, however, at 2 %. The strongest recovery will be in Germany and Poland. In the southern European steel markets such as Italy and Spain, however, only a bottoming out can be expected in the steel markets that slumped sharply in the past. Despite comparably robust growth in volumes, steel companies in Germany will continue to operate in an extremely difficult market environment that is characterized by intense price competition and unchanging, relatively high raw material costs. There is also a danger that a further tightening of energy

and climate policies could damage the international competitiveness of the German steel industry.

Sluggish upward trend in the heavy plate market

Assuming that there is a moderate recovery of the world economy and increasing activity among steel processing firms, a slight upswing in the heavy plate market can be expected in 2014. In addition to improved real demand, moderate stock replenishment will also contribute to this upswing. However, the risks for foreign trade resulting from growing international trade restrictions should not be discounted. The existing disparity between steel and heavy plate capacities and steel consumption, particularly in Europe but worldwide as well, continues to place serious strains on the market – a situation with both economic and structural causes that will only slowly improve.

The demand for heavy plate will likely vary according to consumer segments: The machine manufacturing and offshore oil and gas sectors should continue to experience satisfactory activity in 2014. An improved order situation compared to 2013 is expected for the international wind energy sector. Signs of a slight recovery have also been noted in worldwide shipbuilding, which has brought relief to some heavy plate producers in Asia and has also had a positive impact on other markets served by heavy plate manufacturers. Strained conditions will continue in the market for large-diameter line pipe: If the extraction of shale oil and gas continues to be successfully promoted, and as a consequence the prices for oil and gas do not increase, the demand for pipelines will also not increase significantly. The large-diameter line pipe plants will therefore continue to find it difficult to utilize their full capacities. The worldwide construction of new large-diameter line pipe plants carried out in years past has exacerbated the problem, as has the increased number of vendors supplying premium-quality heavy plate.

Development of Dillinger Hütte

Dillinger Hütte is tackling economic and structural challenges

Based on an in-depth situation analysis, the Dillinger Hütte Board of Management put together a package of measures in 2013 aimed at safeguarding the future. These measures will produce initial results in 2014. These measures work in two directions: For one, safeguarding the financial strength is in focus – which will involve consistent and prompt implementation of the "DH 2014 plus" restructuring and cost-cutting program, combined with consistent cash management. The "DH 2014 plus" program, which will be implemented for the most part by the end of 2014, is expected to permanently save € 130 million at the Dillingen site, mostly through material costs but also through personnel costs. At the same time, the cost-cutting program means adapting internal processes and capacities to the lower demand. The aim of the planned modernization of corporate processes is to become more flexible overall – in the interest of the customer as well.

On the other side there are measures aimed at the market, which have the goal of increasing sales volumes in the normal product segment in order to at least partially

compensate for the drop in pipe plate volumes. Strengthening the worldwide sales structures is the main focus here. Dillinger Hütte is remaining true to the principle of providing its customers with the best possible technical and commercial support and to cooperate on achieving projects made from steel. Long-time business relationships with many important customers have been created this way. Dillinger Hütte will continue to be a strong brand that sets the standards in the industry worldwide.

No transactions of major significance took place following the balance sheet date. Possible negative impacts on the production for the South Stream order resulting from the crisis in Crimea are not currently foreseen, or are considered to be negligible.

Improvements expected in revenue and earnings

As previously described, the most likely scenario for 2014 is that of moderate growth of the world economy with a slight upward trend in the heavy plate market with respect to volumes. A better year at least in terms of volumes in the pipe plate product range appears to be in store for Dillinger Hütte – considering the booking in early 2014 of the bulk of the first offshore line for the South Stream project. This order ensures an adequate basic utilization of capacity at the Dillingen site starting in the second quarter. At the same time, a slight upturn in demand is expected for the year as a whole in the normal program product range, such as in the offshore wind, offshore oil and gas, and machine manufacturing segments.

Even if this only partially compensates for the missing volumes of pipe plate, it is expected that the production capacities of Dillinger Hütte at the Dillingen site will be better utilized overall in 2014 than in 2013, although there will be wide variations between the individual quarters. Increasing the price level from its currently disappointing state is unavoidable in order to guide the company back into the profit zone. Accordingly, price increases are targeted for the second and third quarter of 2014. As a result of the systematic implementation of the ongoing "DH 2014 plus" restructuring, cost-cutting and efficiency improvement program – and on the condition that there are no unexpected increases in raw material or energy costs – slightly higher revenues and improved operating results (EBIT) are expected in 2014, even if they continue to be at an unsatisfactory, slightly negative level.

Dillingen, 27 March 2014

The Board of Management

Dr. BLESSING Dr. BANNENBERG Dr. LUXENBURGER METZKEN SCHWEDA

ANNUAL FINANCIAL STATEMENT (abridged) BALANCE SHEET

Assets

K €	31/12/2013	31/12/2012
A. Fixed assets		
I. Intangible assets	**807**	740
II. Tangible assets	**693 166**	555 698
III. Financial assets	**1 199 859**	1 178 035
	1 893 832	1 734 473
B. Current assets		
I. Inventories		
1. Raw materials and supplies	**31 526**	38 380
2. Work in process	**54 597**	70 518
3. Finished goods	**73 788**	84 679
	159 911	193 577
II. Receivables and other assets		
1. Trade accounts receivables	**92 815**	91 687
2. Receivables from affiliated companies	**220 421**	130 254
3. Receivables from companies in which the company has a participating interest	**29 691**	43 235
4. Other assets	**331 471**	327 374
	674 398	592 550
III. Cash and bank balances	**143 124**	420 677
	977 433	1 206 804
C. Deferred items	**0**	25
D. Positive difference from asset allocation	**931**	8 031
	2 872 196	2 949 333

Shareholders' equity and liabilities

K €	31/12/2013	31/12/2012
A. Shareholders' equity		
I. Subscribed capital	**178 500**	178 500
II. Capital reserve	**378 574**	378 574
III. Earnings reserves	**1 189 937**	1 279 587
	1 747 011	1 836 661
B. Accruals and provisions		
1. Accruals for pensions and similar obligations	**335 776**	296 896
2. Tax accruals	**757**	600
3. Other accruals and provisions	**261 507**	226 977
	598 040	524 473
C. Liabilities		
1. Liabilities to financial institutions	**210 655**	230 882
2. Customer advance payments	**18 388**	8 620
3. Trade accounts payable	**69 503**	63 131
4. Payables to affiliated companies	**165 374**	241 344
5. Payables to companies in which the company has a participating interest	**36 815**	16 420
6. Other liabilities	**26 410**	27 802
	527 145	588 199
	2 872 196	2 949 333

PROFIT AND LOSS STATEMENT

K €	2013	2012
1. Net sales	**1 815 691**	2 351 262
2. Change in finished goods, work-in-process and other own work, capitalized	**– 17 103**	– 4 631
3. Other operating income	**20 591**	24 210
	1 819 179	2 370 841
4. Cost of materials	**1 306 909**	1 629 324
5. Personnel expenses	**371 731**	352 589
6. Amortization and depreciation	**56 060**	56 441
7. Other operating expenses	**160 350**	142 221
	1 895 050	2 180 575
8. Income from participating interests	**24 013**	19 036
9. Write-down of long-term financial assets	**15 640**	11 220
10. Net interest income	**– 19 629**	– 4 204
11. Result from ordinary activities	**– 87 127**	193 878
12. Taxes on income and earnings	**– 533**	– 187
13. Other taxes	**– 986**	– 848
14. Compensatory payment to minority shareholders	**– 1 004**	– 1 004
15. Profit transfer due to profit and loss transfer agreement	**0**	– 96 839
16. Net loss / net income	**– 89 650**	95 000
17. Transfer from earnings reserves	**89 650**	0
18. Transfer to earnings reserves	**0**	– 95 000
19. Unappropriated retained earnings	**0**	0

CASH FLOW STATEMENT

K €	2013	2012
Net result for the year (before profit transfer)	**– 89 650**	191 839
Amortization and depreciation, write-downs/write-ups		
Intangible assets and tangible assets	**56 060**	56 441
Financial assets	**15 639**	11 220
Change in long-term accruals	**21 710**	17 627
Change in receivables from and payables to affiliated companies	**– 69 298**	139 473
Change in inventories and receivables (without affiliated companies)	**42 010**	19 907
Result from the disposal of fixed assets	**– 144**	– 2 024
Change in other accruals, provisions and liabilities (without affiliated companies)	**94 100**	– 71 162
Cash flow from operations	**70 427**	363 321
Investments in		
Intangible assets and tangible assets	**– 193 622**	– 170 887
Financial assets	**– 37 463**	– 49 472
Proceeds from disposals of fixed assets	**171**	2 167
Cash flow from investment activities	**– 230 914**	– 218 192
Change in long-term financial activities	**– 20 227**	79 148
Previous year's profit transfer	**– 96 839**	– 87 353
Cash flow from financing activities	**– 117 066**	– 8 205
Change in cash and cash equivalents	**– 277 553**	136 924

LISTING OF SHAREHOLDINGS

	Currency	Share of capital in % Direct	Indirect	Total	Shareholders' equity	Results 2013
1. Affiliated companies	K					
Domestic companies:						
Saarlux Stahl GmbH & Co. KG, Stuttgart	€	53.0		53.0	13 407	– **411**
Dillinger Hütte Vertrieb GmbH, Stuttgart	€	100.0		100.0	4 210	[1]
Ancofer Stahlhandel GmbH, Mülheim/Ruhr	€	90.0		90.0	24 874	**615**
Jebens GmbH, Korntal-Münchingen	€	100.0		100.0	19 808	[1]
DHC-Consult GmbH, Dillingen	€	100.0		100.0	189	**2**
Cargo-Rail GmbH, Dillingen	€	100.0		100.0	43	**9**
MSG Mineralstoffgesellschaft Saar mbH, Dillingen	€	100.0		100.0	19 922	**640**
Steelwind Nordenham GmbH, Nordenham	€	100.0		100.0	89 062	[1]
Raupenfahrzeug Nordenham GmbH, Dillingen	€		100.0	100.0	24	– **1**
Foreign companies:						
Dillinger France S.A., Grande-Synthe	€	100.0		100.0	158 574	– **51 969**
Eurodécoupe S.A.S., Lyon-Chaponnay	€		100.0	100.0	– 6 262	– **3 106**
Ancofed S.A.R.L., Lyon-Chaponnay	€		100.0	100.0	– 371	– **439**
AncoferWaldram Steelplates B.V., Oosterhout	€	100.0		100.0	34 062	**1 298**
Trans-Saar B.V., Rotterdam	€	100.0		100.0	1 233	**763**
Dillinger Nederland B.V., Zwijndrecht	€	100.0		100.0	937	**615**
Dillinger International S.A., Paris	€	100.0		100.0	1 511	**103**
Dillinger Norge AS, Oslo	NOK	100.0		100.0	2 311	**1 243**[3]
Dillinger Middle East FZE, Dubai	AED	100.0		100.0	69 406	– **816**
Dillinger India Steel Service Center Private Ltd., Mumbai	INR		100.0	100.0	55 749	– **5 081**[2]
Dillinger Hütte Services B.V., Zwijndrecht	€	100.0		100.0	46	**11**[3]
Dillinger America Inc., New York	USD	100.0		100.0	522	– **97**
Dillinger Sverige AB, Alingsås	SEK	100.0		100.0	1 319	**472**[3]
Dillinger Italia S.R.L., Mailand	€	100.0		100.0	62	**58**[3]
Dillinger España S.L.U., Madrid	€	100.0		100.0	25	**6**[3]
Dillinger Hutte UK Ltd., London	GBP	100.0		100.0	110	**61**[3]

	Currency	Share of capital in % Direct	Indirect	Total	Shareholders' equity	**Results 2013**
2. Participating interests	K					
Domestic companies:						
Dillinger Hütte und Saarstahl Vermögens-verwaltungs- und Beteiligungs-OHG, Dillingen	€	50.0		50.0	272 619	[1]
Zentralkokerei Saar GmbH, Dillingen	€		50.0	50.0	137 212	[1]
ROGESA Roheisengesellschaft Saar mbH, Dillingen	€	24.5	25.5	50.0	224 636	[1]
ROGESA Beteiligungsgesellschaft mbH, Dillingen	€		50.0	50.0	3 018	**– 4**
Cokes de Carling S.A.S., Carling	€		50.0	50.0	– 22 782	**– 363**
EUROPIPE GmbH, Mülheim/Ruhr	€	50.0		50.0	150 622	**– 60 516**
EUROPIPE France S.A., Grande-Synthe	€		50.0	50.0	7 851	**127**
BERG EUROPIPE Holding Corp., New York	USD		50.0	50.0	191 416	**14 719** [4]
MÜLHEIM PIPECOATINGS GmbH, Mülheim/Ruhr	€		50.0	50.0	4 631	**– 9 598**
Saarstahl AG, Völklingen	€	25.1		25.1	2 576 515	**– 157 817** [4]
1. Dillinger Projekt GmbH, Dillingen	€	50.0		50.0	96	**– 5**

[1] *A profit and loss transfer agreement exists.*

[2] *Due to the financial year differing from the calendar year the statements are based on the last available annual balance sheet (31.3.2013).*

[3] *If the current financial year's numbers are not available, previous year's numbers (31 December 2012) are stated.*

[4] *Consolidated result*

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