Klöckner & Co SE

A Leading Multi Metal Distributor

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CEO/CFO

Roadshow

November 2010

klöckner & co
multi metal distribution

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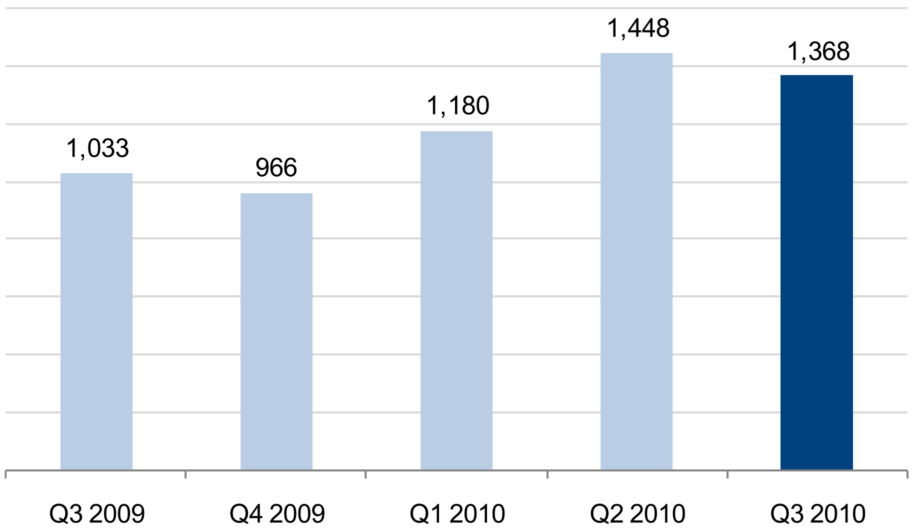
Agenda

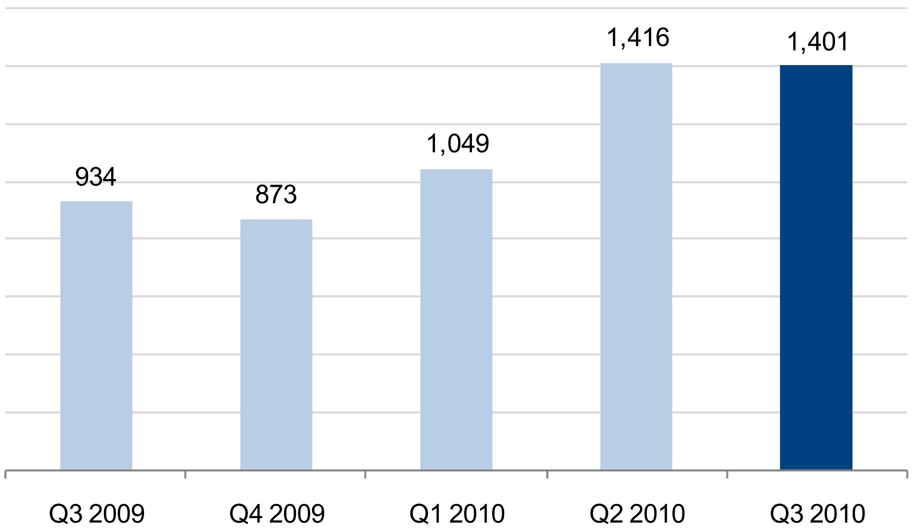
01	Financials and performance Q3 2010
02	Klöckner & Co 2020
03	Appendix

01 Sales volumes and sales

Sales volumes (Tto)

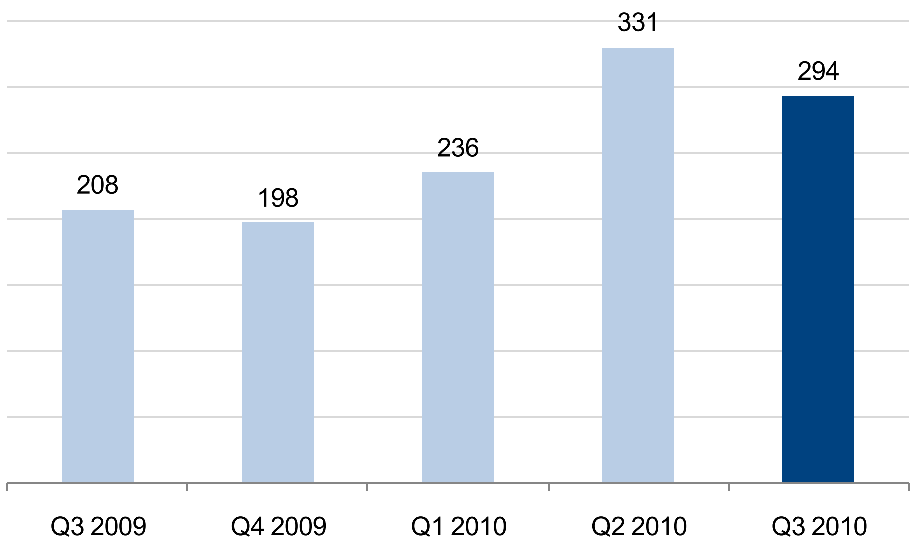


Sales (€m)

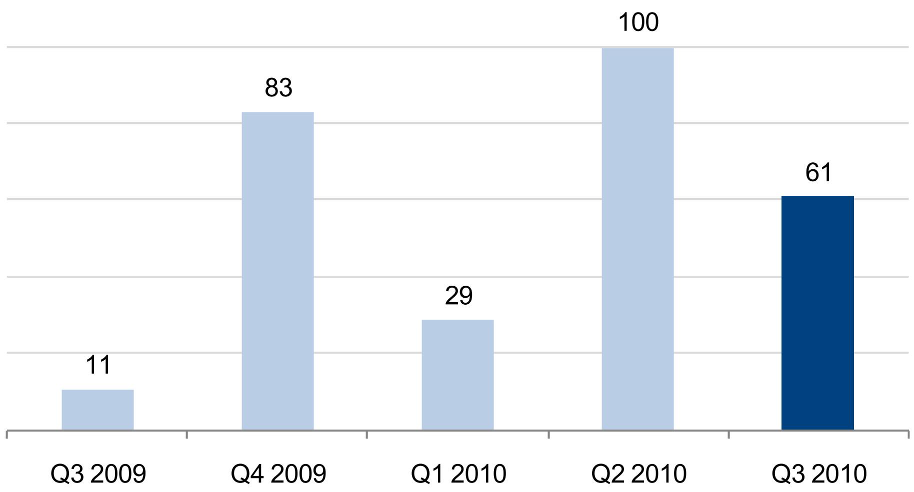


01 Gross profit and EBITDA

Gross profit (€m)



EBITDA (€m)



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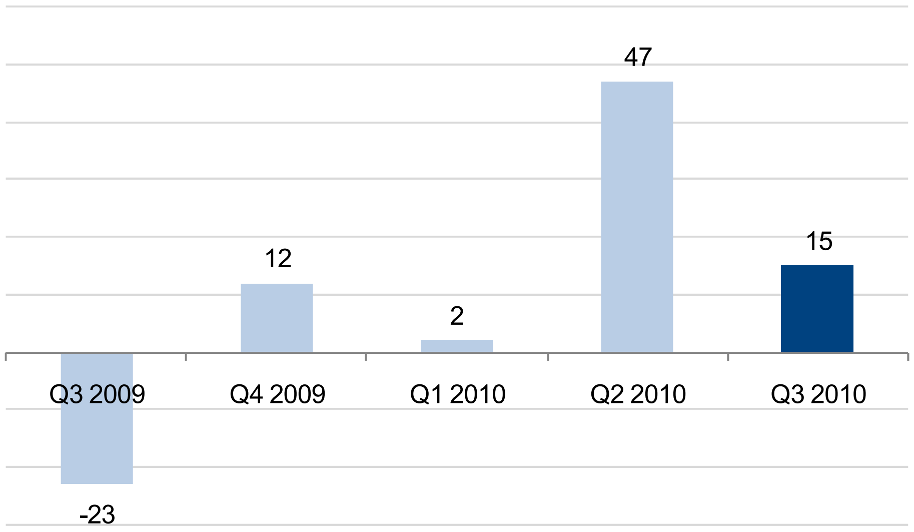
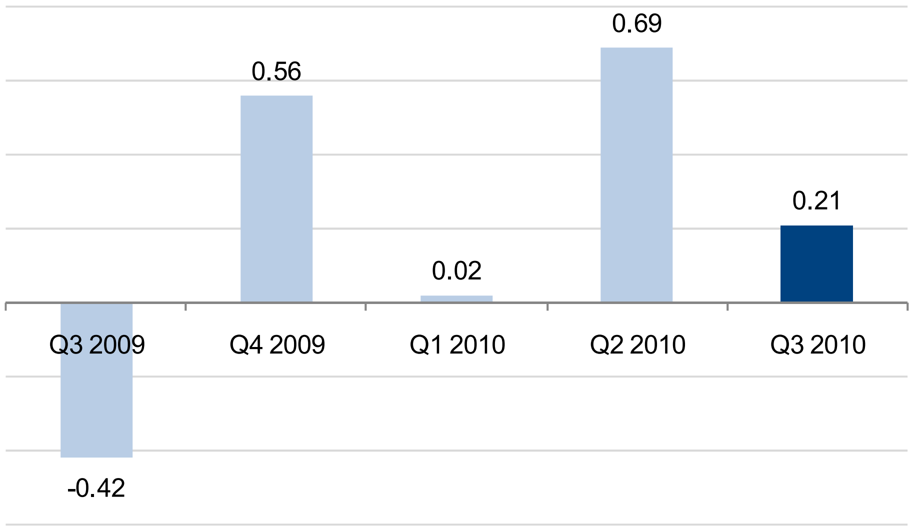
01 Net income and earnings per share

Net income (€m)

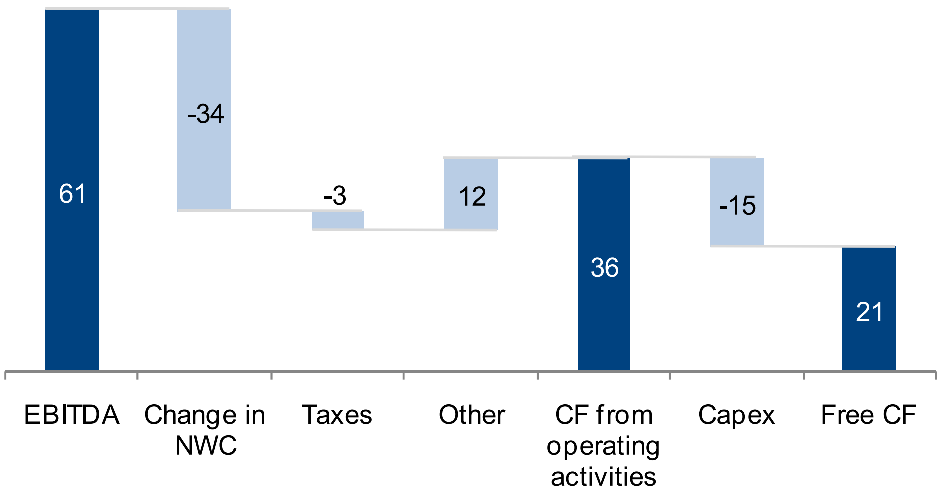


EPS basic (€)

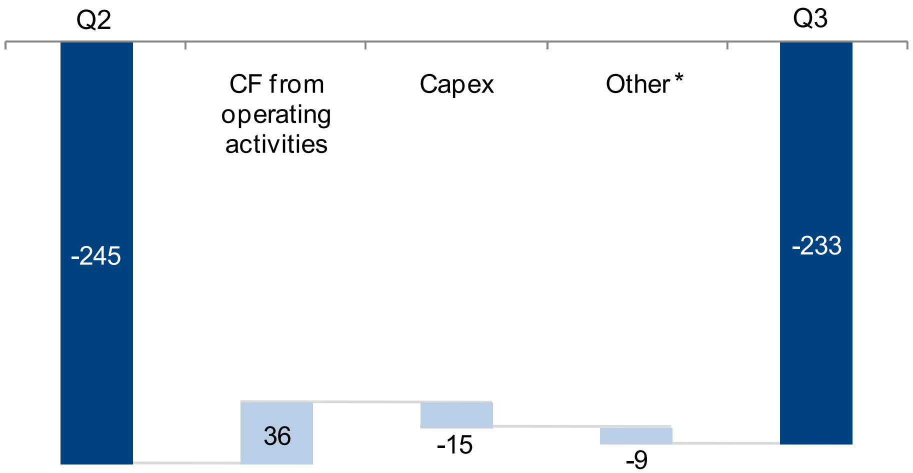


01 Free cash flow generation resulted in lower net debt

Cash flow generation in Q3

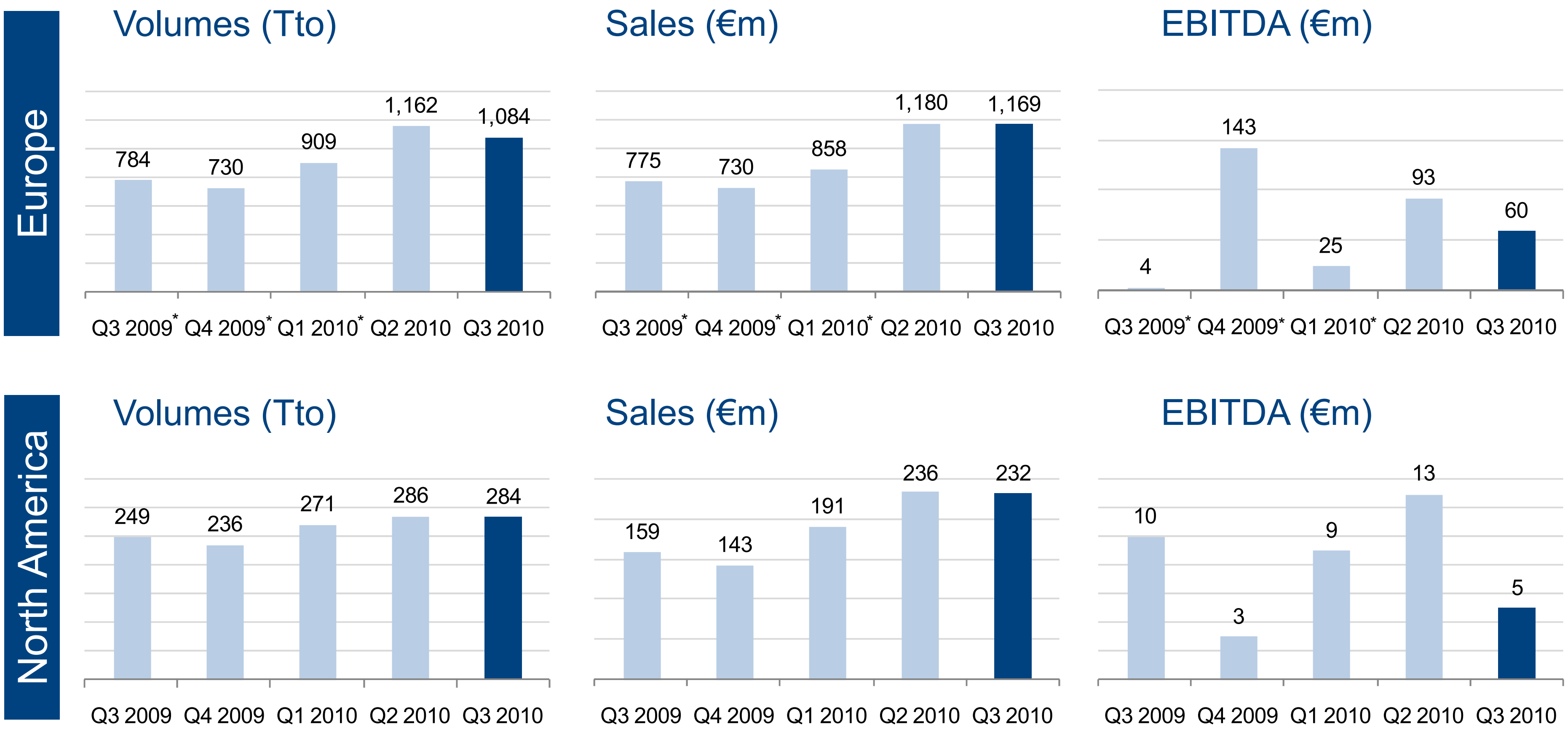


Development of net financial debt in Q3



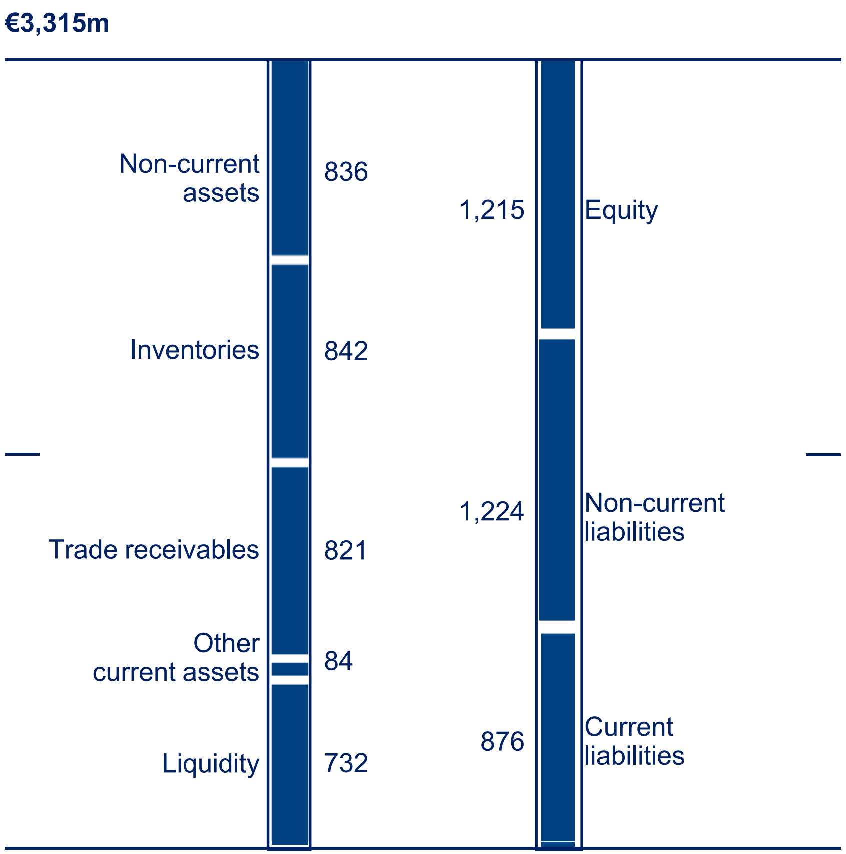
* exchange rate effects, cash interest

01 Segment performance



* consolidation of BSS as of March 1, 2010

Q3 2010

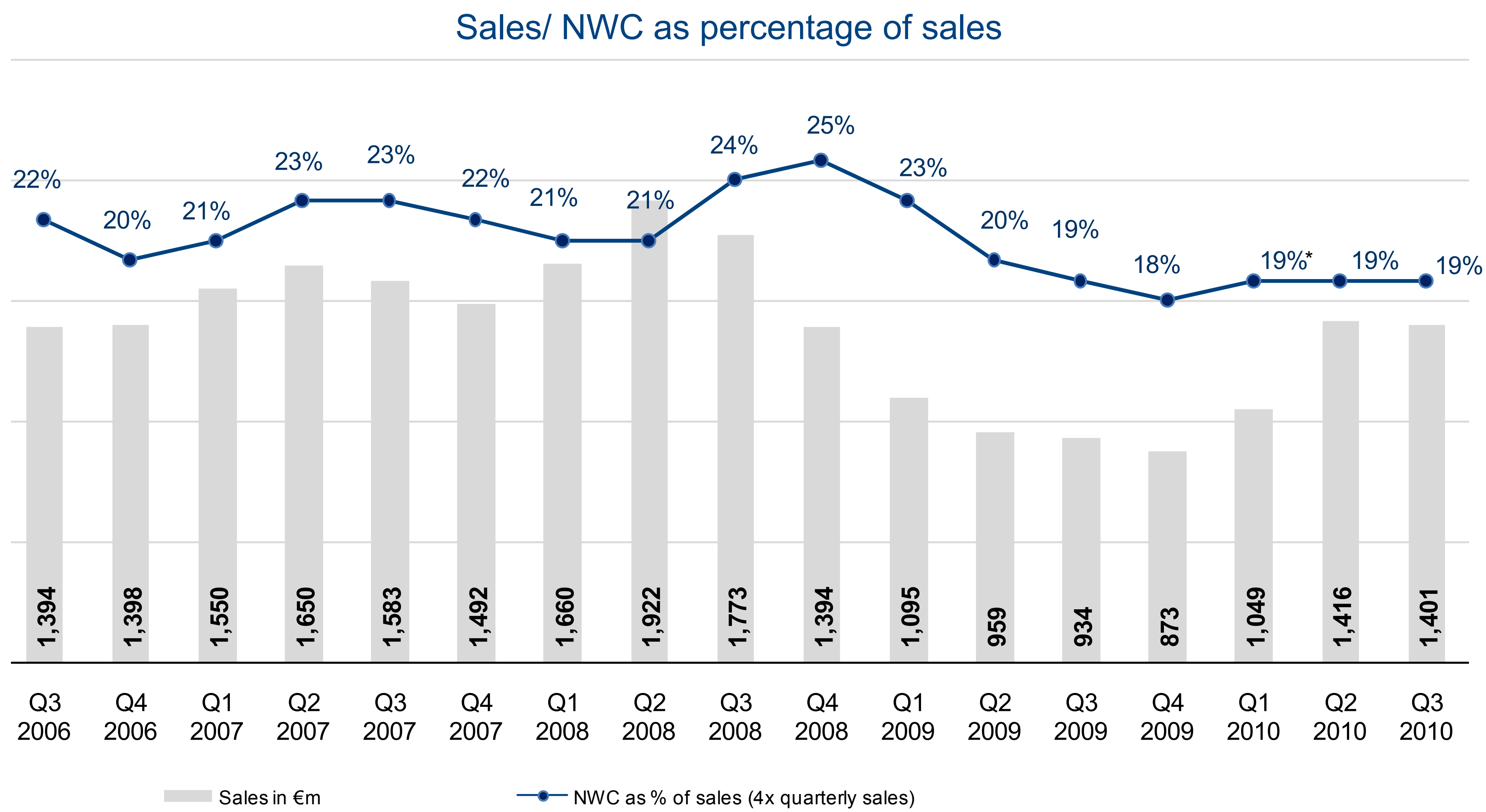


Comments

- Equity ratio of 36.6%
- Net debt €233m
- Gearing* at 19%
- NWC increased by €18m to €1,090m qoq

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

01 Strict NWC management shows effect with NWC/ sales constantly below 20%



*adjusted for BSS consolidation effect

01 Outlook

- Fourth quarter
  - Volumes expected to be slightly below Q3
  - Prices seem to be bottoming out
  - EBITDA expected to be below Q3

- Full year
  - >25% sales growth resulting from acquisitions and normalization of customers' stock levels
  - More than €200m EBITDA (>4% EBITDA-margin) driven by economic recovery, successfully integrated acquisitions and sustained cost cutting measures
  - Resumption of dividend payment

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02 More focused and extended growth necessary

- Four years after the IPO a strategy realignment and a target setting for the coming 10 years until 2020 is necessary because:
  - Sustained shift in market environment through global economic and financial crisis:
    - Long lasting recovery of steel consumption with significant overcapacity in industrial countries
    - Strong recovery and dynamic growth in emerging markets
  - Our so far mainly unspecified consolidation strategy needs more focus
  - Organic growth needs more momentum
  - Earnings volatility and exposure to steel price development have to be reduced

Klöckner & Co 2020: Globalizing and Overcoming Fragmentation

02 Status quo analysis requires fine-tuning of growth strategy

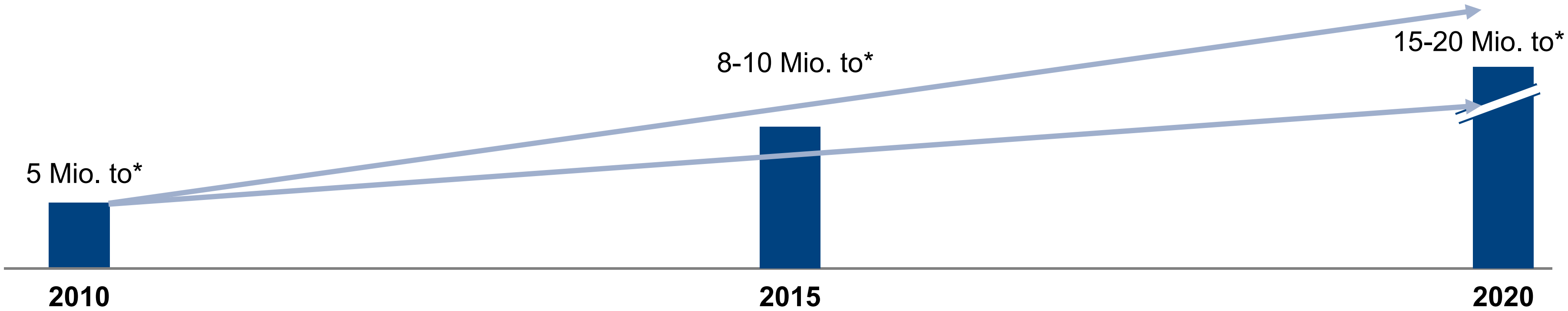
Growth through acquisitions	Larger acquisitions have been successful but more focus necessary going forward
Organic growth	Activities initiated but more momentum and capex needed
Business optimization	Well on track but earnings and cash flow volatility still too high
Personnel & Management development	Promising management changes on the top level in country organizations and strong holding management but personnel and management development barely exists
Financing	Successful growth financing established allowing for significant internal and external growth securing a solid balance sheet

02 Strategy re-focused along four lines of attack

External growth strategy	• Continued growth outside the construction industry to better balance customer portfolio • EBITDA-margin should be above current average at attractive multiples with transactions that are accretive from day one • Targets should be more sizeable than in the past especially in the US • Expansion of SSC business • Entry in emerging markets
Organic growth strategy	• From “distribute into growing market” to “push to gain customers and market share” • Improve sales performance through sales excellence program • Expanding the share mainly in the area of higher margin products • Stronger focus on value added services for industrial customer segments • Filling white spots in existing countries
Business optimization	• Realizing further scale benefits in purchasing and product management • Further optimization of inventory management • Closer integration of country operations • Implementation of industry leading systems and processes
Personnel & Management development	• Establish management competency model and management pool • Develop a training and performance management • Assure attractive and consistent compensation and bonus systems • Improve employer branding

02 Ambitious targets for global growth

Get Ready → Accelerate → Sustain Momentum



2010	2015	2020
• Preparing organization for high growth • Internationalize management • Expanding footprint to emerging markets • Implement industry leading processes	• Gaining growth momentum • Expand business around new anchor points especially in emerging markets	• Sustain growth momentum • Manage size and global footprint

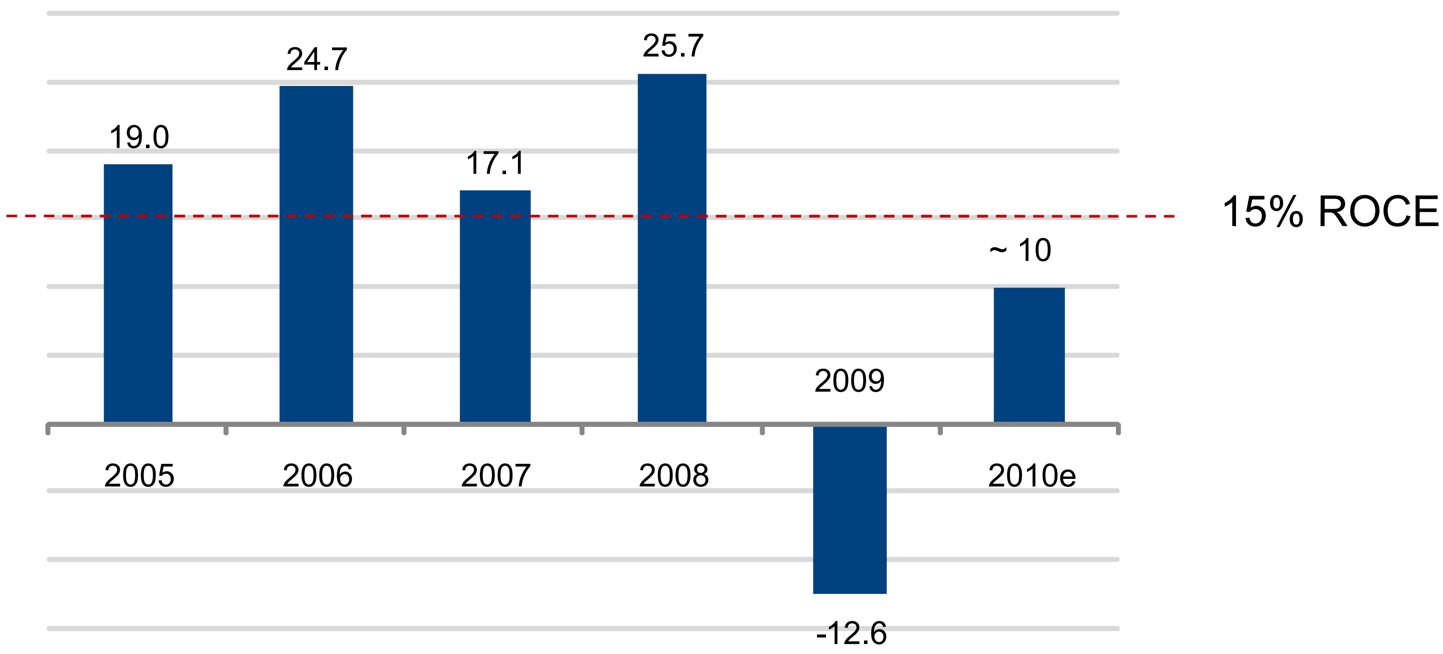
* Sales volumes

02 Benefits of scale as precondition to exploit margin potential

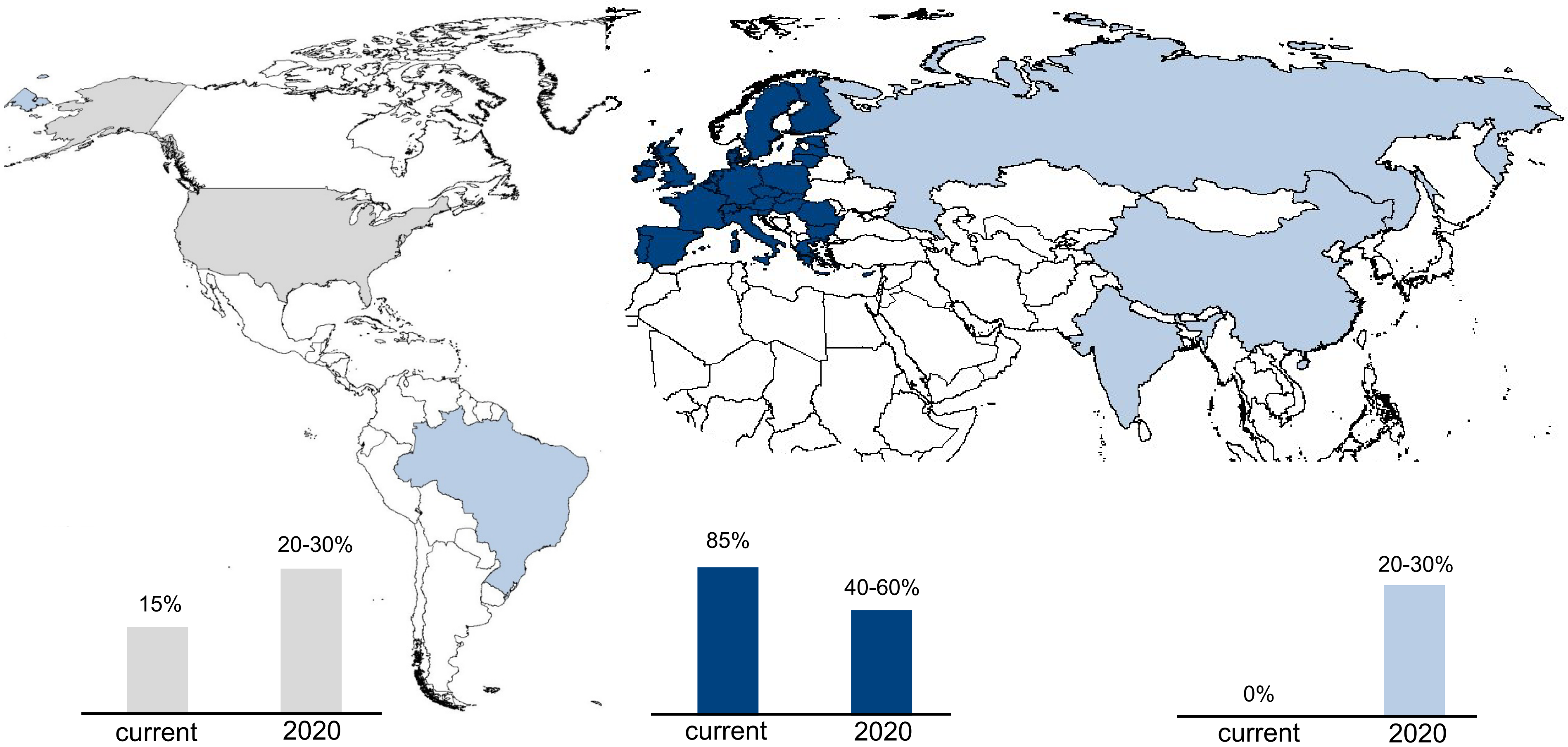
- At least 6% EBITDA margin-potential in metal distribution
- Strict capital return requirements of at least 15% ROCE

Gearing target < 75%

Equity ratio > 30%



02 Current geographic sales split and target 2020



North America	Europe	Emerging Markets
CAGR 2010-20: ~15%	**CAGR 2010-20: ~8%**	**CAGR 2010-20: na**

Globalization	Being the first global multi metal distributor
Growth	Being the fastest growing multi metal distributor
Business optimization	Having leading edge processes and systems
Management & employees	Having best in class management and employees

Agenda

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03 Appendix

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

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03 Quarterly results and FY results 2005-2010

(€m)	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005*
Volume (Ttons)	**1,368**	**1,448**	**1,180**	**966**	**1,033**	**1,053**	**1,068**	**4,119**	**5,974**	**6,478**	**6,127**	**5,868**
Sales	**1,401**	**1,416**	**1,049**	**873**	**934**	**959**	**1,095**	**3,860**	**6,750**	**6,274**	**5,532**	**4,964**
Gross profit	**294**	**331**	**236**	**198**	**208**	**161**	**78**	**645**	**1,366**	**1,221**	**1,208**	**987**
% margin	21.0	23.4	22.5	22.6	22.3	16.8	7.1	16.7	20.2	19.5	21.8	19.9
EBITDA	**61**	**100**	**29**	**83**	**11**	**-31**	**-132**	**-68**	**601**	**371**	**395**	**197**
% margin	**4.3**	7.1	2.8	9.5	1.2	-3.2	-12.0	-1.8	8.9	5.9	7.1	4.0
EBIT	39	**78**	**11**	**26**	**-7**	**-48**	**-149**	**-178**	**533**	**307**	**337**	**135**
Financial result	**-16**	-17	-15	-16	-14	-15	-16	-62	-70	-97	-64	-54
Income before taxes	22	**61**	**-4**	**9**	**-21**	**-63**	**-165**	**-240**	**463**	**210**	**273**	**81**
Income taxes	**-7**	-14	6	3	-2	16	38	54	-79	-54	-39	-29
Net income	15	47	2	12	-23	-47	-127	-186	384	156	235	52
Minority interests	1	1	1	3	0	1	-2	3	-14	23	28	16
Net income KlöCo	14	**46**	**1**	**9**	**-23**	**-48**	**-126**	**-188**	**398**	**133**	**206**	**36**
EPS basic (€)	**0.21**	**0.69**	**0.02**	**0.56**	**-0.42**	**-1.04**	**-2.70**	**-3.61**	**8.56**	**2.87**	**4.44**	**-**
EPS diluted (€)	**0.21**	**0.69**	**0.02**	**0.56**	**-0.42**	**-0.85**	**-2.43**	**-3.61**	**8.11**	**2.87**	**4.44**	**-**

* Pro-forma consolidated figures for FY 2005, without release of negative goodwill of €139 million and without transaction costs of €39 million, without restructuring expenses of €17 million (incurred Q4) and without activity disposal of €1.9 million (incurred Q4).

03 Balance sheet as of September 30, 2010

(€m)	Sep. 30, 2010	Dec. 31, 2009
Non-current assets	836	712
Inventories	842	571
Trade receivables	821	464
Cash & Cash equivalents	732	827
Other assets	84	139
Total assets	**3,315**	**2,713**
Equity	1,215	1,123
Total non-current liabilities	1,224	927
thereof financial liabilities	884	619
Total current liabilities	876	663
thereof trade payables	573	398
Total equity and liabilities	**3,315**	**2,713**
Net working capital	**1,090**	**637**
Net financial debt	**233**	**-150**

Comments

Shareholders' equity:

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

Financial debt:

- Gearing at 19%
- Net debt position due to purchase price payment for BSS, Bläsi AG and Angeles Welding and NWC build-up

NWC:

- Swing mainly driven by BSS consolidation and pickup in business

03 Statement of cash flow 9M

(€m)	9M 2010	9M 2009
Operating CF	188	-161
Changes in net working capital	-300	703
Others	31	-1
Cash flow from operating activities	**-81**	**541**
Inflow from disposals of fixed assets/others	2	7
Outflow for acquisitions	-134	-1
Outflow for investments in fixed assets/others	-16	-12
Cash flow from investing activities	**-148**	**-6**
Equity component of convertible bond	0	26
Issuance of shares	0	195
Changes in financial liabilities	227	-161
Net interest payments	-38	-25
Repayments of shareholder loan BSS	-58	0
Cash flow from financing activities	**131**	**35**
Total cash flow	**-98**	**570**

Comments

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

03 Segment performance Q3 2010

(€m)	Europe	North America	HQ/ Consol.	Total
Volume (Ttons)				
Q3 2010	1,084	284		1,368
Q3 2009	784	249	-	1,033
Δ %	**38.5**	**13.9**		**32.5**
Sales				
Q3 2010	1,169	232		1,401
Q3 2009	775	159	-	934
Δ %	**50.7**	**46.7**		**50.0**
EBITDA				
Q3 2010	60	5	-4	61
% margin	*5.2*	*2.1*		*4.3*
Q3 2009	4	10	-3	11
% margin	*0.5*	*6.4*	-	*-1.2*
Δ % EBITDA	**1,454.7**	**-52.1**		**438.7**

Comments

- Excl. BSS volume increase in Europe was 9.6% and total volume increase was 10.6%
- Without BSS total sales were 32.9% Q3 vs. Q3

Distributor in the sweet spot

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Suppliers
- Purchase volume p.a. of >5 million tons
- Diversified set of suppliers worldwide approx. 70

Global suppliers

Sourcing
- Global Sourcing in competitive sizes
- Strategic partnerships
- Frame contracts
- Leverage one supplier against the other
- No speculative trading

Products and services
- One-stop-shop with wide product range of high-quality products
- Value added processing services
- Quality assurance

Logistics/ Distribution
- Efficient inventory management
- Local presence
- Tailor-made logistics including on-time delivery within 24 hours

Klöckner & Co's value chain

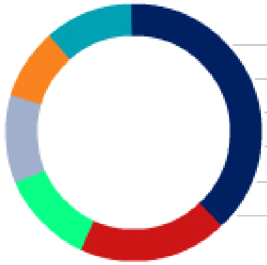
Customers
- ~178,000 customers
- No customer with more than 1% of sales
- Average order size of €2,000
- Wide range of industries and markets
- Service more important than price

Local customers

Klöckner & Co

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

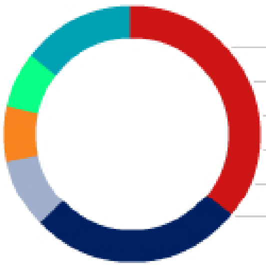
Sales by industry



Construction	38%
Industrial machinery and equipment	19%
Automotive	12%
On-sellers	11%
Appl./durable goods manufacturers	9%
Other	11%

as of December 2009

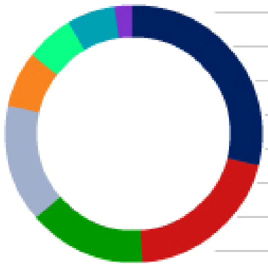
Sales by product



Flat products	36%
Long products	27%
Tubes	9%
Quality steel/stainless steel	7%
Aluminium	7%
Others	14%

as of December 2009

Sales by markets



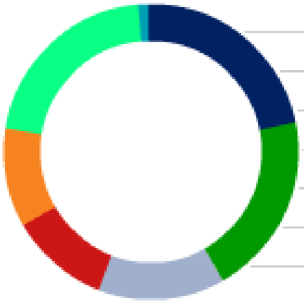
Germany/Austria	29%
France/Belgium	20%
USA	15%
Switzerland	15%
UK	7%
Spain	6%
Netherlands	6%
Eastern Europe	2%

as of December 2009

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

03 Current shareholder structure

Geographical breakdown of identified institutional investors



Germany	22%
USA	20%
Norway	14%
France	11%
UK	11%
Rest of Europe	21%
Rest of the world	1%

as of September 2010

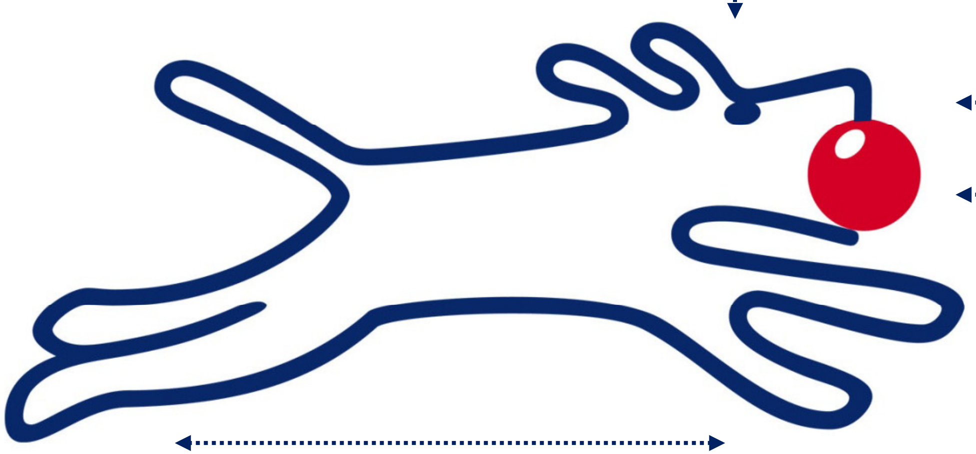
Comments

- Identified institutional investors account for 53%
- German investors dominate
- Top 10 shareholdings represent around 26%
- Retail shareholders represent 28%
- 100% free float

the ears
attentive to customer needs

the eyes
looking forward to new developments

the nose
sniffing out opportunities
to improve performance



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

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