



# Klöckner & Co SE

A Leading Multi Metal Distributor



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## Interim Report

as of June 30, 2010

# INTERIM REPORT AS OF JUNE 30, 2010

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# KLÖCKNER & CO SE

## Klöckner & Co Group Figures

Income statement		Q2 2010	Q2 2009	HY1 2010	HY1 2009
Sales	€ million	1,416	959	2,465	2,054
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	100	-31	129	-163
Earnings before interest and taxes (EBIT)	€ million	78	-48	89	-197
Earnings before taxes (EBT)	€ million	61	-63	57	-228
Net income	€ million	47	-47	49	-175
Net income attributable to shareholders of Klöckner & Co SE	€ million	46	-48	47	-174
Earnings per share (basic)	€	0.69	-1.04	0.71	-3.74
Earnings per share (diluted)	€	0.69	-0.85	0.71	-3.28

Cash flow statement		HY1 2010	HY1 2009
Cash flow from operating activities	€ million	-117	468
Cash flow from investing activities	€ million	-132	-2

Balance sheet		June 30, 2010	December 31, 2009
Net working capital <sup>*)</sup>	€ million	1,072	637
Net financial debt	€ million	245	-150
Equity	€ million	1,208	1,123
Balance sheet total	€ million	3,435	2,713

Key figures		Q2 2010	Q2 2009	HY1 2010	HY1 2009
Sales volumes	to '000	1,448	1,053	2,627	2,121

		June 30, 2010	December 31, 2009
Employees at end of period		9,492	9,032

\*) Net working capital = inventories plus trade accounts receivable minus trade accounts payable

## Group Interim Management Report

**Sales volumes, sales and earnings significantly improved compared to the previous year. Strong contribution from acquisitions. Expanded financial flexibility for further growth. Guidance raised for full year.**

### Key figures for the first six months of 2010

- Sales volumes increased by 23.9% to 2.6 million tons compared to the first half of 2009 and in Q2 by 22.7% compared to the previous quarter
- Sales totaling around €2.5 billion were 20.0% above the level for the previous year (Q2: €1,416 million)
- Operating income (EBITDA) increased by €292 million to €129 million (Q2: €100 million)
- Net income improved by €292 million to €49 million
- Earnings per share of €0.71, compared with €-3.74 for the same period last year
- Net financial debt of €245 million as of June 30, 2010 compared to net cash position of €150 million at the end of 2009

Thanks to the economic recovery due to the re-stocking of inventory along the entire value chain, the Group's sales volumes were 23.9% higher than in the first half of 2009. At the same time, sales volumes in the second quarter were 22.7% higher than in the first quarter of this year. A significant portion of the increase was attributable to the acquisition of Becker Stahl-Service (BSS), making us especially well-positioned to benefit from the surprisingly strong recovery in the automotive sector. In line with the sales volume development sales were increased by 20.0% to €2.5 billion.

The trend was also reflected in all earnings measures, where both the impact of positive prices and sustained cost-cutting measures in our efficiency-enhancement programs also contributed to significant improvements. Due to this development the EBITDA increased by €292.1 million to €129.5 million, EBIT went up by €285.9 million to €88.8 million and net income improved by €223.4 million to €48.6 million.

However, the positive trends in prices and sales volumes induced an increase in the amount of funds bound in working capital. Additional funds were required to pay for the acquisition of BSS and the Bläsi AG. Even though this caused net financial debt to increase to €245 million, the Group once again expanded its financial flexibility and extended its maturities during the first half of the year as the European asset-backed securities (ABS) program was renewed, the syndicated loan was extended early and €145 million of promissory notes were issued. As a result, the Group has around €2.0 billion of credit facilities, over €500 million of which is available for acquisitions. The maturity was extended from 1.7 years to 3.2 years.

Because of the still sluggish construction industry we continue to assume there will be no significant increase in real steel consumption in Europe or North America for the year as a whole whereby some sectors have developed significantly better than expected. It is particularly true for the automotive industry and increasingly so for the machinery and mechanical engineering industry as well, which when taken together make up approximately one third of our sales volumes. The construction industry, which counts for almost 40% of our sales volumes, has in our view at least passed the trough. Against this background our forecast for the current fiscal year has improved even more. After increasing projected sales, including those from acquisitions, to more than 25%, we now expect profitability to be higher than previously projected. Should the economic recovery continue at its current pace we assume that the EBITDA margin will be over 4% and accordingly our EBITDA will be at least €200 million. It would also enable Klöckner & Co to achieve its objective of resuming dividend payments.

We see a detraction of the economic recovery resulting from high sovereign debt among Western countries and the weakened banking system as possible threats to meeting these targets.

### Economic environment continued to improve

Due to the continuing robust growth in emerging markets, the global economic situation continued to improve overall. The attendant increase in global trade has resulted in surprisingly strong economic momentum (particularly in Germany) while in other, less export-oriented European countries, the economic recovery has been significantly slower. Consequently, real gross domestic product (GDP) within the Eurozone as a whole is expected to increase by only 1% in the first half of the year. By contrast, the US economy has recovered considerably faster, with GDP increasing by around 3%, although the trend is currently losing momentum. In its July estimate for the full year, the International Monetary Fund projected global economic growth of 4.6%. According to these estimates, the European Union will contribute growth of only 1.0%, while the US economy will grow by 3.3%.

As far as the core customer sectors in the steel industry are concerned, particularly in Europe, industries such as the automotive, household-appliance and machinery and mechanical engineering, which benefit from increases in global trade are performing significantly better than the construction industry, which depends on regional investments. The construction industry has apparently reached the bottom line. First indications show a possible slight rebound. There is some hope in particular for private home construction, which was particularly hard hit in the crisis. The situation in the US is similar; however, the effects of the expansive stimulus programs, which were supposed to increase steel consumption by far more than in Europe, failed to fully materialize. The machinery and mechanical engineering industry especially in Germany continued to have strong increases in orders. After an order increase of 61% in May, the orders to the industry increased by 62% yet again in June. While growing orders in the machinery and mechanical engineering industry will probably only start having an impact in the second half of the year, the automotive industry was able to significantly expand production in the first half of the year compared to the same period for the previous year. In Europe the expiration of the wreckage premium program is expected to bring noticeably lower production figures in the second half of the year, but premium manufacturers are expected to continue to produce at high levels due to strong growth in exports.

Overall the European industry association Eurofer projects a real growth rate of 9.3% for the automotive industry in Europe for 2010. The machinery and mechanical engineering industry is expected to grow by 2.6%, while household appliances are expected to grow by 2.2%. By contrast, the construction industry, which suffered relatively little last year, is expected to decline by 2.8%. We assume that growth in machinery and mechanical engineering will be greater than forecasted due to current momentum. It would mean that real steel consumption could be greater than the Eurofer 0.9% expectation, which is impacted by the development in the construction sector. At the same time, we feel confirmed in our assumption that real steel consumption in Europe will barely increase and growth will be primarily driven by restocking of inventories along the entire value chain. Eurofer expects total demand for steel products in Europe to grow by 17% including the inventory effect. Forecasts are similar for North America, where according to the World Steel Association even though the total demand for steel products could grow by as much as 26.5%.

As the bulk of the increase in total demand for steel and metal products will be generated by restocking of inventories at the distribution level, the expected growth in distribution sales volumes will lie somewhere between the increase in total demand and real steel consumption. According to the industry association, Eurometal, sales volumes at the distribution level in Europe in the first half of 2010 were around 8.7% higher when compared to the first half of 2009. Sales volumes were 8.8% higher in Q2 2010 than in Q1 2010 and 11.2% higher than in Q2 2009. According to data from the Metals Service Center Institute, the distribution companies in the USA reported 18.9% higher sales volumes than in the first six months of 2009, with particularly strong momentum in the second quarter. Sales volumes were 8.2% higher in Q2 2010 than in Q1 2010 and 26.8% higher than in Q2 2009.

Data from the World Steel Association show that worldwide, raw steel production in the first half of 2010 was 28% higher than in the first half of 2009. Europe and North America posted particularly strong increases of 44% and 60%, respectively - significantly higher than the growth in total demand. It indicates that in both regions idled production capacity has been brought on line too quickly. Worldwide, capacity utilization in steel production in June 2010 stood at 78%, a decrease compared with March 2010 (80%).

### Prices supported by high raw material costs

Compared with the end of 2009, steel and metal prices have increased steadily, while initially prices for long products and meanwhile also prices for flat products have come under pressure worldwide due to the increasing glut. This price trend has been driven mainly by sharp increases in prices of iron ore and coking coal, the most important raw materials in steel production.

In Europe and North America, flat products, in particular, posted strong increases in the first half of the year. In Europe, hot-rolled coil traded at €610 per ton, a premium of about 65% over December. The trend was similar in the USA, which saw a 24% increase to around US\$625 per ton. In Europe, beams have also increased by approximately half since the end of 2009, to €630 per ton. In the US, the price increased by about 19% to US\$675 per ton by the end of the first half of 2010.

### Results of operations, financial position and net assets

The key figures for the results of operations, the financial position and net asset are as follows:

(€ million)	HY1 2010	HY1 2009
EBITDA	129	-163
Cash flow from operating activities	-117	468

(€ million)	June 30, 2010	December 31, 2009
Net working capital	1,072	637
Net financial debt	245	-150

### Sales volumes, sales and earnings higher than in previous year

Thanks to the continued increase in demand and the acquisitions completed in Q1 2010, Klöckner & Co's sales volume of 2.6 million tons was 23.9% higher than for the prior-year period (2.1 million tons). Sales volumes rose by 26.1% in Europe and by 16.3% in North America. Adjusted for the BSS acquisition, sales volumes in Europe were 5.8% higher than in the previous year, while the sales volumes for the entire Group rose by 8.1%. Sales volumes also increased overall by 22.7% in Q2 2010 compared with the previous quarter. Sales volumes were 27.8% higher than in Q1 2010 in Europe and 5.4% higher in North America. Adjusted for the BSS acquisition, sales volumes for Europe increased by 10.3% while sales volumes for the Group as a whole increased by 9.1%. The adjusted sales volumes in Europe and the sales volumes in North America are slightly below market growth, reflecting Klöckner & Co's sales policy of "price over volume" in the first half.

Group sales in the first half of 2010 were around €2.5 billion, which was 20.0% higher (9.9% higher with BSS excluded) than the previous year. While sales prices continued to increase throughout the second quarter, on average they were still at same level as last year.

The gross profit of €567 million was 137.3% higher than in the first half of 2009 (€239 million). The increase was in addition to the BSS acquisition primarily attributable to the improved business environment with rising prices, as gross profit in the previous year was strongly influenced by broadly crumbling prices for steel and metal products. The gross margin increased accordingly from 11.6% to 23.0%. Thanks to the strong increase in gross profit and the sustained cost savings resulting from the crisis programs, operating income (EBITDA) improved significantly, from €-163 million in the first half of 2009 to €+129 million in the first half of 2010. Thus, the improving earnings trend that began in the middle of last year continued, with increasing momentum.

EBITDA for the segments developed as follows:

(€ million)	Q2 2010	Q2 2009	HY1 2010	HY1 2009
Europe	93	3	118	-90
North America	13	-25	22	-56
Headquarters	-6	-9	-11	-17
<b>Klöckner &amp; Co Group</b>	<b>100</b>	<b>-31</b>	<b>129</b>	<b>-163</b>

The European segment closed the first six months with positive EBITDA of €118 million, after operating losses of €-90 million in the same period last year. All of the segment's subsidiaries reported positive EBITDA. BSS and the Swiss subsidiary posted particularly strong results.

The North American segment also reported significantly stronger EBITDA of €22 million, compared with €-56 million for the prior-year period. The determining factors were the rise in sales volumes and especially the strong recovery in market prices for quarto plates.

Earnings before interest and taxes (EBIT) for the first six months totaled €89 million, while earnings before taxes (EBT) totaled €57 million. The Group posted a net income of €49 million for the first half, compared with a net loss of €-175 million for the same period last year. Basic earnings per share stood at €0.71, compared with €-3.74 to the prior-year period.

#### Balance sheet still very solid despite acquisitions and increased inventory levels

The condensed consolidated balance sheet is as follows:

#### Consolidated balance sheet

(€ million)	June 30, 2010	December 31, 2009
Non-current assets	883	712
Current assets		
Inventories	880	571
Trade receivables	852	464
Other current assets	84	139
Liquid funds	736	827
<b>Total assets</b>	<b>3,435</b>	<b>2,713</b>
Equity	1,208	1,123
Non-current liabilities and provisions		
Financial liabilities	887	619
Other non-current liabilities and provisions	373	308
Current liabilities		
Financial liabilities	83	52
Trade payables	660	398
Other current liabilities and provisions	224	213
<b>Total equity and liabilities</b>	<b>3,435</b>	<b>2,713</b>

The change in the balance sheet structure is characterized predominantly by the acquisition of the BSS Group and the business-driven expansion of net working capital. Non-current assets of €712 million as of December 31, 2009 rose to €883 million (+ 24.0%). Of the €171 million increase, €56 million is attributable to intangible assets and €92 million to property, plant and equipment. This includes the addition of non-current assets of €113 million for the initial consolidation of the BSS Group.

(€ million)	June 30, 2010	December 31, 2009
Trade receivables	852	464
Inventories	880	571
Trade payables	-660	-398
<b>Net working capital</b>	<b>1,072</b>	<b>637</b>

Net working capital of €1,072 million was much higher than the €637 million at the end of the 2009 fiscal year. Again a major portion of the increase compared to December 31, 2009, €146 million, was due to BSS. The remainder of the increase is primarily the result of improvements in operations and the resulting additional net working capital requirements.

Despite the acquisitions and the additional capital tie-up, the cash and cash equivalents fell by only €91 million compared to December 31, 2009, to €736 million, due to the issuance of two promissory notes totaling €145 million.

The equity ratio on June 30, 2010 was approximately 35% after being 41% at the end of the 2009 fiscal year. It would have been 45% if the liquid funds could have been used entirely to retire financial debt. Cash flow from operating activities is negative at €-117 million compared to €+468 million in the prior-year period, primarily due to the increased net working capital.

#### Resumption of acquisition strategy with acquisition of the Becker Stahl-Service Group (BSS) and Bläsi AG

In the first half-year, the acquisition of BSS was brought to a successful conclusion. BSS operates one of the largest and most modern steel service centers in the world. The group has about 470 employees and generated sales of around €600 million in the 2008/2009 fiscal year, which ended on September 30, 2009. With the acquisition of Becker Stahl-Service Group, Klöckner & Co reinforces its market position in Germany and Western Europe, adds to its range of products and services, and improves the sector mix of the customer groups it supplies. Through BSS, Klöckner & Co SE benefits to an extraordinary degree from the current recovery in the export-oriented European automotive industry.

In January, via our Swiss subsidiary, Debrunner Koenig Holding AG, we acquired the distributor Bläsi AG in Bern. With this acquisition, the Swiss subsidiary of Klöckner & Co has expanded its market position in the water supply and building technology segment, and for the first time covers the Bern region with this product portfolio. In 2008, the company generated sales of about €32 million from its two locations in the Berne region.

#### Continuous optimization of the financing structure

The financing portfolio was further optimized against the background of the improved market environment in the first months of the year. The focus was on improving the maturity structure and harmonizing the contractual framework in the financing instruments.

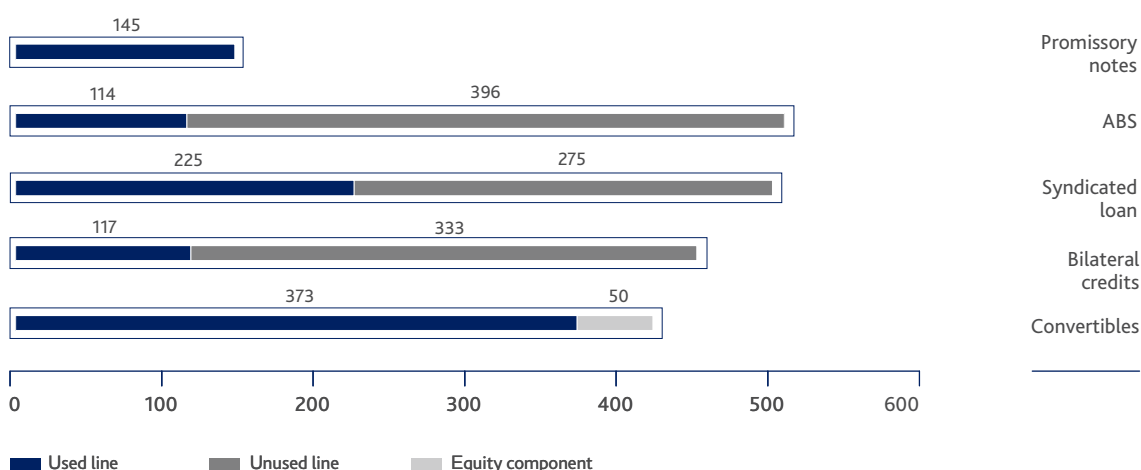
The European Asset Backed Securities (ABS) program was renewed, taking effect on April 1, 2010. The volume was maintained, at a maximum of €420 million. At the same time, the number of refinancing banks was reduced from four to three, and the term was extended to two years.

Through the issuance of promissory notes for a total volume of €145 million, we gained access to the promissory note market in the second quarter for the first time, which is normally accessible only to companies with an investment grade rating. The promissory notes are based on basic, standard documentation using the same financial covenants as the syndicated loan. The terms of the promissory notes range from three to five years. Of the total volume, €39 million is fixed-interest-bearing and €106 million has variable interest rates.

The syndicated loan due in May 2011 was prolonged ahead of time and its volume was increased from €300 million to €500 million. The modified loan agreement took effect on June 7, 2010. The credit facility is provided by a consortium of 13 banks and has a term of three years plus an option to extend it by one year. The balance sheet oriented covenant concept introduced in 2009 will be continued.

### Financial volume

in € million



Due to the enlargement and extension of the facilities, Klöckner & Co has credit facilities totalling around €2.0 billion at its disposal. Simultaneously, the maturity was extended from 1.7 years to 3.2 years.

### Subsequent events

There are no subsequent events that would require further disclosure in the condensed interim financial statements.

### Risk and opportunity management

We continuously monitor and analyze major risks and opportunities through our risk and opportunity management system. Coordination between our holding Company and the subsidiaries is based on a structured risk and opportunity reporting process. The core tool is the quarterly update of risks and opportunities in the opportunities and risks report, supplemented on a case-by-case basis by ad-hoc reporting on any last-minute or major risks that might threaten the Company as a going concern. The Group's corporate internal auditing department also reviewed compliance – both domestically and internationally – with existing risk-management requirements and Group guidelines in the first half of 2010. The information thus obtained will allow that risks are detected and dealt with as soon as possible.

We differentiate between external, strategic, operating, employee-related, IT, financial and other risks, as well as between quantifiable and non-quantifiable risks. During the crisis, we placed particular emphasis on controlling the risks associated with working-capital management and, especially, inventory and receivables management.

Inventory management is both usage-based and demand-based. Thanks to our continuous monitoring of price trends and inventories and centralized procurement coordination, we are able to react quickly to new market situations to keep price and inventory risks under control. Our strict receivables management meets local business needs, and larger default risks are covered by credit insurance, when such insurance is deemed appropriate under cost-benefit consideration. Further, we counter macro economic risks in our markets with ongoing efficiency-enhancement programs aimed at cutting costs and increasing efficiency Group-wide.

The liquidity and credit risks inherent in Group financing came under particular scrutiny during the financial crisis. We reacted quickly to restructure our financing and to develop new sources of financing, which in turn minimized such risks and secured the Group's financing. As of June 30, 2010, Klöckner & Co had credit facilities of around €2.0 billion at its disposal.

Moreover, we continuously monitor legal, tax, insurance and IT risks.

Above and beyond our risk monitoring and control systems, we systematically expanded the Group-wide compliance program that we instituted in 2009 in the first half of 2010. The program is intended to ensure that we continuously analyze and are in a position to properly react to compliance risks, and that our conduct towards our employees, customers and suppliers is responsible and respectful. In addition, we have published numerous guidelines to prohibit corruption and illegal price agreements as well as a code of conduct, in which our ethical values are presented.

#### Current assessment of opportunities and risks

The Management Board believes that Klöckner & Co has set up sufficient provisions to cover all risks identifiable as of the date the financial statements were authorized for issuance including guarantees by third parties.

As a stockholding multi-metal distributor, Klöckner & Co's market risk is primarily related to demand and price trends. For instance, the current level of steel prices might prove to be unsustainable, and price-related inventory write-downs might become necessary.

Further, the recovery in demand may only be of a short-term nature, reflecting the restocking of warehouses along the value chain. This could reflect only a short-term recovery in sales volumes, which could have a distinct negative impact on our net assets and operating results. In case of declining demand impairment losses could not be ruled out.

A decline in our customers' liquidity could lead to higher bad-debt losses as well as demand shortfalls. Obtaining credit insurance for supply transactions, as is common in the industry, could also become more difficult, which could have a negative impact on our earnings.

We assume that the French and Spanish competition authorities will continue their investigations relating to suspected anticompetitive behavior. If violations of the applicable antitrust laws should emerge from these investigations, this could, among other things, result in fines that would have a negative impact on our net assets, financial position and operating results. Based on the nature of the charges under investigation, the Management Board currently foresees only a minor financial risk, which does not require separate recognition in the financial statements.

We also believe that grave compliance violations will be proactively prevented as a result of the Group-wide compliance-monitoring organization established in recent years. It will enable us to avoid serious losses. However, despite the comprehensive set of measures adopted, we cannot completely rule out the possibility that isolated violations may occur or that there may still be some old violations, which might become the subject of regulatory investigative proceedings. Even though these would likely not be serious violations, the imposition of fines that could adversely impact the Group cannot be ruled out.

The reduction of the antitrust fine imposed by the French antitrust authority in December 2008 from €169.3 million to €23.5 million by the appeals court is legally enforceable and has now been paid in full.

Meanwhile, we believe that market consolidation and correction will create opportunities during the crisis. Moreover, as a result of our early response to the crisis, we may be better positioned than our competitors.

In summary, the Management Board is confident that the systems for managing the risks and opportunities at Klöckner & Co Group work well, that all known accounting risks have been adequately accounted for and that all the actions necessary to cushion the impact of pending market risks have been taken. Given our current financing structure, no liquidity shortages are expected. General market risks and specific risks affecting the steel market cannot be finally gauged at this time. There are no indicators of any specific risks that could threaten the Company's future as a going concern.

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## Outlook

For the third quarter, we anticipate the normal seasonal decline in demand compared to the stronger second quarter, although the decline should be milder than in prior years especially in Germany due to the surprisingly strong momentum of the economy. Against this background we anticipate an operating income for the third quarter that will lie between that of the first quarter, which was weaker due to weather conditions and the economy, and that of the strong second quarter.

For the fiscal year as a whole, we assume sales growth of over 25%, mainly driven by acquisitions and a normalization of inventories in our customers' warehouses. However, the major industry associations do not expect a material rise in real steel consumption in our major European and North American sales markets in 2010, whereby the automotive industry and, increasingly the machinery and mechanical engineering industry are currently doing better than expected. We expect to profit particularly from this trend due to our strengthened automotive- and German-based business resulting from the acquisition of BSS.

As predicted, steel prices came more and more under pressure since end of second quarter because of producers bringing back idled capacity too fast. Especially for flat products an increase after stabilization can be achieved, if at least currently idled capacity will not be brought back immediately after the summer months.

Despite uncertainties on the price-side the Management Board expects due to the successful integration of the acquisitions and the strict cost management along with an operating margin above 4% an EBITDA of at least €200 million and accordingly a significantly positive net income.

We see a detraction of economic trends due to the levels of sovereign debt in Western countries and the weakened banking system as a threat to achieving our targets.

Nevertheless, with our financial flexibility and improved maturity structure, we believe that we are very well positioned to take advantage of the expected economic upturn, and simultaneously to seize the opportunities presented by consolidation.

# KLÖCKNER & CO SHARE

## Key data Klöckner & Co share

ISIN DE000KC01000 - German Securities Code (WKN) KC0100

Stock exchange symbol: KCO

Bloomberg: KCO GR

Reuters Xetra: KCOGn.DE

MDAX® listing: since January 29, 2007

### Key data - Klöckner & Co share

		Q2 2010	Q2 2009
Number of shares	in shares	66,500,000	46,500,000
Closing price (XETRA, close)	€	14.51	15.14
Market capitalization	€ million	965	704
High (XETRA, close)	€	23.59	16.30
Low (XETRA, close)	€	13.23	7.36
Average daily trading volume	in shares	1,291,179	723,019

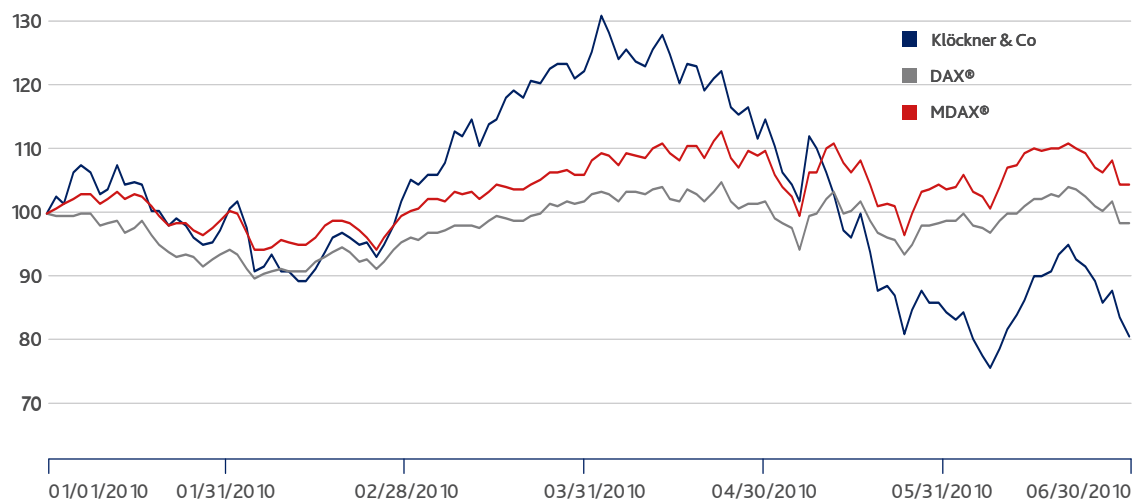
### Share price remains volatile

The positive trend for the Klöckner & Co share price that we had observed since the end of 2009 continued until the middle of the Q2 2010. General positive expectations in the capital markets for an economic recovery drove the trend at first. In addition, our share price was influenced by the recovery in the steel industry. Starting with the middle of the second quarter, however, the stock price came under pressure due to uncertain expectations regarding steel price trends. As it is an early cyclical stock with a high beta, the Klöckner & Co share reacts at a higher rate to the expected market changes.

At the end of the first half of the year, the Klöckner & Co share stood at €14.51, which is an 18.7% reduction from its closing price in 2009. This represented a 4% decline compared to the first half of 2009. The MDAX® was around 7% higher than at the end of 2009. The DAX® was nearly constant, rising 0.1% during this period.

### 2010 Annual General Meeting – online registration possible for the first time

On May 26, 2010, the fourth Annual General Meeting of Klöckner & Co SE was held in Düsseldorf, Germany. Over 250 shareholders and proxies attended our Annual General Meeting. A total of 40.99% of the voting capital was represented. The shareholders approved all the resolutions recommended by the Supervisory Board and the Management Board.

**Performance Klöckner & Co share in comparison to DAX® and MDAX®***(values indexed)*

In advance of the Annual General Meeting, the shareholders could register for the Annual General Meeting conveniently via our Web site [www.kloeckner.de](http://www.kloeckner.de) for the first time. Shareholders were able to order their entry tickets using an online tool and issue authorizations and instructions to proxy-holders. In addition, the shareholders were able to order delivery of the invitation to the Annual General Meeting digitally ("e-mail delivery"). In the coming years, e-mail will take the place of mail delivery for registered shareholders. Of course, information shall not be misplaced through this upcoming electronic delivery. Our shareholders greeted the new service positively. The service will also be available to shareholders for future Annual General Meetings.

Based on numerous conversations with our shareholders we are aware that the Internet has become an important information-sharing platform. Moreover, our shareholder base is increasingly international, so we wanted to offer investors who cannot attend the event in person the opportunity to follow the shareholders' meeting. People who wanted to could listen to the speeches of Supervisory Board Chairman Prof. Dr. Dieter H. Vogel and Management Board Chairman Gisbert Rühl live on the web. You will find detailed information on the Annual General Meeting and the Chair of the Management Board's presentation and speech at [www.kloeckner.de](http://www.kloeckner.de).

In addition to the shareholders at the Annual General Meeting, Klöckner & Co SE's management presented information in the first half of 2010 at five road shows and eight domestic and international conferences and also held individual discussions to inform investors about the Group's results and strategy. The focus of the discussions was on the current economic environment and progress in integrating Becker Stahl-Service Group.

In the first half-year, 22 banks and investment firms published over 70 research reports on Klöckner & Co. The reports focused on the published Group results and on the two companies acquired. At the end of the first half-year, 18 investment firms gave the Klöckner & Co share a "buy" recommendation. Two investment firms issued a "hold" recommendation and two gave a "sell" recommendation.

The Chairman of the Management Board, Gisbert Rühl, informs briefly - beginning with this interim report - in addition with a podcast on our website about key figures and developments within the passed reporting season.

We provide continuous updates on Group developments in the Investor Relations section of our Web site [www.kloeckner.de/en/investors.html](http://www.kloeckner.de/en/investors.html). Along with information about our convertible bonds, financial reports and financial calendar, the website also contains corporate governance information and current data on the price trends for the share and convertible bonds. Moreover, shareholders and interested parties may register for our quarterly shareholders' letter and our newsletter at [ir@kloeckner.de](mailto:ir@kloeckner.de). The Investor Relations team looks forward to receiving your questions and suggestions.

# KLÖCKNER & CO SE

## Consolidated statement of income for the six-month period ending June 30, 2010

(€ thousand)	HY1 2010	HY1 2009	Q2 2010	Q2 2009
Sales	2,465,098	2,054,094	1,416,257	958,848
Other operating income	20,115	25,353	12,087	11,212
Change in inventory	-3,183	-11,085	-2,485	6,329
Own work capitalized	23	-	18	-
Cost of materials	-1,894,915	-1,804,058	-1,082,377	-804,266
Personnel expenses	-240,550	-228,298	-129,370	-106,322
Depreciation and amortization	-40,709	-34,494	-22,316	-16,896
Other operating expenses	-217,098	-198,586	-113,726	-96,855
<b>Operating result</b>	<b>88,781</b>	<b>-197,074</b>	<b>78,088</b>	<b>-47,950</b>
Finance income	3,798	3,925	1,741	1,822
Finance expenses	-35,631	-35,316	-18,418	-17,206
<b>Financial result</b>	<b>-31,833</b>	<b>-31,391</b>	<b>-16,677</b>	<b>-15,384</b>
<b>Income before taxes</b>	<b>56,948</b>	<b>-228,465</b>	<b>61,411</b>	<b>-63,334</b>
Income taxes	-8,367	53,656	-14,561	15,845
<b>Net income</b>	<b>48,581</b>	<b>-174,809</b>	<b>46,850</b>	<b>-47,489</b>
<i>thereof attributable to</i>				
- shareholders of Klöckner & Co SE	47,213	-173,936	46,047	-48,248
- non-controlling interests	1,368	-873	803	759
<b>Earnings per share</b>				
- basic	0.71	-3.74	0.69	-1.04
- diluted	0.71	-3.28	0.69	-0.85

# KLÖCKNER & CO SE

## Statement of comprehensive income for the six-month period ending June 30, 2010

(€ thousand)	HY1 2010	HY1 2009	Q2 2010	Q2 2009
<b>Net income</b>	<b>48,581</b>	<b>-174,809</b>	<b>46,850</b>	<b>-47,489</b>
Income/expenses directly recognized in equity				
Foreign currency translation	<b>86,696</b>	-6,115	<b>54,733</b>	-19,690
Gain/loss from cash flow hedges	<b>-55,331</b>	15,048	<b>-34,211</b>	25,742
Related income tax	<b>4,566</b>	-3,484	<b>2,991</b>	-3,385
<b>Other comprehensive income</b>	<b>35,931</b>	<b>5,449</b>	<b>23,513</b>	<b>2,667</b>
<b>Total comprehensive income</b>	<b>84,512</b>	<b>-169,360</b>	<b>70,363</b>	<b>-44,822</b>
<i>thereof attributable to</i>				
<i>- shareholders of Klöckner &amp; Co SE</i>	<b>83,173</b>	-168,496	<b>69,499</b>	-45,588
<i>- non-controlling interests</i>	<b>1,339</b>	-864	<b>864</b>	766

# KLÖCKNER & CO SE

## Consolidated statement of financial position as of June 30, 2010

### Assets

(€ thousand)	June 30, 2010	December 31, 2009
<b>Non-current assets</b>		
Intangible assets	251,341	194,985
Property, plant and equipment	517,644	426,151
Investment property	11,639	11,675
Financial assets	2,582	2,376
Other assets	30,320	26,736
Income tax receivable	4,256	11,638
Deferred tax assets	64,812	38,355
<b>Total non-current assets</b>	<b>882,594</b>	<b>711,916</b>
<b>Current assets</b>		
Inventories	880,315	570,918
Trade receivables	851,936	464,266
Income tax receivable	28,278	72,224
Other assets	54,814	65,840
Liquid funds	735,938	826,517
Assets held for sale	1,255	1,081
<b>Total current assets</b>	<b>2,552,536</b>	<b>2,000,846</b>
<b>Total assets</b>	<b>3,435,130</b>	<b>2,712,762</b>

## Equity and liabilities

(€ thousand)	June 30, 2010	December 31, 2009
<b>Equity</b>		
Subscribed capital	166,250	166,250
Capital reserves	429,493	429,493
Retained earnings	565,834	518,621
Accumulated other comprehensive income	29,791	-6,169
<b>Equity attributable to shareholders of Klöckner &amp; Co SE</b>	<b>1,191,368</b>	<b>1,108,195</b>
Non-controlling interests	16,407	15,068
<b>Total equity</b>	<b>1,207,775</b>	<b>1,123,263</b>
<b>Non-current liabilities and provisions</b>		
Provisions for pensions and similar obligations	177,566	174,598
Other provisions	31,368	31,287
Income tax liabilities	25	20
Financial liabilities	886,763	618,744
Other liabilities	81,990	31,080
Deferred tax liabilities	82,163	71,029
<b>Total non-current liabilities</b>	<b>1,259,875</b>	<b>926,758</b>
<b>Current liabilities</b>		
Other provisions	123,815	109,868
Income tax liabilities	19,352	50,667
Financial liabilities	82,645	52,169
Trade payables	659,759	398,387
Other liabilities	81,909	51,650
<b>Total current liabilities</b>	<b>967,480</b>	<b>662,741</b>
<b>Total liabilities</b>	<b>2,227,355</b>	<b>1,589,499</b>
<b>Total equity and liabilities</b>	<b>3,435,130</b>	<b>2,712,762</b>

# KLÖCKNER & CO SE

## Consolidated statement of cash flows for the six-month period ending June 30, 2010

(€ thousand)	HY1 2010	HY1 2009
Income before taxes	56,948	-228,465
Financial result	31,833	31,391
Depreciation and amortization	40,709	34,494
Other non-cash income and expenses	-25	-3,986
Gain on disposal of non-current assets	-1,113	-3,881
<b>Operating cash flow</b>	<b>128,352</b>	<b>-170,447</b>
Changes in provisions	-1,016	-26,069
Changes in other assets and liabilities		
Inventories	-166,511	404,148
Trade receivables	-279,553	213,718
Other receivables	84,143	39,075
Trade payables	180,214	21,663
Other liabilities	-51,172	-24,369
Income taxes paid	-11,879	10,108
<b>Cash flow from operating activities</b>	<b>-117,422</b>	<b>467,827</b>
Proceeds from the sale of non-current assets and assets held for sale	2,019	5,629
Payments for intangible assets, property, plant and equipment	-9,877	-9,865
Acquisition of subsidiaries	-124,282	-
Margin deposits for derivative transactions	-	2,385
<b>Cash flow from investing activities</b>	<b>-132,140</b>	<b>-1,851</b>
Issue proceeds of convertible bond (incl. equity component)	-	26,013
Borrowings	285,004	113,944
Repayment of financial liabilities	-55,012	-262,725
Repayment of BSS shareholder loans	-57,878	-
Interest paid	-21,349	-25,535
Interest received	2,653	3,567
<b>Cash flow from financing activities</b>	<b>153,418</b>	<b>-144,736</b>
<b>Changes in cash and cash equivalents</b>	<b>-96,144</b>	<b>321,240</b>
Effect of foreign exchange rates on cash and cash equivalents	5,565	43
Cash and cash equivalents at the beginning of the period	826,517	293,531
<b>Cash and cash equivalents at the end of the period</b>	<b>735,938</b>	<b>614,814</b>

# KLÖCKNER & CO SE

## Summary of changes in equity

Accumulated other comprehensive income								Total
	Subscribed capital of Klöckner & Co SE	Capital reserves of Klöckner & Co SE	Retained earnings	Currency translation adjustment	Fair value adjustments of financial instruments	Equity attributable to shareholders of Klöckner & Co SE	Non-controlling interests	
(€ thousand)								
<b>Balance as of January 1, 2009</b>	<b>116,250</b>	<b>260,496</b>	<b>708,272</b>	<b>15,289</b>	<b>-30,953</b>	<b>1,069,354</b>	<b>11,998</b>	<b>1,081,352</b>
Income/expenses directly recognized in equity								
Foreign currency translation				-6,124		-6,124	9	-6,115
Gain/loss from cash flow hedges					15,048	15,048		15,048
Related income tax				1,135	-4,619	-3,484		-3,484
Net income			-173,936			-173,936	-873	-174,809
<b>Total comprehensive income</b>						<b>-168,496</b>	<b>-864</b>	
Acquisition of non-controlling interests			19			19	-21	-2
Change in scope of consolidation							50	50
Equity component of convertible bond		26,013				26,013		26,013
<b>Balance as of June 30, 2009</b>	<b>116,250</b>	<b>286,509</b>	<b>534,355</b>	<b>10,300</b>	<b>-20,524</b>	<b>926,890</b>	<b>11,163</b>	<b>938,053</b>
<b>Balance as of Januar 1, 2010</b>	<b>166,250</b>	<b>429,493</b>	<b>518,621</b>	<b>10,994</b>	<b>-17,163</b>	<b>1,108,195</b>	<b>15,068</b>	<b>1,123,263</b>
Income/expenses directly recognized in equity								
Foreign currency translation				86,725		86,725	-29	86,696
Gain/loss from cash flow hedges					-55,331	-55,331		-55,331
Related income tax				-12,426	16,992	4,566		4,566
Net income			47,213			47,213	1,368	48,581
<b>Total comprehensive income</b>						<b>83,173</b>	<b>1,339</b>	
<b>Balance as June 30, 2010</b>	<b>166,250</b>	<b>429,493</b>	<b>565,834</b>	<b>85,293</b>	<b>-55,502</b>	<b>1,191,368</b>	<b>16,407</b>	<b>1,207,775</b>

## Selected explanatory notes to the interim consolidated financial statements for the six-month period ending June 30, 2010

### (1) BASIS OF PRESENTATION

The interim consolidated financial statements of Klöckner & Co SE for the six-month period ending June 30, 2010, were prepared in accordance with International Financial Reporting Standards (IFRS) and the respective interpretations issued by the International Accounting Standards Board (IASB) as adopted for use within the EU.

The interim consolidated financial statements were reviewed by an independent auditor.

Except for the application of new standards as discussed below in Note 2, 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, 2009 as supplemented by the regulations of IAS 34 (Interim Financial Reporting). A detailed description of those policies is provided in the notes to the consolidated financial statements on pages 76 to 88 of the 2009 Annual Report.

The preparation of the interim consolidated financial statements for the period ended June 30, 2010 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 ended December 31, 2009.

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 June 30, 2010 are not necessarily indicative of future results.

The interim consolidated financial statements for the six-month period ended June 30, 2010 were authorized for issuance by the Management Board after discussion with the Audit Committee of the Supervisory Board on August 11, 2010. 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 reporting period the Klöckner & Co-Group initially applied the Annual Improvements (Improvements to IFRSs) as well as the changes to IFRS 2 (Share-based Payment – Group Cash-settled Share-based Payment Transactions). The initial application of the revised standards and interpretations did not have an impact on the consolidated financial statements.

In addition the International Accounting Standards Board (IASB) and IFRIC have issued the following standards and interpretations that are applicable for the Group but whose application is not yet mandatory in the reporting period. The application of the standards and interpretations is subject to endorsement by the EU, which for certain standards and interpretations is still outstanding. Further standards and interpretations issued during the reporting period which are not further discussed in the following paragraphs, will not have an impact on the Group's financial statements.

In November 2009, the IASB issued IFRS 9 (Financial Instruments) on classification and measurement of financial instruments. The release marks the first part of a three-phase project to replace IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 introduces new regulations for the classification and measurement of financial assets. The standard is to be applied for fiscal years beginning on or after January 1, 2013. Klöckner & Co is currently evaluating the impact of the standard on its consolidated financial statements.

In November 2009 the IASB issued changes to IFRIC 14 (The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction). The amendment "Prepayment of a Minimum Funding Requirement", which is limited to certain instances in which an entity is subject to minimum funding requirements and issues prepayments which fulfill these requirements. The amendment now permits the recognition of the economic benefits of such payments as an asset. The revised interpretation must be applied in fiscal years beginning on or after January 1, 2011. Klöckner & Co is currently assessing the impact of the revised interpretations on its consolidated financial statements.

### (3) ACQUISITIONS AND DISPOSALS

#### Becker Stahl-Service Group

On March 1, Klöckner & Co completed the acquisition of Becker Stahl-Service Group with headquarters in Bönen, Germany and it has been consolidated since then. The transaction is deemed to be a material business combination under IFRS 3. The Becker Stahl-Service Group operates one of the largest and most modern steel service centers in the world. The group has around 470 employees and generated sales of about €600 million in the 2008/2009 fiscal year ending September 30, 2009.

The allocation of the purchase price to the acquired assets and liabilities are as follows:

(€ million)	Carrying amounts and fair values as of initial consolidation date		
	Carrying amount	Adjustments	Fair value
Assets			
non-current	60.9	51.8	112.7
<i>thereof goodwill</i>	0.0	5.5	5.5
current	217.4	4.6	222.0
Liabilities and provisions			
non-current	27.1	0.0	27.1
current	153.8	0.0	153.8
<b>Acquired net assets</b>	<b>97.4</b>	<b>56.4</b>	<b>153.8</b>
<b>Purchase price</b>			<b>153.8</b>
<i>thereof paid in cash and cash equivalents</i>			<i>153.8</i>
Assumed net financial debt			53.6
<b>Transaction volume</b>			<b>207.4</b>

Acquired non-current assets relate with €29.6 million to customer relationships and with €6.3 million to the trade name. Goodwill primarily represents future earnings potential. BSS contributed €207.4 million to the Group's net sales for the six-month period and, including one-off effects from the purchase price allocation and real estate transfer tax, €18.4 million to the Group's net income. Consolidated sales would have been higher by €89.8 million and net income would have been higher by €4.3 million, if BSS had been consolidated since the beginning of the reporting period.

### Bläsi AG

In January, Klöckner & Co acquired, via its Swiss subsidiary Debrunner Koenig Holding AG, the distribution company Bläsi AG, located in Berne, Switzerland. With this acquisition the Swiss subsidiary now holds a leading position in the greater Berne area for water supply and building technology products. Bläsi's main customers are linked to the construction segment. With its two sites in the greater Berne area, Bläsi generated sales of approximately €32 million in 2008. Bläsi AG has been included in the Group's financial statements since January 2010.

The carrying amounts and fair value of the acquired assets and liabilities were as follows:

(€ million)	Carrying amounts and fair values as of initial consolidation date		
	Carrying amount	Adjustments	Fair value
Assets			
non-current	6.7	6.7	13.4
<i>thereof goodwill</i>	0.0	0.0	0.0
current	14.1	0.2	14.3
Liabilities and provisions			
non-current	1.2	1.3	2.5
current	2.6	1.2	3.8
<b>Acquired net assets</b>	<b>17.0</b>	<b>4.4</b>	<b>21.4</b>
<b>Purchase prices</b>			<b>21.4</b>
<i>thereof paid in cash and cash equivalents</i>			<b>21.4</b>

Bläsi AG contributed sales of €14.4 million and net income of €0.6 million to the consolidated financial statements since the initial consolidation in January 2010.

#### (4) SHARE-BASED PAYMENT

In 2006 the Group has established share-based payment programs. Eligible for share-based payment are Management Board members as well as certain members of the senior management. The Group's plans are cash-settled virtual stock option plans.

Under the Management Board programs a total of 602,700 (December 31, 2009: 667,800) virtual stock options are outstanding as of June 30, 2010. In addition to the Management Board program 122,000 (2009: 108,000) virtual stock options for 2010 were granted to certain members of the senior management in the six-month period. The exercise conditions are largely identical to the Management Board program with, however, lower maximum payouts for certain members of senior management. Furthermore, for certain members of the senior management the strike price calculation follows the calculation of the extended Management Board program. The 2010 grants do also account for waiting periods over several years.

The total number of outstanding rights developed as follows:

(Number of virtual stock options)	Management Board programs	Other executives	Total
<b>Outstanding at the beginning of the year</b>	<b>667,800</b>	<b>180,000</b>	<b>847,800</b>
Granted	0	122,000	122,000
Exercised	- 65,100	- 113,000	- 178,100
Forfeited	0	- 1,000	- 1,000
<b>Outstanding at the end of the reporting period</b>	<b>602,700</b>	<b>188,000</b>	<b>790,700</b>

During the six-month period, 178,100 (2009: 0) virtual stock options were exercised. Payments for share-based compensation amounted to €1.3 million (2009: €0.0 million). The pro rata provision for share-based payments to the Management Board and senior management amounted to €1.7 million (December 31, 2009: €2.9 million) with a total expense recognized of €0.2 million (2009: €1.4 million).

To limit expenses and cash flows for the granted and approved further grants of virtual stock options until and including the 2011 fiscal year, the Group entered into certain derivative financial instruments. The instruments are accounted for at fair value through profit or loss in accordance with IAS 39 (Financial Instruments: Recognition and Measurement).

The positive fair value changes of these instruments and settlements in the six-month period of 2010 amounted to €0.5 million (2009: €1.9 million), which was recorded in personnel expenses.

#### (5) EARNINGS PER SHARE

Earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of shares outstanding during the period. In accordance with IAS 33.41 (9,943 thousand shares) potential dilutive shares of the convertible bonds were not included in the computation of diluted earnings per share as they were anti-dilutive.

		HY1 2010	HY1 2009
Net income attributable to shareholders of Klöckner & Co SE	(€ thousand)	47,213	- 173,936
Weighted average number of shares	(thousands of shares)	66,500	46,500
<b>Basic earnings per share</b>	<b>(€/share)</b>	<b>0.71</b>	<b>- 3.74</b>
Diluted earnings per share	(€/share)	0.71	- 3.28

(6) INVENTORIES

(€ million)	June 30, 2010	December 31, 2009
Cost	935.4	641.9
Valuation allowance (net realizable value)	-55.1	-71.0
<b>Inventories</b>	<b>880.3</b>	<b>570.9</b>

(7) FINANCIAL LIABILITIES

(€ million)	June 30, 2010	December 31, 2009
<b>Non-current financial liabilities</b>		
Bonds	369.9	360.9
Liabilities to banks	254.4	230.6
Promissory notes	144.3	0.0
Liabilities under ABS programs	112.4	20.7
Finance lease liabilities	5.8	6.5
	<b>886.8</b>	<b>618.7</b>
<b>Current financial liabilities</b>		
Bonds	4.9	5.4
Liabilities to banks	74.9	44.5
Promissory notes	1.0	0.0
Liabilities under ABS programs	0.1	0.1
Finance lease liabilities	1.7	2.2
	<b>82.6</b>	<b>52.2</b>
<b>Financial liabilities as per consolidated balance sheet</b>	<b>969.4</b>	<b>670.9</b>

Net financial debt developed as follows:

(€ million)	June 30, 2010	December 31, 2009
<b>Financial liabilities as per consolidated balance sheet</b>	<b>969.4</b>	<b>670.9</b>
Transaction cost	11.3	6.0
<b>Gross financial liabilities</b>	<b>980.7</b>	<b>676.9</b>
Liquid funds	-735.9	-826.5
<b>Net financial debt Klöckner &amp; Co Group</b>	<b>244.8</b>	<b>-149.6</b>

**European ABS**

As of April 1, 2010 the European ABS program was renewed. The volume remained at a maximum of €420 million, while the number of participating banks was reduced from four to three banks. Maturity was extended to two years.

### Promissory notes

In the second quarter of 2010, Klöckner & Co issued promissory notes of €145 million based on a simple standard documentation under the same financial covenants as the syndicated loan. The maturity varies between three and five years. Of the total volume, €39 million are fixed coupon instruments and €106 million bear variable interest rates.

### Syndicated loan

The syndicated loan due in May 2011 received an early extension and its volume was increased from €300 million to €500 million. The modified agreement was signed on May 28, 2010 and came into effect on June 7, 2010. The credit facility is provided by 13 banks and has a maturity of three years with a one-year extension allowance. The balance sheet-oriented financial covenant concept introduced in 2009 was maintained.

## (8) SUBSEQUENT EVENTS

There are no subsequent events that would require further disclosure in the notes to the condensed interim financial statements.

## (9) SEGMENT REPORTING

	North America		Europe		Headquarters/ Consolidation		Total	
(€ million)	2010	2009	2010	2009	2010	2009	2010	2009
Segment sales	426.9	373.3	2,038.2	1,680.8	0.0	0.0	2,465.1	2,054.1
EBITDA (segment result)	21.8	-56.3	117.7	-90.2	-10.0	-16.1	129.5	-162.6
EBIT	9.6	-69.4	89.8	-110.0	-10.6	-17.7	88.8	-197.1
Net working capital June 30, 2010 (December 31, 2009)	166.4	95.9	905.8	541.0	0.3	-0.1	1,072.5	636.8
Employees as of June 30, 2010 (December 31, 2009)	1,213	1,216	8,163	7,708	116	108	9,492	9,032

Duisburg, August 11, 2010

Klöckner & Co SE

Management Board

## Review report

To Klöckner & Co SE, Duisburg

We have reviewed the condensed interim consolidated financial statements - comprising the income statement, statement of recognized income and expenses, balance sheet, cash flow statement, statement of changes in equity and selected explanatory notes - together with the interim group management report of the Klöckner & Co SE, Duisburg, for the period from January 1 to June 30, 2010 that are part of the semi annual (or quarterly financial report) according to § 37 w 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.

Düsseldorf, August 11, 2010

KPMG AG

Wirtschaftsprüfungsgesellschaft

Philippi

Michels-Scholz

Wirtschaftsprüfer

Wirtschaftsprüfer

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## Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Duisburg, August 11, 2010

Klöckner & Co SE

ManagementBoard

Gisbert Rühl  
Chairman  
of the Management Board

Ulrich Becker  
Member  
of the Management Board

## FINANCIAL CALENDAR

November 10, 2010	Q3 interim report 2010
March 8, 2011	Annual Financial Statements 2010 Press conference Analyst conference
May 11, 2011	Q1 interim report 2011
May 20, 2011	Annual General Meeting 2011, Düsseldorf, Germany
August 10, 2011	Q2 interim report 2011
November 9, 2011	Q3 interim report 2011

Subject to subsequent changes

## CONTACT

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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.