

Ordinary General Shareholders' Meeting of INTERSEROH SE  
Cologne, the 29th of June 2010

**The spoken word takes precedence!**

## **Speech by Dr Axel Schweitzer, Chairman of the Board**

Ladies and Gentlemen,  
Shareholders and Shareholder Representatives,  
dear Guests and Friends of the Company,

I would hereby like to welcome you to this year's General Shareholders' Meeting – also on behalf of my fellow Executive Board member Roland Stroese.

This company, your company, is not just the sole German raw materials trader and environmental services provider listed on the stock exchange.

The company's business activities also happen to coincide with the two most important trends of the future:

That's because this company stands **first** for the sustainable management of finite resources and **secondly for** the sustainable management of our nature, our planet. We save in excess of five million tonnes of climate-damaging carbon dioxide each year. We bring together ecology and economy. We provide industry with raw materials. We take used products back into the cycle, so that new things can come from them.

Under the umbrella of the ALBA Group, Interseroh is among the ten leading environmental companies worldwide, with a unique range of services.

And we even go another step further – we tell our customers how sustainability can earn them money! By entirely avoiding the generation of waste.

The sum of these factors outlines a trajectory for the long-term, profitable growth of the Interseroh Group. We believe in our future. And I am certain: You feel the same, ladies and gentlemen; otherwise you would not be present here today.

We are pleased that you have joined us to actively exercise your role as shareholders and co-owners of INTERSEROH SE. In return, I would like to report and provide account to you. An account of what we have done in the past fiscal year.

In 2009, the entire world was in shock. The economic and financial crisis was an enormous challenge: Economically. Politically. Socially.

For all of us it was anything but a straightforward situation.

In this situation, the strengths of the Interseroh Group came to the fore:

- We contained the crisis quickly and effectively with a comprehensive earnings assurance programme, consisting of hundreds of individual measures.
- We were thereby able to achieve savings in excess of EUR 17 million and finish the year with a positive result.
- And we took advantage of the crisis, seeing it as an opportunity to set the course for the future.

Only a few companies in our industry were able to produce black figures in 2009.

Your business, ladies and gentlemen, is one of them.

And there's more:

INTERSEROH SE has become the second largest system provider and has maintained its position as the largest distributor of non-ferrous metals in Germany,

Ladies and gentlemen,

The best news for you is the long-term stock performance. Interseroh shares gained 465 percent in the course of the past decade.

This makes Interseroh one of the ten most successful German stock companies of the past ten years.

Permit me to put this into stronger terms: In the first decade of stock trading in the 21st century, only six German shares significantly outperformed the Interseroh shares. I congratulate all our long-term Interseroh shareholders on their decision to invest in this unique enterprise. In recent years our shareholders have quintupled their investment.

You know all too well that shares popular among traders and stock market players are those representing the markets of the future. Interseroh shares takes a pioneering role in this case.

That's because we are constantly trying to expand our business and develop new business ideas. It is our goal to keep reinventing ourselves without losing sight of our core competencies.

Our latest success story is the venture called "Interseroh Closed Material Loop". In our opinion, the model of the future in resource efficiency.

We have opened up an entirely new field of business. We have developed an innovative recycling system for the transportation of products such as fruit and vegetables.

We have replaced disposable packaging with reusable crates, and we manage them across the entire supply chain – from the packing stage by farmers to the final cleaning in Interseroh's own washing depots.

The exceptional fact: For the first time, recycling is not at the primary application; in this case, the focus is on basic resources. Waste is not generated in the first place, as it is substituted. Additionally,

- ... the model can be extended to other companies, products and countries
- ... and it is not regulated by law!

In the space of just a few months, we were already able to persuade three clients of our concept – including the food discounter ALDI Süd. The industry experts of you know what that means.

Ladies and gentlemen,

Permit me to place these achievements in the perspective of our overall strategy, which I would now like to elaborate in concrete terms:

### **Interseroh is rapidly turning from a national into an international raw material supplier!**

In doing so, we are strategically aligning ourselves with the growth markets of the future:

- By the increasing integration of our domestic activities and the simultaneous development and expansion of our export competency in the steel and metals sector, we have laid the foundations to benefit from strong growth in Asia – especially in China. The expansion of business activities in the area of metals is a priority here.
- In Eastern Europe, we have been continuously expanding our range of disposal and recycling services.
- In Southern Europe, we are aggressively accelerating our trading activities in the area of recovered paper and plastics.

In conducting business on the Chinese market, we are benefiting from two arbitrage effects:

Thanks to our effective collection system and our leading recycling technology, we collect raw materials, combine the volumes, and thereby improve our purchasing and marketing position.

We are also deriving advantages from the discrepancy between the high volume of secondary raw materials in Europe and the strong rise in demand in Asia.

Let me clarify this point: China plans to establish 100 new cities, more than 90 new airports, and 100,000 km of motorway by 2025. Growth in China is now already four times higher than in the eurozone.

It is my firm conviction that meeting this huge demand for raw materials requires not only an increase in the global trade in secondary raw materials, but also an international strategy to raise resource efficiency and improve recycling rates. In this respect, the world has a lot to learn from Germany by the way, because Germany is the world leader in recycling technology and resource recovery:

Thanks to recycling, the cost of metal production is reduced by about 20 percent even today. Our industry is relieving the German economy by more than five billion euros every year.

How, you may ask? The recycling of expensive raw materials means they don't have to be imported in the first place!

**In parallel with our international focus, we are looking to further strengthen our core domestic business.**

The core region for the coming years will therefore continue to be the German market. We will seek to demonstrate that sustainability in the recycling industry is most certainly compatible with cost optimisation and streamlined processes for our clients.

We will hence continue to expand our innovative business areas, and thereby strengthen our independence from the legislature even further. And we will – in the regulated sector – continue with our successful strategy.

**That means: Quality over quantity and margin over volume!**

**What does this mean for our raw materials trading? Here we have professionalised and restructured our marketing activities!**

We have increased our majority holding in RDB Aukrug to 100 percent, and turned it into the leading marketing head for recovered plastics. On this market, Interseroh is now one of the leading suppliers to the European plastics industry, and one of the largest European exporters to Southeast Asia.

We have also expanded trade in non-ferrous metals and alloys with a new location in Dortmund!

Non-ferrous metals are key components in the production of modern products such as mobile phones or computers. The current strong demand for non-ferrous metals such as copper shows that we correctly recognised the trend early on, and chose the right strategy.

By establishing an overseas warehouse in the port of Rotterdam, we are now able to commission deep sea vessels and export our scrap materials directly into the entire world. This also allows us to respond to price fluctuations in an even more flexible manner.

**The fact that we are now able to offer full range of environmental and recycling services thanks to our cooperation with ALBA is also of major importance.**

**Interseroh and ALBA work together only where cooperation yields advantages to both companies. In other words: All contracts between Interseroh and ALBA have to adhere to arm's length principles!**

But it is together – and only together – that Interseroh and ALBA are effectively the only companies in the industry able to provide the entire spectrum of environmental and recycling services to their clients, including the marketing of raw materials.

The network of the ALBA Group now covers over 140 companies in more than 200 locations across Germany.

Whether furniture manufacturers, shoe importers or food discounters – we have the competencies to recycle all types of packaging, and establish individual collection and disposal solutions. We dispose of the logistics for the collection of recyclables. The ALBA Group operates technically advanced sorting and treatment plants, and – last but not least – we have the international marketing expertise for raw materials.

One thing is certain: The demand for raw materials – and thus secondary raw materials – is only going to increase in coming years.

A study conducted by Roland Berger recently estimated the overall market volume for Green Business to reach EUR 470 billion in 2020.

That's more than the turnover of the entire German automotive industry!

To the point: The environmental sector is going to be the most important economic activity in Germany in the medium term!

Interseroh can and will derive significant benefits from this development. As a leading environmental services provider and trader in raw materials, we have set the strategic course correctly.

### **And we have optimised our portfolio:**

As you have probably read in the news, we have reached a cooperation agreement with the Paprec group in France for the international marketing of its waste paper quantities. Paprec is the leading French paper recycling company. In return, we sold the locations run by Interseroh France to Paprec. This is in tune with our strategy to focus on our core business – the trade in raw materials.

In the timber trade, there were some changes in the past few weeks: With the sale of the timber branch in Wuppertal, we now have three profitable timber locations. *In the area of scrap and*

recovered metal, we have acquired both a scrapyard in Teltow and Luckenwalde from TSR. In return, we have just divested the RUP Rohstoffhandelsgesellschaft in Dusseldorf.

As early as at the end of last year, we concluded an arrangement with Scholz AG regarding the dissolution of our joint ventures in HRR Stahlschrott- und Metallrecycling and the closure of unprofitable locations.

To us, portfolio adjustment means building a network of holdings with a strong focus on return on capital within the scope of our strategic framework. That's the only way we can ensure organic growth at the national and international levels.

Ladies and gentlemen,

Against this background of structural changes, the Executive Board of INTERSEROH SE and the management of INTERSEROH Management GmbH are today presenting the draft of a control and profit transfer agreement between INTERSEROH SE and INTERSEROH Management GmbH for a vote.

The detailed report of the Executive Board on TOP 8 was provided to you on the 19th of May with the publication of the invitation to the General Shareholders' Meeting in the electronic Federal Gazette; it has also been available for inspection at the company's premises. It was made available on the Internet on the same date, and is also available to you today with all mandatory documentation.

Let me, therefore, briefly summarise the contents:

- The management of INTERSEROH Management GmbH is to report to INTERSEROH SE in accordance with the corporate agreement to be entered into. INTERSEROH SE is entitled to instruct the management of INTERSEROH Management GmbH on the management of the company accordingly.
- INTERSEROH Management GmbH is required to transfer its profits to INTERSEROH SE in full. In turn, INTERSEROH SE is required to reimburse INTERSEROH Management

GmbH for any net loss for the year that may be incurred in accordance with Section 302 of the German Corporation Act.

The establishment of the control and profit transfer agreement will allow INTERSEROH Management GmbH to be more firmly integrated into the Group structure than hitherto, and will better promote the interests of INTERSEROH SE.

The control and profit transfer agreement, however, is primarily designed to establish a corporate tax entity between INTERSEROH SE and INTERSEROH Management GmbH according to Section 14 of the Corporate Tax Act and a trade tax entity according to Section 2, paragraph 2, clause 2 of the Trade Tax Act.

The corporate and trade tax entity will have the effect of joint taxation of INTERSEROH SE and INTERSEROH Management GmbH. This allows the simultaneous offsetting of profits or losses for tax purposes so that corporate and trade tax are incurred only by INTERSEROH SE as the controlling company, based on the netted positive and negative results.

This control and profit transfer agreement is presented to you in draft form. We request your consent as shareholders.

As you can see, we have developed significantly. This change will also be reflected in the composition of our board in the next few weeks, as you have probably heard just recently. I am extremely pleased to announce to you in person today, that the Supervisory Board decided at yesterday's meeting to appoint Mr Joachim Wagner to the Executive Board of INTERSEROH SE from his prior position in the management committee as of the 1st of August 2010.

In his position on the Executive Board, Mr. Wagner will be responsible for the segment steel and metals recycling, and he will introduce himself to you briefly after my speech.

Disposing of decades of experience in the industry, and being a very successful entrepreneur in his own right, Mr. Wagner will return control of this rather important business field to the Executive Board. Just as important as the transfer of management of this segment to the operational sphere

was in the dramatic times of financial and economic crisis, now is the right time to bring the management of this rapidly growing business field back to the Executive Board to allow it to move on in strategic terms.

Ladies and gentlemen,

During the crisis, we once again focused on our strengths, our stamina by virtue of our own resources. We have accepted the global economic crisis as an opportunity, and implemented our planned structural measures confidently and swiftly.

As a company, we think and act for the long term. Our clients, the general public and the capital markets have understood and rewarded this fact. During the financial crisis, we derived calmness and power from it.

With pride, I would now like to present our Annual Results for 2009. The key figures:

- We made a profit, even though the **turnover of the Interseroh Group** decreased by nearly 40 percent to EUR 1.3 billion as a result of the global economic crisis.
- With EUR 3.8 million in 2009, we attained **positive net consolidated results before taxes**. Although about two million euros below last year's result, our comprehensive earnings assurance programme with hundreds of individual measures allowed us to implement savings in excess of EUR 17 million, and we were thus able to attain black figures.

A major reason for the decline in turnover was the sharp drop in prices for secondary raw materials. The annual average prices for all kinds of secondary raw materials were far lower in 2009 than the per tonne prices in 2008. Similarly, demand was weaker in 2009.

To illustrate the roller coaster price levels went through, I will give you some indicative figures:

- In January 2009, the price for a tonne of recovered paper dropped to EUR 2.50. At the end of the year, the price was at EUR 52. Currently, the price of recovered supermarket paper is at EUR 80-90.
- Or take copper, an important non-ferrous metal. In early 2009, the price per tonne was at EUR 2,000. At the end of the year, it stood at EUR 4,800. Currently, the price is hovering at about EUR 5,500.

Ladies and gentlemen,

What am I getting at? With such significant price fluctuations, turnover is not the relevant key figure to us – the decisive factor is really commercial viability.

- We are thus increasingly focusing on materials with higher added value, particularly in the area of non-ferrous metals and plastics. For instance, the traded tonnage of plastics increased by almost 50 percent in 2009 to 273,000 tonnes, while the total volume declined to 4.9 million tonnes.
- In spite of this decrease in turnover and tonnage, we achieved a positive **result before interest and taxes** – the so-called EBIT – of EUR 22.6 million.

The attentive readers amongst you would have probably spotted that this EBIT diverges from the one cited in the current financial statement.

I would like to explain that discrepancy:

At the beginning of the current fiscal year, we modified our definition of the consolidated EBIT. The background being that there are different methods for the calculation of EBIT. With our new calculation method, we are adopting the commonly accepted definition, where income from investments is not included in the EBIT. With the publication of our figures for the first quarter 2010, we indicated this change for the first time.

Furthermore, we had to adjust some balance sheet and profit and loss statement items for the fiscal year 2008 – I would like to explain these to you as well:

As our financial statements are compiled in accordance with IFRS rules, we were forced to determine the allocation of the purchase price when we acquired ALBAMETALL GmbH in September 2008 on a provisional basis initially. The reason is that IFRS rules entail that accounting should be carried out early, and on the basis of preliminary data.

As part of the financial statements in 2009, the final purchase price allocation was then taken into account. The procedure was discussed with the auditors and approved by them.

This was a brief explanation of a complex issue – for further information I would like to refer you to page 127 of our current annual report, where the situation is explained in detail.

I would also like to inform you about the current state of the BaFin investigation into the accounts of Interseroh AG for the year 2006 at this point:

As you can see from the current annual report, the BaFin ordered INTERSEROH SE in early January to publish the presumably omitted dependent company report for 2006.

Interseroh SE filed an objection to the notice of assessment and the publication requirement in early December 2009 or rather mid-January 2010. The objections have not been ruled on as of yet.

Background: In the scope of an audit, the Deutsche Prüfungsstelle für Rechnungslegung (German Auditing Agency – DPR) came to the – not legally binding – conclusion, that the annual report for 2006 omitted the legally required dependent company report.

The reasoning of the DPR was based on the assumption that Interseroh AG was controlled by myself and my brother Eric Schweitzer in 2006.

This assessment of the company Interseroh AG as a dependent company was due to a presumption on the part of the DPR that the company was subject to the meaning of Section 312 of the German Corporation Act, as my brother and myself were "proprietors of the disposal group ALBA AG" in 2006. In spite of the fact that DPR's own findings show that neither myself nor my brother held a majority interest in the Isabell Finance Beteiligungs-GmbH, the general partner of Isabell Vermögensverwaltungs GmbH & Co. KG, and thus in ALBA AG, at the time.

I would therefore like to take this opportunity to expressly state once again that Interseroh has produced a voluntary dependent company report for fiscal year 2008, which was also examined and confirmed by the auditors.

You can find detailed information on this process in the annual report for 2009 on pages 186/187.

Ladies and Gentlemen,

that's it regarding the formalities. Allow me to give you an **interim summary** at this point: In spite of the global economic and financial crisis, Interseroh is looking back on a successful fiscal year 2009.

**And there's more: Interseroh emerges from the worldwide economic crisis as a clear winner! With our results, we are significantly better off than many other market participants.**

Before giving you an outline of developments in our three core segments, I would like to explain some of the balance sheet figures, and give you some comments with regards to the cash flow.

**We increased the Group equity ratio from 22.1 percent to 24.1 percent.** Moreover, we are in a rather comfortable liquidity position: Our liabilities to banks across the group were reduced by more than EUR 100 million.

**Non-current assets** decreased by EUR 10.7 million to EUR 282.5 million. This is mainly due to the fact that there was less investment compared to previous years. Depreciation and disposals thus exceeded new investments.

The development of our operational **cash flow** is particularly encouraging: It increased from EUR 23.9 million as of last year to EUR 89.3 million in 2009. In this case, the change is also mainly attributable to the effects of cash management.

Ladies and gentlemen,

the figures for the fiscal year 2009 are the result of the daily work of just less than 2,000 employees.

Our employees have achieved a lot. They have performed steadily in an extremely difficult and uncertain environment – using the best of their knowledge, motivation and creativity. They have understood and accepted that we had to make tough decisions during the crisis. Among these were temporary short-time working measures in the steel and metals sector, as much as strict cost management in all areas.

Let us take a final look at the figures and consider the development of the individual segments.

The largest segment in terms of turnover – the steel and metals area – generated a turnover of EUR 833 million. Since the year 2009 was characterised by extreme economic conditions, this corresponds to about half of the turnover for 2008.

Due to the worldwide reduction in the demand for steel, the purchasing of scrap steel declined by one third compared to the previous year.

Results in this segment were also affected by this development: The EBIT amounted to about EUR 2 million. The EBT stood at EUR -14.8 million.

The important fact is:

- We have set the course to benefit from the growth in the emerging economies – particularly in China.
- We have been continuously integrating our 90 scrap yards in Germany, so as to combine our volumes and participate in export arbitrage.
- We have created a new organisational structure, and we have appointed coordinators for steel scrap and non-ferrous metals.

The demand for **non-ferrous metals** in particular has been growing steadily during the past year.

**We increased the quantity traded by us by around 30,000 tonnes to a level of 380,000 tonnes compared to 2008. This makes Interseroh one of the leading exporters of non-ferrous scrap. Our export quota to the Far East even grew by around 140 percent to approximately 140,000 tonnes. We will be looking to build on this position in the future.**

The traditional segment in our portfolio is the business area of services.

We have improved our market position in this sector, and expanded our innovative business areas. I have already explained our new system for reusable transport packaging to you in the beginning of my speech.

The segment of services generated a turnover of EUR 312 million. The EBIT amounted to EUR 18.7 million. The EBT amounted to EUR 13.2 million.

TÜV Rheinland regarded our service quality as "very good". This independent seal of approval confirms our high standards to ourselves. That's because we do not just provide legally compliant system services, we also stand for quality and transparency.

I would particularly like to emphasise that in the area of sales packaging, we managed to improve our position from third to second place in the ranking of dual systems. Furthermore, we were also able close the gap to the former monopolist.

The recently published figures from the clearing house for 2009 were also good news. The quantity of licensed lightweight packaging in Germany for 2009 increased by more than 21 percent to 4.36 million tonnes, of which about 1.23 million tons consisted of lightweight packaging.

Ladies and gentlemen,

Finally, let us take a look at our youngest segment.

The area of raw materials trade was exposed to highly volatile prices throughout the year. It is therefore all the more gratifying, that we achieved a **turnaround in this segment:**

The EBIT increased to EUR 2.3 million, and the EBT rose to EUR 0.9 million although turnover in the same period declined from EUR 223 million to EUR 149 million.

In the segment of recovered paper, we were able to sell our volumes consistently thanks to the international marketing structures we implemented in 2009, even though German paper production fell by eight percent to 21 million tonnes last year.

In the area of recovered plastics, Asian demand is rising faster than in Europe – similarly to the segment of steel and metals recycling.

Dear Shareholders,

so much for the past fiscal year.

Naturally, you are curious to know how the share price reacted to these developments. With a price performance of 39 percent, the Interseroh stock was clearly able to outperform DAX.

For us, it is self-evident that you will wish to take a share of our achievements in fiscal year 2009:

The Executive Board and Supervisory Board propose a dividend of 11 euro cents per share.

The proposal represents a total dividend of EUR 1.08 million. This dividend proposal is also a reflection on our good work across all of our business segments in 2009, and an expression of our gratitude for your loyalty.

Ladies and gentlemen,

Currently we find that secondary raw materials tend to be in shortage once again. Levels of demand are significantly in excess of supply across all raw materials. Compared to the extreme months of the economic crisis, the situation on the raw materials markets has entirely reversed, particularly in the first four months.

Encouraged by this trend, we made a successful start into the new fiscal year.

**Our earnings before taxes for the first quarter have already exceeded those of the full fiscal year of 2009!**

Ladies and Gentlemen,

the positive trend of the first quarter also continued in April and May. Due to the deconsolidation of IS France and RuP, we expect an additional extraordinary income of over EUR nine million. On the basis of good business operations, we are expecting a very significant increase in our earnings for the full year in comparison to the previous year.

Nevertheless, we are expecting a continuation of challenging markets for 2010. The stabilising economy and the projected increase in demand – especially in Asia – will result in positive, but volatile market development.

The past has shown that raw material markets are highly cyclical in nature. Furthermore, prices are subject to certain speculative influences that regularly lead to over and under stating of both supply and demand. The precise extent of the improvement in results is therefore very much dependent on the evolution of the macroeconomic framework.

Ladies and gentlemen,

2009 was an exceptional year – both for the raw materials sector, as well as the entire world.

I was impressed by the commitment and capacity for change displayed by ourselves and the Interseroh Group. As a team, we have created a solid foundation:

- In the steel and metals segment, we consistently built our high-margin business areas – especially in the non-ferrous metals segment – and we managed to significantly increase our sales to Asia.
- We have also brought our innovative recycling system for food trade to market – and won the first major contracts.
- We have established a new department for alloyed scrap and so extended both our value and portfolio.
- We have expanded across the value chain under the umbrella of the ALBA Group, thus disposing of a unique range of environmental and recycling services.
- We have reduced our debt and yielded black figures.

To the point:

We are extremely well positioned in the attractive growth market par excellence, and we have excellent prospects for the future. We partake in two major trends of the future: Environmental protection and resource security!

Professor Friedrich-Wilhelm Wellmer, long-time president of the Federal Institute for Geosciences and Natural Resources, once made an impressive comparison I would like to quote in concluding my speech. He said: "We should treat our resources like human talents. None shall be abandoned, every single one needs fostering." End quote

There is however a difference between resources and human talents: With talents, you never know how they turn out. With most raw materials, on the other hand, we know:



There will be less tomorrow than there are today!

Thank you for your attention!