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INTERSEROH SE General Shareholders' Meeting on June 24, 2009

Speech by Dr. Axel Schweitzer, Chairman of the Board

Ladies and Gentlemen,
Shareholders and Shareholder Representatives,
Guests,

Welcome to INTERSEROH SE, your INTERSEROH SE.

I am delighted to welcome you to the Cologne Congress Centre in the name of the entire Management Board.

The twelve months that have elapsed since the last General Shareholders' Meeting are from an economic perspective certainly among the most eventful and turbulent in the history of the Federal Republic of Germany, as well as of the Interseroh Group.

My colleagues and I therefore welcome the opportunity to respond to you personally on a series of important topics.

The core concept of our business is to recover, treat and re-issue into the production cycle all raw materials related to commercial and private consumption.

Today INTERSEROH SE is the only publicly quoted company in Germany that is both an environmental services and raw materials provider.

We offer our customers a comprehensive range of services: Consultancy services on disposal issues, licensing in the dual systems market, innovative logistics and product development up to raw materials delivery throughout the world.



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This constitutes both added value for the customer and our contribution to environmental protection.

Indeed, Interseroh is a pioneer in climate protection. It is due to our contribution that every year five million tons less of CO₂ emissions harmful to the climate are being produced. Recycling of used raw materials equals active environmental protection!

I will focus on three questions in my presentation, which comprises the report of the entire Management Board:

- I. How has business developed in the three INTERSEROH SE segments during 2008?
- II. What strategy are we adopting in order to ensure INTERSEROH SE's long-term success?
- III. What are the prospects for the future?

I. Business development 2008

First I would like to review developments in fiscal 2008 and detail developments in the individual segments.

As you are aware, the economic situation of the industry as a whole was marked by both negative and positive extremes in 2008.

Our sales revenues and earnings: excellent for the first three quarters of 2008, but the last quarter was one of the financially most difficult that we have ever experienced.

The Lehman collapse in September of 2008 shook the financial sector and then all markets around the world.

The crash of the real economy also had a direct impact on the recycling sector.

This also had direct impact on the annual earnings of the Interseroh Group.



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It was thus even more important and right for us to undertake a strategic restructuring.

Since I took up my post in the summer of 2008, we have been consistently working towards developing Interseroh as the leading environmental services and raw materials provider in Germany and, in the medium term, in Europe.

We have advanced along this course. And above all: We started our strategic homework before the slide in the global economy set in.

Ladies and Gentlemen,

Allow me to look back over the overall conditions prior to providing you with more detail concerning our annual result for 2008, and then address our strategy.

Initially, prices of secondary resources climbed to record highs in the summer of 2008. The collapse of the global financial system then led to an abrupt price drop in the raw materials markets.

In October, for instance, the price of copper fell by over EUR 1,000 per ton in a single week. Trading in waste plastic at times was so disrupted, that it was not possible to obtain price reports.

Orders from the German steel market in the final quarter of 2008 plummeted by almost 50 percent compared to the previous year, reaching a historic low. Correspondingly, the demand for steel scrap fell sharply.

The secondary aluminium market reacted similarly. Output in December was almost 50 percent below the level of the previous year. Interseroh, too, felt the crisis in the automotive industry, since aluminium scrap is used primarily for casting alloys in vehicle construction.



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Nevertheless: INTERSEROH SE once again gained a strong improvement in sales revenues in this difficult environment.

During the year under review revenues rose 18 percent to approximately EUR 2,066 billion.

This is due to two factors above all:

continuous and robust rise in prices of secondary resources in the first half of 2008 and a series of strategic acquisitions.

Profits, however, could not keep pace with the growth in sales revenues and remained significantly below expectations. **Earnings before taxes (EBT)** at c. EUR 13.52 million hovered considerably below the previous year's levels. **Earnings before interest and taxes (EBIT)** amounted to EUR 25.52 million, thus considerably lower than 2007, too.

On the bottom line, net profits for the Group in 2008, at EUR 1.44 million, were positive, but nevertheless significantly lower than in 2007.

Ladies and Gentlemen,

to be perfectly clear - our results may be thoroughly presentable compared to some of our competitors, but they are completely unsatisfactory and disappointing to us.

Disappointing also because the massive effects of the economic crisis conceal our solid key indicators.

Our equity ratio, at 23 percent, is slightly below that of the previous year, but continues at a good level.

The main reason for the decline is the rise in intangible assets on the balance sheet. Total assets in the year under review rose accordingly by twelve percent to a narrow EUR 737 million in view of a series of acquisitions.

Liquidity required by the Interseroh Group is assured by means of longer-term fixed-interest and bilateral loans.



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Investment rose once again in 2008, amounting to EUR 31.6 million. This related primarily to property, plant and technical equipment.

Return on capital employed was 4.4 percent during 2008, thus clearly lower than target. The ratio of EBIT to total capital continues, however, to be the key management indicator for the Group's companies, in the opinion of the Management Board, and is therefore the focus for our further strategic orientation.

It is noteworthy that: since the downward trend on global stock markets has set in, the Interseroh share – in relationship to the peer group of our quoted competitors – is one of the most stable securities and has also asserted itself well vis-à-vis the DAX.

Ladies and gentlemen, our 2008 performance may be all right in industry comparison, but we use another yardstick.

You, our shareholders, have had to cope with painful financial losses due to the development of the INTERSEROH SE share price – and this pains us as well!

It may be only small consolation, but nevertheless today we are proposing a dividend of 14 eurocents per share in agreement with the Supervisory Board. The total volume roughly corresponds to the Group's consolidated earnings. We would like on the one hand to continue our strategy of a sustainable strong capital base, while at the same time showing you that we are not allowing ourselves to be discouraged by the overall economic conditions.

Ladies and gentlemen,

How have INTERSEROH SE's **individual segments** developed?

There is both good news and disappointing news in this regard.



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I./ A. Services

It is particularly gratifying that:

Our operational customer business in the services segment in 2008 was stronger than ever!

We managed to **double the number of customers of the Interseroh Dual System** alone. And that is not all. In the market share ranking of the nine dual systems providers Interseroh has risen from 3rd to 2nd place in the first quarter of 2009.

This is a great success!

This makes us the second largest provider today in Germany in the licensing of sales packaging. This is the result of a mix of enduring contract management and high levels of competence in consultancy services. We have not followed some of our competitors into the ruinous price wars in sales packaging recycling: and we will persevere with this strategy.

Interseroh has as a result deliberately foregone sales revenues during 2008.

Revenues in the services segment declined slightly to EUR 315 million, earnings before taxes (EBT) dropped to EUR 20.85 million and earnings before interest and taxes (EBIT) to EUR 15.32 million. These decreases can primarily be traced back to foregoing low-margin business.

I./ B. Steel and Metals Recycling

We **significantly raised** our traded **tonnage** in the steel and metals recycling segment in 2008 due to acquisitions. Interseroh is among the top three in the German ranking of scrap treatment companies, among the top five in Europe and among the leading three in non-ferrous metal scrap trading and recycling.

2008 was a year characterised by a high degree of price volatility. The leading scrap type 2 (new scrap) was quoted by the steel trade association at over EUR 425 per ton in June; by November,



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the price was only around EUR 218 per ton. Prices rose again slightly in December, but this increase was not sustained.

Demand for scrap – a much more important figure for Interseroh – mirrored price developments. While selling steel scrap in the first half of the year was unproblematic, demand significantly dropped in the fourth quarter. Binding contracts were ignored outright by individual customers. This was a new experience for us. We reacted immediately: with capacity adjustments and cost reductions.

Nevertheless sales in the steel and metals recycling segment increased – also due to acquisitions – by EUR 340 million to c. EUR 1,562 billion. Earnings before taxes (EBT) amounted to EUR -1.12 million with earnings before interest and taxes (EBIT) at EUR 15.53 million.

I./C. Raw Materials Trading

And now to our **raw materials trading** segment:

Interseroh was able to increase **its volumes on a continuous basis** in the area of recovered paper. The marketed quantity of recovered paper grew from around 1.3 million to 1.4 million tons – in disproportion to the market.

But here too: Record prices and high demand for secondary plastics in the summer were followed by a slump in demand and price discounts from October onwards.

Sales in Asia succumbed almost completely as of the beginning of October. Subsequently, valid contracts were not complied with, which required value adjustments in the 2-digit millions.

Sales in the raw materials trading segment rose by almost EUR 21 million to EUR 222.6 million, earnings before taxes (EBT) dropped to EUR -7.58 million and earnings before interest and taxes (EBIT) to EUR -5.50 million.



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II. Strategy

Ladies and gentlemen,

Let me proceed from these figures to strategy.

No-one – not even we – could predict the scope of this historic economic crisis!

One could, however, foresee that the overheated raw materials market of the summer of 2008 could not continue forever.

I presented this prognosis to the general public as early as the beginning of my tenure in August of 2008.

This is why we reacted early!

It was and is the goal of the Management Board to strengthen the Interseroh Group's vertical orientation.

We initiated this change to our fundamental strategy **prior** to the start of the crisis in the raw materials markets.

This head start is now an advantage for us.

We are firmly convinced: In the medium term only such companies as have made the leap from specialist to complete provider will be able to assert themselves on the market.

Interseroh needs a powerful partner for this leap to environmental services provider with a comprehensive product portfolio. We perceive this partner in the ALBA group of companies.

ALBA focuses on disposal and scrap and facilities management.

Interseroh's core business is: Services related to packaging and product recycling, as well as raw materials trading, in particular of steel and non-ferrous scrap.



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Together, therefore, Interseroh and ALBA cover the entire value creation chain of licensing, collection, treatment and marketing of secondary resources.

We want to offer our customers the whole spectrum of environmental and recycling services and at the same time achieve synergy potential.

We wish to grow Interseroh into the leading environmental services and raw materials provider in Germany and in the medium term in Europe under the virtual umbrella of the “ALBA Group”.

We want ALBA and Interseroh to cooperate in such a way with one another in their varied business fields that the profitability of both companies increases.

We are already benefiting:

By entering into joint framework agreements in the insurance field alone we are saving a high six-figure amount in premiums a year – and with the same risk coverage.

The following applies as a rule: Interseroh and ALBA work together only if advantages accrue to both companies as a result.

In order to provide a secure, reliable and transparent basis for cooperation, the Interseroh Group and the ALBA Group have entered into a cooperation agreement at the beginning of 2009.

This agreement obligates both parties to refrain from undertaking business detrimental to either of the participating groups when cooperating.

Moreover, a Clearance Committee was appointed by the Interseroh Management Board in order to ensure that arm’s length principles are maintained. It is the task of this committee to document transactions between the two groups of companies, as well as to check compliance with the arm’s length principle.

We assure, by means of this strict procedure that no contracts will be entered into between Interseroh and ALBA that are to the detriment of your INTERSEROH SE.



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For fiscal 2008 the Management Board has already voluntarily had a report of dependence on relations with associated companies prepared in accordance with section 312 of the German Corporation Act. This was reviewed and certified as part of the preparation of the annual financial statements by KPMG.

We shall of course repeat this in 2009.

Ladies and gentlemen,

That's it regarding our fundamental orientation.

Let me now explain what measures the Management Board has taken in order to confront the **current challenges** of the economic crisis.

While in the first half of 2008 continuing external growth was a priority in the first instance, the focus since August of 2008 has been specifically on the integration of the companies acquired. We want to – and must – exploit synergies within the Interseroh Group more fully and thus enhance our purchasing and selling power. Given the current sales crisis, better networking of the approximately 100 individual companies of the Interseroh Group is now in the forefront.

Consolidating materials flows, in particular, contains the key to economies of scale that the Interseroh Group wishes to use as leverage.

Our credo is: We must first earn our right to continued growth.

We have, therefore, used the recent months to continue to optimise our business processes. Early on, in September of the previous year, we launched a series of immediate measures designed to adapt our organisation to declining volumes in the short term.

We want to increase our volume by over 30 million euro with a comprehensive profit assurance programme by measures designed to raise sales and lower costs.



What does this mean specifically?

II./ A. Steels and Metals Recycling strategy

Ladies and Gentlemen,

Demand for steel scrap continued to be very low in the first three months of this year in the steel and metals recycling segment, too. Price declines carried on as well.

We must assume that the requirement for steel scrap will continue below the 2007 level in the upcoming years. Production cutbacks in German steel works in the first months of the current year have given rise to fears of a further decline in monthly scrap purchases. According to the forecasts of industry associations by 2012 sales of steel scrap in Germany will be reduced by about a fifth compared to 2007.

In the 27 European member countries we also are counting on a continued drop in margins over the next three years.

Our response is:

- + Stronger exports in markets with structural under-supply, such as Southern Europe and Asia.
- + Accompanied by full exploitation of arbitrage between local and international markets in our favour.
- + Improved coordination among the over 90 scrap locations of the Interseroh Group in Germany.
- + Continued expansion of our trading business in non-ferrous metal scrap.



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We are happy to note that the market for aluminium and copper scrap has been showing preliminary recovery trends in Asia since the beginning of the year. We, therefore, assume that recycling opportunities will continue to shift to emerging countries and have begun to adapt our distribution channels accordingly.

We anticipate rapid recovery in particular in the non-ferrous metals market, driven primarily by economic programmes in China. This recovery is, however, coupled with sharp volatility.

The order of the day is: Consistent coordination and fast response to changing markets. In this way Interseroh will be able to continue its margin-orientated expansion.

In January, we have therefore reorganised our management structure in the steel and metals recycling segment. There are three new regional and two new headquarters managers for the areas of steel and non-ferrous scrap. They coordinate contacts with customers and buyers on an inter-regional basis. They are concerned with the optimisation of internal processes by, for instance, consolidating purchase contracts, consistent receivables management and the introduction of uniform benchmarks.

(Explanations on Agenda Item 15)

Also, against this backdrop the Management Board of INTERSEROH SE and management of INTERSEROH Hansa Recycling GmbH today submit for your vote the draft of a control and profit transfer agreement between INTERSEROH SE and INTERSEROH Hansa. The detailed report of the Management Board on TOP 15 was provided to you on the 15th of May with the publication of the invitation to the General Shareholders' Meeting in the electronic Federal Gazette, as well as held for inspection at the company's premises. It was made available on the Internet on the same date and is available to you today as well with all mandatory documentation.

Let me, therefore, briefly summarise the contents:



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- Management of INTERSEROH Hansa is to report to INTERSEROH SE in accordance with the corporate agreement to be entered into. INTERSEROH SE is entitled accordingly to instruct the management of INTERSEROH Hansa on the company's management.
- INTERSEROH Hansa is required to transfer its profits to INTERSEROH SE in full. In turn INTERSEROH SE is required to reimburse INTERSEROH Hansa for any net loss for the year that may be incurred in accordance with section 302 of the German Corporation Act.

Conclusion of the control and profit transfer agreement will allow this segment to be more firmly integrated into the Group structure than hitherto and will better promote the interests of INTERSEROH SE in the steel and metals segment.

The control and profit transfer agreement, however, is primarily designed to establish a corporate tax entity between INTERSEROH SE and INTERSEROH Hansa 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 Hansa. This allows a contemporaneous offset of profits or losses for tax purposes so that corporate and trade tax are incurred only by INTERSEROH SE as 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.



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II./B. Services strategy

Ladies and Gentlemen,

So much for the steel and metals recycling strategy and agenda item 15.

In the services segment Interseroh continues to count on its image as quality leader, as well as flexible service concepts tailored to individual customers.

During the summer we want to have five of our key service areas recertified by TÜV Rheinland for their outstanding quality.

The goal for 2009 is to increase business volume within Interseroh Dienstleistungs GmbH, despite high competitive pressures, with a corresponding effect on margins.

In the first quarter of this year sales in this segment were slightly above the same period in the previous year.

The Group's competitive position is to be further enhanced by expanding new business fields.

In addition to concentration on further growth in the Interseroh Dual System, our focus is on expansion of our activities in the area not regulated by legislation.

Our first noteworthy success is already apparent: Together with companies in the plastics industry we have developed a new generation of plastics products that are manufactured from 100 percent recycling material from the Gelbe Tonne (yellow bin).

Interseroh has thus closed the raw materials loop. We not only collect packaging waste and add it to recycling, we research and elaborate the development of new, environmentally friendly products.

From the point of view of sales we see potential in stronger cross-selling. We are already selling two Interseroh products to approximately 20 percent of our customers and three or more products to five percent of our customers. We are therefore developing into a multi-product provider. We want to continue pursuing this path.



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In our core area of licensing of packaging, we are counting on volume growth in licensed sales packaging as a result of the fifth packaging ordinance amendment for the year as a whole.

This would be a true trend reversal in the market and a positive stimulus for Interseroh.

A potential risk is, however, seen in the absence of checks in enforcing the new amendment. We anticipate a clear signal from legislators in this respect.

II./B. Raw Materials Trading strategy

Sales of recovered paper and various types of plastic have stabilised at a weak level in the raw materials segment in the first quarter of 2009.

So the worst is behind us in terms of the collapse in price and volume.

Demand from China for high-quality secondary plastics is so high at present that it cannot be met due to declining collection volumes in Germany.

We will expand our activities in Western and Southern Europe in order to close this gap.

Interseroh is currently one of the biggest exporters of secondary plastics and will continue to expand this position.

Due to the cooperation agreement with the ALBA Group we have the opportunity of consolidating our secondary resources in higher quantities and thus achieve better purchasing and sales terms.

In the recovered wood division we started a comprehensive restructuring program as early as 2008, which included the sale of our unprofitable wood branch offices.

Implementation of these measures will position us well as a provider of material for thermal recycling and also as a partner in the derived timber product industry.



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Ladies and gentlemen,

At the group level we have emphasised the continuing internationalisation of our business by transforming INTERSEROH AG into a European public limited company, INTERSEROH SE (Societas Europaea) as at September 24th, 2008.

Furthermore, we have significantly raised our goals for efficiency enhancement.

We intend to raise our earning power by means of over 200 measures and significantly lower our expenditures in all three segments.

We anticipate several million Euro in potential from margin optimisations and a trimmer administrative structure, as well as over 20 million Euro by lowering current operating expense.

The entire Management Board felt it was important to send a positive signal against this backdrop. Due to the difficult economic conditions we informed the Supervisory Board at the end of March that the officiating Management Board for 2008 will forego its bonuses in full.

III. Outlook

Ladies and gentlemen,

So how to continue?

Rigid and financially weak competitors will disappear from the market during this economic crisis. Prospects for those companies that are able to adapt their structures rapidly and flexibly to their customer's requirements are even better in consequence.

INTERSEROH SE is one of those companies!

We have done our homework. We have adjusted to the medium and long term challenges of the market.



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It is precisely in view of the economic situation that our new strategic direction is proving even more important and right than ever.

Nevertheless, the market environment remains difficult. In the coming months and years the pressure for consolidation will continue to increase. In the first quarter of 2009 alone the number of insolvencies has risen by ten percent according to the Federal Statistical Office. The World Bank is even anticipating that the global economy will shrink by three percent this year.

As a result we are looking forward.

We took the most important strategic step to strengthen our market and competitive position at the beginning of 2009.

Under the umbrella of the ALBA Group we will utilise this opportunity to attract new customers by means of intelligent networking.

Together with the ALBA Group, we are in a position to cover the entire value creation chain of collection, recycling, refinement and marketing of raw materials.

Necessary, even painful measures, were initiated without delay by the Management Board with respect to costs and structures.

Therefore, Interseroh will be one of the companies that will emerge stronger from the crisis.

The situation in our customer markets has stabilised after the volume and price collapse of recent months.

At the same time we remain dependent on economic developments in other industries and markets.

Our expectation is: After a very poor first quarter of 2009, the economy will recover in the second half of 2009, as will our business.



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I assure you: Your company, INTERSEROH SE, is healthy to the core and on the right path!

Let me once again summarise the reasons for you:

- + We can continue to develop Interseroh into the leading environmental services and raw materials provider with a unique product portfolio by means of our cooperation with ALBA.**
- + We responded immediately to the global economic crisis – with a comprehensive package of measures to assure earnings.**
- + We have a new management structure and sales strategy in the steel and metals recycling segment. We are creating the platform for continued robust growth.**
- + Step-by-step we are becoming independent of legislation in the services segment. At the same time we will continue to increase our market share in dual systems.**
- + We are significantly developing our market power in the raw materials trading segment by consolidating materials flows. We are improving our purchasing and sales conditions as a result.**
- + We are creating the basis, by better networking of individual companies in the Interseroh Group, for becoming an active consolidator in the market – throughout all segments.**



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Ladies and Gentlemen,

We have the chance to improve our competitive position on an enduring basis.

We have already been able to attract additional customers and gain additional market share in key areas despite the economic crisis. We have created the conditions for doing so in other business fields.

It is now important to consistently pursue the path chosen!

We are counting on our outstanding management team and our highly motivated employees in this respect; I wish also to thank all of them in this context.

But above all I wish to personally express my thanks to you, our shareholders, for your loyalty to the Interseroh Group.

During these times of climate change and resource shortages the Interseroh Group with its wide range of environmental services and recycling activities is among **those companies in Germany with the greatest promise for the future.**

Thank you for your attention.

We look forward to your questions!