

Interim Report as of March 31, 2009

Klöckner & Co Group – Key Figures

Income statement		Q1 2009	Q1 2008 ^{*)}
Sales	€ million	1,095	1,660
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	- 132	109
Earnings before interest and taxes (EBIT)	€ million	- 149	93
Earnings before taxes (EBT)	€ million	- 165	76
Earnings after taxes (EAT)	€ million	- 127	52
Earnings per share (basic)	€	- 2.70	1.09
Earnings per share (diluted)	€	- 2.43	1.06
Cash flow statement		Q1 2009	Q1 2008 ^{*)}
Cash flow from operating activities	€ million	261	- 10
Cash flow from investing activities	€ million	- 5	- 141
Balance sheet		March 31, 2009	Dec. 31, 2008 ^{*)}
Working capital ^{**)}	€ million	1,006	1,407
Net financial debt	€ million	322	571
Equity	€ million	957	1,081
Balance sheet total	€ million	2,897	3,084
Key figures		Q1 2009	Q1 2008 ^{*)}
Sales volume	to '000	1,068	1,720
		March 31, 2009	Dec. 31, 2008
Employees at end of period		9,925	10,282

^{*)} Prior year amounts restated due to initial application of IFRIC 14

^{**)} Working capital = inventories plus trade receivables less trade payables

Interim Management Report

Klöckner & Co Group experiences major decline in earnings during first quarter, but presses forward with debt reduction; outlook improves slightly

Overview

- First-quarter sales volume and sales well below previous year's level
- Operating earnings clearly negative
- Debt reduction continued
- Additional steps taken to lower costs and reduce capacity
- Financing secured
- Earnings expected to improve in second quarter

In light of the difficult conditions experienced in the first quarter of 2009 Klöckner & Co continued with cost-cutting and capacity-reducing measures initiated under the program approved in October 2008. Operating costs and inventories were lowered, net working capital was reduced, and the capital released was used to significantly reduce net financial debt. Again, the business model which allows significant positive cash flows during times of crisis proved its stability.

The Management Board has approved and introduced a further package of measures in an effort to counter the deterioration of sales volumes. The company's finance restructuring was successfully completed, placing it in a good position to weather the current crisis even if it continues over a longer period.

With the packages of measures introduced at an early stage, its solid balance sheet relations and its secure access to debt capital, the Group has taken a critical step that will enable it to emerge from the crisis in a strengthened position.

Operating earnings distinctly negative in the first quarter of 2009

The deterioration of earnings that started during the fourth quarter of the past financial year continued into the first quarter of 2009.

The key results for the first quarter of 2009 are:

- A drop in sales volume of 37.9% to 1.1 million tons compared with the first quarter of 2008
- Sales totaled €1.1 billion, 34.0% below the previous year's level
- Operating losses (EBITDA) of €132 million and net loss of €127 million
- Earnings per share €-2.70 compared with €+1.09 in the first quarter of 2008
- Significant improvement of cash flow from operating activities from €-10 million in the first quarter of 2008 to €261 million in the first quarter of 2009
- Further reduction of total net financial debt from €571 million at the end of 2008 to €322 million

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The risk-limitation measures that the company took in October 2008 in response to the economic crisis and extended in February 2009 produced significant results in the first quarter. In reflection of this, the workforce has been reduced by 5.2% since October 2008, and net financial debt was lowered by an additional €249 million to €322 million in the first quarter, or 43.5% since the end of 2008. This improvement is largely attributable to strict working capital management, which resulted in a marked improvement in cash flows from operating activities to €261 million compared with €-10 million a year earlier.

Economic environment: steel sector hit by drastically lower demand and prices

The real economic downturn triggered by the financial crisis continued during the first quarter of 2009. The gross domestic product in the US shrank by 6.1% compared with the prior year's quarter. Also for the eurozone a significant decline is assumed. Industrial output, a key variable for the steel market, fell back to its level of 2002. Economic research institutes were continuously revising downward their economic forecasts for 2009. The International Monetary Fund now expects the eurozone and US economies, the two vital markets for Klöckner & Co., to contract by 4.2% and 2.8%, respectively.

In the first quarter, overall demand for steel products fell below the already extremely low level of the fourth quarter of 2008. Statistics from the European association of metal distributors (Dismet) indicate that overall market demand in Europe fell by 38% year-on-year in January, 40% in February and 30% in March. This illustrates how the decrease in sales-volume momentum worsened following the 20% year-on-year drop in the fourth quarter of 2008. The decline as such is attributable both to lower real steel consumption and destocking along the entire value chain. At the moment, it appears that destocking efforts will extend into the third quarter.

The inventory effect has particularly hit the sales volume of the machinery and mechanical engineering sector, which, unlike the construction industry, maintains its own inventories. Overall, though, all customer sectors and countries are experiencing a steep drop in demand with only gradual deviations from this trend. For 2009, the World Steel Association is forecasting a 14.9% nominal drop in demand compared with the previous year. Real demand may fall less steeply as a result of destocking effects.

As demand has weakened, steel producers have cut back production around the world in an effort to offset falling prices. An extensive amount of production capacity has been withdrawn from the market either on a temporary or even

a long-term basis. Steel production in Europe fell 44% in the first quarter of 2009 compared with the previous year. In the United States, it plunged 52%. For the first quarter of 2009, the World Steel Association is expecting a 23% drop in steel production compared with the previous year. The higher level of average performance is largely the result of Chinese production, which has remained stable at the prior year's level.

Despite the extensive production cutbacks, prices remain under pressure in the first quarter of 2009. Even though absolute price decreases were not as deep as in the fourth quarter of 2008, the price of such products as European-wide hot rolled coil has fallen by an additional 10% to 15% since the end of the year. Price trends were similar in the United States. Other products, including heavy plate, were hit even harder at times. The combination of steep price reductions and subdued purchasing activities had a negative impact on gross profit and required inventory write-downs in the first quarter of 2009. Earnings were strongly hurt accordingly as a result of these price effects.

In some regions, the price decline in the long-product segment seems to be bottoming out. For flat products, the slowing negative trend indicated that the bottom could be reached soon. This trend is benefitting from further destocking over the entire value chain. Steel imports from China are currently of minor importance for the European and US markets due to long lead times and small difference in prices compared with European and US products.

Results of operations, financial position and net assets

Sales volume, sales and earnings well below last year's levels

During the first three months of fiscal year 2009, the sales volume of the Klöckner & Co Group was 1.1 million tons. The year-on-year drop of 37.9% was the result of extremely weak macroeconomic conditions and the disposal of the Canadian subsidiary Namasco Ltd. in July 2008. Group sales totaled €1.1 billion in the first quarter of 2009, 34.0% below the level of the previous year's period.

At €78 million, gross profit was 77.1% lower than a year earlier. As a result of further price-related inventory write-downs totaling approximately €35 million, the gross profit margin shrank to 7.1%. At €-132 million, EBITDA was also distinctly negative.

During the first quarter of 2009, sales volume plunged from the previous year's level in both Europe and North America. Simultaneous price drops that resulted in very negative price effects significantly dampened gross profit. As a result, operating earnings (EBITDA) were negative in both reporting segments. The operating loss of the Europe segment totaled €-93 million (2008: €+84 million). All countries in the Europe segment reported weak sales volume. This weakness was widespread in Spain and Great Britain, two countries where the crisis is having a particularly strong impact on the construction industry. A weak operating result was also produced in Germany, where intense price pressure was created by excess inventories on the distribution level of competitors. The Swiss operations have again proven robust due to stable conditions in the construction industry.

In North America, EBITDA totaled €-31 million in the first quarter of 2009 compared with €+26 million for the same quarter last year. In consideration of the effect generated by the disposal of Namasco Ltd., the Canadian subsidiary that was primarily involved in the automotive business, completed in July 2008, the decline in sales volume in North America roughly matched that of the Europe segment. Like Europe, North America experienced, in part even more noticeable negative price effects as a result of falling market prices. This was particularly noticeable in the heavy-plate segment, where prices plunged by about 50%.

In line with EBITDA performance, EBIT and Group earnings before taxes amounted to €-149 million and €-165 million, respectively, in the first quarter. At €-16 million, the financial result remained more or less stable. The marked reduction of net financial debt is not yet reflected in interest income despite the significantly higher cash and cash equivalents balances. Under consideration of tax-benefit effects, the consolidated net loss in the first quarter totaled €-127 million (previous year's period: consolidated net profit of €52 million). Basic earnings per share amounted to €-2.70 compared with €+1.09 in the previous year.

Net working capital and debt cut significantly once again; solid equity position despite quarterly losses

The balance-sheet structure is characterized by a significant decrease in net working capital and further expansion of liquidity reserves because the current use of financing instruments limits the potential for a further reduction of gross financial debt. Net working capital totaled €1,006 million, well below the level at the end of fiscal year 2008 (€1,407 million). Cash generated by the release of net working capital helped boost liquidity to €447 million

(+50.6%). Total net financial debt was reduced further, from €571 million as of December 31, 2008, to €322 million at the end of the first quarter of 2009.

Despite the losses recorded during the first quarter, the equity ratio amounted to 33% compared with 35% at the end of fiscal year 2008. This testifies to the Group's solid financial position. The equity ratio would total 39% if cash and cash equivalents were used to reduce financial liabilities.

Immediate action programs in response to the crisis

Klöckner & Co initiated cost-cutting measures in response to the emerging crisis as early as October 2008. In an effort to safeguard liquidity, acquisitions were suspended and inventories were massively reduced, thereby reducing net working capital. As a result, net financial debt declined significantly from the levels at the end of 2008. Furthermore, the investment budget for 2009 was reduced to a minimum, and savings measures were introduced to address all types of costs. As a further step to safeguard liquidity, a proposal to cancel the dividend for the past fiscal year will be submitted to the Annual General Meeting. Steps to reduce the global workforce by 1,500 were taken. Since the measures took effect in October 2008, the workforce has already been reduced by 544 employees, or 5.2%, including 357 during the first quarter. In consideration of the layoff notifications that have already been issued, about two-thirds of total job cuts have already been initiated. The number of employees at the end of the period was 9,925 compared with 10,282 as of December 31, 2008. This represents a decrease of 3.5%. In addition to the company's own workforce, the number of contract and temporary workers has been reduced throughout the Group. The continued implementation of job-reduction measures in nearly all national subsidiaries will further reduce the workforce in the months ahead without compromising our quality of service.

Supplementary report: restructuring of financing

The financing structure was further optimized in May through the restructuring of the syndicated loan and the ABS program. All 19 of the syndicated loan consortium banks and the four banks involved in the ABS program agreed to Klöckner & Co's plan to change the terms. The covenants of the credit facilities which previously were linked to performance indicators are now balance-sheet-based. Instead of the ratio of total net financial debt to EBITDA and of EBITDA to net interest expenses, net financial debt may not exceed equity by more than 1.5 times in the future. Furthermore, equity must total at least €500 million, and a certain level of receivables and inventories must be available at all times. As a result of the changes, the terms of the loan are more closely attuned to the business momentum at Klöckner & Co and are considerably more robust in periods of economic downturn.

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Following the restructuring, Klöckner & Co can draw on €1.5 billion credit facilities largely free of performance-based covenants. The Group's financing still consists of the four core elements: the ABS programs in Europe and the United States totaling €505 million, the syndicated loan of €300 million and bilateral lines of credit amounting to about €380 million. In addition to these bank facilities, Klöckner & Co has a convertible bond of €325 million.

Risk and opportunity management

Reporting on key risks and opportunities within the Group was continued during the first quarter of 2009. The heart of this risk and opportunity monitoring system within the Klöckner & Co Group is the quarterly risk and opportunity report. In addition to the intense monitoring of customer receivables, liquidity control through working-capital management remained a top priority.

The company's six-member Supervisory Board, consisting solely of investor representatives, duly continued its monitoring and consulting activities during the first quarter of 2009. The focal point of written information provided to the Supervisory Board by the Management Board continued to be the monthly board reporting, which discusses trends involving the most important key figures. The Management Board was available at all times to provide information.

The Supervisory Board, the Executive Committee of the Supervisory Board and the Audit Committee met in the first quarter of 2009 as scheduled. All members attended each of the meetings. During these sessions, the committees were informed about critical market and business developments, and learned about the effectiveness of the urgent measures that have been carried out and introduced.

During the first quarter of 2009, the Chairman of the Supervisory Board and the Chairman of the Audit Committee met on a rotating and individual basis with members of the Management Board and the auditor. During the Audit Committee meeting and the Supervisory Board meeting on March 30, 2009, the auditor gave a detailed report about the findings of the audit of the annual financial statements and the consolidated financial statements for 2008. On March 30, 2009, the Supervisory Board drew on the plan of succession for the Management Board and appointed Mr. Gisbert Rühl, the Chief Financial Officer of Klöckner & Co SE, to replace Dr. Thomas Ludwig as Chairman of the Management Board on January 1, 2010. Dr. Thomas Ludwig is leaving his position on the Board for personal reasons at the end of the current fiscal year.

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Current assessment of risks and opportunities

The Management Board remains confident that all risks that require recognition in the accounts are covered by sufficient provisions at the level of Group subsidiaries and of the holding company and/or by third-party guarantees.

Furthermore, there is a risk that the destocking in customer sectors will slow because steel consumption is lower than anticipated, which would mean that demand will not revive this year. This could lead to further price declines, irrespective of production cutbacks by manufacturers. Such a development could have a further negative effect on the gross profit. Based on these assumptions, the economic outlook could become more pessimistic than previously expected, possibly triggering impairment losses. Should the company's immediate actions not be implemented quickly enough in order to offset some of the falling sales volume, this could also have a negative impact on earnings. Meanwhile, consolidation trends in the market will create opportunities during the crisis.

In summary, the Management Board has determined that the systems for managing opportunities and risks at the Klöckner & Co Group function well and that all known accounting risks have been adequately addressed. In addition, the necessary measures to cushion looming market risks have been initiated. The Group does not expect to encounter any liquidity problems as a result of its current financing structure and the measures that have already been taken, particularly against the backdrop of the restructuring of the credit facilities. General market risks and specific risks affecting the steel market cannot be precisely gauged at this time. Specific risks that could endanger the company's future as a going concern have not been identified.

Forecast

In consideration of first-quarter results, the outlook for the full fiscal year cannot be quantified at the moment. All important customer sectors in the core markets of Klöckner & Co are characterized by decreasing sales volumes and orders. Demand for steel products is still determined by destocking along the entire value chain. Accordingly, a clear overview of actual consumption of steel products and stock levels is not given. The situation is expected to improve in the course of the second quarter.

The first signs of economic stabilization, even if at a very low level, are reflected in the rise of confidence indicators and the bottoming seen in daily quantity

demands at Klöckner & Co in recent weeks. The prices of some products also seem to be firming once again.

For this reason, earnings in the second quarter are expected to improve considerably from the first quarter, even if the overall result will be negative as well. At this time, the Management Board is unable to issue a forecast for the full year. Klöckner & Co's earnings will be well below last year's level. Based on the information available today, negative results cannot be ruled out.

Despite the difficult market situation, Klöckner & Co believes it is well positioned given the restructuring of its financings with a €1.5 billion loan framework that is largely free of performance-based covenants. In light of the further reduction of net financial debt to approximately €270 million by the end of April Klöckner & Co will be in position to manage even a long-lasting crisis and to cushion its impact. This financial flexibility also ensures that Klöckner & Co will be able to resume its acquisition strategy at the appropriate time in order to exploit the consolidation opportunities emerging from the crisis.

Klöckner & Co share

Key data about the Klöckner & Co share

ISIN DE000KC01000 – German Securities Code (WKN) KCO 100

Stock exchange symbol: KCO

Bloomberg: KCO GR

Reuters XETRA: KCOGn.DE

MDAX® listing: since January 29, 2007

Key data about the Klöckner & Co share

		January– March 2009	January– March 2008
Number of shares	in shares	46,500,000	46,500,000
Closing price (XETRA, close)	€	7.43	32.41
Market capitalization	€million	345	1,507
High (XETRA, close)	€	13.30	33.66
Low (XETRA, close)	€	5.63	20.16
Average daily trading volume	in shares	510,314	867,764

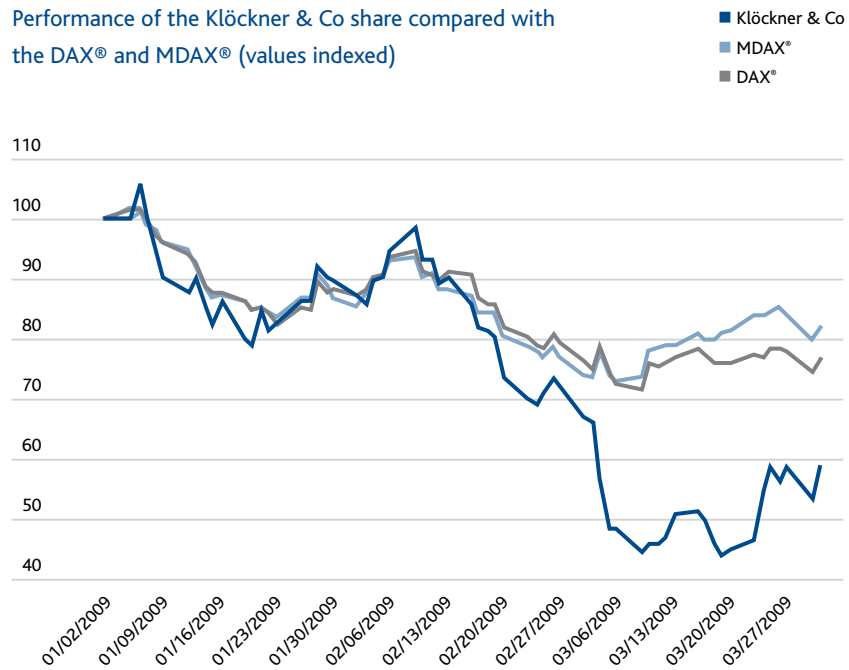
Stock performance during the finance- and real-market crisis

During the first quarter of 2009, the finance- and real-market crisis continued unabated. Steel stocks, in particular, were unable to escape the downward pull exerted by the continued economic slowdown.

The Klöckner & Co share was also subjected to pressure by the ongoing economic downturn. As an early-cyclical, high-beta stock, the Klöckner & Co share has reacted extremely to the overall downward trend and the industry's uncertain future prospects. As a result, the stock's price plunged to a historic low of €5.63. At the end of the first quarter, the Klöckner & Co share was trading at €7.43, a drop of approximately 40% from its closing price for 2008. The MDAX® lost about 13% and the DAX® about 15% compared with their closing levels at the end of 2008.

Investors' reservations and uncertainty were also reflected in reduced trading volume. Compared with the previous year's level of 867,764 shares, average daily trading volume was relatively low at 510,314 shares.

Performance of the Klöckner & Co share compared with the DAX® and MDAX® (values indexed)



Transparent communications in turbulent times

During the first quarter 2009, Klöckner & Co continued to conduct an intensive dialogue with investors and potential investors. During the first three months of the year, a number of individual meetings were conducted. Participants interested in the capital markets met and were informed about Klöckner & Co during four road shows.

Against the backdrop of economic conditions, the subjects of liquidity and financing structure at Klöckner & Co SE were topics of particular interest during discussions held with investors and analysts.

The interest of capital-market participants in Klöckner & Co SE was also reflected in the analyst reports issued since the start of the year. During the first three months of 2009, 38 reports and evaluations were issued by the 17 banks and securities firms that cover us. Seven firms rated the share as a "buy," seven as a "hold," and three securities firms as a "sell."

You will find complete information about the Klöckner & Co share on our Web site www.kloeckner.de/ir.

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Klöckner & Co SE

Consolidated statement of income for the three-month period ending March 31, 2009

(€ thousand)	Jan. 1– March 31, 2009	Jan. 1– March 31, 2008 ^{*)}
Sales	1,095,246	1,659,723
Other operating income	14,141	11,232
Change in inventory	– 17,414	– 3,938
Own work capitalized	0	2
Cost of materials	– 999,792	– 1,315,479
Personnel expenses	– 121,976	– 126,641
Depreciation, amortization and impairments	– 17,598	– 15,896
Other operating expenses	– 101,731	– 115,837
Operating result	– 149,124	93,166
Finance income	2,103	1,594
Finance expenses	– 18,110	– 18,649
Financial result	– 16,007	– 17,055
Income before taxes	– 165,131	76,111
Income taxes	37,811	– 23,770
Net income	– 127,320	52,341
thereof attributable to		
– shareholders of Klöckner & Co SE	– 125,688	50,740
– minority interests	– 1,632	1,601
Earnings per share		
– basic	– 2.70	1.09
– diluted	– 2.43	1.06

^{*)} Comparative amounts for 2008 restated due to initial application of IFRIC 14
(see Note 2 to the interim financial statements)

Klöckner & Co SE
Statement of comprehensive income
for the three-month period ending March 31, 2009

(€ thousand)	Jan. 1– March 31, 2009	Jan. 1– March 31, 2008 ^{*)}
Net income	– 127,320	52,341
Income/expenses directly recognized in equity		
Foreign currency translation	13,575	– 14,673
Gain/loss from cash flow hedges	– 10,694	5,524
Related income tax	– 99	1,688
Other comprehensive income	2,782	– 7,461
Total comprehensive income	– 124,538	44,880
thereof attributable to		
– shareholders of Klöckner & Co SE	– 122,908	43,557
– minority interests	– 1,630	1,323

^{*)} Comparative amounts for 2008 restated due to initial application of IFRIC 14
(see Note 2 to the interim financial statements)

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Clöckner & Co SE

Consolidated balance sheet as of March 31, 2009

ASSETS

(€ thousand)	March 31, 2009	Dec. 31, 2008 ^{*)}
Non-current assets		
Intangible assets	238,850	235,931
Property, plant and equipment	472,533	479,421
Investment property	13,154	13,188
Financial assets	2,084	2,364
Other assets	27,400	25,545
Deferred tax assets	47,749	46,491
Total non-current assets	801,770	802,940
Current assets		
Inventories	765,065	1,000,612
Trade receivables	689,327	798,618
Current income tax receivable	47,232	29,388
Other assets	142,078	150,632
Liquid funds	446,674	296,636
<i>thereof cash and cash equivalents</i>	439,501	293,531
<i>thereof restricted cash</i>	7,173	3,105
Assets held for sale	4,872	4,942
Total current assets	2,095,248	2,280,828
Total assets	2,897,018	3,083,768

*) Comparative amounts for 2008 restated due to initial application of IFRIC 14
(see Note 2 to the interim financial statements)

EQUITY AND LIABILITIES

(€ thousand)	March 31, 2009	Dec. 31, 2008 ^{*)}
Equity		
Subscribed capital	116,250	116,250
Capital reserves	260,496	260,496
Retained earnings	582,584	708,272
Accumulated other comprehensive income	- 12,884	- 15,664
Equity attributable to shareholders of Klöckner & Co SE	946,446	1,069,354
Minority interests	10,418	11,998
Total equity	956,864	1,081,352
Liabilities		
Non-current liabilities		
Provisions for pensions and similar obligations	181,685	180,095
Other provisions	36,788	36,924
Income tax liabilities	66	50
Financial liabilities	695,743	813,000
Other liabilities	68,671	59,634
Deferred tax liabilities	84,477	86,873
Total non-current liabilities	1,067,430	1,176,576
Current liabilities		
Other provisions	262,774	284,766
Income tax liabilities	10,631	19,139
Financial liabilities	68,387	48,112
Trade payables	448,504	392,183
Other liabilities	82,428	81,640
Total current liabilities	872,724	825,840
Total liabilities	1,940,154	2,002,416
Total equity and liabilities	2,897,018	3,083,768

*) Comparative amounts for 2008 restated due to initial application of IFRIC 14
(see Note 2 to the interim financial statements)

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Klöckner & Co SE
 Consolidated statement of cash flows
 for the period from January 1 to March 31, 2009

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(€ thousand)	Q1 2009	Q1 2008 ^{*)}
Income before taxes	- 165,131	76,111
Financial result	16,007	17,055
Depreciation and amortization	17,598	15,896
Other non-cash income and expenses	- 116	- 2,063
Gain on disposal of non-current assets	-3,960	- 157
Operating cash flow	- 135,602	106,842
Changes in provisions	- 24,830	9,710
Changes in other assets and liabilities		
Inventories	246,218	- 62,571
Trade receivables	113,872	- 160,807
Other assets	34,047	- 56,485
Trade payables	54,047	135,480
Other liabilities	- 25,541	31,929
Income taxes paid	- 1,175	- 13,729
Cash flow from operating activities	261,036	- 9,631
Proceeds from the sale of non-current assets and assets held for sale	4,785	2,550
Payments for intangible assets, property, plant and equipment	- 5,846	- 9,702
Acquisition of subsidiaries	0	- 133,356
Margin deposits for derivative transactions	- 4,068	0
Cash flow from investing activities	- 5,129	- 140,508
Dividends paid to minority interests	0	- 89
Borrowings	34,610	148,033
Repayment of financial liabilities	- 140,406	- 37,337
Interest paid	- 7,072	- 6,913
Interest received	1,892	1,418
Cash flow from financing activities	- 110,976	105,112
Changes in cash and cash equivalents	144,931	- 45,027
Effect of foreign exchange rates on cash and cash equivalents	1,039	- 874
Cash and cash equivalents at the beginning of the period	293,531	153,558
Cash and cash equivalents at the end of the period	439,501	107,657

*) Comparative amounts for 2008 restated due to initial application of IFRIC 14 (see Note 2 to the interim financial statements)

Klöckner & Co SE

Summary of changes in equity

	Subscribed capital Klöckner & Co SE	Capital reserves Klöckner & Co SE	Retained earnings	Accumulated other comprehensive income		Equity attributable to shareholders of Klöckner & Co SE	Minority interests	Total
				Currency translation adjustment	Fair value adjustments of financial instruments			
(€ thousand)								
Balance as of January 1, 2008 as previously reported	116,250	260,496	412,227	- 27,737	- 595	760,641	84,283	844,924
Initial application of IFRIC 14*)			6,036			6,036		6,036
Balance as of January 1, 2008 as restated for effects of IFRIC 14	116,250	260,496	418,263	- 27,737	- 595	766,677	84,283	850,960
Income/expenses directly recognized in equity								
Foreign currency translation				-14,395		-14,395	- 278	-14,673
Gain/loss from cash flow hedges					5,524	5,524		5,524
Related income tax				3,384	-1,696	1,688		1,688
Net income			50,740			50,740	1,601	52,341
Comprehensive income						43,557		
Acquisition of minority interests			- 68,850			- 68,850	- 53,256	-122,106
Business combinations							4,246	4,246
Dividends							- 89	- 89
Balance as of March 31, 2008 as restated for effects of IFRIC 14	116,250	260,496	400,153	- 38,748	3,233	741,384	36,507	777,891
Balance as of January 1, 2009								
Balance as of January 1, 2009	116,250	260,496	708,272	15,289	- 30,953	1,069,354	11,998	1,081,352
Income/expenses directly recognized in equity								
Foreign currency translation				13,573		13,573	2	13,575
Gain/loss from cash flow hedges					-10,694	-10,694		-10,694
Related income tax				- 3,382	3,283	- 99		- 99
Net income			-125,688			-125,688	-1,632	-127,320
Comprehensive income						-122,908		
Change in scope of consolidation							50	50
Balance as of March 31, 2009	116,250	260,496	582,584	25,480	- 38,364	946,446	10,418	956,864

*) See Note 2 to the interim financial statements

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Selected explanatory notes on the interim consolidated financial statements of Klöckner & Co SE for the three-month period ended March 31, 2009

(1) Basis of presentation

The interim consolidated financial statements of Klöckner & Co SE, for the three-month period ended March 31, 2009, were prepared in accordance with International Financial Reporting Standard (IFRS) and the respective interpretations issued by the International Accounting Standard Board (IASB) as adopted for use in the EU.

The interim financial statements were reviewed by an independent auditor.

Except for the application of new standards as discussed below, the accounting policies applied for the interim financial statements are consistent with those used for the consolidated financial statements of Klöckner & Co SE as of December 31, 2008 as supplemented by the regulations of IAS 34 (Interim Financial Reporting). A detailed description of such policies is provided in the notes to the consolidated financial statements on pages 81 to 91 of the 2008 Annual Report. Foreign exchange gains and losses resulting from financing transactions including fair value changes of derivative financial instruments for which no hedge accounting is applied are presented net in other operating income. In the first quarter of 2009 expenses of €9.6 million were off-set against corresponding exchange gains. Prior year balance were adjusted to conform with the revised presentation.

The preparation of the interim consolidated financial statements for the period ended March 31, 2009 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. No significant changes were made to such estimates as compared to the period ending December 31, 2008.

In the opinion of the Management Board, the interim consolidated financial statements reflect all adjustments deemed necessary to provide a true and fair view of the results. Results for the period ended March 31, 2009 are not necessarily indicative of future results.

The interim consolidated financial statements for the three-month period ended March 31, 2009 were authorized for issuance by the Management Board after discussion with the Audit Committee of the Supervisory Board on May 13, 2009. Unless otherwise indicated, all amounts are stated in million euros (€ million). Deviations to the unrounded figures may arise.

(2) New standards and interpretations

In the first Quarter of 2009 the Group initially applied IFRS 8 (Operating Segments) and the interpretation IFRIC 14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction).

Under IFRS 8 operating segments are based on the internal reporting organization ("Management Approach"). The initial application did not result in changes in the segmentation of the Group.

IFRIC 14 provides general guidance on how to assess the limit in IAS 19 on the amount of the surplus of a pension plan that can be recognized as an asset. The initial application resulted in adjustments to the asset recognized for the Swiss pension plans. In accordance with the transition provisions the application has been made retrospectively. The comparative amounts for 2008 have been restated as follows:

(in € thousand)	As previously reported	Initial application of IFRIC 14	As restated
Balances January 1, 2008			
Excess of pension assets and employer contribution reserves over pension obligations	5,349	7,641	12,990
Deferred tax liabilities	82,364	1,605	83,969
Equity attributable to shareholders of Klöckner & Co SE	760,641	6,036	766,677
Balances March 31, 2008			
Excess of pension assets and employer contribution reserves over pension obligations	5,624	8,098	13,722
Deferred tax liabilities	85,223	1,701	86,924
Equity attributable to shareholders of Klöckner & Co SE	734,987	6,397	741,384
Personnel expenses	126,704	– 63	126,641
Income taxes	23,757	13	23,770
Net income attributable to shareholders of Klöckner & Co SE	50,690	50	50,740
Earnings per share (€/share)			
- basic	1.09	0.00	1.09
- diluted	1.06	0.00	1.06
Balances December 31, 2008			
Excess of pension assets and employer contribution reserves over pension obligations	4,804	8,787	13,591
Deferred tax liabilities	85,028	1,845	86,873
Equity attributable to shareholders of Klöckner & Co SE	1,062,412	6,942	1,069,354
Personnel expenses	546,272	– 255	546,017
Income taxes	79,254	54	79,308
Net income attributable to shareholders of Klöckner & Co SE	398,134	201	398,335
Earnings per share (€/share)			
- basic	8.56	0.00	8.56
- diluted	8.11	0.00	8.11

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(3) Share based payment

The existing virtual stock option program for the Management Board cover as of March 31, 2009 unchanged a total of 858,000 virtual stock options. The maximum exercise gain is limited in accordance with section 4.2.3 of the German Corporate Governance Code.

In addition to the virtual stock option program of the Management Board, 108,000 virtual stock options for the year 2009 were granted to certain members of the senior management throughout the Group in the first quarter. The exercise conditions are largely identical to the Management Board of Klöckner & Co SE program except for a lower cap on the exercise gain for certain members of the program.

During the first three-month of 2009 no virtual stock options were exercised.

The pro-rata provision for share based payments to the Management Board and senior management amounts to €1.4 million with total income recognized in the first quarter of 2009 of €0.9 million on the release of provisions due lower fair values of the underlying Klöckner & Co shares.

To limit expenses and cash flows for the granted and approved further grants of virtual stock options until and including financial year 2011 the Group entered into certain derivative financial instruments in January 2008. The instruments are accounted for at fair value through profit or loss in accordance with IAS 39 (Financial Instruments: Recognition and Measurement). The fair value changes of these instruments amount to a negative €4.6 million which has been recorded as personnel expenses in the first quarter of 2009.

(4) Earnings per share

Basic earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of shares outstanding during the period. Potential dilutive shares of the convertible bond have been included in the computation of diluted earnings per share.

		Q1 2009	Q1 2008 ^{*)}
Net income attributable to shareholders of Klöckner & Co SE	(€ thousand)	- 125,688	50,740
Weighted average number of shares	(thousands of shares)	46,500	46,500
Basic earnings per share	(€/share)	- 2.70	1.09
<hr/>			
Net income attributable to shareholders of Klöckner & Co SE	(€ thousand)	- 125,688	50,740
Interest expense on convertible bond (net of tax)	(€ thousand)	3,031	2,917
Net income used to determine diluted earnings per share	(T€)	- 122,657	53,657
Weighted average number of shares	(thousands of shares)	46,500	46,500
Dilutive potential shares from convertible bond	(thousands of shares)	4,025	4,025
Weighted average number of shares for diluted earnings per share	(thousands of shares)	50,525	50,525
Diluted earnings per share	(€/share)	- 2.43	1.06

*) Comparative amounts for 2008 restated due to initial application of IFRIC 14
(see Note 2 to the interim financial statements)

(5) Inventories

(in € million)	March 31, 2009	Dec. 31, 2008
Raw materials and supplies	22.6	30.8
Work in progress	5.0	7.3
Finished goods and merchandise	735.8	948.4
Advance payments	1.7	14.1
Inventories	765.1	1,000.6

Allowances for write-downs to net realizable value amount as of March 31, 2009 amount to €138.2 million (December 31, 2008: €102.5 million).

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(6) Financial Liabilities

(in € million)	March 31, 2009	December 31, 2008
Non-current financial liabilities		
Bonds	279.3	276.2
Liabilities due to banks	252.0	317.9
Liabilities under ABS programs	155.8	210.0
Finance lease liabilities	8.7	8.9
	695.8	813.0
Current financial liabilities		
Bonds	3.3	2.1
Liabilities due to banks	62.3	43.0
Liabilities under ABS programs	0.1	0.5
Finance lease liabilities	2.7	2.5
	68.4	48.1
Financial liabilities as per consolidated financial statements	764.2	861.1

Net financial debt developed as follows:

(in € million)	March 31, 2009	December 31, 2008
Financial liabilities as per consolidated financial statements	764.2	861.1
Transaction costs	4.9	6.3
Gross financial liabilities	769.1	867.4
Liquid funds	- 446.7	- 296.6
Net financial debt Klöckner & Co Group	322.4	570.8

(7) Segment reporting

	North America		Europe		Headquarters/ Consolidation		Total	
(in € million)	2009	2008	2009	2008	2009	2008	2009	2008
Segment sales	212.7	301.3	882.5	1,358.4	0.0	0.0	1,095.2	1,659.7
EBITDA (Segment result)	-30.9	26.4	-92.8	83.6	-7.8	-1.0	-131.5	109.0
EBIT	-37.6	22.4	-102.7	73.2	-8.8	-2.5	-149.1	93.1
Employees as of March 31, 2009 (December 31, 2008)	1,338	1,409	8,410	8,696	177	177	9,925	10,282

Duisburg, May 13, 2009

Klöckner & Co SE
Management Board

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Review report

To Klöckner & Co SE

We have reviewed the condensed interim consolidated financial statements of the Klöckner & Co SE – comprising the balance sheet, the income statement, cash flow statement, statement of recognized income and expenses, statement of changes in equity and selected explanatory notes – together with the interim group management report of the Klöckner & Co SE, for the period from January 1 to March 31, 2009 that are part of the quarterly financial report according to § 37 x Abs. 3 WpHG [“Wertpapierhandelsgesetz”: “German Securities Trading Act”]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and additionally observed the International Standard on Review Engagements “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Cologne, May 13, 2009

KPMG Hartkopf + Rentrop Treuhand KG
Wirtschaftsprüfungsgesellschaft

Philippi
Wirtschaftsprüfer

Michels-Scholz
Wirtschaftsprüfer

Financial Calendar 2009

May 26	Annual General Meeting 2009 Düsseldorf
August 13	Q2 Interim Report 2009
November 13	Q3 Interim Report 2009

Subject to subsequent changes

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Disclaimer

This Report (particularly the "Forecast" section) contains forward-looking statements that reflect the current views of the Klöckner & Co SE management with respect to future events. They are generally identified by the words "expect", "anticipate", "assume", "intend", "estimate", "target", "aim", "plan", "will", "endeavor", "outlook" and comparable expressions and include generally any information that relates to expectations or targets for economic conditions, sales or other performance measures.

Forward-looking statements are based on current plans, estimates and projections. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Klöckner & Co's control. Among the relevant factors are the impact of important strategic and operating initiatives, including the acquisition or disposal of companies.

If these or other risks or uncertainties materialize, or if the assumptions underlying any of the statements prove incorrect, Klöckner & Co's actual results may be materially different from those stated or implied by such statements. Klöckner & Co SE can offer no assurance that its expectations or targets will be achieved.

Without prejudice to existing obligations under capital market law, Klöckner & Co SE does not assume any obligation to update forward-looking statements to take information or future events into account or otherwise.

In addition to the figures prepared in line with IFRS, Klöckner & Co SE presents non-GAAP financial performance measures, e.g. EBITDA, EBIT, net working capital and net financial debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP measures are not subject to IFRS or to other generally accepted accounting principles. Other companies may define these terms in different ways.

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