Klöckner & Co SE

A Leading Multi Metal Distributor

Marc Frustié

CEO KDI

KDI S.A.S.

France

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KDI

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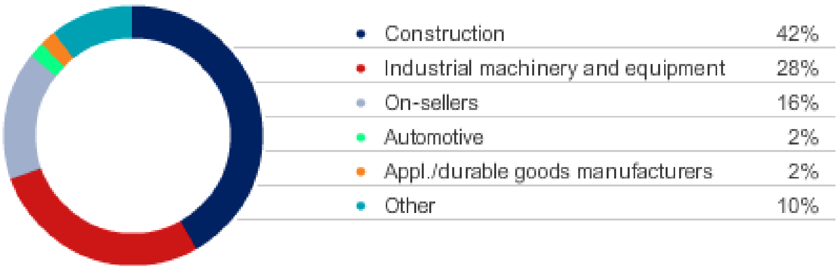
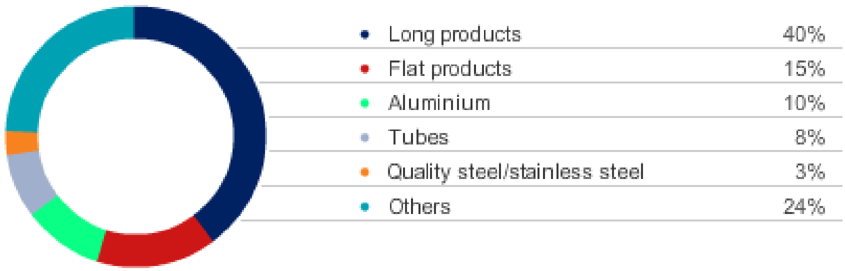
Key figures KDI

2009	
Sales	€872m
Turnover	834 Tto
Stocks end of year	135 Tto
Market position	Leader in Steel Generalist distribution
Employees end of year	2,308
Main product groups	Overall leader in long products and #2 in aluminium

Sales by industry



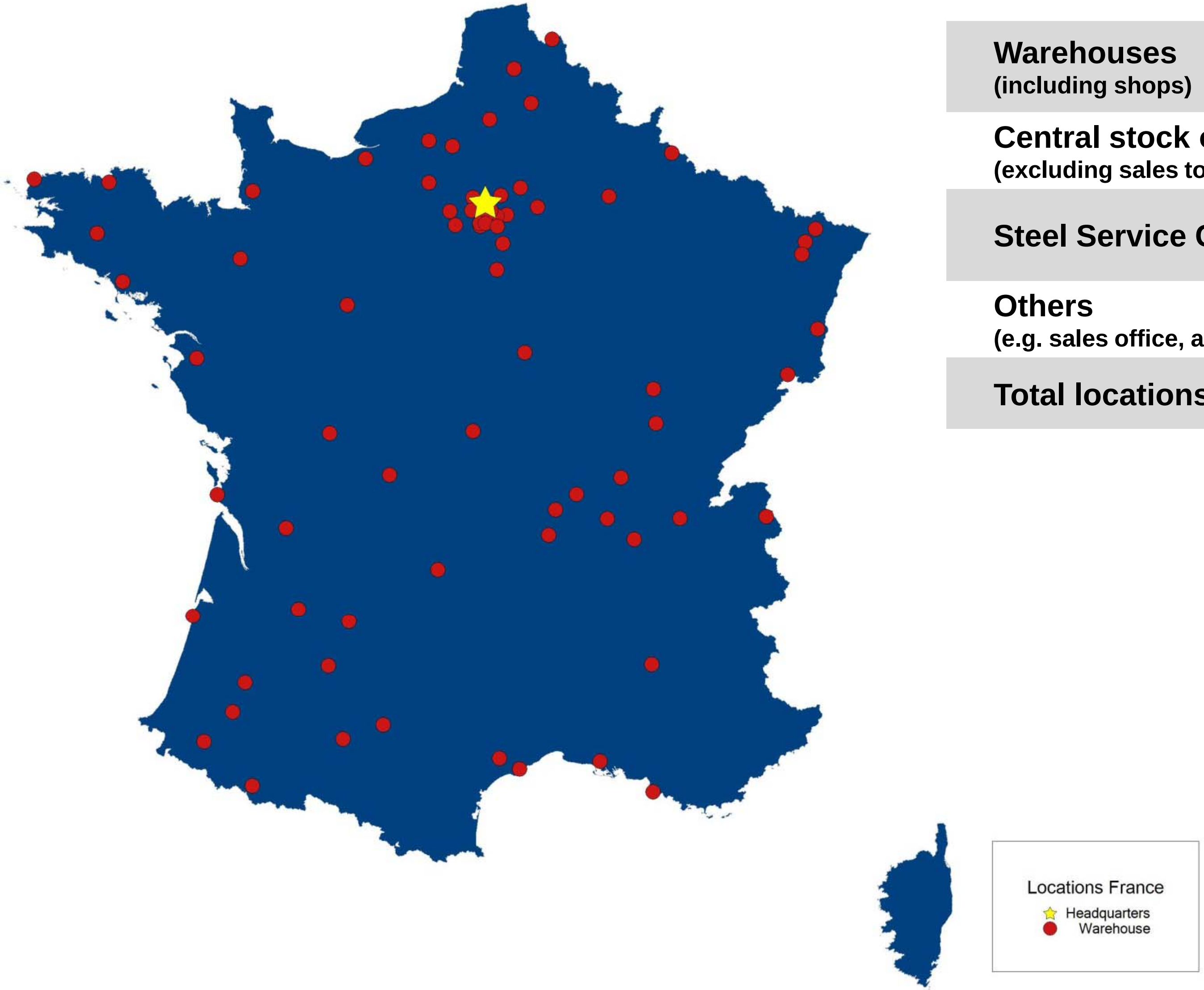
Sales by product



Historic milestones of KDI

- 1993: creation of Arus, merger of Arbed and Usinor French steel distribution networks
- 1996: Arus acquired by Klöckner & Co
- 1998: Arus renamed Klöckner Distribution Industrielle (KDI S.A.)
- 1999: merger of the 44 trade companies of the group into a single firm, KDI S.A.S.
- 2002: acquisition of KMS and Buysmetal (Belgium)
- 2005: acquisition of Reynolds European
- 2006: acquisition of Targe SSC
- 2007: acquisition of Tournier S.A.S. and SNPI SSC

Locations



Warehouses (including shops)	**72**
Central stock only (excluding sales to 3rd parties)	**4**
Steel Service Centers	**3**
Others (e.g. sales office, administration)	**9**
Total locations	**88**

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Market structure and our position

- Market size/ structure in 2009: 2,700 Tto carbon steel distribution, 1,500 Tto steel service centers, 500 Tto aluminum and stainless (overall -25% vs. 2007 and 2008)
- Growth expectations for steel consumption: low
- Main driver for growth: GDP, construction
- Market share KDI (carbon steel distribution): >20%
- Main competitors (carbon steel distribution):
  - Arcelor Mittal Distribution
  - Descours & Cabaud
  - Socoda
  - Maisonneuve
  - Morel

Klöckner 2020: strategy adaptation of KDI

Markets		KDI sales channel	Products	Market share	Strategy
Construction 2/3	Residential	Proximity KDI network	Rebar	~20%	1 Maintain
	Professional	Proximity KDI network	Beams Merchant bars	20-25%	2 Segment
		Specialist KDI network • KDI CM • KDI TNP • KDI Testas IM • KDI CSPI • KDI Prafer	Hollow section Tubes Aluminum		Segment customers: • Grow volume on big customers • Grow margin on small and medium customers. Adapt service & pricing Develop FIB, Enter photovoltaic
Industry 1/3	Car industry Others	Specialist KDI network • KDI ATT2T (SCC) • KDI TNP • KDI Meca • KDI Aero • KDI CSPI Projects	Flat Hollow section Aluminium Stainless Tubes FIB	~10%	3 Grow initially and by acquisition Develop stainless, flat, aluminium, tubes
		Proximity KDI network			

Wave 3 measures and their contribution so far

- Creation of KDI flat product specialists organization: strong growth, over the market (although only marginally present in automotive segment, 2010 market driver)
- Sales focus on professional construction distributors (Point P, Leroy Merlin…): strong growth, over the market in rebars
- Entering photovoltaic distribution on metal construction segment: First 3 contracts signed, 20 under study
- Stainless entry: team constitution and logistics set up end of H1
- Creation of aluminium product specialists organization: strong growth at market level
- Segmentation: pricing on small and medium customers improved

Sector outlook

- Construction
  - Dynamic for residential segment (over +10% building permits growth in H1 2010)
  - Decrease expected for business segment (service, industry, agriculture): -10% building permits in H1 2010
- Machinery and Industry
  - Relatively dynamic after strong decrease in 2009

Key challenges for the upcoming years

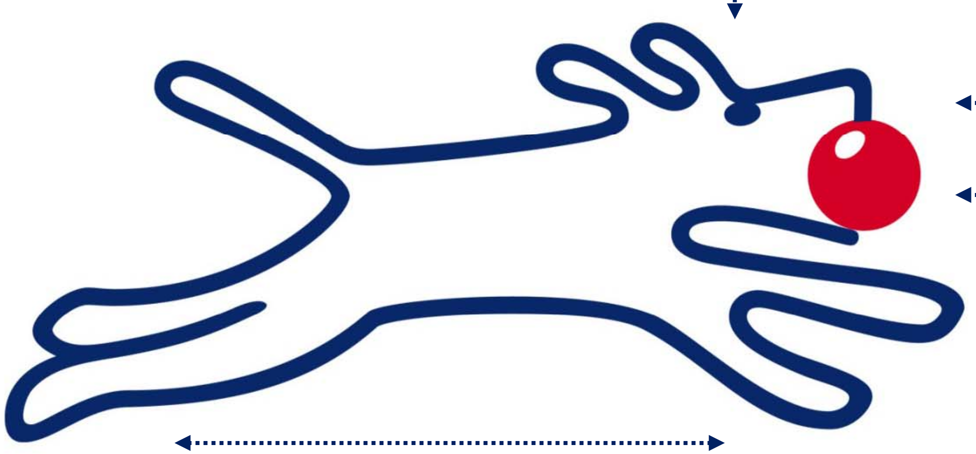
- Growth: profitable growth in a low market growth environment
- Human Resources: maintain skill and experience mixture in an aging pyramid in the whole French steel distribution industry
- Product mix: move to more value added product mix
- Short cycles management: reactivity to several times a year prices and demand trend changes

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