

Klöckner & Co SE

– Q3 2008 Results – Analysts' and Investors' Conference Call

November 14, 2008

Dr. Thomas Ludwig
CEO

Gisbert Rühl
CFO



Agenda

1. Highlights Q3 2008, market and strategy

Dr. Thomas Ludwig, CEO

2. Financials Q3/9M 2008 and outlook

Gisbert Rühl, CFO

Appendix



Highlights 9M 2008 and until today

- Excellent result development continued from H1 to Q3
- Significant reduction of net debt per September 30 and ongoing until December 31
- Sale of Canadian Namasco Ltd. and Koenig Verbindungstechnik concluded
- Shareholding in Metalsnab (Bulgaria) close to 100%
- Global settlement of all Balli related cases concluded
- Immediate action program in response to current economic developments started
- Despite weak economic environment in Q4 record result 2008 confirmed

Record result for 2008 confirmed, but weak outlook for 2009



Financial highlights Q3/9M 2008

(€m)	Q3 2008	Q3 2007	Δ%	9M 2008	9M 2007	Δ%
Volume (Ttons)	1,348	1,601	-15.8	4,823	4,893	-1.4
Sales	1,773	1,583	12.0	5,355	4,783	12.0
EBITDA	413	93	343.2	735	288	155.1
EBIT	395	76	419.2	685	242	183.5



The credit crunch has deeply darkened economic prospects

European economies affected by:

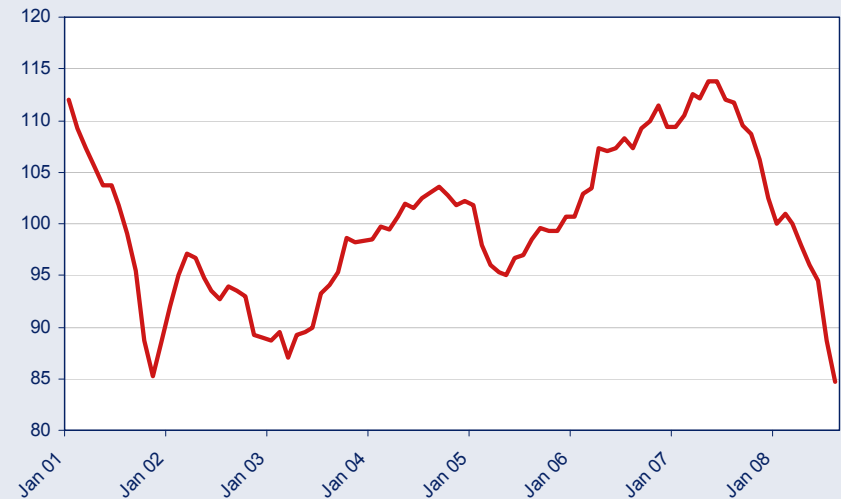
- Pessimistic market sentiment
- Lower consumption expenses
- Lower investments
- Lower export demand
- Higher public deficits and debts
- Price volatilities of all kind

Main street affected by the credit crunch:

- Adding complexities to financing fixed assets and working capital required
- Higher costs of capital
- Unbalancing balance sheets of main customer segments and companies
- More sales limitations due to more credit insurance limitations
- Liquidity squeeze

European Sentiment

long-term average 1993-2000 = 100



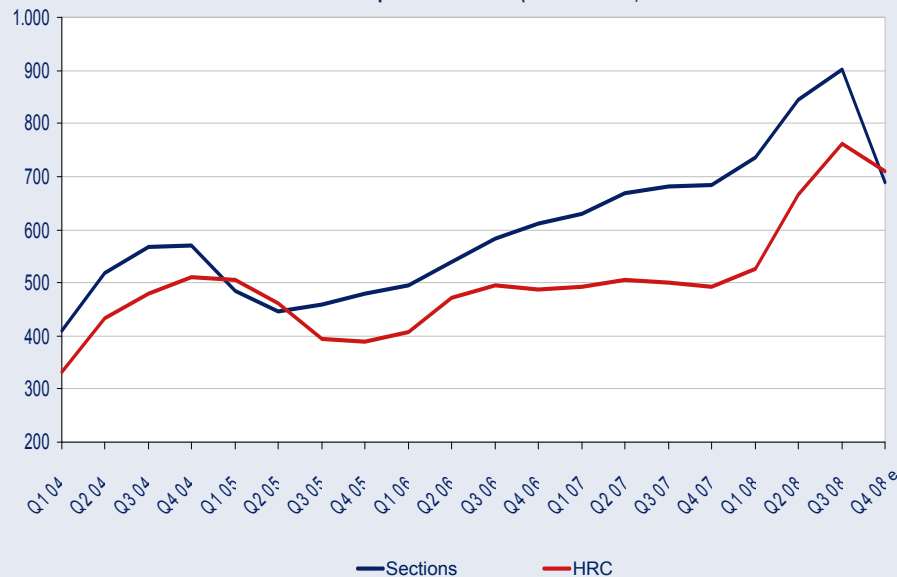
Source: Eurometal Newsletter No. 19, November 2008



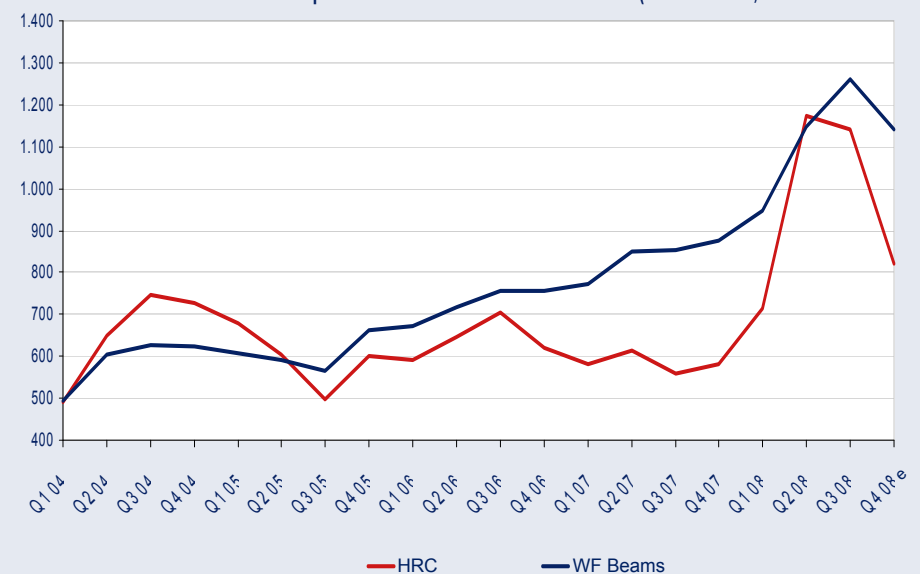
Steel market currently under severe pressure

- Sharp decline in prices
- Significant slow down of demand expected
- Strong destocking
- Heavy production cuts necessary to stabilize prices

EU domestic prices in EUR/to (source: SBB)



NA domestic prices FOB US Midwest mill in USD/to (source: SBB)



Main steel producers have announced product cuts for the next months

EU – 27	AMERICAS	CIS	CHINA	OTHER ASIA
ARCELORMITTAL: WORLDWIDE - 30/35 %				
SEVERSTAL -30%	SEVERSTAL -30%	SEVERSTAL -25%	HEBEI -10-20 %	ISPAT -15 %
TK STEEL - 20/30? %		EVRAZ - ? %	BAOST. – 1 MT	JAPAN: ? %
CORUS - 20 %		NMLK -20-40 % ?	MAANSHAN -20 %	
SALZGITTER -30 %		MMK - 15 %		
RIVA -12 %				

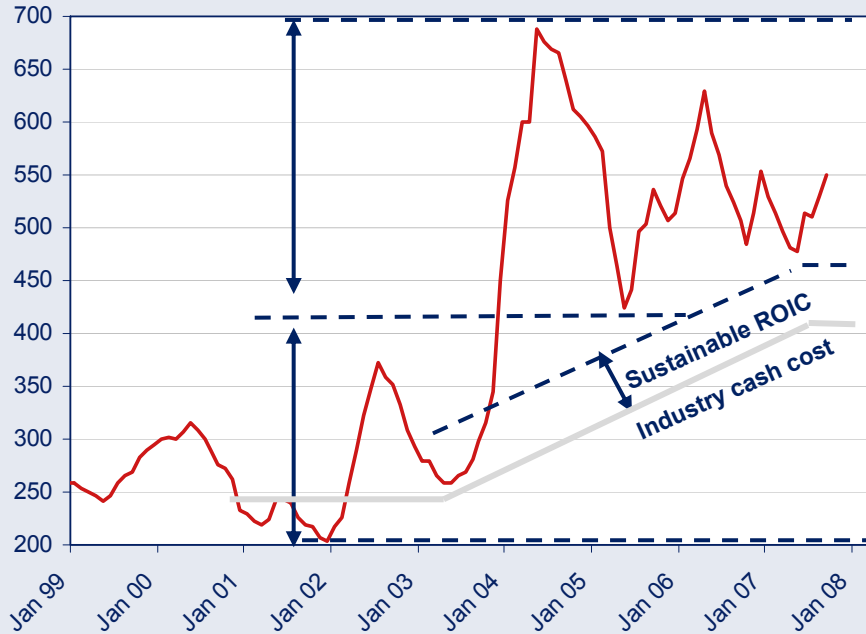
**Balancing Steel supply and steel demand will be key
More steel producers will follow in next weeks**

Source: Eurometal Newsletter No. 19, November 2008



Recent consolidations have contributed to much lower and shorter business cycle volatilities than ten years ago

**HRC – North America domestic FOB US
Midwest mill \$/short ton**



**Analysis Steel Downturns in the US market
since 1997**

Date	Length of the downturn	Drop in HRC price during period
April 1997 to March 1999	24 months	-33%
April 2000 to December 2001	21 months	-36%
July 2002 to July 2003	13 months	-33%
August 2004 to July 2005	12 months	-39%
July 2006 to January 2007	7 months	-23%
April 2007 to August 2007	5 months	-12%

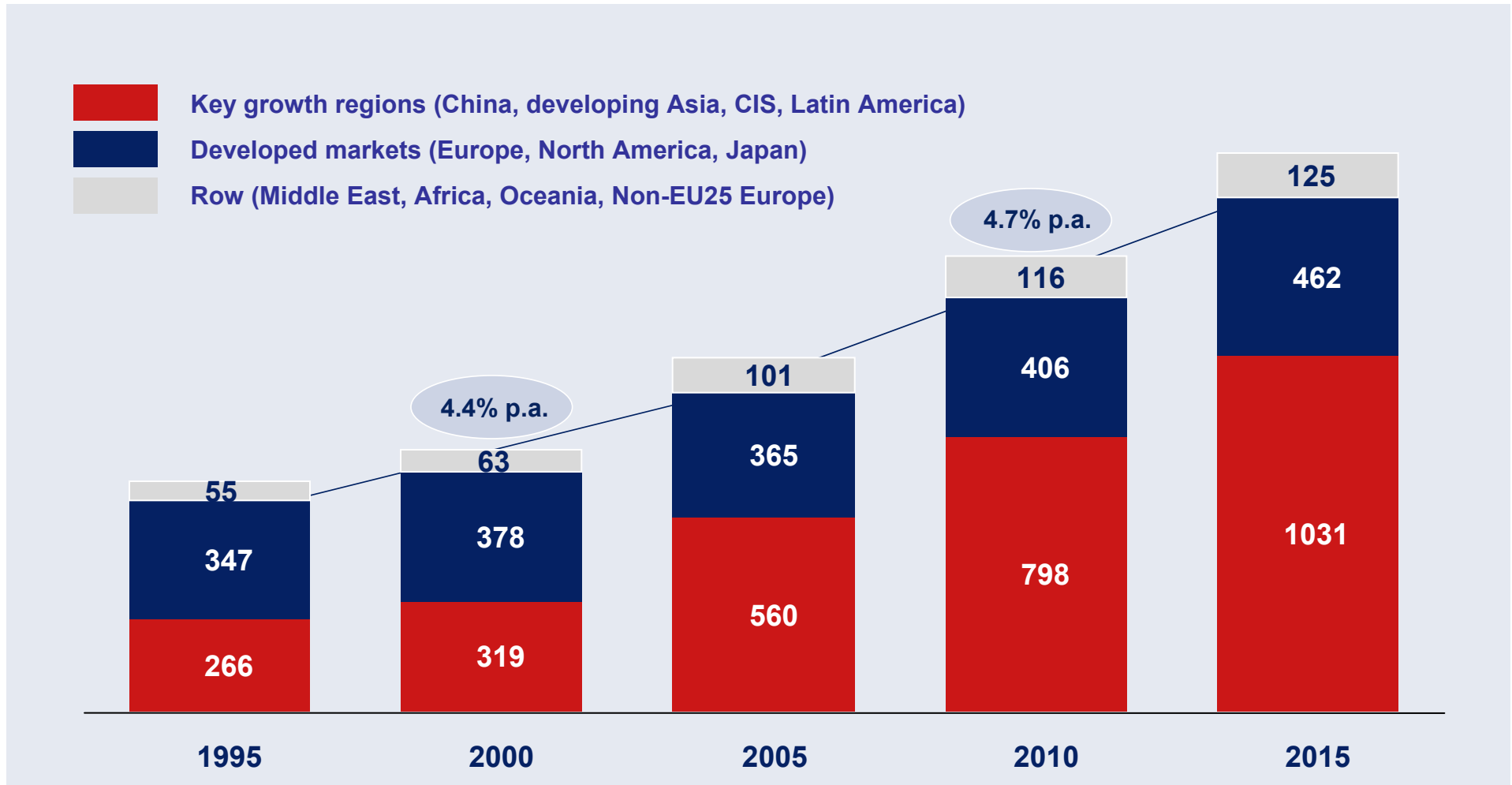
Consolidation has seen considerable stabilization in steel prices and offers a sustainable environment for steel distributors and consumers

Source: Eurometal Newsletter No. 19, November 2008



The basic trend of steel markets remains growth oriented

Mid term outlook of steel demand stays on sound ground



Source: Eurometal Newsletter No. 19, November 2008



Response of Klöckner & Co

Klöckner & Co executed an immediate action program as a response to the current economic environment

- Acquisitions are postponed for the time being
- Focus on further reduction of stocks and debts
- Lower turnover and cost cutting program with reduction of more than 500 jobs will reduce OPEX in 2009 by €20 Mio. (without STAR effect)

Immediate action program executed, but mid term strategy is valid



STAR Program on track

Phase I (2005 - 2008)

Overall targets:

- Central purchasing on country level, especially in Germany
- Improvement of distribution network
- Improvement of inventory management

Upside potential

2006: ~ €20 million ✓
2007: ~ €40 million ✓
2008: ~ €20 million
~ €80 million

€27 million realized until Q3

Phase II (2008 onwards)

Overall targets:

- European sourcing
- Ongoing improvement of distribution network

Upside potential

2008 ~ €10 million
2009: ~ €30 million
2010: ~ €20 million
~ €60 million



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Summary income statement Q3/9M 2008

(€m)	Q3 2008	Q3 2007	Δ%	9M 2008	9M 2007	Δ%
Volume (Ttons)	1,348	1,601	-15.8	4,823	4,893	-1.4
Sales	1,773	1,583	12.0	5,355	4,783	12.0
Gross profit	390	286	36.7	1,193	921	29.5
<i>% margin</i>	<i>22.0</i>	<i>18.0</i>	<i>22.2</i>	<i>22.3</i>	<i>19.2</i>	<i>16.1</i>
EBITDA	413	93	343.2	735	288	155.1
<i>% margin</i>	<i>23.3</i>	<i>5.9</i>	<i>294.9</i>	<i>13.7</i>	<i>6.0</i>	<i>128.3</i>
EBIT	395	76	419.2	685	242	183.5
Financial result	-18	-17	2.9	-51	-80	-35.7
Income before taxes	378	59	539.0	634	162	291.6
Income taxes	-30	-14	110.4	-108	-47	129.3
Minority interests	-4	8	-144.0	1	19	-93.1
Net income	351	37	852.8	524	96	445.2
EPS €	7.56	0.79	857.0	11.28	2.07	444.9
Diluted EPS €	7.01	0.78	798.7	10.55	2.07	409.7



Underlying EBITDA 9M 2008

(€m)	9M 2008	9M 2007	Δ
EBITDA as reported	734.5	287.9	446.6
<ul style="list-style-type: none"> • One-off items 	-253.4	-33.4	-220.0
Operating EBITDA	481.1	254.5	226.6
<ul style="list-style-type: none"> • Windfall effects • Exchange rate effects • Special expense effects 	-132.7 17.5 -11.3	13.3 6.6 17.6	-146.0 10.9 -28.9
Underlying EBITDA	354.6	292.0	62.6
<ul style="list-style-type: none"> • Acquisitions (LTM*) 	-53.6	-18.4	-35.2
Underlying EBITDA excluding Acquisitions	301.0	273.6	27.4

* LTM: Last twelve months

Underlying EBITDA improved



Segment performance 9M 2008

(€m)	Europe	North America	HQ/ Consol.	Total
Volume (Ttons)				
9M 2008	3,431	1,392	-	4,823
9M 2007	3,516	1,378	-	4,893
Δ %	-2.4	1.0		-1.4
Sales				
9M 2008	4,273	1,082	-	5,355
9M 2007	3,989	794	-	4,783
Δ %	7.1	36.3		12.0
EBITDA				
9M 2008	587	143	4	735
% margin	13.6	13.2	-	13.7
9M 2007	262	50	-24	288
% margin	6.6	6.3	-	6.0
Δ % EBITDA	124.0	185.7	-	155.1

Comments
<ul style="list-style-type: none"> ● Includes acquisition-related sales of M€88.6 for 9M 2008* in Europe and sales of M€291.8 for 9M 2008* in North America ● EBITDA in Europe includes M€250 net disposal gains
<p>* Sales of acquired companies for the first twelve months of their consolidation</p>



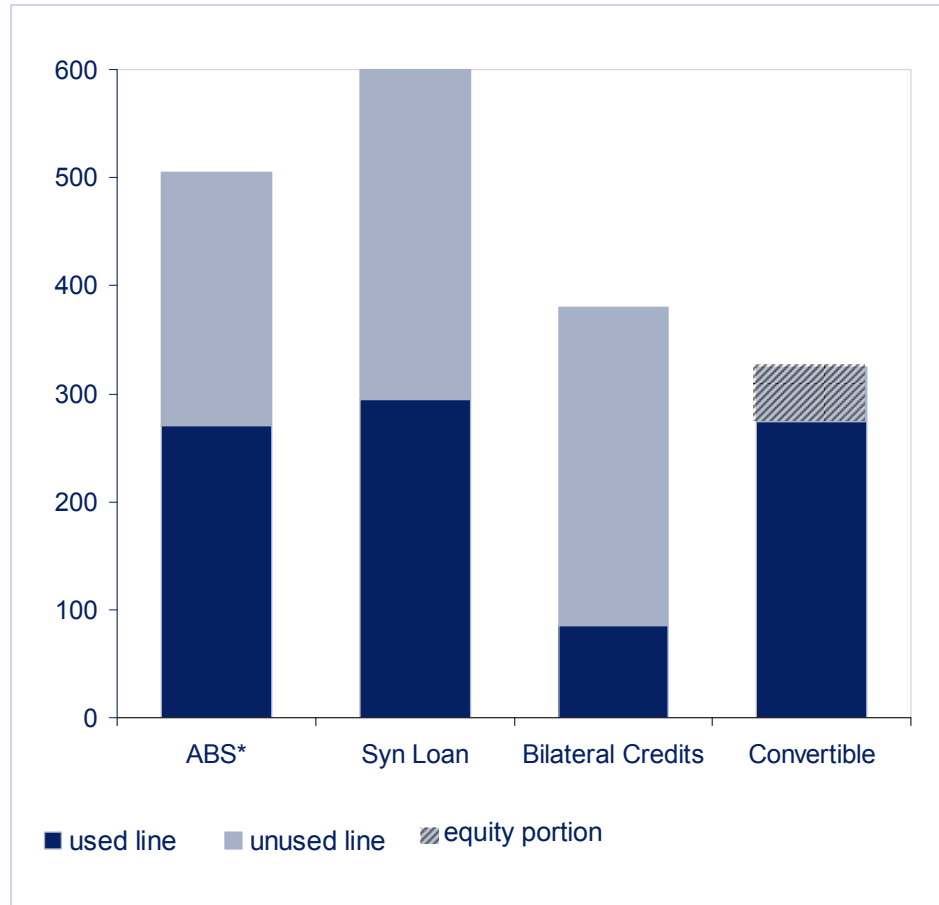
Balance sheet as of Sept. 30, 2008

(€m)	September 30, 2008	December 31, 2007	Comments
Long-term assets	782	735	Shareholders' equity: <ul style="list-style-type: none"> ● Increased from 28% to 34% Financial debt: <ul style="list-style-type: none"> ● Leverage reduced from 2.0x to 0.8x EBITDA ● Gearing reduced from 88% to 57% Net Working Capital: <ul style="list-style-type: none"> ● Increase sales- and price-driven
Inventories	1,328	956	
Trade receivables	1,138	930	
Cash & Cash equivalents	241	154	
Other assets	70	191	
Total assets	3,559	2,966	
Equity	1,221	845	
Total long-term liabilities	1,223	1,152	
- thereof financial liabilities	874	813	
Total short-term liabilities	1,115	969	
- thereof trade payables	747	610	
Total equity and liabilities	3,559	2,966	
Net working capital	1,720	1,323	
Net financial debt	690	746	



High financial flexibility

in € Mio.



*Europe and USA

Comments

- Total credit facilities of €1.8 billion
- Utilization of around 50%
- High cash reserve

Strong financial position

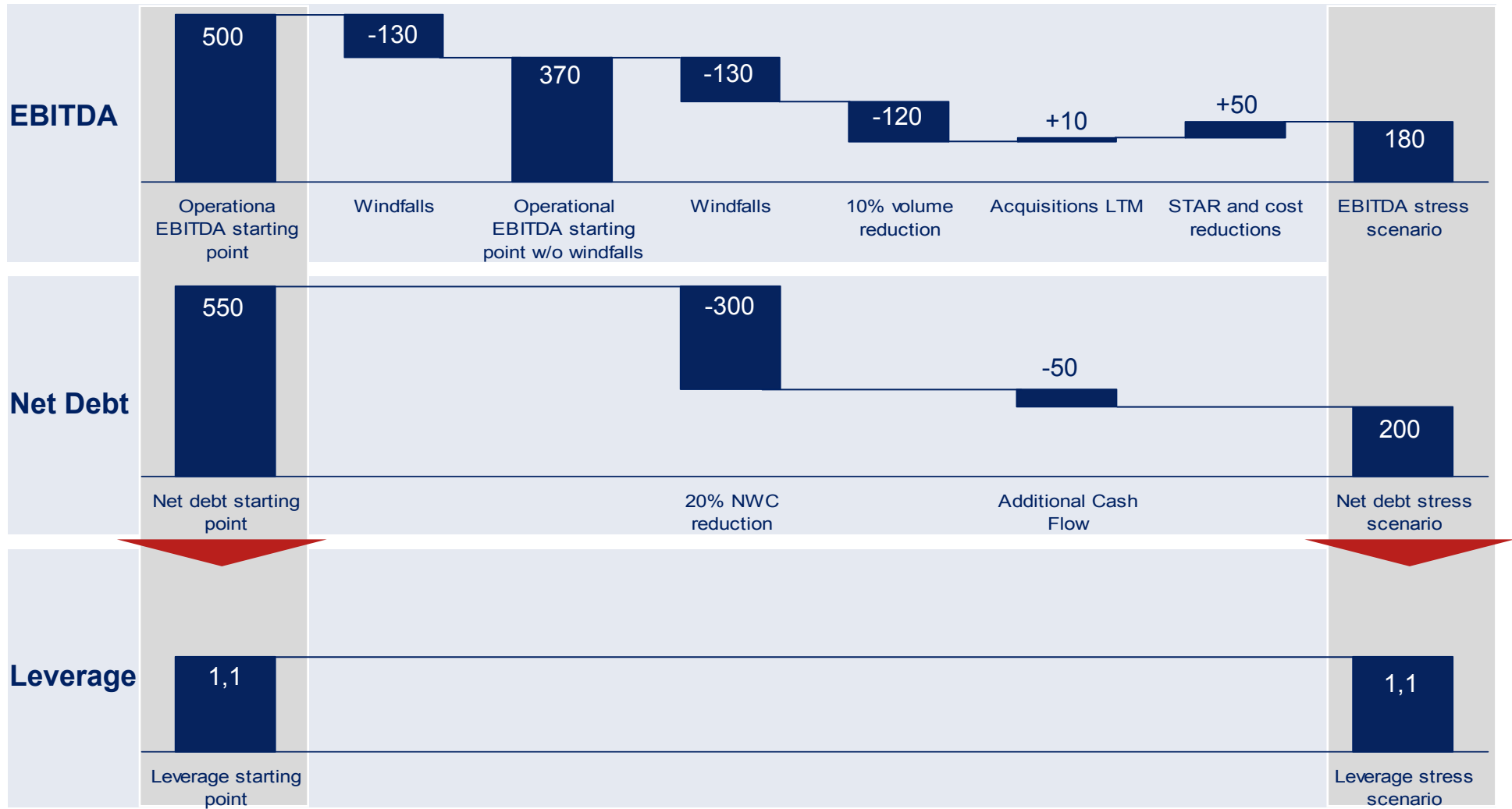


No maturity of central financial instruments before 2010

	ABS	Syndicated Loan	Convertible
Volume	€505 Mio.	€600 Mio.	€325 Mio.
Maturity Date	May 2010 (Europe) June 2012 (US)	May 2011 + 1 year extension	July 2012
Covenants	5x EBITDA Interest coverage ratio: 2 * net interest expense	3x EBITDA Interest coverage ratio: 4 * net interest expense	-



Leverage remains in hypothetical stress scenario



Statement of cash flow

(€m)	9M 2008	9M 2007	Comments
Operating CF	452	253	<ul style="list-style-type: none"> Operating CF covered the investments in net working capital
Changes in net working capital	-384	-241	
Others	-36	-63	
Cash flow from operating activities	32	-51	<ul style="list-style-type: none"> Investing CF mainly impacted by increased stake in Swiss Holding and acquisition of Temtco against the divestments of our Canadian subsidiary Namasco Ltd. and our Swiss subsidiary KVT
Inflow from disposals of non-current assets and subsidiaries	387	20	
Outflow for acquisitions of subsidiaries and other non-current assets	-296	-386	
Cash flow from investing activities	91	-366	
Proceeds from capital increase	-	62	
Changes in financial liabilities	21	463	
Net interest payments	-22	-61	
Dividends	-38	-45	
Cash flow from financing activities	-39	419	
Total cash flow	84	2	



General financial targets/limits and guidance

	General target/limit	Actual Q3 2008
Top line sales growth	> 10% p.a. on hold	12.0% ✓
Underlying EBITDA margin	> 6%	6.6% ✓
Leverage (Net financial debt/EBITDA LTM)	< 3.0x new: < 1.5x	0.8x ✓
Gearing (Net financial debt/Equity)	< 150% new: < 75%	57% ✓

Financial targets adapted to current developments



Outlook 2008

For the full year 2008, we expect the following key figures:

- **Sales** slightly below €7 billion
- **Net debt** is expected to decrease down to €550 million
- **EBITDA** of €500 million will only be achieved if steel prices are not declining further into 2009
- No further guidance for **reported EBITDA** and **net income** due to uncertain market development

Record results despite dramatic market slowdown



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Largest independent multi metal distributor

Quarterly results and FY results 2008/2007/2006/2005

Current shareholder structure

Broad industry, product and customer diversification

Acquisitions 2007/2008



Financial calendar 2009 and contact details

Financial calendar 2009

February:	Capital Market Days
April 1:	Full Year Results 2008
May 14:	Q1 Interim Report
May 26:	Annual General Meeting
August 13:	Q2/H1 Interim Report
November 13:	Q3 Interim Report

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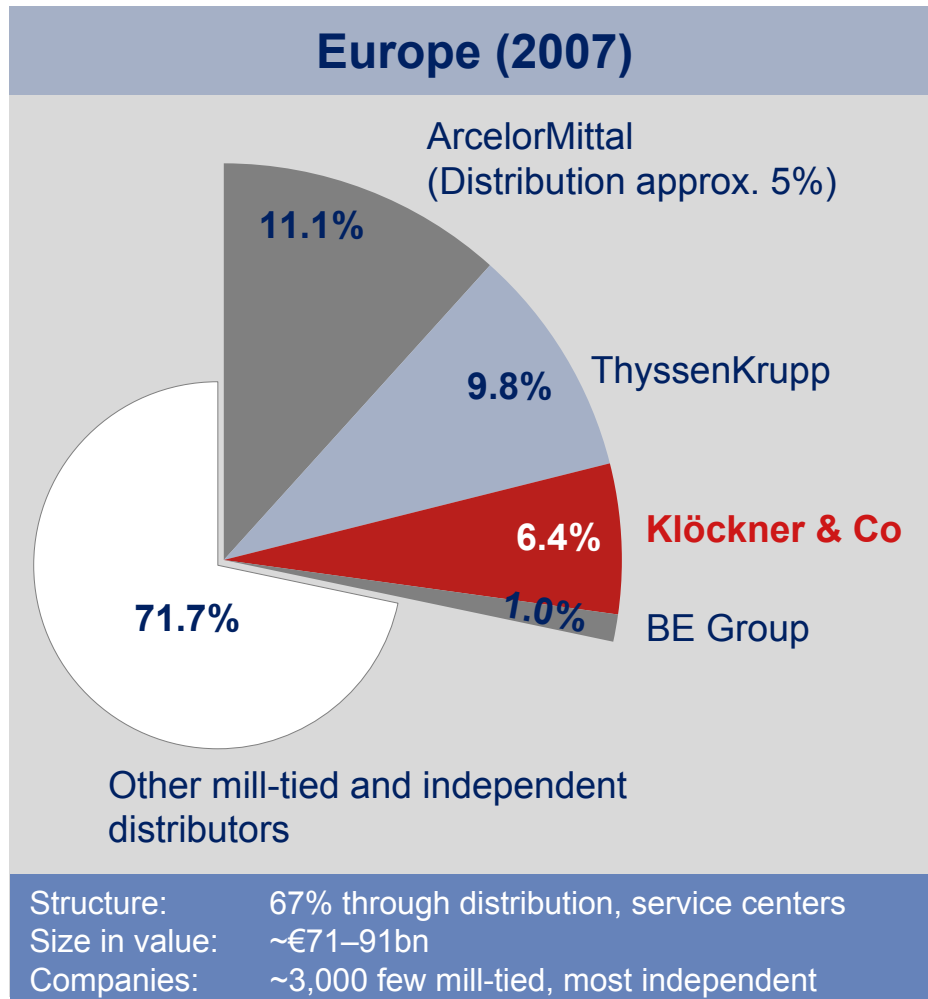
Phone: +49 203 307 2123

Fax: +49 203 307 5025

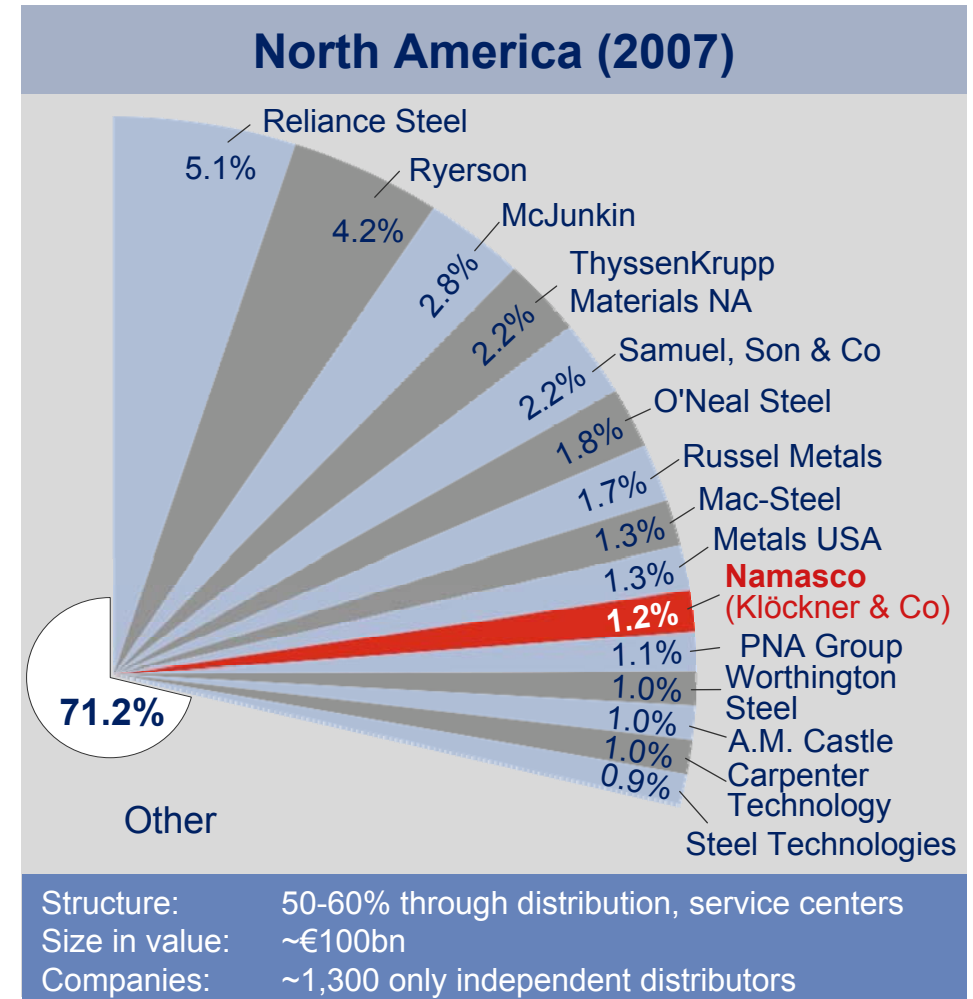
Internet: www.kloeckner.de



Largest independent multi metal distributor



Source: company reports, own estimates



Source: Purchasing Magazine (May 2008), own estimates



Quarterly results and FY results 2008/2007/2006/2005

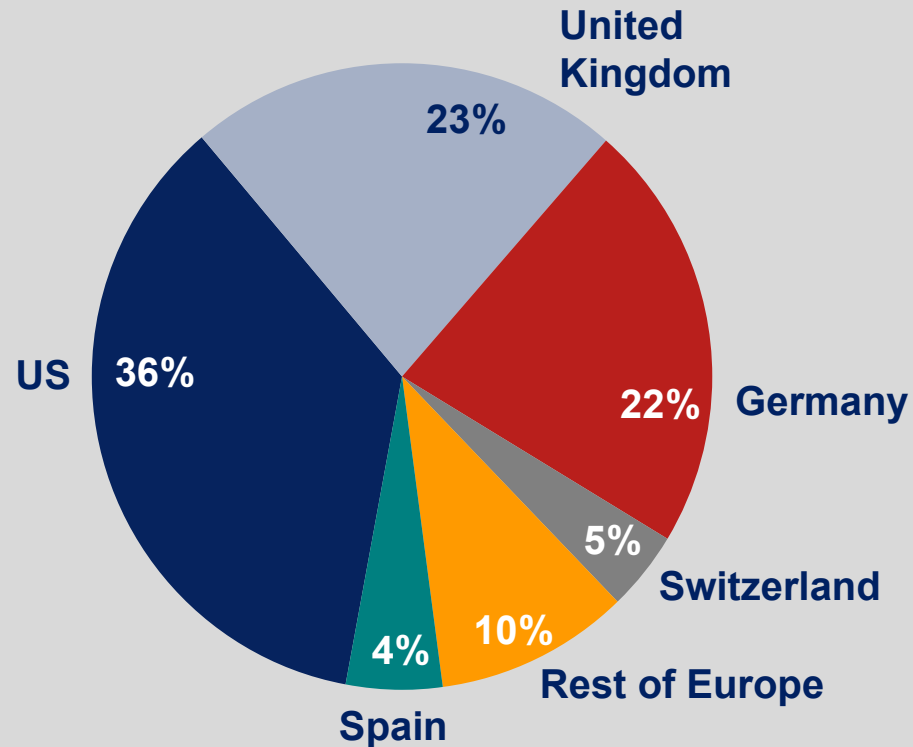
(€m)	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	FY 2007	FY 2006	FY 2005*
Volume (Ttons)	1,348	1,755	1,720	1,585	1,601	1,663	1,629	1,453	1,467	1,605	1,601	6,478	6,127	5,868
Sales	1.773	1,922	1,660	1,492	1,583	1,650	1,550	1,398	1,394	1,418	1,323	6,274	5,532	4,964
Gross profit	390	462	340	300	286	328	307	294	313	316	285	1,221	1,208	987
<i>% margin</i>	<i>22.0</i>	<i>24.0</i>	<i>20.5</i>	<i>20.1</i>	<i>18.0</i>	<i>19.8</i>	<i>19.8</i>	<i>21.0</i>	<i>22.5</i>	<i>22.3</i>	<i>21.5</i>	<i>19.5</i>	<i>21.8</i>	<i>19.9</i>
EBITDA	413	212	109	83	93	103	92	70	143	104	79	371	395	197
<i>% margin</i>	<i>23.3</i>	<i>11.0</i>	<i>6.6</i>	<i>5.6</i>	<i>5.9</i>	<i>6.2</i>	<i>5.9</i>	<i>4.9</i>	<i>10.3</i>	<i>7.3</i>	<i>6.0</i>	<i>5.9</i>	<i>7.1</i>	<i>4.0</i>
EBIT	395	197	93	65	76	87	78	55	128	89	64	307	337	135
Financial result	-18	-17	-17	-17	-17	-52	-10	-12	-24	-14	-14	-97	-64	-54
Income before taxes	378	180	76	48	59	35	68	43	105	75	50	210	273	81
Income taxes	-30	-55	-24	-6	-14	-12	-22	16	-20	-22	-13	-54	-39	-29
Minority interests	-4	3	2	4	8	4	6	5	8	9	6	23	28	16
Net income	351	122	51	37	37	19	40	54	76	45	31	133	206	36
EPS basic (€)	7.56	2.63	1.09	0.80	0.79	0.41	0.86	1.16	1.64	0.97	-	2.87	4.44	-
EPS diluted (in €)	7.01	2.48	1.06	0.80	0.78	0.41	0.86	1.16	1.64	0.97	-	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



Source: Survey Thomson Financial (as of Sept. 08)

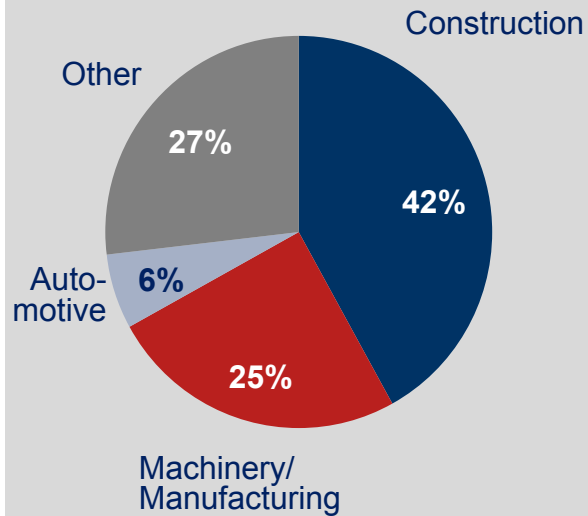
Comments

- Identified institutional investors account for 72%
- US based investors still dominate but share decreased in favor of domestic holdings (up 5% since February 2008)
- Top 10 individual shareholdings represent around 39.4%
- Rest of World < 1% (geographical breakdown)



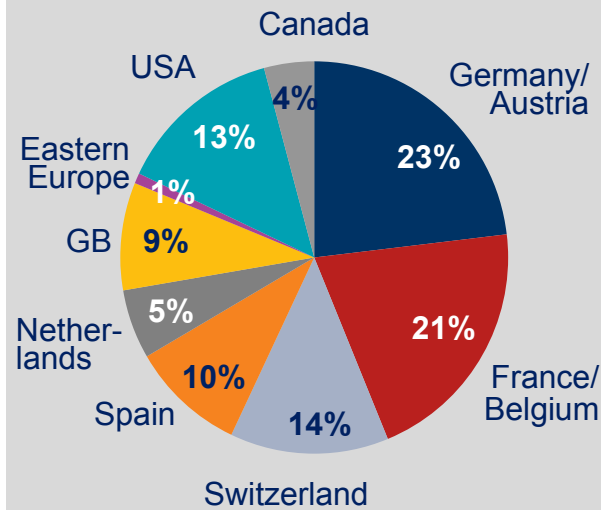
Broad industry, product and customer diversification

Sales split by industry*



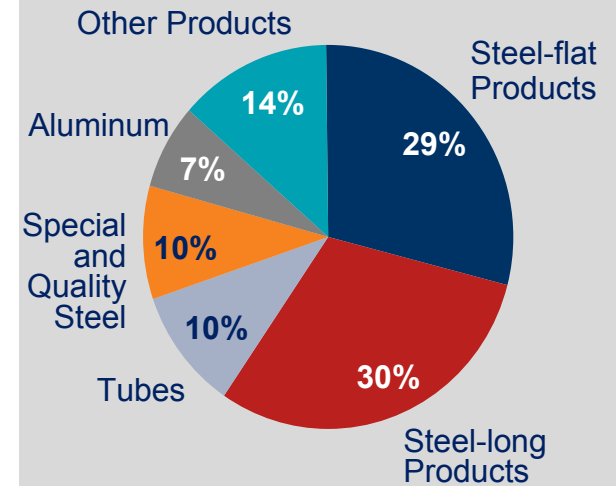
*As of December 2007

Sales split by markets*



*As of December 2007













Sales split by product*

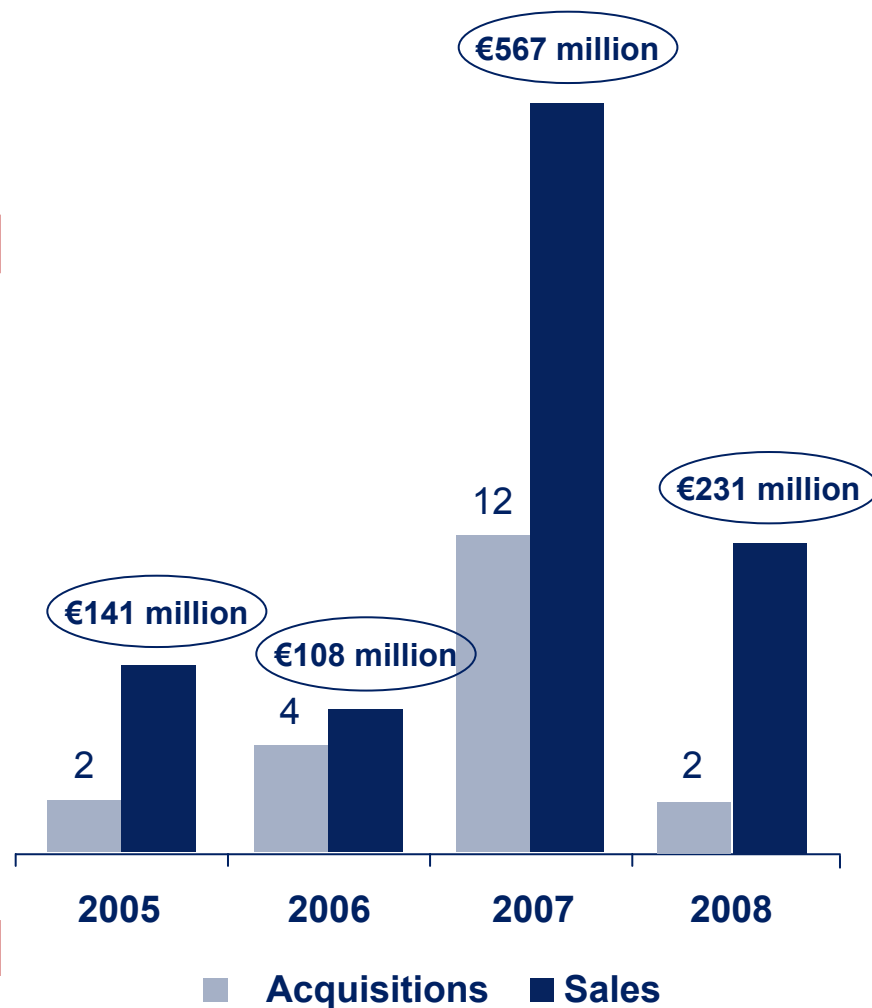


*As of December 2007

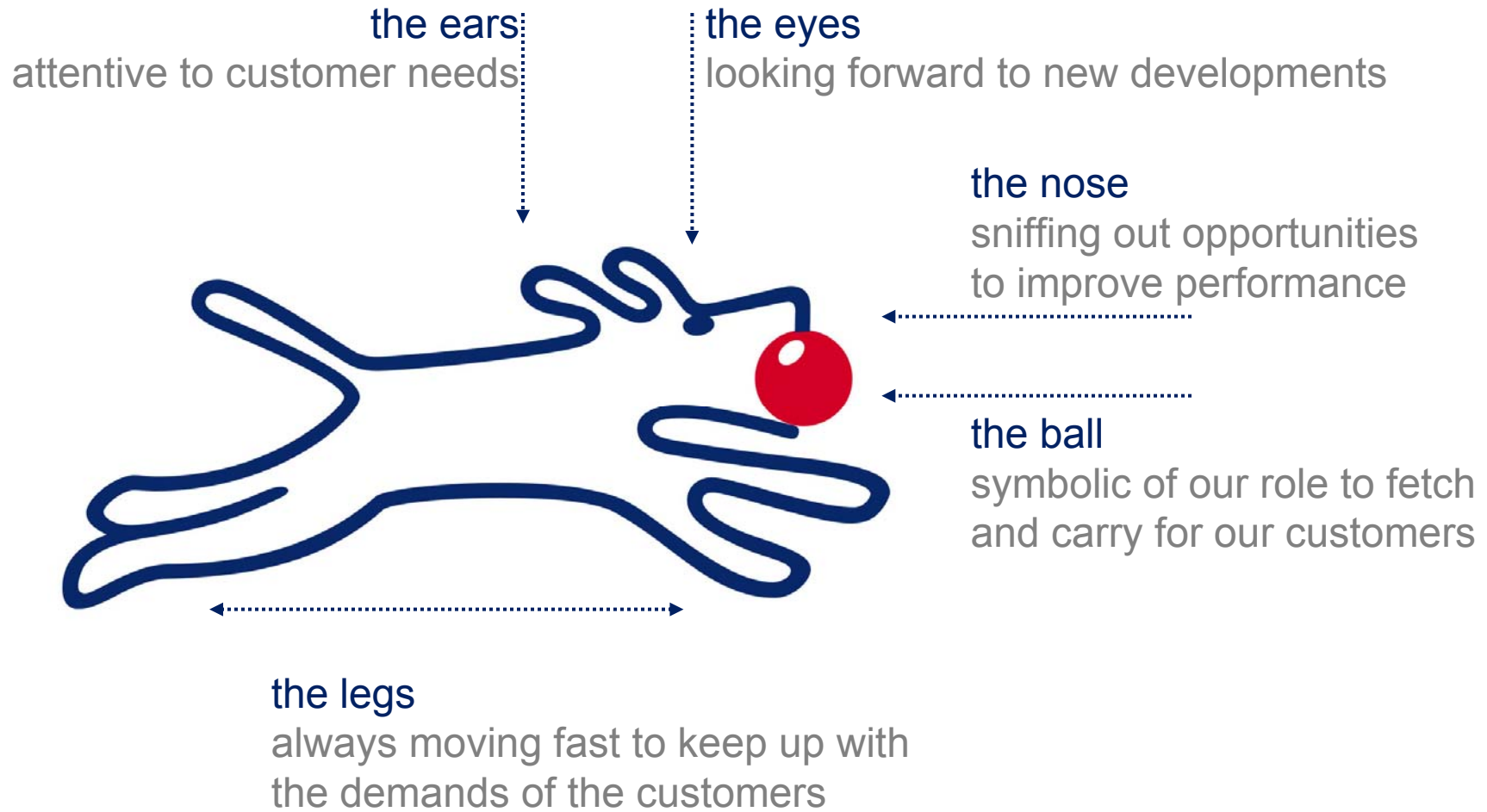


Acquisitions 2007/2008

Country	Acquired	Company	Sales (FY)
	Mar 2008	Temtco	€226 million
	Jan 2008	Multitubes	€5 million
	2008 Ytd	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



Our symbol



Disclaimer

This presentation contains forward-looking statements. These statements use words like "believes," "assumes," "expects" or similar formulations. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of our company and those either expressed or implied by these statements. These factors include, among other things:

- Downturns in the business cycle of the industries in which we compete;
- Increases in the prices of our raw materials, especially if we are unable to pass these costs along to customers;
- Fluctuation in international currency exchange rates as well as changes in the general economic climate

and other factors identified in this presentation.

In view of these uncertainties, we caution you not to place undue reliance on these forward-looking statements. We assume no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

