



interseroh

Speech

Dr Axel Schweitzer

Chairman of the Board
INTERSEROH SE

on the occasion of the
General Shareholders' Meeting of INTERSEROH SE
June 13, 2012
in Cologne

Check text against delivery

ALBA Group

- Page 1 of 15 -



interseroh

Shareholders and Shareholder Representatives,
Guests and friends of the Company,
Ladies and Gentlemen,

Welcome to the General Shareholders' Meeting of INTERSEROH SE 2012. As you can see, we decided this year to gather together a bit more closely, as well as to move to a more modern ambience. I believe this fits our innovative company far better.

I am happy to see that you, honoured shareholders and shareholder representatives, have ventured down the road to the MediaPark and remained loyal to us. Especially since attendance at our General Shareholders' Meeting has clearly decreased.

Why do I think that your trip here may be a rewarding one?

Because you are shareholders in a company that continues to be unique in the market!

As a result of its integration into the ALBA Group, this company, your company, is not just one of the ten largest groups responsible for environmental and recycling services and raw materials supply **in the world**, but is still the **only publicly quoted German company in this industry of the future**.

Already now the recycling industry provides approximately 14 percent of all raw materials used in Germany. Specifically, the paper industry already processes in excess of 70 percent of recovered paper and the steel industry roughly 45 percent of scrap. And the trend is rising.

ALBA Group

- Page 2 of 15 -



interseroh

The recycling industry is thus precisely the focus of both economic and social megatrends – the sustainable handling of raw materials and the sustainable treatment of nature for purposes of climate protection.

Therefore, ladies and gentlemen, you can take pride in having invested in this company. Moreover, you have invested in a share which – with reference to the stock market price of EUR 51.00 at the time the resolution on the control and profit transfer agreement with the ALBA Group was passed – and given the guaranteed gross dividend of EUR 3.94 per share, reflects a dividend yield of 7.7 percent. This is one of the top dividend yields on the German stock market.

However: We are negotiating our way through difficult times. The global economic crisis was only just overcome, when the European currency crisis arose. It is still not clear what the economic consequences might be if Greece returns to the drachma.

Especially the question of what will happen subsequently with the remaining highly indebted European countries such as Spain and France and what impact this might have on Germany's finances troubles us.

Taking this into account, I had forecast a better result for fiscal 2011 than for 2010. Provided that...

...the global economy remained as pleasing as it was then.

This prerequisite, however, **failed to materialise!**

I am even more pleased, therefore, to be able to tell you that we have nevertheless succeeded in raising our earnings in the past fiscal year, taking into account the special effects of the previous year.

ALBA Group



interseroh

We achieved **earnings before taxes of EUR 39.3 million** when adjusted for the one-time effects of deconsolidation profits, in other words, gains from the sale of fully consolidated companies. **This is an increase of EUR 6.8 million compared to the previous year's figure of EUR 32.5 million, also adjusted for deconsolidation profits.**

The companies in the raw materials trading segment were sold at the end of the third quarter of 2011 to INTERSEROH SE's parent company, the ALBA Group plc & Co. KG, at the carrying value of the consolidated balance sheet and were consolidated with the ALBA business division. EBIT totalled roughly EUR 56.7 million (2010: EUR 49 million), including the business segment of raw materials trading until the time of the sale and adjusted for deconsolidation profits, while EBT was EUR 40.8 million (2010: EUR 32.1 million).

Consolidated Group sales from the continuing business segments of the Interseroh Group – not including the raw materials trading segment which had been sold – amounted to approximately EUR 2.2 billion.

So Interseroh is emerging from a crisis-ridden environment strengthened by its control and profit transfer agreement with the ALBA Group.

How were we able to achieve these results, even though conditions in the markets were more than challenging?

We have, for instance, been able to develop more effective ways of marketing as a result of the control and profit transfer agreement between the ALBA Group plc & Co. KG and Interseroh.

In sales, we approach customers jointly and offer customised solutions; often this is a mix of Interseroh and ALBA services. We can utilise locations together and have coordinated our

ALBA Group



interseroh

logistics, just as we have consolidated purchasing quantities and further concentrated administrative support to the companies.

Furthermore, Interseroh may for instance market the tin foil quantities from the ALBA sorting facilities or the scrap from residual waste treatment facilities that ALBA operates in Berlin.

And we have ensured that our professional sales team is committed to new products and niche markets, where we perceive considerably better earnings opportunities. One example is the numerous take-back systems for commerce and industry.

Another reason for the positive earnings results is that demand for raw materials has risen on the whole and is continuing to rise.

At this time the closed loop recycling management is a focus of entrepreneurial thought and action. Industry has a considerable need to secure the provision of raw materials. One of the major future risks is seen in access to raw materials. And this is where we come in.

We are convinced: The interest in recycling will increase given high raw materials prices. The German recycling industry is playing a decisive role in this development, because it offers industry the desired advantages: more affordable procurement of raw materials combined with lower disposal costs.

Ladies and gentlemen,

Roughly 13 months ago I stood before you and talked about the winds of change. And these winds of change have in fact **become tail winds for Interseroh**. Our figures alone show this.

ALBA Group



interseroh

These winds will continue to accompany us in a world that is changing ever more rapidly and radically. And it is our task to continue to correctly set the sails of what is now a very large ship.

No doubt a few weeks ago you learned in the press that part of this change will be to rename the publicly listed holding company.

INTERSEROH SE shall become ALBA SE.

We have submitted the name change and the corresponding modification of the statutes for resolution under agenda item 6.

What does this mean to you?

The only consequence is that you will become shareholders of ALBA SE rather than shareholders of INTERSEROH SE.

This does **not** mean, however, that Interseroh will disappear from view. On the contrary!

Renaming your company is part of the ALBA Group's new brand architecture, the goal of which is to strengthen and better manage the two main brands among the competition. **The core is to ensure that the customer is clear on what he will get from us and where.**

The Interseroh brand, today and tomorrow, stands for the **ORGANISATION** of environmental and recycling solutions and will be used everywhere that we appear to customers as general providers.

ALBA Group



interseroh

On the other hand the ALBA brand within the ALBA Group will stand for **PERFORMANCE**, in other words, for all areas in which the ALBA Group itself renders services with its own equipment and own specialists.

This is why, ladies and gentlemen, the operating company INTERSEROH Dienstleistungs GmbH and its subsidiaries will continue to operate in the market under the Interseroh brand and, it follows, just to mention an example, the Interseroh Dual System as well.

The separation between operational and non-operational brands in the ALBA Groups is crucial in this case, since the client and contractor must continue to be distinguishable to the customer.

For instance, Interseroh Dual Systems commissions ALBA companies as service providers for waste disposal assignments, as well as innumerable other waste disposal firms.

It is also critical, in this brand logic, that we bring the operating companies of the steel and metals recycling segment under the ALBA brand umbrella for the medium term.

Ladies and gentlemen, those of you who have visited our scrap yards know that to a great extent they continue to operate under their regional brand and not, up to now, under Interseroh's corporate design. And, even more important, the business consists of processing materials with shears and shredders and selling the output.

This is not very different in the yards belonging to ALBA companies, except for the fact that other types of materials are involved there.

So let me summarise once again:

ALBA Group



interseroh

Renaming the publicly quoted holding company only means that you will in future hold ALBA SE securities rather than INTERSEROH SE shares. Other than that, renaming will have no impact on you. Our headquarters, too, will remain in Cologne.

Renaming is part of an overall concept designed to strengthen the two main brands of the ALBA Group, i.e. ALBA and Interseroh, and thus clarifying to the customer which brand stands for what.

And – last but not least – we wish to enhance shareholder value with this step.

For: Organisational solutions and techniques can be copied, but a well-managed brand cannot!

Ladies and gentlemen,

And now I'll take a big leap, since I suspect that there is a topic that interests you much more greatly than the question of under which name your shares will in future be located in the stock market.

Presumably you will be wondering whether a judicial investigation of a legal challenge of the **cash compensation and equalisation payment** we have offered will take place and what the status of this process is.

In this respect I can tell you that **83 shareholders** have submitted such a legal challenge. The process is pending at the District Court of Cologne. The first appointment took place on April 20, 2012. The various opinions of the applicants were discussed at this appointment.

ALBA Group



The court announced that it would come to a decision on June 15, 2012. This is not expected to involve specifying a certain figure. Rather, we anticipate that an expert will be appointed who will provide an opinion on certain questions to be specified by the courts in an evaluation.

I think it is important, therefore, to clarify once again that the appropriateness of the equalisation and compensation amounts calculated and established has been confirmed by a **contract auditor appointed by the court**, specifically the external auditor Michael Wahlscheidt. The basis for the calculation was an expert opinion provided by the **renowned audit firm**, PricewaterhouseCoopers, performed according to the IDS Standard S1.

The court discussed, among other things, the reduction of EBIT in perpetuity vis-à-vis the detailed planning period of the previous year in the planning statement considered the risk premium used for the capitalisation rate to be high. Furthermore, in the opinion of the court, general market developments until the date of the General Shareholders' Meeting should have been taken into account, even though the interval between announcement and the General Shareholders' Meeting was only six months. **The court appears to be refuting the jurisprudence of the Federal Supreme Court on the relevant stock market price in this case.**

During the appointment we once again explained the plans in detail, emphasising that it was improbable that a company would continue to develop in the long term at the same EBIT growth rate used in the first years of planning.

The current year also clearly shows that this approach was well-justified.

In calculating the capitalisation rate we commented in detail on the individual factors and, in particular, the composition of the peer group engaged in its calculation and presented this again in writing to the court.



interseroh

Ladies and gentlemen,

I hereby wish to conclude my explanations on this subject, since we do not wish, nor can we, anticipate the court date.

Let us take a look together at the course of business in the segments during 2011.

As mentioned at the start, we have reduced the number of our segments from three to two due to the sale of our raw materials trading segment.

I shall, therefore, concentrate on the services and steel and metals recycling segments.

In the services segment **we have continued to develop our innovative business areas successfully and were able to position ourselves an important supplier of secondary resources to industry.**

We succeeded in achieving significant progress with our novel plastic Procyclen.

The special factor: This plastic is almost completely manufactured from plastics waste from the yellow recycling bins.

Nevertheless, the quality of the plastic is comparable with parameters of new materials due to upcycling – a novelty on the secondary resources market, the development of which was recently distinguished by a sustainability prize.

The plastics granules, Procyclen, can be used especially in the casting production of, for instance, sales packaging, bottle cartons, paint buckets, returnable transport packaging or parts for the automotive industry. Our own colouring techniques, moreover, allow us to develop the plastics granules specifically for each customer using the entire range of colours covered.

ALBA Group



interseroh

We were particularly happy, therefore, to be able to use this novel plastic together with the **do-it-yourself chain toom** for the production of an innovative paint bucket, as well as with the **design specialist CURVER** for a rubbish bin, successfully establishing it on the market.

We are planning the manufacture of additional products made of Procyclen. Numerous requests from the production industry have been received and are currently in the implementation phase.

Our clear advantage: Due to the merger of Interseroh with ALBA, we have access to source materials within our own group. We possess the appropriate treatment techniques and are in a position to close the raw materials loop together in the Group.

Our cooperation with toom and CURVER in this manner is an example of the radical change in approach by companies to the topic of sustainability. For, in addition to the need to secure the raw materials supply, entrepreneurial interest in sustainable action is also increasing in industry. We in Germany are advancing in areas already standard in the US: the valuation of sustainability by the financial markets. In other words: Sustainability enhances a company's value.

Other newly developed take-back systems, such as in the field of lighting, or our new service of garage disposal on behalf of the automotive manufacturers, Opel and BMW, are operating **successfully**.

The number of contracts and sales in the field of household sales packaging was increased during the first nine months of the year under review. Effective the fourth quarter, our separation from a large group of customers resulted in a significant reduction of market share and revenues. The reason for separation from the customer group was that the overall market situation in the dual system, which, in contrast to what had been assumed when the contract was entered into, had clearly been brought to a head by several market competitors. On the whole price levels in fiscal 2011 were under extreme pressure.

ALBA Group



interseroh

On average for the year the Interseroh market share, however, we represented more than 16 percent in light packaging, in excess of 15 percent in paper and over 14 percent in glass, according to fourth quarter 2011 reports.

Despite the difficult overall market situation in the area of sales packaging, we were able to achieve higher pre-tax earnings in 2011 in the services segment than in the previous year.

In specific figures: The services segment generated sales revenues of EUR 479 million after EUR 453 million in the previous year. EBIT of EUR 22.1 million is slightly below the previous year's figure, EBT in the amount of EUR 23.8 million slightly higher than the prior year.

In the steel and metals recycling segment we showed in 2011 that our hedging systems kick in even during steep price declines in the raw materials markets – in contrast to what occurred in 2008. We are monitoring our positions in the steel and metals segment very precisely nowadays.

This can also be seen in the results: The steel and metals recycling segment earned the highest share of sales revenues. It rose from EUR 1,384 billion in 2010 to EUR 1,744 billion in 2011. EBIT in this segment was EUR 33.9 million, after EUR 35.5 million in the previous year, while EBT, too, was lower than the previous year at EUR 16.7 million (previous year: EUR 19.5 million).

If one disregards the deconsolidation effects of the previous year and the year under review as well as the special effects in connection with claims by the fiscal authorities included in interest expense and other operating income in fiscal 2011, EBIT has **risen** by EUR 0.7 million from EUR 33.1 million to EUR 33.8 million and EBT by EUR 2.2 million from EUR 17.1 million to EUR 19.3 million.

ALBA Group



interseroh

Furthermore, one should take into account that per-ton margins did not rise to the same degree as the price per ton.

While crude steel production through 2011 exceeded 2010 levels throughout Europe, the European steel industry responded to lower sales in the fourth quarter with a reduction in production capacity. The largest steel conglomerate in the world, ArcelorMittal, for instance, decided to permanently close two of its blast furnaces in Europe and to shut down others on a temporary basis.

Ladies and gentlemen,

Measured in sales revenues, Interseroh ranks among the top 3 German scrap treatment companies and, in addition, plays a leading role in European export of non-ferrous metals to Asia. We have at our disposal a network of 92 steel and metals recycling sites, as well as trading offices in Germany, Poland, the US, the Netherlands and China. In the year under review we traded over 445,000 tons of non-ferrous metals and 2.6 million tons of steel scrap.

We are anticipating a challenging year, at the very least, for 2012. We are expecting earnings at approximately the previous year's levels, however, due to the optimised set-up of the steel and metals recycling segment. It is true that Germany evidenced steel production in December of 2011 that was 4.8 percent lower than in December of 2010, but a number of other large steel-producing countries had positive production figures. Turkey, for instance, produced roughly 17 percent more steel in 2011 and production in Asia rose by almost 8 percent over 2010, as well.

This shows that a stronger international orientation was a good choice on our part. We are currently also benefiting from the euro to dollar rate, since export growth is lessened if the

ALBA Group



interseroh

euro is too strong. At the moment the dollar is very strong; as a result we continued to expand export overseas at the beginning of the year.

Furthermore, we perceive opportunities in a concentration on stronger gross margin products, such as non-ferrous metals and alloyed scrap. We have, therefore, established the first company for the treatment of, and trading in, special scrap, or alloyed scrap, in February of this year – INTERSEROH Stainless Steel GmbH – headquartered in Dortmund.

Ladies and Gentlemen,

I think that I have clearly expressed in these words that Interseroh has coped successfully with this year of upheaval and that we are operating successfully with the new positioning that we have chosen.

Now the issue is to master the current year. The dramatic indebtedness of numerous countries is a problem that we will be dealing with for some time. My strong assumption is that there will be a devaluation of currencies, even a gradual devaluation of the euro due to increasing inflation.

On the whole we will see a volatile and fragile economic environment in 2012 with raw materials prices that fluctuate sharply. A decline in overall economic production in the euro zone as a whole is anticipated.

Cautious estimates are anticipating a slight decline for Germany as well.

The greatest challenge for Interseroh will be strong margin pressures in both segments. I am, therefore, anticipating a slight decline in sales and earnings for 2012.

ALBA Group



interseroh

Turkey and China are among our primary target markets in the field of steel and metals recycling. The European market above all is of interest for the services segment. We want to gain a foothold in other European countries, such as Italy, as well with our take-back systems. Our know-how in the field of packaging recycling is an excellent basis for growth in other EU countries; it is important, however, to keep regional differences in mind.

Ladies and gentlemen,

This past year represented a break in the history of INTERSEROH SE: By entering into the control and profit transfer agreement in the General Shareholders' Meeting of 2011 you have set the course for the introduction of a new era in our company's history.

We now need to do justice to our newly created size and responsibility.

Our goal must be to push forward with the integration of Interseroh into the ALBA Group, while continuing to reinvent ourselves and anticipate the future.

We have shown in the past that we can do this!

And we will continue to prove it!

Thank you!

ALBA Group