



Klöckner & Co SE

A Leading Multi Metal Distributor



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Agenda

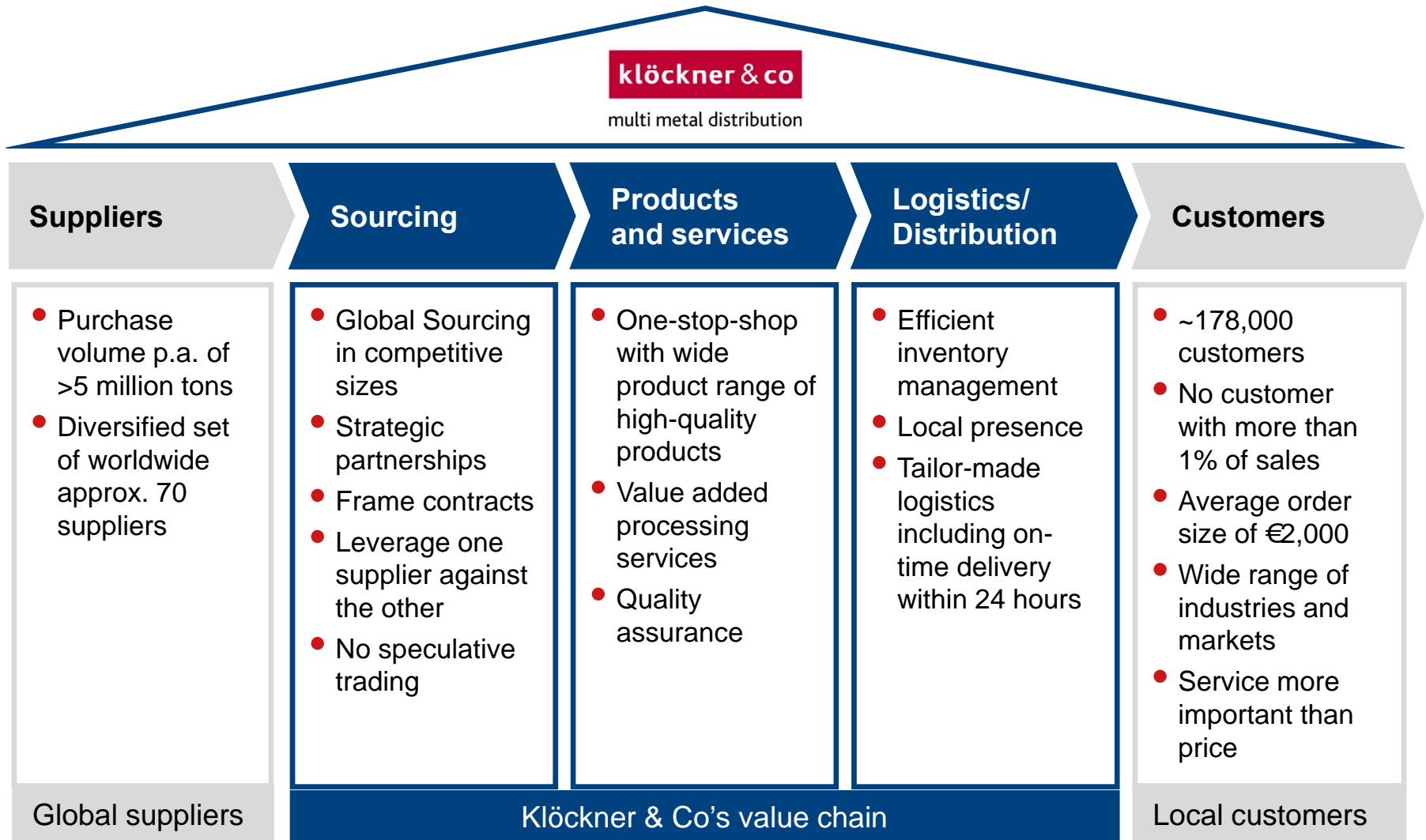
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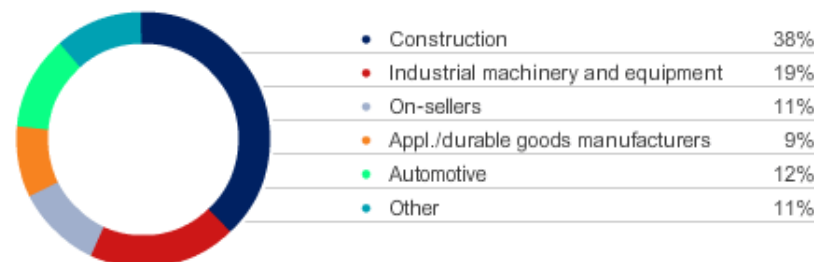




Klöckner & Co

- 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



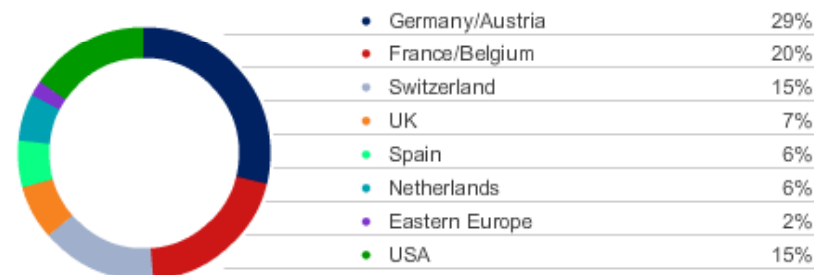
as of December 2009

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 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
- Extension of syndicated loan from €300m to €500m and maturity until 2014
- 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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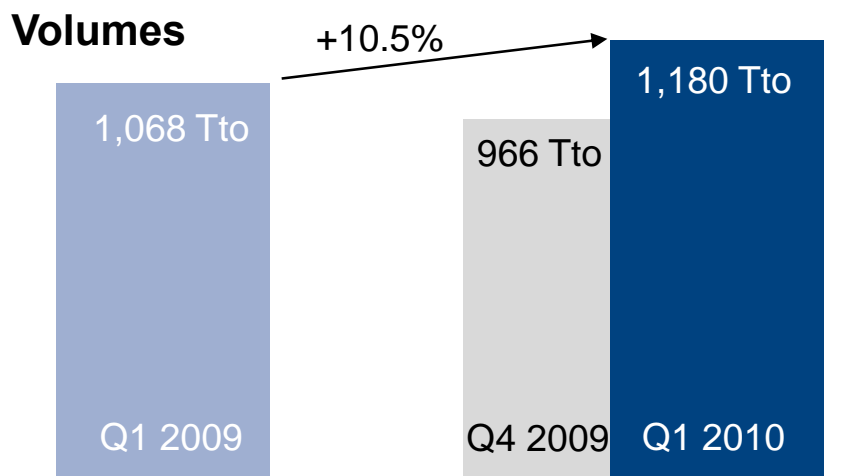
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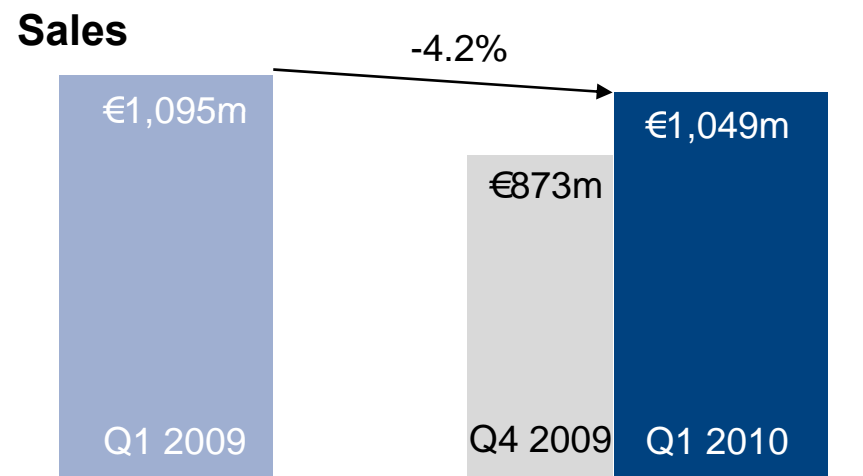


02 Improving financials in Q1 2010

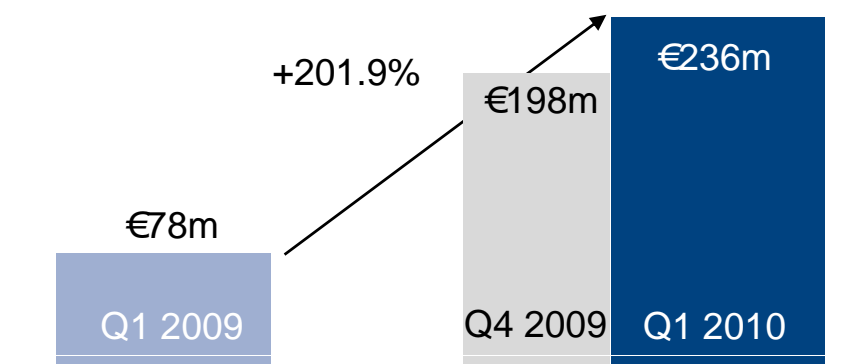
Volumes



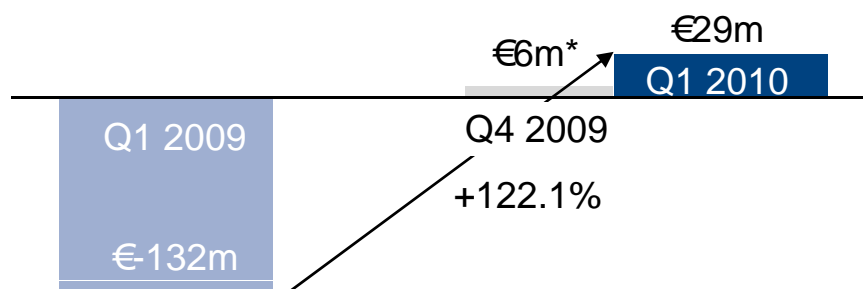
Sales



Gross profit



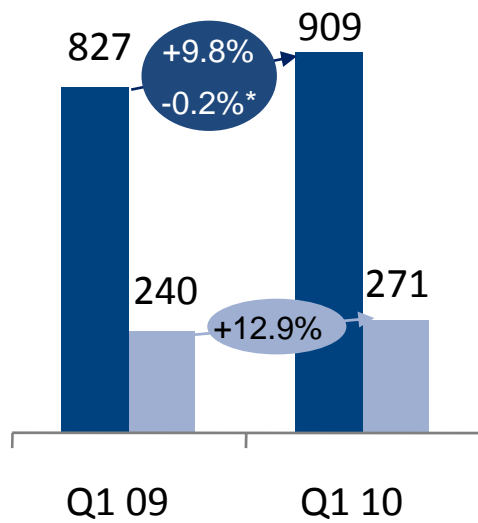
EBITDA



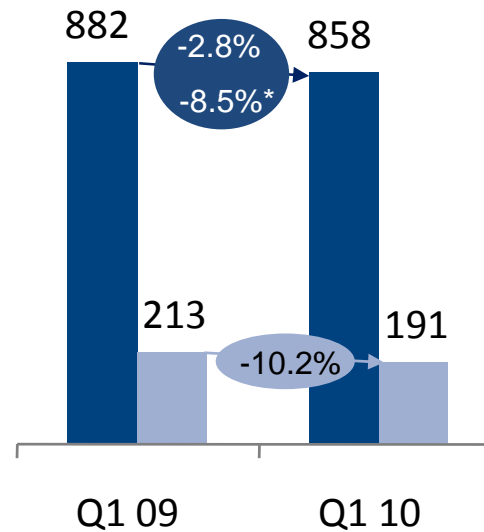
* adj. for cartel fine reduction



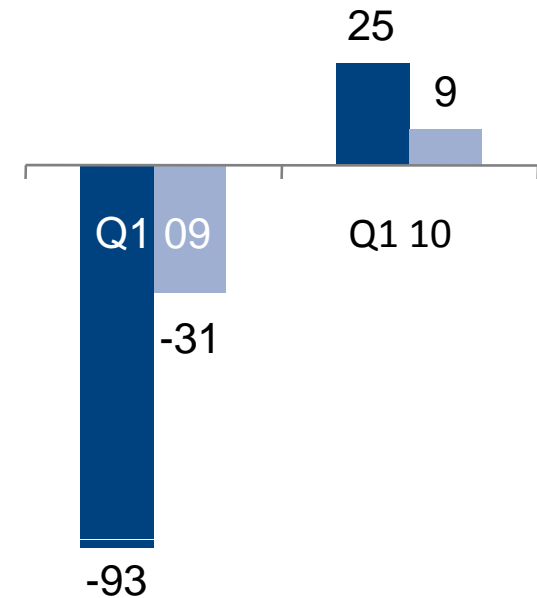
Volumes (Tto)



Sales (€m)



EBITDA (€m)

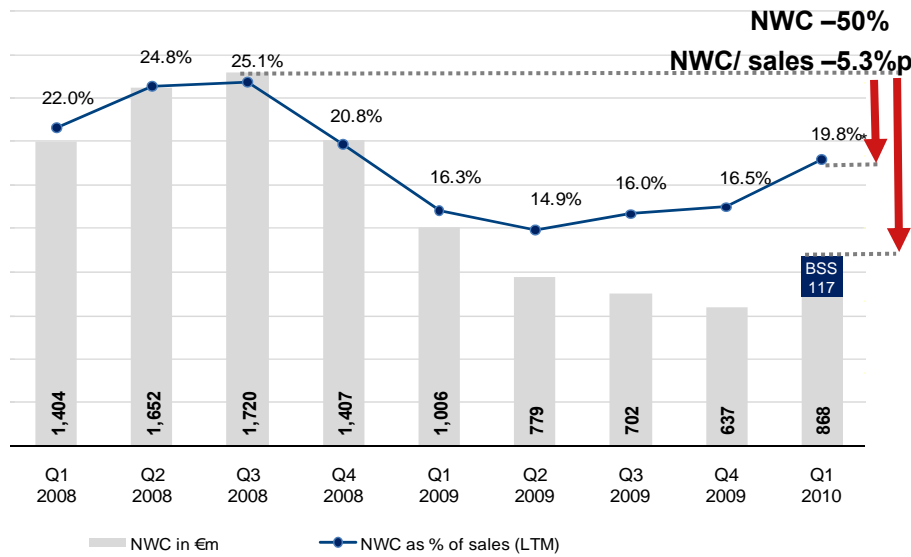


■ Europe
■ North America

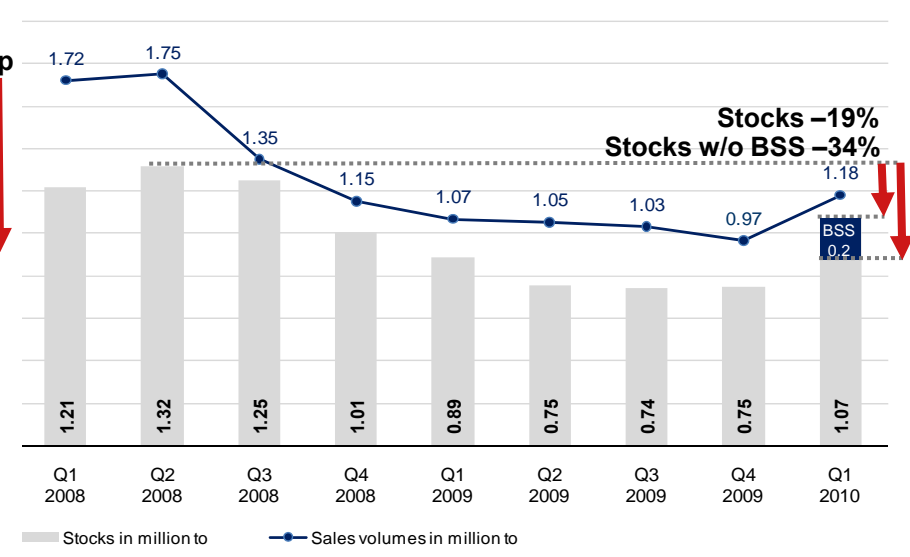
* without BSS



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

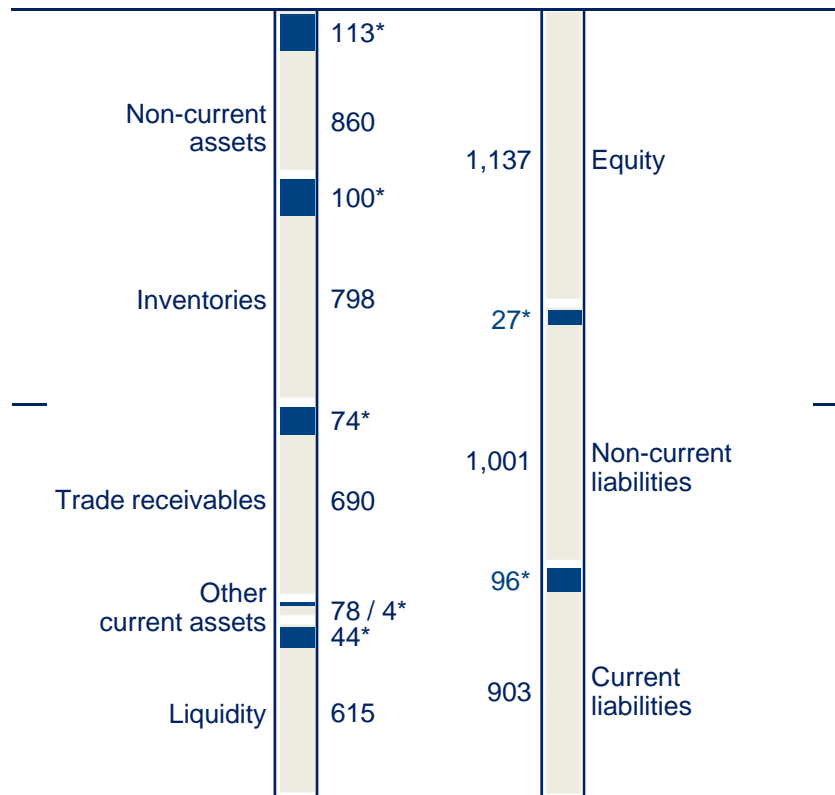
* adj. for acquisitions



02 Strong balance sheet

Q1 2010

€3,040.7m

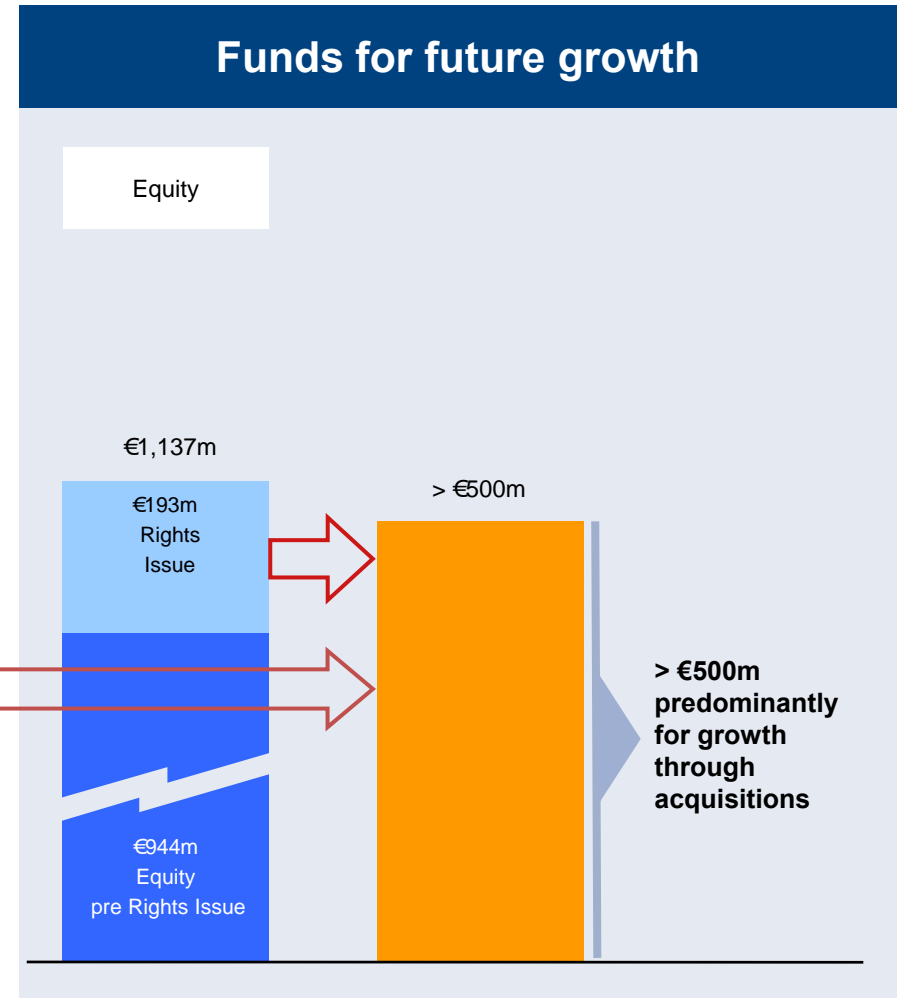
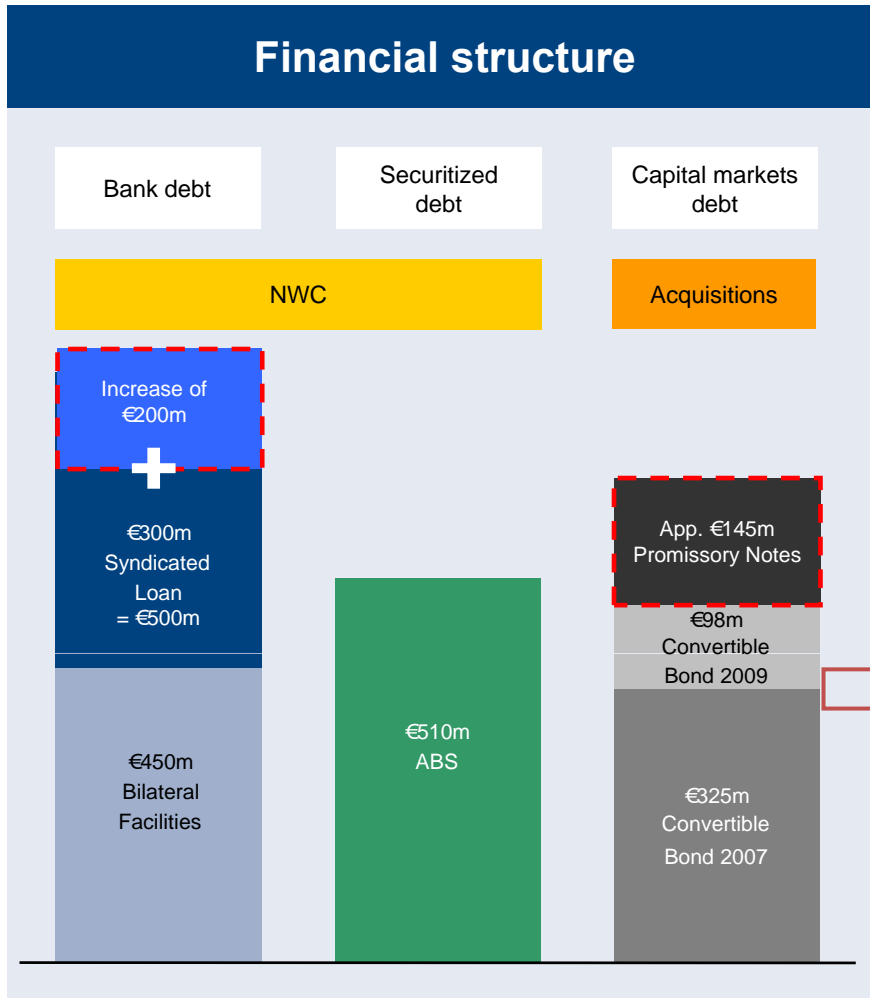


*BSS proportion, transaction volume offset against Group liquid funds (€207m)

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





- Standard & Poor's rating „BB“ with outlook „stable“
- Moody's rating „Ba2“ with outlook „stable“



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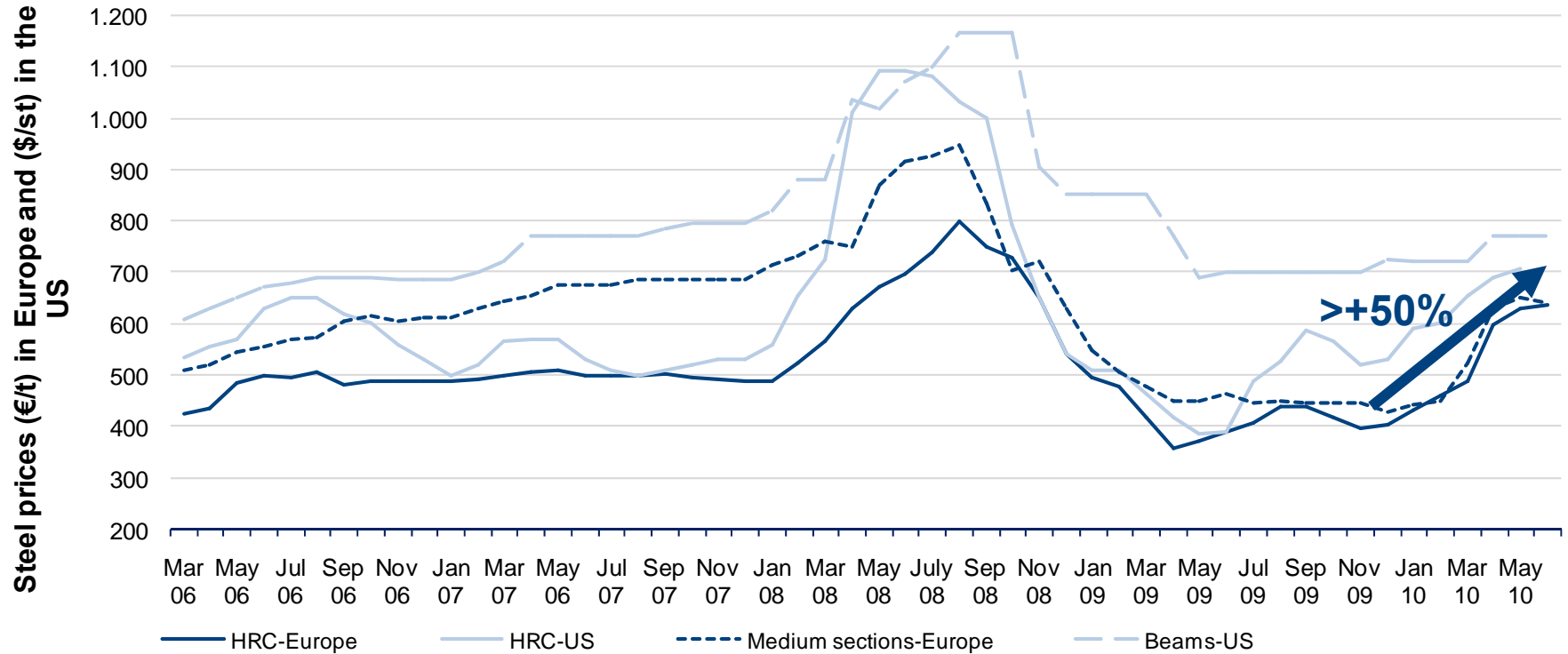
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03 Real growth beyond restocking?

- Apparent demand increased impressively so far driven by end of destocking, gradual restocking and strong demand from the automotive industry
- What do we expect in H2 2010 for our main customer segments?
 - Construction is expected to remain weak overall. In Europe impacts from the various stimulus programs will be limited. Positive impacts for infrastructure in the US have so far been compensated by weaker than expected housing.
 - Automotive will probably soften in H2 2010 especially in Europe as restocking eases and the wreckage premium has expired. Increasing exports will limit the contraction.
 - Significantly increasing order intakes for machinery and mechanical engineering will be translated into higher demand for distribution in H2 2010.
- What are the main downside risks for demand?
 - Demand could be negatively affected when stimulus programs expire
 - Increasing European sovereign debt risk and budget cuts
 - Tightening measures in China could affect exports





- Steel prices are globally rising since November 2009
- HRC quotes in Europe and North America >50% above November 2009

Source: SBB



- Since prices for long products are already under pressure we expect that prices for sheets will peak in Q3 and softening slightly thereafter mainly because of:
 - Steel producing capacity has been brought back too quickly while real demand outlook remains relatively weak overall
 - End-users and service centers have sufficient refilled stocks and becoming increasingly hesitant to accept further price increases
 - Leading steel price indicators like scrap, spot iron ore and Chinese steel prices have softened
 - European steel price levels are higher than everywhere else in the world
- However, we remain confident that the price correction will be limited and possibly short term mainly because of:
 - Low inventories throughout the value chain
 - High raw material costs
 - Obvious willingness of producers to cut back capacity again



	Crude steel production 4 months 2010 compared to 4 months 2009	Apparent steel consumption estimate 2010 as compared to 2009
World	+32%	+11%
EU 27	+44%	+14%
CIS	+22%	+11%
Other Europe	+15%	+14%
North America	+59%	+24%
South America	+33%	+20%
Asia	+29%	+8%
of which: China	+25%	+7%
Middle East	+13%	+10%

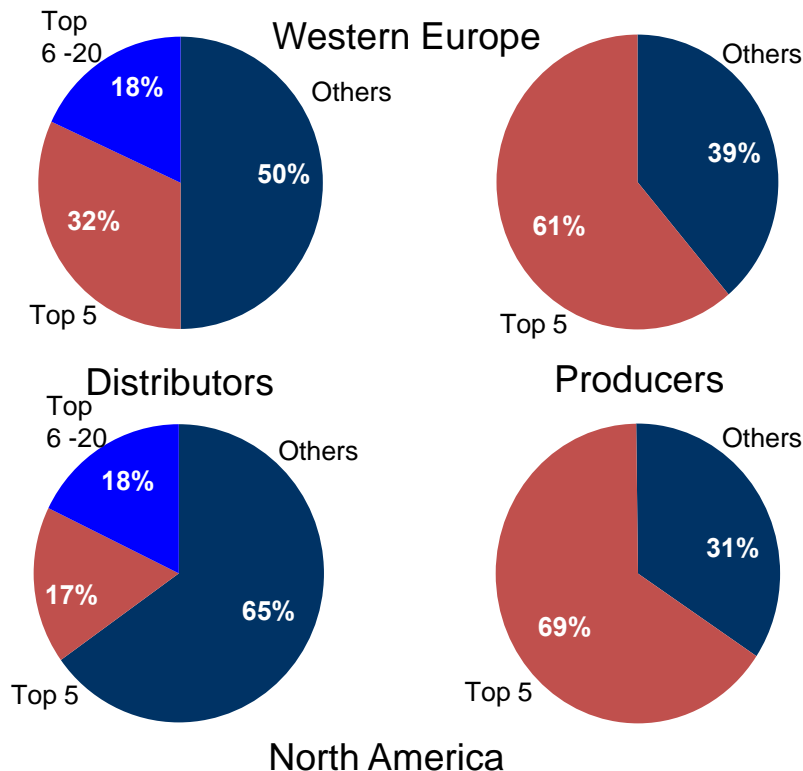
Source: Eurometal Newsletter Nr. 32, May 2010



- We mentioned already in our FY 2009 Results Analysts' and Investors' Conference on March 9, 2010 the risk of overcapacities in H2 in our outlook statement:
 - “Risk of reversal of prices in H2 if real demand is not picking up to support utilization of the mills”
- We accordingly started to reduce orders already a few weeks ago to avoid buying at high price levels



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

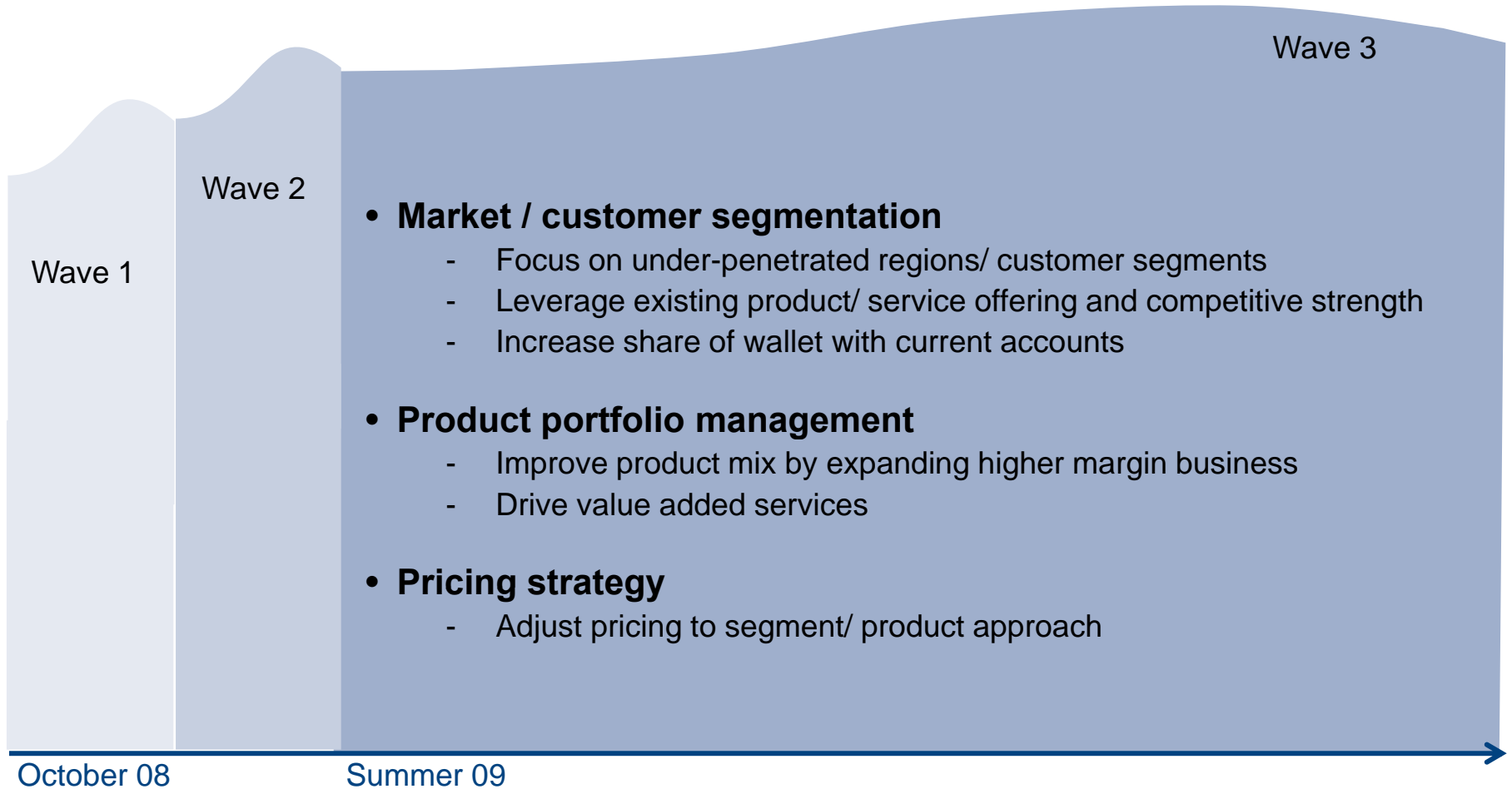
Target selection criteria

- 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



Crisis management

Managing growth again



Areas of optimization

Sourcing

- Centralization of procurement to reach scale
- Standardized sourcing
- Global sourcing

Product Management

- Product portfolio optimization
- Increasing share of value added services
- Inventory management

Logistics

- Network management
- Location concepts
- Central stock structure
- Cross-border logistics

Standardized processes and IT-systems

Key-Performance-Indicators

Asset-Management



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

- Q2 expected to deliver significantly higher results than Q1 due to price and volume trends
- 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

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



(€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



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 28%
- Retail shareholders represent 22%
- 100% free float



