Klöckner & Co SE

A Leading Multi Metal Distributor

June 2009

Gisbert Rühl
CFO

Agenda

1. Overview and market update

2. Crisis management and growth opportunities

3. Results Q1 2009 and Outlook

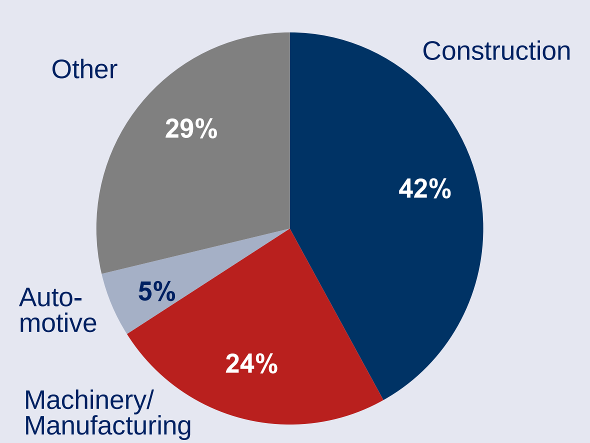
Appendix

Klöckner & Co at a glance

Klöckner & Co

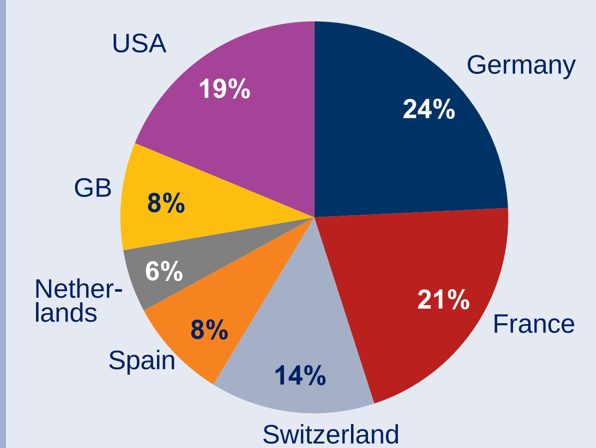
- Leading producer-independent steel and metal distributor in the European and North American markets combined
- Network with 260 distribution locations in Europe and North America

Sales split by industry



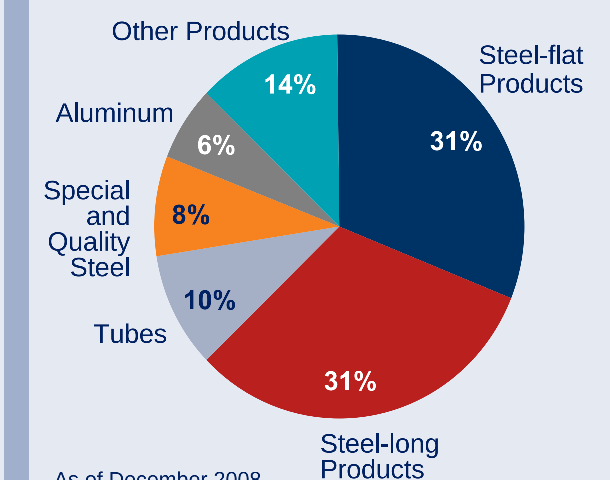
As of December 2008

Sales split by markets



As of December 2008

Sales split by product



As of December 2008

Distributor in the sweet spot

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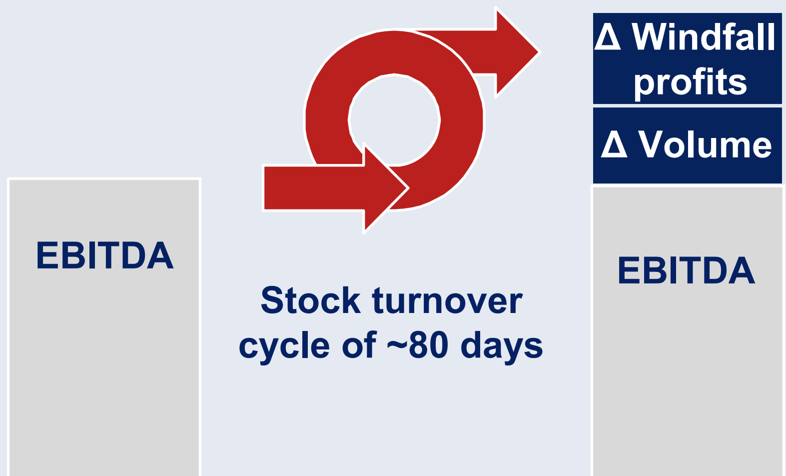
Suppliers	Sourcing	Products and services	Logistics/ Distribution	Customers
• Purchase volume p.a. of >5 million tons • Diversified set of worldwide approx. 70 suppliers	• Global Sourcing in competitive sizes • Strategic partnerships • Frame contracts • Leverage one supplier against the other • No speculative trading	• One-stop-shop with wide product range of high-quality products • Value added processing services • Quality assurance	• Efficient inventory management • Local presence • Tailor-made logistics including on-time delivery within 24 hours	• ~185,000 customers • No customer with more than 1% of sales • Average order size of €2,000 • Wide range of industries and markets • Service more important than price
Global suppliers	**Klöckner & Co's value chain**			**Local customers**

Crises resistant business model

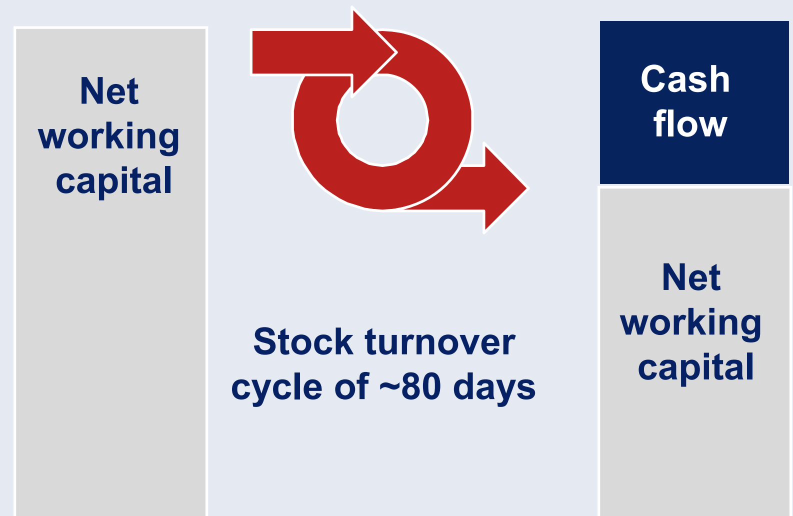
Additional price and volume effects in an upturn

- Volume related increase and windfall profits result in strong EBITDA but high level of capital employed because of value and volume of stock



High cash flow generation in a downturn

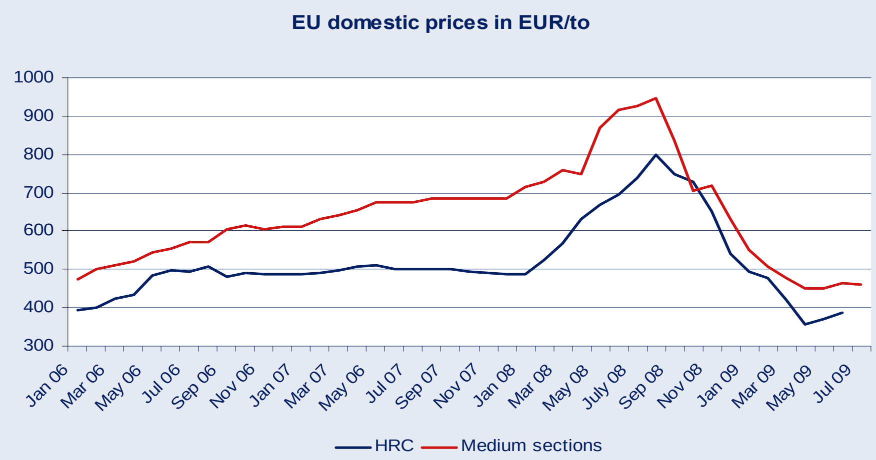
- Windfall losses and write-offs but strong cash flow generation to reduce net debt

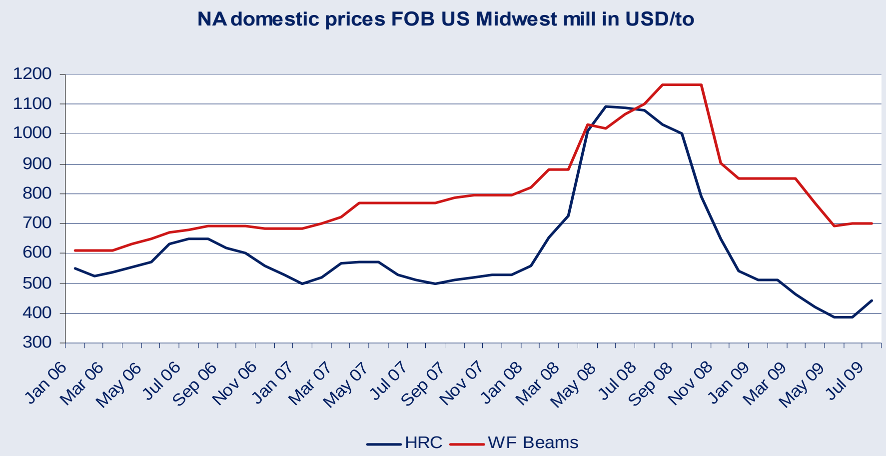


High profitability in upturn due to windfall profits and volume increase
Strong cash flow generation in downturn due to working capital release

Demand through the trough, price increases expected

- The level of production has been cut so far below the level of sales and imports are on such a low level that inventories are falling at a rapid rate and destocking nearly finished, especially in the US
- High likelihood that recently announced price increases by the mills will mostly stick and lead to at least a small price recovery
- Demand still weak but through the trough, however the speed and extent of any recovery remain highly uncertain





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Klöckner & Co: From crisis to growth

Crisis management → **Managing structural changes** → **Managing growth**

Cost cutting ✓

NWC-/Debt-Reduction ✓

Safeguard financing ✓

Stable/ positive market development → **Efficiency program** ongoing improvement → **Acquisition strategy**

Negative market development → **Efficiency program** add. structural measures → **Acquisition strategy** further postponed

Cost Cutting:
Programs initiated and partially implemented

Immediate action programs
(started in Oct. 2008, upgraded in March 2009)

- Reduction of around 1500 jobs or 15% of total workforce:
  → 5.2% already left since Q3 2008
- Key priority is liquidity and NWC management
  → Cash position of €447m, NWC reduced by €401m to €1,006m
- Stock and inventory as key lever for debt reduction:
  → €322m net debt, inventory levels below 900Tt
- Acquisitions are postponed for the time being
- Non-essential investments postponed
- Net savings 2009: €65m, full impact (€100m) can only be seen from 2010 onwards

Efficiency enhancement program

Focus:

- European sourcing
- Ongoing improvement of distribution network
- Main areas of savings: sales, supply chain, purchasing

Further upside potential

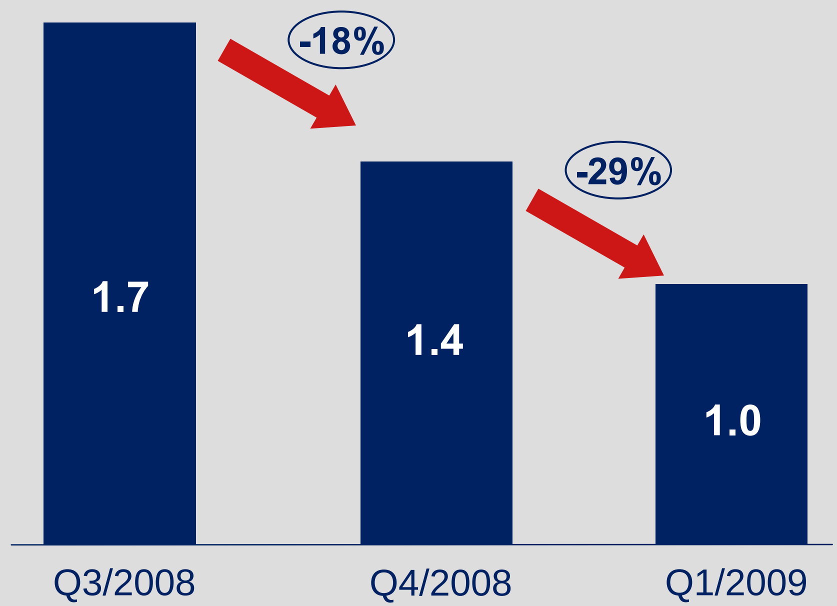
2006	~ €20 million	✓
2007	~ €40 million	✓
2008	~ €30 million	✓
2009	~ €30 million	
2010	~ €20 million	
	~ €140 million	

Incremental net savings of ~ €100m for 2009 and ~ €55m for 2010 targeted

NWC-/Debt-Reduction:
Targets already achieved

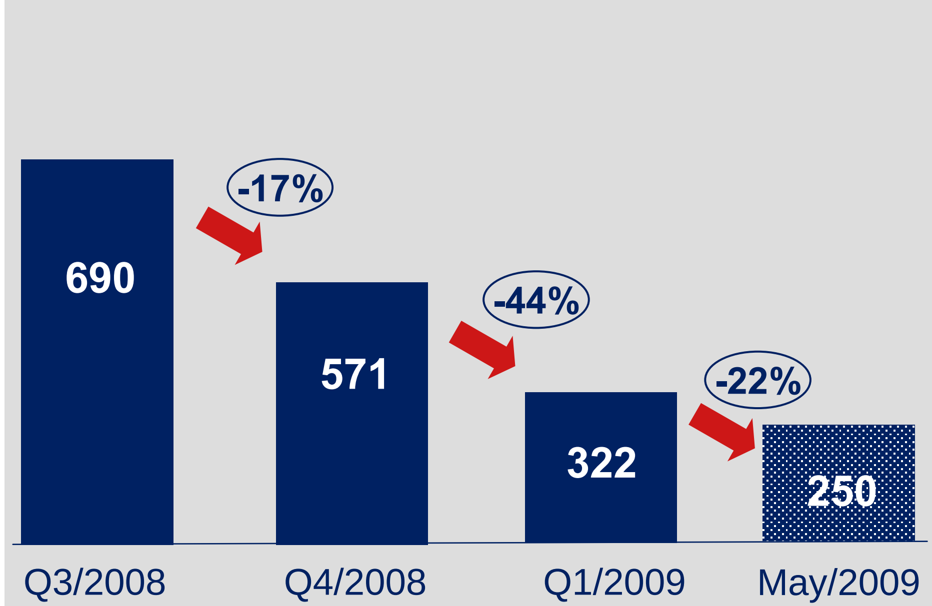
Net working capital

In € billion



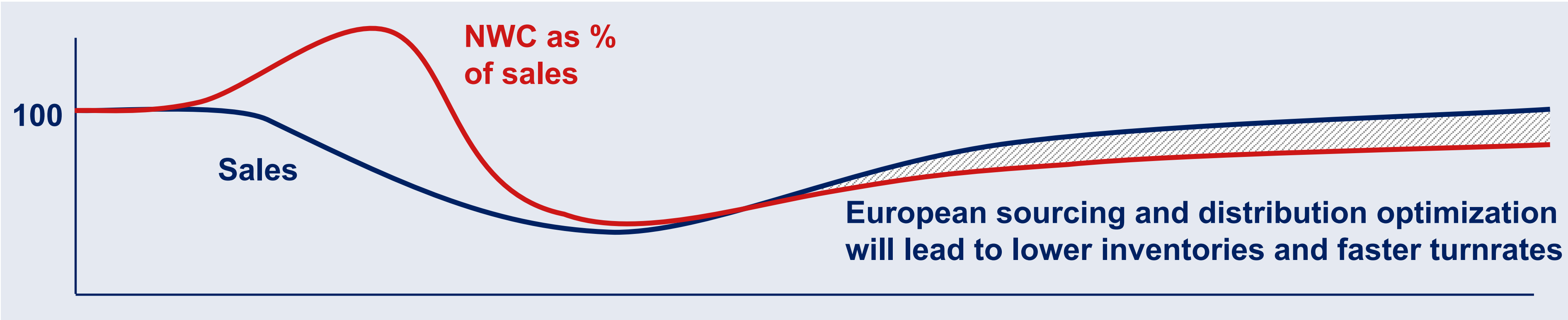
Net debt

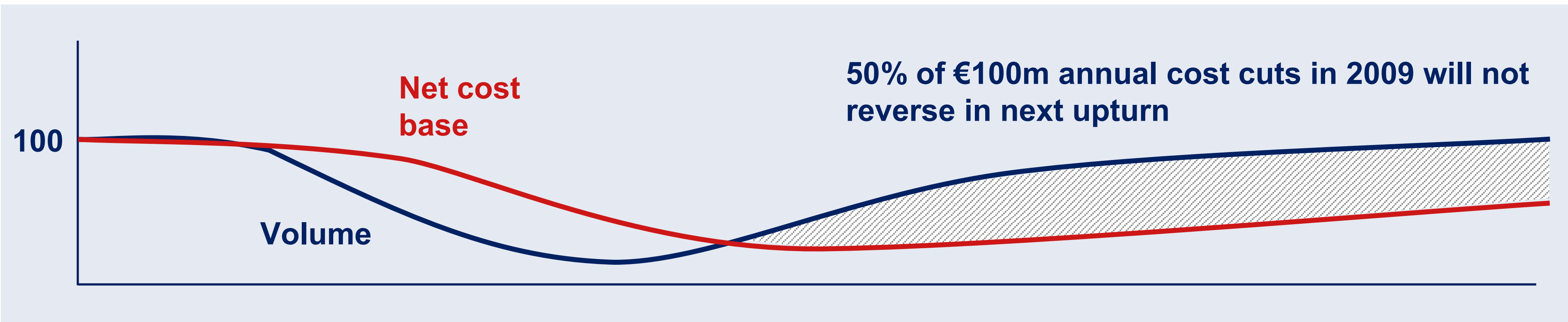
In € million



Strong CF generation leads to net debt of €250m until May

Cost cutting and NWC-/Debt-Reduction:
Structural improvements will be maintained





NWC will grow underproportionally and cost advantage will be partly maintained in next upturn

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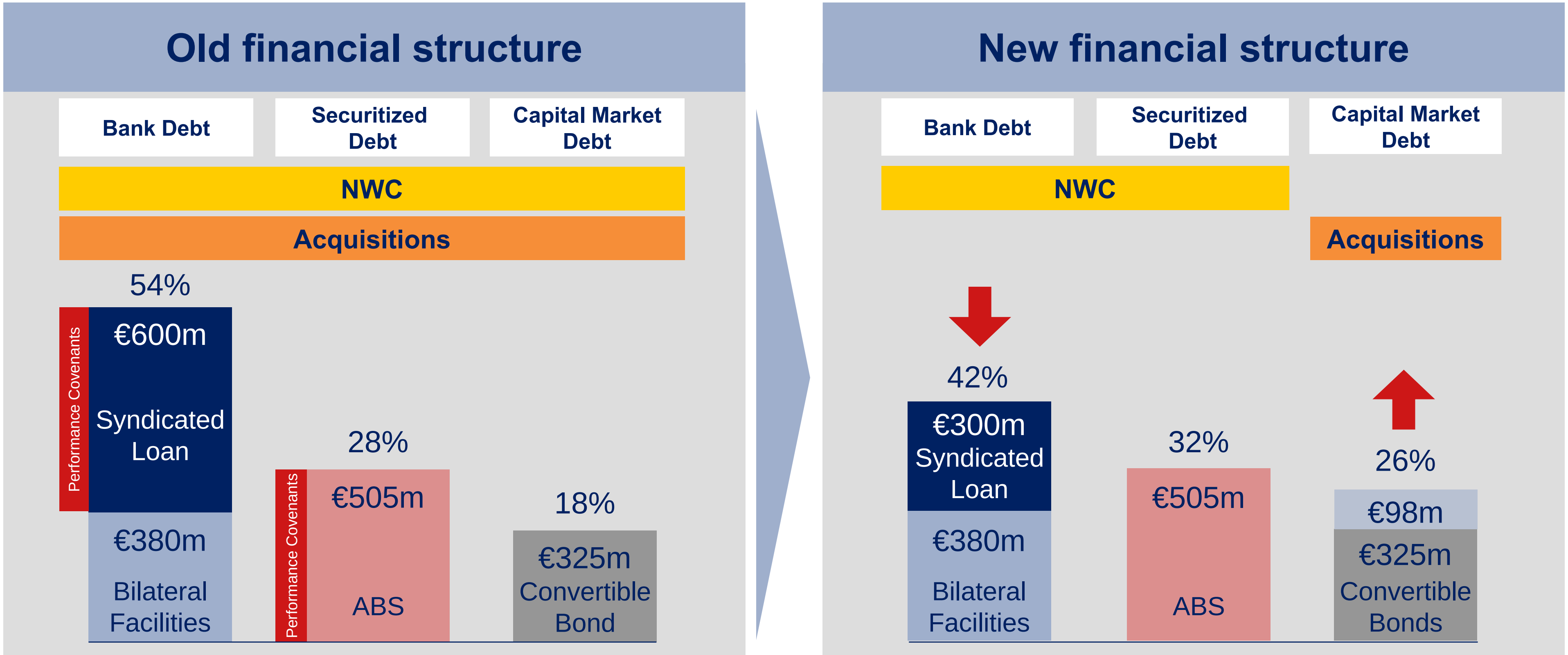
Safeguard financing:
Changes in financial structure succeeded



€1.6bn facilities without performance covenants allows to finance growth and to pursue acquisition opportunities

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Efficiency program:
Creating of purchasing and operating leverage

Sourcing

- Centralization of sourcing function
- Supplier concentration
- Third country sourcing

Warehousing / Distribution

- Warehouse network optimization (incl. site closure)
- Concentration of stock in single locations
- Optimization of internal and external logistics

Sales

- Customer segmentation by size and trade
- Profitability oriented pricing and service offering
- Reigniting dormant accounts

Product Portfolio / Service Offering

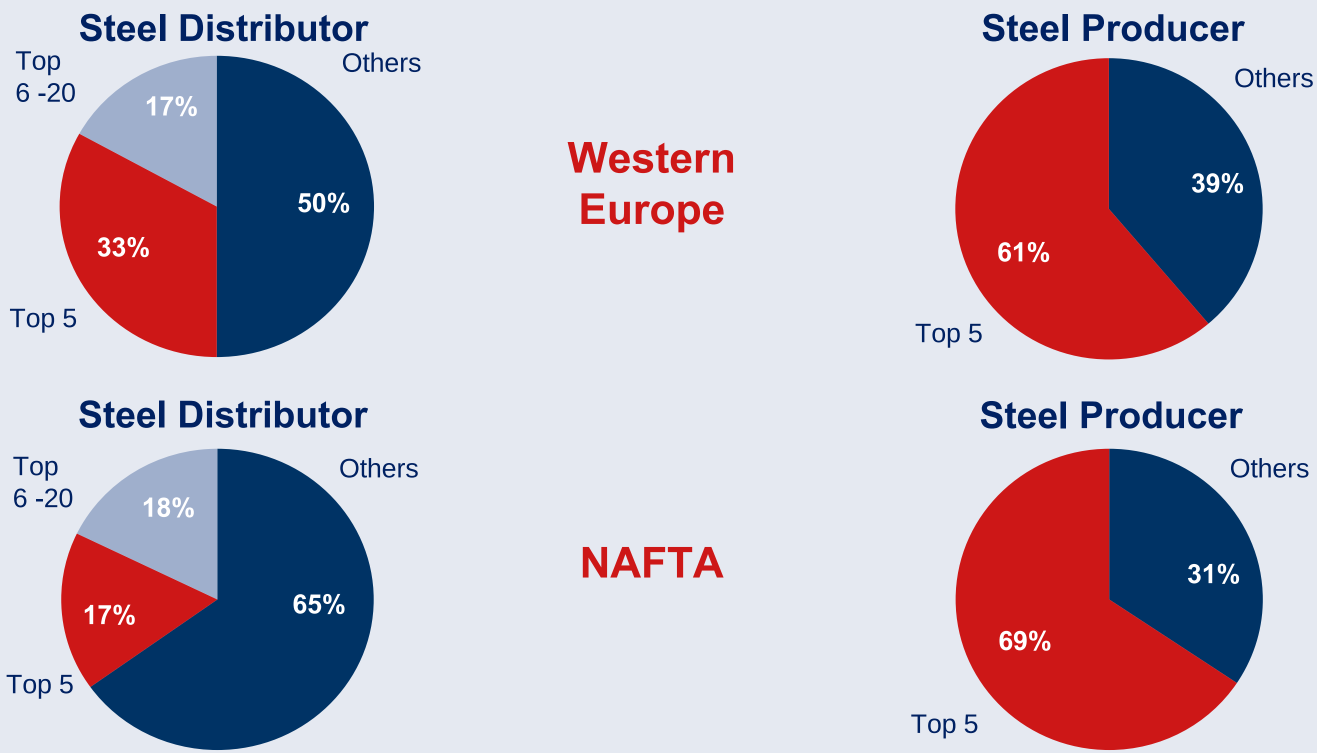
- Product portfolio optimization (profitability / capital requirements)
- Increasing share of value added services
- Sharing of products within Group
- Eliminating slow/no movers

Processes / IT Systems (Enabler)

- Standardizing processes
- Introduction of standardized SAP suit and data model (article codes, inventory management, etc.)
- Shared services
- Activity based costing (ProDacapo)

Acquisition strategy:
Distribution sector still highly fragmented

Distributors versus steel producers



Consolidation in production well ahead of distribution

Source: Company data, Eurometal, Morgan Stanley Research

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Acquisition strategy:
Klöckner & Co's criteria

M&A strategy

- Achieve profitable growth
- Leverage existing distribution network
- Strengthen purchasing power vs. suppliers for core group products
- Strengthen country specific market positions
- Expand footprint outside construction industry
- Focus on geographical core markets in EU, NA and EEC

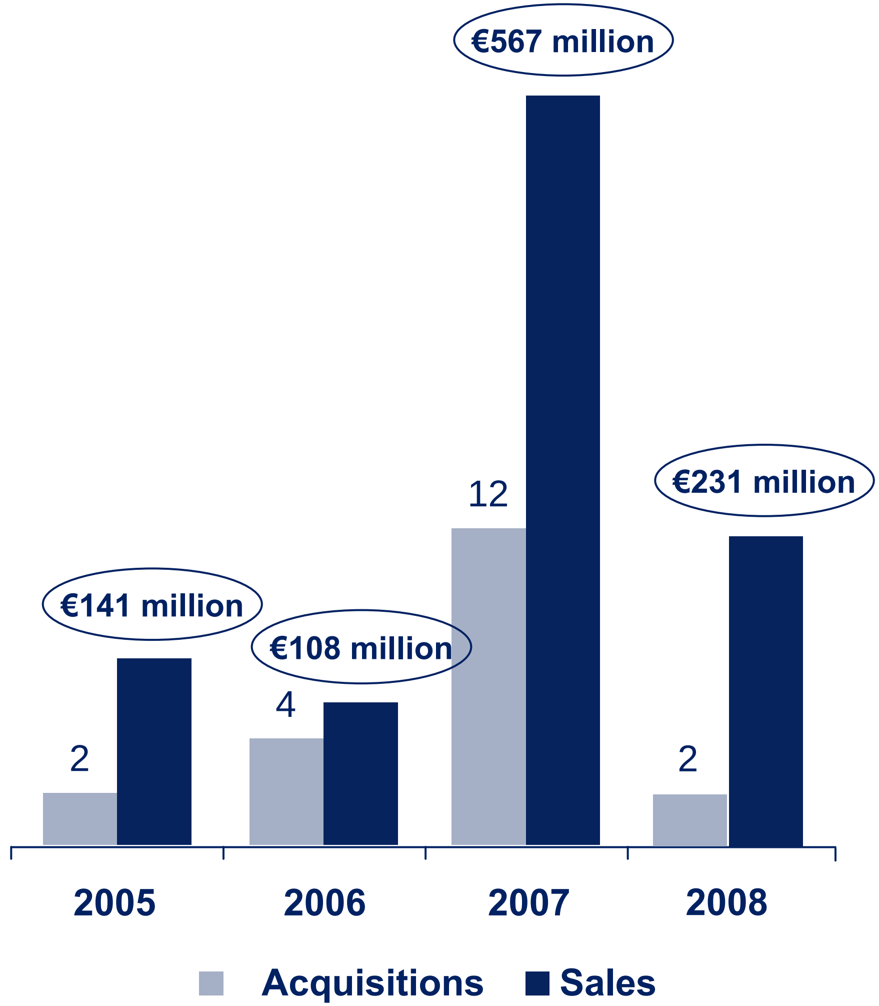
Target selection criteria

- Fit to M&A strategy
- Profitability above group average
- Strong synergy potential in purchasing, admin and warehousing
- Low transaction and integration risk
- EV/EBITDA multiple between 4x and 6x EBITDA pre synergies
- EPS-accretive from year one

Track record of 18 successful acquisitions since IPO show ability to integrate companies and use synergies

Acquisition strategy:
Back to past performance when markets stabilized

Country	Acquired	Company	Sales (FY)
	Mar 2008	Temtco	€226 million
	Jan 2008	Multitubes	€5 million
	2008	2 acquisitions	€231 million
	Sep 2007	Lehner & Tonossi	€9 million
	Sep 2007	Interpipe	€14 million
	Sep 2007	ScanSteel	€7 million
	Aug 2007	Metalsnab	€36 million
	Jun 2007	Westok	€26 million
	May 2007	Premier Steel	€23 million
	Apr 2007	Zweygart	€11 million
	Apr 2007	Max Carl	€15 million
	Apr 2007	Edelstahlservice	€17 million
	Apr 2007	Primary Steel	€360 million
	Apr 2007	Teuling	€14 million
	Jan 2007	Tournier	€35 million
	2007	12 acquisitions	€567 million
	2006	4 acquisitions	€108 million



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Overview Q1 2009 and beyond

- Sales and volumes in Q1 around a third under previous year's levels
- Operating result clearly negative
- Net debt further reduced to €322m (-44%), currently down to €250m
- Further cost cutting measures and inventory reduction initiated
- Financing secured: credit lines of €1.6bn free of performance based covenants as a result of the completed restructuring of syndicated loan and ABS facilities and new convertible issuance (98m) in June at 6% coupon for five years
- Installment plan for French cartel fine requires only a €10m payment in 2009

Strong hit in Q1 but strong cash flow and financing secured

Results Q1 2009

(€m)	Q1 2009	Q1 2008	Δ%
Volume (Ttons)	1,068	1,720	-37.9
Sales	1,095	1,660	-34.0
EBITDA	-132	109	-220.6
EBIT	-149	93	-260.1

Factors impacting EBITDA Q1 2009

Impact	Amount (€m)	Comments
Windfall losses	-60 to -80	• Declining prices affected almost all products • Effect difficult to quantify due to strong dynamics and very limited purchases
Volume losses	-100 to -120	• Impact of poor economic environment
Special expense effects	-35 to -45	• Mainly driven by price related devaluation of inventories at quarter end
Acquisitions / divestitures	-15	• Mainly affected by divestiture of KVT
One-offs	4	• Sale of property in France
Exchange rate effects	-1	

Outlook 2009

- Q2 results expected to be clearly better than Q1 results (but still negative)
- Business model works: strong cash flow generation will lead to even lower net debt
- Strict cost cutting measures on track, headcount reduction to be completed during summer
- Credit lines without performance based covenants of €1.6bn allow us to take growth opportunities emerging during the crisis

Well prepared: cost cutting on track, financing restructured!

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Financial calendar 2009 and contact details

Financial calendar 2009	
August 13:	Q2/H1 Interim Report
October:	Capital Market Days
November 13:	Q3 Interim Report

Contact details Investor Relations	
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Summary income statement Q1 2009

(€m)	Q1 2009	Q1 2008	Δ%
Volume (Ttons)	**1,068**	**1,720**	**-37.9**
Sales	**1,095**	**1,660**	**-34.0**
Gross profit	**78**	**340**	**-77.1**
% margin	*7.1*	*20.5*	*-65.2*
EBITDA	**-132**	**109**	**-220.6**
% margin	*-12.0*	*6.6*	*-282.8*
EBIT	**-149**	**93**	**-260.1**
Financial result	-16	-17	-6.1
Income before taxes	**-165**	**76**	**-317.0**
Income taxes	38	-24	-259.1
Minority interests	2	-2	-201.9
Net income*	**-126**	**51**	**-347.7**
EPS basic (€)	**-2.70**	**1.09**	**-347.7**
EPS diluted (€)	**-2.43**	**1.06**	**-328.6**

* Attributable to shareholders of Klöckner & Co SE

Segment performance Q1 2009

(€m)	Europe	North America	HQ/ Consol.	Total
Volume (Ttons)				
Q1 2009	827	240	-	1.068
Q1 2008	1,211	509	-	1,720
Δ %	**-31.7**	**-52.8**		**-37.9**
Sales				
Q1 2009	883	213	-	1,095
Q1 2008	1,358	301	-	1,660
Δ %	**-35.0**	**-29.4**		**-34.0**
EBITDA				
Q1 2009	-93	-31	-8	-132
% margin	*-10.5*	*-14.6*		*-12.0*
Q1 2008	84	26	-1	109
% margin	*6.2*	*8.8*	-	*6.6*
Δ % EBITDA	**-210.9**	**-217.0**		**-220.7**

Comments

- Organic volume development in North America -37.9%
- Includes acquisition-related sales of €34m for Q1/2009 in North America
- EBITDA in Europe includes €4m net disposal gains in Q1/2009

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Balance sheet as of March 31, 2009

(€m)	Mar. 31, 2009	Dec. 31, 2008**
Long-term assets	802	803
Inventories	765	1,001
Trade receivables	689	799
Cash & Cash equivalents*	447	297
Other assets	194	184
Total assets	**2,897**	**3,084**
Equity	957	1,081
Total long-term liabilities	1,067	1,177
• thereof financial liabilities	696	813
Total short-term liabilities	873	826
• thereof trade payables	449	392
Total equity and liabilities	**2,897**	**3,084**
Net working capital	**1,006**	**1,407**
Net financial debt	**322**	**571**

Comments

Shareholders' equity:

- Decreased from 35% to 33%, would be at 39% if cash used for net debt reduction

Financial debt:

- Leverage reduced from 0.95x to 0.89x EBITDA
- Gearing reduced from 53% to 34%

Net Working Capital:

- Decrease is price- and volume driven

* Including restricted cash of €7m; ** restated due to initial application of IFRIC 14

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Statement of cash flow Q1 2009

(€m)	Q1 2009	Q1 2008
Operating CF	-136	107
Changes in net working capital	414	-88
Others	-17	-29
Cash flow from operating activities	**261**	**-10**
Inflow from disposals of fixed assets/others	5	3
Outflow from investments in fixed assets	-10	-143
Cash flow from investing activities	**-5**	**-141**
Proceeds from capital increase		
Changes in financial liabilities	-106	111
Net interest payments	-5	-5
Cash flow from financing activities	**-111**	**105**
Total cash flow	**145**	**-45**

Comments

- Operating CF negatively impacted by volume drop, offset by change in NWC
- Investing CF mainly balanced because of postponement of acquisitions and investment cut

Quarterly results and FY results 2009/2008/2007/2006/2005

(€m)	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	FY 2008	FY 2007	FY 2006	FY 2005*
Volume (Ttons)	**1,068**	**1,151**	**1,348**	**1,755**	**1,720**	**1,585**	**1,601**	**1,663**	**1,629**	**5,974**	**6,478**	**6,127**	**5,868**
Sales	**1,095**	**1,394**	**1.773**	**1,922**	**1,660**	**1,492**	**1,583**	**1,650**	**1,550**	**6,750**	**6,274**	**5,532**	**4,964**
Gross profit	**78**	**173**	**390**	**462**	**340**	**300**	**286**	**328**	**307**	**1,366**	**1,221**	**1,208**	**987**
% margin	*7.1*	*12.4*	*22.0*	*24.0*	*20.5*	*20.1*	*18.0*	*19.8*	*19.8*	*20.2*	*19.5*	*21.8*	*19.9*
EBITDA	**-132**	**-134**	**413**	**212**	**109**	**83**	**93**	**103**	**92**	**600**	**371**	**395**	**197**
% margin	*-12.0*	*-9.6*	*23.3*	*11.0*	*6.6*	*5.6*	*5.9*	*6.2*	*5.9*	*8.9*	*5.9*	*7.1*	*4.0*
EBIT	**-149**	**-152**	**395**	**197**	**93**	**65**	**76**	**87**	**78**	**533**	**307**	**337**	**135**
Financial result	-16	-18	-18	-17	-17	-17	-17	-52	-10	-70	-97	-64	-54
Income before taxes	**-165**	**-171**	**378**	**180**	**76**	**48**	**59**	**35**	**68**	**463**	**210**	**273**	**81**
Income taxes	38	29	-30	-55	-24	-6	-14	-12	-22	-79	-54	-39	-29
Minority interests	-2	-15	-4	3	-2	4	8	4	6	-14	23	28	16
Net income	**-126**	**-126**	**351**	**122**	**51**	**37**	**37**	**19**	**40**	**398**	**133**	**206**	**36**
EPS basic (€)	**-2.70**	**-2.72**	**7.56**	**2.63**	**1.09**	**0.80**	**0.79**	**0.41**	**0.86**	**8.56**	**2.87**	**4.44**	**-**
EPS diluted (€)	**-2.43**	**-2.44**	**7.01**	**2.48**	**1.06**	**0.80**	**0.78**	**0.41**	**0.86**	**8.11**	**2.87**	**4.44**	**-**

* Pro-forma consolidated figures for FY 2005, without release of negative goodwill of €139 million and without transaction costs of €39 million, without restructuring expenses of €17 million (incurred Q4) and without activity disposal of €1.9 million (incurred Q4).

Steel cycle and EBITDA/cash flow relationship

Theoretical relationship*

Comments

1. Klöckner & Co buys and sells products at spot prices generally
2. Sales increase as a function of the steel price inflation environment
3. Costs of material are based on historical average cost method for inventory and therefore lag the steel price increase
4. This time lag creates accounting windfall profits (windfall losses in a decreasing steel price environment) inflating (deflating) EBITDA
5. Assuming stable inventory volume cash flow is impacted by higher NWC needs
6. The windfall profits (losses) are mirrored by inventory book value increases (decreases)

*Assuming stable inventory volumes

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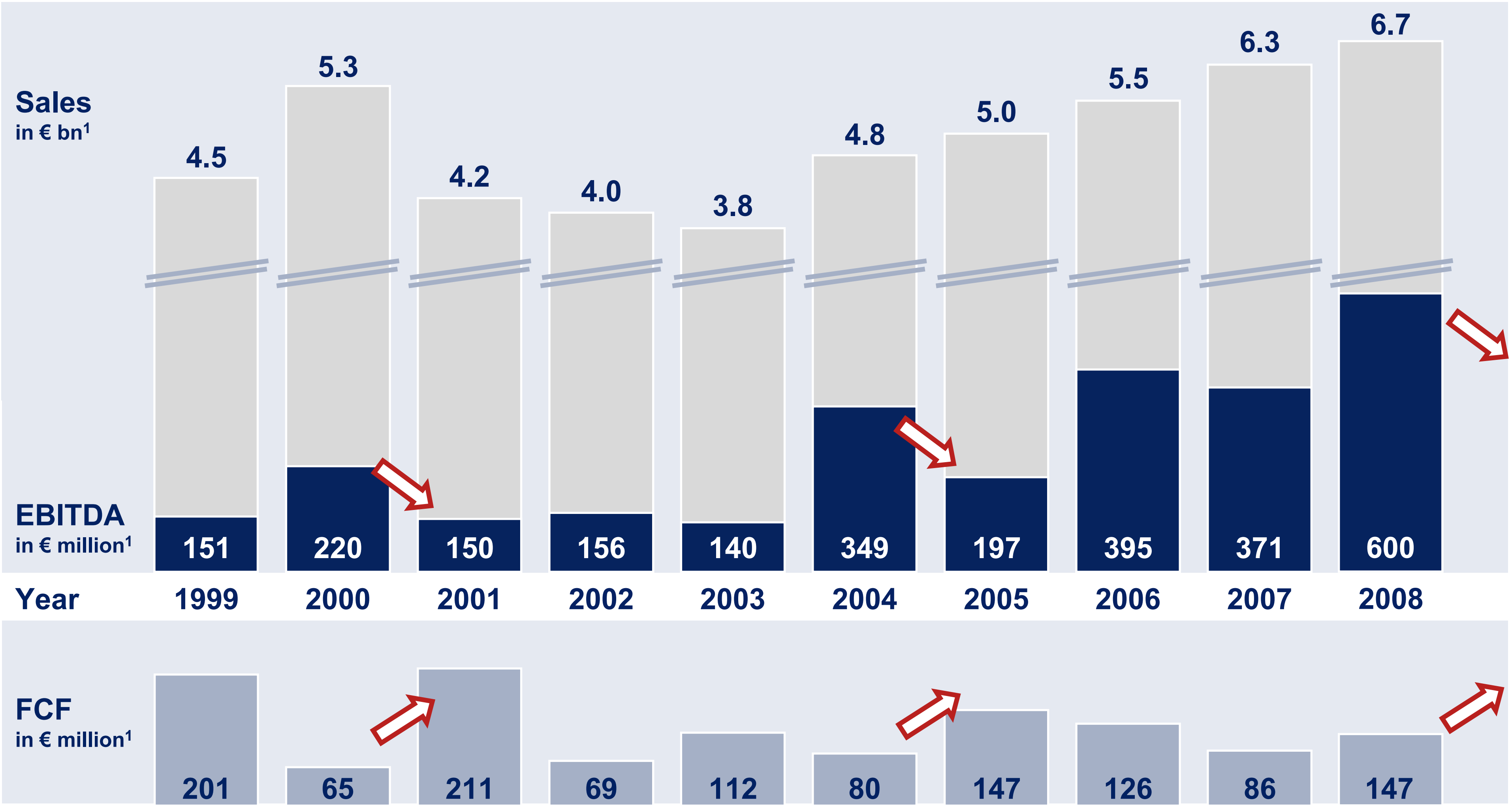
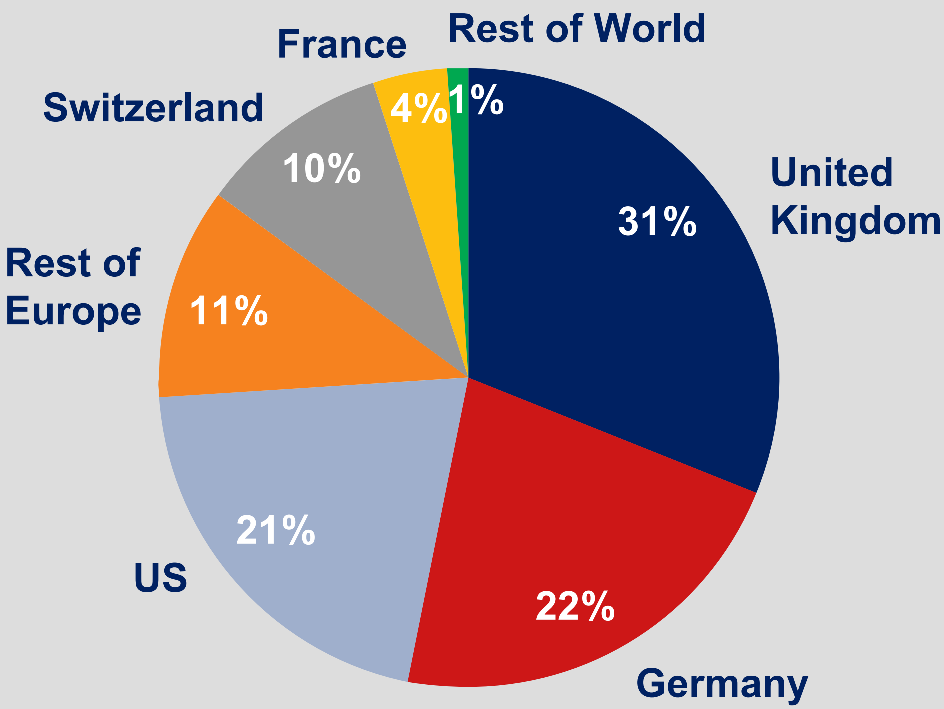
High cash flow generation in a downturn market



[1] 1999 to 2005 unaudited pro-forma figures, Cash flow adjusted for M&A-activities;

Current shareholder structure

Geographical breakdown of identified institutional investors



Comments

- Identified institutional investors account for 66%
- UK based investors dominate (Franklin previously accounted for US share, 9,89%)
- Top 10 individual shareholdings represent around 31%
- 100% Free float
- Retail shareholder represent 11%

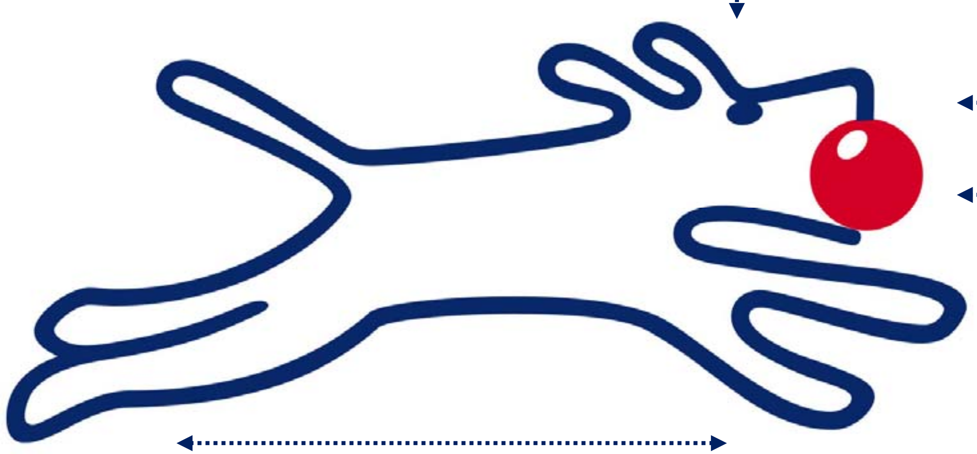
Source: Survey Thomson Financial (as of Feb. 09)

Our symbol

the ears
attentive to customer needs

the eyes
looking forward to new developments

the nose
sniffing out opportunities
to improve performance



the ball
symbolic of our role to fetch
and carry for our customers

the legs
always moving fast to keep up with
the demands of the customers

Disclaimer

This presentation contains forward-looking statements. These statements use words like "believes, "assumes," "expects" or similar formulations. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of our company and those either expressed or implied by these statements. These factors include, among other things:

- Downturns in the business cycle of the industries in which we compete;
- Increases in the prices of our raw materials, especially if we are unable to pass these costs along to customers;
- Fluctuation in international currency exchange rates as well as changes in the general economic climate

and other factors identified in this presentation.

In view of these uncertainties, we caution you not to place undue reliance on these forward-looking statements. We assume no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.