



Klöckner & Co SE

A Leading Multi Metal Distributor



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CEO/CFO

Q1 2010 Results

Analysts' and Investors' Conference Call

May 12, 2010

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- Fluctuation in international currency exchange rates as well as changes in the general economic climate
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01 Highlights Q1 2010 and until today

- First yoy improvements since beginning of the crisis for almost all key indicators
- Sequential improvement in volumes and EBITDA during Q1 with ramp up in March
- Breakeven at net income level
- Acquisitions of Becker Stahl-Service and Bläsi completed
- Capital basis further strengthened with placement of €145m Promissory Notes
- European ABS financing extended by another 2 years
- Standard & Poor's confirmed it's BB rating and changed outlook to stable
- Promising start into Q2 with further increasing volumes and prices
- Sales guidance revised from more than 20% to more than 25% growth



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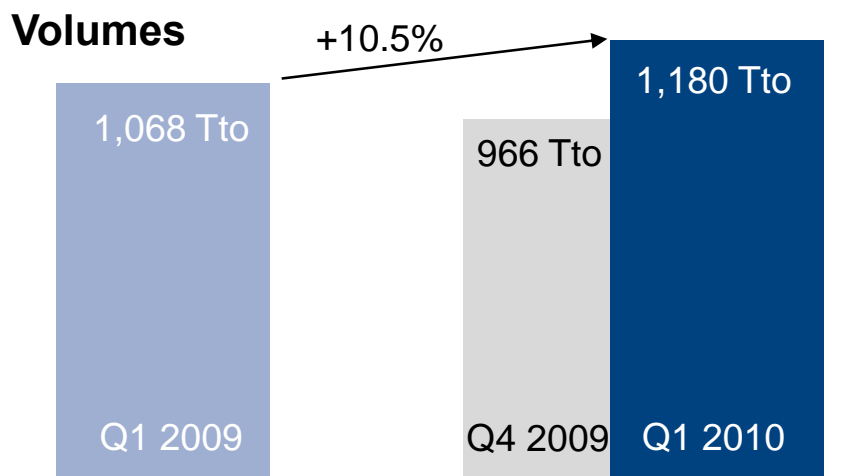
04

Appendix

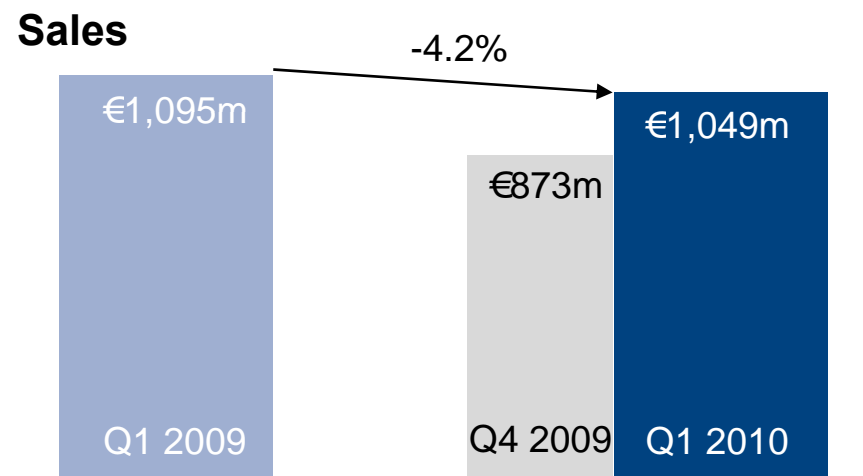


02 Financials Q1 2010

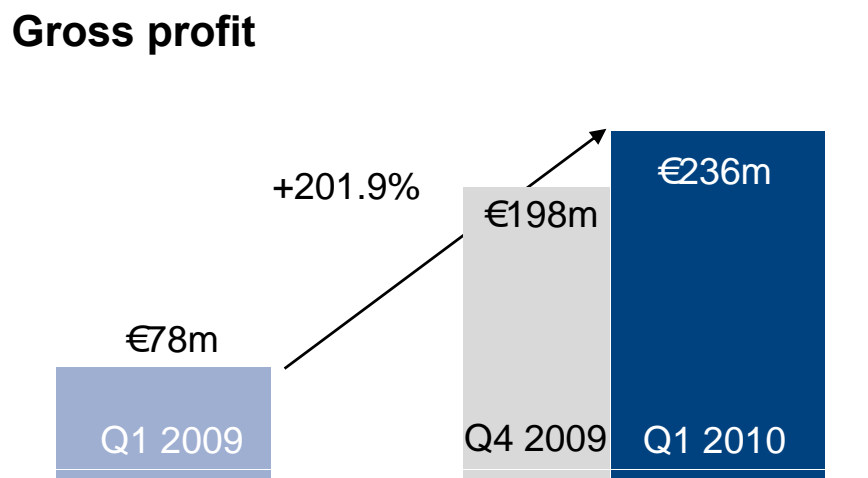
Volumes



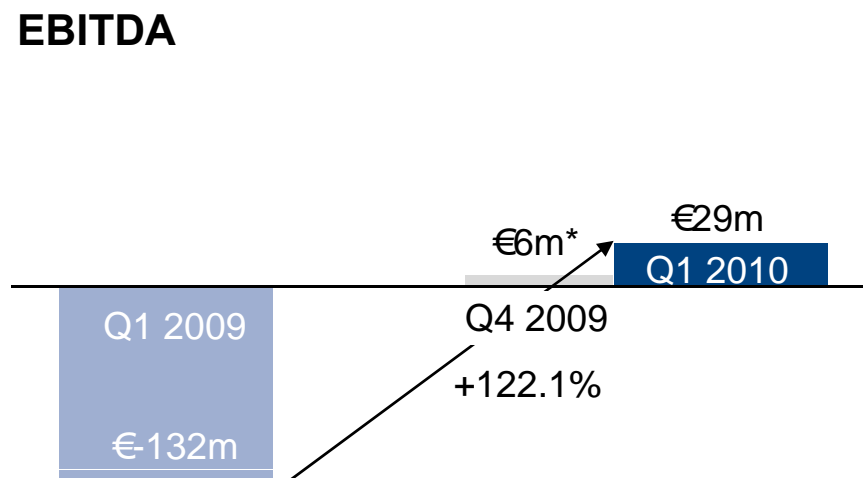
Sales



Gross profit

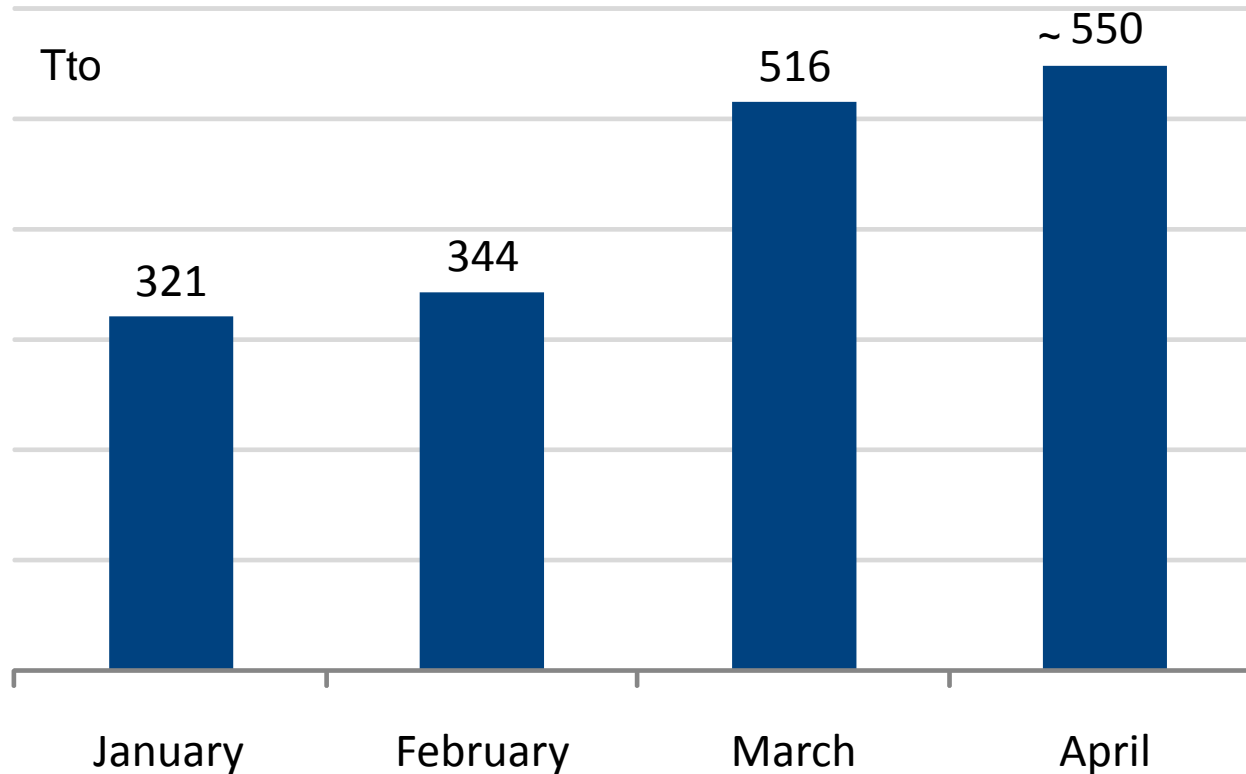


EBITDA



* adj. for cartel fine reduction





Comments

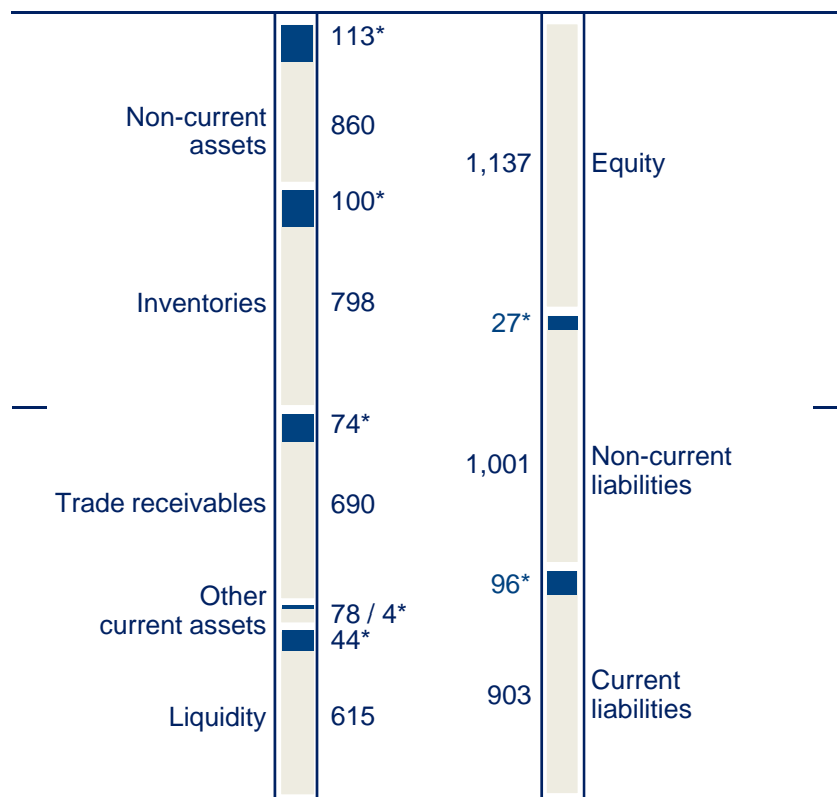
- Strong demand pickup in March due to favorable weather conditions, pre-buying and recovery in several industries
 - BSS contribution of 83Tto in March
 - April as a promising start into Q2
-
- Average selling price per ton increased accordingly during the quarter showing ability to pass on announced price increases by the mills



02 Balance sheet as of Mar. 31, 2010

Q1 2010

€3,040.7m



*BSS proportion, transaction volume offset against Group liquid funds (€207m)

Comments

- Equity ratio at 37%

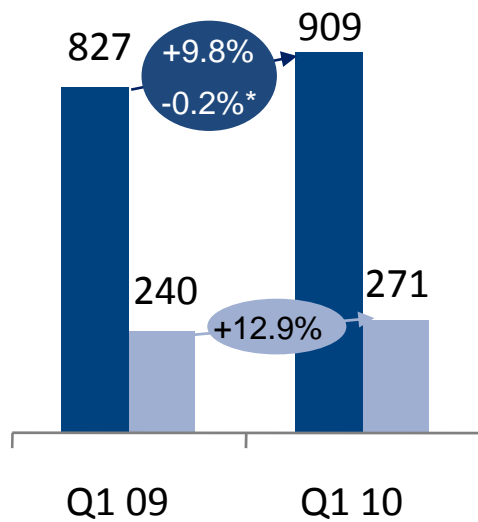
Impact of BSS integration (purchase price allocation as of March 1, 2010):

- Non-current assets include additions to intangible assets (customer relations, trade name) of €35.7m and goodwill of €5.6m as well as property, plant and equipment of €69.6m
- Net working capital contribution of €115.3m
- Transaction volume €207m
- D&A for the Group will increase in 2010 by ~€20m (incl. PPA BSS) and thereafter annual run rate ~€10m

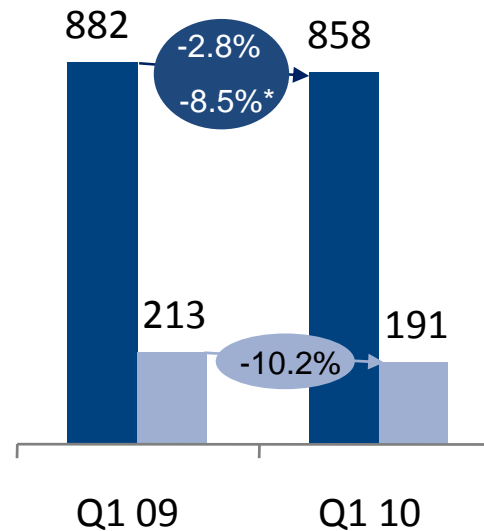


02 Segment performance Q1 2010

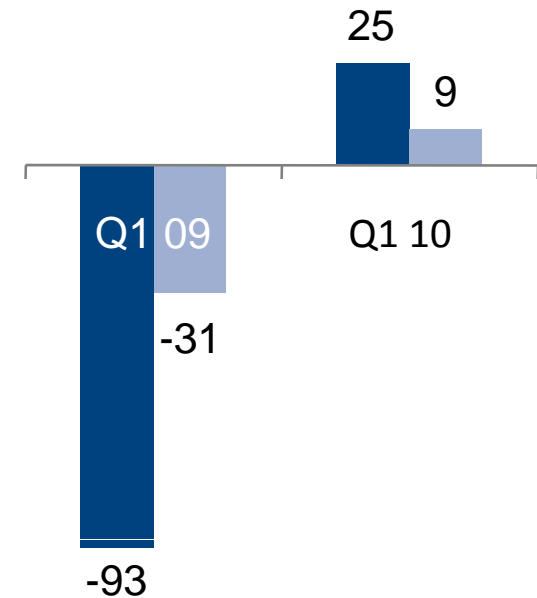
Volumes (Tto)



Sales (€m)



EBITDA (€m)

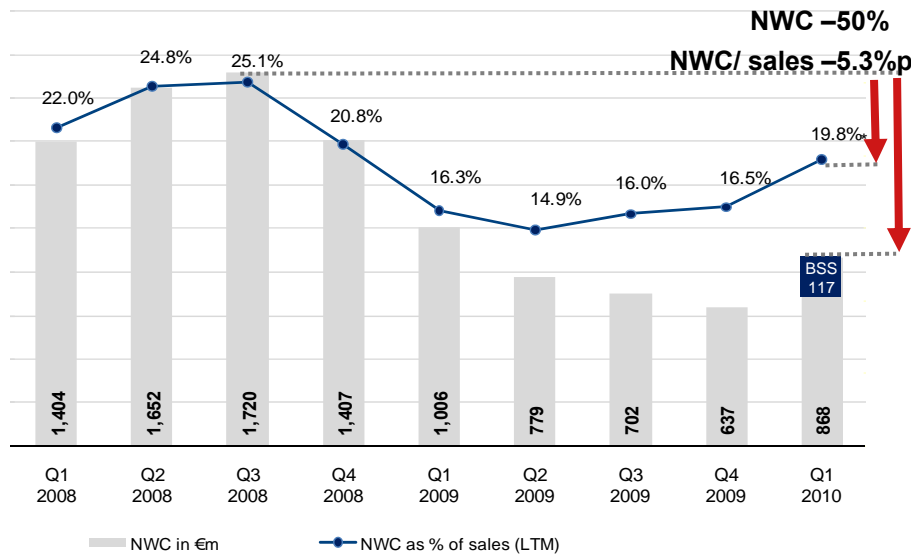


■ Europe
■ North America

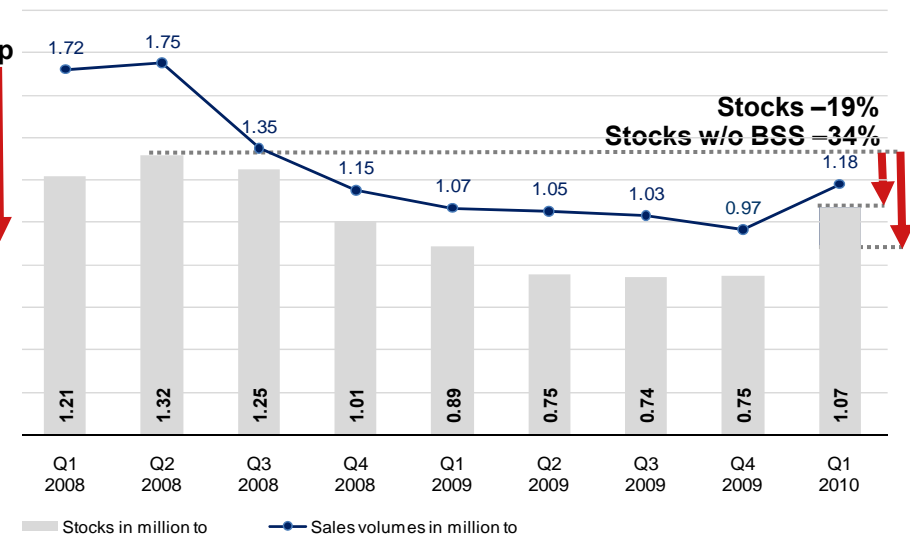
* without BSS



NWC and NWC as % of sales



Stocks and sales volumes



- NWC/ sales ratio still not above maximum target level of 20% despite opportunistic inventory build-up with orders dated back to December

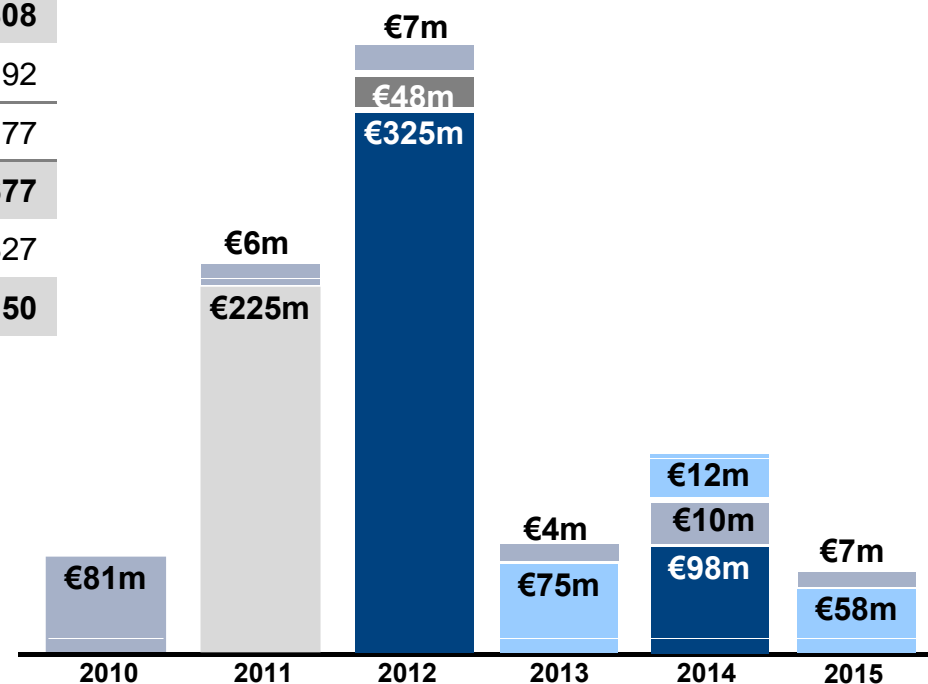
* adj. for acquisitions



€m Facility	Committed	Drawn amount	
		Q1 2010	FY 2009
Bilateral Facilities ¹⁾	480	115	62
ABS	510	48	21
Syndicated Loan	300	225	225
Promissory Notes	145	x	x
Total Senior Debt	1,435	388	308
Convertible 2007 ²⁾	325	297	292
Convertible 2009 ²⁾	98	79	77
Total Debt	1,858	764	677
Cash		614	827
Net Debt		150	-150

- Bilaterals incl. lease
- Convertibles
- Syndicated Loan
- ABS
- Promissory Notes

Current maturity profile of drawn amounts

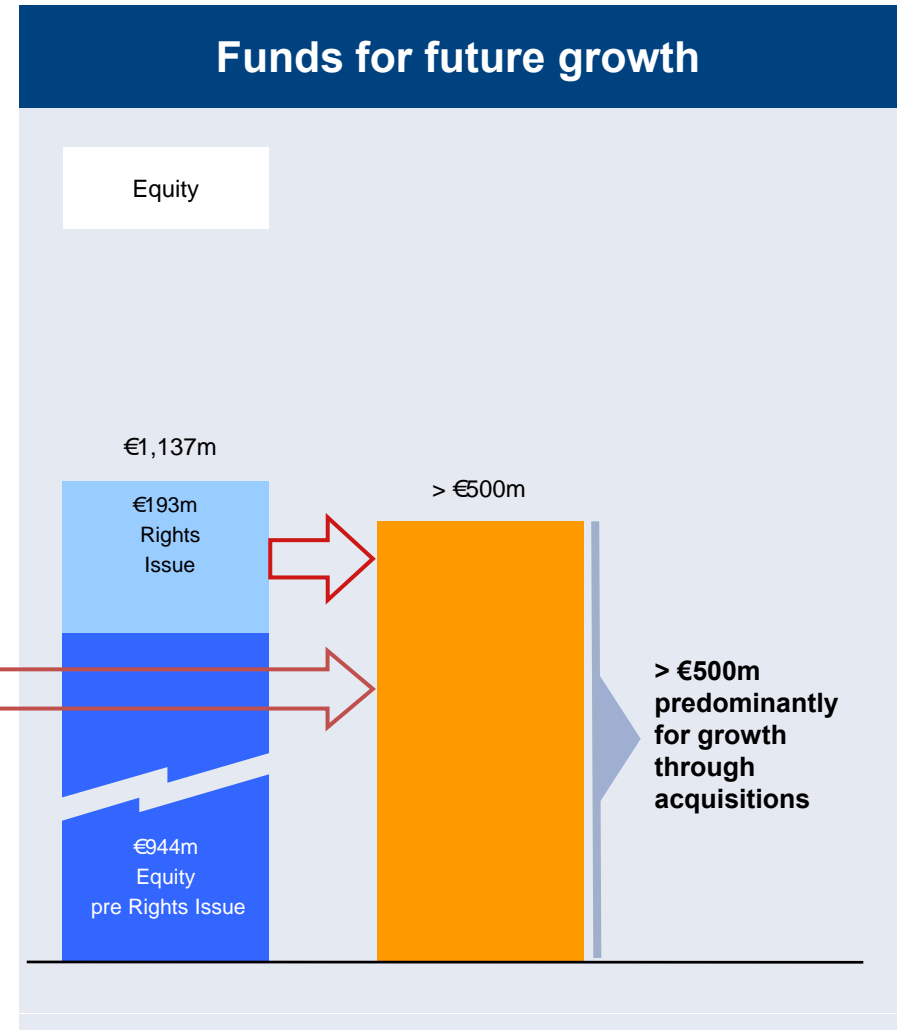
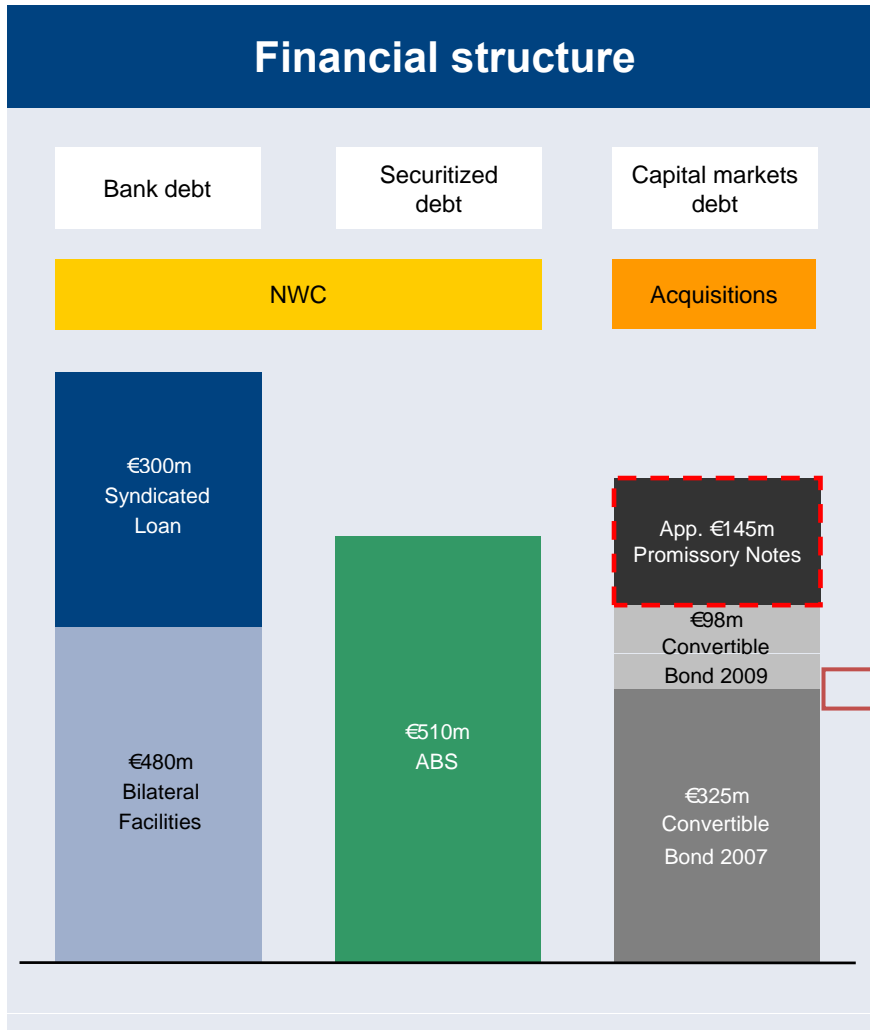


- Additional flexibility through renegotiated covenants, which are free of performance measures
- Improved maturity profile due to:
 - Placement of Promissory Notes in April and May
 - Extension of maturity for European ABS for 2 years

¹ Including financial leases

² Drawn amount excludes equity component





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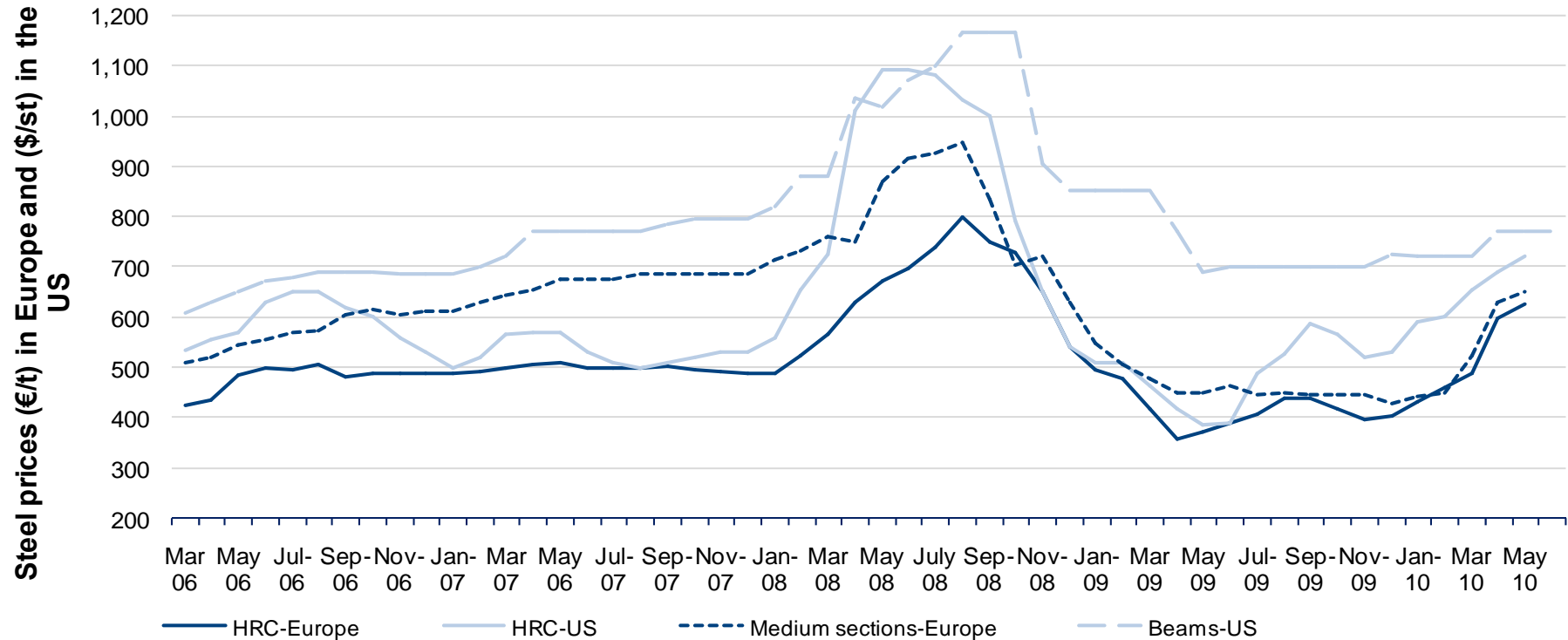
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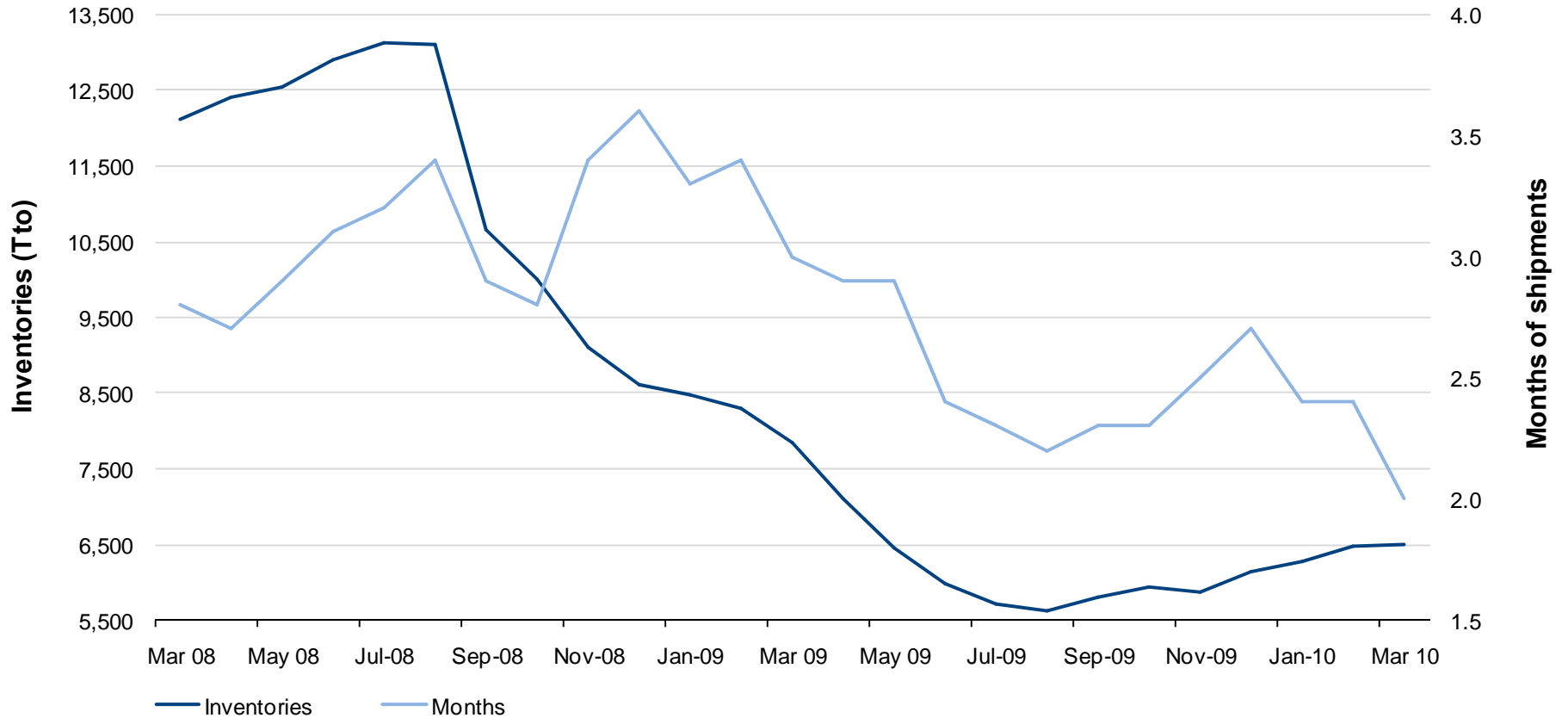




- Steel prices are globally rising into Q2, but further price increases could be short while with price risks in H2
- Iron ore and coking coal prices shifted cost curve of production significantly and lift the floor for potential softening in steel prices

Source: SBB

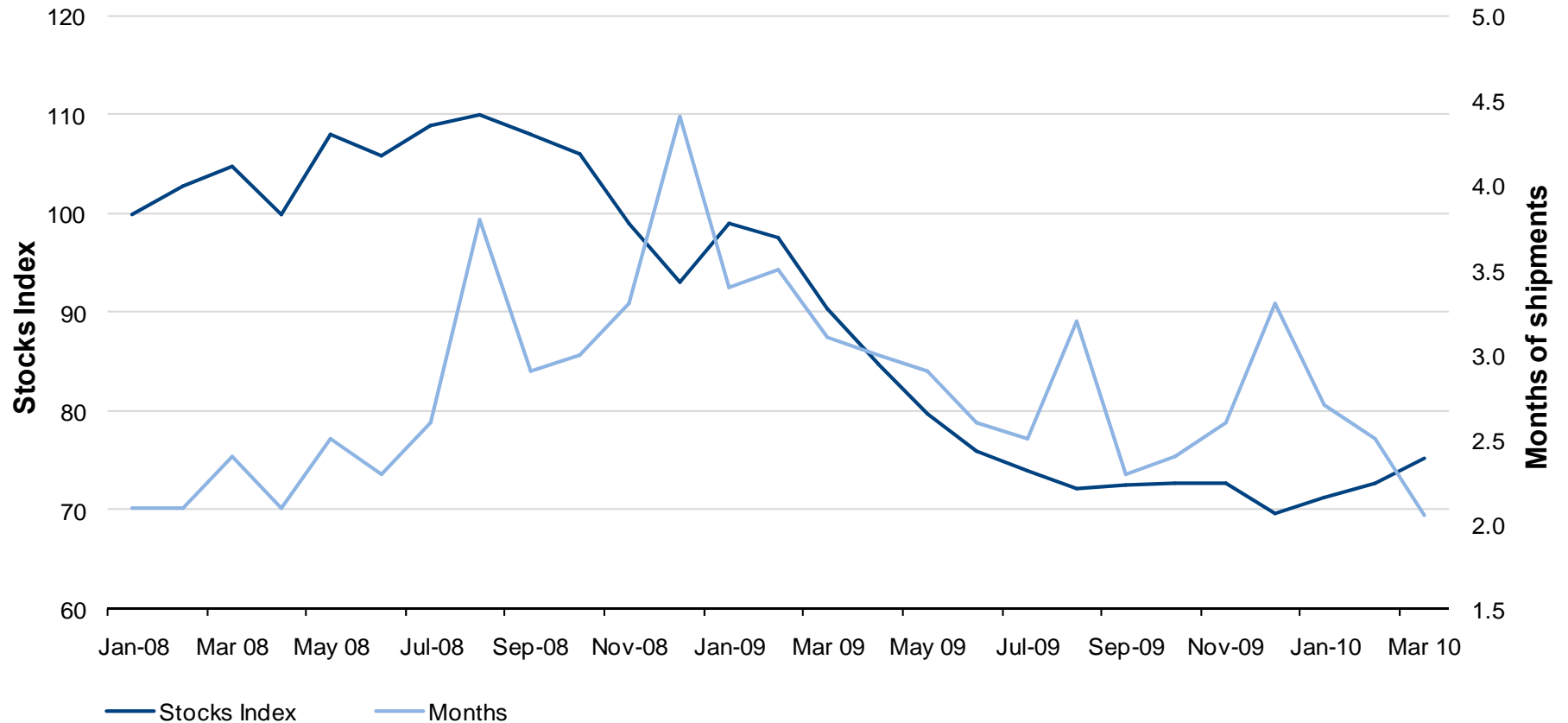




- Still comparatively low inventories throughout the supply chain leave room for technical demand increase, but not expected to reach pre-crisis levels

Source: Metals Service Center Institute





- Also in Europe significant restocking has not yet begun with months of shipments going down to lows in March

Source: Eurometal, Stocks Index 100 = average 2007



03 We stick to our longterm targets

Financials

Financial Targets

	Target	Actual 2006
Underlying sales growth	> 10% p.a	11%
Underlying EBITDA margin	> 6%	7.1%
Leverage (Net financial debt/EBITDA)	< 3.0x	0.9x
Gearing (Net financial debt/Equity)	< 150%	50%

Roadshow presentation April 2006

Challenging financial targets throughout the cycle



Underlying sales growth > 10% p.a. Starting 2010

Underlying EBITDA-margin > 6% Starting 2011

Gearing (Net financial debt/ Equity) < 75% Revised



- April gives a promising start into Q2 with volumes above March levels showing demand increase across the board
- Q2 expected to deliver significantly higher results than Q1 due to price and volume trends
- Risk of softening prices in H2 if real demand is not picking up to support utilization of the mills
- Sales to grow by more than 25% (before >20%) including acquisition impact with only limited contribution from real demand but normalization of customers' stock levels and higher prices
 - Automotive: Europe so far strong but risk of decline in H2
 - Machinery & Equipment: high order entry should translate into demand in H2 esp. in Germany
 - Construction: no recovery expected neither in the US nor in Europe
- Significant positive EBITDA in 2010 but not back to target margin of 6%
- Still more than €500m available for acquisitions to further drive consolidation



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Financial calendar 2010

May 26, 2010:	Annual General Meeting
August 11, 2010:	Q2/H1 interim report 2010
November 10, 2010:	Q3 interim report 2010

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(€m)	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005*
Volume (Ttons)	1,180	966	1,033	1,053	1,068	1,151	1,348	1,755	1,720	4,119	5,974	6,478	6,127	5,868
Sales	1,049	873	934	959	1,095	1,394	1,773	1,922	1,660	3,860	6,750	6,274	5,532	4,964
Gross profit	236	198	208	161	78	173	391	462	340	645	1,366	1,221	1,208	987
% margin	22.5	22.6	22.3	16.8	7.1	12.4	22.0	24.0	20.5	16.7	20.2	19.5	21.8	19.9
EBITDA	29	83	11	-31	-132	-133	413	212	109	-68	601	371	395	197
% margin	2.8	9.5	1.2	-3.2	-12.0	-9.6	23.3	11.0	6.6	-1.8	8.9	5.9	7.1	4.0
EBIT	11	26	-7	-48	-149	-152	395	197	93	-178	533	307	337	135
Financial result	-15	-16	-14	-15	-16	-18	-18	-17	-17	-62	-70	-97	-64	-54
Income before taxes	-4	9	-21	-63	-165	-171	378	180	76	-240	463	210	273	81
Income taxes	6	3	-2	16	38	29	-30	-55	-24	54	-79	-54	-39	-29
Net income	2	12	-23	-47	-127	-141	348	125	52	-186	384	156	235	52
Minority interests	1	3	0	1	-2	-15	-4	3	2	3	-14	23	28	16
Net income KlöCo	1	9	-23	-48	-126	-126	352	122	51	-188	398	133	206	36
EPS basic (€)	0.02	0.56	-0.42	-1.04	-2.70	-2.72	7.56	2.63	1.09	-3.61	11.28	2.87	4.44	-
EPS diluted (€)	0.02	0.56	-0.42	-0.85	-2.43	-2.44	7.01	2.48	1.06	-3.61	10.60	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 Mar. 31, 2010

(€m)	Mar. 31, 2010	Dec. 31, 2009
Non-current assets	860	712
Inventories	798	571
Trade receivables	690	464
Cash & Cash equivalents	615	827
Other assets	78	139
Total assets	3,041	2,713
Equity	1,137	1,123
Total non-current liabilities	1,001	927
thereof financial liabilities	668	619
Total current liabilities	903	663
thereof trade payables	620	398
Total equity and liabilities	3,041	2,713
Net working capital	868	637
Net financial debt	150	-150

Comments

Shareholders' equity:

- Decreased from 41% to 37% due to BSS
- Would be at 47% if cash would be used for debt reduction

Financial debt:

- Gearing at 13%
- 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

(€m)	Q1 2010	Q1 2009
Operating CF	29	-136
Changes in net working capital	-96	414
Others	7	-17
Cash flow from operating activities	-60	261
Inflow from disposals of fixed assets/others	1	5
Outflow from acquisitions	-124	0
Outflow from investments in fixed assets/others	-4	-10
Cash flow from investing activities	-127	-5
Changes in financial liabilities	34	-106
Net interest payments	-2	-5
Repayments of shareholder loan BSS	-58	0
Cash flow from financing activities	-26	-111
Total cash flow	-214	145

Comments

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



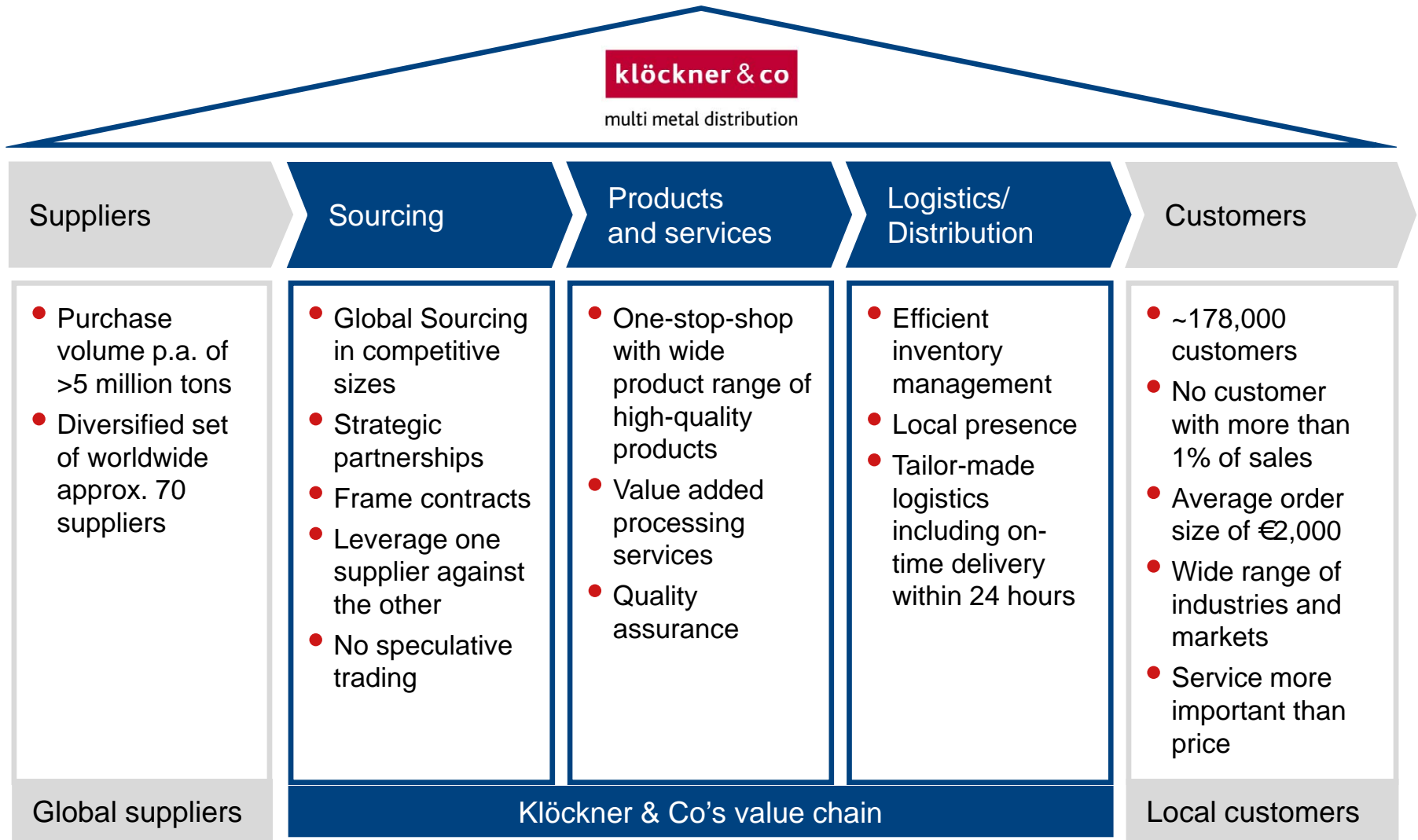
04 Segment performance Q1 2010

(€m)	Europe	North America	HQ/ Consol.	Total
Volume (Ttons)				
Q1 2010	909	271	-	1,180
Q1 2009	827	240	-	1,068
Δ %	9.8	12.9	-	10.5
Sales				
Q1 2010	858	191	-	1,049
Q1 2009	882	213	-	1,095
Δ %	-2.8	-10.2	-	-4.2
EBITDA				
Q1 2010	25	9	-5	29
<i>% margin</i>	2.9	4.8		2.8
Q1 2009	-93	-31	-8	-132
<i>% margin</i>	-10.5	-14.5		-12.0
Δ % EBITDA	-126.4	-129.5		-122.1

Comments

- Excl. BSS Europe would have been stable in volumes and total would be at 2.8% yoy
- Sales still negative yoy due to lower average prices
- Without BSS total sales would be -8.9% yoy



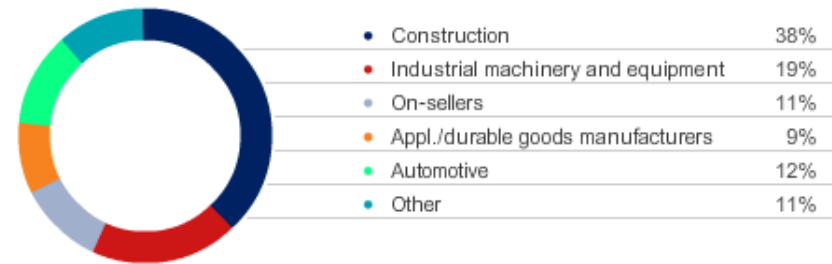


04 Klöckner & Co at a glance

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 split by industry



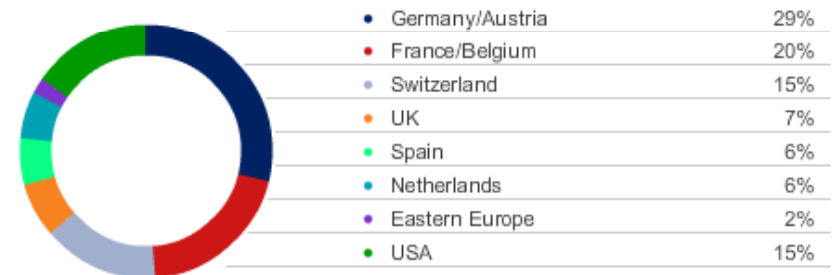
as of December 2009

Sales split by product



as of December 2009

Sales split by markets



as of December 2009

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



Geographical breakdown of identified institutional investors



as of March 2010

Comments

- Identified institutional investors account for 59%
- UK based investors dominate (Franklin remains Klöckner's biggest investor with 9.41% of the total shares outstanding)
- Top 10 shareholdings represent around 27%
- Retail shareholders represent 22%
- 100% free float



