

Press Release

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klöckner & co

multi metal distribution

Klöckner & Co – strong performance continues

- Appreciable rise in earnings again in Q3 2006
- Favorable price trend
- Debt further reduced
- Expansion strategy sustained as planned
- Confirmation of positive outlook for full year

Duisburg, November 28, 2006 - In Q3 2006 the multi-metal distribution company, Klöckner & Co, maintained the strong performance achieved in the first half-year. Measured against the same period in 2005, the company significantly improved on all of its key metrics. The Klöckner & Co Group profited from the very favorable development of the multi-metal distribution market and the successes achieved in the context of the STAR performance program.

The Klöckner & Co share price has progressed very well since the shares were first listed on June 28, 2006. It has risen from an issue price of €16 to €27.10 (Xetra closing price on November 24, 2006), representing an increase of 69%. The Klöckner & Co IPO therefore ranks among the year's most successful to date. "The share price reflects the company's successful development," comments Dr. Thomas Ludwig, chairman of the board of management of Klöckner & Co AG.

On September 18, 2006 the share was admitted to the SDax® index of the Deutsche Börse Group. At the end of October our shareholder Lindsay Goldberg & Bessemer (LGB) sold about 20 % of its 65 % shareholding. The free float increased from 35 % to 55 %.

The Klöckner & Co Group increased its turnover in tonnes by 5.8% in the first nine months of 2006, compared with the same period last year. Consolidated sales in the first nine months grew to € 4.1 billion. The measures taken to enhance efficiency, the higher tonnage and improved margins significantly improved the pattern of earnings during the period. "This extremely favorable earnings development vindicates the systematic pursuit of our



corporate strategy and highlights the commitment and hard work of our employees," remarks Dr. Ludwig.

The EBITDA (earnings before interest, taxes, depreciation and amortization) of the Klöckner & Co Group for the nine months ended September 30, 2006 was €325 million, which was approximately €176 million higher than the previous year's comparable figure (excluding the reversal of negative goodwill). The operating businesses in Europe and North America substantially improved on the previous year's EBITDA, generating €299 million in Europe and €64 million in North America before holding and consolidation costs.

The EBIT (earnings before interest and taxes) of the Group in the first three quarters totaled €282 million, which marks an increase of approximately €178 million compared with the first nine months of 2005, disregarding the reversal of negative goodwill. The earnings before taxes climbed sharply against the previous year's adjusted figure, by €166 million to €230 million. The equity ratio as of September 30, 2006 stood at 28 %.

The funds generated by the disposal of non-core businesses and non-operating assets were used, together with the funds that accrued from the IPO, to reduce the outstanding debt. The net indebtedness was thus reduced to €435 million at the end of Q3 2006, which was significantly lower than the comparable figure of €719 million as of December 31, 2005. In August the high yield bond, which bears 10.5% interest, was reduced by €90 million with funds resulting from the capital increase in connection with the IPO. This reduction gave rise to a one-time charge in the amount of about €13 million in Q3 2006.

In the third quarter Klöckner & Co continued successfully to pursue its expansion strategy by acquiring small and mid-size distribution enterprises. The Spanish special steel distribution group, Aesga, was acquired in July 2006. In October the US organization was acquired the distribution company, Action Steel, in the Midwest of the USA, with facilities in Indianapolis, Indiana and Louisville, Illinois. Also in October, in Switzerland the Klöckner & Co Group acquired Gauss, a company specializing in building engineering and tools.

Outlook

Against the background of the prevailing stable and strong environment for metal distribution, our consumer industries' forecasts and the successes achieved in the context of the STAR performance program, Klöckner & Co expects its favorable development to be sustained in Q4 2006. Compared with the previous year, the company anticipates an appreciable sales increase to a total of more than €5.4 billion for 2006. Even after allowing for the one-off effects of about €40 million, the forecast EBITDA of approximately €380 million to €390 million clearly exceeds the comparable 2005 figure of €197 million.



Income Statement		Q3 2006	Q3 2005	YTD 2006	Mar 16.- Sept.30, 2005*	Pro Forma** YTD 2005
Sales	€ million	1.394	1.191	4.134	2.751	3.747
Earnings before interest, taxes, depreciation and Amortisation (EBITDA)	€ million	143	49	325	108	149
Earnings before interest, taxes (EBIT)	€ million	128	37	282	77	104
Earnings before taxes (EBT)	€ million	105	-4	230	42	64
Earnings after taxes (EAT)	€ million	85	0	176	37	46
Earnings per share (undiluted)	€	1,64	\	3,27	\	\
Key figures						
Turnover	t'000			4.674	\	4.419
Employees at year-end				9.626	\	10.004

* Excluding the release of the negative goodwill of €147 million and for the EBT and EAT figures excluding transaction costs amounting to €36 million

** Excluding the release of the pro-forma negative goodwill of €139 million and for the EBT and EAT figures excluding transaction costs amounting to €39 million

Explanation of pro formas:

The pro forma 2005 Financial Information aims to provide improved insight into the consolidated results of operations and the financial situation of the Group.

It assumed that the change in shareholder and corporate structure occurred on January 1, 2005, instead of March 16, 2005.

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 100 years ago by Peter Klöckner. During the financial year 2005, the company achieved sales of approximately €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: DE000KCO1000; WKN: KCO100; Common Code: 025808576.



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