



Klöckner & Co SE

A Leading Multi Metal Distributor



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Steubing AG Stahl Round Table  
Frankfurt

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- Downturns in the business cycle of the industries in which we compete;
- Increases in the prices of our raw materials, especially if we are unable to pass these costs along to customers;
- Fluctuation in international currency exchange rates as well as changes in the general economic climate
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## Agenda

01 Company overview & Highlights

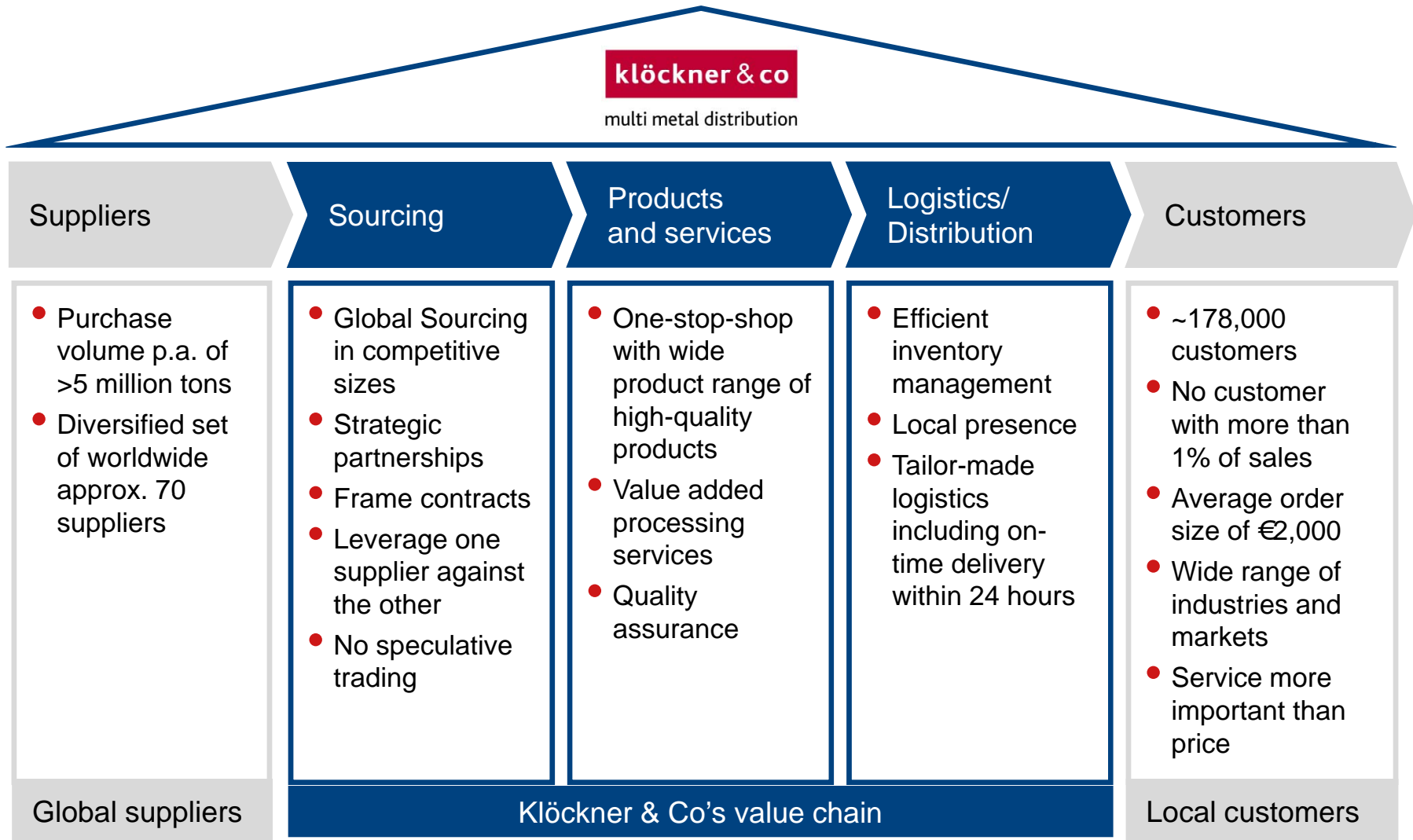
02 Financials FY 2009

03 How to grow

04 Market & Outlook

05 Appendix



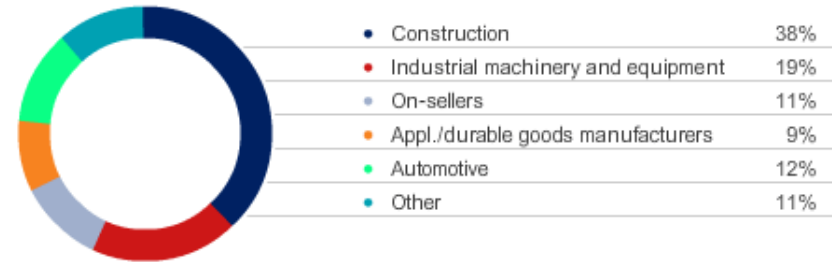


# 01 Klöckner & Co at a glance

## 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



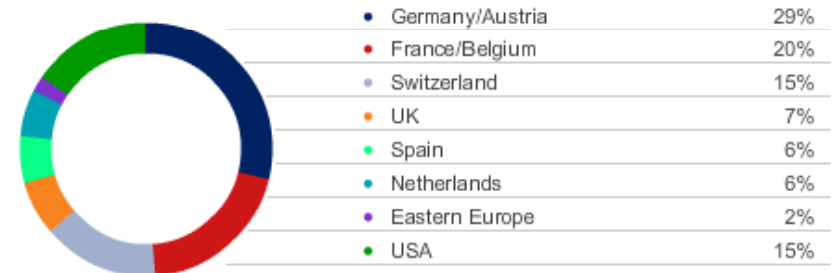
as of December 2009

## 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 <sup>1</sup>
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 <sup>2</sup>
Gearing <75%	-14%

<sup>1</sup> Cartel fine reduction impact excluded

<sup>2</sup> Calculated as NWC/ sales LTM



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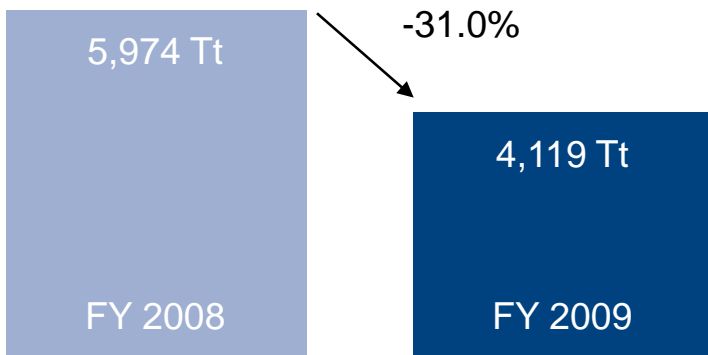
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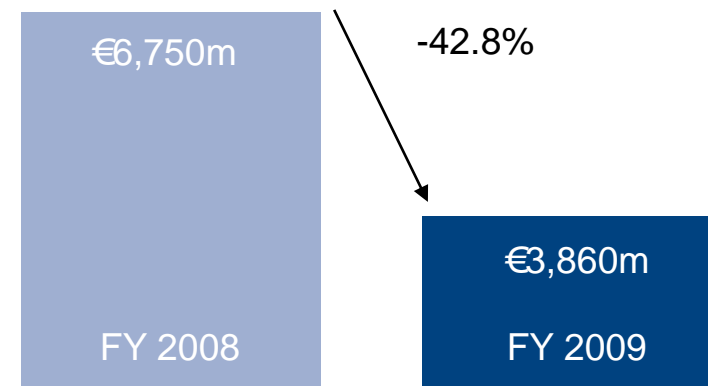
05 Appendix



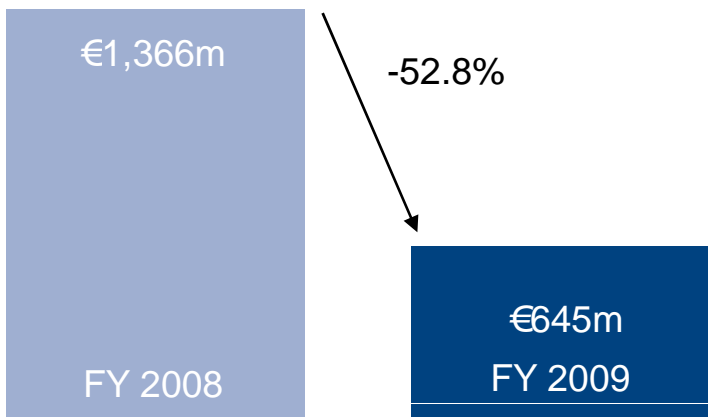
### Volume



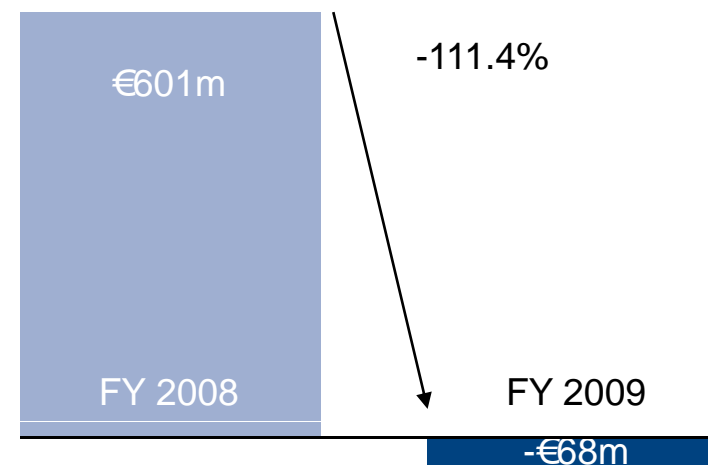
### Sales



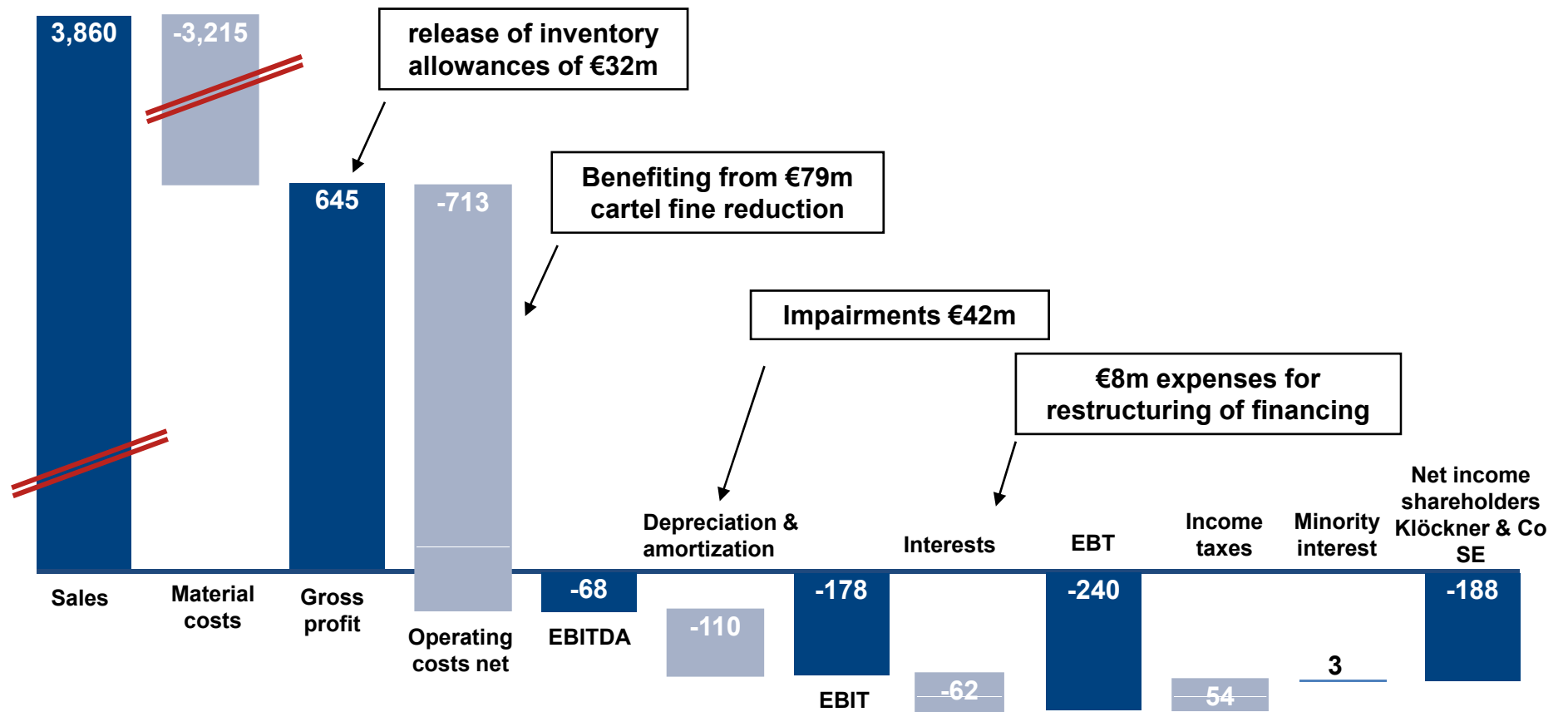
### Gross profit



### EBITDA



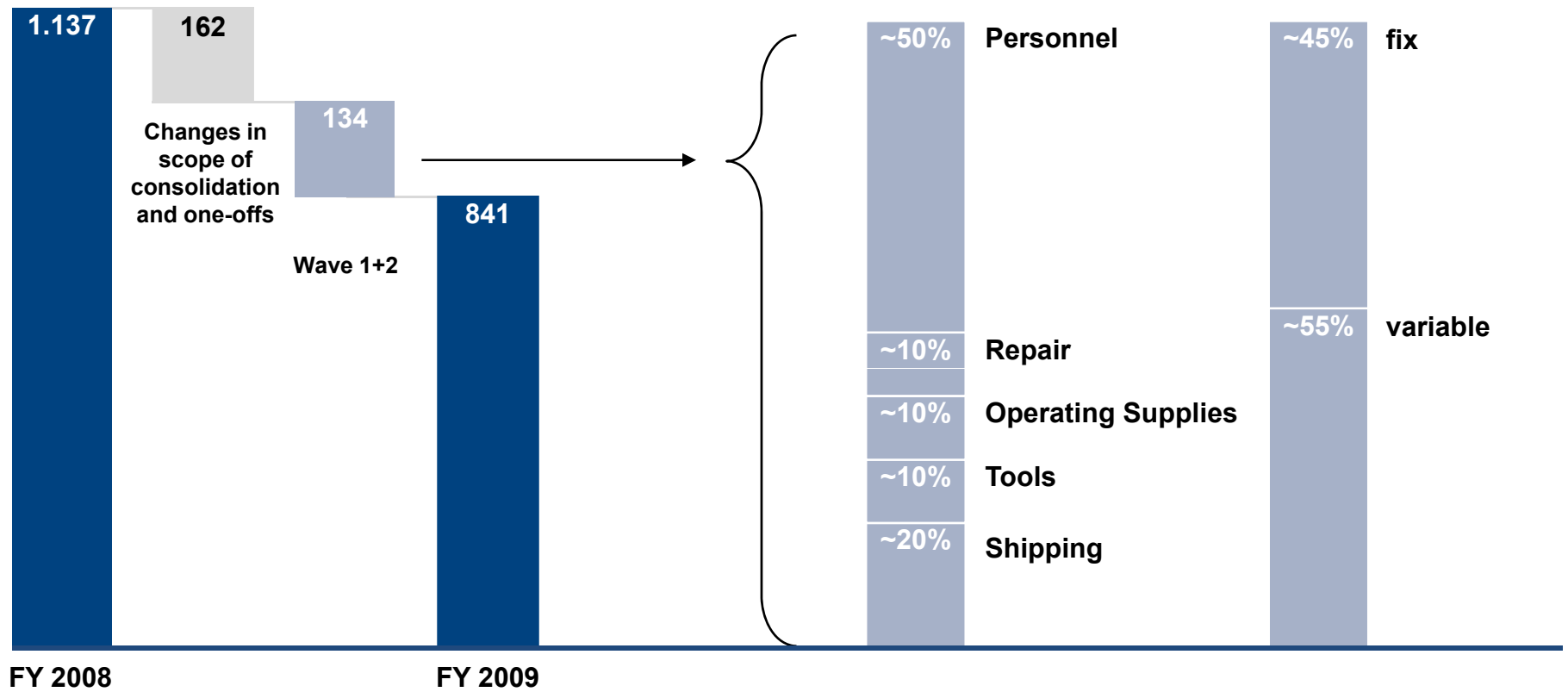
In €m



## Cost base development

## Wave 1+2

in €m



(€m)	Europe	North America	HQ/ Consol.	Total
<b>Volume (Ttons)</b>				
2009	3,156	963	-	4,119
2008	4,317	1,657	-	5,974
<b>Δ %</b>	<b>-26.9</b>	<b>-41.9</b>	-	<b>-31.0</b>
<b>Sales</b>				
2009	3,186	674	-	3,860
2008	5,374	1,376	-	6,750
<b>Δ %</b>	<b>-40.7</b>	<b>-51.0</b>	-	<b>-42.8</b>
<b>EBITDA</b>				
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
<b>Δ % EBITDA</b>	<b>-85.0</b>	<b>-129.3</b>	-	<b>-111.4</b>

## Comments

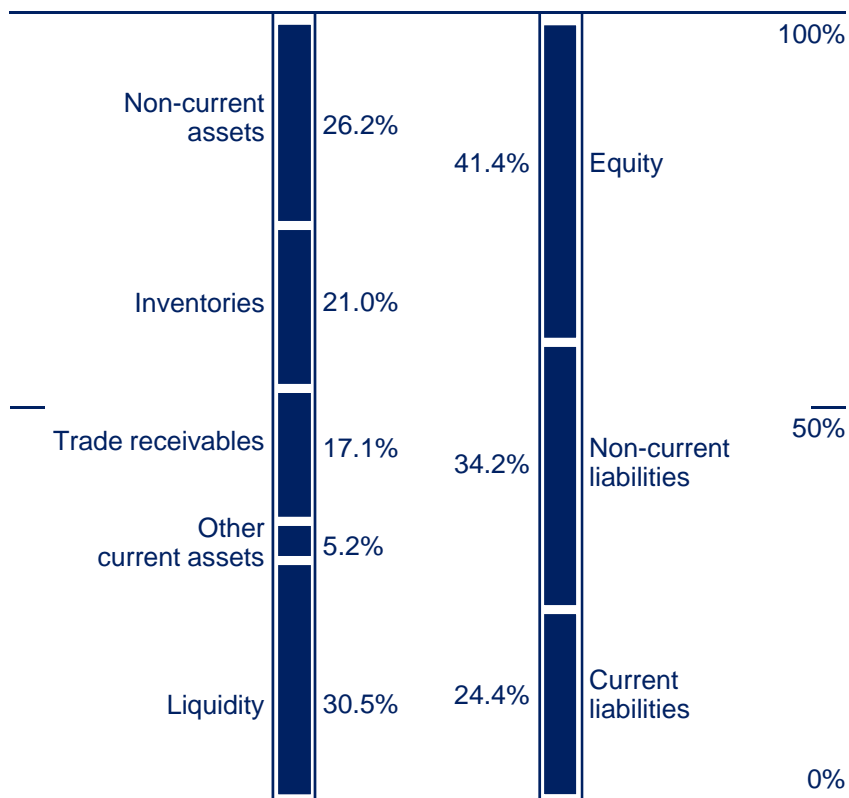
- Organic volume development in North America -28.1%
- Organic sales development in North America -46,7%
- EBITDA w/o effect from reduced French cartel fine segment EU -€91m, segment HQ -€14m, group level -€149m



# 02 Balance sheet as of Dec. 31, 2009

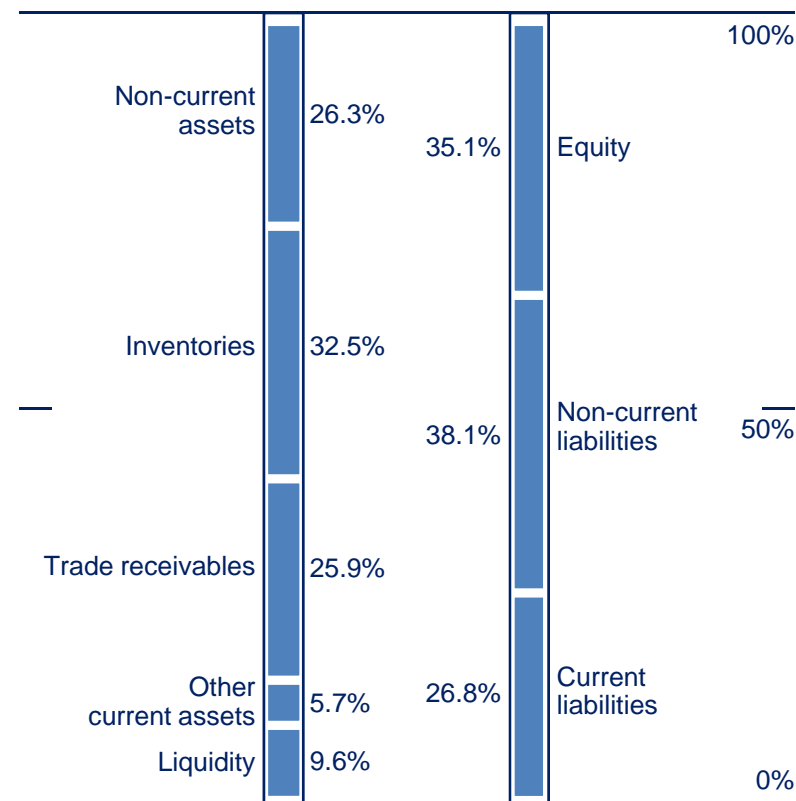
2009

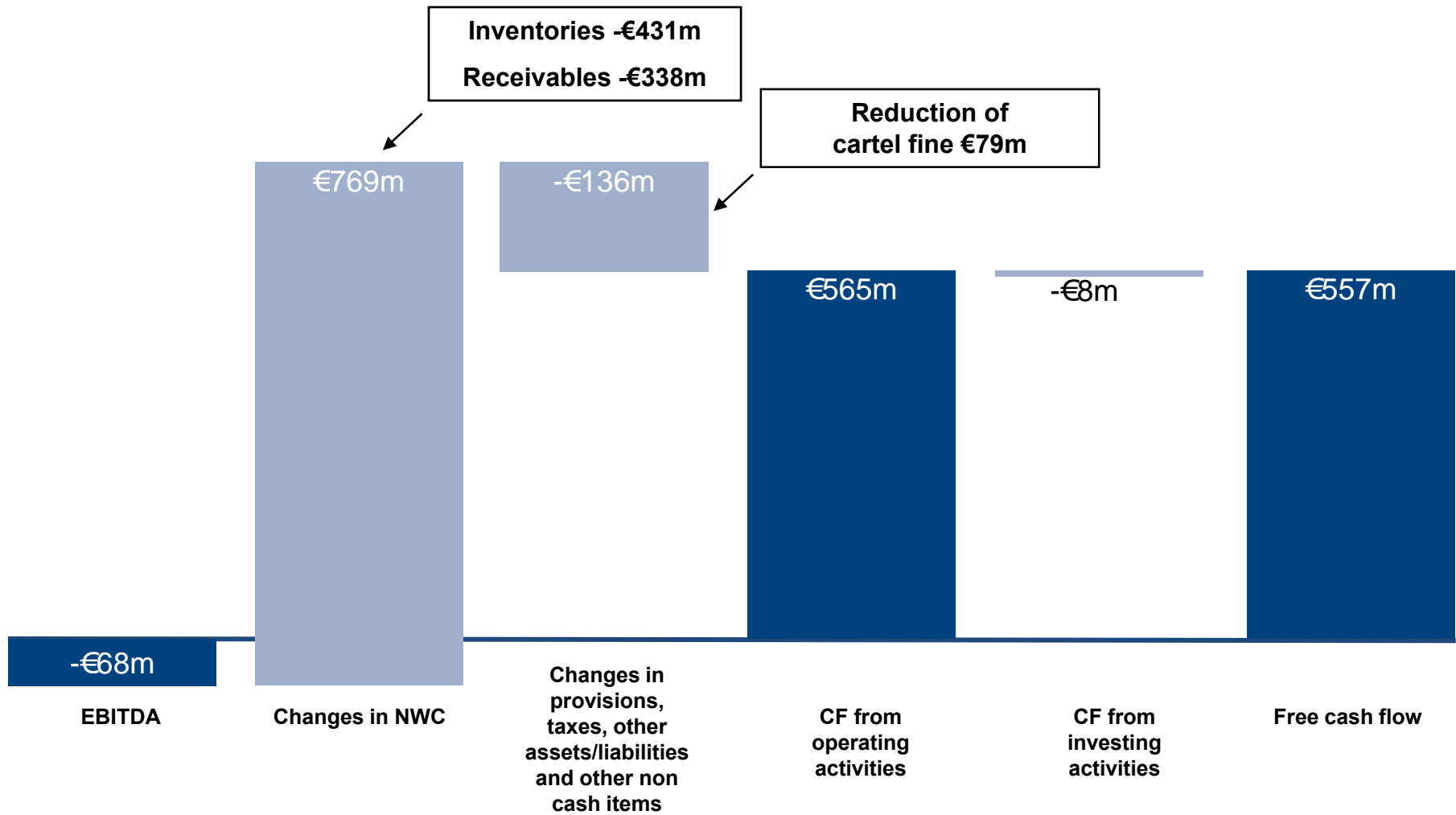
€ 2,713 million



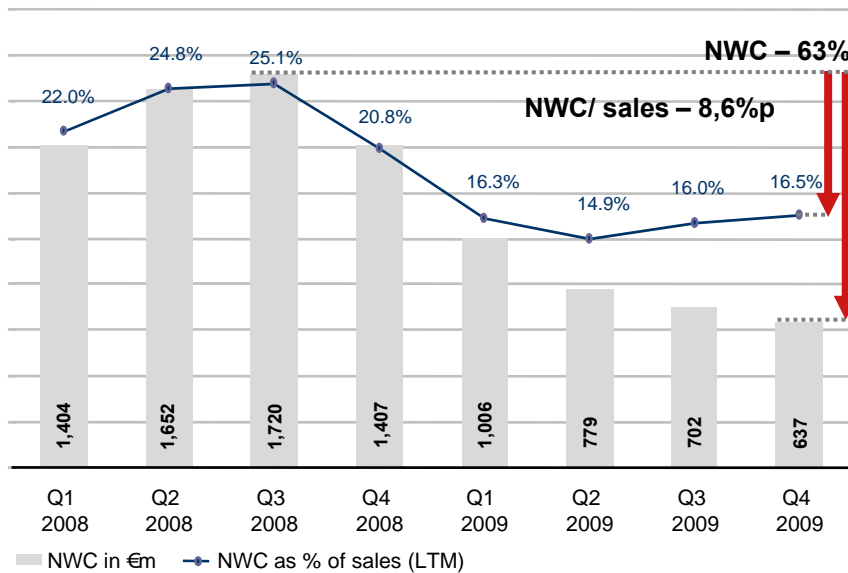
2008

€3,084 million

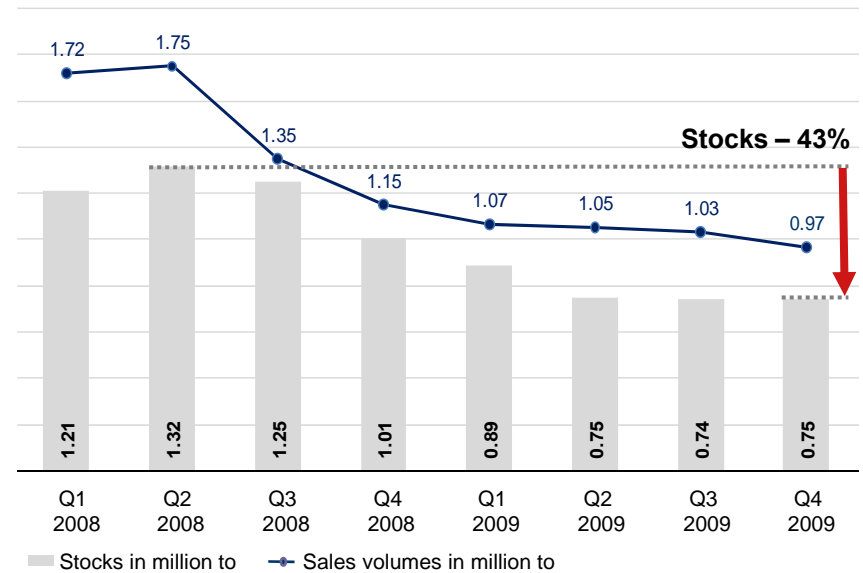




NWC and NWC as % of sales



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

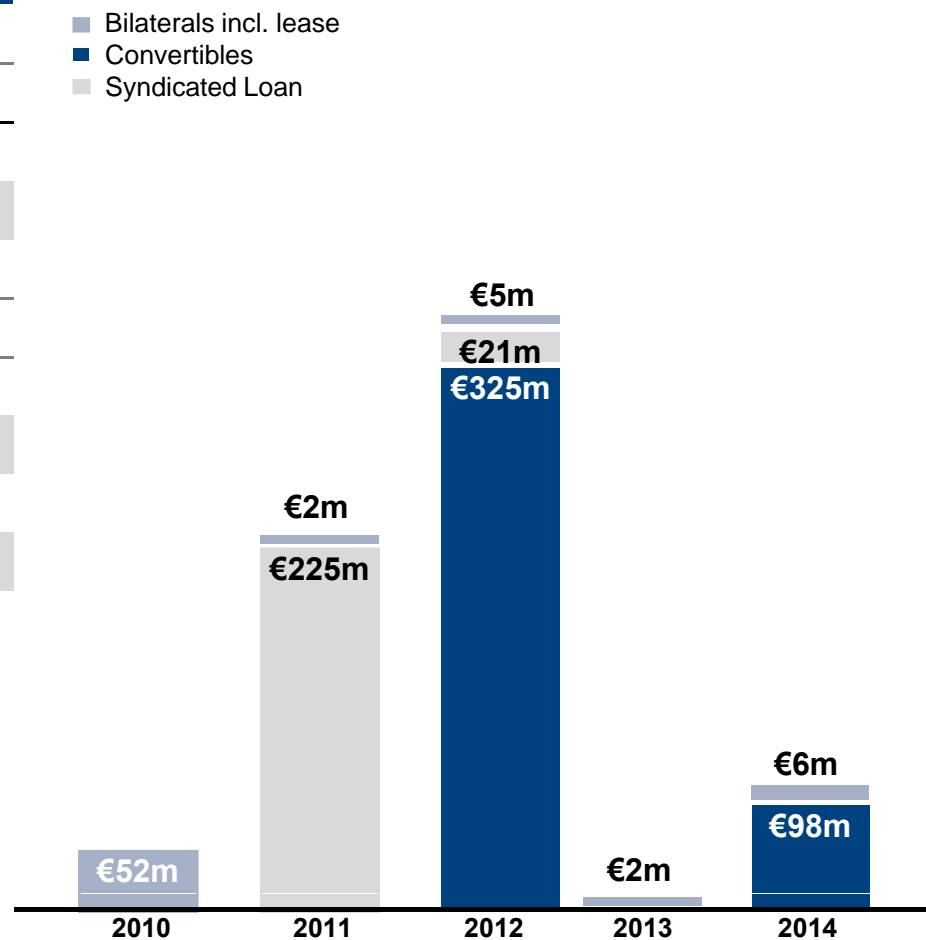


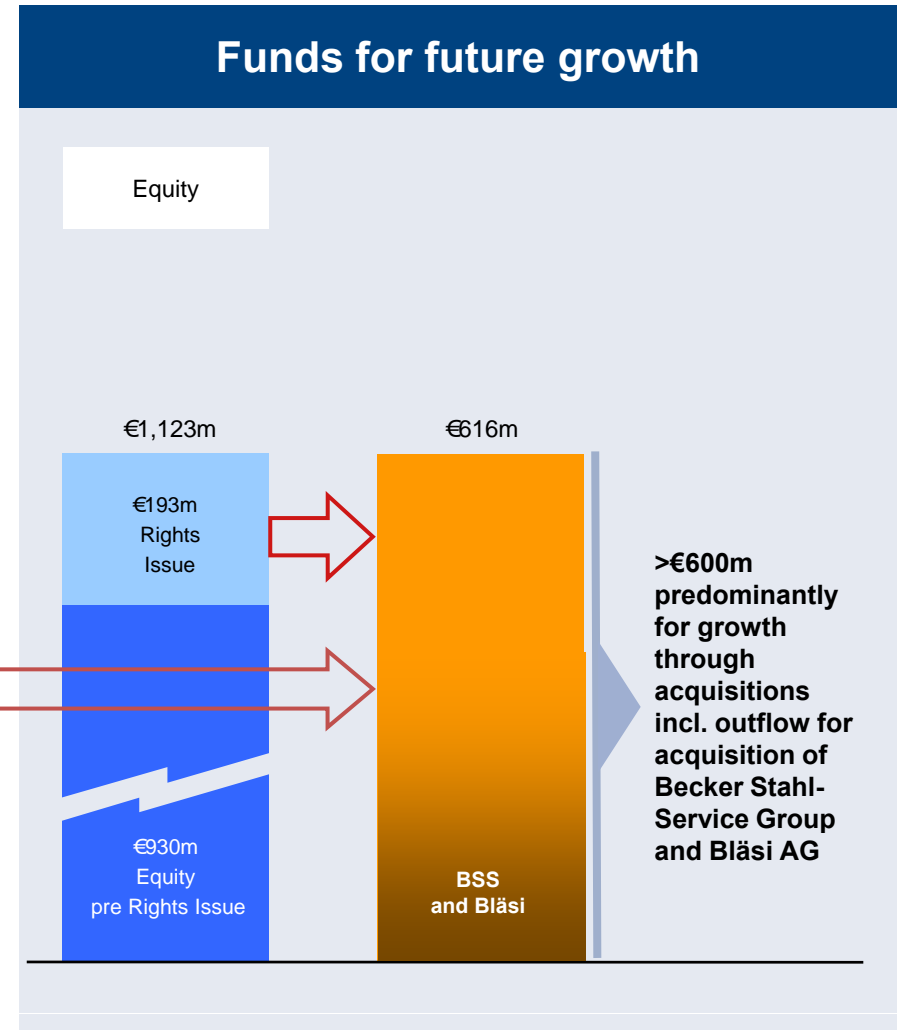
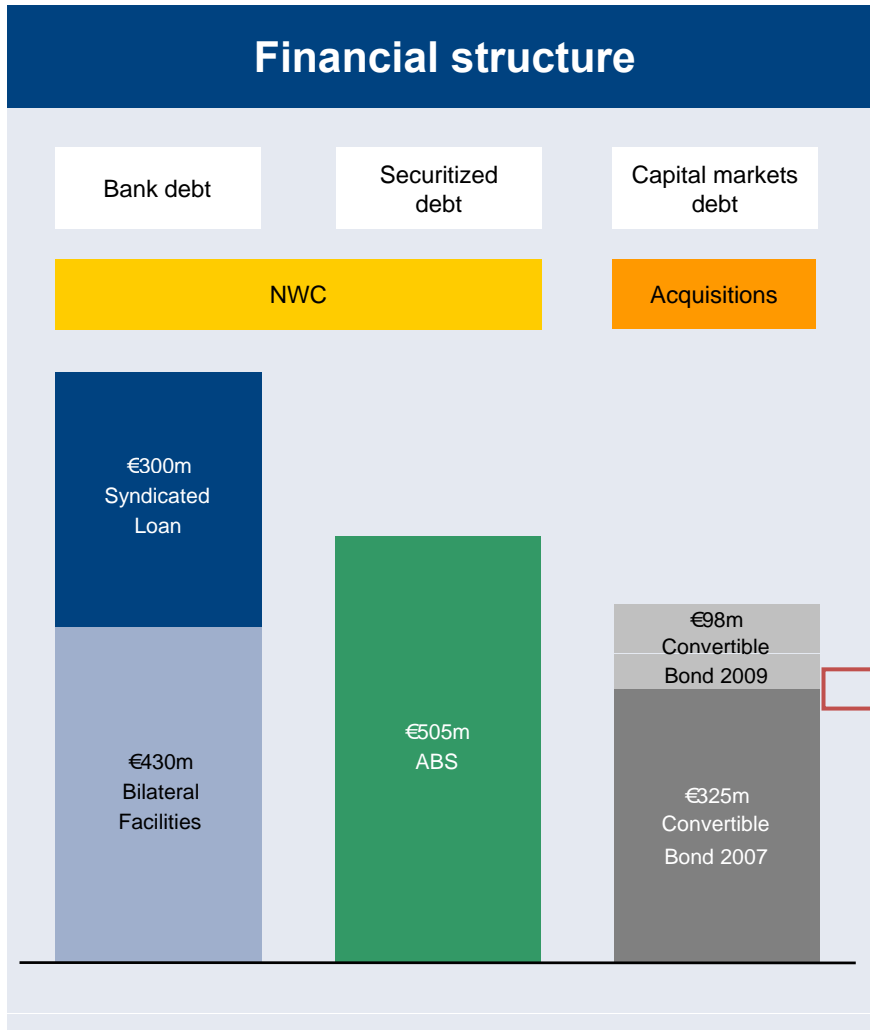
€m Facility	Committed	Drawn amount	
		FY 2008	FY 2009
Bilateral Facilities	421	65	53
ABS	505	213	21
Syndicated Loan	300	298	225
<b>Total Senior Debt</b>	<b>1,226</b>	<b>576</b>	<b>299</b>
Convertible 2007 <sup>1)</sup>	325	280	292
Convertible 2009 <sup>1)</sup>	98	0	77
Finance leases	9	11	9
<b>Total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

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

<sup>1</sup> Drawn amount excludes equity component

Current maturity profile of drawn amounts





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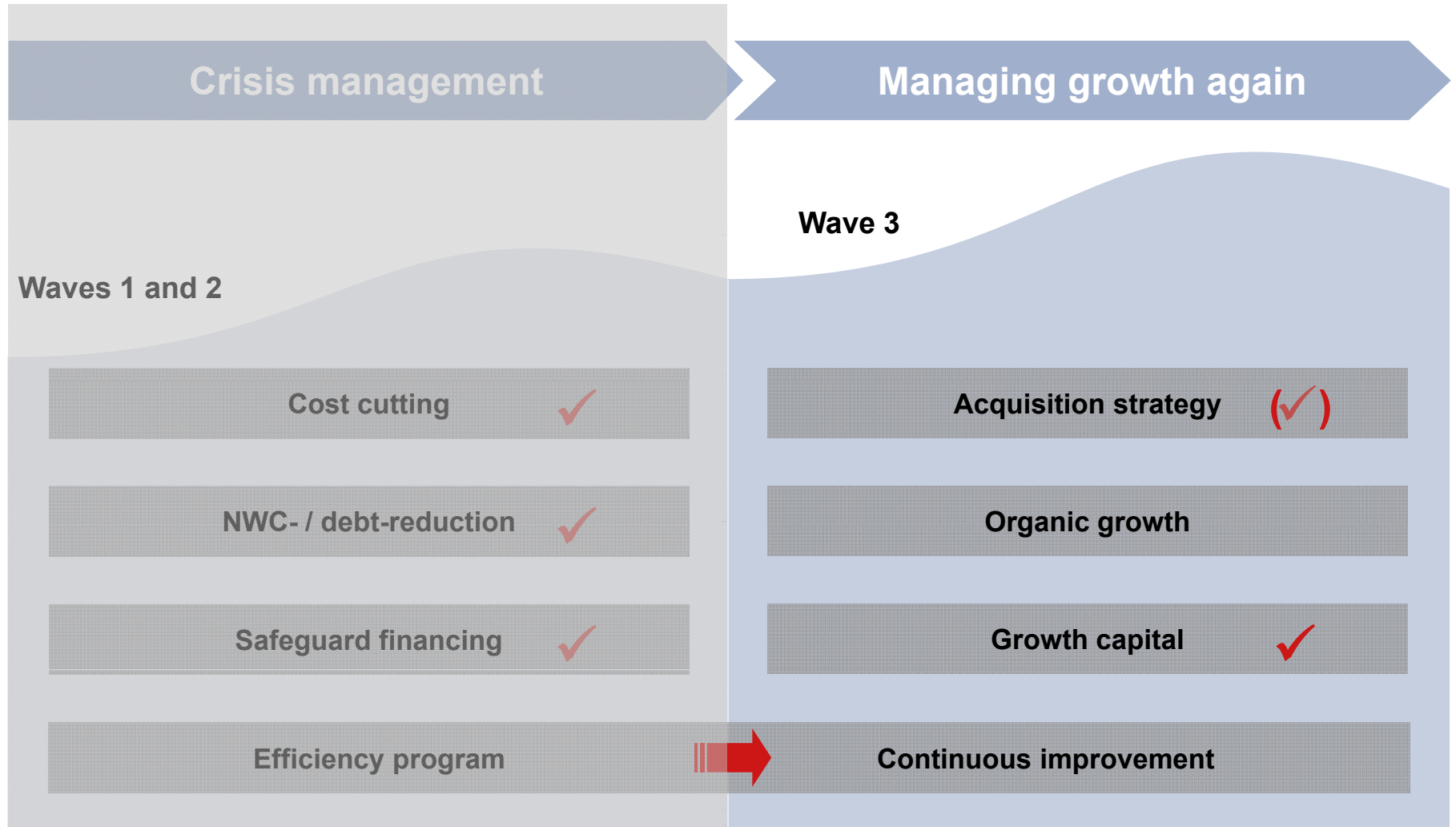
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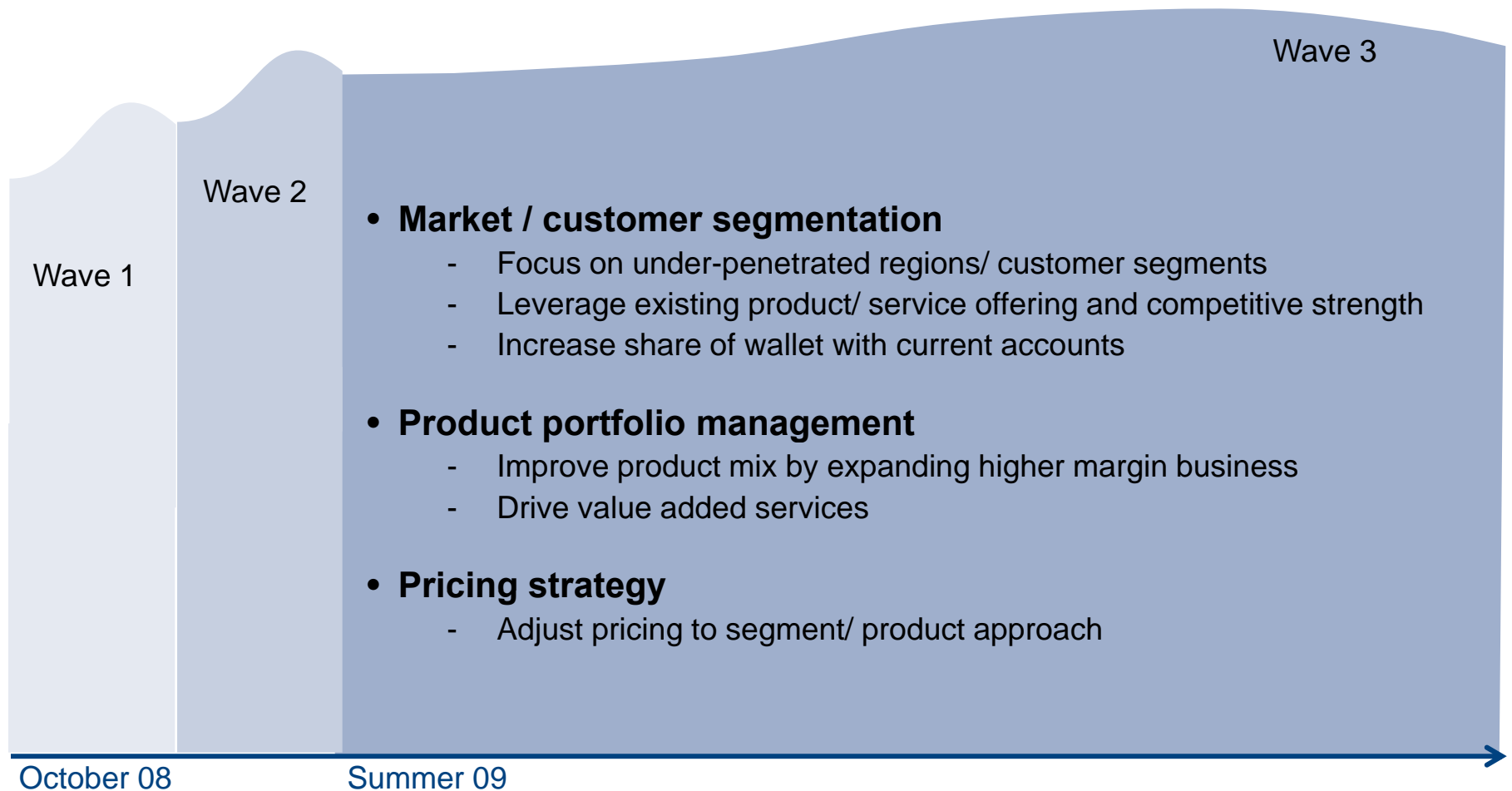
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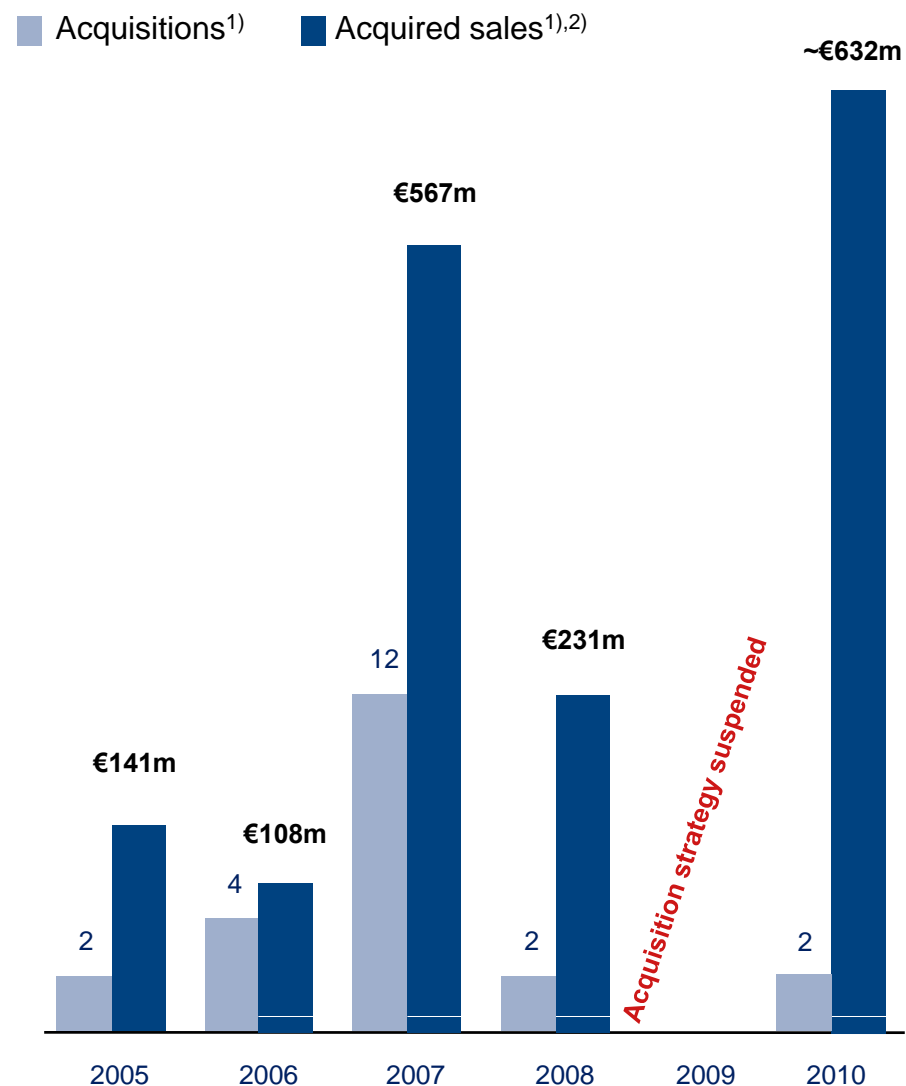




# 03

## Successful acquisition-led growth re-established

Country	Acquired <sup>1)</sup>	Company	Sales (FY) <sup>2)</sup>
GER	Mar 2010	Becker Stahl-Service Group	~€600m
CH	Jan 2010	Bläsi	€32m
<b>2010</b>			<b>2 acquisitions so far</b>
US	Mar 2008	Temtco	€226m
UK	Jan 2008	Multitubes	€5m
<b>2008</b>			<b>2 acquisitions</b>
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
<b>2007</b>			<b>12 acquisitions</b>
<b>2006</b>			<b>4 acquisitions</b>



<sup>1)</sup> As of announcement <sup>2)</sup> 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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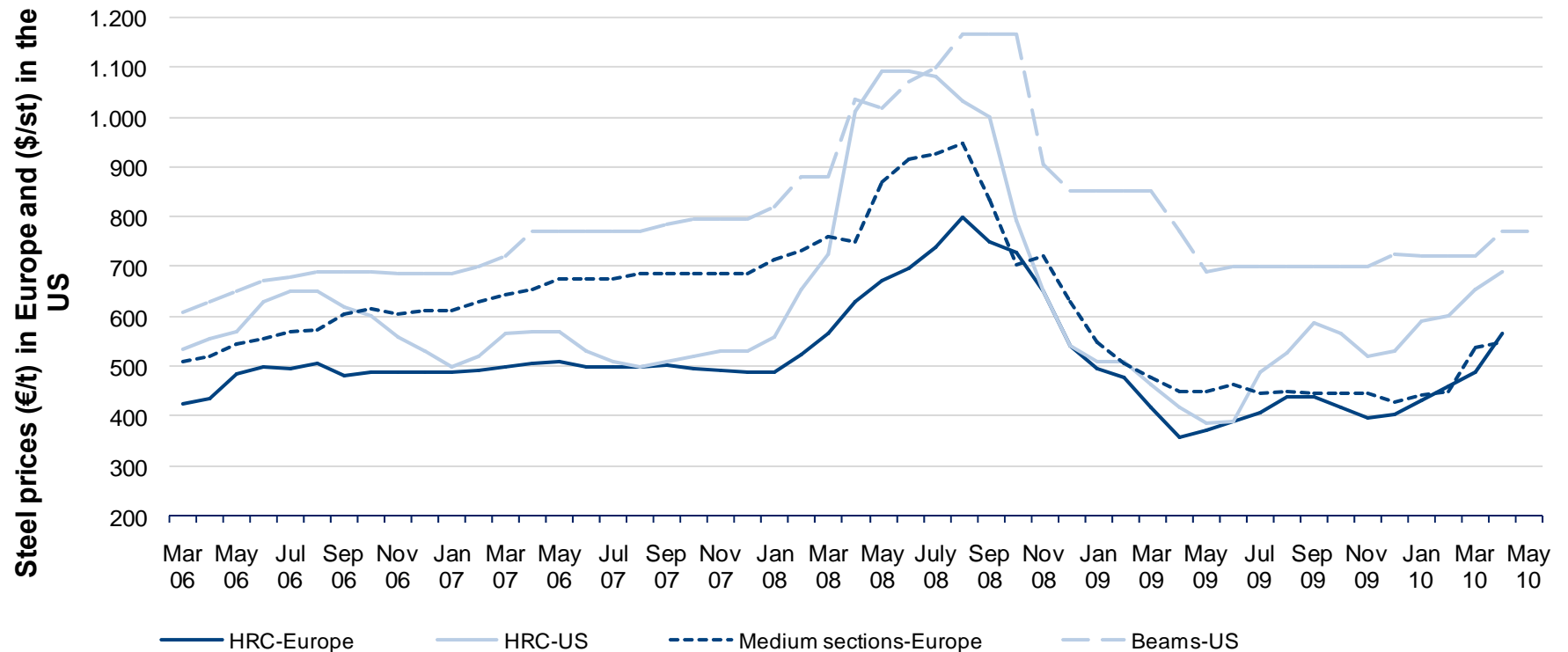
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## 04 Improving price environment



- 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



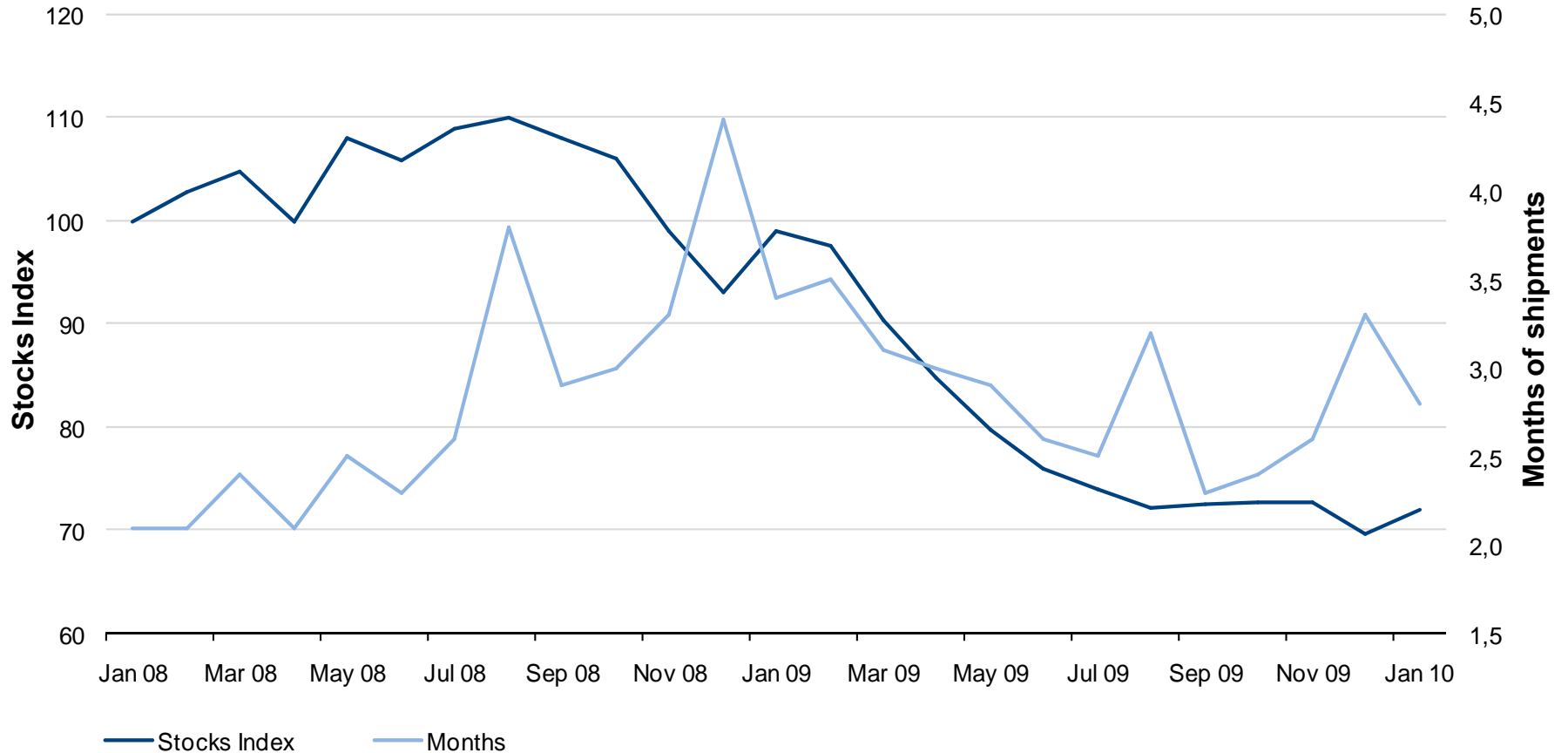


- Still comparatively low inventories throughout the supply chain leaves room for technical demand increase

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*
<b>Volume (Ttons)</b>	<b>966</b>	<b>1,033</b>	<b>1,053</b>	<b>1,068</b>	<b>1,151</b>	<b>1,348</b>	<b>1,755</b>	<b>1,720</b>	<b>4,119</b>	<b>5,974</b>	<b>6,478</b>	<b>6,127</b>	<b>5,868</b>
<b>Sales</b>	<b>873</b>	<b>934</b>	<b>959</b>	<b>1,095</b>	<b>1,394</b>	<b>1,773</b>	<b>1,922</b>	<b>1,660</b>	<b>3,860</b>	<b>6,750</b>	<b>6,274</b>	<b>5,532</b>	<b>4,964</b>
<b>Gross profit</b>	<b>198</b>	<b>208</b>	<b>161</b>	<b>78</b>	<b>173</b>	<b>391</b>	<b>462</b>	<b>340</b>	<b>645</b>	<b>1,366</b>	<b>1,221</b>	<b>1,208</b>	<b>987</b>
% 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
<b>EBITDA</b>	<b>83</b>	<b>11</b>	<b>-31</b>	<b>-132</b>	<b>-133</b>	<b>413</b>	<b>212</b>	<b>109</b>	<b>-68</b>	<b>601</b>	<b>371</b>	<b>395</b>	<b>197</b>
% 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
<b>EBIT</b>	<b>26</b>	<b>-7</b>	<b>-48</b>	<b>-149</b>	<b>-152</b>	<b>395</b>	<b>197</b>	<b>93</b>	<b>-178</b>	<b>533</b>	<b>307</b>	<b>337</b>	<b>135</b>
Financial result	-16	-14	-15	-16	-18	-18	-17	-17	-62	-70	-97	-64	-54
<b>Income before taxes</b>	<b>9</b>	<b>-21</b>	<b>-63</b>	<b>-165</b>	<b>-171</b>	<b>378</b>	<b>180</b>	<b>76</b>	<b>-240</b>	<b>463</b>	<b>210</b>	<b>273</b>	<b>81</b>
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
<b>Net income KlöCo</b>	<b>9</b>	<b>-23</b>	<b>-48</b>	<b>-126</b>	<b>-126</b>	<b>352</b>	<b>122</b>	<b>51</b>	<b>-188</b>	<b>398</b>	<b>133</b>	<b>206</b>	<b>36</b>
<b>EPS basic (€)</b>	<b>0.56</b>	<b>-0.42</b>	<b>-1.04</b>	<b>-2.70</b>	<b>-2.72</b>	<b>7.56</b>	<b>2.63</b>	<b>1.09</b>	<b>-3.61</b>	<b>11.28</b>	<b>2.87</b>	<b>4.44</b>	<b>-</b>
<b>EPS diluted (€)</b>	<b>0.56</b>	<b>-0.42</b>	<b>-0.85</b>	<b>-2.43</b>	<b>-2.44</b>	<b>7.01</b>	<b>2.48</b>	<b>1.06</b>	<b>-3.61</b>	<b>10.60</b>	<b>2.87</b>	<b>4.44</b>	<b>-</b>

\* 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).



## 05 Balance sheet as of Dec. 31, 2009

(€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
<b>Total assets</b>	<b>2,713</b>	<b>3,084</b>
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
<b>Total equity and liabilities</b>	<b>2,713</b>	<b>3,084</b>
<b>Net working capital</b>	<b>637</b>	<b>1,407</b>
<b>Net financial debt</b>	<b>-150</b>	<b>571</b>

### 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



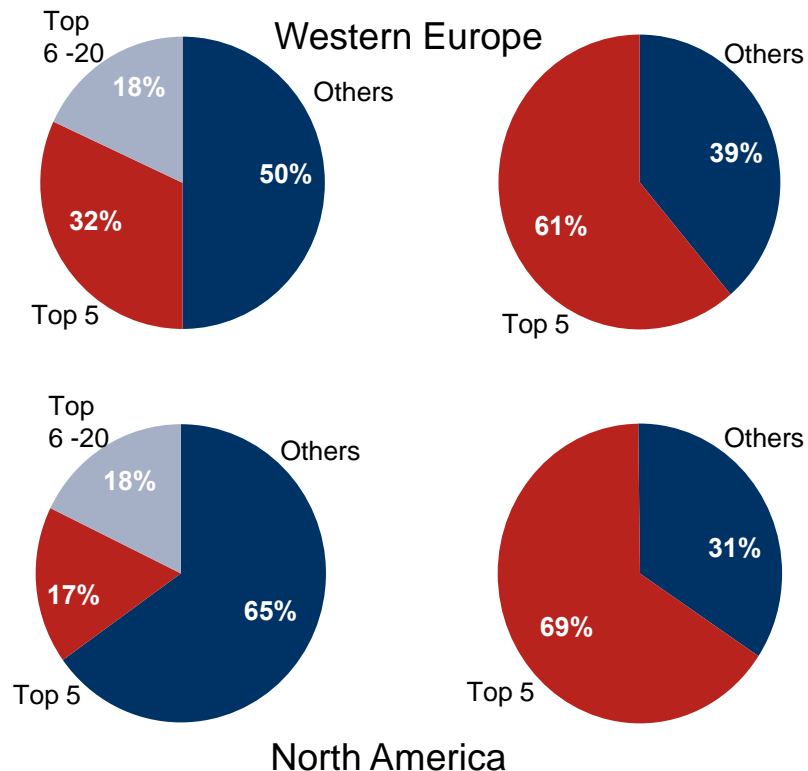
(€m)	FY 2009	FY 2008
Operating CF	-158	386
Changes in net working capital	769	-87
Others	-46	-112
<b>Cash flow from operating activities</b>	<b>565</b>	<b>187</b>
Inflow from disposals of fixed assets/others	14	388
Outflow from investments in fixed assets/others	-22	-316
<b>Cash flow from investing activities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

## 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

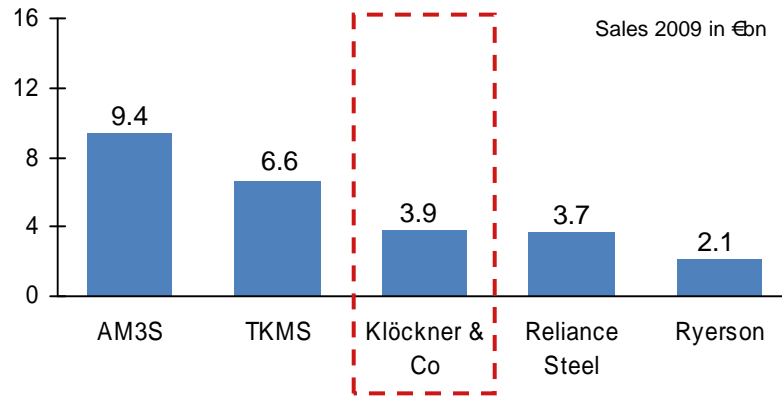
- Achieve profitable growth
- Strengthen country power vs. suppliers for core group products
- Strengthen country specific market positions
- Expand footprint outside construction industry
- Focus on geographical core markets in EU, NA and EEC to leverage existing network

### 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

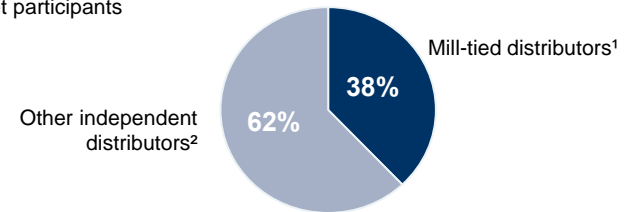


- Sourcing flexibility
- Ability to obtain steel at market prices, even in tight markets
- Better ability to react to changes in supply and demand, as products are sourced from a variety of suppliers
- Mill-tied distributors competing against customers of the mills

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

### European competitive landscape

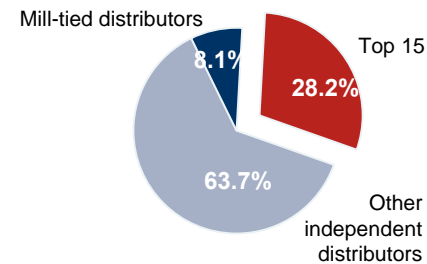
Europe:  
~3,000 market participants



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

### North American competitive landscape

North America:  
~1,200 market participants

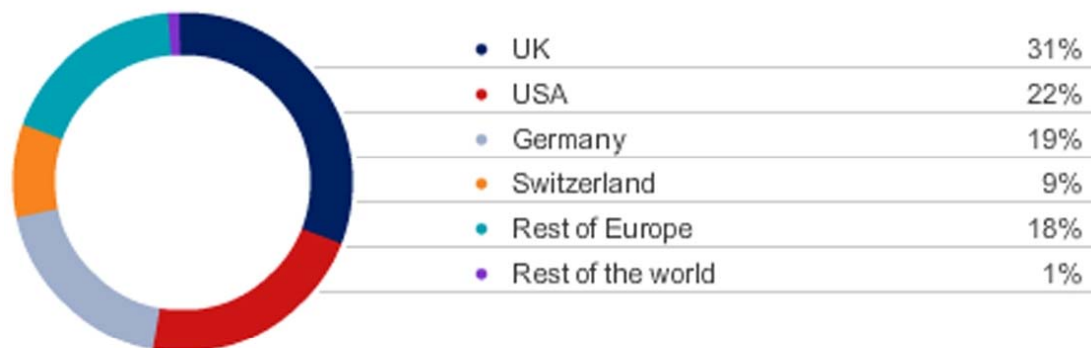


Rank	Company	Mkt. Share
1	Reliance Steel	5.7%
2	Ryerson Inc	3.5%
3	McJunkin Red Man	2.6%
4	Samuel, Son & Co.	2.1%
...		
10	Klöckner-Namasco	1.2%
11	A.M. Castle & Co	0.9%
...		
<b>Top 15 combined</b>		<b>28.2%</b>

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



