Klöckner & Co SE

A Leading Multi Metal Distributor

Gisbert Rühl

CEO/CFO

Roadshow MainFirst

Boston

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Agenda

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01 Klöckner & Co at a glance

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

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Suppliers	Sourcing	Products and services	Logistics / distribution	Customers
• As a producer-independent distributor, our customers benefit from our diverse national and international procurement options	• Procurement of large quantities • Strategic partnerships	• Extensive product range • Excellent product and processing quality • Wide-ranging service provision	• Local presence • Individual delivery, including 24-hour-service	• More than 170,000 customers • Average normal order size approx. €2,000

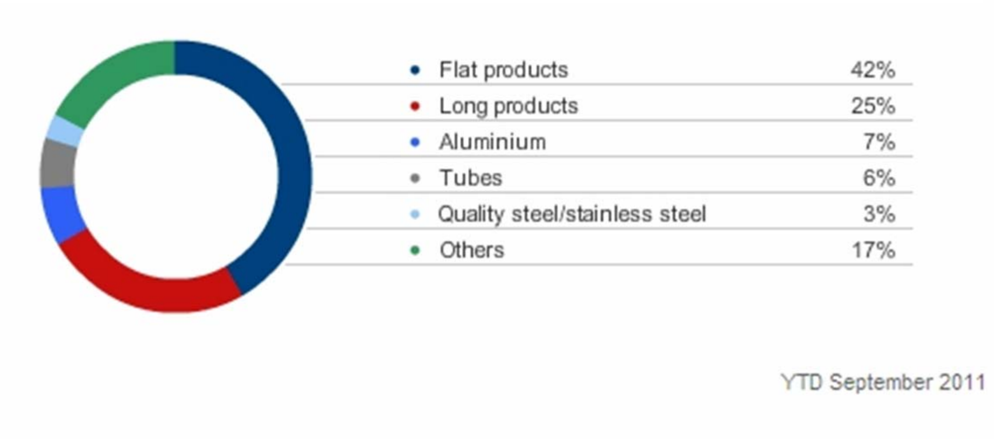
Klöckner & Co value chain

Holistic solution from covering procurement, logistics and processing

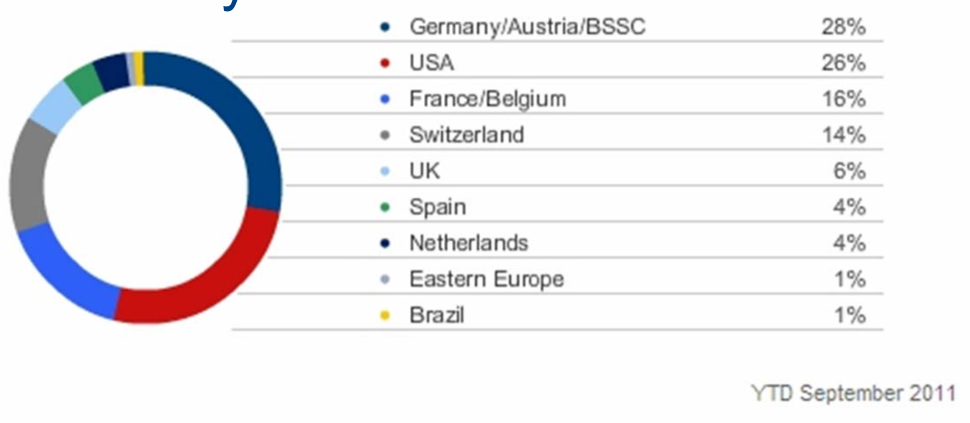
Sales by industry

- 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



Sales by markets

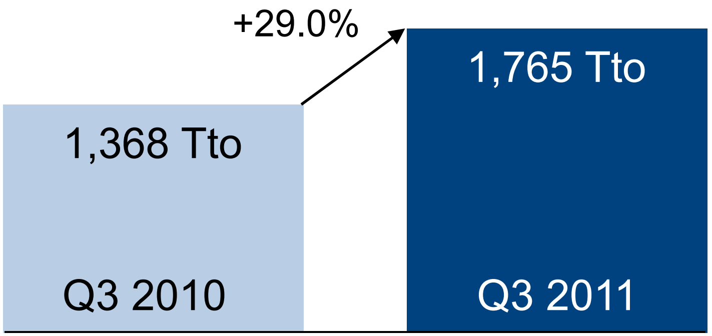


Agenda

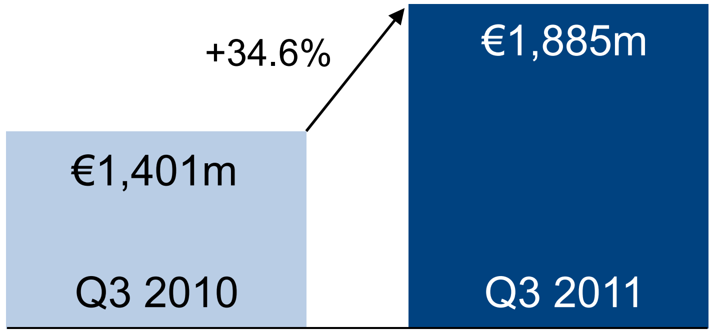
02 Overview Q3 2011

- Quarter impacted as expected by ongoing macroeconomic fears and further price deterioration especially in Europe
- Organic sales volumes in Q3 still above last year (+2.6%) due to the US (+18.6%) vs. Europe (-1.6%)
- EBITDA of €37m (1.9% margin) in Q3 due to further gross margin contraction (16.8%)
- Cash flow from operating activities of €58m due to NWC release to reflect current market environment
- Bill Partalis appointed as new board member for segment Americas
- Early anticipation of slowdown: Klöckner & Co launched profitability action plan targeting 1%p EBITDA-margin contribution
- First SSC in China now operating
- Full year guidance of >25% sales volumes growth confirmed, sales expected to grow >35%

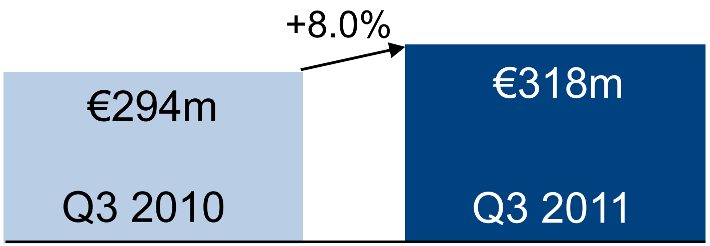
Sales volumes



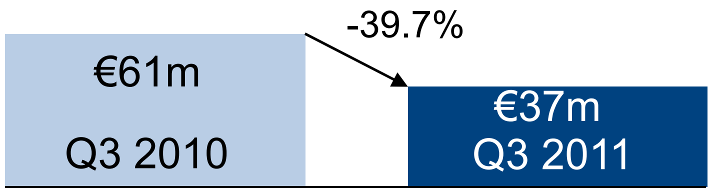
Sales



Gross profit

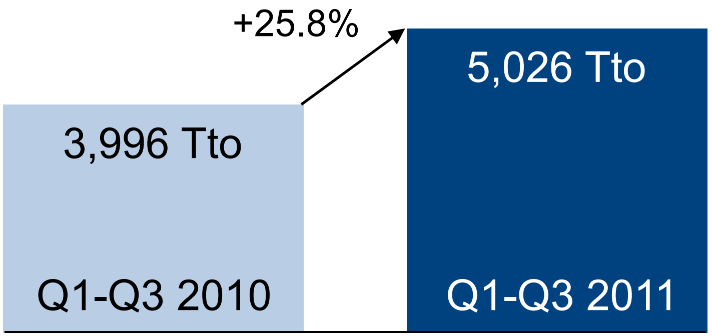


EBITDA

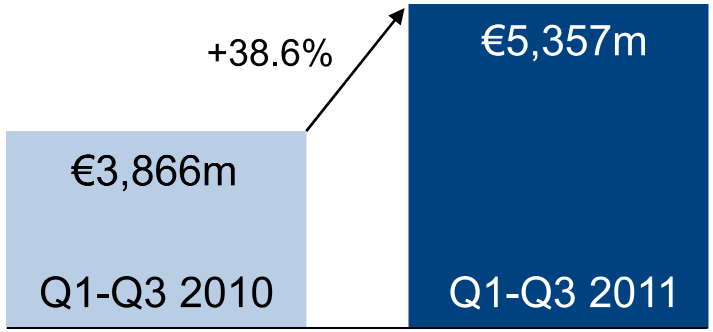


02 Key financials first 9 months 2011

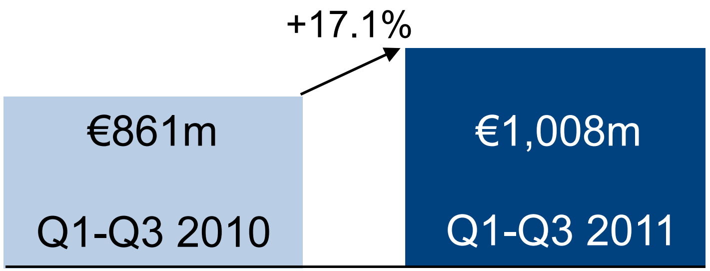
Sales volumes



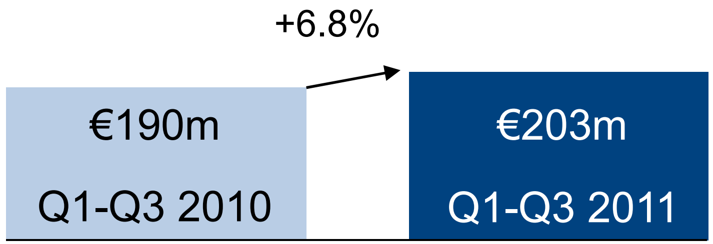
Sales



Gross profit

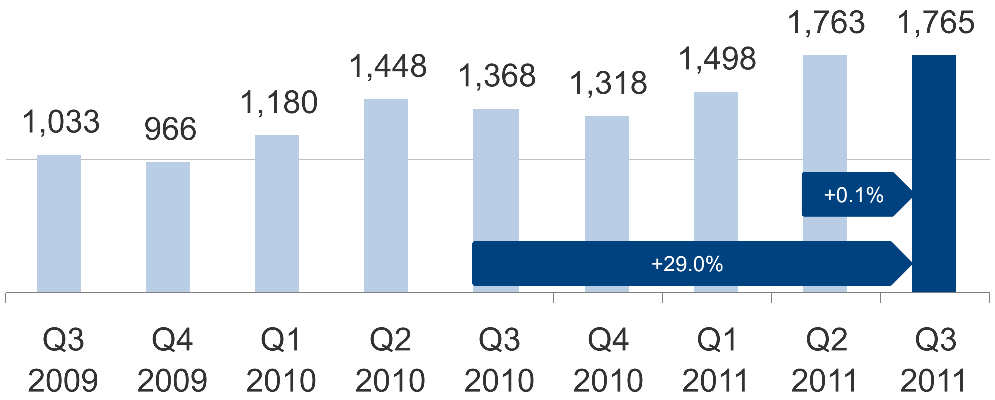


EBITDA

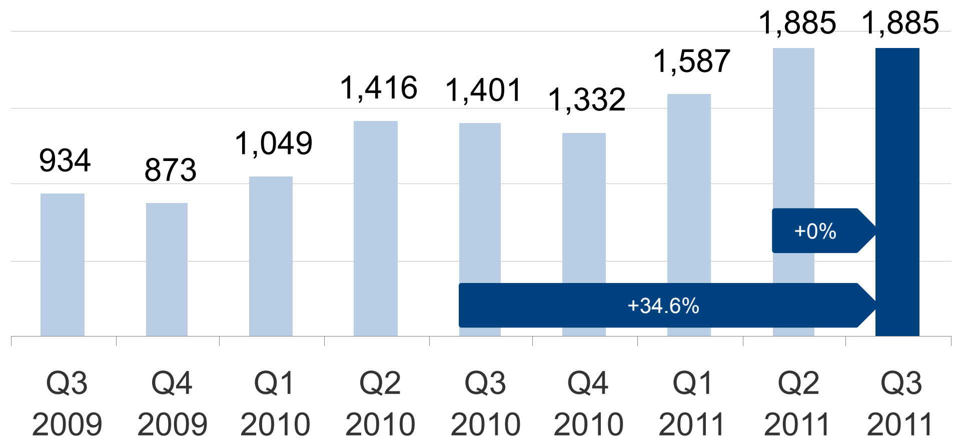


02 Sales volumes and sales

Sales volumes (Tto)

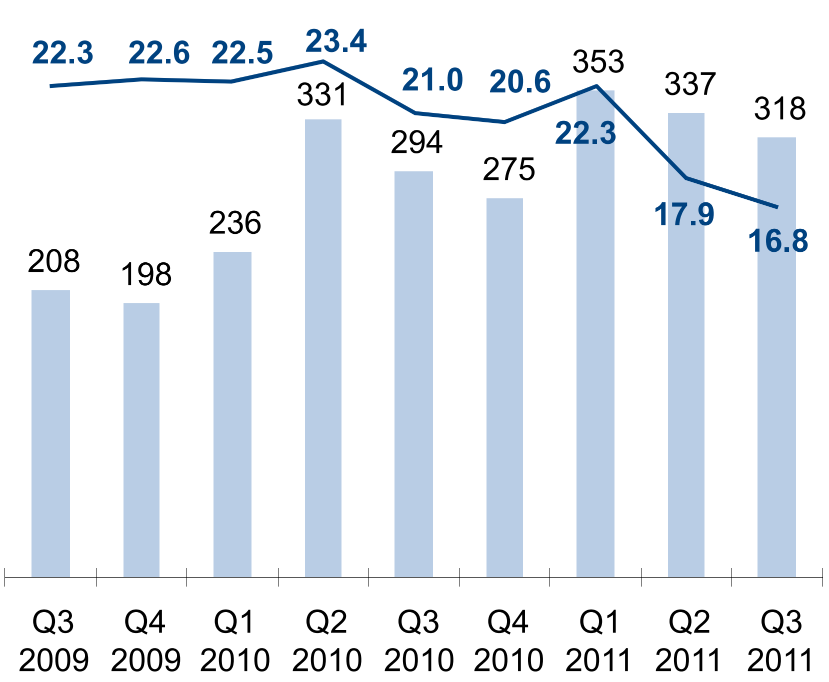


Sales (€m)

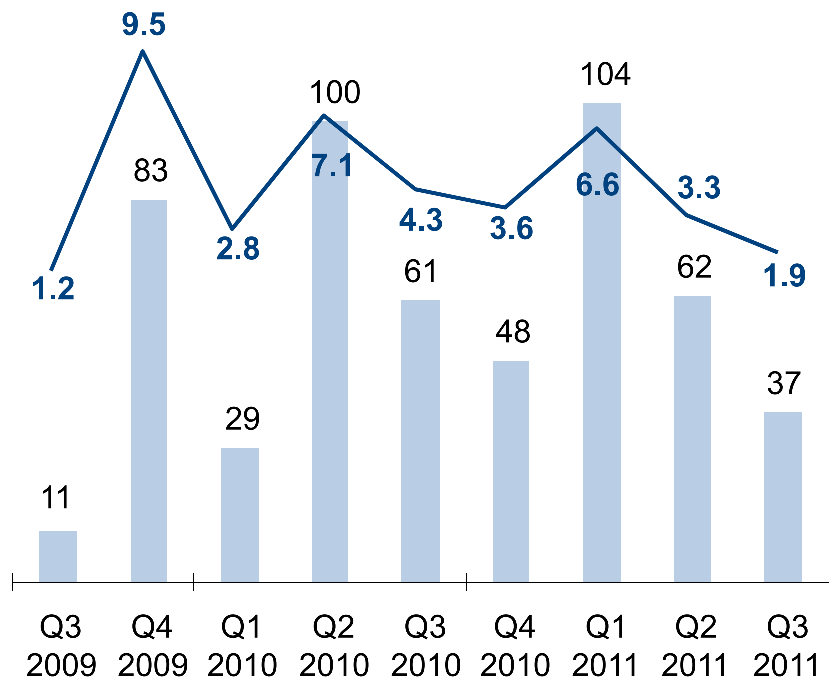


02 Gross profit and EBITDA

Gross profit (€m)/ Gross-margin (%)



EBITDA (€m)/ EBITDA-margin (%)



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

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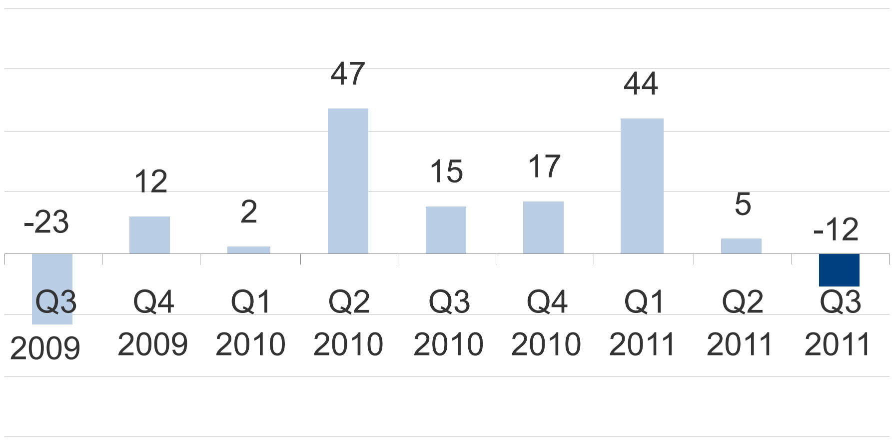
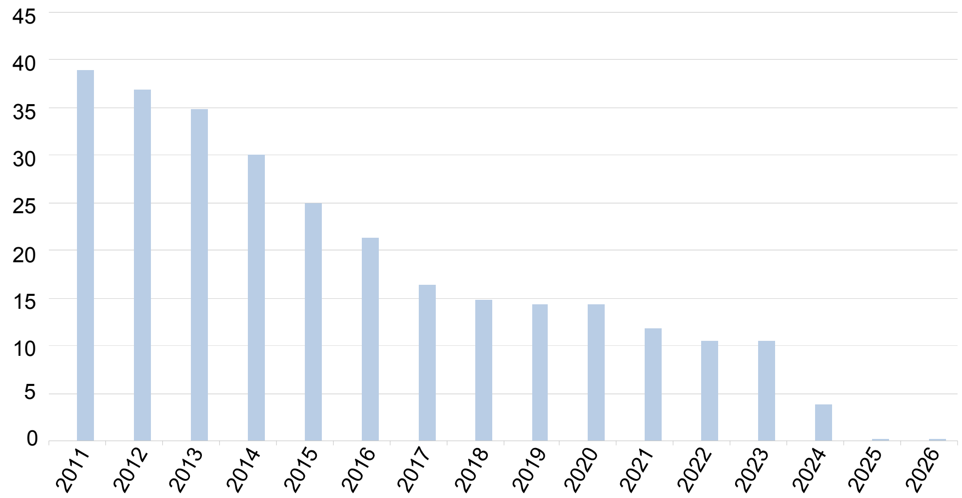
Net income and PPA maturity profile

Net income (€m)



Expected PPA effects on D&A (intangibles)

in €m

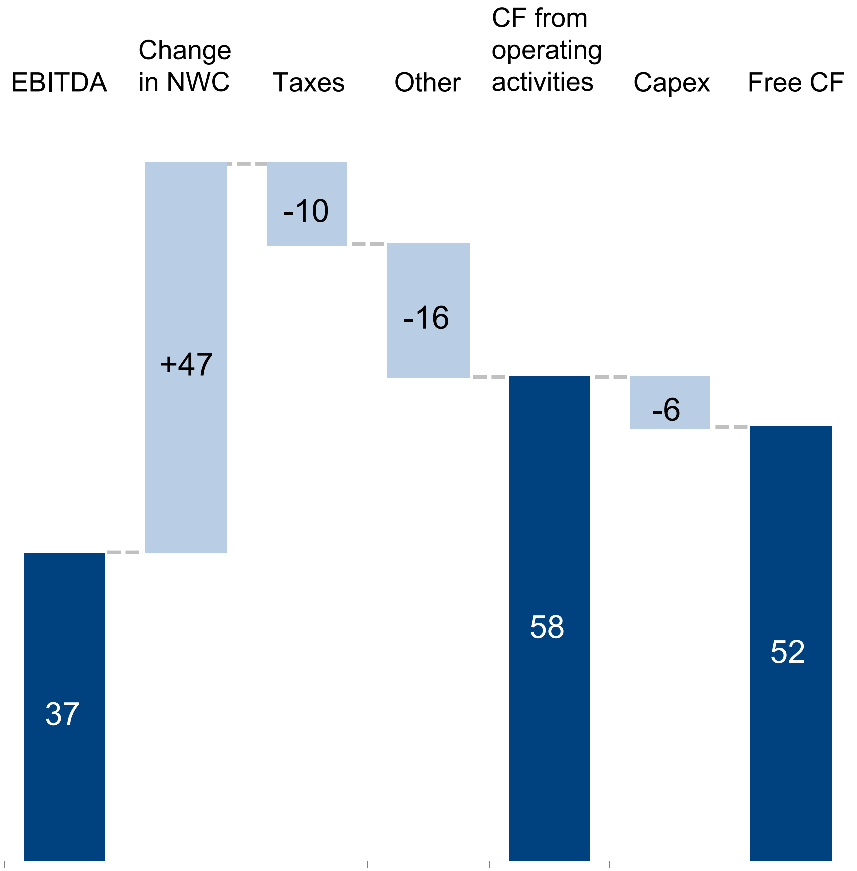


- D&A in Q3 is €29m, whereof €12m is ppa related (intangibles)
- Expected ppa effect in FY 2011 is €39m

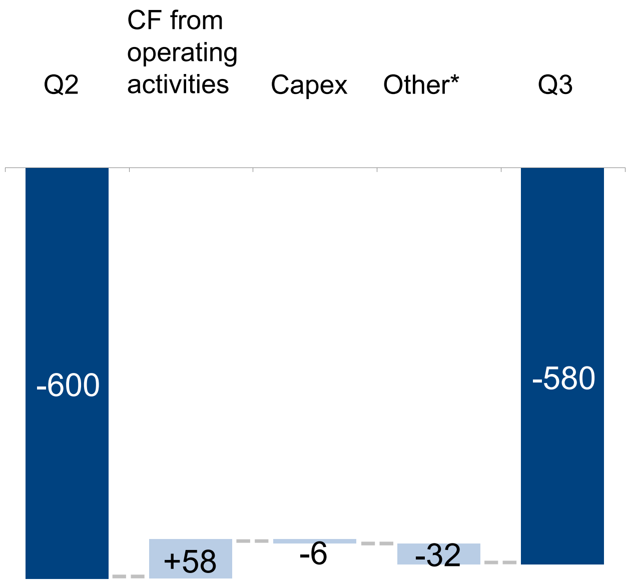
- In general, due to purchase accounting, ppa on intangibles will have a longlasting effect on D&A

02 Cash flow predominantly impacted by NWC release

Cash flow reconciliation in Q3 (€m)



Development of net financial debt in Q3 (€m)

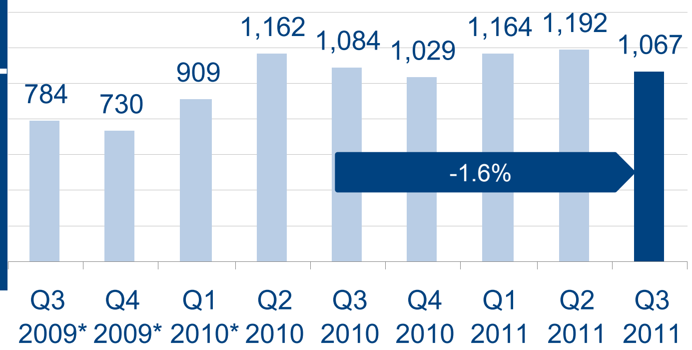


* exchange rate effects, interest

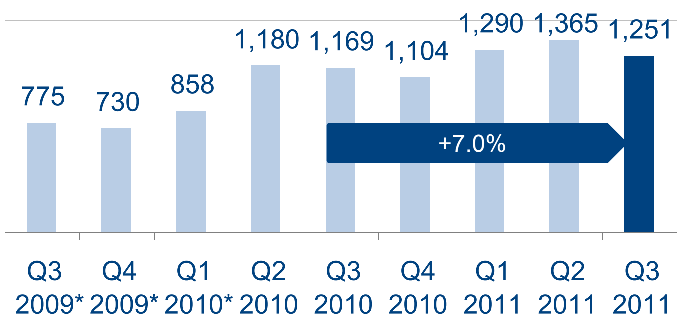
02 Segment performance Q3 2011

Europe

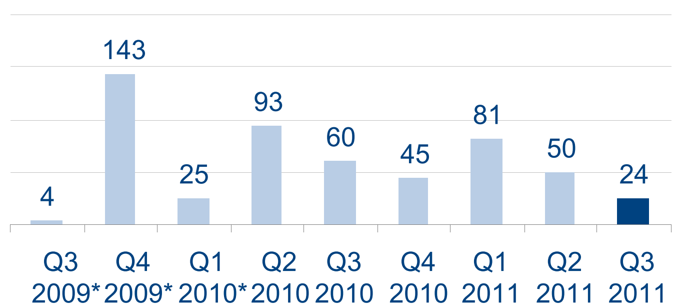
Volumes (Tto)



Sales (€m)

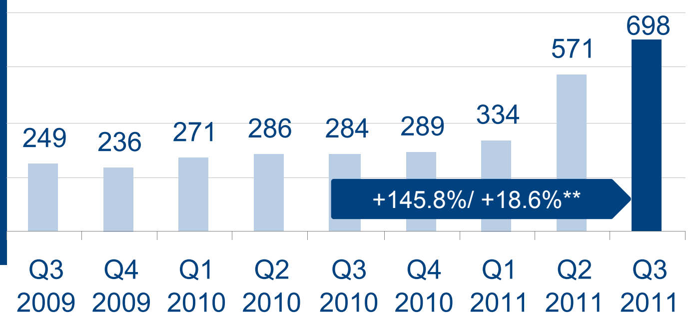


EBITDA (€m)

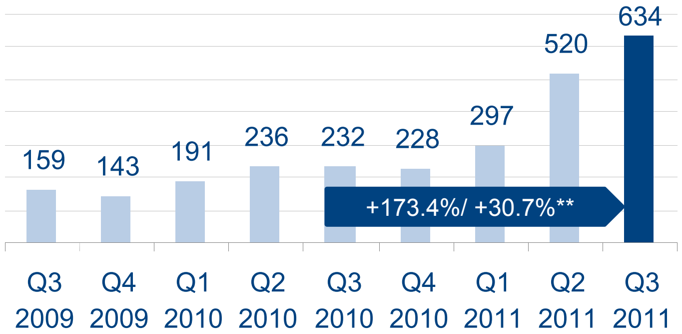


Americas

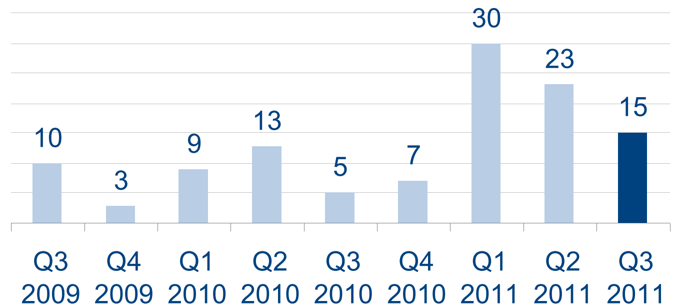
Volumes (Tto)



Sales (€m)



EBITDA (€m)



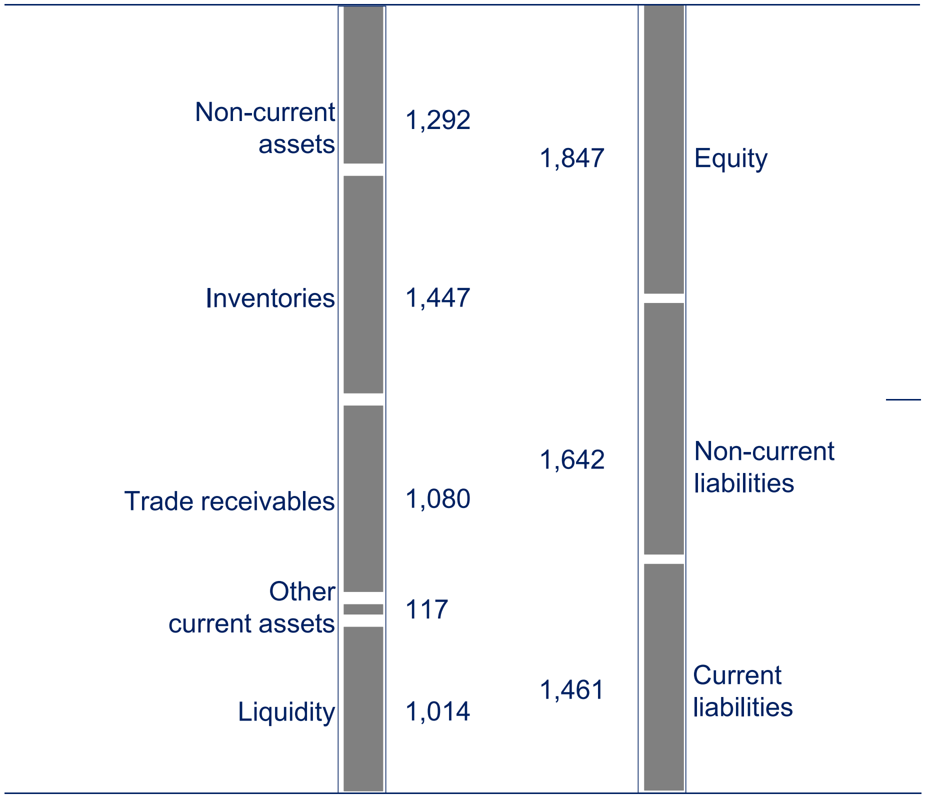
*Consolidation of BSS as of March 1, 2010

** Without acquisitions in 2011

02 Balance sheet as of September 30, 2011

Q3 2011 (in €m)

€4,950m



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

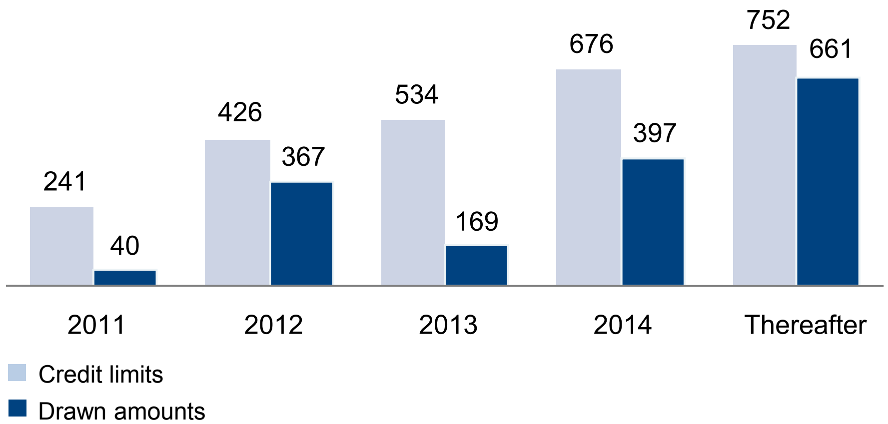
* Gearing = Net debt/Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 28, 2010

02 Balanced maturity profile with first repayment in July 2012

€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

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

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



*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

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02 First Steel Service Center in China ramped up successfully

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

02 Update on Klöckner & Co‘s profitability action program

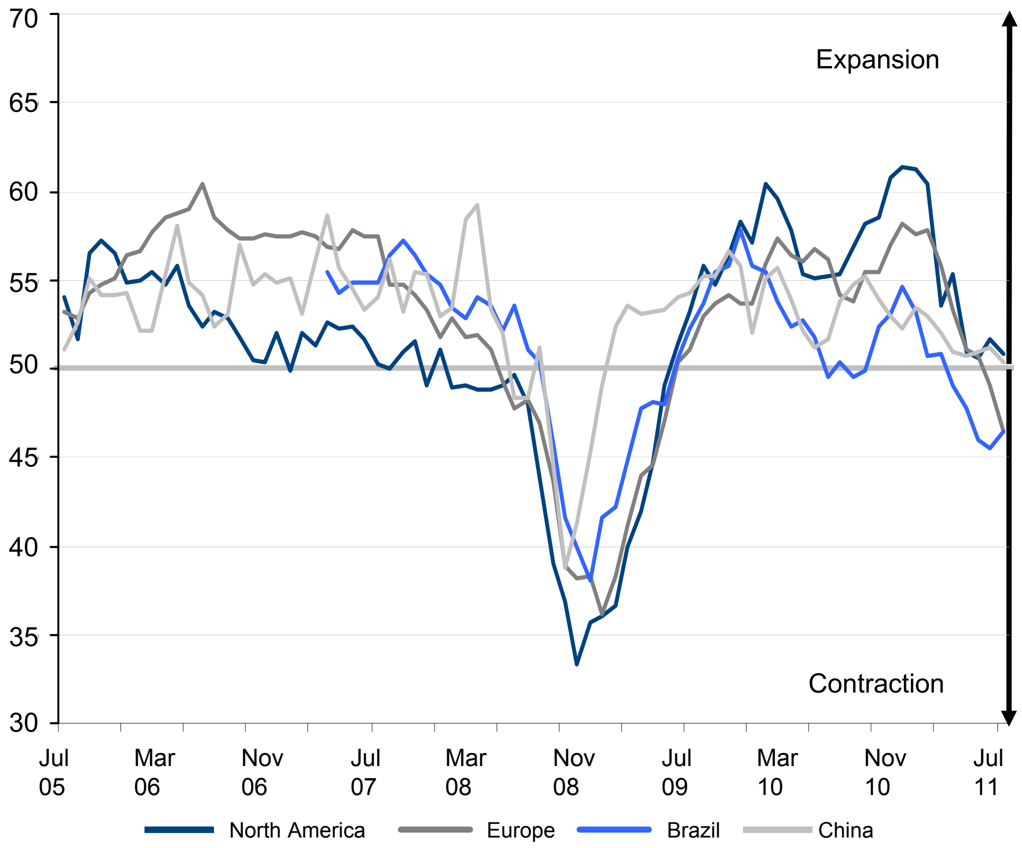
- Program to react on dimmed growth expectations
- Target to increase EBITDA-margin by ~1%p per annum
- Measures include divestitures and closedowns of business areas which don’t fulfill margin expectations
- Restructuring costs will be low double digit, predominantly booked in Q4

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

Agenda

- All major indicators across the globe declined further during the quarter, downside risks have increased again
- US slowing down but still slightly positive
- Europe on hold to wait for sustainable solution of the Euro crisis and sovereign debt levels
- Credit tightening in China reduces growth rates in 2nd half
- Brazilian economy tries hard to become competitive with signs of overheating, but infrastructure is still lagging behind

PMIs



Source: Bloomberg

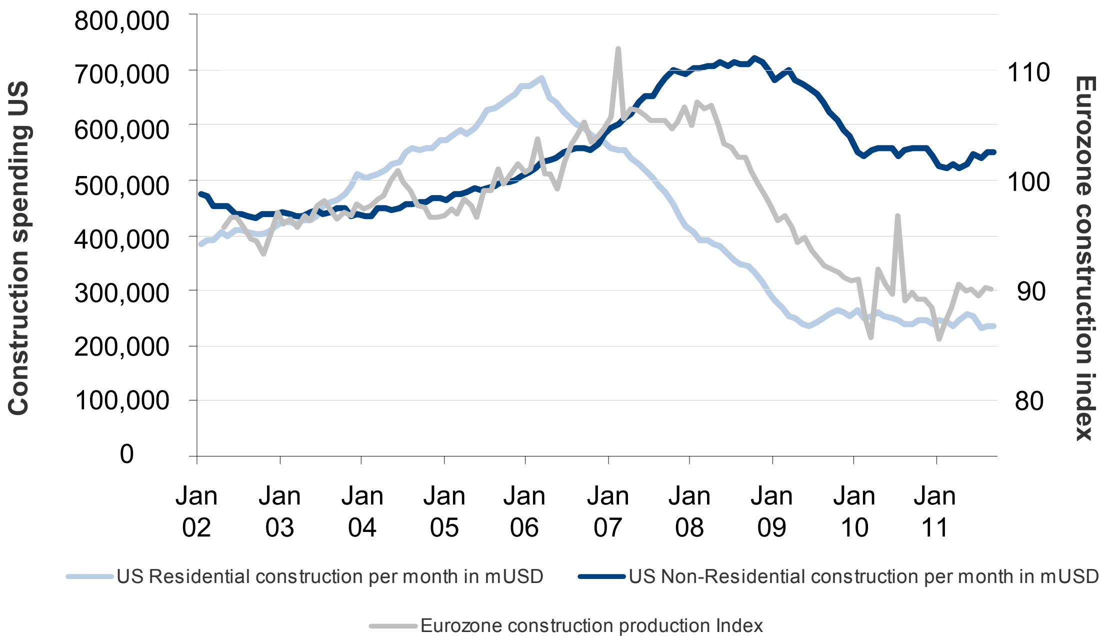
US

- Construction in general is expected to stay flat for 12-18 months
- Residential construction is worse than commercial
- Public construction seems to be on hold until congress passes the debt reduction deadline later in November although major upgrades are needed

Europe

- Germany: Construction in general is not expected to grow except residential which has only limited effect for steel consumption
- France: both residential and commercial construction were dynamic until mid of the year, but loosing pace
- UK: surprisingly strong data of commercial and civil construction, but pipeline drying up in Q2/2012
- Spain: construction constantly further declining

Construction in Europe and the US



Source: Bloomberg

03 Machinery, Mechanical engineering and Appliances

US

- Machinery holding up well and showing signs of continued growth (mainly agricultural)
- Appliances have still not rebounded and might be softening on the back of the low residential build rate

Europe

- Machinery overall still growing, white goods maybe rolling over due to customers' cautiousness
- Export activity will be crucial for the sector depending on emerging markets growth
- Germany: Order books are holding up well, but new order entry only pointing to low growth next year
- UK: only yellow goods as sub-sector is performing well and should continue to benefit from exports, domestic related is muted
- Spain: small upward trend due to export orientation

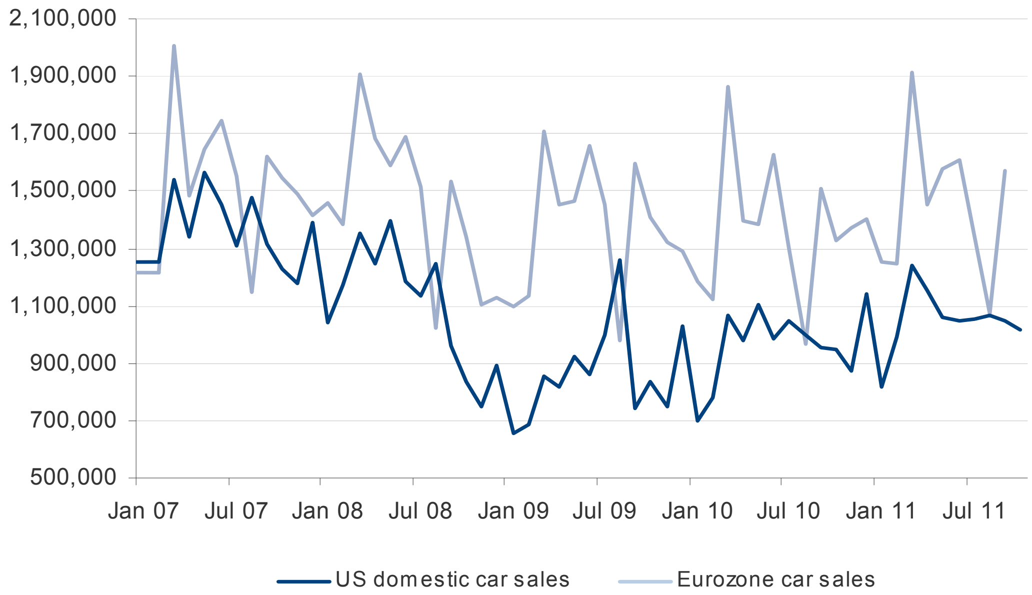
US

- US car sales surprised on the upside after Japan earthquake and the current flooding in Thailand, therefore build rates should continue to improve
- Nevertheless, consumer confidence declines which is an important driver for car sales

Europe

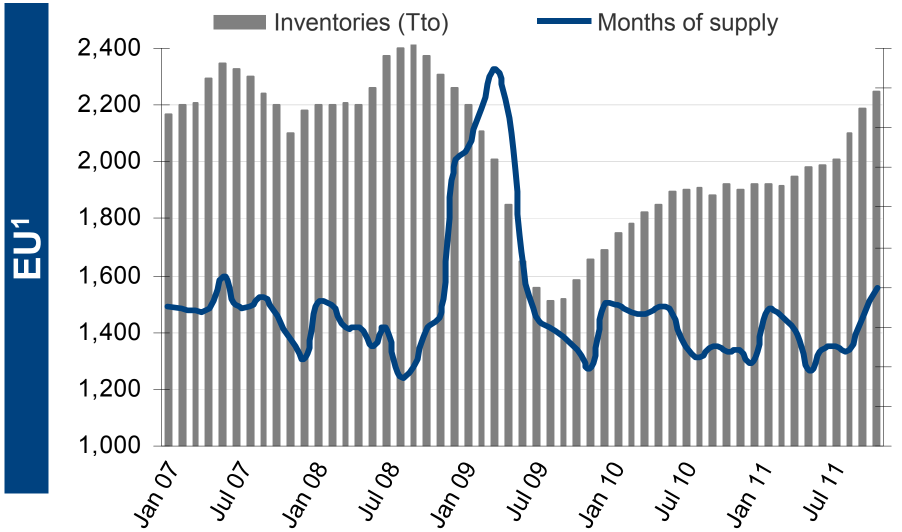
- European car industry still carrying strong order books, but order entry is loosing momentum
- 2012 in general expected to be sequentially down somewhat, but not sharply
- German manufacturers and Tier-1 suppliers still fully utilized until the end of this year, first signs of calming down growth esp. for mid-sized cars
- Truck and trailer order volumes declining faster

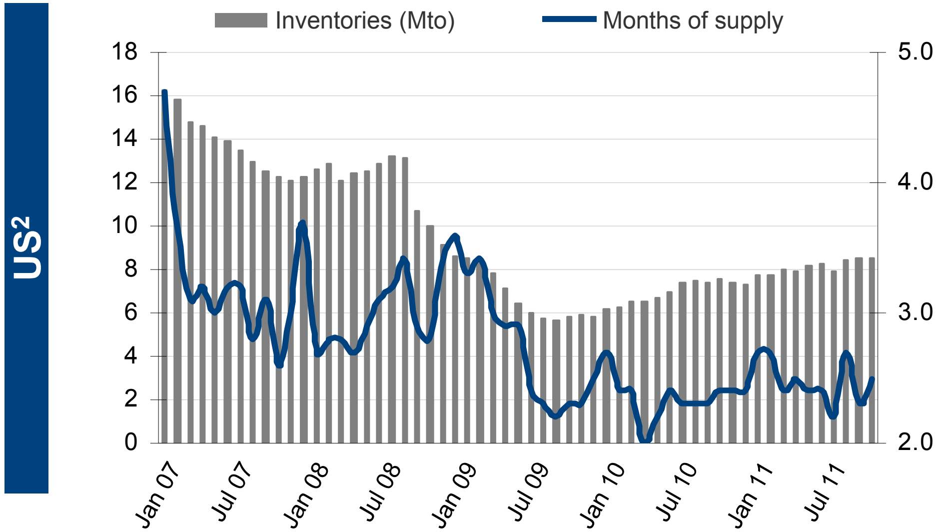
Auto unit sales Europe and US per month

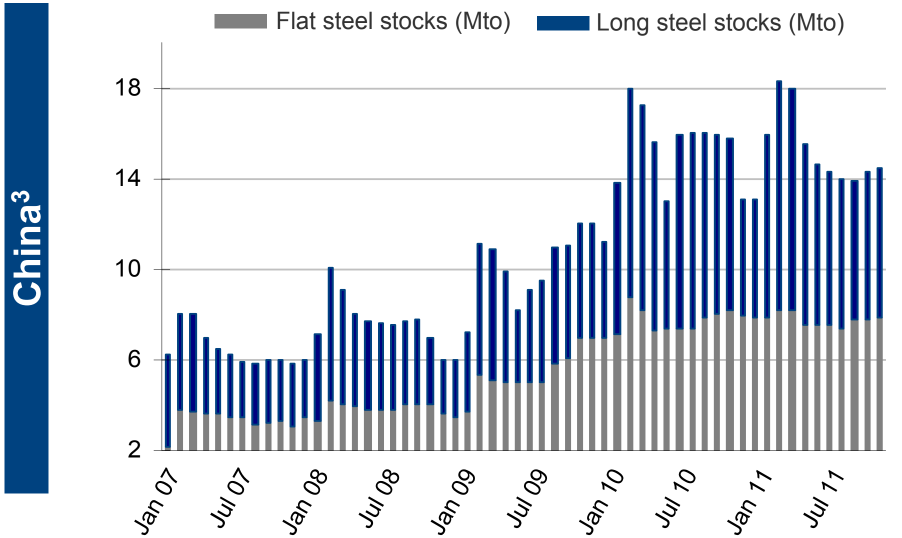


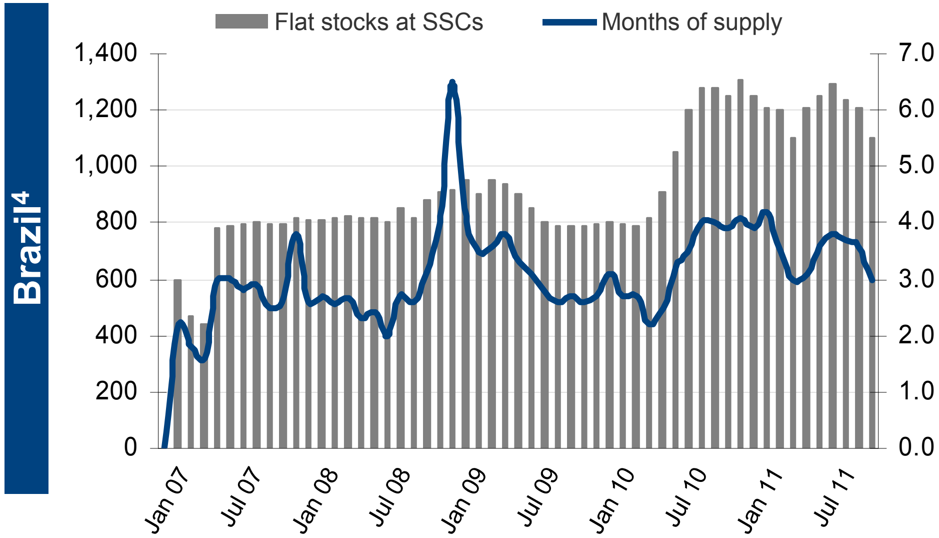
Source: Bloomberg

03 Inventory levels in the US are low, but EU increasing









[1] Source: EASSC
[2] Source: MSCI
[3] Source: Inventories in 25 major cities; Bloomberg
[4] Source: Instituto Nacional dos Distribuidores de Aco, Barclays Capital

- 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

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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

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

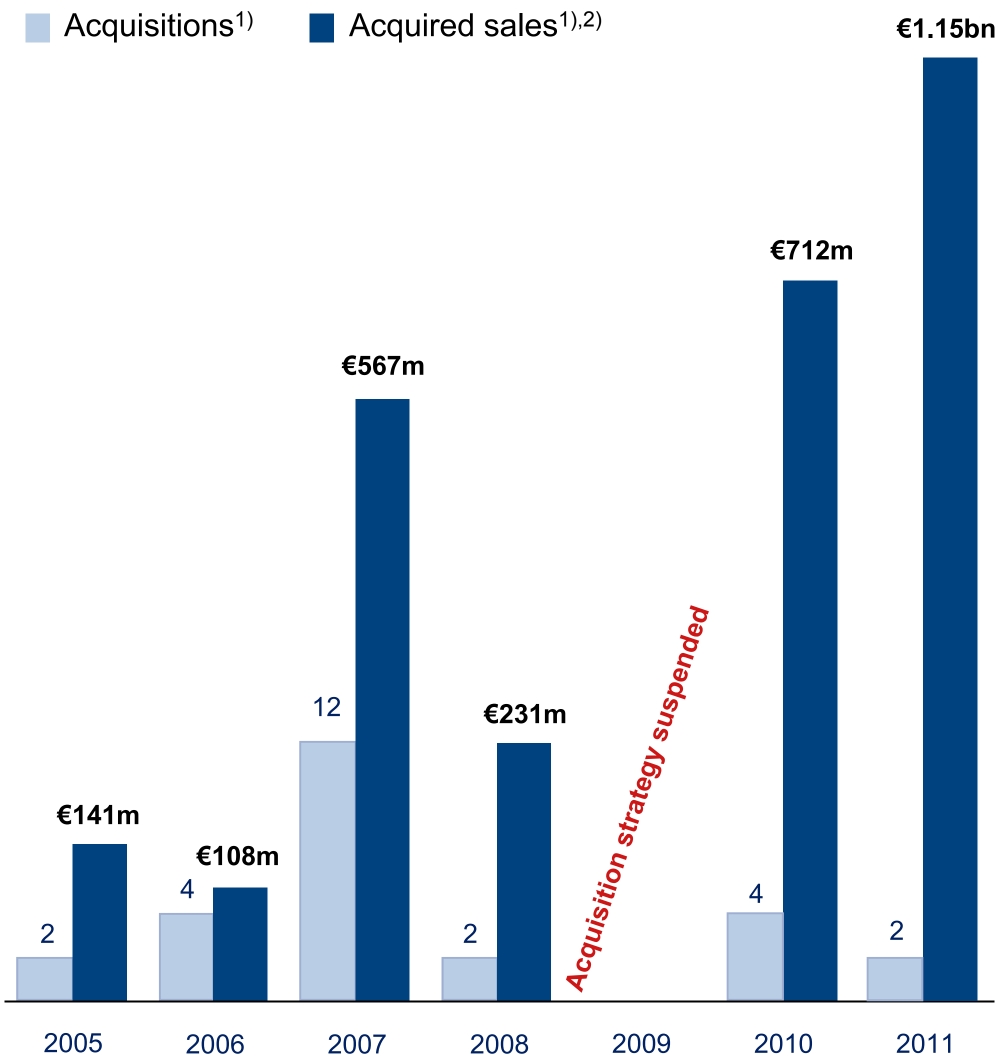
04 Quarterly results and FY results 2007-2011

(€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**

04 Strong Growth: 24 acquisitions since the IPO, 2 in 2011

Country	Acquired [1]	Company	Sales (FY)[2]
Brazil	May 2011	Frefer	€150m
USA	April 2011	Macsteel	€1bn
	2011	**2 acquisitions so far**	**€1,150m**
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**	**€712m**
US	Mar 2008	Temtco	€226m
UK	Jan 2008	Multitubes	€5m
	2008	**2 acquisitions**	**€231m**
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**	**€567m**
	2006	**4 acquisitions**	**€108m**

[1] Date of announcement [2] Sales in the year prior to acquisitions



Balance sheet as of September 30, 2011

(€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

04 Statement of cash flow Q3

(€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

Segment performance Q3 2011

(€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**

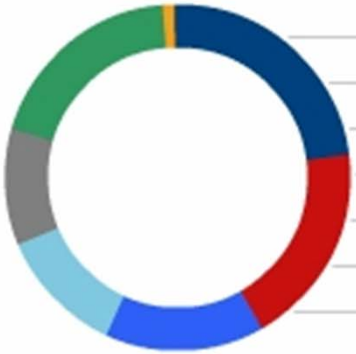
* in 2010 North America

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

04 Current shareholder structure

Geographical breakdown of identified institutional investors



Germany	23%
USA	19%
Norway	15%
UK	12%
France	11%
Rest of Europe	19%
Rest of the world	1%

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 eyes
looking forward to new developments

the ears
attentive to customer needs

the nose
sniffing out opportunities
to improve performance

the legs
always moving fast to keep up with
the demands of the customers

the ball
symbolic of our role to fetch
and carry for our customers