

Press Release

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multi metal distribution

Klöckner & Co SE: In the first quarter of 2010, for the first time since the beginning of the financial crisis, higher sales volumes have been achieved in addition to positive operating income and slightly positive net income, further significant earnings improvements are expected in the second quarter and the sales guidance has been raised

- Sales volumes increased by 10.5% in the first three months compared to Q1/2009 and by 22.2% compared to Q4/2009
- Sales were 4.2% below prior-year level due to prices, although 20.2% higher than in the previous quarter
- EBITDA of €29 million after €-132 million in the previous year; net income was likewise positive at €2 million
- Continued expansion and optimization of the financing structure
- Sales guidance including acquisitions revised from previously more than 20% to over 25%
- Despite risks in the second half of the year, significant positive operating income expected for the full year

Duisburg, May 12, 2010 – Klöckner & Co has recorded a significant sales volume growth, compared to previous year's figures as well as to the previous quarter. Operating income (EBITDA) was further increased, whereas for the first time since the beginning of the financial crisis positive net income could be achieved. "Currently the price and volume trends are expanding more rapidly than previously expected due to the strong increase in raw material costs. However, there is still the risk that production overcapacity might arise once again in the course of the year if a sustainable increase in demand will not realize. Despite this risk we expect an increase in sales including acquisitions of more than 25% and a significant positive operating income", explains Gisbert Rühl, Chairman of the Management Board at Klöckner & Co SE.

Significant increase in sales volumes, EBITDA and net income positive

The increase in sales volumes by 10.5% to 1.2 million tons (Q1/2009: 1.1 million tons) in the first three months of 2010 compared to the same period of the previous year was mainly due to the rejuvenation of construction activity in March as a result of improved weather conditions, pre-buying activity resulting from dramatic price increases and acquisitions. Sales, however, were 4.2% below the previous year's level at around €1.0 billion (Q1/2009: €1.1 billion) due to the lower average selling prices. EBITDA improved significantly to €29 million (Q1/2009: €-132 million) compared to the previous year, which was considerably impacted by significant inventory write downs. Reflecting the EBITDA trend, earnings before interest and taxes (EBIT) were €11 million (Q1/2009: €-149 million). Taking into account the



effects of tax benefits, slightly positive consolidated net income of €2 million was recorded compared to the €127 million loss for the same period last year. Compared to the previous quarter, sales volumes increased by 22.2% and sales by 20.2%, while EBITDA adjusted for special effects more than quadrupled over the last quarter.

Net working capital build-up also through improved business

At the end of the first quarter of 2010, net financial debt at Klöckner & Co was €150 million compared to a net cash position of €150 million at the end of 2009. This was due to the increase in funds tied up in the net working capital as a result of rejuvenated sales and in particular due to the purchase price payments for the acquisition of the Becker Stahl-Service Group (BSS) and Bläsi AG. The equity ratio at the end of the first quarter was 37% compared to 41% at the end of the 2009 fiscal year.

Financing structure further optimized

In April and May of 2010, the Company issued a total of €145 million of promissory notes with maturities of between three and five years as part of its ongoing efforts to optimize its financing structure. In addition, the European ABS program with a financing volume of €420 million was extended for two years effective April 1, 2010. The optimized financing structure alone offers €500 million for acquisitions, which means that Klöckner & Co is well positioned to exploit the opportunities created by the crisis.

On May 5, the rating agency Standard & Poor's reacted by raising the outlook to "stable" while at the same time confirming the long-term rating based on the improved earnings situation as well as the cost cutting measures introduced.

Successful resumption of acquisition strategy

With the successfully completed acquisition of Becker Stahl-Service Group (BSS) in Germany, which began in the previous year, and Bläsi AG in Switzerland Klöckner & Co has resumed its strategy of growth through acquisitions. "Becker Stahl-Service is currently doing even better than expected due to strong demand from the automotive industry", says Gisbert Rühl regarding the status quo of the integration of the acquisitions.

Significant sales growth expected

Klöckner & Co has raised its guidance for sales growth from previously more than 20% to over 25%. The main drivers behind the sales growth are acquisitions, a normalization of customers' inventory levels as well as stronger risen prices for steel and metal. The Company is still not predicting significant increase in real steel consumption in the major markets in Europe and North America.

Based on the current price and volume increases, Klöckner & Co expects second-quarter earnings to be substantially higher than those in the first quarter. The Company still expects a significantly positive operating income for 2010 despite the risks named above.

Key figures

Income statement		Q1 2010	Q1 2009
Sales	€ million	1,049	1,095
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	29	-132
Earnings before interest and taxes (EBIT)	€ million	11	-149
Earnings before taxes (EBT)	€ million	-4	-165
Net income	€ million	2	-127
Net income attributable to shareholders of Klöckner & Co SE	€ million	1	-126



Earnings per share (basic)	€	0.02	-2.70
Earnings per share (diluted)	€	0.02	-2.43
Cash flow statement		Q1 2010	Q1 2009
Cash flow from operating activities	€ million	-60	261
Cash flow from investing activities	€ million	-127	-5
Balance sheet		March 31, 2010	December 31, 2009
Net working capital ^{*)}	€ million	868	637
Net financial debt	€ million	150	-150
Equity	€ million	1,137	1,123
Balance sheet total	€ million	3,041	2,713
Key figures		Q1 2010	Q1 2009
Sales volumes	Tto	1,180	1,068
		March 31, 2010	December 31, 2009
Employees at end of period		9,498	9,032

*) Net working capital = Inventories plus trade accounts receivable minus trade accounts payable

About Klöckner & Co

Klöckner & Co is the largest producer-independent 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 178,000 active customers are supplied through around 250 distribution locations by around 9,500 employees in 15 countries in Europe and North America. During the fiscal year 2009, the Company achieved sales of approximately €3.9 billion.

The shares of Klöckner & Co SE are admitted to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment to the regulated market with further post-admission obligations (Prime Standard). Klöckner & Co shares are listed in the MDAX® Index of Deutsche Börse.

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