Klöckner & Co SE

A Leading Multi Metal Distributor

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Agenda

1. Overview Q2/H1 2009 and market

2. Crisis management and growth opportunities

3. Outlook

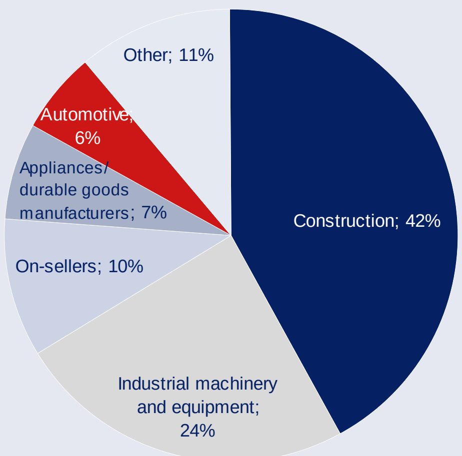
Appendix

Klöckner & Co at a glance

Klöckner & Co

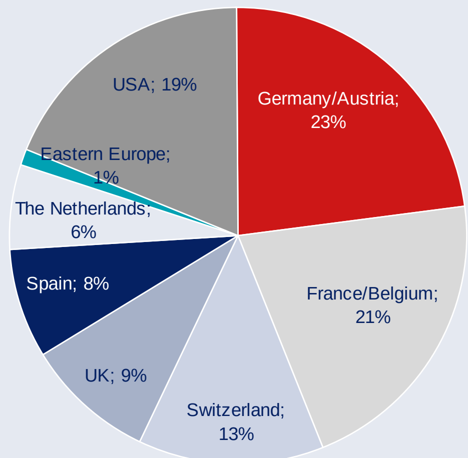
- Leading producer-independent steel and metal distributor in the European and North American markets combined
- Network with around 250 distribution locations in Europe and North America

Sales split by industry



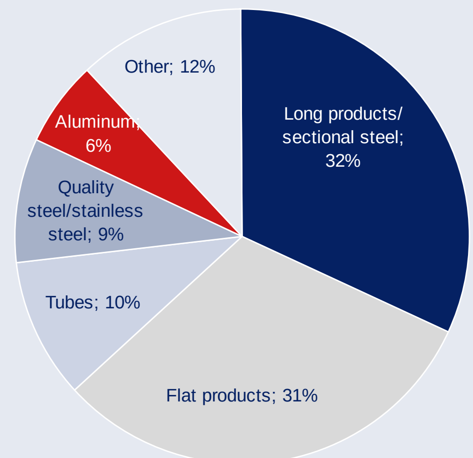
As of December 2008

Sales split by markets



As of December 2008

Sales split by product



As of December 2008

Distributor in the sweet spot

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Suppliers	Sourcing	Products and services	Logistics/ Distribution	Customers
• Purchase volume p.a. of >5 million tons • Diversified set of worldwide approx. 70 suppliers	• Global Sourcing in competitive sizes • Strategic partnerships • Frame contracts • Leverage one supplier against the other • No speculative trading	• One-stop-shop with wide product range of high-quality products • Value added processing services • Quality assurance	• Efficient inventory management • Local presence • Tailor-made logistics including on-time delivery within 24 hours	• ~185,000 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
Global suppliers	**Klöckner & Co's value chain**			**Local customers**

Overview Q2 2009

- Volumes stabilized on low levels of Q1 2009
- EBITDA of -€31m still negative, but significantly better than in Q1
- Segment Europe already with small positive EBITDA
- Gross profit per ton increased from €108 in Q1 to €122 in Q2*
- Net debt further reduced to €118m due to significant reduction of NWC
- Cost cutting measures on track, planned headcount reduction nearly finalized
- New convertible issuance of €98m in June at 6% coupon for five years
- Safeguarding of financing with total facilities of €1.6bn

Situation stabilized, results improved

* adjusted for write-ups/downs

Results Q2/H1 2009

(€m)	Q2 2009	Q2 2008	Δ%	H1 2009	H1 2008	Δ%
Volume (Ttons)	**1,053**	1,755	-39.9	**2,121**	3,475	-38.9
Sales	**959**	1,922	-50.1	**2,054**	3,582	-42.7
EBITDA	**-31**	212	-114.6	**-163**	321	-150.6
EBIT	**-48**	197	-124.3	**-197**	290	-167.8

Results Q2/Q1 2009

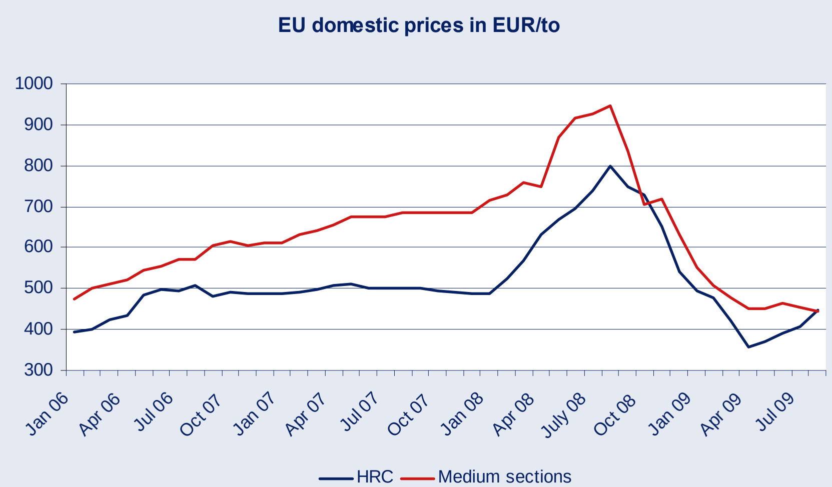
(€m)	Q2 2009	Q1 2009	Δ%
Volume (Ttons)	**1,053**	1,068	-1.3
Sales	**959**	1,095	-12.5
EBITDA	**-31**	-132	n.a.
EBIT	**-48**	-149	n.a.

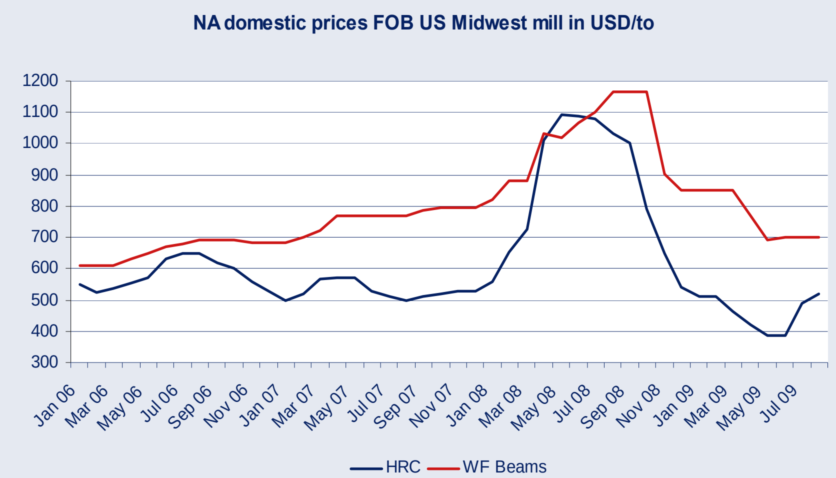
Comments

- Adj. for working days and Easter season Q2 on same level as Q1
- Sales price in Q2 driven below Q1, but better gross margin due to less windfalls and write-ups for inventory

Market conditions are improving

- IP in Europe and in the US started to stabilize
- Market conditions are improving as destocking is ending and demand stabilizing
- Faster improving market conditions in the US through finalized destocking and signs of sequential demand improvement
- Low risks of imports from China due to tight domestic market and strengthened prices
- Utilization rates in the US and Europe are increasing due to stronger apparent demand
- Prices for carbon products and stainless products are picking-up in the US and also in Europe





Agenda

From crisis to growth

Crisis management	Managing structural changes	Managing growth
Cost cutting ✓		
NWC-/Debt-Reduction ✓	Efficiency program (✓) ongoing improvement	Acquisition strategy (✓) + Organical growth in market share
Safeguard financing ✓		

Cost cutting: Cost oriented programs implemented

Wave 1

Wave 2

- 1,500 headcount reduction or 15% of total workforce targeted: 1,300 out of 1,500 achieved
- Safeguard liquidity / Net working capital management: from €1,7bn (Q3/08) to €778m (Q2/09)
- Safeguard financing: Syn. loan and European ABS now without performance covenants
- Capex cut < €25m, so far €9.9m as of Q2
- Acquisitions suspended

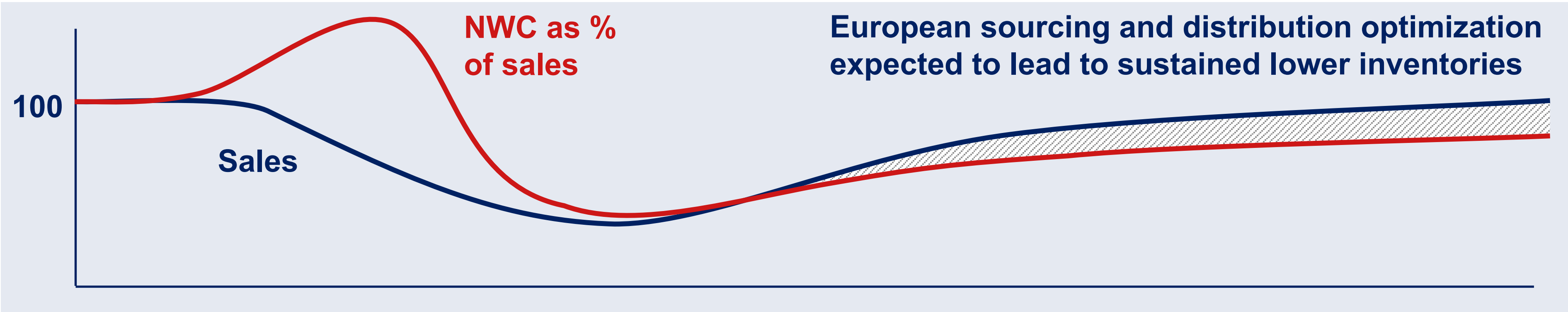
Net savings 2009 of €100m targeted,
thereof €35-40m fixed costs*

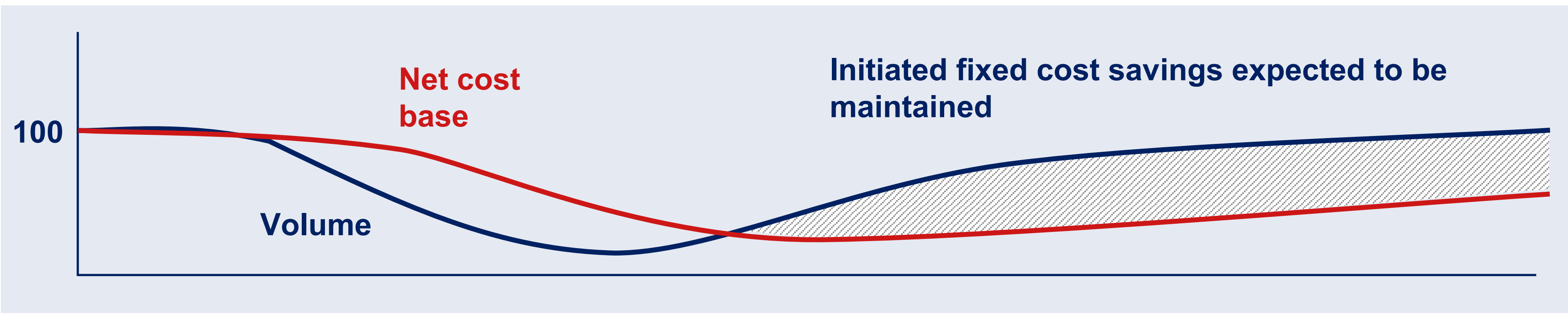
October 08 → **March 09**

Approx. half of targeted €100m net savings in 2009 (incl. STAR) already realized

* Company estimates

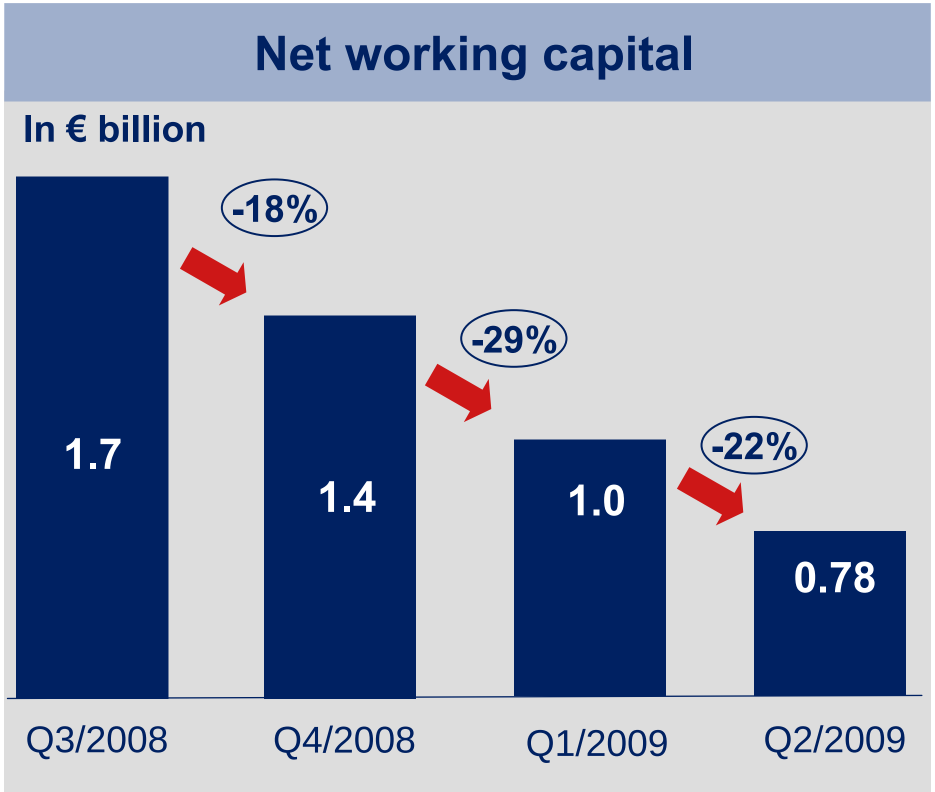
Cost cutting: Structural improvements will be maintained

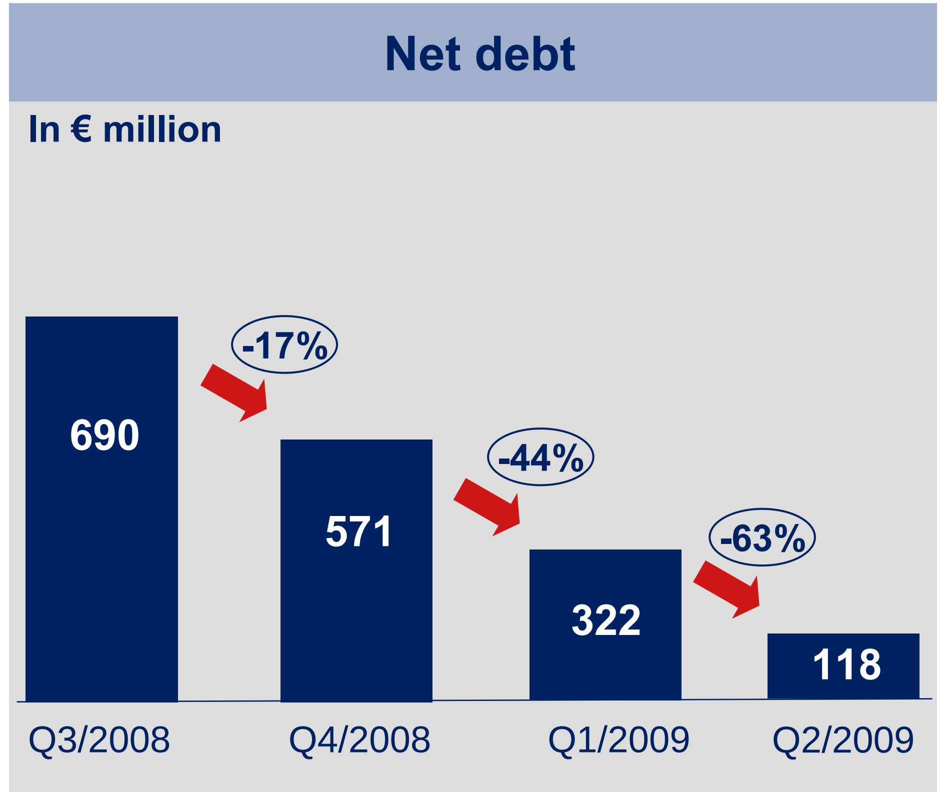




Sustainable improvements increase competitiveness in next upturn

NWC- and debt-reduction: Targets overachieved





Strong CF generation leads to net debt of €118m

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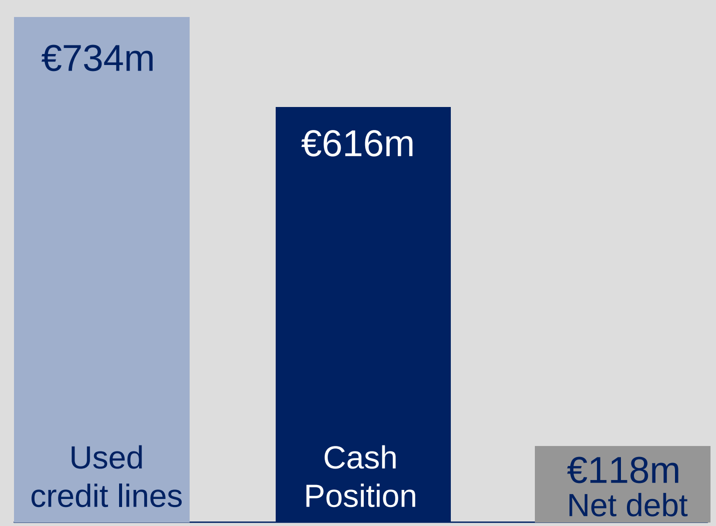
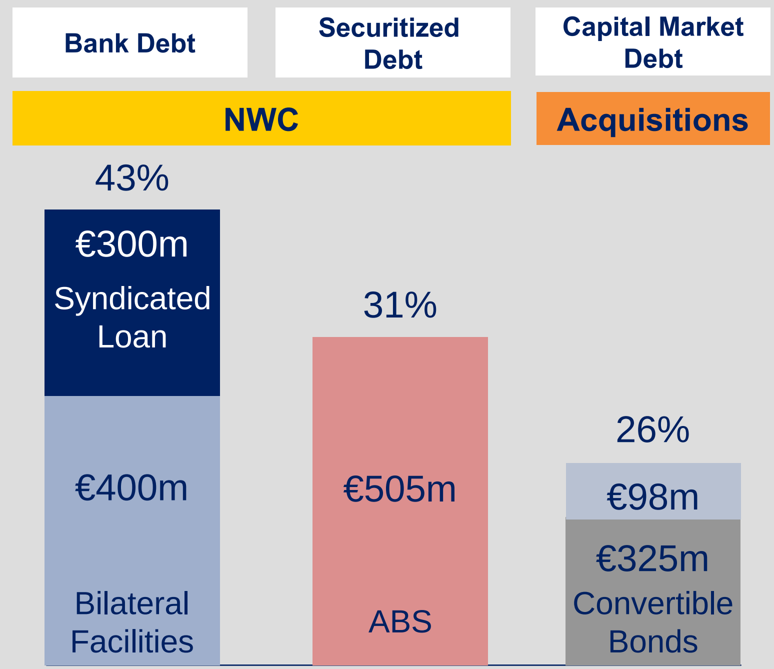
Safeguard financing: Changes in financial structure succeeded

Liquidity position



Current financial structure



€1.6bn facilities without performance covenants allow to finance growth and to pursue acquisition opportunities

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Efficiency program: Ongoing improvement

Sourcing	Warehousing / Distribution	Sales
• Centralization of sourcing function • Supplier concentration • Third country sourcing	• Warehouse network optimization (incl. site closure) • Concentration of stock in single locations • Optimization of internal and external logistics	• Customer segmentation by size and trade • Profitability oriented pricing and service offering • Reigniting dormant accounts

Product Portfolio / Service Offering

- Product portfolio optimization (profitability / capital requirements)
- Increasing share of value added services
- Sharing of products within Group
- Eliminating slow/no movers

Processes / IT Systems (Enabler)

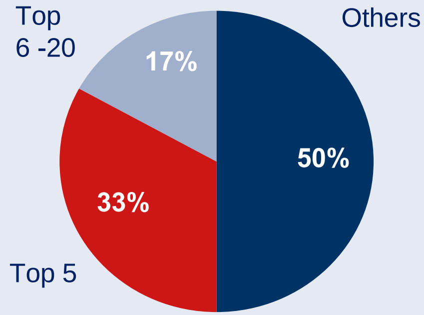
- Standardizing processes
- Introduction of standardized SAP suit and data model (article codes, inventory management, etc.)
- Shared services
- Activity based costing (ProDacapo)

Acquisition strategy: Sector still highly fragmented

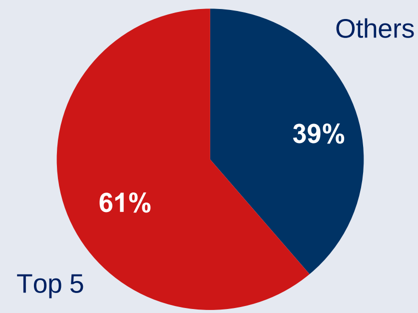
Distributors versus steel producers

Western Europe

Steel Distributor

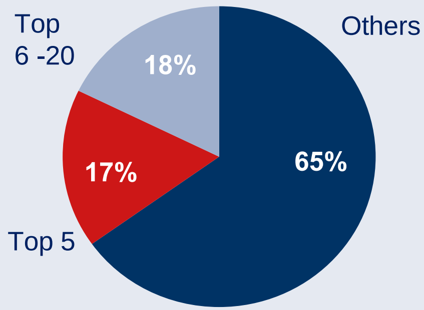


Steel Producer

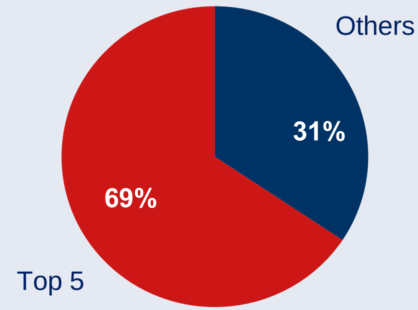


NAFTA

Steel Distributor



Steel Producer



Consolidation in production well ahead of distribution

Source: Company data, Eurometal, Morgan Stanley Research

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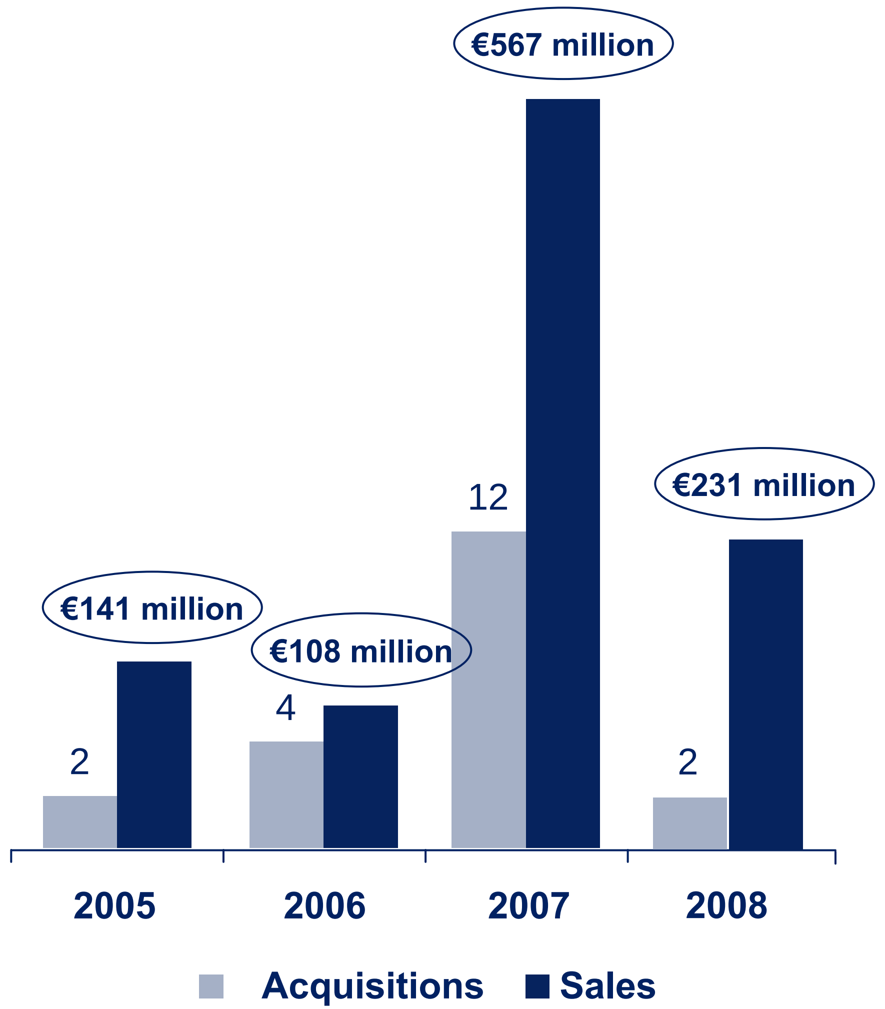
Acquisition strategy: Klöckner & Co's acquisitions criteria

M&A strategy	Target selection criteria
● Achieve profitable growth ● Leverage existing distribution network ● Strengthen purchasing 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	● Fit to M&A strategy ● Profitability above group average ● Strong synergy potential in purchasing, admin and warehousing ● Low transaction and integration risk ● EV/EBITDA multiple between 4x and 6x EBITDA pre synergies ● EPS-accretive from year one

Track record of 18 successful acquisitions since IPO show ability to integrate companies and use synergies

Acquisition strategy: Track record since the IPO

Country	Acquired	Company	Sales (FY)
	Mar 2008	Temtco	€226 million
	Jan 2008	Multitubes	€5 million
	2008	2 acquisitions	€231 million
	Sep 2007	Lehner & Tonossi	€9 million
	Sep 2007	Interpipe	€14 million
	Sep 2007	ScanSteel	€7 million
	Aug 2007	Metalsnab	€36 million
	Jun 2007	Westok	€26 million
	May 2007	Premier Steel	€23 million
	Apr 2007	Zweygart	€11 million
	Apr 2007	Max Carl	€15 million
	Apr 2007	Edelstahlservice	€17 million
	Apr 2007	Primary Steel	€360 million
	Apr 2007	Teuling	€14 million
	Jan 2007	Tournier	€35 million
	2007	12 acquisitions	€567 million
	2006	4 acquisitions	€108 million



Organical growth: Driving market share

Wave 3

- **Market / customer segmentation**
  - Focus on under-penetrated regions / customer segments
  - Leverage existing product/service offering and competitive strength
  - Increase share of wallet with current accounts
  - Improve / adjust sales force management and incentivation
- **Product portfolio management**
  - Improve product mix by expanding higher margin business
  - Drive value added services
- **Pricing strategy**
  - Adjust pricing to segment / product approach

Summer 09

Pro-active market initiatives to leverage improved competitive position

Agenda

Outlook 2009

- Volume development expected to remain subdued in H2
- Higher prices in Q3 but increasing capacity utilization could be a risk for Q4
- Strict cost cutting measures on track, headcount reduction nearly completed
- H2 results expected to be clearly better than H1 but offset of H1 losses not achievable
- Market oriented action plan initiated to step ahead

Homework done, now looking ahead!

Agenda

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Current shareholder structure

Summary income statement Q2/H1 2009

(€m)	Q2 2009	Q2 2008	Δ%	H1 2009	H1 2008	Δ%
Volume (Ttons)	**1,053**	**1,755**	**-39.9**	**2,121**	**3,475**	**-38.9**
Sales	**959**	**1,922**	**-50.1**	**2,054**	**3,582**	**-42.7**
Gross profit	**161**	**462**	**-65.2**	**239**	**803**	**-70.2**
% margin	*16.8*	*24.0*	*-30.2*	*11.6*	*22.4*	*-48.1*
EBITDA	**-31**	**212**	**-114.6**	**-163**	**321**	**-150.6**
% margin	*-3.2*	*11.0*	*-129.3*	*-7.9*	*9.0*	*-188.2*
EBIT	**-48**	**197**	**-124.3**	**-197**	**290**	**167.8**
Financial result	**-15**	**-17**	-8.5	-31	**-34**	-7.3
Income before taxes	**-63**	**180**	**-135.1**	**-228**	**257**	**-189.0**
Income taxes	16	-55	-128.8	54	-79	-168.2
Minority interests	-1	-3	-76.6	1	-5	-118.0
Net income*	**-48**	**122**	**-139.5**	**-174**	**173**	**-200.5**
EPS basic (€)	**-1.04**	**2.63**	**-139.6**	**-3.74**	**3.72**	**-200.5**
EPS diluted (€)	**-0.85**	**2.48**	**-134.2**	**-3.28**	**3.54**	**-192.6**

* Attributable to shareholders of Klöckner & Co SE

Factors impacting EBITDA Q2 2009

Impact	Amount (€m)	Comments
Windfall losses*	-40 to -60	• Declining prices affected almost all products • Effect difficult to quantify due to strong dynamics and very limited purchases
Volume losses*	-100 to -120	• Impact of poor economic environment
Special expense effects*	40 to 50	• Mainly driven by price related releases of inventory devaluation reserves at quarter end
Acquisitions / divestitures	-16	• Mainly affected by divestiture of KVT and Canada
One-offs	1	• Sale of property in France
Exchange rate effects	-2	

* Company estimates

Segment performance Q2 2009

(€m)	Europe	North America	HQ/ Consol.	Total
Volume (Ttons)				
Q2 2009	**815**	**238**	**-**	**1,053**
Q2 2008	**1,223**	**532**	**-**	**1,755**
Δ %	**-33.3**	**-55.1**	**-**	**-39.9**
Sales				
Q2 2009	**798**	**161**	**-**	**959**
Q2 2008	**1,523**	**399**	**-**	**1,922**
Δ %	**-47.6**	**-59.7**	**-**	**-50.1**
EBITDA				
Q2 2009	**3**	**-25**	**-8**	**-31**
% margin	*0.3*	*-15.8*	*-*	*-3.2*
Q2 2008	**150**	**67**	**-5**	**212**
% margin	*9.9*	*16.7*	*-*	*11.0*
Δ % EBITDA	**-98.3**	**-138.2**	**-**	**-114.6**

Comments

- Organic volume development in North America -37.7%
- Includes acquisition-related sales of €8m for Q2/2009 in North America

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Balance sheet Q2 2009

(€m)	June 30, 2009	Dec. 31, 2008**
Long-term assets	775	811
Inventories	604	1,001
Trade receivables	591	799
Cash & Cash equivalents*	616	297
Other assets	173	176
Total assets	**2,759**	**3,084**
Equity	938	1,081
Total long-term liabilities	1,108	1,177
• thereof financial liabilities	626	813
Total short-term liabilities	713	826
• thereof trade payables	417	392
Total equity and liabilities	**2,759**	**3,084**
Net working capital	**778**	**1,407**
Net financial debt	**118**	**571**

Comments

Shareholders' equity:

- Decreased slightly from 35% to 34%
- Would be at 44% if cash would be used for net debt reduction

Financial debt:

- Leverage increased slightly from 0.95x to 1.03x EBITDA
- Gearing reduced from 53% to 13%

Net Working Capital:

- Decrease is price- and volume driven

* Including restricted cash of €7m; ** restated due to initial application of IFRIC 14

Statement of cash flow H1

(€m)	H1 2009	H1 2008
Operating CF	-170	317
Changes in net working capital	640	-274
Others	-2	-40
Cash flow from operating activities	**468**	**3**
Inflow from disposals of fixed assets/others	6	8
Outflow from investments in fixed assets/ others	-8	-282
Cash flow from investing activities	**-2**	**-274**
Equity component of convertible bond	26	0
Changes in financial liabilities	-149	296
Net interest payments	-22	-16
Dividends	0	-38
Cash flow from financing activities	**-145**	**242**
Total cash flow	**321**	**-29**

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

Financial calendar 2009 and contact details

Financial calendar 2009	
October 5+6:	Capital Market Days
November 13:	Q3 Interim Report

Contact details Investor Relations	
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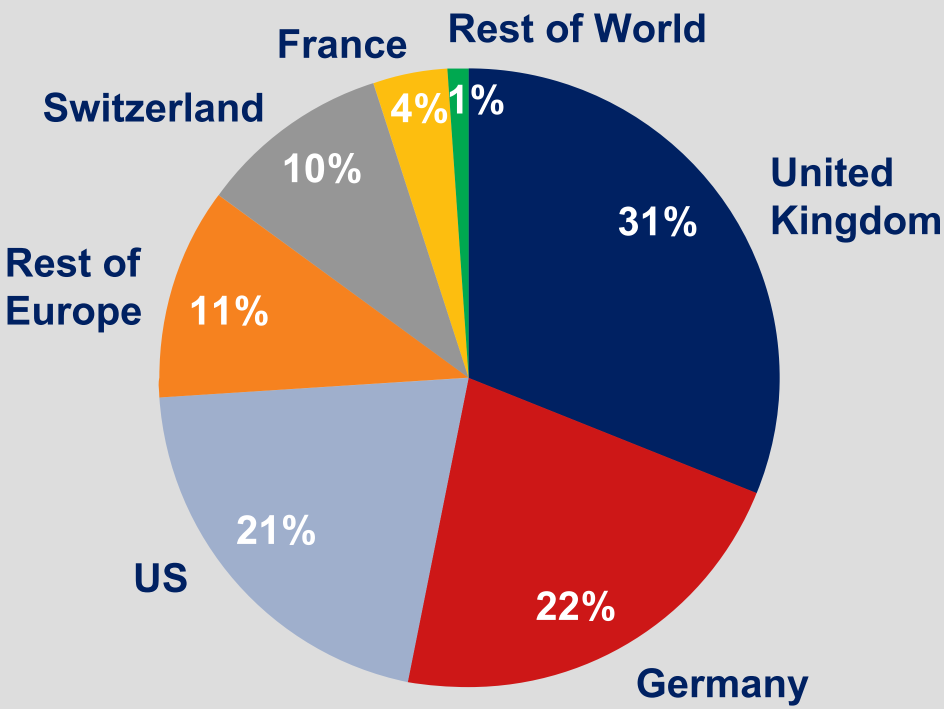
Quarterly results and FY results 2005-2009

(€m)	Q2 2009	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008	FY 2008	FY 2007	FY 2006	FY 2005*
Volume (Ttons)	**1,053**	**1,068**	**1,151**	**1,348**	**1,755**	**1,720**	**5,974**	**6,478**	**6,127**	**5,868**
Sales	**959**	**1,095**	**1,394**	**1.773**	**1,922**	**1,660**	**6,750**	**6,274**	**5,532**	**4,964**
Gross profit	**161**	**78**	**173**	**390**	**462**	**340**	**1,366**	**1,221**	**1,208**	**987**
% margin	*16.8*	*7.1*	*12.4*	*22.0*	*24.0*	*20.5*	*20.2*	*19.5*	*21.8*	*19.9*
EBITDA	**-31**	**-132**	**-134**	**413**	**212**	**109**	**600**	**371**	**395**	**197**
% margin	*-3.2*	*-12.0*	*-9.6*	*23.3*	*11.0*	*6.6*	*8.9*	*5.9*	*7.1*	*4.0*
EBIT	**-48**	**-149**	**-152**	**395**	**197**	**93**	**533**	**307**	**337**	**135**
Financial result	-15	-16	-18	-18	-17	-17	-70	-97	-64	-54
Income before taxes	**-63**	**-165**	**-171**	**378**	**180**	**76**	**463**	**210**	**273**	**81**
Income taxes	16	38	29	-30	-55	-24	-79	-54	-39	-29
Minority interests	-1	-2	-15	-4	3	-2	-14	23	28	16
Net income	**-48**	**-126**	**-126**	**351**	**122**	**51**	**398**	**133**	**206**	**36**
EPS basic (€)	**-1.04**	**-2.70**	**-2.72**	**7.56**	**2.63**	**1.09**	**8.56**	**2.87**	**4.44**	**-**
EPS diluted (€)	**-0.85**	**-2.43**	**-2.44**	**7.01**	**2.48**	**1.06**	**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).

Current shareholder structure

Geographical breakdown of identified institutional investors



Comments

- Identified institutional investors account for 66%
- UK based investors dominate (Franklin previously accounted for US share, 9.89%)
- Top 10 individual shareholdings represent around 31%
- 100% Free float
- Retail shareholder represent 11%

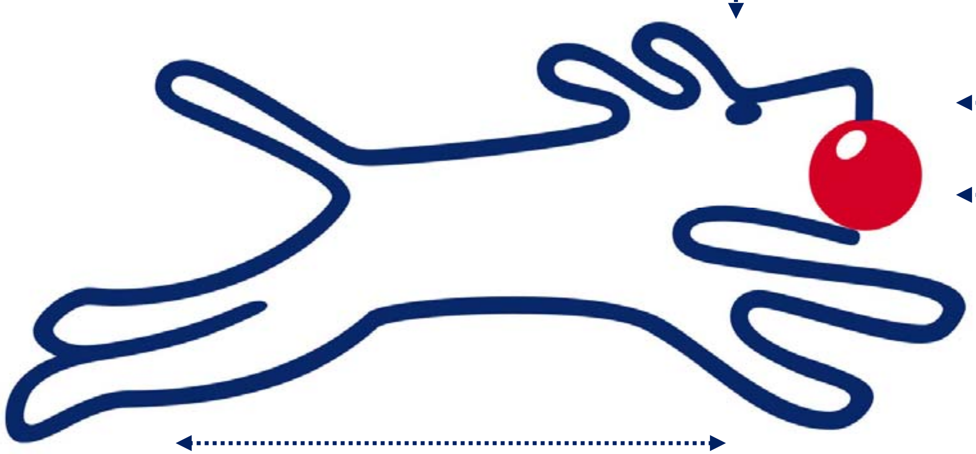
Source: Survey Thomson Financial (as of Feb. 09)

Our symbol

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