

Speech

Dr. Axel Schweitzer

Chairman of the Board
of ALBA SE

on the occasion of the
General Shareholders' Meeting of ALBA SE
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Shareholders and Shareholder Representatives,
Guests and friends of the Company,
Ladies and Gentlemen,

I bid you, also on behalf of my board colleagues Joachim Wagner and Rob Nansink, welcome to the first General Shareholders' Meeting of ALBA SE.

Today, you rightly expect that I will present not only the figures for the 2012 business year, but, in light of all the upheaval of recent years, also give you **a glimpse of what our strategy going forward looks like.**

Much in advance: ALBA SE will and must have the courage to change.
We see the transformation...

...as a chance to shape development in our industry.

...as a need to remain distinctive and unique.

...and not least as an obligation to continue to consider our company as a global leader.

In this spirit, 2012 was a year of change and in this spirit, 2013 will be **a year of further development:** Last year, you will remember, this was visible in the re-branding of INTERSEROH SE as ALBA SE, approved at the general meeting. Internally, this took the form of the development of our idea to **conserve resources, reclaim raw materials and to close material loops.**

Ladies and Gentlemen, this year we are facing a transition which, in my view, is even more important.

This transition has been eclipsed in the newspapers by headlines on our results for 2012, such as "ALBA is feeling the economic downturn".

So I would like to begin by addressing this:

As you can see from our annual financial statements and from our information, in the 2012 financial year, we achieved earnings before taxes of EUR 37.7 million before tax, and an EBIT – that is, earnings before interest, taxes and shares in earnings of associated companies – of EUR 50.2 million.

According to these figures we are indeed – based on EBT – about 6.8 percent below the figures for the previous year (EUR 40.4 million), but still above the level of 2010.

Consolidated group sales amounted to about EUR 1.9 billion, after around EUR 2.2 billion last year.

These figures are, of course, not satisfactory.

But – I want to emphasize – they come as no surprise.

I see a lot of familiar faces, so one or two of you may remember the conclusion of my speech last year.

My outlook ended with the statement:

Firstly: The greatest challenge will be strong margin pressures in both segments. And secondly:

We will conclude 2012 with a slight decrease in earnings and sales.

And that, ladies and gentlemen, is exactly what happened. I add "unfortunately" here. I would be only too happy to have been mistaken!

The fact that this comes as no surprise does however give us a view of the economic situation in Europe, our largest market:

- Economic experts in 2012 referred to a recession for the Eurozone as a whole.
- You yourselves have surely seen the news of dramatic declines in production, particularly in Spain, Italy, Portugal and Greece.
- The consequence of this decline was: a sharp decline in demand for raw materials and thus secondary resources.
- The European steel industry is of particular concern. Not only have we experienced the closure of steel plants here in 2012, but we also continue to see overcapacity of up to 30 percent.
- But even in the services and disposal fields in Germany, we are experiencing lower volumes simultaneously with higher levels of competition and inadequate control of the relevant laws.

This **largely** explains why we, as a supplier of raw materials and a recycling company, ended the previous year with this decrease in sales and earnings.

HOWEVER: Our results for 2012 are – I repeat – still better than the results for 2010. That shows that we have dealt with the difficult market environment especially in the steel and metals recycling segment better than a number of companies in the sectoral comparison.

Ladies and gentlemen,

to be perfectly clear: We can't and do not want to use the economy to explain everything away.

We are also aware: Our costs within the group are still too high, given these strong economic disturbances. There is no sugar-coating that.

And this also is not a sudden realisation.

By the middle of last year, we had already started implementing programmes to sustainably provide for better performance and thus lay the foundation for further growth.

And not only on the level of ALBA SE, but – allow me this additional remark – also on the level of the ALBA Group.

I will come back to this, and the developments in the individual business areas in more detail later.

The **performance of our share** might perhaps be more interesting for you, so I will go into that first:

Despite economic downturn, the price of our share has developed very positively. Our share is now, as you know, being featured under the ABA ticker symbol on six German stock exchanges.

The opening price on the Frankfurt stock exchange on January 2 was EUR 52.22, the closing price on December 28 was EUR 64.70.

This represents an increase of almost 24 percent!

The share seems to be comparatively unaffected by influence factors such as economic development or the US elections.

The control and profit transfer agreement with the ALBA Group plc & Co. KG as controlling company, which became effective in May of 2011, has already had a strong influence on positive developments. The stock price rose continuously upon publication of the settlement payment of EUR 3.94 gross per share. This trend continued through 2012.

As shareholders of ALBA SE, you are the clear winners of the 2012 business year.

On the basis of the closing price and a guaranteed dividend of EUR 3.25 net, dividend yield is around five percent.

This, ladies and gentlemen, is one of the top dividend yields on the German stock market.

This return is not to my knowledge topped by any other company in the MDAX, and only by very few in the DAX.

So far, in a nutshell, the three important indicators are: Dividends, earnings and sales.

We come now to the strategic part I mentioned earlier: the ongoing restructuring of the corporate group.

I speak here of a path we have only just started down, and which will certainly take several years to traverse.

I can, however, tell you exactly what lies at the end:

We will be the **first company** in our industry to mesh the business field of steel and metals recycling with the classic business fields of the looped economy!

The scrap area with the waste disposal business, the recycling and trading of secondary resources such as paper and plastics.

We have already begun. We are establishing a new structure which rests on **three pillars**:

- We offer both waste management services as well as expertise in the field of steel and metals in one place. This means: Our field representatives are specifically trained to offer customers additional services. Through this, we are not only increasing synergies, but also providing customers with real value.
- We use locations, equipment and administration together – lowering costs and working more efficiently.
- We are streamlining our management by providing both divisions with shared management and simplifying processes.

Our maxims here are:

Profitability before volume, specialisation before bulk business and focus before coverage.

At the same time, we check all of our companies and their businesses models for strategic fit, profitability and sustainability and will continue to do so on a rolling basis.

We have realigned the division of labor between central, administrative functions and operating units.

The aim: a small, streamlined and strategic central on one side and a wide front and close proximity to our customers and markets on the other.

And we are going to reduce our personnel and material costs. Also, and I also say this very openly, through the reduction of employees – especially in administration and at leadership level.

Ladies and gentlemen,

I am no fan of reactionist business, so we have already initiated the first measures in the middle of last year when it became clear that our muted economic forecasts would come true.

The programmes we have implemented are designed to sustainability provide for better performance and efficiency of ALBA SE and to lay the foundation for future growth.

I remind you at this point that we – not only since the cooperation agreement between Interseroh and ALBA – **have grown significantly over the last decade**. It is quite natural that some structures and processes are not yet 100 percent matched to one another.

Ladies and gentlemen, this efficiency programme also entails that we start with ourselves. By this I mean the Board of Directors and Supervisory Board.

Under agenda item 5, we are submitting to you today a proposal for approval, proposing the Board of Directors and Supervisory Board be replaced by a unified Management and Monitoring Body.

In short: It's about the exchange of the dualistic system you know for a so-called one-tier system.

What are the reasons for this?

Firstly: We reduce the number of our board members from nine to just six - a reduction of one third.

And secondly: After re-branding INTERSEROH SE to ALBA SE in 2012, we create more clarity and better governing body structuring – both at the level of the ALBA Group as the holding company, and at the level of ALBA SE in its function as an intermediate holding company.

How does the one-tier system work?

Put simply, the monitoring tasks of the Supervisory Board and the management duties of the Board of Directors are bundled into one board.

The implementation of the measures adopted by the administrative board and the representation of the company externally is the responsibility of the executive directors, who may be members of the administrative board at the same time.

So, our proposed structure: The administrative board shall consist of two executive and four non-executive members.

This does not mean, however, that management will no longer be controlled.

On the contrary: The joint consultation and decision of the executives and non-executive members on strategic measures and the operational responsibility of the administrative board enables a faster decision-making process and a direct flow of information.

If you agree to the request, you would be "rid of me" as Chairman of the Board of Directors, so to speak.

But before you celebrate too early: As chairman of the administrative board, whose function I would also be happy to take over in future, I would stay with you and take over my brother's duties.

What is important for you: The transition to the one-tier system in no way changes your rights or entitlements as minority shareholders of ALBA SE.

Control of management is present in the one-tier system. The law stipulates that more than half of the members of the administrative board are not executive directors. We are keeping that!

As the transition to the new system will be undertaken as a by-law amendment, the decision on agenda item 5 require a majority of two thirds of votes submitted – or, in the event that at least half of capital stock is represented, a simple majority of votes submitted.

Similarly, the members of the administrative board are to be voted for - two members shall also be appointed as executive directors. The relevant nominations will be voted on under the agenda items 6 to 11.

Two incumbent ALBA SE board members are suggested as executive directors who are subsequently appointed by the full administrative board: Joachim Wagner, also a member of the ALBA Group plc & Co. KG Board of Directors and Rob Nansink, member of the ALBA SE Board of Directors since January 1, 2013.

As my brother initially noted, Mr. Nansink is unfortunately not present today, and he has asked me to apologise to you for his absence. The reason for this is an important overseas appointment planned months ago.

In addition to myself, the following gentlemen are suggested by the Board of Directors and the Supervisory Board as further, non-executive members of the administration board:

Martin Becker-Rethmann, Member of the ALBA Group plc & Co. KG Board of Directors,
Eric Oliver Mendel, Member of the ALBA Group plc & Co. KG Board of Directors,
Dr. Werner Holzmayer, accountant, solicitor and tax consultant at the offices of Ebner Stolz Mönning Bachem in Cologne.

When we come to vote on the election of board members later, my brother will briefly introduce the candidates you might not yet know.

Ladies and gentlemen,

A listed company replacing Supervisory Board and Board of Directors with an administrative board is certainly still relatively rare in Germany. The possibility has existed only since the introduction of the SE legal form in the year 2004. We are however by no means the first to take this step.

You are all surely aware of the sporting goods manufacturer Puma, who in 2011 converted their company from a German joint-stock company to an SE with a single administrative board. Overall, about 35 SEs in Germany have already introduced a one-tier system in recent years, which is almost one third of SEs operating in Germany.

So the single-tier management structure is far less exotic than it might sound at first.

I would imagine that one or two of you have questions about the top 5. I will be very happy to answer these in the discussion after my speech.

Now to business development in the individual segments in 2012:

As you know, we have reduced the number of our segments to two due to the sale of our raw materials trading segment in 2011.

These are the services and the steel and metals recycling segments.

In the services segment, we were able **to continue to develop our approach – to closing material loops – and successfully expand our portfolio of existing customers.**

We have thus succeeded in positioning ourselves as an important industry supplier of secondary resources.

Our clear advantage: Due to the cooperation 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.

For example, we are currently still the only company in a position to completely close the product loop in plastics recycling, from packaging licensing to the new raw material.

And in 2012, we established a new collection system for the recycling of pollutant-containing, energy saving bulbs as an extension of our portfolio in the services segment.

With the Interseroh bulb kit, small and large retailers can offer their customers a convenient and environmentally friendly system for the return of these lights.

An idea which was our response to the EU ban on the production of conventional light bulbs and a useful addition to our range of collection systems.

My personal highlight, however, is the progress we achieved in 2012 with our new plastic Procyclen.

As you may know, this plastic is almost completely manufactured from recovered plastic 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, and for which we again received three awards last year, including the German Industry Prize.

But we were still not satisfied, and have continued working to perfect the granules. The last challenge our technicians had to face, was to further develop plastics **for use in the food industry.**

And that is exactly what we achieved in 2012!

We have now received approval for the use of our patented Procyclen with food!

That, ladies and gentlemen, is nothing less than a small revolution in the history of plastics recycling! And of that this company and you – as its shareholders – can be very proud!

But I will not deny that there were also developments in the services segment that were less positive. And here, I mean the Dual System.

For classification: Interseroh reduced its market share in the area of recycling of plastic packaging from 16 percent in 2011 to 8 percent in the last year.

And reduced it intentionally!

We are operating in a market characterised by a lack of control by the authorities on one side and fraudulent companies on the other.

The problem:

Firstly: Although about two million pieces of plastic packaging waste actually ends up in the yellow bins, only about 1.2 million of bins are licensed – that is to say, their recycling is paid for.

Secondly: 800.000 bins then end up in the Dual System virtually illegally and must be recovered with costs.

And thirdly: Lack of control by the environmental authorities by countries means the "black sheep" go unpunished for years.

The consequence: Where there is no control, the fraud increases.

You see: A downward spiral that we do not wish to join.

Especially as license prices fall sharply and so rarely even cover costs.

It looks much better in the field of transport packaging. Here, INTERSEROH Dienstleistungs GmbH organises the return of packaging for the industry which has been used for transport, for example films and cartons in which pieces of furniture are delivered.

Through the acquisition of new customers and the expansion of existing customer relationships, we were able to maintain our current market position.

Our recipe for success in the service business area is:

We combine ecology and economy in the sense that we offer solutions in which the consumption of resources is decoupled from growth.

We stand **simultaneously for the sustainable use of nature and the sustainable use of natural resources.**

This way, we cover two trends that are increasingly important in large retail groups and major German companies: The desire for security in the procurement of raw materials and the will of a growing number of customers who do care from which company they buy a product.

These customers want to know if a company is committed to the environment, if the working conditions are right, if a product is sustainable.

And this is exactly what INTERSEROH Dienstleistungs GmbH can help with, by optimising processes to be sustainable.

This can also be seen in the figures:

With a lower turnover of EUR 331 million, we were able to increase our profit before tax to EUR 34.6 million. That represents an increase of EUR 10.8 million.

Ladies and gentlemen,

less pleasing was the **development in the steel and metals recycling segment**, as already mentioned.

The situation in the European steel industry deteriorated significantly from the second quarter of 2012 onwards.

This was particularly true in the case of Southern Europe, but in Germany, too, crude steel production was four percent lower than the previous year.

Sale of non-ferrous metals complicated the limited growth of the Chinese economy in the first nine months of last year.

On top of this, prices for sea freight rose in Asia.

Of course this left traces on us, as well.

Due to the difficult economic situation in Europe, margins in the ALBA SE Group also came under pressure, especially in the second half of 2012. Exports of steel scrap to non-European countries were almost impossible due to the weakness of the dollar.

In the area of trade in non-ferrous metals such as copper and aluminium, a decrease of the available quantities in drop shipments was made very clear.

The figures:

The steel and metals recycling segment generated turnover of EUR 1.6 billion in 2012.

Earnings after taxes sunk by EUR 16.7 million in 2011, to EUR 3.1 million in 2012.

Nevertheless, ALBA SE continued to build its position as top player in the international market environment. The ALBA SE subsidiaries in the steel and metals recycling segment rank among the top 3 German scrap treatment companies.

We have at our disposal a network of more than 90 steel and metals recycling sites, as well as trading offices in Germany, Poland, the US, the Netherlands and China.

Other important steps to strengthen this position in 2012 were:

- The acquisition of a trans-shipment centre in Sweden. And:
- The purchase of Reukema Balkan. The company, now operating under the name ALBA Balkan, have 12 scrap yards in Croatia, Bosnia-Herzegovina, Serbia, Montenegro and Romania, among others.
- In addition, for the first time, we have at our disposal four own cargo ships for the transport of scrap.

With their acquisition, our company has significantly improved its position as a scrap-supplier in Turkey.

In one of the booming European markets, ALBA SE therefore climbs to a position among the top 10 scrap suppliers in Turkey.

Ladies and Gentlemen,

The initiated portfolio-optimisation and the measures to increase earnings should also of course lead to an improvement of our financial position. One question which I have been asked repeatedly is: What about our liquidity?

In short: Liquidity is fully secured for the coming years. There is enough head room to secure the company's future development.

Due to INTERSEROH SE's former financing being 'folded in' with ALBA Group's financing, we now have much greater scope in terms of resource usage. Since last year, ALBA SE is now powered exclusively by internal commercial lending and an existing ALBA Group cash-pool with liquidity for each market interest rate defined according to maturity bands.

Ladies and gentlemen,

I now want to turn from yesterday to tomorrow – so to the outlook.

The debt crisis in the Eurozone is still unresolved. The growth of emerging economies such as China, has slowed. The German economy just barely escaped recession in the first quarter of 2013 with growth of 0.1 percent. A sweeping revival of world economy is therefore also not on the cards for our 2013 fiscal year.

For the services segment the focus is on continued development of new business fields in areas not regulated by legislators. At the same time, for strategic reasons, we want to retain

the market share in the highly competitive Dual System. The business area is essential for us if we want to further accelerate our idea of closed material loops.

We therefore expect increasing sales with a decline in earnings in the services segment.

In the steel and metals recycling segment, we hope for a slight recovery in 2013 by accelerating economic growth in emerging markets in the second half of the year. Opportunities and potential lie in further development of international trade and the dovetailing the segment with the ALBA Group's disposal, recycling and trade divisions.

Ladies and gentlemen,

Much of what has occupied us in recent weeks shows **that the integration that has been initiated is right and important. The transition has already begun to take hold in many places in the company.**

You might ask where the synergy between the businesses divisions should lie.

You will probably want to know where the optimism that we will succeed where other companies has failed comes from.

And one or two of you certainly thinks we should simply continue as we have done in the past.

Therefore let me say again:

There is no alternative to the changes that we are making.

Those who don't change will be left behind by the market. You all know examples of this type of thing.

Companies that were giants in our youth, but today struggle to survive, or have already been broken up and sold off.

"Business as usual" cannot and therefore will not continue with me!
We must and will keep the courage to change.

It is my conviction that this is the only way to ensure the success of ALBA SE in the future.

Under the umbrella of the ALBA Group, ALBA SE is one of the leading business groups for recycling, raw materials, disposal, loop management and innovative services.

The interplay of all company divisions makes it possible for us to evolve constantly, think outside the box and do what others daren't.

Thus we ensure the supply of raw materials for future generations and contribute actively to climate and environmental protection.

Here, three principles apply for us

With the wishes of our customers, we grow.

With the experience of our staff, we profit.

And WE make the change in our industry.

This is what continues to make our company, YOUR company, unmistakable!

Thank you for listening. I conclude with a statement by political scientist Richard Löwenthal:

"Values can only be preserved through change!"

Thank you.