

Klöckner & Co AG

A Leading Multi Metal Distributor

April, 2008

Gisbert Rühl
CFO



Agenda

1. Overview and market

2. Current market development and expectations for 2008

3. Profitable growth initiatives

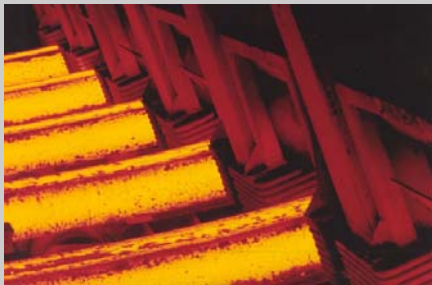
4. Financials and outlook

Appendix



Klöckner & Co at a glance

Producer



Klöckner & Co

Products:



Services:



Klöckner & Co highlights

- Leading producer-independent steel and metal distributor in the European and North American markets combined
- Network with more than 260 distribution locations in Europe and North America
- More than 10,000 employees
- Key financials **FY 2007**
 - Sales: €6,274 million
 - EBITDA: €371 million

Customer



Construction:

- Structural Steelwork
- Building and civil engineering



Machinery/
Mechanical
Engineering

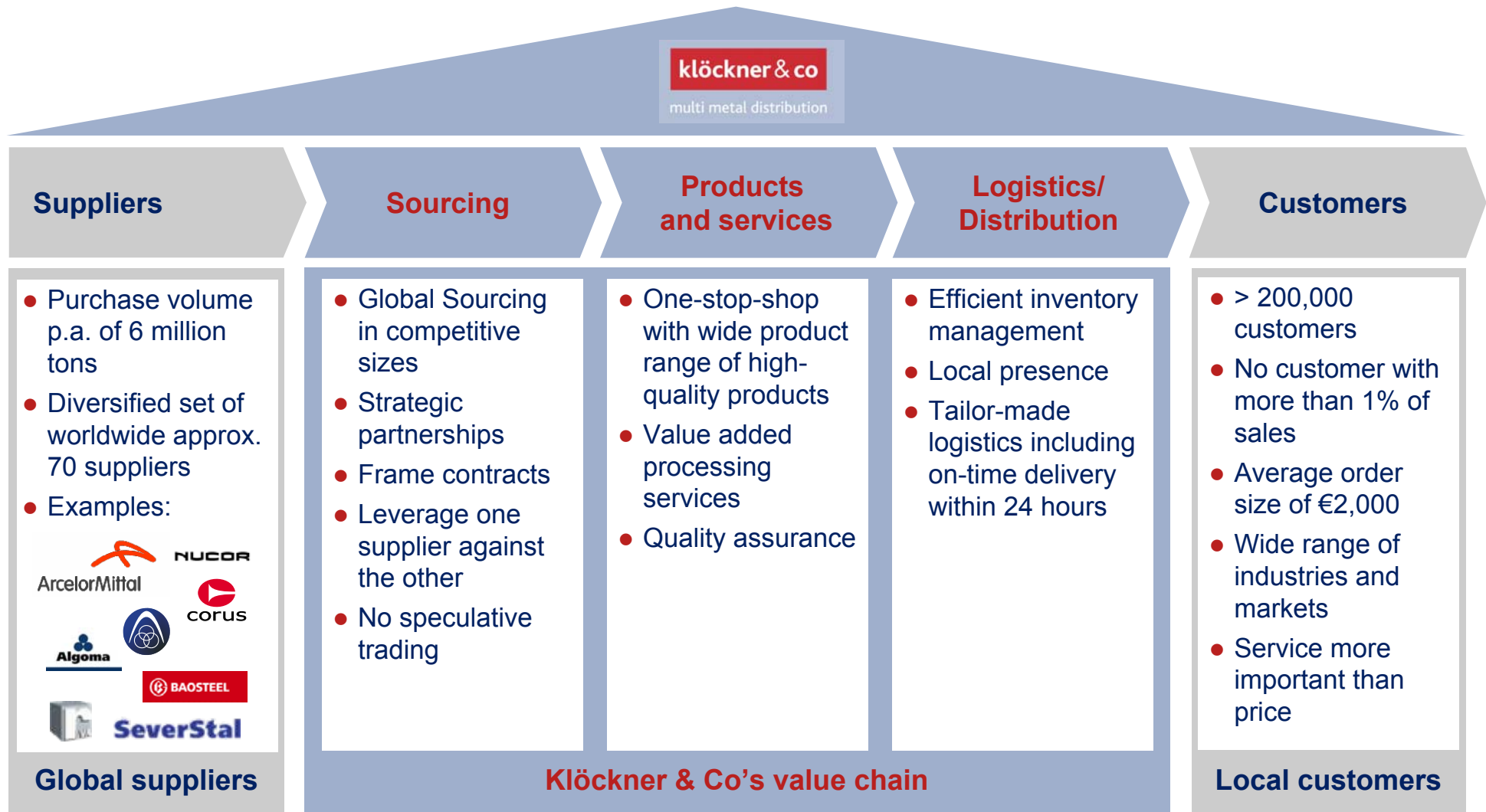


Others:

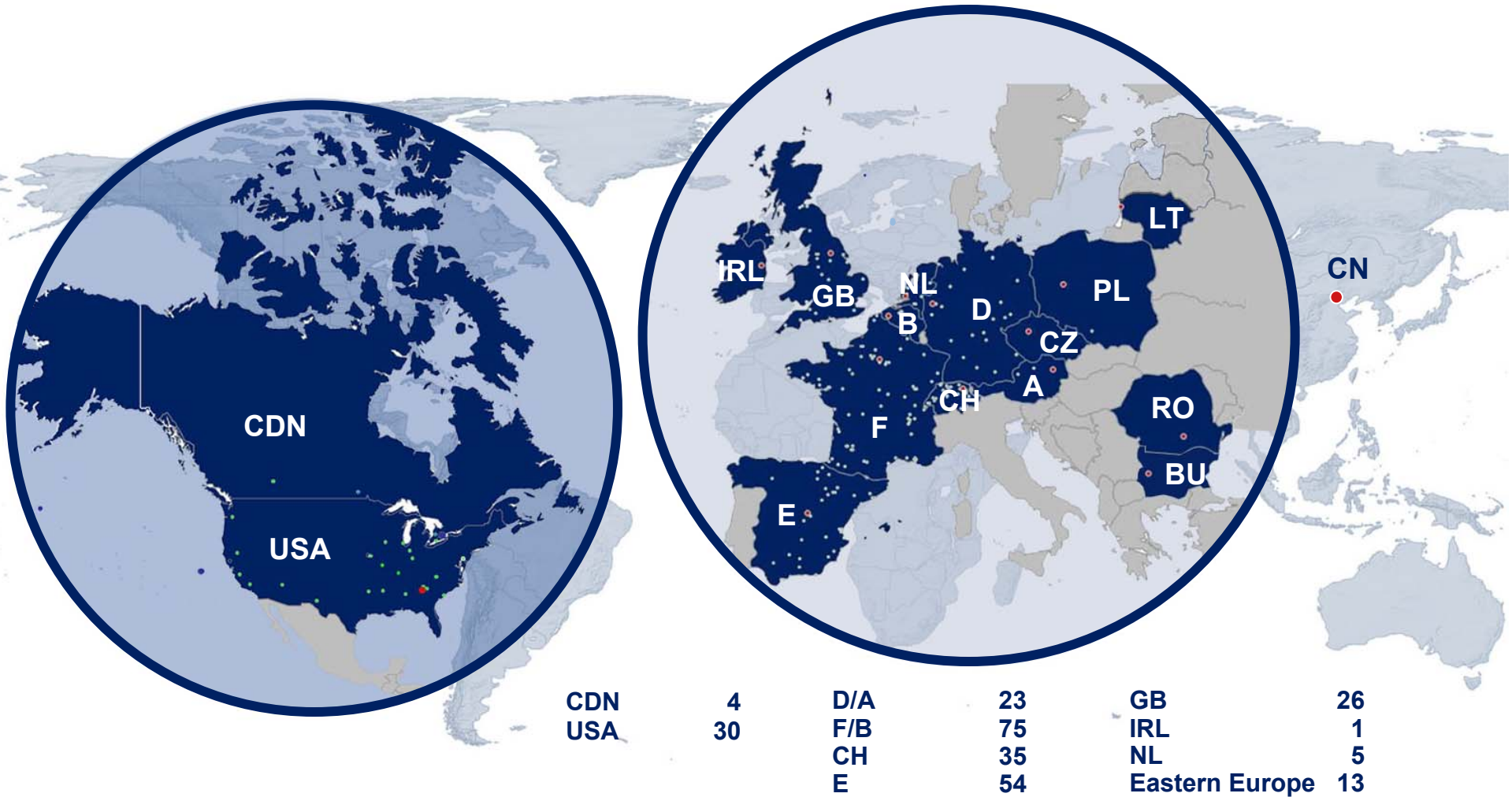
- Automotive
- Metal products/
goods, installation
- Durable goods
- etc.



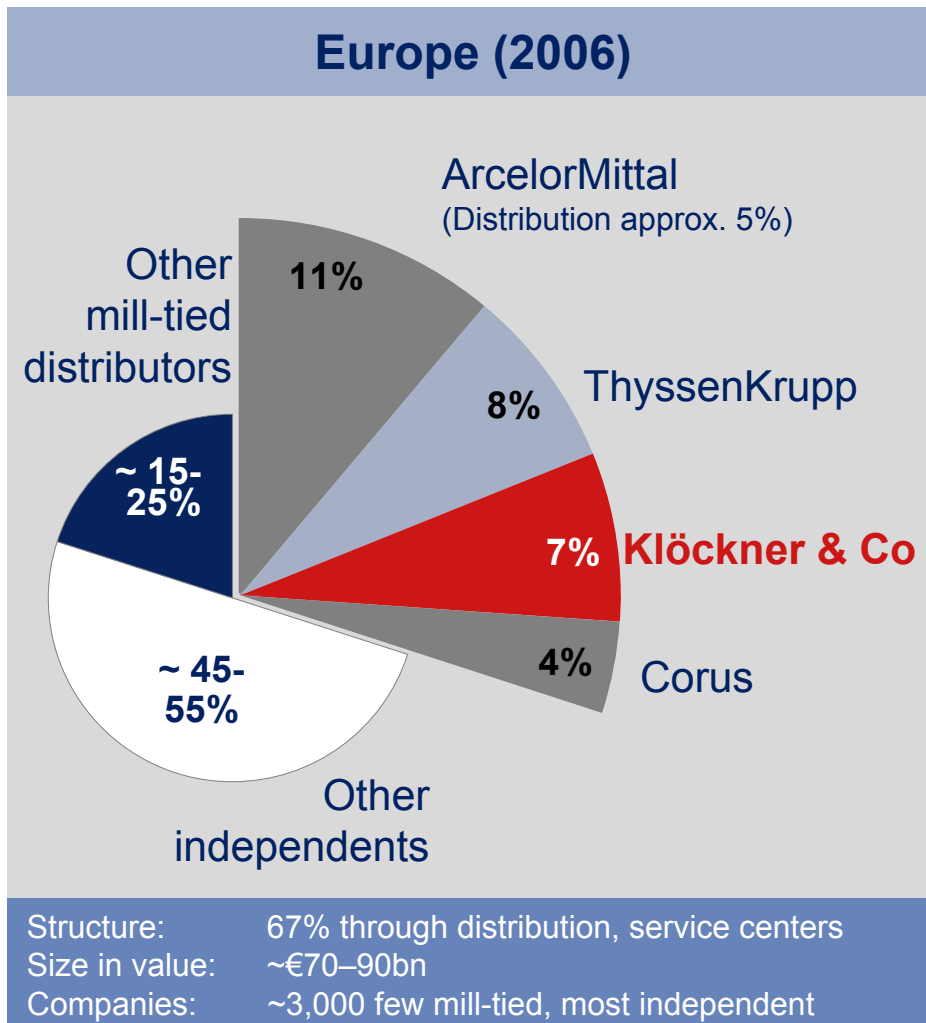
Distributor in the sweet spot



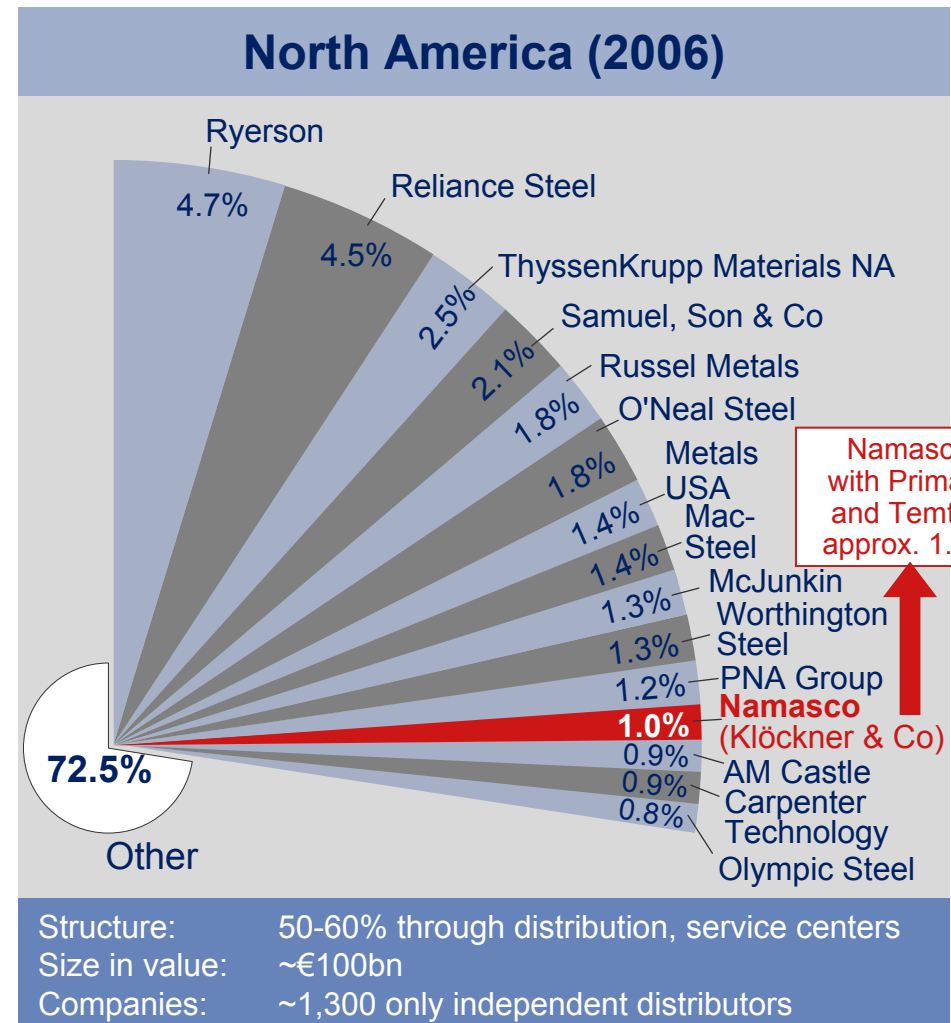
More than 260 distribution locations in Europe and NA



Strong position in Europe and growing position in NA



Source: EuroMetal, company reports, own estimates

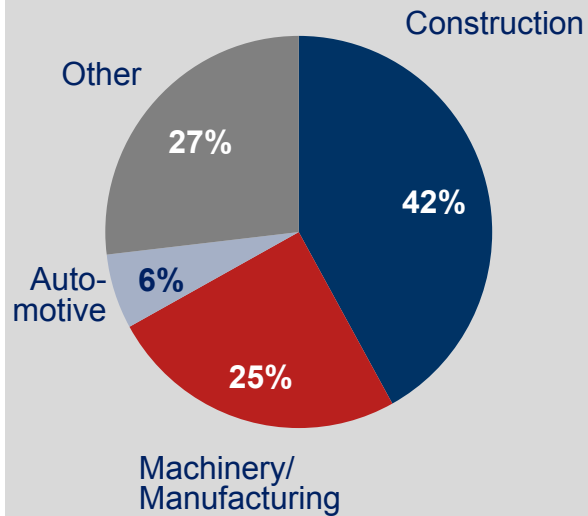


Source: Purchasing Magazine (May 2007)



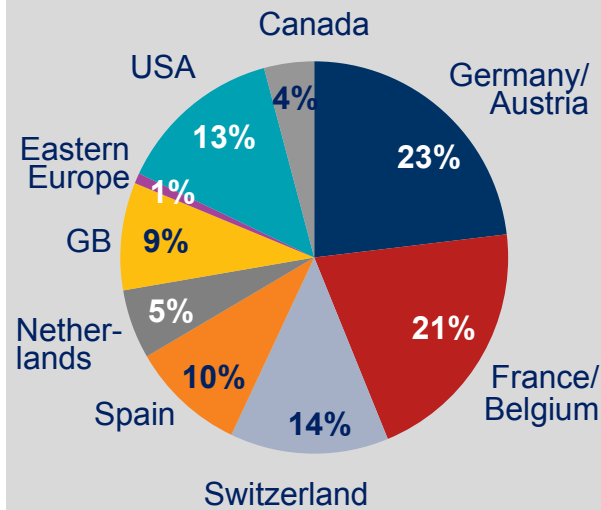
Broad industry, product and customer diversification

Sales split by industry*



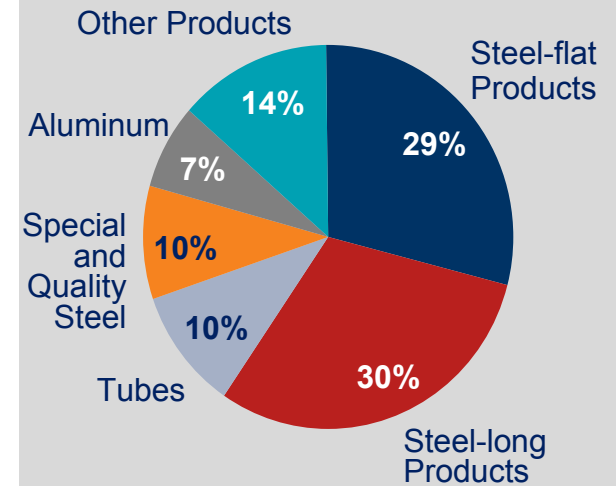
*As of December 2007

Sales split by markets*



*As of December 2007

Sales split by product*



*As of December 2007



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Strong steel market development in H1 2008

- Overall healthy underlying demand and normal stock levels in Europe
- Improved underlying demand and low stock levels in North America
- Strong and partially dramatic price increases since January
- Further price increases already announced for Q3



Promising start in 2008



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Appendix



Profitable growth

Profitable growth through value-added distribution and services within multi metals to companies in Europe and North America

Grow more than the market

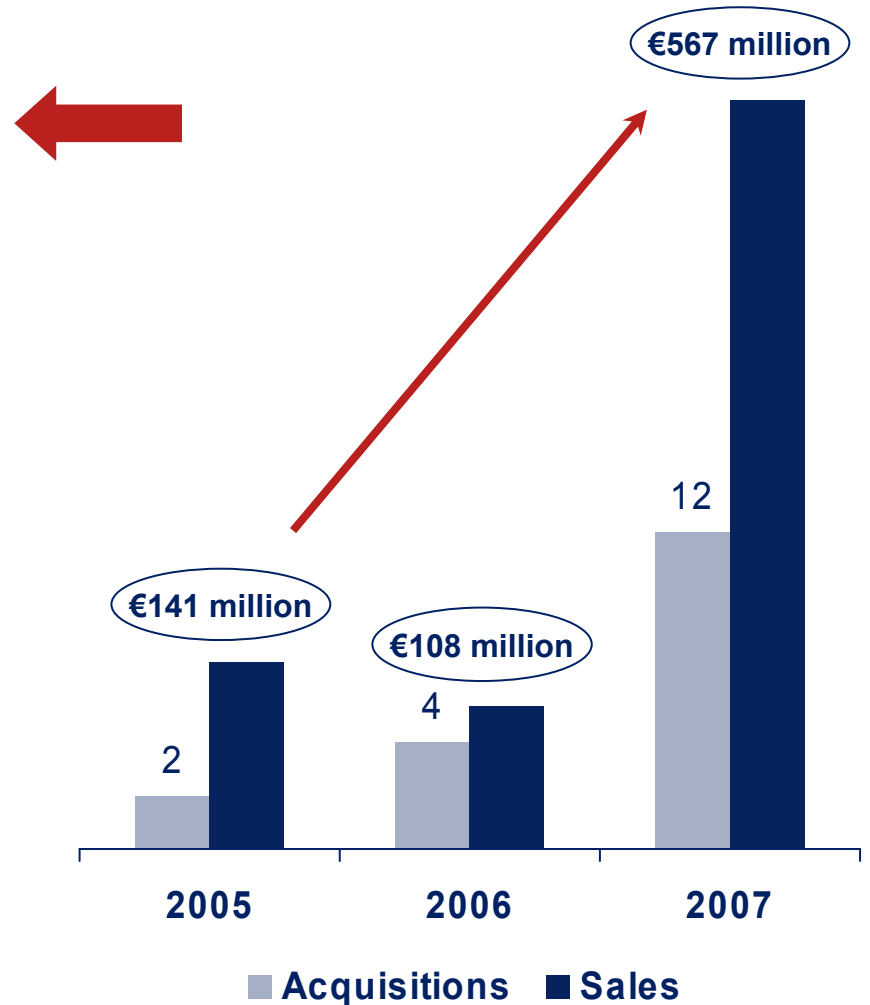
Continuous business optimization

- 1 **Acquisitions** driving market consolidation
- 2 **Organic growth and expansion** into new markets
- 3 **STAR Program:**
 - Purchasing
 - Distribution network

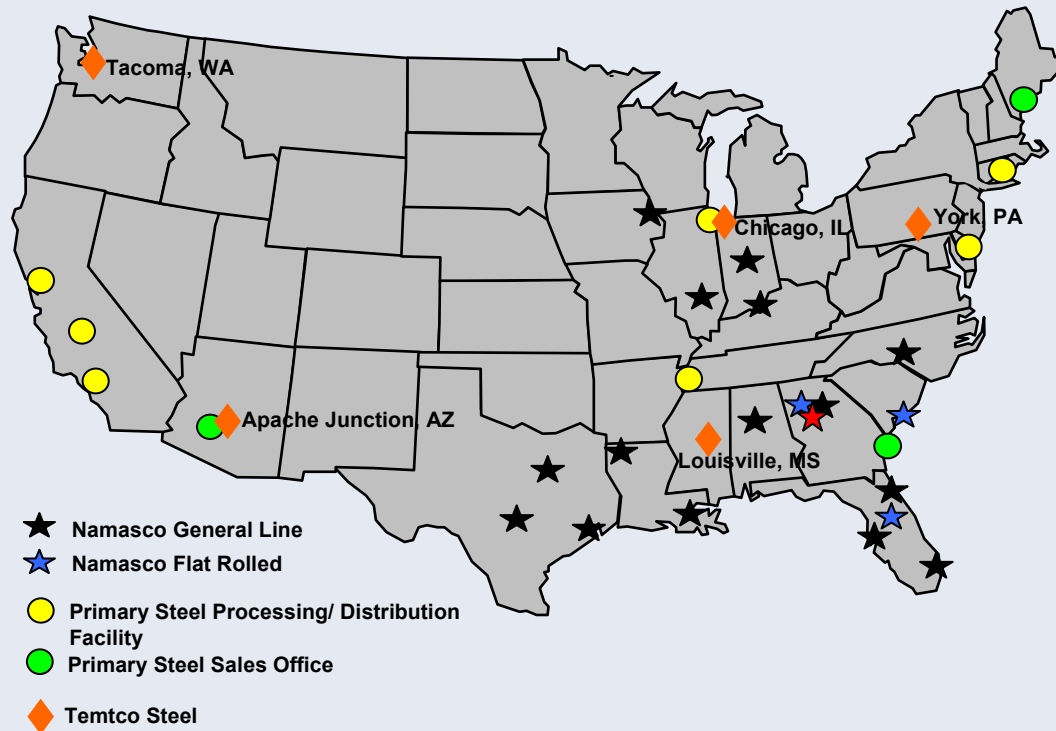


1 18 acquisitions in 2 years

Country	Acquired	Company	Sales (FY)
	Apr 2008	Temtco	€226 million
	Jan 2008	Multitube	€5 million
	2008 Ytd	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



Geographical scope



Key Facts

- Sales 2007: \$310 million (€226 million), 180 employees
- Leading market position in the US specialty plate market
- Processed sales account for more than 60% of total volume
- Broad geographic coverage with five locations



Leading position in plate segment

- The acquisition of Temtco supports significantly the leading position in plate distribution of Primary and Namasco
 - Securing continuing specialty plate supply through Temtco's supplier relations
 - Leveraging Temtco's customer base for sale of Namasco/Primary's commodity plate and vice versa
 - Broad geographic coverage

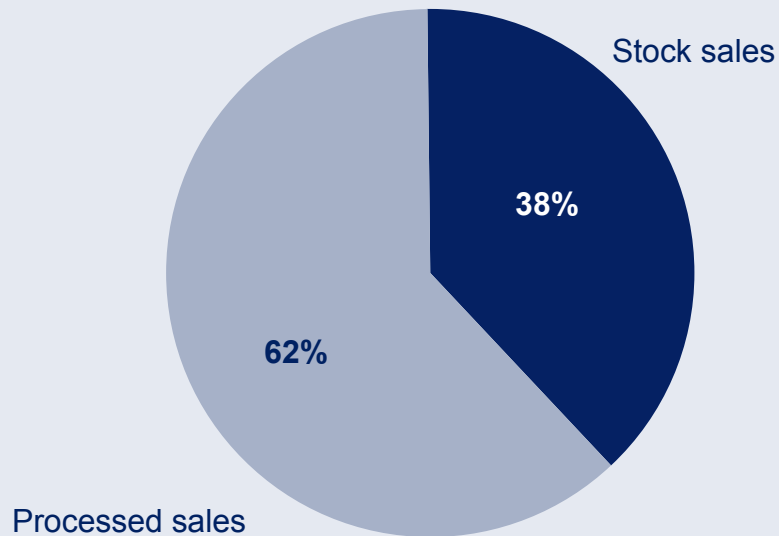
Synergies

- Complementary sales coverage combined with an additional product range offers synergy potential
 - Namasco's and Primary's market coverage hugely expanded
 - Enlarged purchasing power helps to counterweight the strong supplier consolidation
 - Additional (typical) synergies in admin, finance, IT, etc.

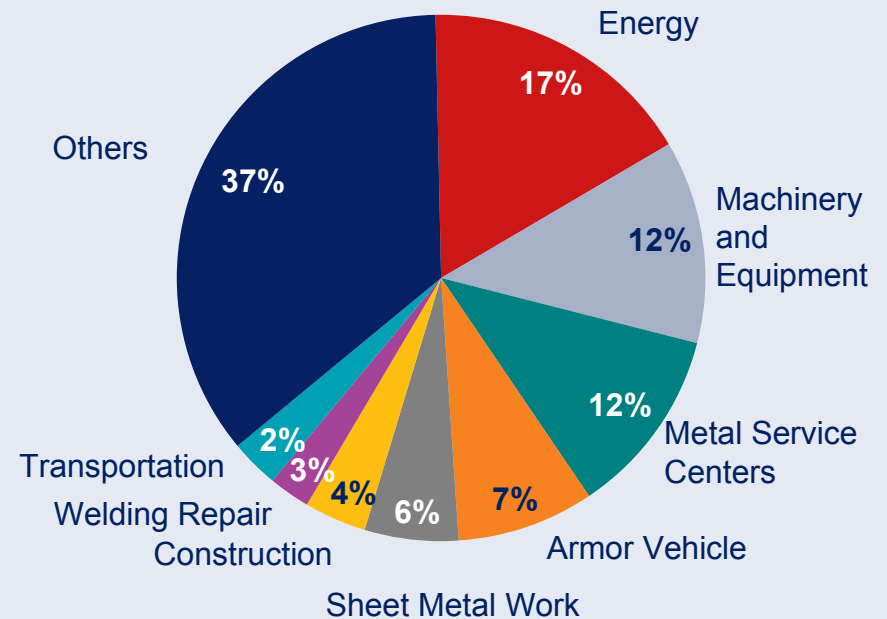


High share of processing; broad industry split

Share of processing (2007 by ton)



Segments served



1 Strong acquisition criteria

Further acquisitions in core markets and Eastern Europe:

- Leverage existing structure in core markets with small- and mid-size bolt-on acquisitions
- Large scale acquisitions when appropriate
- Acquisitions in Eastern Europe to increase footprint

Focus on targets in 3 directions:

- Expansion of geographic reach
- Extension of customer base
- Extension of product portfolio

Focus on targets at attractive valuations:

- EV/EBITDA multiple between 4x and 6x

Focus on targets with significant synergy and scale effects:

- Stronger purchasing power
- Streamlining operations and processes, integrating IT
- Integration of STAR



Accretive growth



2 Organic growth and expansion into new markets

Status quo

Expanded businesses in Eastern Europe:

- Acquisition of Metalsnab in Bulgaria
- Organic growth through greenfield approach in Poland, Romania and Czech Republic
- Evaluation of additional acquisitions in Eastern Europe
- Evaluation of market entry in other countries, e.g. Turkey and Russia

Next steps

Expansion of strong market positions in core markets:

- Concentration of product range and expansion of higher margin products
- Increase of value-added services through investments in new processing capacity
- Further acquisitions and opening of new branches in Eastern Europe

Strategy

Leveraging existing distribution network

Benefits

Sustainable profitable growth



3 STAR: Status quo Q4/FY 2007 and next steps

Status quo

Purchasing

- Additional frame contracts with main suppliers
- Extended global sourcing from third party countries
- Implementation of new organization in Germany completed
- Implementation of new tools supporting purchasing and stock management
- Implementation of unified article code
- Establishment of European sourcing started

Next steps

- Establishing of European sourcing organization by new member of the management board Ulrich Becker

Distribution network

- Improved performance as a result of restructured distribution network
- Roll-out of the optimization tool “Prodacapo” (activity based costing) in Spain, UK, France and Eastern European Countries

- Finalize implementation of SAP throughout the European organization (France, Switzerland) and interface SAP with “Prodacapo”
- Continuous improvement of distribution network with support of the optimization-tool “Prodacapo” and SAP solution



3 STAR: Phase I finalized in 2008, further potential in phase II

Phase I (2005 - 2008)

Overall targets:

- Central purchasing on country level, especially in Germany
- Improvement of distribution network
- Improvement of inventory management

Upside potential

2006:	~ €20 million	✓
2007:	~ €40 million	✓
2008:	<u>~ €20 million</u>	
	~ €80 million	

Phase II (2008 onwards)

Overall targets:

- European sourcing
- Ongoing improvement of distribution network

Upside potential

2008	~ €10 million
2009:	~ €30 million
2010:	<u>~ €20 million</u>
	~ €60 million

Phase III will concentrate on complete new logistic concepts



Achievements 2007 and targets 2008

Target achievements 2007

- 1 **Acquisitions:** 12 ✓
- 2 **Organic growth:** ✓
6.9% = €382 million
- 3 **STAR program:** ✓
Additional €43 million EBITDA
- 4 **Expansion:** ✓
Acquisitions and new branches in Eastern Europe:
 - Acquisition of Metalsnab, one of the leading distributors in Bulgaria
 - Opening of new warehouse in Poland

Targets 2008

- 1 **Acquisitions:** to achieve at least additional sales at the 2007 level
- 2 **Organic growth:**
In line with overall GDP growths in relevant markets
- 3 **STAR program:**
Additional €30 million EBITDA
- 4 **Expansion:**
 - Further acquisitions and new branches in Eastern Europe
 - Entries in new markets under evaluation (e.g. Turkey and Russia)

All targets of 2007 achieved



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Summary income statement Q4/FY 2007

(€m)	Q4 2007	Q4 2006	Δ%	FY 2007	FY 2006	Δ%
Volume (Ttons)	1,585	1,453	9.1	6,478	6,127	5.7
Sales	1,492	1,398	6.7	6,274	5,532	13.4
Gross profit	300	294	2.2	1,221	1,208	1.1
<i>% margin</i>	<i>20.1</i>	<i>21.0</i>	<i>-4.3</i>	<i>19.5</i>	<i>21.8</i>	<i>-10.6</i>
EBITDA	83	70	18.8	371	395	-6.1
<i>% margin</i>	<i>5.6</i>	<i>4.9</i>	<i>14.3</i>	<i>5.9</i>	<i>7.1</i>	<i>-16.9</i>
EBIT	65	55	18.2	307	337	-9.0
Financial result	-17	-12	-	-97	-64	-
Income before taxes	48	43	-	210	273	-
Income taxes	-6	16	-	-54	-39	-
Minority interests	4	5	-	23	28	-
Net income*	37	54	-	133	206	-
EPS basic (€)	0.80	1.16	-31.0	2.87	4.44	-35.4
EPS diluted (€)	0.80	1.16	-	2.87	4.44	-

* Attributable to shareholders of Klöckner & Co AG



Underlying EBITDA FY 2007

(€m)	Q4 2007	Q4 2006	Δ	FY 2007	FY 2006	Δ
EBITDA as reported	83	70	+13	371	395	-24
• One-offs (mainly sale of real estate)	6	-2	+8	40	42	-2
Operating EBITDA	77	67	+10	331	353	-22
• Windfall effects						
• carbon and others	4	5	-1	4	-30	+34
• stainless	3	-5	+8	16	-20	+36
• Exchange rate effects	3	2	+1	9	1	+8
• Special expense effects	-6	3	-9	12	8	+4
Underlying EBITDA	81	72	+9	372	312	+60
• Acquisitions (LTM*)	-6	-1	-5	-24	-6	-18
Underlying EBITDA excluding Acquisitions	75	71	+4	349	306	+43

* LTM: Last twelve months

Strong underlying EBITDA improvement driven by STAR



Segment performance FY 2007

(€m)	Europe	North America	HQ/ Consol.	Total
Volume (Ttons)				
2007	4,612	1,866	-	6,478
2006	4,496	1,631	-	6,127
Δ %	2.6	14.4	-	5.7
Sales				
2007	5,197	1,077	-	6,274
2006	4,670	862	-	5,532
Δ %	11.3	24.3	-	13.4
EBITDA				
2007	326	65	-20	371
<i>% margin</i>	6.3	6.0	-	5.9
2006	366	79	-50	395
<i>% margin</i>	7.8	9.1	-	7.1
Δ % EBITDA	-10.9	-18.2	-	-6.1

Comments
<ul style="list-style-type: none"> ● Sales for FY 2007* in Europe including about <ul style="list-style-type: none"> - €24.5 million from Westok (UK) - €3.9 million from Interpipe (UK) - €14.3 million together from Max Carl and Zweggart (D) - €11.8 million from Edelstahlservice (D) - €12.7 million from Teuling (NL) - €36.3 million from Tournier (F) - €6.5 million from Gauss (CH) - €9.1 million from Aesga (E) ● Sales for FY 2007* in North America including about <ul style="list-style-type: none"> - €12.9 million from Premier Steel - €237.9 million from Primary Steel - €0.9 million from ScanSteel Steel - €39.3 million from Action Steel <p>* Sales of acquired companies for the first twelve months of their consolidation</p>



Balance sheet as of Dec. 31, 2007

(€m)	December 31, 2007	December 31, 2006
Long-term assets	735	579
Inventories	956	841
Trade receivables	930	933
Cash & Cash equivalents	154	130
Other assets	191	69
Total assets	2,966	2,552
Equity	845	799
Total long-term liabilities	1,152	744
- thereof financial liabilities	813	416
Total short-term liabilities	969	1,009
- thereof trade payables	610	639
Total equity and liabilities	2,966	2,552
Net working capital	1,323	1,135
Net financial debt	746	365

Comments
<p>Financial debt as of Dec. 31, 2007:</p> <ul style="list-style-type: none"> • Syndicated loan: €199 million • ABS: €295 million • Bilateral credits: €133 million • Convertible: €266 million • Increased net financial debt mainly due to acquisitions
<p>Equity:</p> <ul style="list-style-type: none"> • Convertible equity share €63 million • Decreased equity ratio from 31.3% to 28.5% due to increased total assets
<p>Net Working Capital:</p> <ul style="list-style-type: none"> • Increase driven by sales, higher price levels and acquisitions



Statement of cash flow

(€m)	FY 2007	FY 2006	Comments
Operating CF	328	354	<ul style="list-style-type: none"> ● CF from operating activities impacted by net working capital requirements
Changes in net working capital	-105	-195	
Others	-114	-27	
Cash flow from operating activities	109	132	<ul style="list-style-type: none"> ● Investing cash flow mainly impacted by cash outflow for the various acquisitions and increased stake in Swiss Holding
Inflow from disposals of fixed assets/others	38	102	
Outflow from investments in fixed assets	-416	-92	<ul style="list-style-type: none"> ● Convertible bond: <u>equity component</u>: €63 million <u>liability component</u>: €262 million
Cash flow from investing activities	-378	10	
Proceeds from capital increase	62	98	<ul style="list-style-type: none"> ● Net interest payments including one-off early redemption fee for the HYB
Changes in financial liabilities	357	-136	
Net interest payments	-77	-46	
Dividends	-47	-6	
Cash flow from financing activities	295	-90	
Total cash flow	25	52	



General financial targets/limits and guidance

	General target/limit	Actual FY 2007
Underlying sales growth	> 10% p.a.	13.4% ✓
Underlying EBITDA margin*	> 6%	5.9%
Leverage (Net financial debt/EBITDA LTM)	< 3.0x	2.0x ✓
Gearing (Net financial debt/Equity)	< 150%	88% ✓

* According to new definition

Challenging financial targets throughout the cycle



Outlook 2008

- Q1 EBITDA is expected to be higher than last year supported by a favorable demand and price development
- Despite an overall softer economic development, we are optimistic regarding the further development for the steel distribution business in 2008
- Even if the risks arising from the worldwide economic development are difficult to judge for H2, the current development indicates a favorable result for 2008 supported by
 - €30 million additional EBITDA from STAR program
 - Positive contribution of additional approx. €15 million EBITDA from acquisitions made in 2007 on an annualized basis

Promising start in 2008



Agenda

1. Overview and market

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3. Profitable growth initiatives

4. Financials and outlook

Appendix



Appendix

Table of contents

Financial calendar 2008 and contact details

Quarterly results and FY results 2006/2005

Debt facilities

Steel cycle and EBITDA/cash flow relationship

Current shareholder structure



Financial calendar 2008 and contact details

Financial calendar 2008

May 15:	Q1 Interim Report
June 20:	Annual General Meeting
August 14:	Q2 Interim Report
October 14/15:	Capital Market Days
November 14:	Q3 Interim Report

Contact details Investor Relations

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Quarterly results and FY results 2007/2006/2005

(€m)	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	FY 2007	FY 2006	FY 2005*
Volume (Ttons)	1,585	1,601	1,663	1,629	1,453	1,467	1,605	1,601	6,478	6,127	5,868
Sales	1,492	1,583	1,650	1,550	1,398	1,394	1,418	1,323	6,274	5,532	4,964
Gross profit	300	286	328	307	294	313	316	285	1,221	1,208	987
<i>% margin</i>	<i>20.1</i>	<i>18.0</i>	<i>19.8</i>	<i>19.8</i>	<i>21.0</i>	<i>22.5</i>	<i>22.3</i>	<i>21.5</i>	<i>19.5</i>	<i>21.8</i>	<i>19.9</i>
EBITDA	83	93	103	92	70	143	104	79	371	395	197
<i>% margin</i>	<i>5.6</i>	<i>5.9</i>	<i>6.2</i>	<i>5.9</i>	<i>4.9</i>	<i>10.3</i>	<i>7.3</i>	<i>6.0</i>	<i>5.9</i>	<i>7.1</i>	<i>4.0</i>
EBIT	65	76	87	78	55	128	89	64	307	337	135
Financial result	-17	-17	-52	-10	-12	-24	-14	-14	-97	-64	-54
Income before taxes	48	59	35	68	43	105	75	50	210	273	81
Income taxes	-6	-14	-12	-22	16	-20	-22	-13	-54	-39	-29
Minority interests	4	8	4	6	5	8	9	6	23	28	16
Net income	37	37	19	40	54	76	45	31	133	206	36
EPS basic (€)	0.80	0.79	0.41	0.86	1.16	1.64	0.97	-	2.87	4.44	-
EPS diluted (in €)	0.80	0.78	-	-	1.16	-	-	-	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).

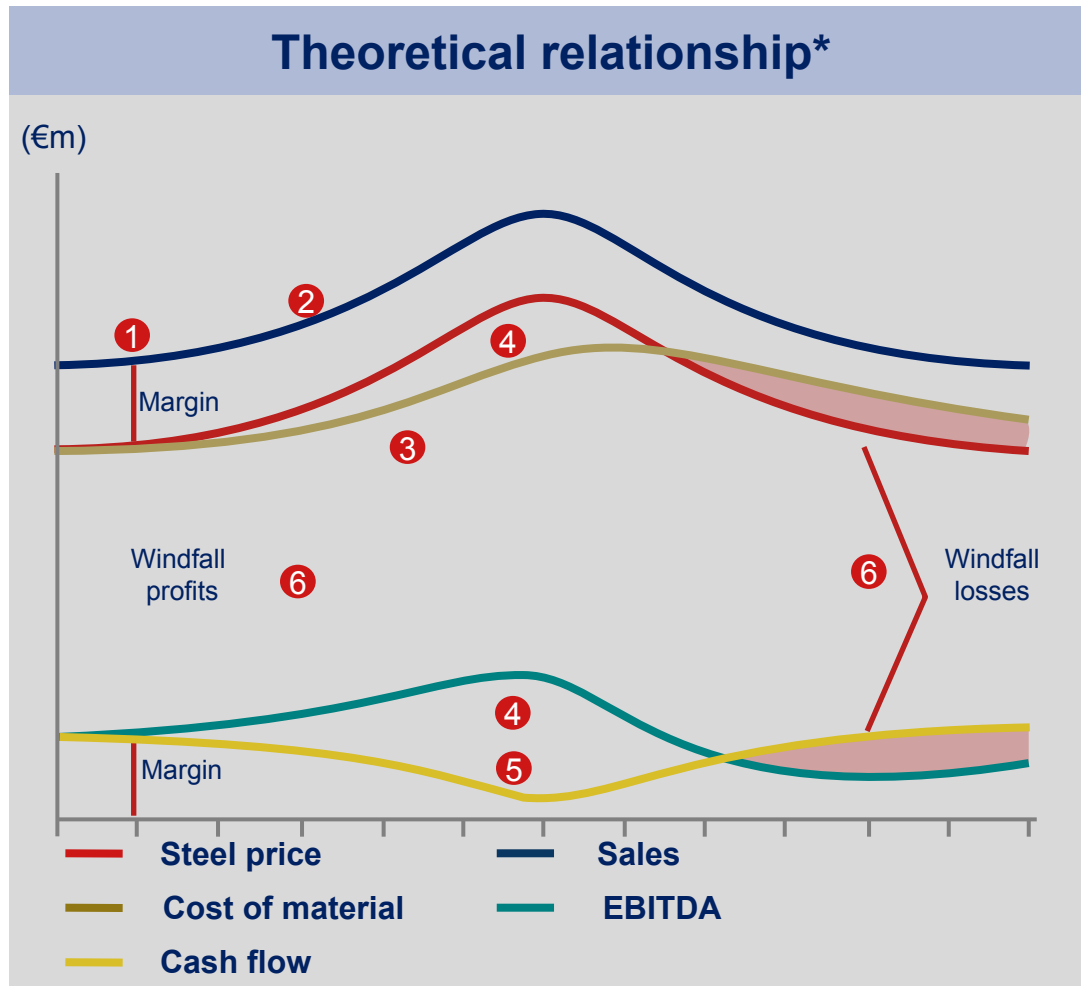


Debt facilities

(€m)	Old debt structure	Change in debt structure	New debt structure
ABS Europe	380	+40	420
ABS USA	60	+30	90
Total	440	+70	510
Syndicated loan	-	+600	600
Bilateral credit agreements	480	-100	380
Total senior bank facilities	480	+500	980
Convertible bond	-	+325	325
High yield bond	170	-170	-
Total facilities	1,090	+725	1,815



Steel cycle and EBITDA/cash flow relationship



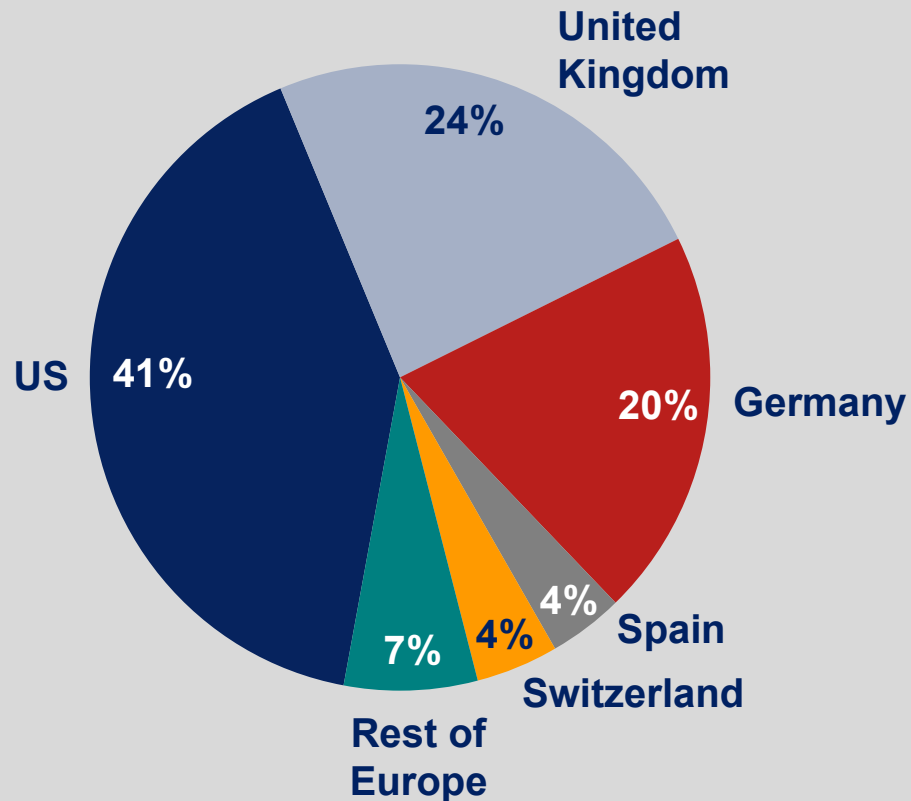
*Assuming stable inventory volumes

- 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 Cost of material are based on an 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)



Current shareholder structure

Geographical breakdown of identified institutional investors



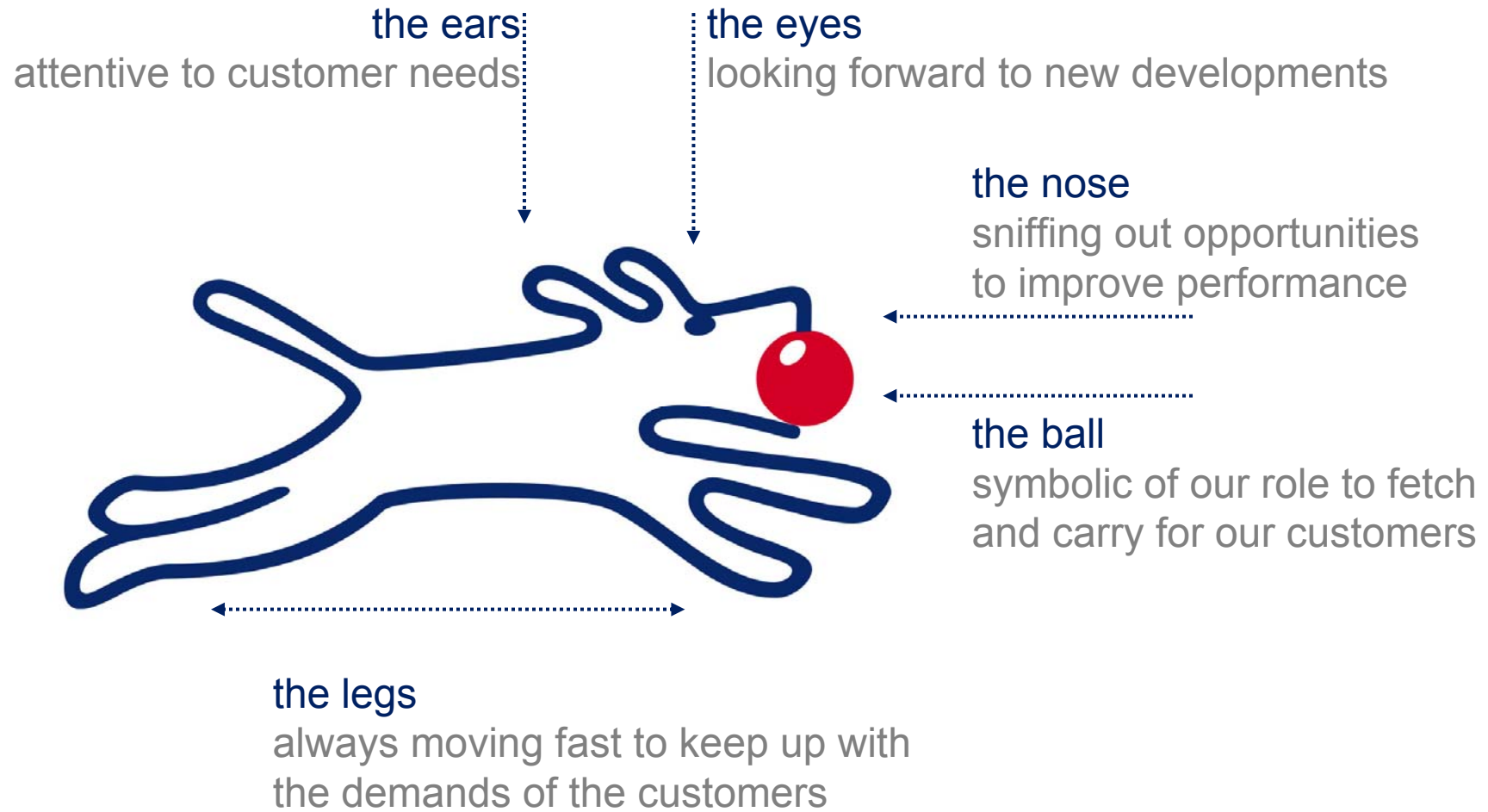
Source: Survey Thomson Financial (as of Febr. 08)

Comments

- Identified institutional investors account for 74%
- US based investors still dominate but share decreased in favor of UK (up from 14% as of Sept. 2007)
- Top 10 individual shareholdings represent around 48%
- Rest of World < 1% (geographical breakdown)
- Retail share increased from 11% to almost 14%



Our symbol



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.

