

klöckner & co

multi metal distribution



Klöckner & Co SE

A Leading Multi Metal Distributor



Gisbert Rühl
CEO/CFO

Credit Suisse Mining and Steel Conference
September 23, 2010 in London

This presentation contains forward-looking statements. The statements use words like “believe”, “assume”, “expect” or similar formulations. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual results, financial situation, development or performance of our company and those either expressed or implied in these statements. The factors include, among other things:

- Downturns in the business cycle of the industries we compete in;
- Increases in our raw material prices, especially if we are unable to pass these costs along to customers;
- Fluctuations 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 have them conform with to future events or developments.

This presentation is not an offer for sale or a solicitation of an offer to purchase any securities of Klöckner & Co SE or any of its affiliates ("Klöckner & Co").

Klöckner & Co securities, including, but not limited to, rights, shares and bonds, may not be offered or sold in the United States or to or for the account or benefit of U.S. citizens (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act")) unless registered under the Securities Act or have an exemption from such registration.



Agenda

01

Overview

02

Financials and performance Q2 2010

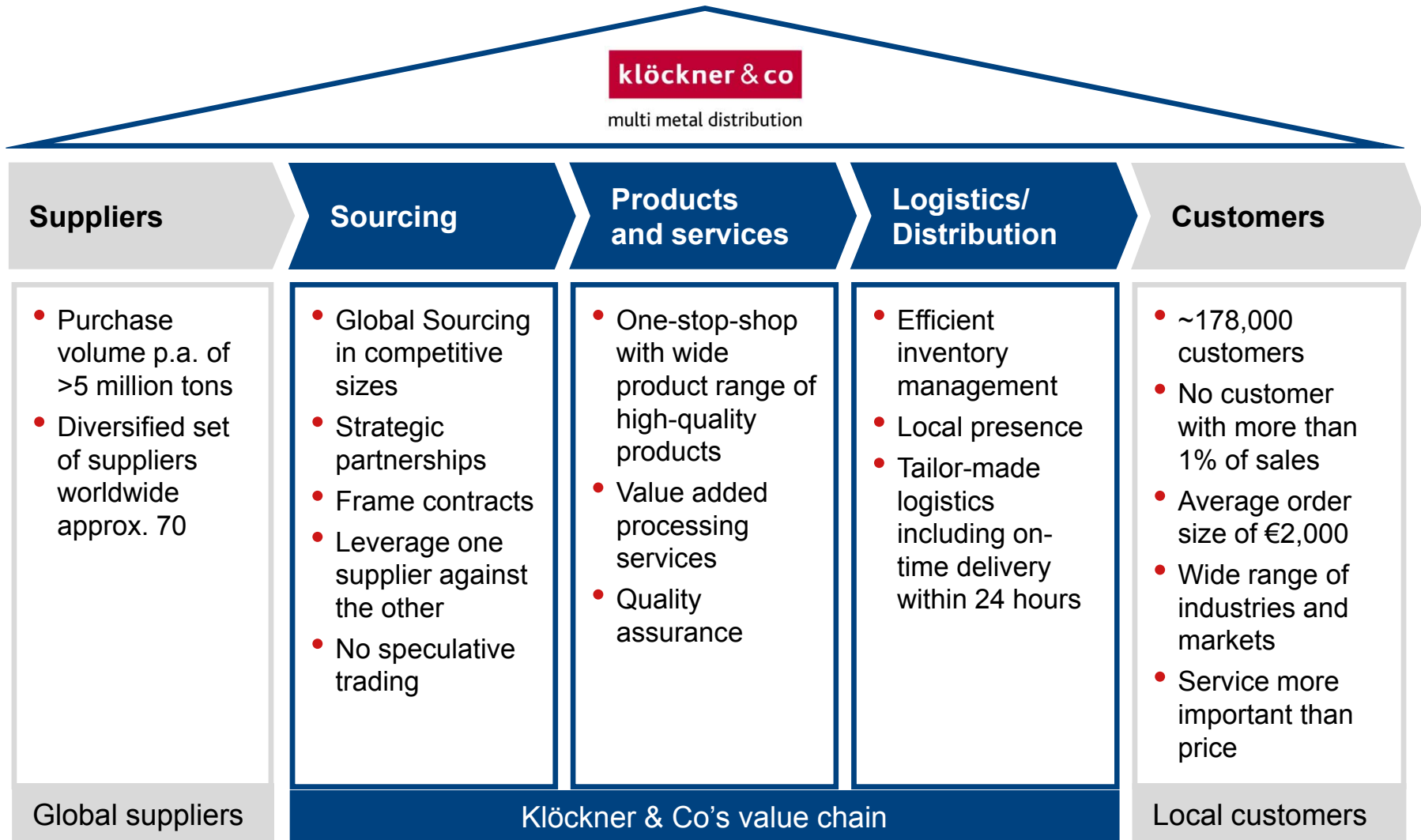
03

Market, Strategy & Outlook

04

Appendix



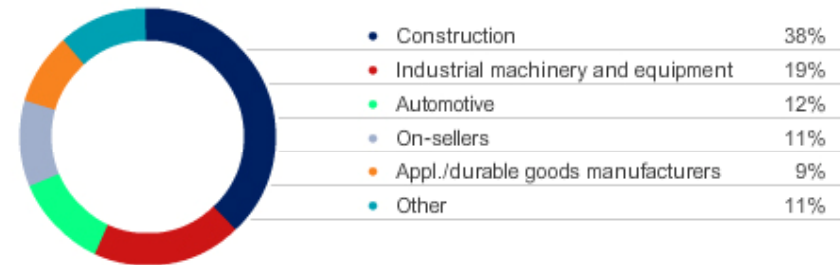


01 Klöckner & Co at a glance

Klöckner & Co

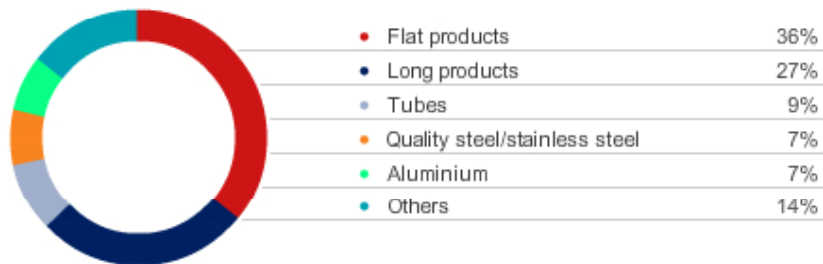
- Leading producer-independent steel and metal distributor in the European and North American markets combined
- Network with around 250 distribution locations in Europe and North America

Sales by industry



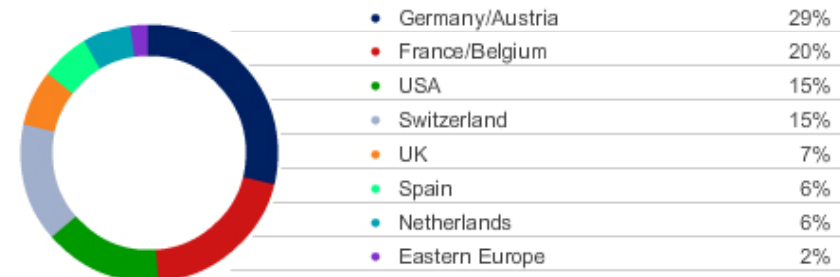
as of December 2009

Sales by product



as of December 2009

Sales by markets



as of December 2009

Including Becker Stahl-Service Group pro-forma figures (year ending September)



Agenda

01

Overview

02

Financials and performance Q2 2010

03

Market, Strategy & Outlook

04

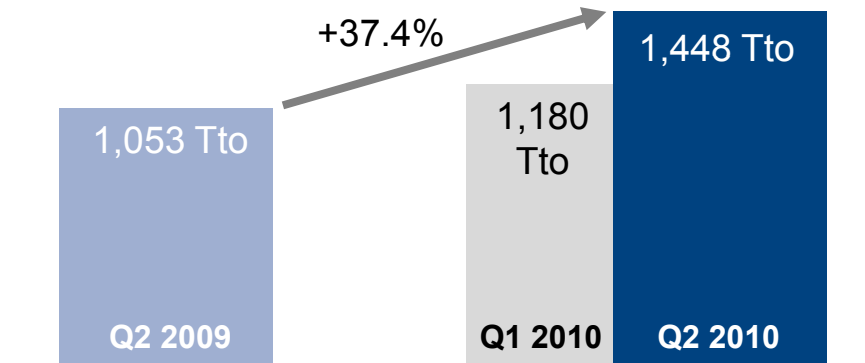
Appendix



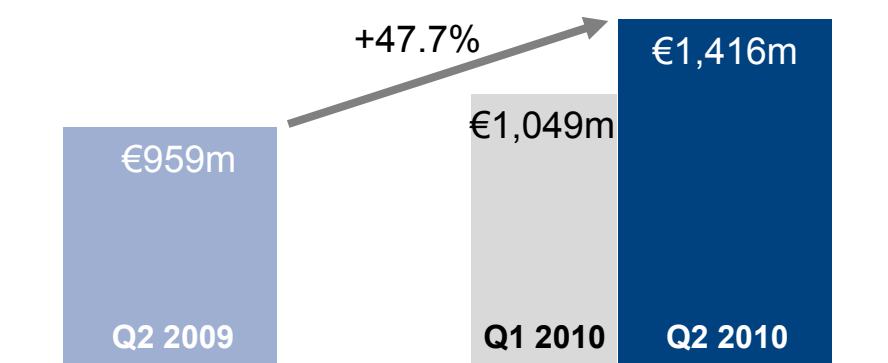
02 Improving financials in Q2 2010

- Strong benefit from restocking driven by economic recovery, price increases, cost cutting measures and acquisitions

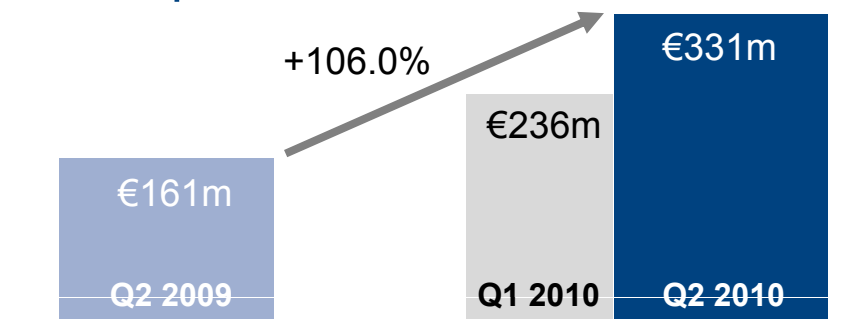
Volumes



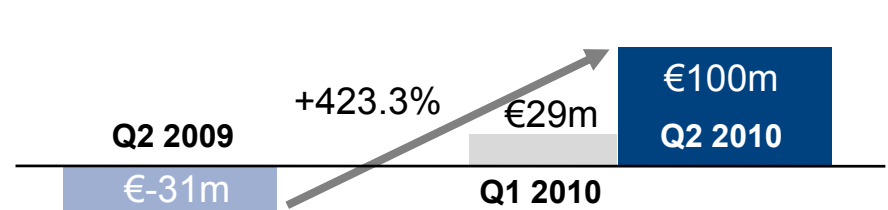
Sales



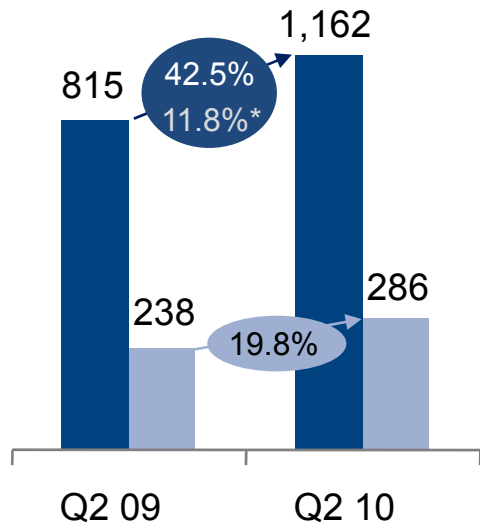
Gross profit



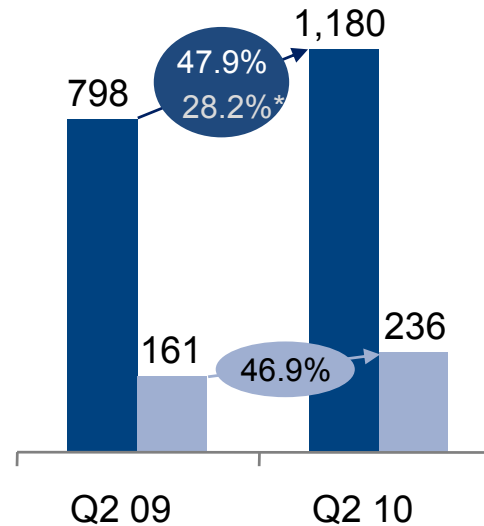
EBITDA



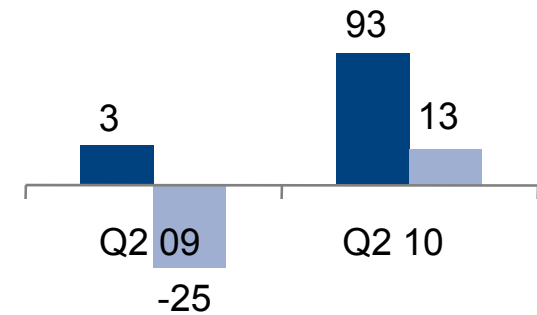
Volume (Tto)



Sales (€m)



EBITDA (€m)



■ Europe
■ North America

* without BSS



02 Strong balance sheet

Q2 2010

€3,435m

Non-current assets	883	1,208	Equity
Inventories	880		
Trade receivables	852	1,260	Non-current liabilities
Other current assets	84		
Liquidity	736	967	Current liabilities

Comments

- Equity ratio of 35%
- Net debt €245m
- Gearing* at 21%
- NWC increase by €204m to €1,072m during Q2

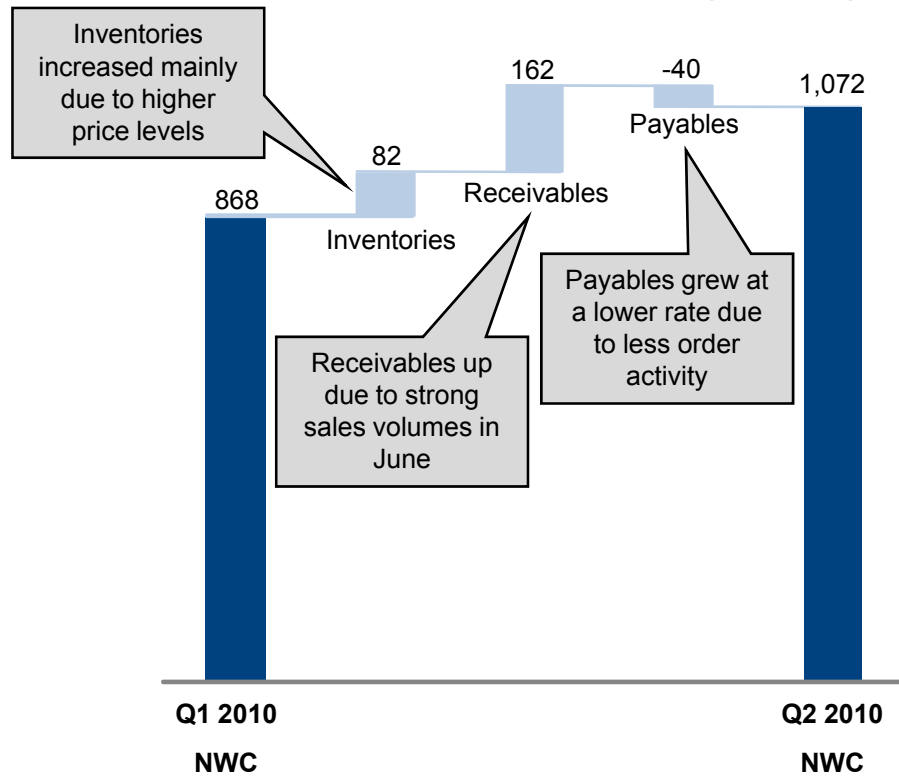
* Gearing = Net debt/Equity attributable to shareholders of Klöckner & Co SE



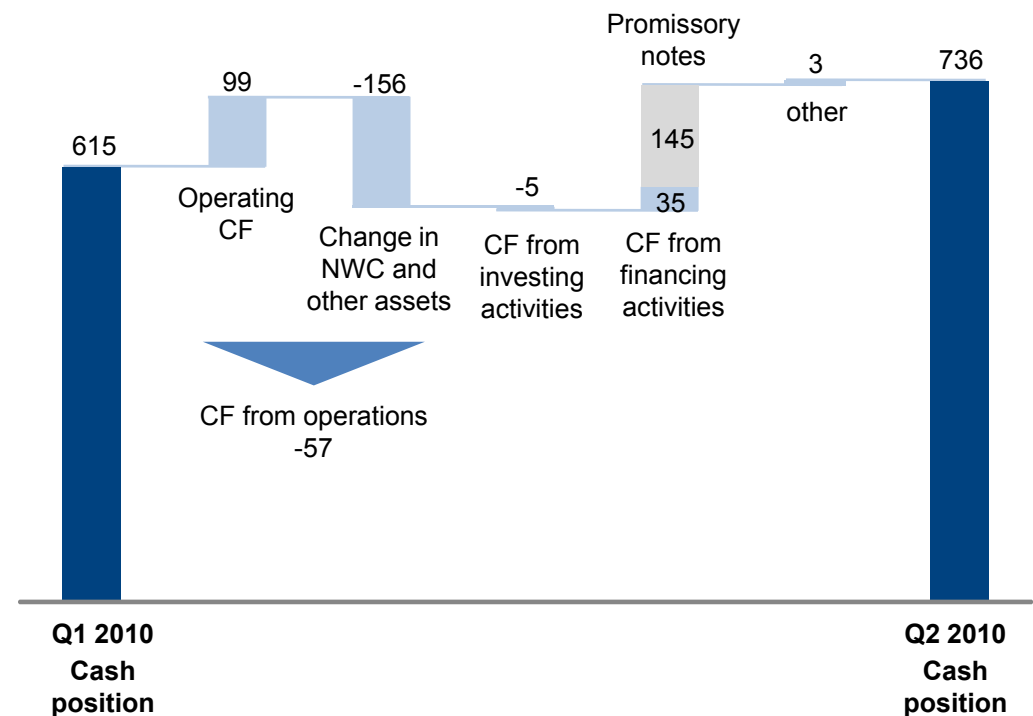
02 NWC and cash position reflects recovery in operations

- NWC typically increases in a situation when volumes and prices go up and order activity is going down because of the summer slowdown and the anticipation of falling prices

Development of NWC (in €m)

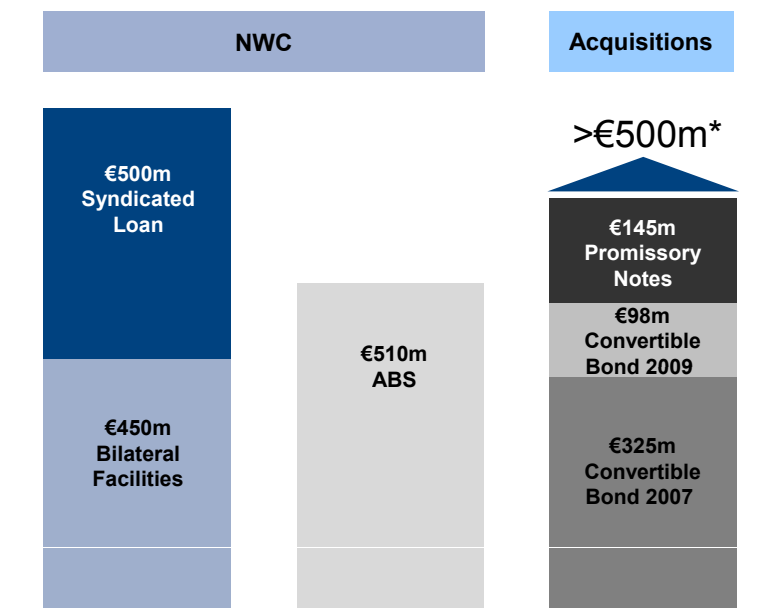


Development of cash position (in €m)

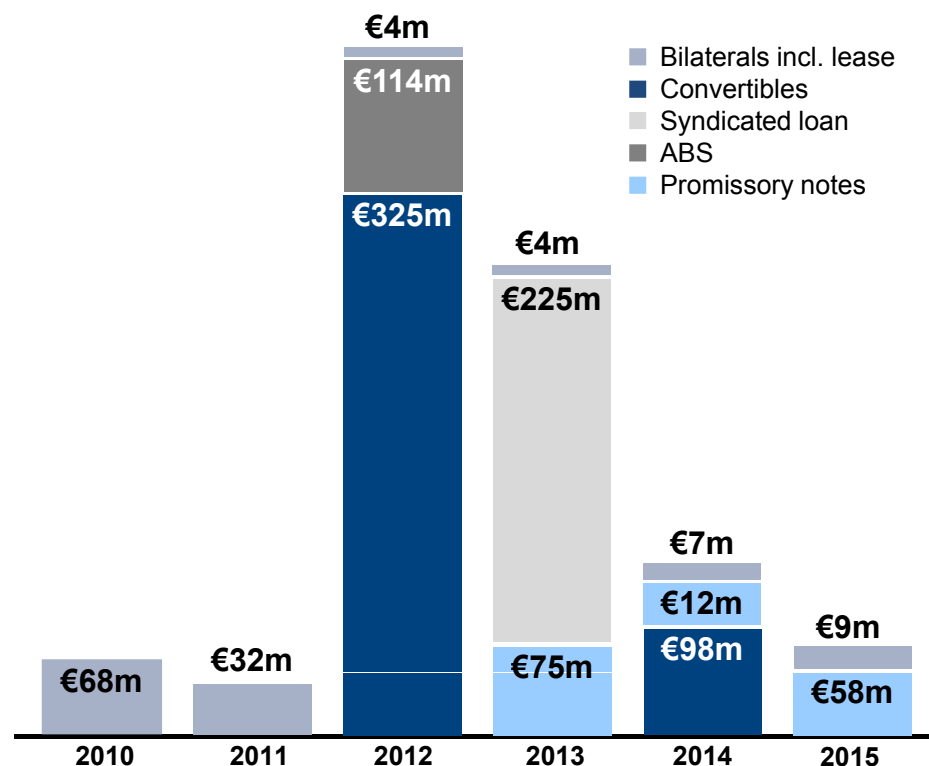


- Maturity profile extended from 1.7 to 3.2 years and available facilities increased to €2.0bn
 - European ABS been extended for another 2 years, same amount €420m
 - Placement of €145m Promissory notes
 - Renewal and extension of syndicated loan from €300m to €500m in June

Credit facilities



Maturity profile of drawn amounts



Agenda

01

Overview

02

Financials and performance Q2 2010

03

Market, Strategy & Outlook

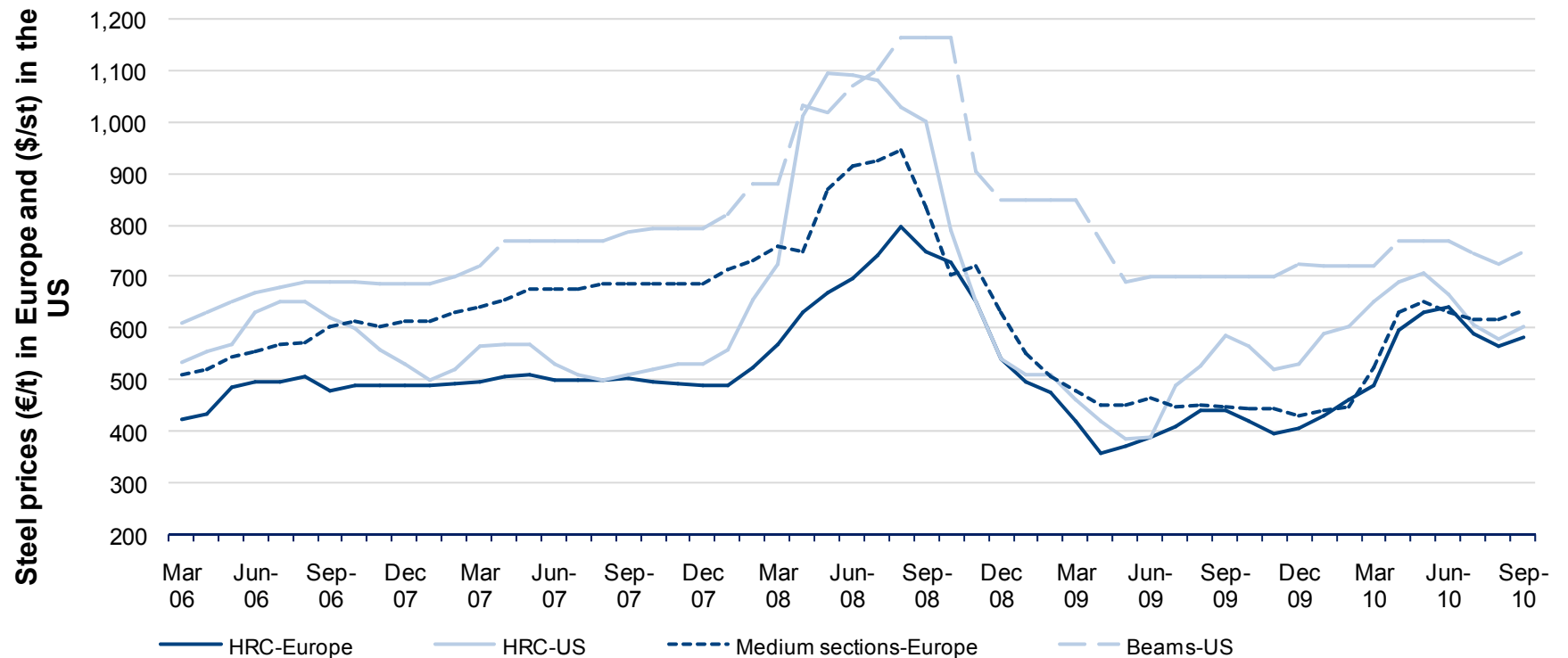
04

Appendix



Steel prices have rallied for six consecutive months but softened in recent weeks as expected

- As expected by Klöckner & Co steel prices softened in recent weeks because restarts of idled capacity exceeded demand
- Prices for long products are recovering currently driven by scrap
- A rebound for flat products in Q4 is also feasible if mills keep disciplined and not restarting idled capacity directly after the summer again



Source: SBB



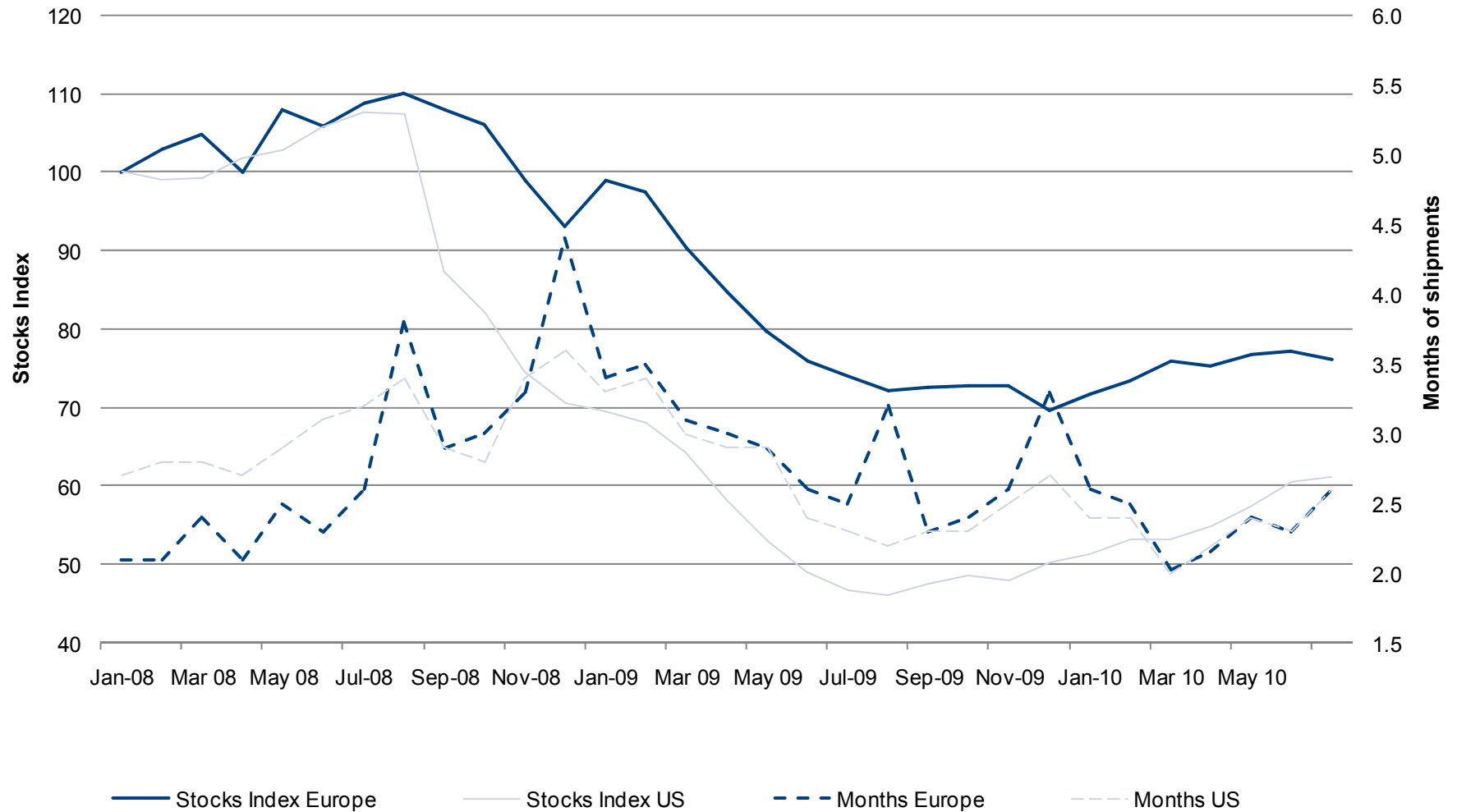
	Crude steel production H1/2010 compared to H1/2009	Apparent steel consumption estimate 2010 as compared to 2009
World	+28%	+11%
EU 27	+44%	+14%
CIS	+20%	+11%
Other Europe	+17%	+14%
North America	+60%	+24%
South America	+36%	+20%
Asia	+24%	+8%
of which: China	+21%	+7%
Middle East	+12%	+10%

Source: Worldsteel, estimates from April



03

Steel inventories in Europe and the US remain on low levels



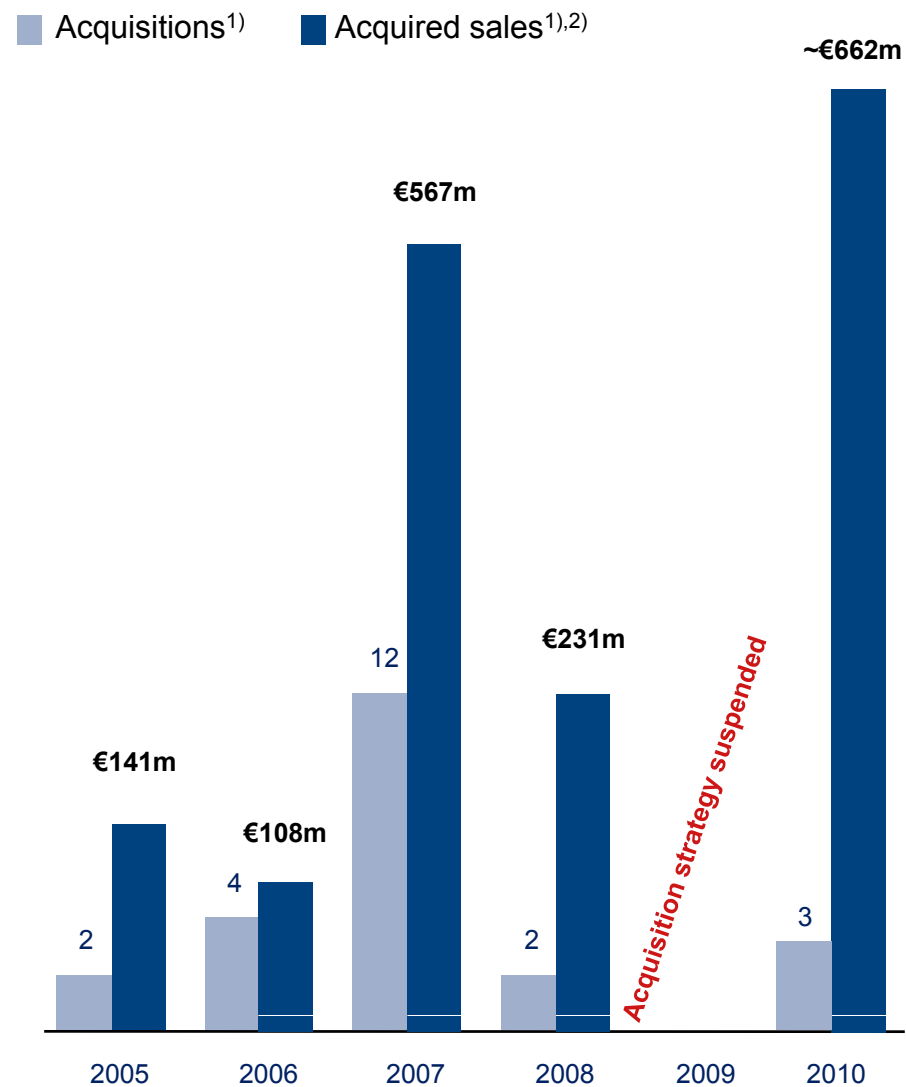
Source: Metals Service Center Institute, Eurometal (all figures indexed; Jan 08 = 100)



03

Successful acquisition-led growth re-established

Country	Acquired ¹⁾	Company	Sales (FY) ²⁾
USA	Sep 2010	Angeles Steel	~€30m
GER	Mar 2010	Becker Stahl-Service	~€600m
CH	Jan 2010	Bläsi AG	€32m
2010			3 acquisitions so far
US	Mar 2008	Temtco	€226m
UK	Jan 2008	Multitubes	€5m
2008			2 acquisitions
CH	Sep 2007	Lehner & Tonossi	€9m
UK	Sep 2007	Interpipe	€14m
US	Sep 2007	ScanSteel	€7m
BG	Aug 2007	Metalsnab	€36m
UK	Jun 2007	Westok	€26m
US	May 2007	Premier Steel	€23m
GER	Apr 2007	Zweygart	€11m
GER	Apr 2007	Max Carl	€15m
GER	Apr 2007	Edelstahlservice	€17m
US	Apr 2007	Primary Steel	€360m
NL	Apr 2007	Teuling	€14m
F	Jan 2007	Tournier	€35m
2007			12 acquisitions
2006			4 acquisitions



¹⁾ As of announcement ²⁾ Figures refer to the latest fiscal years, prior to the acquisitions of the companies



Purchasing

- ✓ Central purchasing and product management department IPM created
- ✓ Significantly improved visibility of market price development
- ✓ Central supplier negotiations and enforcement through tight monitoring of country purchasing
- ✓ Central supplier bonus management

Inventory management

- ✓ IPM tightly controls local inventory levels
- ✓ Central risk assessment and inventory level target setting
- ✓ Monitoring of market price development and turnover levels
- ✓ Purchasing order volume and associated material inflow management

Distribution network

- ✓ New department “Operations Europe” driving definition and role out of best practices processes in warehousing and logistics
- ✓ Uniform SAP 6.0 roll-out with broadly standardized processes started
- ✓ Elimination of low/non performing locations



- Procurement ▶ Central European Sourcing levers procurement conditions
 - Inventories ▶ International Product-Management tightly controls inventories
 - Processes ▶ European operations centrally define best practices
 - Systems ▶ IT systems updated to fully support upgraded processes
 - Management ▶ New country CEO's in Europe to support new structure, lean board
 - Incentivation ▶ Balance between entrepreneurial spirit and cross-country collaboration
 - Balance sheet ▶ Healthy balance sheet with prolonged maturities
 - Growth ▶ 3 acquisitions already completed and €500m still available
-
- ▶ Flexibility and efficiency increased
 - ▶ Advantages of scale materialized
 - ▶ Growth opportunities realized



▶ Construction

- We meanwhile think that construction is through the trough in Europe as well as in North America. We are also seeing first signs of slight improvement
- Nevertheless construction is expected to remain weak for the full year

▶ Machinery and mechanical engineering

- Significantly increasing order intakes for machinery and mechanical engineering in H1 2010 will be translated into higher production in H2 2010

▶ Automotive

- Automotive is currently stronger than expected but will probably soften slightly in H2 as restocking eases and the wreckage premiums have expired. High exports will limit the contraction especially in the premium segment



▶ Third quarter

- Volumes expected to be seasonally lighter than Q2 as usual
- EBITDA between weather impacted Q1 and the price and volume driven Q2

▶ Full year

- >25% sales growth resulting from acquisitions and normalization of customers' stock levels
- >200 Mio. € EBITDA (>4% EBITDA-margin) driven by economic growth, successfully integrated acquisitions and sustained cost cutting measures

▶ Risks

- Slowdown of economic recovery i.e. because of high sovereign debt levels
- Weak banking system



Agenda

01

Overview

02

Financials and performance Q2 2010

03

Market, Strategy & Outlook

04

Appendix



Financial calendar 2010/2011

November 10, 2010	Q3 interim report 2010
March 8, 2011	Annual Statement 2010
May 11, 2011	Q1 interim report 2011
May 20, 2011	Annual General Meeting 2011
August 10, 2011	Q2 interim report 2011
November 9, 2011	Q3 interim report 2011

Contact details Investor Relations

Dr. Thilo Theilen, Head of Investor Relations & Corporate Communications

Phone: +49 203 307 2050

Fax: +49 203 307 5025

E-mail: thilo.theilen@kloeckner.de

Internet: www.kloeckner.de



(€m)	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005*
Volume (Ttons)	1,448	1,180	966	1,033	1,053	1,068	4,119	5,974	6,478	6,127	5,868
Sales	1,416	1,049	873	934	959	1,095	3,860	6,750	6,274	5,532	4,964
Gross profit	331	236	198	208	161	78	645	1,366	1,221	1,208	987
% margin	23.4	22.5	22.6	22.3	16.8	7.1	16.7	20.2	19.5	21.8	19.9
EBITDA	100	29	83	11	-31	-132	-68	601	371	395	197
% margin	7.1	2.8	9.5	1.2	-3.2	-12.0	-1.8	8.9	5.9	7.1	4.0
EBIT	78	11	26	-7	-48	-149	-178	533	307	337	135
Financial result	-17	-15	-16	-14	-15	-16	-62	-70	-97	-64	-54
Income before taxes	61	-4	9	-21	-63	-165	-240	463	210	273	81
Income taxes	-14	6	3	-2	16	38	54	-79	-54	-39	-29
Net income	47	2	12	-23	-47	-127	-186	384	156	235	52
Minority interests	1	1	3	0	1	-2	3	-14	23	28	16
Net income KlöCo	46	1	9	-23	-48	-126	-188	398	133	206	36
EPS basic (€)	0.69	0.02	0.56	-0.42	-1.04	-2.70	-3.61	8.56	2.87	4.44	-
EPS diluted (€)	0.69	0.02	0.56	-0.42	-0.85	-2.43	-3.61	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).



04 Balance sheet as of June 30, 2010

(€m)	June 30, 2010	Dec. 31, 2009
Non-current assets	883	712
Inventories	880	571
Trade receivables	852	464
Cash & Cash equivalents	736	827
Other assets	84	139
Total assets	3,435	2,713
Equity	1,208	1,123
Total non-current liabilities	1,260	927
thereof financial liabilities	887	619
Total current liabilities	967	663
thereof trade payables	660	398
Total equity and liabilities	3,435	2,713
Net working capital	1,072	637
Net financial debt	245	-150

Comments

Shareholders' equity:

- Decreased from 41% to 35% mainly due to BSS
- Would be at 45% if cash were used for debt reduction

Financial debt:

- Gearing at 21%
- Net debt position due to purchase price payment for BSS and Bläsi AG and NWC build-up

NWC:

- Swing mainly driven by BSS consolidation and pickup in business



04 Statement of cash flow H1

(€m)	H1 2010	H1 2009
Operating CF	128	-170
Changes in net working capital	-266	640
Others	21	-2
Cash flow from operating activities	-117	468
Inflow from disposals of fixed assets/others	2	6
Outflow from acquisitions	-124	0
Outflow from investments in fixed assets/others	-10	-8
Cash flow from investing activities	-132	-2
Equity component of convertible bond	0	26
Changes in financial liabilities	230	-149
Net interest payments	-19	-22
Repayments of shareholder loan BSS	-58	0
Cash flow from financing activities	153	-145
Total cash flow	-96	321

Comments

- NWC changes due to built up of inventories and receivables
- Investing CF impacted by acquisitions of BSS and Bläsi



04 Segment performance Q2 2010

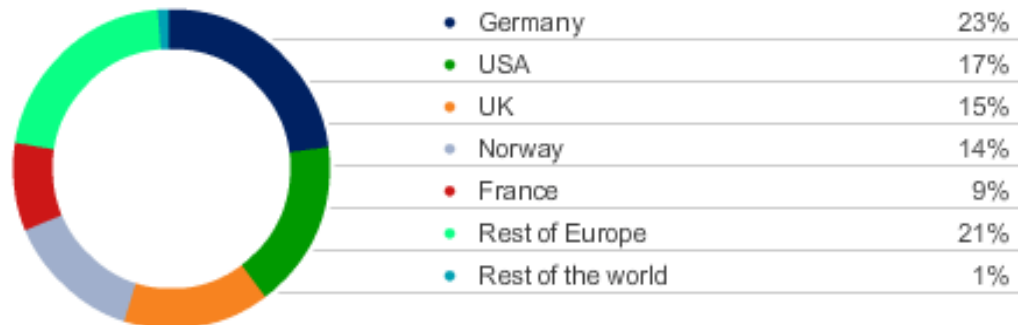
(€m)	Europe	North America	HQ/ Consol.	Total
Volume (Ttons)				
Q2 2010	1,162	286	-	1,448
Q2 2009	815	238	-	1,053
Δ %	42.5	19.8	-	37.4
Sales				
Q2 2010	1,180	236	-	1,416
Q2 2009	798	161	-	959
Δ %	47.9	46.9	-	47.7
EBITDA				
Q2 2010	93	13	-6	100
<i>% margin</i>	7.9	5.4	-	7.1
Q2 2009	3	-25	-9	-31
<i>% margin</i>	0.3	-15.8	-	-3.2
Δ % EBITDA	3,442.0	-149.8	-	-423.3

Comments

- Excl. BSS volume increase in Europe was 11.8% and total volume increase was 13.6%
- Without BSS total sales were 31.4% yoy



Geographical breakdown of identified institutional investors



as of June 2010

Comments

- Identified institutional investors account for 52%
- German investors dominate
- Top 10 shareholdings represent around 26%
- Retail shareholders represent 27%
- 100% free float



