

Press Release

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multi metal distribution

Klöckner & Co – good business trend continues

- Earnings stable at a high level
- Acquisition of six companies in five months
- Group financing considerably improved
- Positive share performance continues
- Whole-year outlook for 2007 positive

Duisburg, May 14, 2007 - Klöckner & Co AG, the multi metal distribution company, concludes the first quarter of 2007 on the growth track of the previous year. In the first quarter of 2007, earnings were further improved year-on-year. What is more, the expansion at Klöckner & Co was successfully advanced. In the first five months of the year, six companies were acquired with total sales exceeding €400 million. Furthermore Group financing was further optimized on the basis of a syndicated holding facility. In addition, the Klöckner & Co share price increased steadily.

"We started into the new year in an extraordinarily positive way in all respects, thus continuing down the success track of 2006", stated Dr. Thomas Ludwig, Chairman of the Klöckner & Co AG Board of Management.

Earnings remain strong

The excellent demand situation for materials distribution remains at a pleasingly high level, particularly in Europe. This was due to favorable conditions for construction and mechanical engineering companies. The Klöckner & Co Group benefited from this very good market trend in the steel and metals distribution as well as from the success of extensive measures to enhance efficiency implemented in the STAR performance program.

In the first three months of 2007, Klöckner & Co with sales volume exceeding 1.6 million tonnes achieved a figure 1.8% higher than the good result of the previous year. This increase was achieved despite the closure of three locations in northern Germany last year, the ongoing poor order backlog for the Canadian automotive industry and the planned reduction of the direct business after integrating the 2006 acquisitions of Targe, Aesga, Action Steel and Gauss in 2006 and Tournier in 2007. The Europe segment posted a volume increase of 5.9%, while in North America the volume declined by 9.0%, primarily due to the



poor situation in the Canadian automotive industry.

In the first quarter, supported by a higher price level, Group sales moved up to over €1.5 billion. In comparison to the previous year, sales thus improved by 17.1%. In the first quarter, 86.4% of Group sales were generated in the Europe segment, 13.6% in North America.

To the end of March, EBITDA at the Klöckner & Co Group totaled €92.1 million, up year-on-year by approximately €12.8 million. The Europe generated an EBITDA of €85.3 million, with €14.0 million being generated in the North America segment. In the first quarter of 2007, EBIT totaled €78.5 million, after €64.6 million in the first quarter of 2006. Earnings after tax was increased by approximately 35% to €68.1 million.

In addition to the improved demand, it was primarily the efficiency enhancement measures being implemented or already in place in the context of the STAR performance program which contributed to improved earnings. "The good earnings situation in the first quarter of 2007 reinforces us in a vigorous continuation of implementing our strategy - ongoing optimization of the existing business, organic growth and acquisitions", commented Dr. Thomas Ludwig.

The good business trend, price increases and orders being brought forward in advance of the additional price increases announced in the second quarter 2007 resulted in higher net working capital (inventories plus goods receivables minus goods payables) to €1,299.0 million at the end of the first quarter of 2007. In consequence, net cash debt increased in the first quarter of 2007 from its former low at the end of 2006 of €364.8 million to €476.9 million as of March 31, 2007.

Expansion strategy continued

In the first months of 2007, the Klöckner & Co Group successfully advanced its expansion strategy. At the beginning of 2007, the distribution company, Tournier Holding SAS, was acquired in France. In April 2007, the Dutch stainless steel distributor, Teuling Staal B.V., was acquired. Also in April, a purchase agreement was signed on the acquisition of Primary Steel LLC with seven branches in North America. With this acquisition, the largest it has made for years, Klöckner & Co-Group sales in the USA will be increased by more than 60%.

In Germany Klöckner & Co acquired three companies in May 2007: Edelstahlservice Verkaufsgesellschaft mbH, headquartered in Frankfurt am Main, as well as the steel distribution of Coburg-based Max Carl GmbH & Co KG and the Zweggart Fachhandelsgruppe GmbH & Co. KG in Stuttgart.

"With the acquisition of six companies with total sales exceeding €400 million in the first five months of the year, we are confident that we will achieve our objective of buying up 10 to 12 small to medium-sized distributors during 2007," explained Dr. Thomas Ludwig.

Optimization of Group financing

At the beginning of 2007, the groundwork was laid for further optimization of Group financing. To the start of the second quarter of 2007, a syndicated holding facility of €600 million was successfully placed. Some of the funds will be used to fully redeem the high-yield bond with a current volume of €170 million.

"This places Group financing on a very solid foundation and opens up further considerable scope for growth", commented Dr. Thomas Ludwig.



Positive share price performance, 100% free float

In the first quarter of 2007, the Klöckner & Co share performed in a very positive fashion. At the end of the first quarter, the share price was €41.15. This represents a performance of over 25% against the closing price of the previous quarter. Since then, the price has risen further to €50.30 (closing price on May 11, 2007, XETRA). On January 29, the Klöckner & Co share taken up in the MDAX® equity index of Deutschen Börse.

The former majority shareholder of Klöckner & Co, Multi Metal Investment S.à r.l. ("MMI") – a fund company owned by the financial investor Lindsay Goldberg & Bessemer sold their last share parcel in Klöckner & Co, a 15.5% stake, in April 2007. The free float now totals 100%.

Outlook

In the first quarter of 2007, the good earnings trend created a solid basis for a successful 2007 fiscal year. In view of the generally good background for metal distribution and the forecast of customer industries, combined with the tangible success of the STAR performance program, Klöckner & Co is expecting the good development to continue during the course of fiscal 2007.

Key ratios

Income Statement		Q1 2007	Q1 2006
Sales	€ million	1,550	1,323
Earnings before interest, taxes, depreciation and Amortisation (EBITDA)	€ million	92	79
Earnings before interest, taxes (EBIT)	€ million	78	65
Earnings before taxes (EBT)	€ million	68	50
Earnings after taxes (EAT)	€ million	47	37
Earnings per share (undiluted)	€	0.86	-
Key figures			
Turnover	t'000	1,629	1,601
		31.03.2007	31.12.2006
Employees at key date		9,713	9,688

About Klöckner & Co:

Klöckner & Co is the largest producer-independent steel and metal distributor in the European and North American markets combined. The core business of the Klöckner & Co group is the storage and distribution of steel and non-ferrous metals. About 200,000 active customers are supplied through approximately 240 distribution locations in 14 countries in Europe and North America.



Klöckner & Co was founded more than 100 years ago by Peter Klöckner. During the financial year 2006, the company achieved sales of approximately €5.5 billion with around 10,000 employees.

The shares of Klöckner & Co Aktiengesellschaft are admitted to trading on the official market segment (*Amtlicher Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment (Prime Standard) to the official market with further post-admission obligations. ISIN: DE000KC01000; WKN: KC0100; Common Code: 025808576.

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