

Press Release

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multi metal distribution

Klöckner & Co SE: sales and earnings for financial year 2008 rise substantially over previous year's results despite plunge in sales volume and earnings during the fourth quarter of 2008

- Sales climb by around 8% to more than €6.7 billion
- EBITDA rises by 62% to €600 million
- Net financial debt cut by nearly 50% during the second half of the year
- Savings of €100 million to be achieved in 2009 as a result of comprehensive, immediate actions
- Slight increase in demand assumed for the second half of the year

Duisburg, March 31, 2009 – Klöckner & Co SE can look back on a successful financial year in 2008, in spite of a difficult fourth quarter. Driven largely by acquisitions and price increases in the first nine months of the year, sales climbed by around 8% from €6.3 billion to €6.7 billion. EBITDA (earnings before interest, taxes, depreciation and amortization) increased by 62% from €371 million in 2007 to €600 million in 2008. Adjusted for non-recurring items from divestments totaling €260 million and a negative effect of €79 million from provisions for an anti-trust fine in France, operating EBITDA rose by 27% to €420 million (2007: €331 million).

EBIT climbed by 74% to €533 million (2007: €307 million), and consolidated net income increased to €384 million (2007: €156 million), which correspond to earnings per share of €8.56. Net financial debt was reduced by nearly 50% from more than €1 billion at their peak at the end of the first half of 2008 to €571 million at the end of 2008.

As a result of the positive earnings trends during the financial year, the equity ratio rose from 28% to 35% at total assets of €3.1 billion.

Immediately after the crisis – triggered by the collapse of Lehman – reached a climax in the real and financial markets, Klöckner & Co responded with immediate cost-cutting measures. As part of this program, steps to cut net working capital and reduce the workforce were initiated in reaction to falling demand. At the beginning of October 2008, a temporary halt to the acquisition program was also introduced.

In response to the continued worsening of the world's economic situation, a supplementary package of measures was approved at the beginning of March 2009. Building on the steps contained in the first program, personnel-related actions, including shorter workweeks, were intensified, operating expenses were reduced in all



areas, and inventories were cut back further. In combination with the STAR efficiency-enhancing program, both packages of measures are designed to lower costs by about €100 million during the ongoing financial year as well as to continue rapidly reducing debt, which has already been reduced from €571 million to the current level of below €360 million.

As a result of the continued uncertainties surrounding the world's economy, Klöckner & Co is refraining from issuing an outlook for financial year 2009. Against the backdrop of further reductions in inventory throughout the value chain and the continued slowdown of the economy, no signs of improving demand can be seen at the moment. A bottom for the prices of steel and metal products has not been reached, even though steel production has been dramatically cut back. From today's perspective, a slight increase in demand is assumed in the second half of the year. Overall, Klöckner & Co expects earnings to decrease significantly during the financial year of 2009 despite the timely introduction of the Company's programs.

Dr. Thomas Ludwig, Chairman of the Management Board at Klöckner & Co SE, said: "We took advantage of the positive market situation in the first three quarters to successfully develop Klöckner & Co and achieved the best operating business results in our Company's history. With our packages of measures, we responded in a timely, rapid manner at the start of the fourth quarter of 2008 and in the first quarter of 2009 to the continuing downturn in the world economy. We are being forced to take every available step to cut costs and reduce debt further. Unfortunately, these steps also include reducing jobs and canceling the dividend payment. Thanks to the Group's reorganization in recent years, the successfully integrated acquisitions, the results of the efficiency-enhancing program and the Company's complete refinancing, Klöckner & Co is optimally prepared to successfully master the ongoing crisis and emerge from it in a strengthened position."

Income Statement		2008	2007
Sales	€ million	6,750	6,274
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	600	371
Earnings before interest, taxes (EBIT)	€ million	533	307
Earnings before taxes (EBT)	€ million	463	210
Earnings after taxes (EAT)	€ million	384	156
Earnings per share (basic)	€	8.56	2.87
Earnings per share (diluted)	€	8.11	2.87
Key figures			
Sales volume	to '000	5,974	6,478
Employees at end of period (Dec. 31)		10,282	10,581

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 185,000 active customers are supplied through more than 260 distribution locations in 15 countries in Europe and North America. During the financial year 2008, the Company achieved sales of approximately €6.7 billion with more than 10,000 employees.

The shares of Klöckner & Co SE 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. Klöckner & Co shares are listed in the MDax® Index of Deutsche Börse.

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