



Klöckner & Co SE

A Leading Multi Metal Distributor



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DZ Bank – German Industrial Opportunities
London

April 15, 2010

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- Fluctuation in international currency exchange rates as well as changes in the general economic climate
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Agenda

01 Company overview & Highlights

02 Financials FY 2009

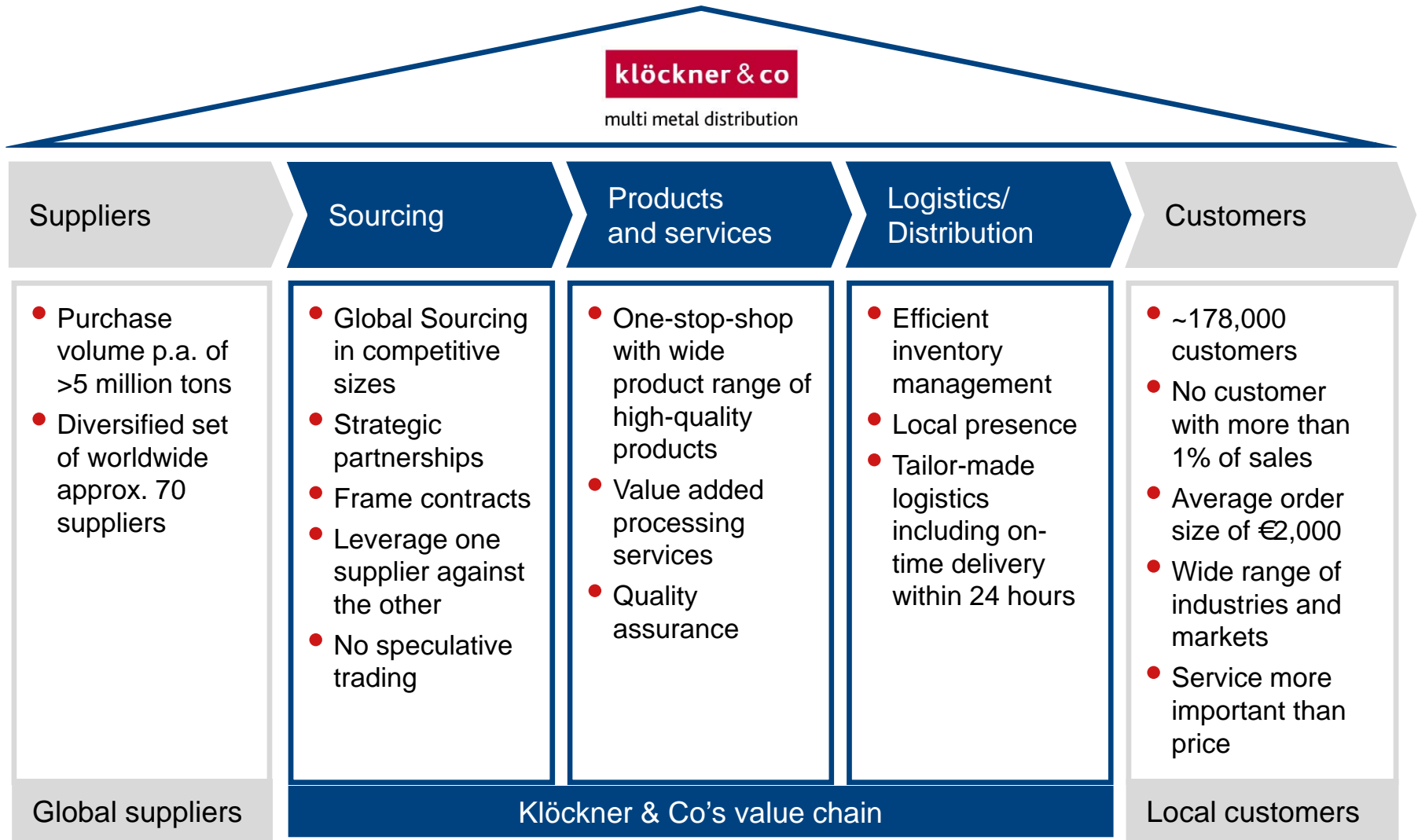
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01 Distributor in the sweet spot

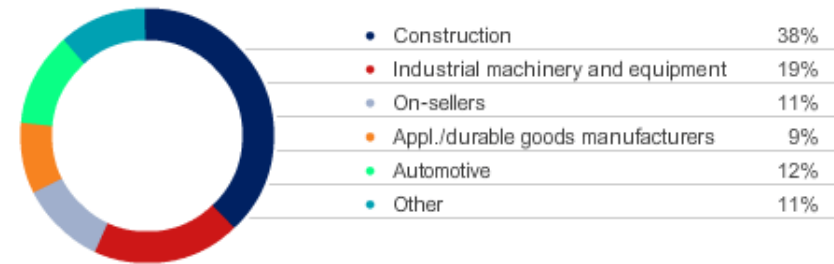


01 Klöckner & Co at a glance

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



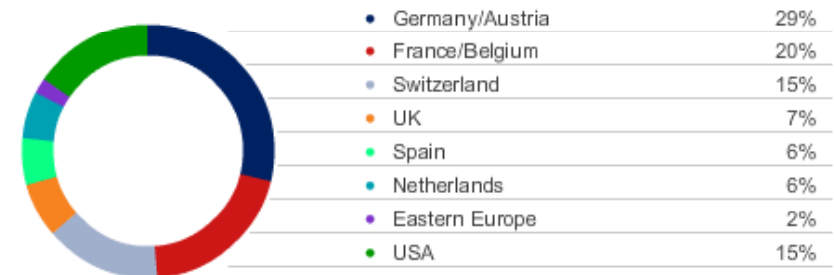
as of December 2009

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)



01 Highlights FY 2009 and until today

- Sales volume and sales in 2009 31.0% resp. 42.8% below previous year
- EBITDA of -€68m in 2009 significantly lower than 2008 but positive EBITDA of €11m in Q3 and €6m* in Q4
- Gross margin steadily improved from 7.1% in Q1 to 22.6% in Q4
- Net cost savings of €134m or 14% of total expenses
- Net cash position further extended to €150m
- €1.7bn financing facilities available without performance covenants
- Capital basis further strengthened through convertible bond and rights issue
- Organic and external growth resumed after completing the crisis program:
 - Becker Stahl-Service acquisition finalized: consolidation as of March 1, 2010
 - Bläsi AG acquisition in Switzerland to strengthen local market position
 - Wave 3: bundle of initiatives with focus on organic growth

* Cartel fine reduction impact excluded



Guidance	delivered
EBITDA in 2nd half at best breakeven	€17m ¹
Net savings in 2009 >€100m	€134m
Capex budget cut to half, i.e. <€25m	€25m
Net working capital <20% of sales	16.5% in Q4 ²
Gearing <75%	-14%

¹ Cartel fine reduction impact excluded

² Calculated as NWC/ sales LTM



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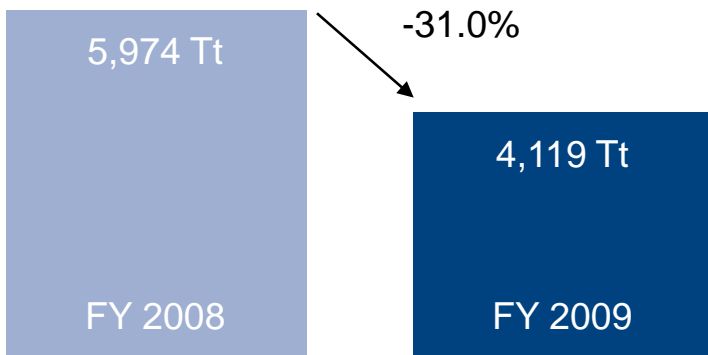
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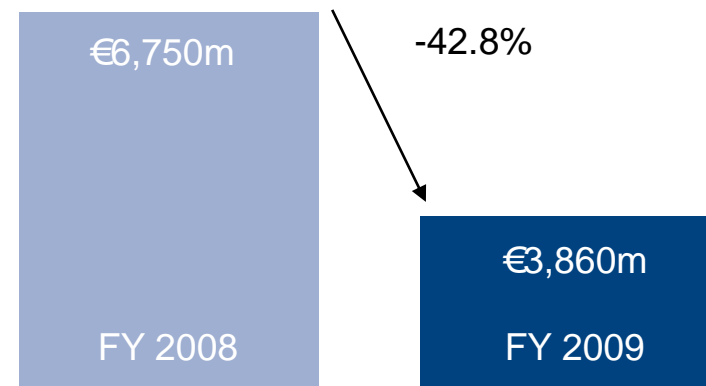
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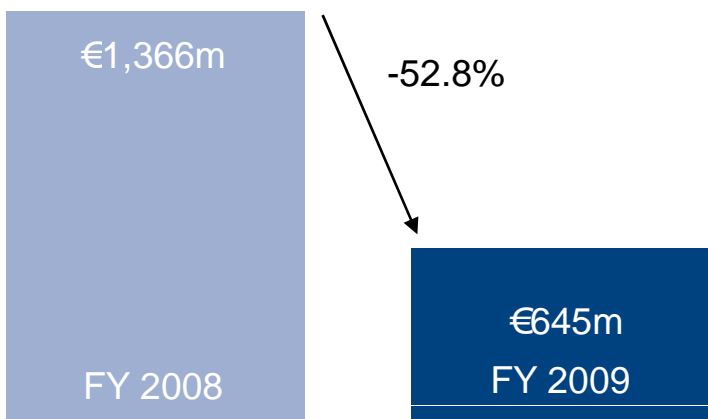
Volume



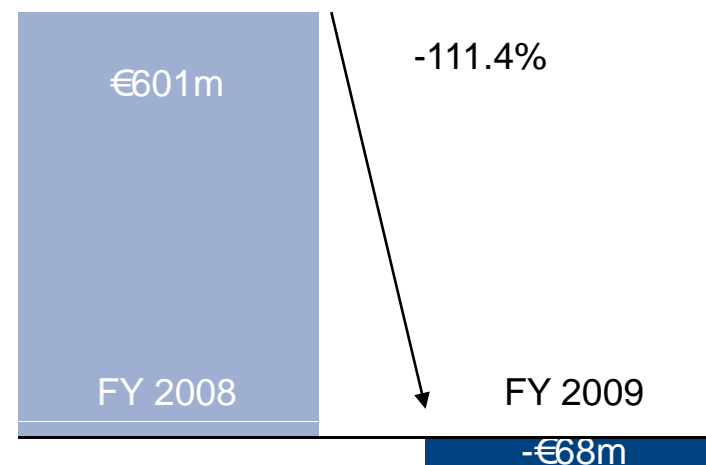
Sales



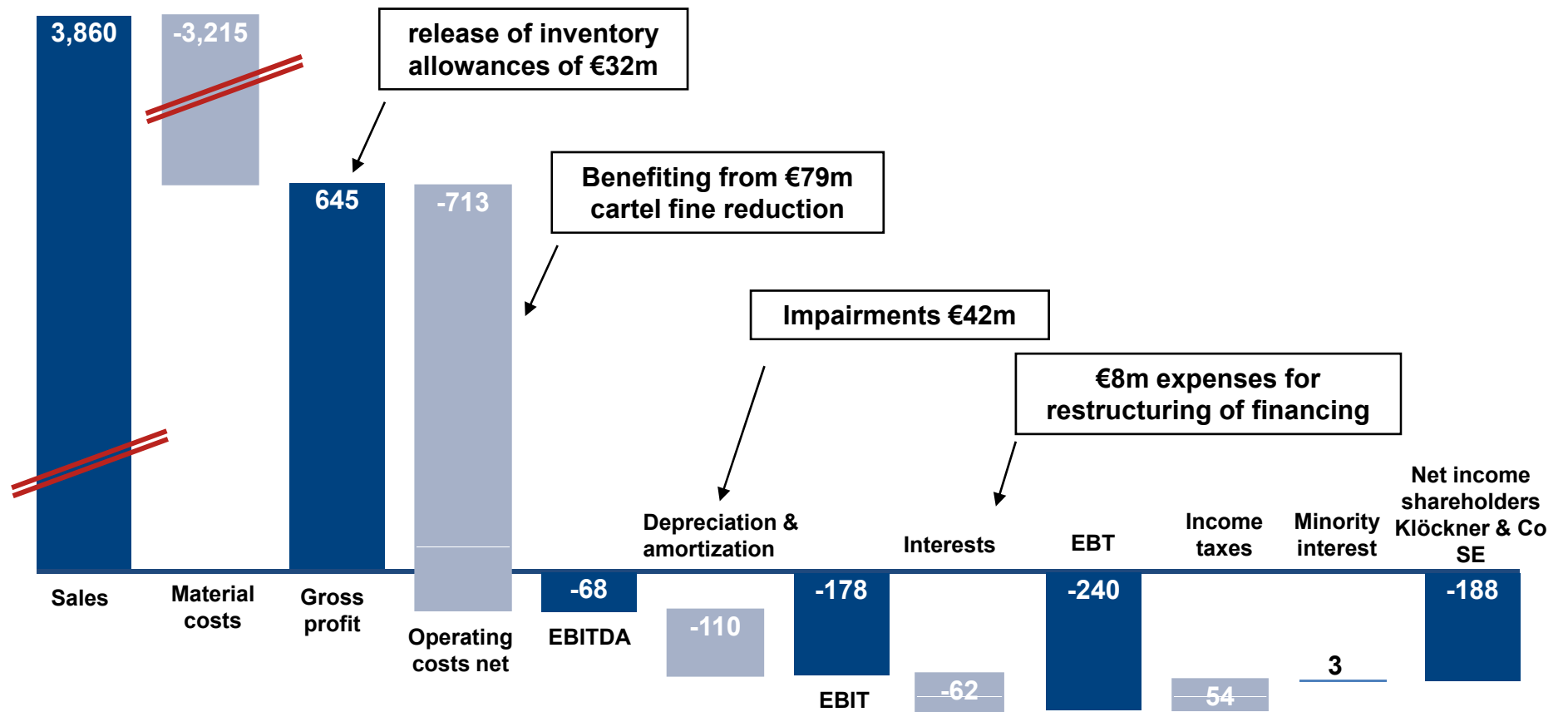
Gross profit



EBITDA



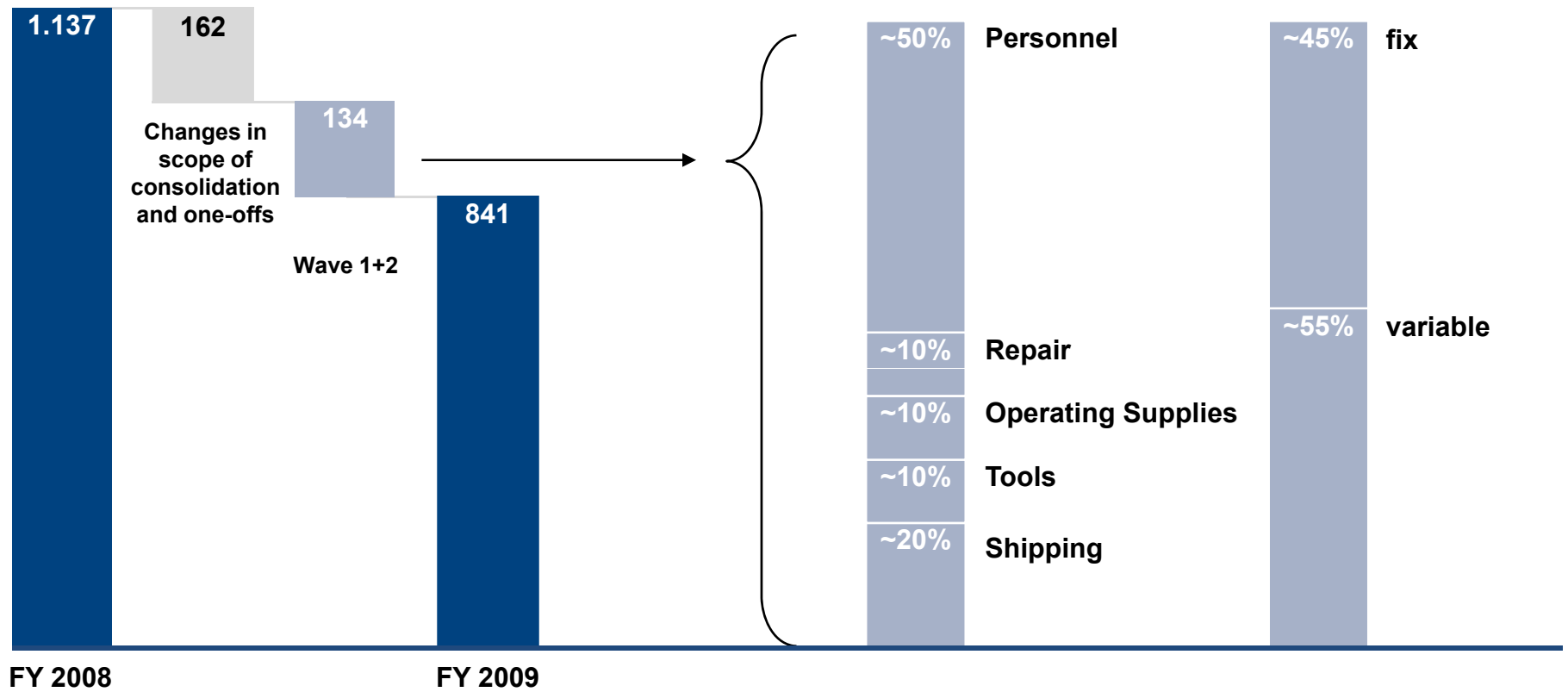
In €m



Cost base development

Wave 1+2

in €m



(€m)	Europe	North America	HQ/ Consol.	Total
Volume (Ttons)				
2009	3,156	963	-	4,119
2008	4,317	1,657	-	5,974
Δ %	-26.9	-41.9	-	-31.0
Sales				
2009	3,186	674	-	3,860
2008	5,374	1,376	-	6,750
Δ %	-40.7	-51.0	-	-42.8
EBITDA				
2009	57	-44	-81	-68
<i>% margin</i>	1.8	-6.5	-	-1.8
2008	377	149	75	601
<i>% margin</i>	7.0	10.8	-	8.9
Δ % EBITDA	-85.0	-129.3	-	-111.4

Comments

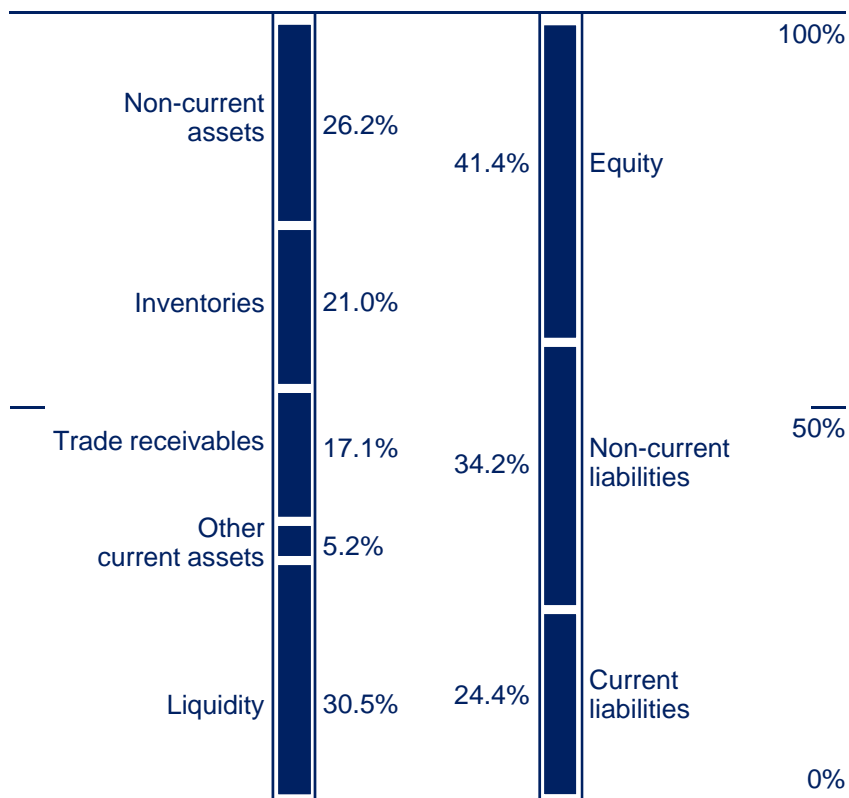
- Organic volume development in North America -28.1%
- Organic sales development in North America -46,7%
- EBITDA w/o effect from reduced French cartel fine segment EU -€91m, segment HQ -€14m, group level -€149m



02 Balance sheet as of Dec. 31, 2009

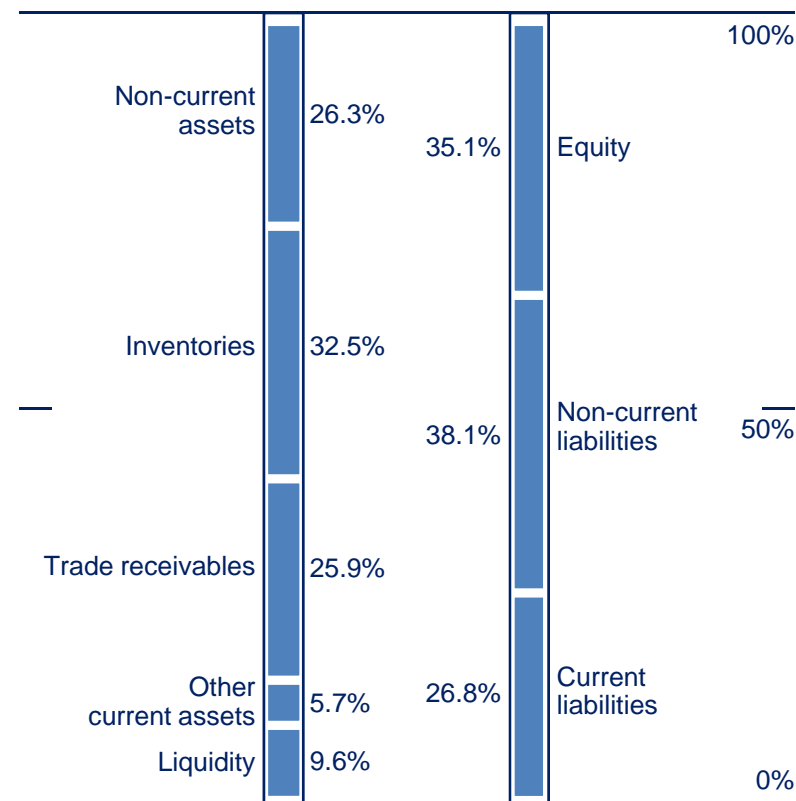
2009

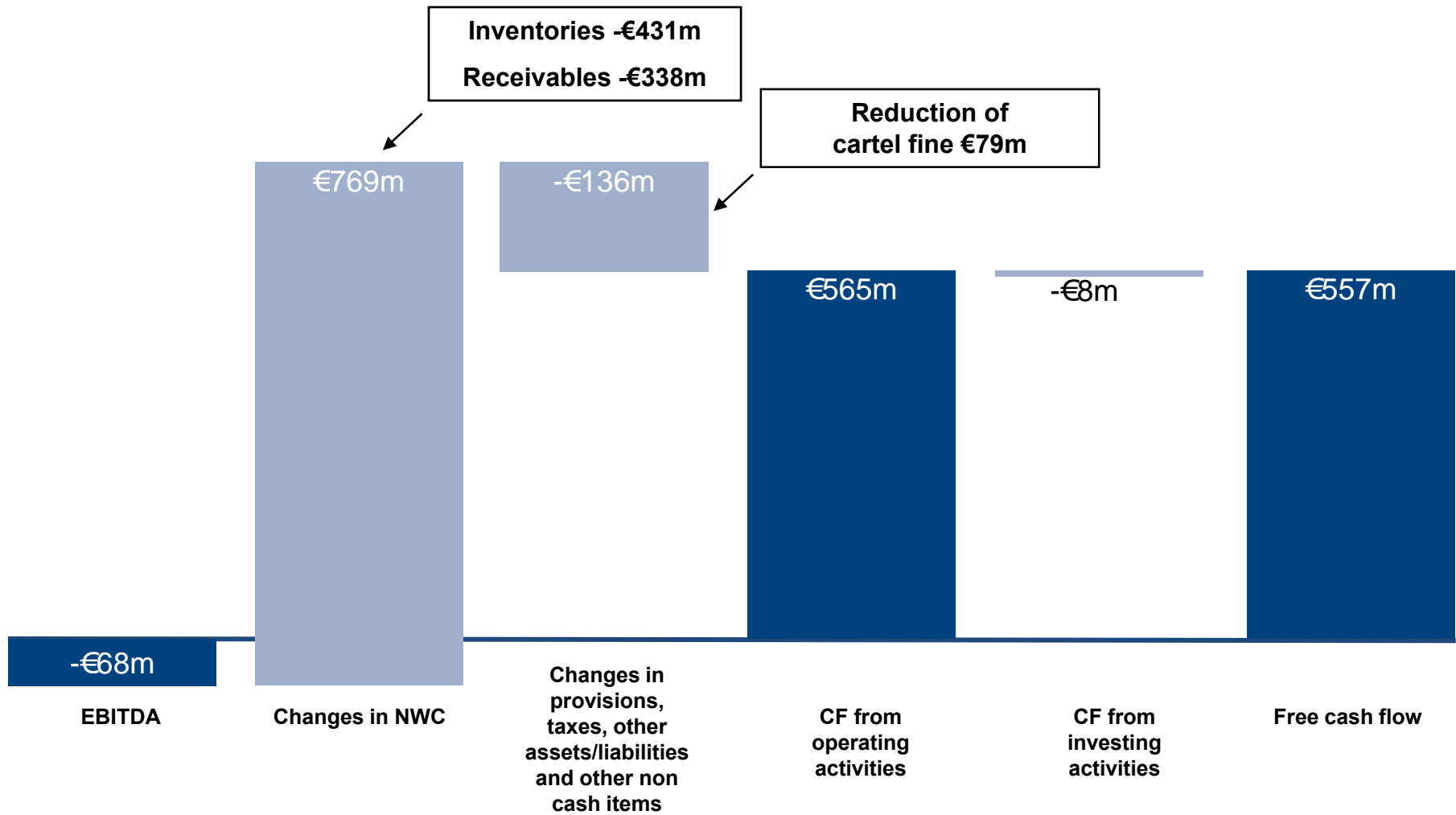
€ 2,713 million



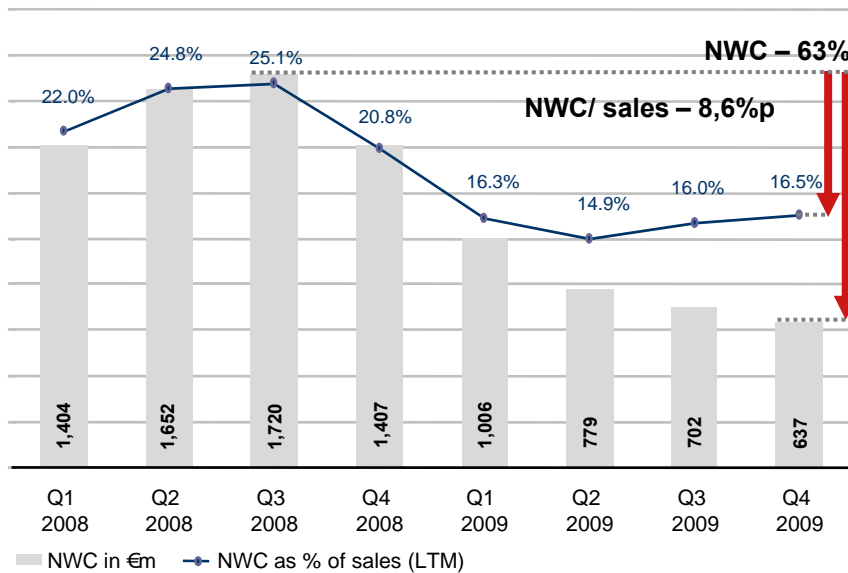
2008

€3,084 million

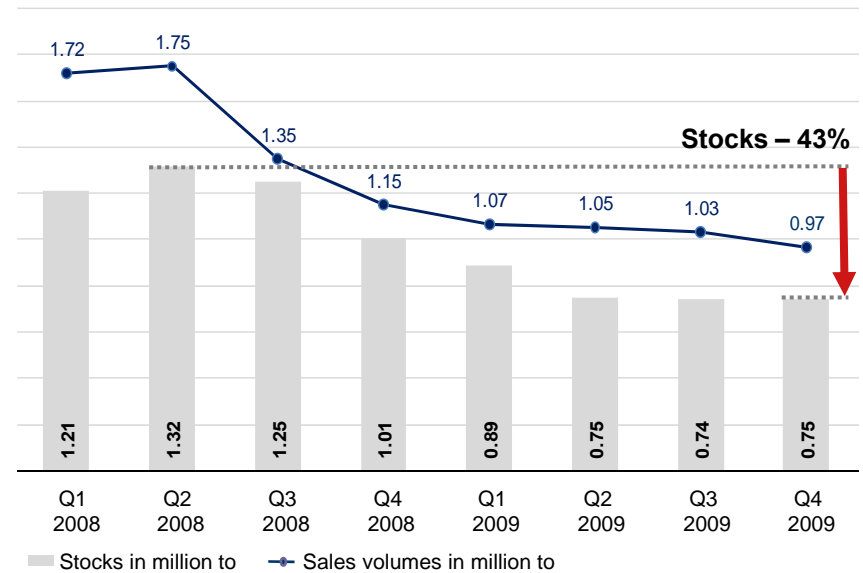




NWC and NWC as % of sales



Stocks and sales volumes



- Net debt reduced by more than €1bn from €1.07bn in Q2/2008 to -€150m at YE 2009 primarily due to strong NWC reduction

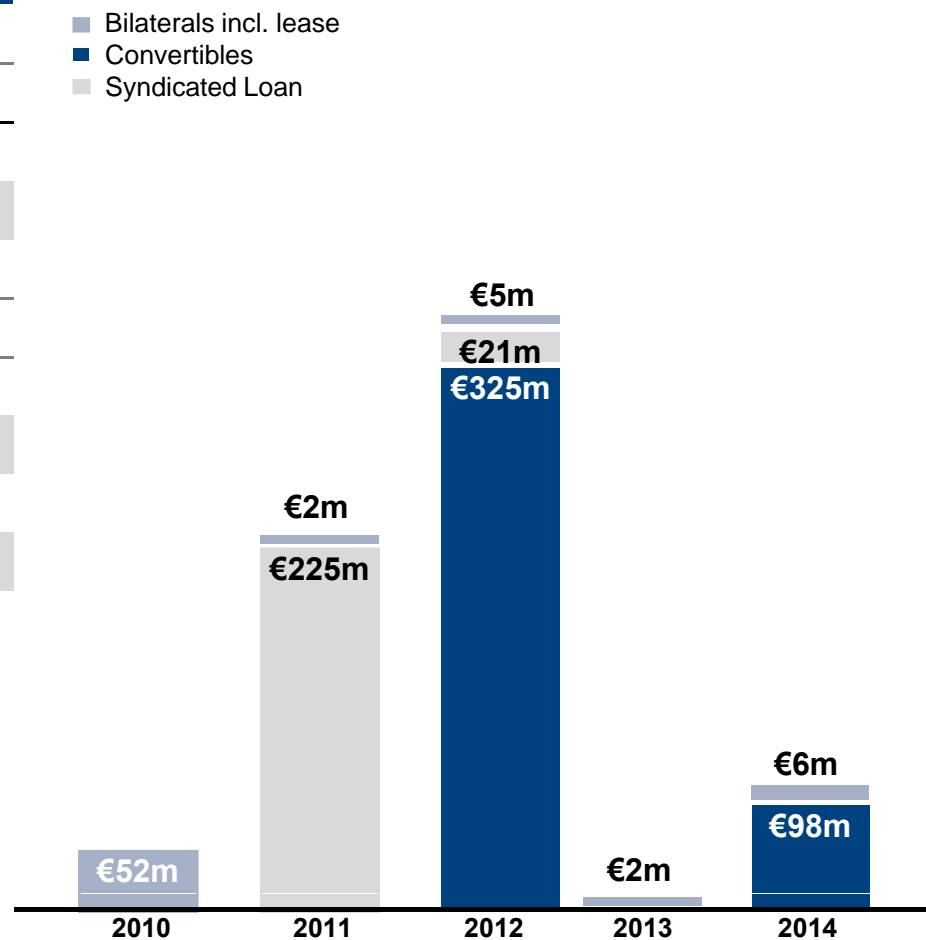


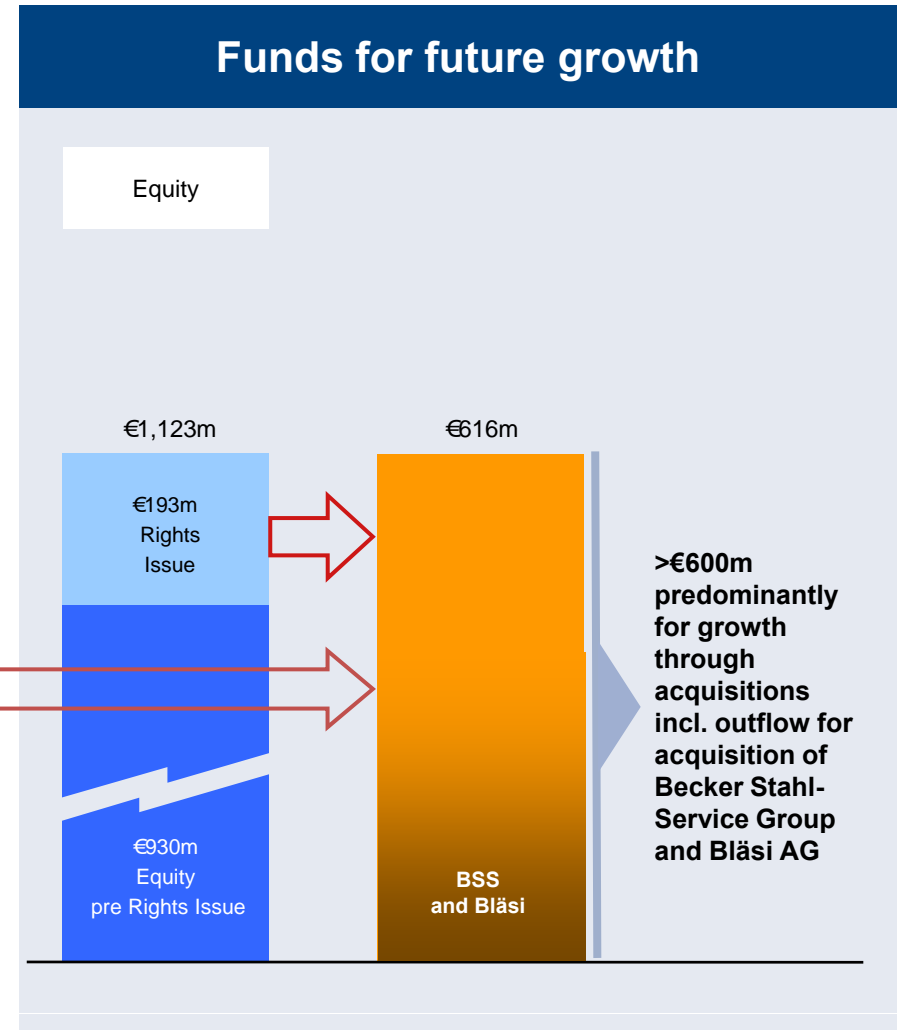
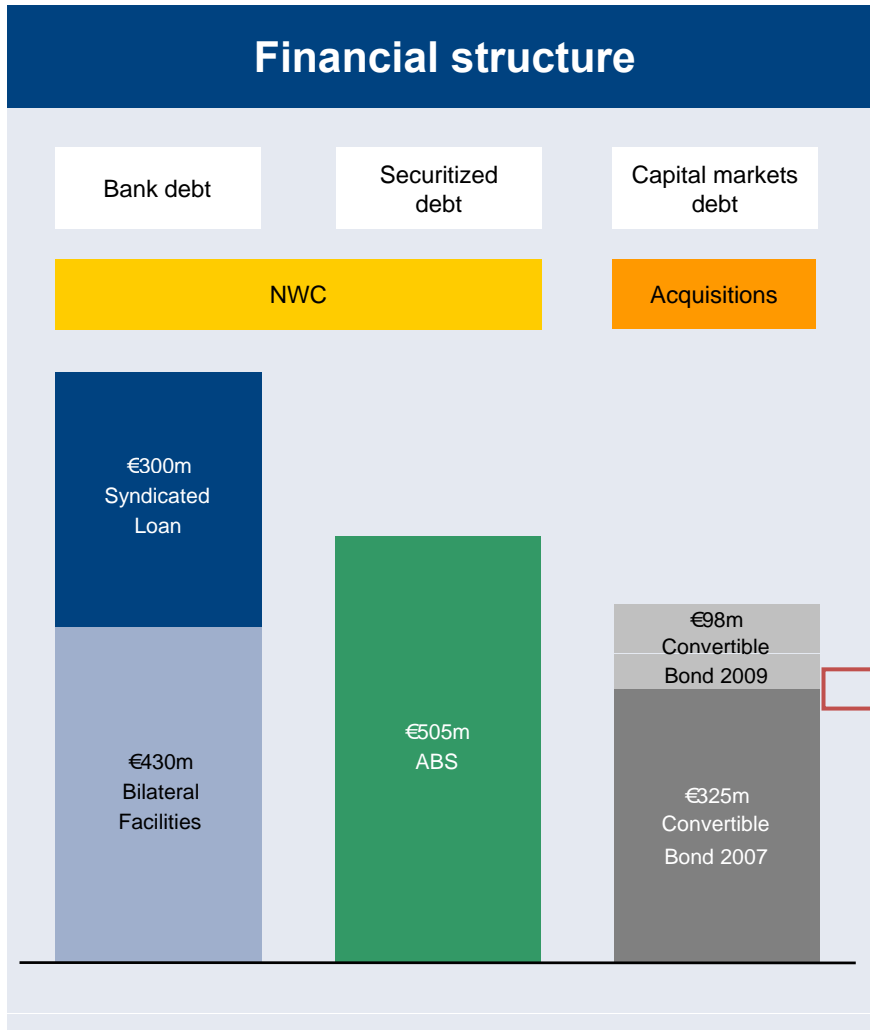
€m Facility	Committed	Drawn amount	
		FY 2008	FY 2009
Bilateral Facilities	421	65	53
ABS	505	213	21
Syndicated Loan	300	298	225
Total Senior Debt	1,226	576	299
Convertible 2007 ¹⁾	325	280	292
Convertible 2009 ¹⁾	98	0	77
Finance leases	9	11	9
Total Debt	1,658	867	677
Cash		294	827
Net Debt		571	-150

- Additional flexibility through renegotiated covenants, which are now free of performance measures
- Improved liquidity and total net cash balance after rights issue in September

¹ Drawn amount excludes equity component

Current maturity profile of drawn amounts





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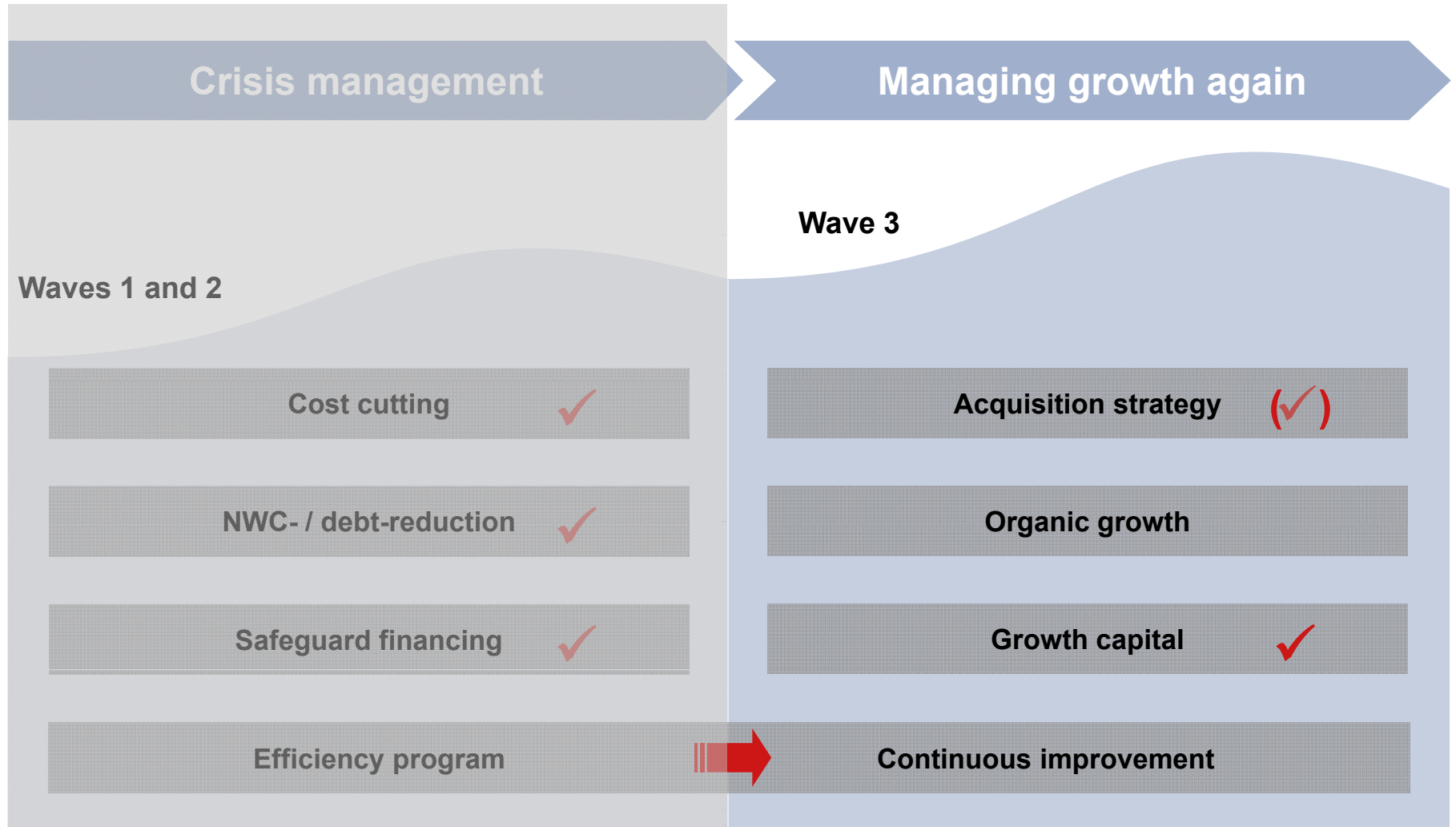
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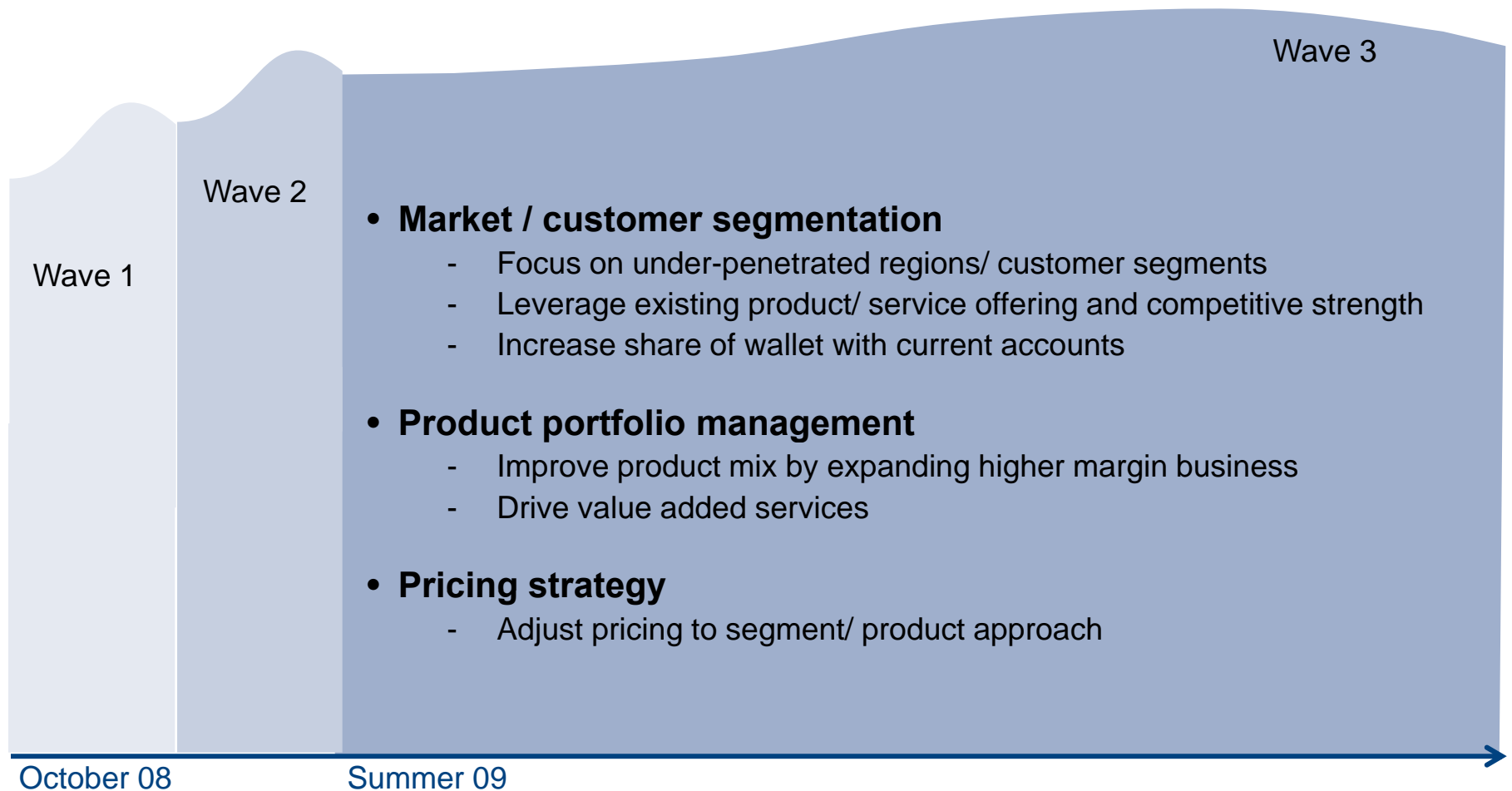
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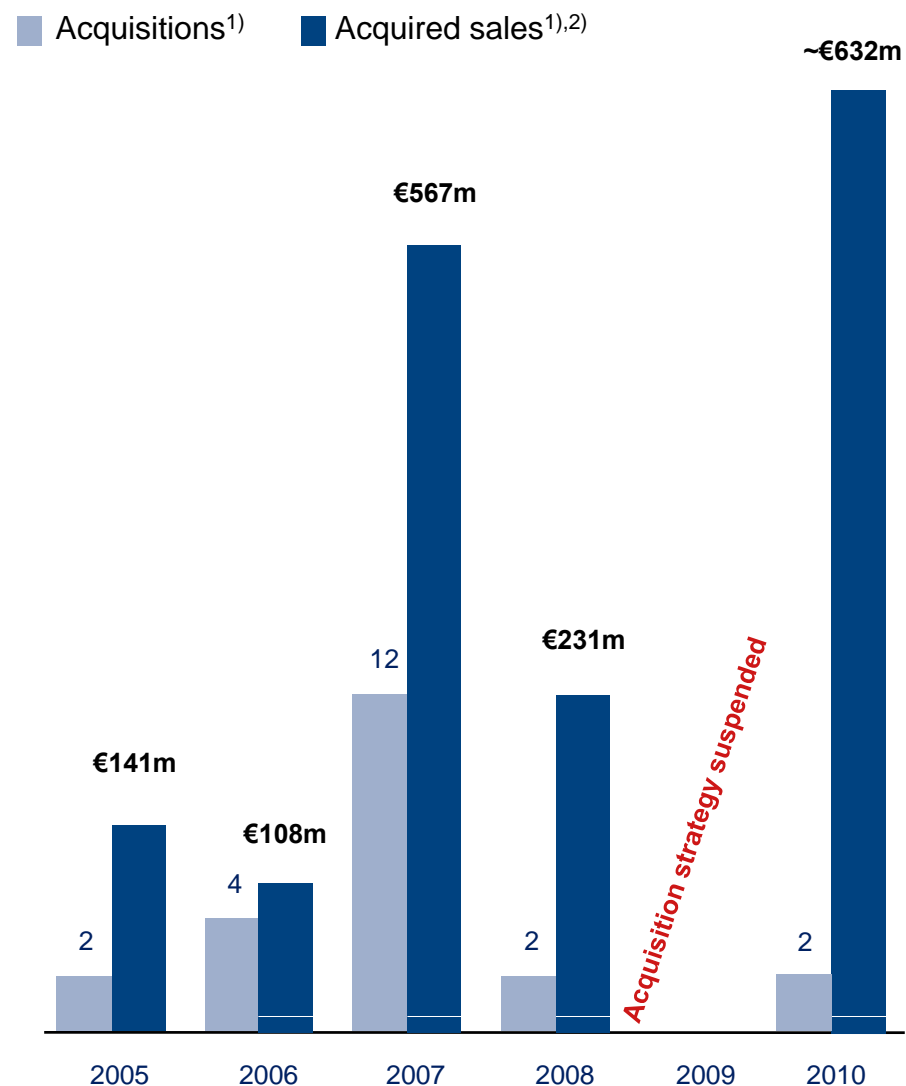




03

Successful acquisition-led growth re-established

Country	Acquired ¹⁾	Company	Sales (FY) ²⁾
GER	Mar 2010	Becker Stahl-Service Group	~€600m
CH	Jan 2010	Bläsi	€32m
2010			2 acquisitions so far
US	Mar 2008	Temtco	€226m
UK	Jan 2008	Multitubes	€5m
2008			2 acquisitions
CH	Sep 2007	Lehner & Tonossi	€9m
UK	Sep 2007	Interpipe	€14m
US	Sep 2007	ScanSteel	€7m
BG	Aug 2007	Metalsnab	€36m
UK	Jun 2007	Westok	€26m
US	May 2007	Premier Steel	€23m
GER	Apr 2007	Zweygart	€11m
GER	Apr 2007	Max Carl	€15m
GER	Apr 2007	Edelstahlservice	€17m
US	Apr 2007	Primary Steel	€360m
NL	Apr 2007	Teuling	€14m
F	Jan 2007	Tournier	€35m
2007			12 acquisitions
2006			4 acquisitions



¹⁾ As of announcement ²⁾ Figures refer to the latest fiscal years, prior to the acquisitions of the companies





- BSS is the largest single site SSC in Europe located in Bönen, Germany
- ~€600m sales in 2008/2009, consistently high EBITDA-margin >6%
- Highly regarded for its flexibility to deliver on short notice, reliability and quality
- New “Plant North” probably the most modern SSC in the world
- Capacity on two shift up to 1 million to per year for sheets up to 4mm thickness
- Expansion reserves already secured
- Synergies in purchasing and internal supply of German and European locations resulting in expected midterm annual synergies of €10m-€20m
- Consolidation as of March 1, 2010

- Achieve a leading EU-position in sheets and leverage to Group's flat procurement
- Leverage to Group's SSC activities and know how
- Realize synergies in purchasing
- Customer diversification outside construction
- Stabilize Group earnings volatility
- Constant EBITDA-margin above Group target (6%)
- EPS-accretive from year one
- Attractive valuation of 4x-5x EBITDA within target range



Bläsi is the leading distributor of technical products and building technology in the Kanton Bern, Switzerland



- Market leader in technical products, water supply and roofing in Bern conurbation
- 2008 sales of €32m, constant high profitability
- Local market share of 20-25% with broad customer base
- Strong synergies in purchasing and sales

- Strengthens our leading position in technical products and building supply in Switzerland
- Regional coverage of a white spot by acquiring #1 local player
- Fits to local product portfolio and therefore synergies in purchasing can be realized
- Stabilize Group earnings volatility
- Constant EBITDA-margin above Group average
- EPS-accretive from year one
- Attractive valuation of 4x-5x EBITDA within target range



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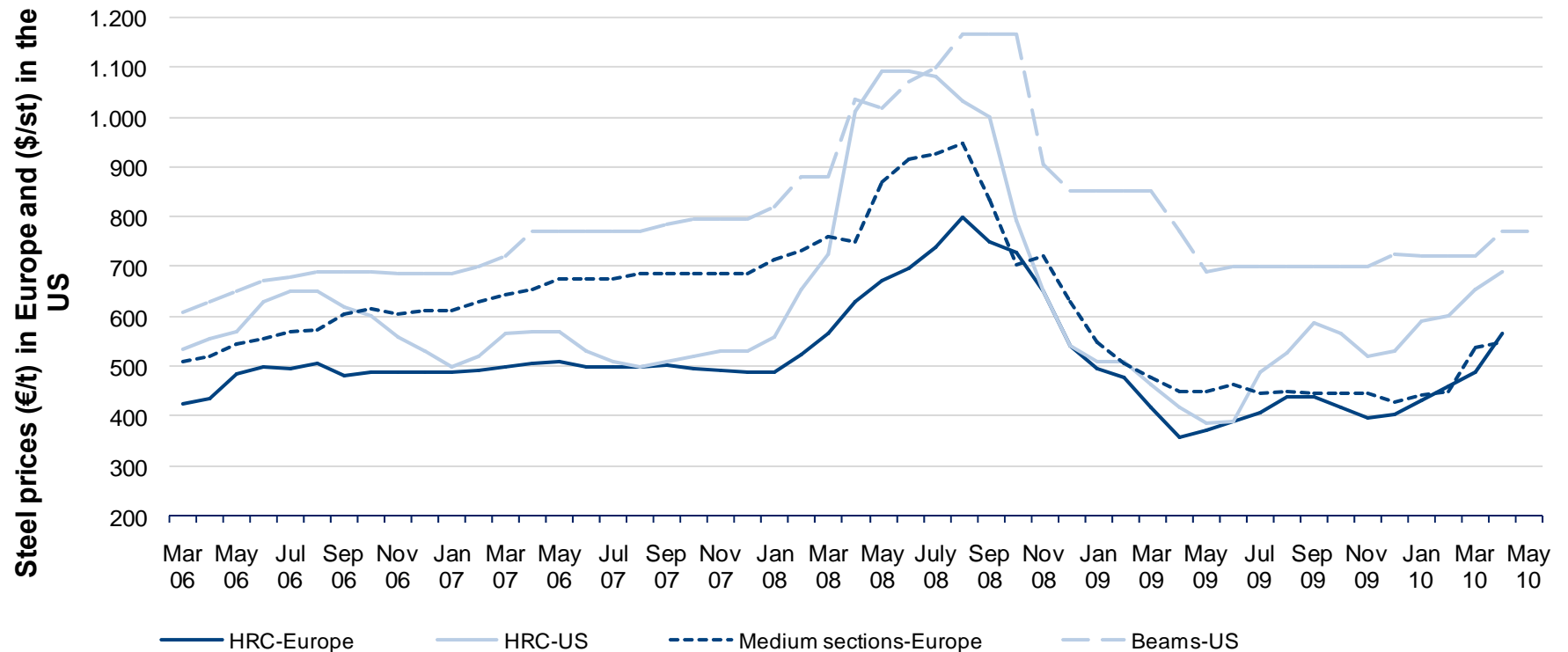
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Appendix



04 Improving price environment



- Steel prices are globally rising into Q2
- Flat product supply is getting tight
- Iron ore and coking coal prices will shift cost curve of production significantly

Source: SBB



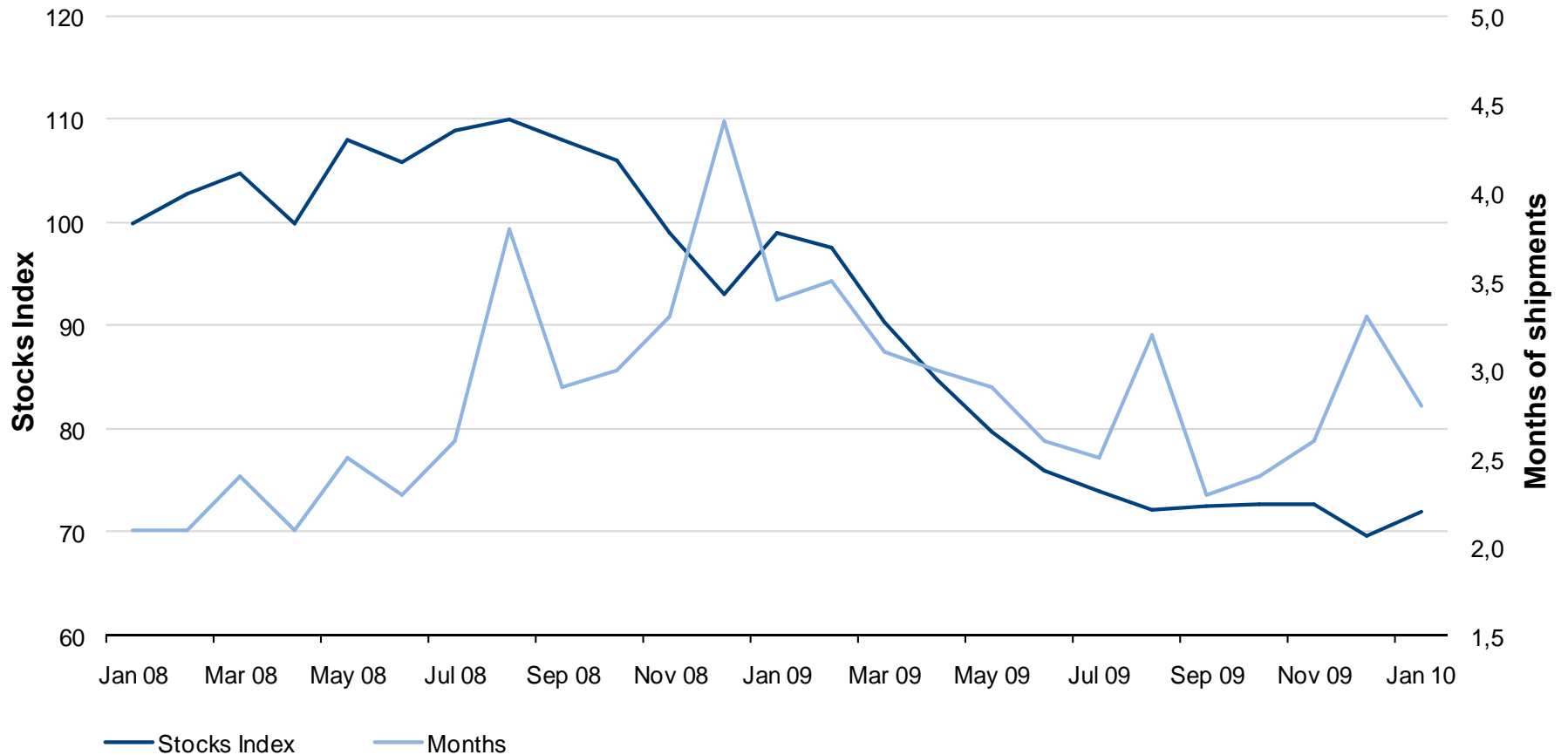


- Still comparatively low inventories throughout the supply chain leaves room for technical demand increase

Source: Metals Service Center Institute



04 Steel inventories also in Europe still low



- Inventories are on historic low levels although months of shipments are increased due to weak December sales volumes

Source: Eurometal, Stocks Index 100 = average 2007



04 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



- Sales to grow by more than 20% including acquisition impact with only limited contribution from real demand
- Increasing volume and sales development for Becker Stahl-Service Group compared to last year benefiting from automotive recovery in H1
- Higher average sales prices per ton in Q1 compared to Q4/09, although volumes still low given strong winter and so far hesitance of customers to restock
- Q2 expected to benefit from strong price increases backed by higher raw material prices and tight market supply especially in flat resulting in pre-buying activity
- Risk of reversal of prices in H2 if real demand is not picking up to support utilization of the mills
- Significant positive EBITDA in 2010 but not back to target margin of 6%
- Still more than half of the €600m earmarked for acquisitions available to further drive consolidation



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Financial calendar 2010

May 12, 2010:	Q1 interim report 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)	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)	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	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	198	208	161	78	173	391	462	340	645	1,366	1,221	1,208	987
% margin	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	83	11	-31	-132	-133	413	212	109	-68	601	371	395	197
% margin	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	26	-7	-48	-149	-152	395	197	93	-178	533	307	337	135
Financial result	-16	-14	-15	-16	-18	-18	-17	-17	-62	-70	-97	-64	-54
Income before taxes	9	-21	-63	-165	-171	378	180	76	-240	463	210	273	81
Income taxes	3	-2	16	38	29	-30	-55	-24	54	-79	-54	-39	-29
Net income	12	-23	-47	-127	-141	348	125	52	-186	384	156	235	52
Minority interests	3	0	1	-2	-15	-4	3	2	3	-14	23	28	16
Net income KlöCo	9	-23	-48	-126	-126	352	122	51	-188	398	133	206	36
EPS basic (€)	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 (€)	0.56	-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).



(€m)	Dec. 31, 2009	Dec. 31, 2008*
Long-term assets	712	811
Inventories	571	1,001
Trade receivables	464	799
Cash & Cash equivalents	827	297
Other assets	139	176
Total assets	2,713	3,084
Equity	1,123	1,081
Total long-term liabilities	927	1,177
thereof financial liabilities	619	813
Total short-term liabilities	663	826
thereof trade payables	398	392
Total equity and liabilities	2,713	3,084
Net working capital	637	1,407
Net financial debt	-150	571

Comments

Shareholders' equity:

- Increased from 35% to 41%
- Would be at 55% if cash would be used for debt reduction

Financial debt:

- Gearing reduced from 53% to -14%

* restated due to initial application of IFRIC 14



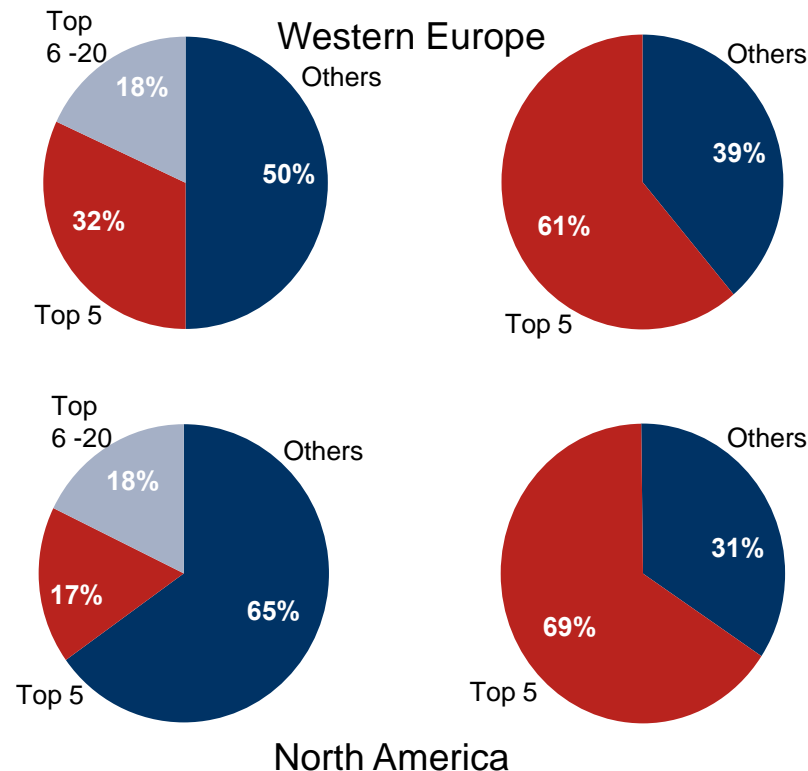
(€m)	FY 2009	FY 2008
Operating CF	-158	386
Changes in net working capital	769	-87
Others	-46	-112
Cash flow from operating activities	565	187
Inflow from disposals of fixed assets/others	14	388
Outflow from investments in fixed assets/others	-22	-316
Cash flow from investing activities	-8	72
Convertible bond	96	0
Rights issue	193	0
Changes in financial liabilities	-284	-46
Net interest payments	-28	-37
Dividends	-1	-40
Cash flow from financing activities	-24	-123
Total cash flow	533	136

Comments

- Operating CF negatively impacted by volume drop, offset by change in NWC
- Investing CF mainly balanced because of postponement of acquisitions and investment cut



Consolidation among steel producers is well ahead of highly fragmented distribution sector



M&A Strategy

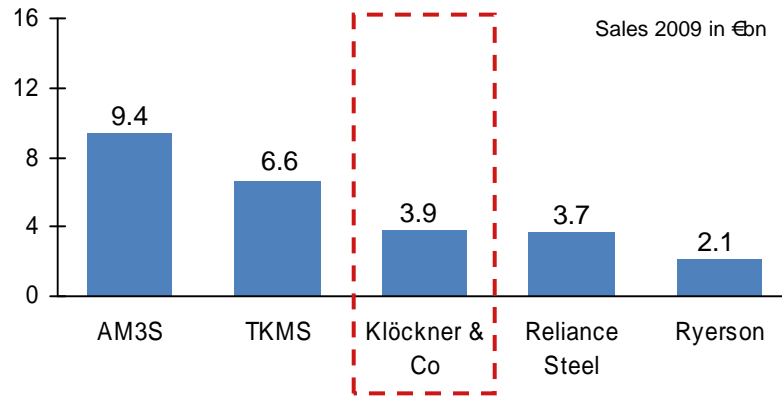
- Achieve profitable growth
- Strengthen country power vs. suppliers for core group products
- Strengthen country specific market positions
- Expand footprint outside construction industry
- Focus on geographical core markets in EU, NA and EEC to leverage existing network

Target selection criteria

- Profitability above group average
- Strong synergy potential in purchasing, admin and warehousing with low integration risk
- EV/EBITDA multiple between 4x and 6x EBITDA
- EPS-accretive from year one



Largest independent multi-metal distributor

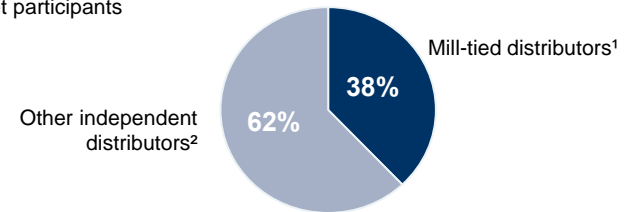


- Sourcing flexibility
- Ability to obtain steel at market prices, even in tight markets
- Better ability to react to changes in supply and demand, as products are sourced from a variety of suppliers
- Mill-tied distributors competing against customers of the mills

Source: Public information Note: Average exchange rate \$/€2009: 0.695
¹ Includes complete Steel Solutions and Services ² Mill-tied distributors

European competitive landscape

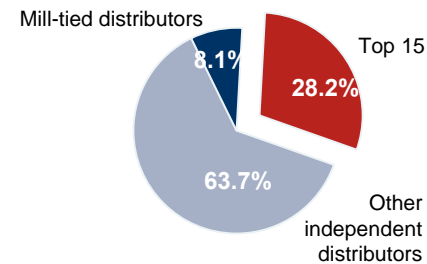
Europe:
~3,000 market participants



Source: Eurometal (2009), based on turnover in tons
¹ Top 3 mill-tied distributors ArcelorMittal/ ThyssenKrupp/ Corus
² Klöckner & Co is largest independent distributor

North American competitive landscape

North America:
~1,200 market participants

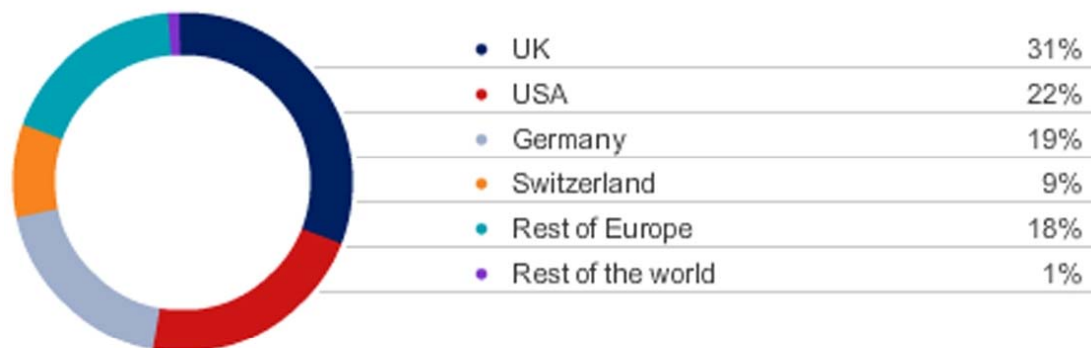


Rank	Company	Mkt. Share
1	Reliance Steel	5.7%
2	Ryerson Inc	3.5%
3	McJunkin Red Man	2.6%
4	Samuel, Son & Co.	2.1%
...		
10	Klöckner-Namasco	1.2%
11	A.M. Castle & Co	0.9%
...		
Top 15 combined		28.2%

Source: Metal Center News (Sept. 2009), Purchasing Magazine (April 2009), based on sales



Geographical breakdown of identified institutional investors



as of December 2009

Comments

- Identified institutional investors account for 57%
- 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 24%
- 100% free float



