



Klöckner & Co SE

A Leading Multi Metal Distributor



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Commerzbank

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klöckner & co

multi metal distribution

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Agenda

01 Overview

02 Financials and performance Q3 2011

03 Market environment and outlook

04 Appendix

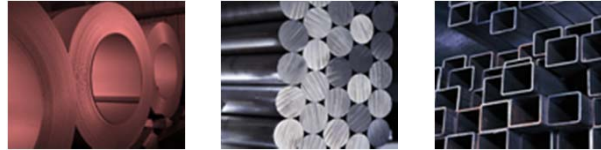


Producers



Distributor/ Service Center

Products:



Services:

**Klöckner & Co SE**

- Largest producer-independent steel and metal distributor and one of the leading steel service center companies in the European and American markets combined
- Distribution and service platform with around 290 locations
- Key figures for 2010

Sales volumes:	5.3 million tons
Sales:	€5.2 billion
EBITDA:	€238 million

Customers



- Commercial/residential construction
- Infrastructure



- Machinery and mechanical engineering

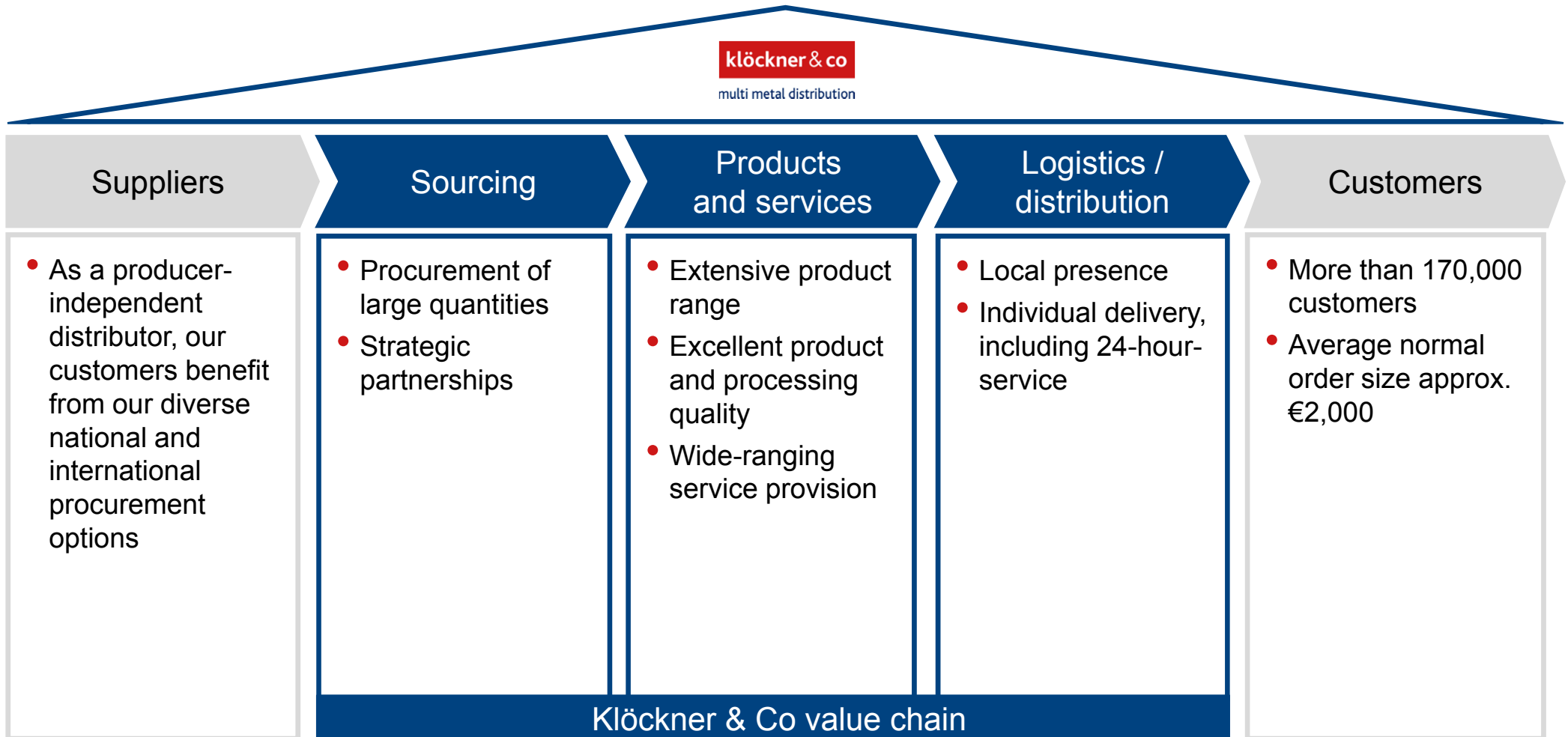


- Automotive



- Yellow Goods
- White Goods
- Miscellaneous

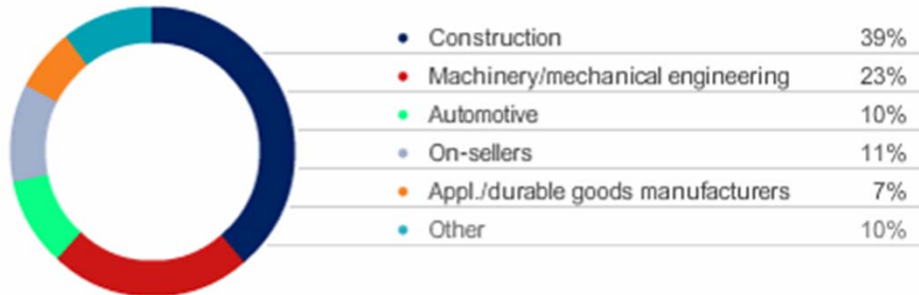




Holistic solution from covering procurement, logistics and processing



Sales by industry



as of December 2010

- Exposure to the US doubled with Macsteel Service Centers USA
- Shift towards flat steel service center activities according to “Klöckner & Co 2020” strategy

Sales by product



YTD September 2011

Sales by markets



YTD September 2011



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01 Overview

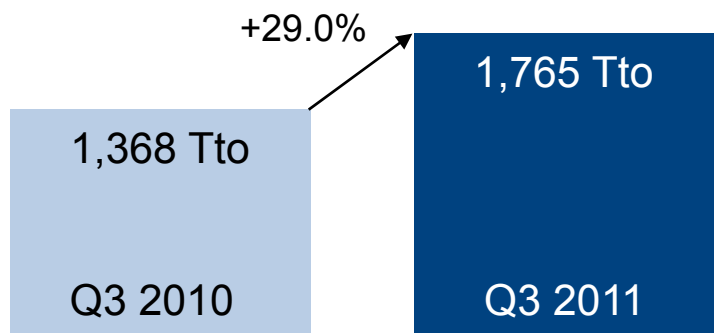
02 Financials and performance Q3 2011

03 Market environment and outlook

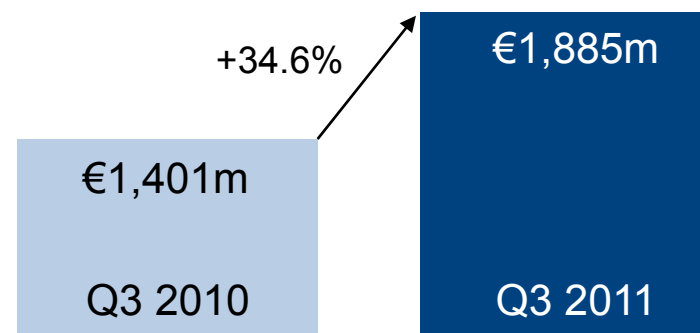
04 Appendix



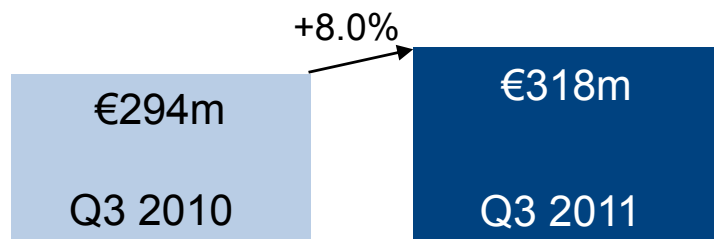
Sales volumes



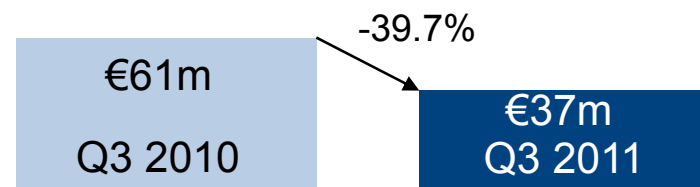
Sales



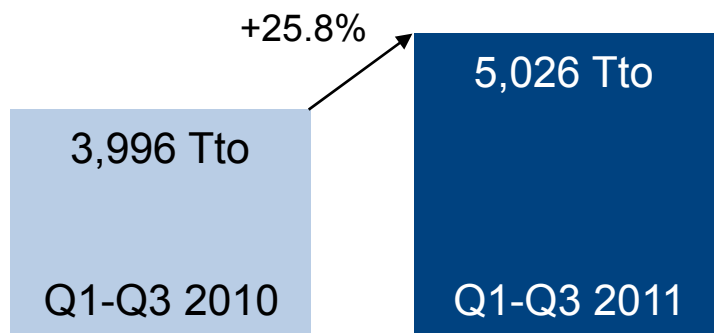
Gross profit



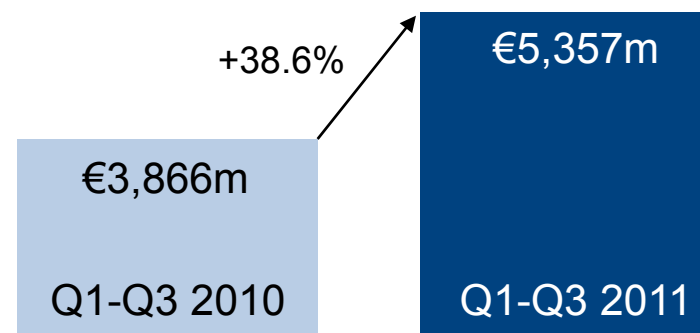
EBITDA



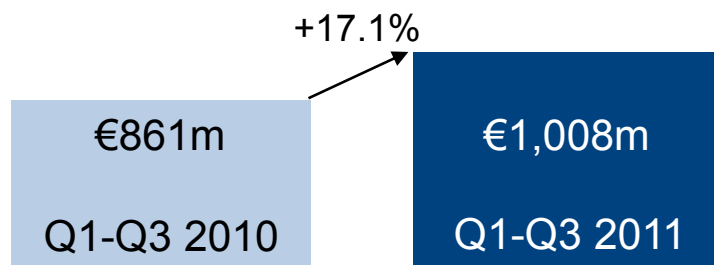
Sales volumes



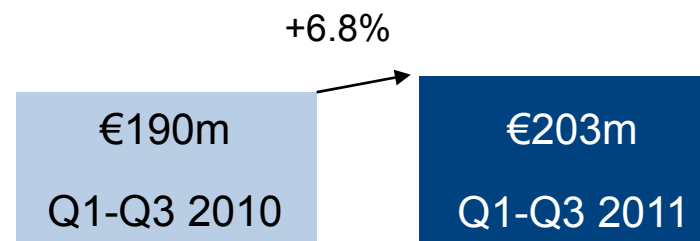
Sales



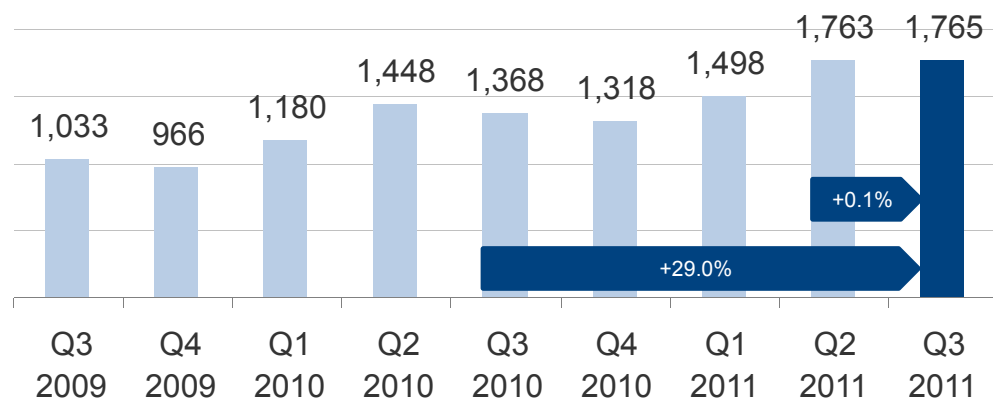
Gross profit



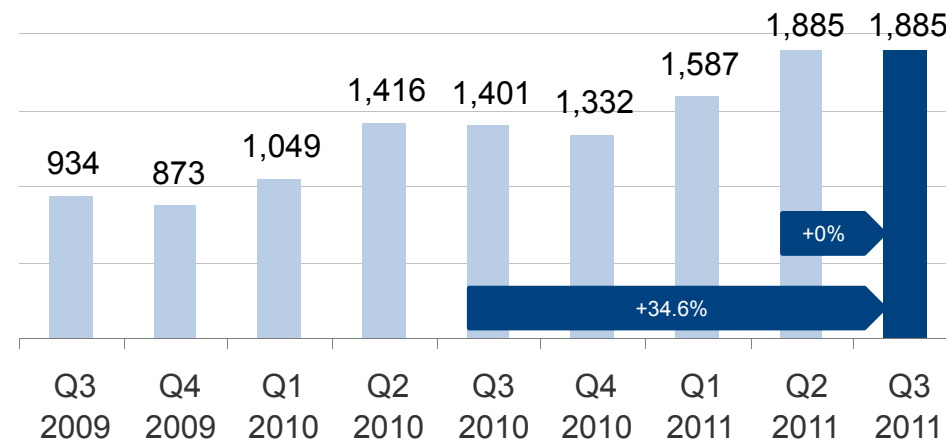
EBITDA



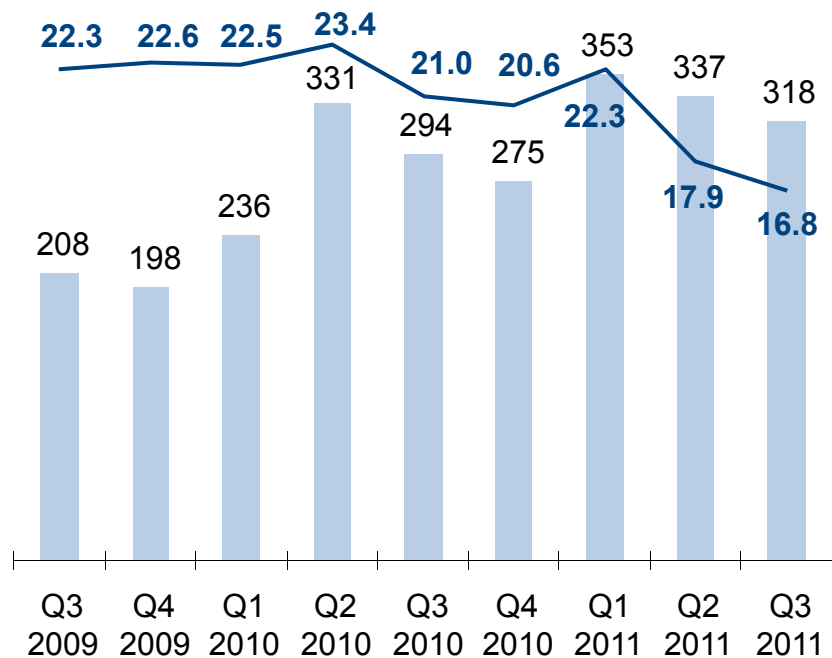
Sales volumes (Tto)



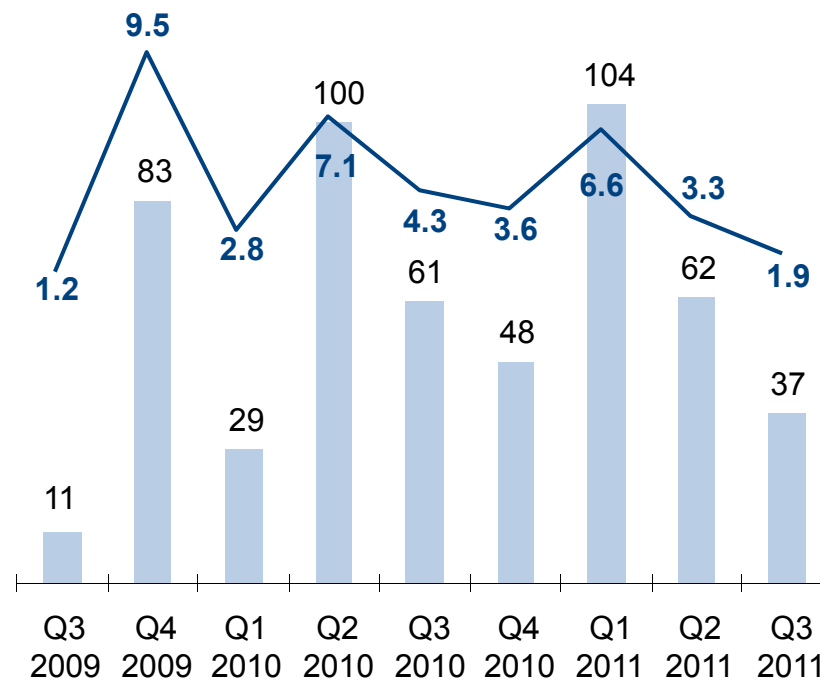
Sales (€m)



Gross profit (€m)/ Gross-margin (%)



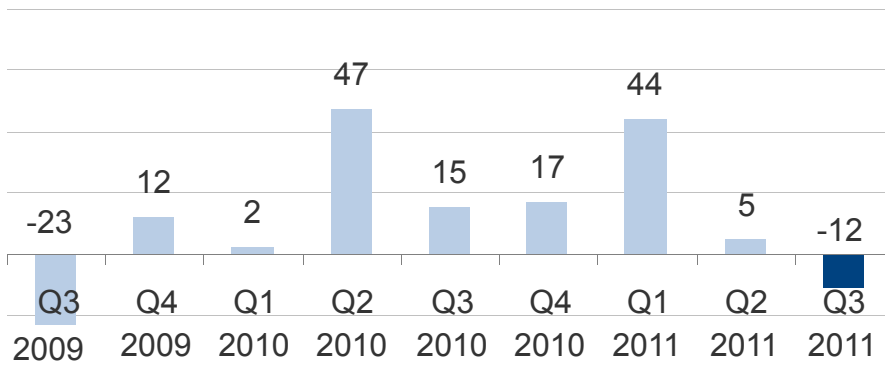
EBITDA (€m)/ EBITDA-margin (%)



- Challenging market environment along with price declines did not allow for healthy margins



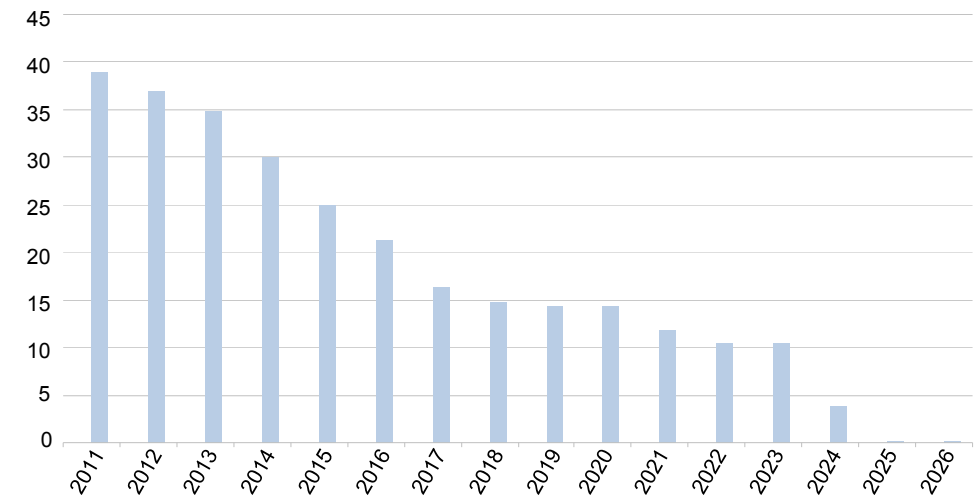
Net income (€m)



- D&A in Q3 is €29m, whereof €12m is ppa related (intangibles)
- Expected ppa effect in FY 2011 is €39m

Expected PPA effects on D&A (intangibles)

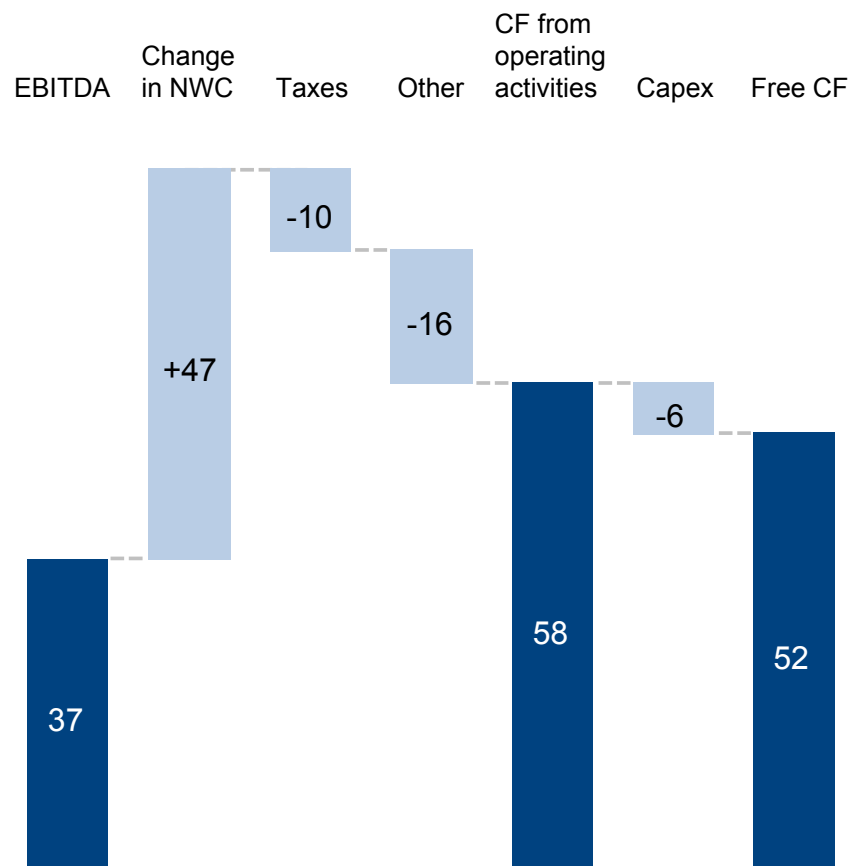
in €m



- In general, due to purchase accounting, ppa on intangibles will have a longlasting effect on D&A

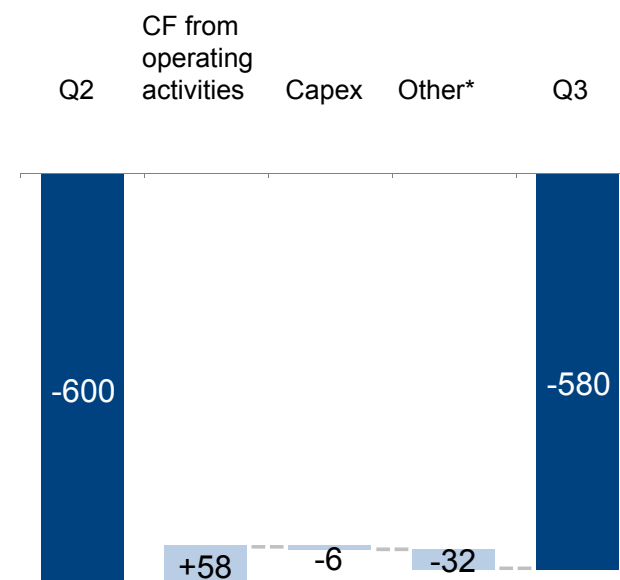


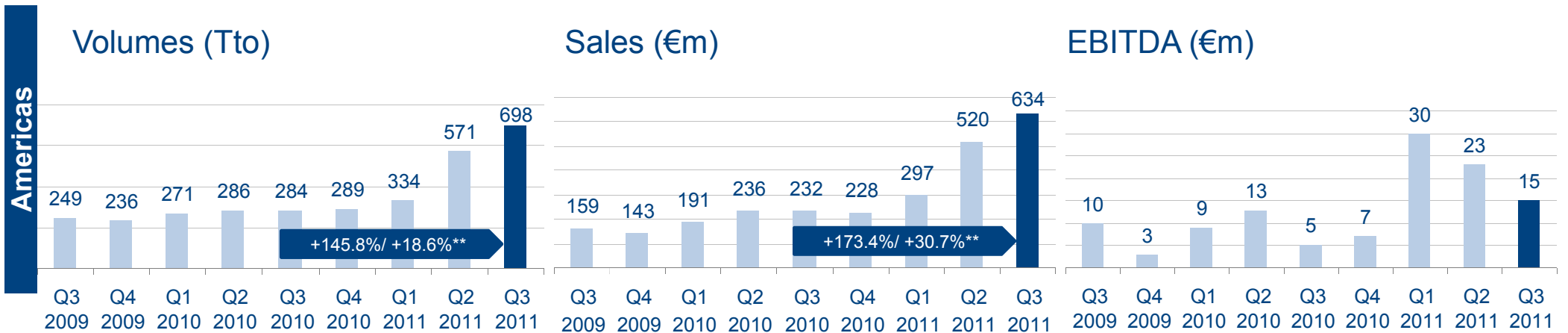
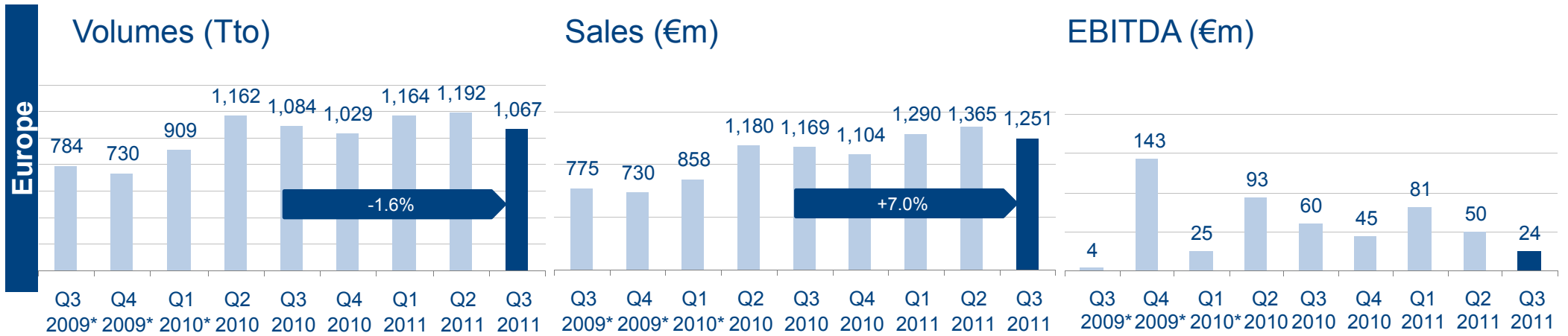
Cash flow reconciliation in Q3 (€m)



* exchange rate effects, interest

Development of net financial debt in Q3 (€m)





*Consolidation of BSS as of March 1, 2010

** Without acquisitions in 2011



Q3 2011 (in €m)

€4,950m

Non-current assets	1,292	1,847	Equity
Inventories	1,447		
Trade receivables	1,080	1,642	Non-current liabilities
Other current assets	117		
Liquidity	1,014	1,461	Current liabilities

Strong balance sheet ratios

- Net debt €580m
- Gearing* at 35%
- Equity ratio at 37%
- NWC declined by €21m qoq mainly due to a reduction of receivables, stronger swing expected in Q4

* Gearing = Net debt/Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 28, 2010



€m Facility	Committed	Drawn amount	
		Q3 2011*	FY 2010*
Bilateral Facilities ¹⁾	580	199	73
Other Bonds	37	39	0
ABS	560	222	88
Syndicated Loan	500	228	226
Promissory Note ²⁾	343	349	147
Total Senior Debt	2,020	1,037	534
Convertible 2007 ³⁾	325	314	306
Convertible 2009 ³⁾	98	84	81
Convertible 2010 ³⁾	186	159	151
Total Debt	2,629	1,594	1,072
Cash		1,014	935
Net Debt		580	137

*Including interest

1) Including finance lease

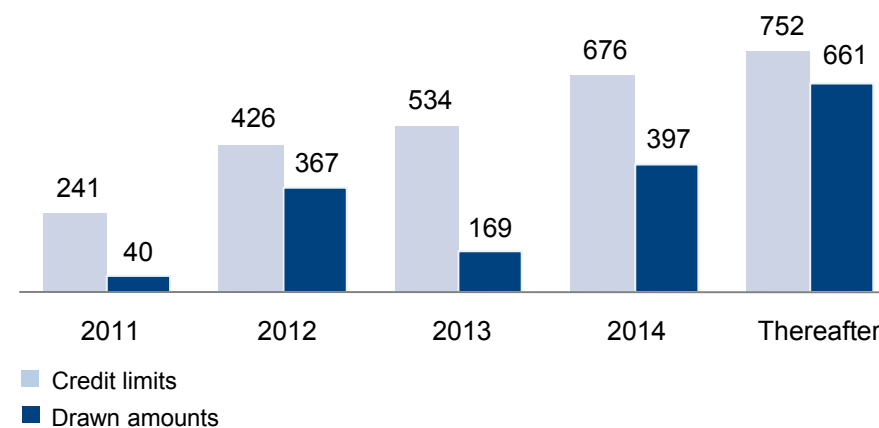
2) New promissory notes issued in Q2 2011 (€198m)

3) Drawn amount excludes equity component

4) Net debt/Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 28, 2010

€m	Q3 2011
Adjusted equity	1,664
Net debt	580
Gearing ⁴⁾	35%

Maturity profile of committed facilities and drawn amounts (€m)





Comments

- SSC in Changshu close to Shanghai offers plenty of opportunities to serve advanced customers
- Reaching out to 40% of China's steel consumption
- 2,200 German companies' subsidiaries
- Key differentiator: reliability, traceability, proven quality, value added services, speaking European customer's language
- Product focus initially on heavy plate to be expanded by further products for machinery and mechanical engineering
- 20 employees, first orders on plasma cutting already fulfilled
- Local sales force established
- Expected sales volumes after ramp-up of 40-50 Tto per year



- Program to react on dimmed growth expectations
- Target to increase EBITDA-margin by ~1%p per annum
- Measures include divestitures and closedowns of business areas which don't fulfill margin expectations
- Restructuring costs will be low double digit, predominantly booked in Q4

Germany

- Exit large account beams business but maintain cross selling intensive general beams business
- Other divestment opportunities under review
- Headcount related measures already discussed with works council

Netherlands

- Main focus is on the poorly performing large customers construction business

UK

- Significant overhead expenses reduction
- Large scale restructuring effecting five sites already done

France

- Main focus is on improving / exiting of the large account beams business

Spain

- Substantial adjustments of Spanish subsidiary defined
- Additional downsizing of head office and substantial reduction in general expenses and salaries

US

- Main focus is on realizing short term synergies from Macsteel integration
- Measures also include purchasing and sales synergies



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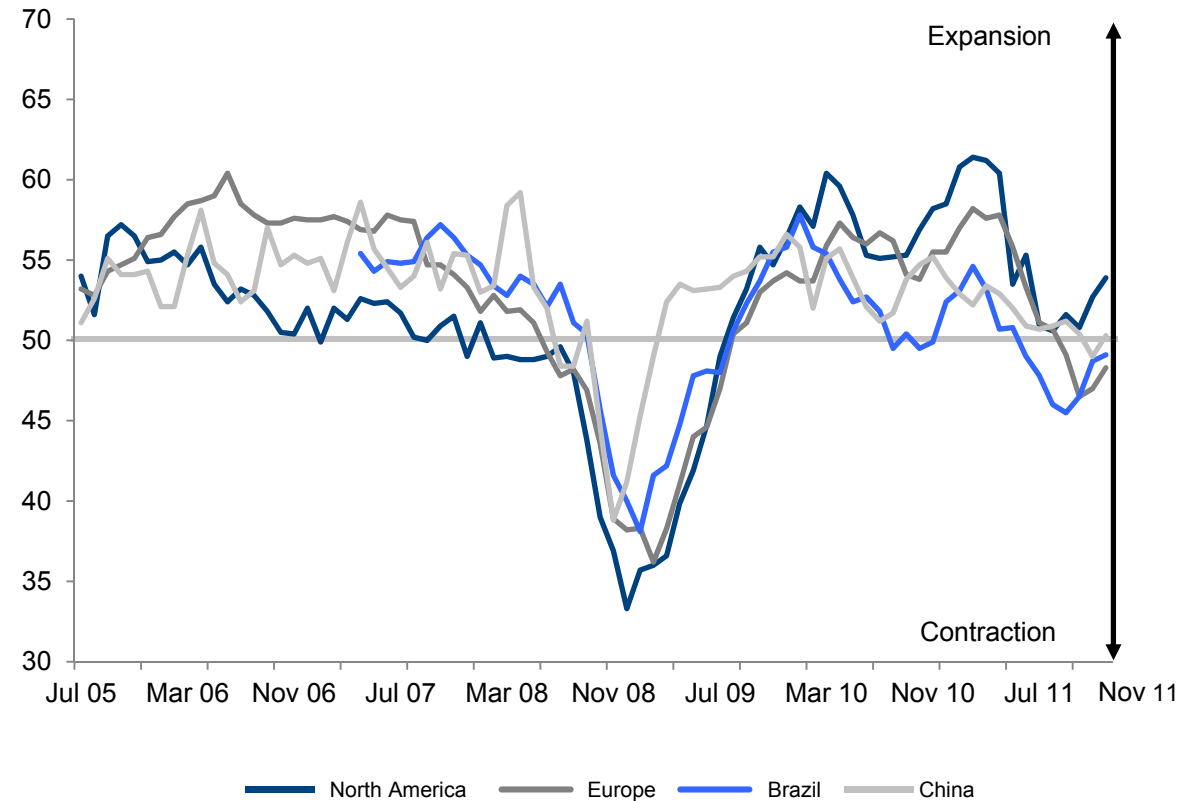
03 Market environment and outlook

04 Appendix



- All major indicators across the globe declined during autumn, but started to recover lately
- US growing robustly
- Europe on hold to wait for sustainable solution of the Euro crisis and sovereign debt levels
- Credit tightening in China reduces growth rates in 2012
- Brazilian economy tries hard to become competitive with signs of overheating, but infrastructure is still lagging behind

PMIs



Source: Bloomberg



- Q4 2011
 - Volumes to be seasonally lighter on organic basis compared to Q3
 - Earnings trend to continue resulting in Q4 EBITDA to be below Q3 also before restructuring costs of low-double-digit €m amount
- FY 2011
 - Full year guidance of >25% sales volumes growth confirmed
 - Sales growth >35% as prices are on a higher level
- FY 2012
 - In North- and South America we expect an increasing and in Europe at best a stable steel demand



Agenda

01 Overview

02 Financials and performance Q3 2011

03 Market environment and outlook

04 Appendix



Financial calendar 2012

March 7, 2012	Annual Financial Statements 2011
May 9, 2012	Q1 interim report 2012
May 25, 2012	Annual General Meeting 2012
August 8, 2012	Q2 interim report 2012
November 7, 2012	Q3 interim report 2012

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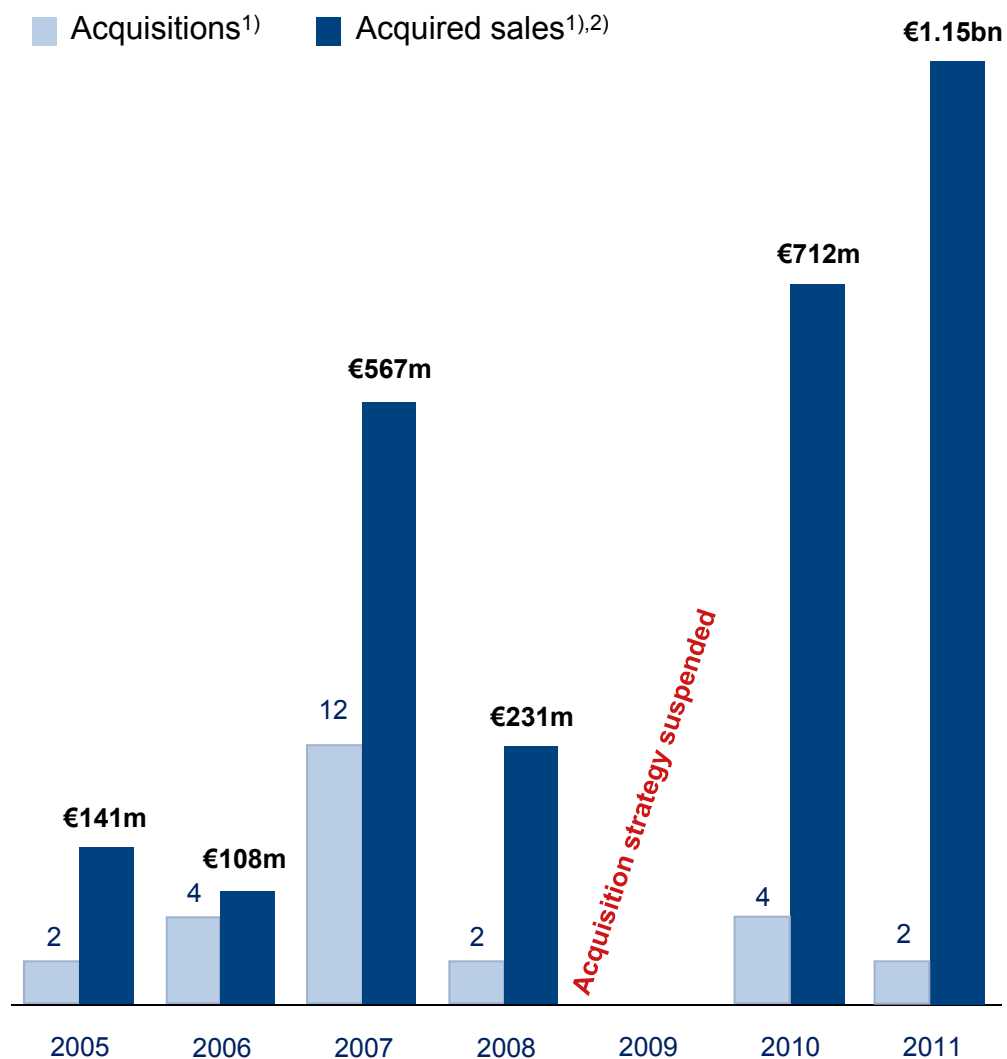


(€m)	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	FY 2010	FY 2009	FY 2008	FY 2007
Volumes (Tto)	1,765	1,763	1,498	1,318	1,368	1,448	1,180	966	1,033	1,053	1,068	5,314	4,119	5,974	6,478
Sales	1,885	1,885	1,587	1,332	1,401	1,416	1,049	873	934	959	1,095	5,198	3,860	6,750	6,274
Gross profit	318	337	353	275	294	331	236	198	208	161	78	1,136	645	1,366	1,221
% margin	16.8	17.9	22.3	20.6	21.0	23.4	22.5	22.6	22.3	16.8	7.1	21.9	16.7	20.2	19.5
EBITDA	37	62	104	48	61	100	29	83	11	-31	-132	238	-68	601	371
% margin	1.9	3.3	6.6	3.6	4.3	7.1	2.8	9.5	1.2	-3.2	-12.0	4.6	-1.8	8.9	5.9
EBIT	8	36	86	24	39	78	11	26	-7	-48	-149	152	-178	533	307
Financial result	-22	-21	-19	-19	-16	-17	-15	-16	-14	-15	-16	-67	-62	-70	-97
Income before taxes	-15	15	66	5	22	61	-4	9	-21	-63	-165	84	-240	463	210
Income taxes	3	-9	-22	12	-7	-14	6	3	-2	16	38	-4	54	-79	-54
Net income	-12	5	44	17	15	47	2	12	-23	-47	-127	80	-186	384	156
Minority interests	-1	0	1	1	1	1	1	3	0	1	-2	3	3	-14	23
Net income KlöCo	-11	5	43	16	14	46	1	9	-23	-48	-126	77	-188	398	133
EPS basic (€)	-0.11	0.07	0.65	0.25	0.21	0.69	0.02	0.56	-0.42	-1.04	-2.70	1.17	-3.61	8.56	2.87
EPS diluted (€)	-0.11	0.07	0.60	0.25	0.21	0.69	0.02	0.56	-0.42	-0.85	-2.43	1.17	-3.61	8.11	2.87



Country	Acquired ¹⁾	Company	Sales (FY) ²⁾
Brazil	May 2011	Frefer	€150m
USA	April 2011	Macsteel	€1bn
2011			2 acquisitions so far
USA	Dec 2010	Lake Steel	€50m
USA	Sep 2010	Angeles Welding	€30m
GER	Mar 2010	Becker Stahl-Service	€600m
CH	Jan 2010	Bläsi	€32m
2010			4 acquisitions
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⁾ Date of announcement ²⁾ Sales in the year prior to acquisitions



(€m)	September 30, 2011	December 31, 2010
Non-current assets	1,292	856
Inventories	1,447	899
Trade receivables	1,080	703
Cash & Cash equivalents	1,014	935
Other assets	117	98
Total assets	4,950	3,491
Equity	1,847	1,290
Total non-current liabilities	1,642	1,361
thereof financial liabilities	1,179	1,021
Total current liabilities	1,461	840
thereof trade payables	835	585
Total equity and liabilities	4,950	3,491
Net working capital	1,692	1,017
Net financial debt	580	137

Comments

Shareholders' equity:

- Stable at 37% despite NWC and net financial debt increase, benefitting from capital increase

Financial debt:

- Gearing at 35%
- Gross debt of €1.6bn and cash position of €1bn result in a net debt position of €580m

NWC:

- Swing mainly driven by acquisitions and also due to increased business



(€m)	Q3 2011	Q3 2010
Operating CF	32	59
Changes in net working capital	47	-34
Others	-21	11
Cash flow from operating activities	58	36
Inflow from disposals of fixed assets/others	11	1
Outflow for acquisitions	0	-10
Outflow for investments in fixed assets/others	-17	-6
Cash flow from investing activities	-6	-15
Changes in financial liabilities	-67	-2
Net interest payments	-6	-20
Cash flow from financing activities	-73	-23
Total cash flow	-21	-2

Comments

- Release in NWC resulting in strong free cash flow



(€m)	Europe	Americas*	HQ/Consol.	Total
Volume (Tto)				
Q3 2011	1,067	698	-	1,765
Q3 2010	1,084	284	-	1,368
Δ %	-1.6	145.8		29.0
Sales				
Q3 2011	1,251	634	-	1,885
Q3 2010	1,169	232	-	1,401
Δ %	7.0	173.4		34.6
EBITDA				
Q3 2011	24	15	-2	37
% margin	2.0	2.3		1.9
Q3 2010	60	5	-4	61
%margin	5.2	2.1		4.3
Δ % EBITDA	-59.4	207.9		-39.7

* in 2010 North America

Comments

- Excl. MSCUSA, Frefer and Lake Steel volume increase in Americas was 18.6% and sales increase was 30.7% yoy
- Without acquisitions total volume increased by 2.6% and total sales by 10.9% yoy



Geographical breakdown of identified institutional investors



as of September 2011

Comments

- Identified institutional investors account for 52%
- German investors incl. retail dominate
- Top 10 shareholdings represent around 28%
- Retail shareholders represent 26%



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

