

Press Release

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klöckner & co

multi metal distribution

Earnings performance of Klöckner & Co AG remains sound and forecast for 2007 reaffirmed

- Sound result again for the first nine months of 2007
- Sales volume and sales boosted substantially
- Liabilities reduced compared with first half of the year
- Acquisition targets for 2007 achieved ahead of schedule
- Group financing improved further
- Forecast reaffirmed for full-year 2007

Duisburg, November 14, 2007 - The Klöckner & Co Group boosted its sales in the first nine months of 2007 by 15.7% to €4.8 billion and again generated a sound operating result (EBITDA) of €287.9 million. Even though the result was down 11.5% year-on-year due to increased price pressure in the third quarter, the medium-term upward trend is becoming more firmly established. "We expect our sales in full-year 2007 to rise significantly and to generate a good result again. Even if the EBITDA will be down 10% year-on-year due to increased price pressure in the second half of the year, we will generate the second-best operating result that the company has seen in over 100 years. We are thus reaffirming the forecast that we adjusted in October," explained Dr. Thomas Ludwig, CEO of Klöckner & Co AG. The target of acquiring 10 to 12 profitable small and medium-sized multi metal distribution companies in 2007 was achieved ahead of schedule with the 12th acquisition in September 2007. In addition, the Group's financing was further optimized by placing a syndicated holding facility and by issuing a convertible bond. The STAR performance program was successfully continued. "This means a large part of the measures planned for 2007 have already been implemented. We believe that the Company is still on a good and successful course and that it is well equipped for the future," commented Dr. Thomas Ludwig.

Increase in sales volume and sales

The Klöckner & Co Group increased its sales volume by 4.7% year-on-year to 4.9 million metric tons to the end of September 2007 due to the acquisitions made and despite streamlining at various locations. Sales rose in the same period by 15.7% to €4.8 billion.

This change was supported by the predominantly positive economic conditions for metal distribution in the first nine months of 2007 in Europe, but the trend was partially



weakened in the third quarter. While the positive trend in machinery and mechanical engineering continued unabated, the growth rate in the construction industry weakened in the third quarter in some countries. In contrast, general conditions in North America saw a less positive trend overall, mainly as a result of weaker construction and consumption demand in the first nine months of 2007.

Sound result despite slight weakening against previous year

The operating result (EBITDA) generated was sound again at €287.9 million to the end of September 2007, supported by the STAR performance program, even if this result was 11.5% lower than in the previous year due to the market. While the price-related inventory profits in the previous year primarily supported earnings performance in the third quarter, the excellent earnings performance in the first half of the year was negatively impacted by increasing price pressure this year concerning the distribution of steel and stainless steel products in Q3 2007. Stainless steel prices in particular dropped sharply in Q3 2007 due to the rapid fall in the price of nickel. It was impossible to avoid write-downs on inventories and discounts on the sales prices with correspondingly lower margins in order to adapt to the changed market conditions.

Earnings before interest and taxes (EBIT) generated in the amount of €241.8 million were also high even though EBIT, like EBITDA, was down by 14.3% year-on-year in the first nine months of 2007. In contrast to this, the decrease in earnings before taxes by 29.7% to €161.9 million and in consolidated earnings by 34.7% to €114.6 million is negatively impacted by one-off charges for redemption of the high-yield bond in the amount of around €38.5 million in Q2 2007. These one-off charges will reduce the interest expenses in future and significantly expand the Group's financial leeway.

Total assets increase while liabilities fall compared with the first half of the year

The increase in the Group's total assets from €2,551.7 million at the end of 2006 to €3,170.2 million at the end of September 2007 is largely due to acquisitions. Such acquisitions raised net liabilities to €877.3 million as of September 30, 2007 compared with €364.8 million at the end of 2006. However, liabilities were reduced substantially in the third quarter compared with the high of €996.1 million at the end of the first half of 2007.

Acquisition target for 2007 already achieved in September

In the first nine months of 2007, the Klöckner & Co Group successfully continued its acquisition strategy. Overall, the Group has acquired 12 companies with total sales of around €570 million in Europe and North America to date in 2007. In June 2007, the majority interest in the profitable Swiss country operation Debrunner Koenig Holding AG was increased by around 18% to approximately 78%. "We will also pursue our acquisition strategy systematically in future within the scope of existing market opportunities," explained Dr. Thomas Ludwig.

Further optimization of Group financing

Important steps were taken in the current fiscal year to optimize Group financing. A syndicated holding facility of €600 million was successfully placed at the beginning of Q2 2007 with an international syndicate of banks. Some of the funds were utilized to fully redeem the high-yield bond with its nominal annual interest rate of 10.5%. A convertible bond of €325 million and a coupon of 1.5% was issued in July 2007. According to Dr. Thomas Ludwig: "The Group financing of Klöckner & Co AG stands on



a secure foundation and guarantees that we are able to pursue our acquisition strategy systematically despite the crisis on the credit markets.”

Outlook

Klöckner & Co expect prices to stabilize in Q4 2007 with demand staying sound and reaffirms the earnings forecast for full-year 2007 which was adjusted at the start of October 2007 that the EBITDA generated in full-year 2007 is set to be 10% lower year-on-year. This result would be the second best result in the Company's history.

Klöckner & Co expects the sound order trend to continue in 2008 and prices to remain stable overall. However, due to general economic risks, weaker performance in North America cannot be ruled out. Klöckner & Co expects to generate sound earnings also in 2008 after taking acquisitions and measures implemented under the STAR performance program into account.

Key Figures

Income Statement		Q3 2007	Q3 2006	YTD 2007	YTD 2006
Sales	€ million	1,583	1,394	4,783	4,134
Earnings before interest, taxes, depreciation and Amortisation (EBITDA)	€ million	93	143	288	325
Earnings before interest, taxes (EBIT)	€ million	76	128	242	282
Earnings before taxes (EBT)	€ million	59	105	162	230
Earnings after taxes (EAT)	€ million	45	85	115	176
Earnings per share (basic)	€	0.79	1.64	2.07	3.27
Earnings per share (diluted)	€	0.78	1.64	2.07	3.27
Key figures					
Turnover	to '000	1,601	1,467	4,893	4,674
				Sep. 30, 2007	Dec. 31, 2006
Employees at end of period				10,481	9,688

About Klöckner & Co AG:

Klöckner & Co is the largest independent producer and distributor of steel and metal products 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 250 distribution locations in 15 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.

Since the end of January 2007, Klöckner & Co shares have been listed in the Deutsche Börse MDAX® Index.

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