



**Klöckner & Co AG**

**Annual General Meeting 2007**

**20 June 2007**

**Dr. Thomas Ludwig**

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**klöckner & co**

multi metal distribution



# Agenda

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**Highlights**

**Market and Strategy**

**Outlook 2007**

**Comments on the Agenda (Items 8 to 10)**



## Highlights 2006

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- Successful IPO and ongoing price performance
- Successful acquisitions and significant organic growth
- Outstanding earnings trend underpinned by the STAR Performance Program
- Disposals and sales of non-core activities



**Most successful year in the history of the company**  
**All targets met**



## Key Figures 2006

(€m)	2006	2005*	Δ%
Volume in to'000	6,127	5,868	+4.4
Sales	5,532	4,964	+11.4
EBITDA	395	197	+100.5
EBIT	337	135	+149.6
Net income	235	52	+351.9
Earnings per share in €	4.44	-	-
Net financial debt	365	719	-49.3

\*2005: pro forma financial information



## Key Figures Segments 2006

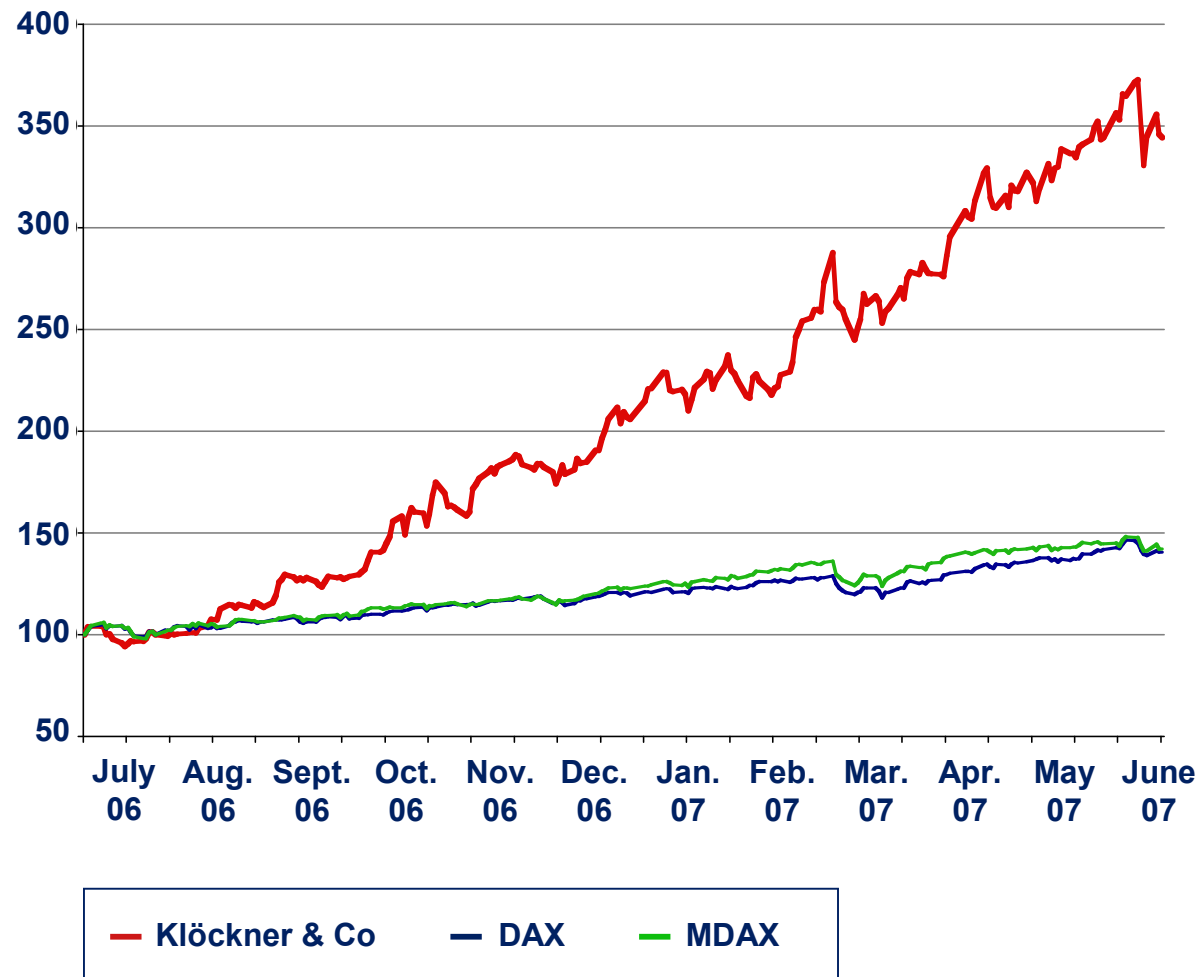


(€m)	Sales 2006	EBITDA 2006
Europe	4,670	366
North America	862	79
Headquarter / Consolidation	-	-50
<b>Total</b>	<b>5,532</b>	<b>395</b>



# Share

## Performance since IPO – indexed



- IPO issue price €16
- End 2006 plus 105% against issue price
- Inclusion in MDAX in January 2007



**Most successful  
IPO 2006**



# Dividend



**Payout ratio:**  
30% of Group result  
after non-recurring income



Equals €0.80 / share  
(distribution total  
= €37.2 million)



# Agenda

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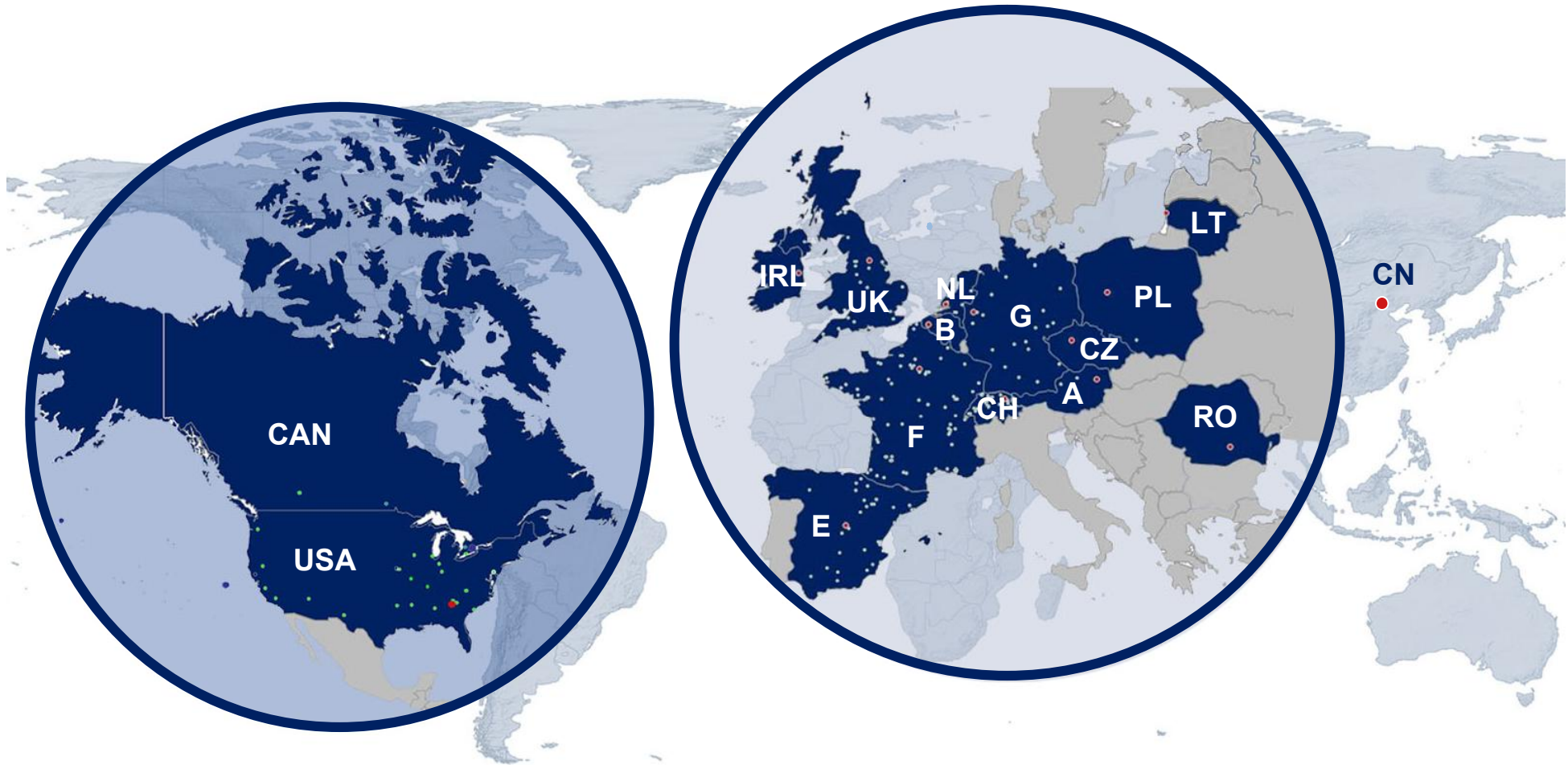
**Comments on the Agenda (Items 8 to 10)**





# Global Reach

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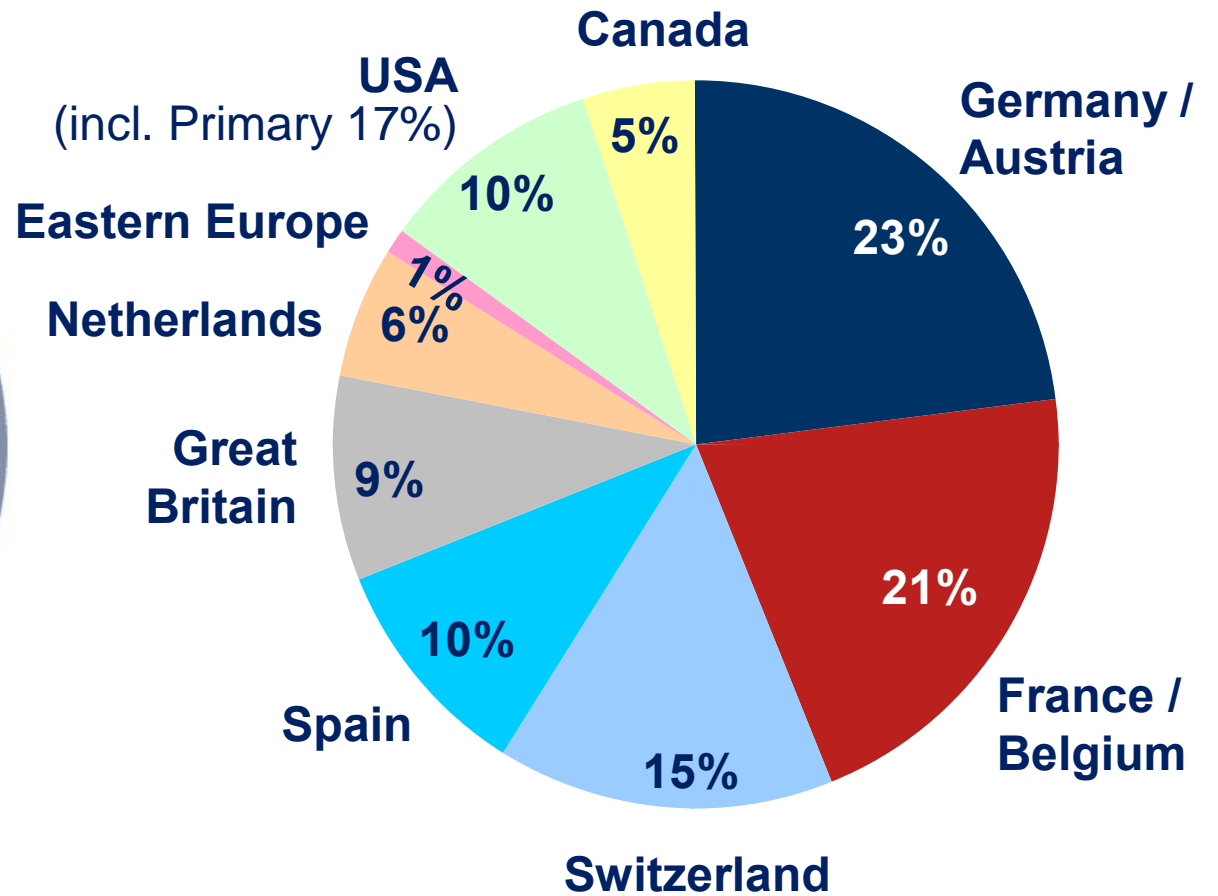


**About 250 locations (1 June 2007)**



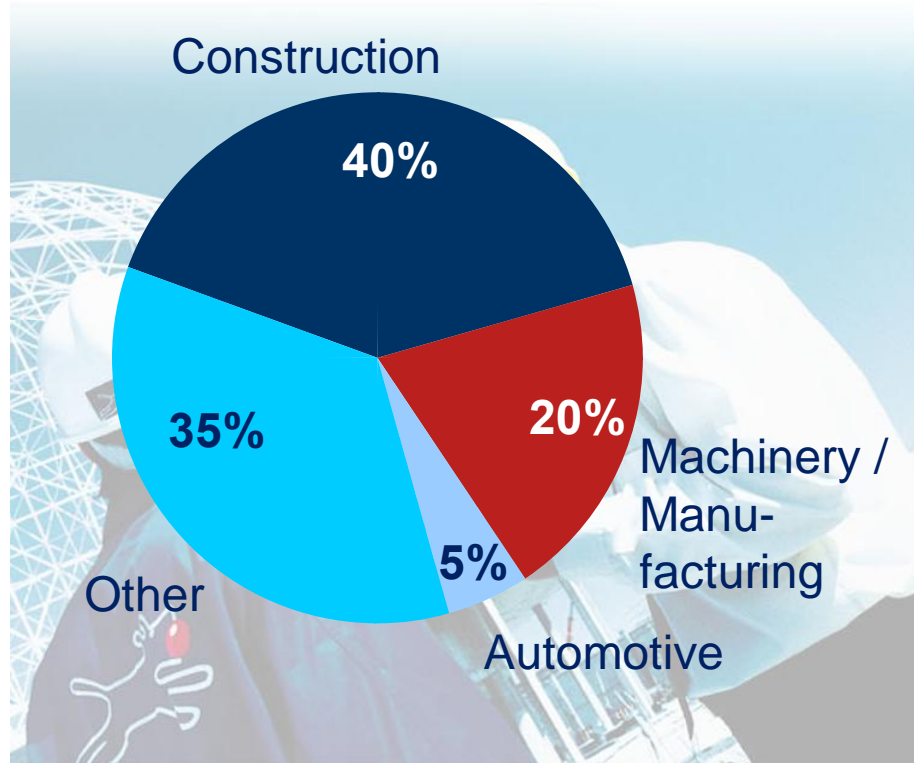
# Global Reach

## Sales by country (2006)

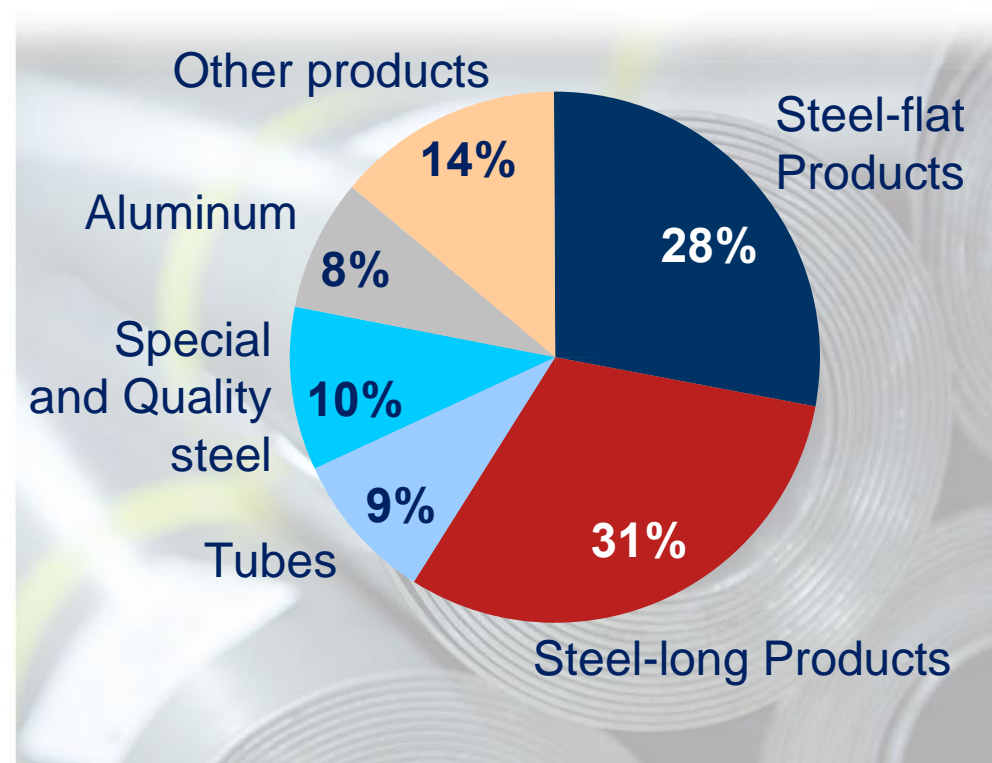


# Broad Market Coverage

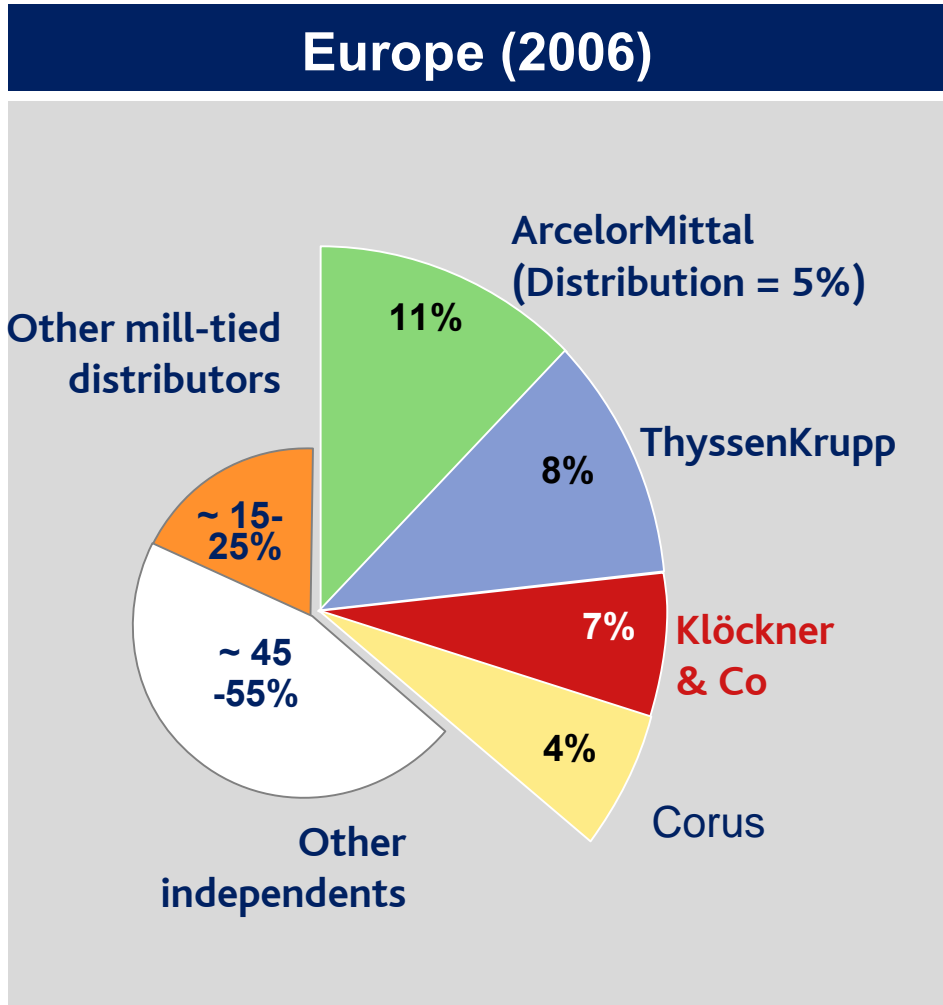
## Sales by industry (2006)



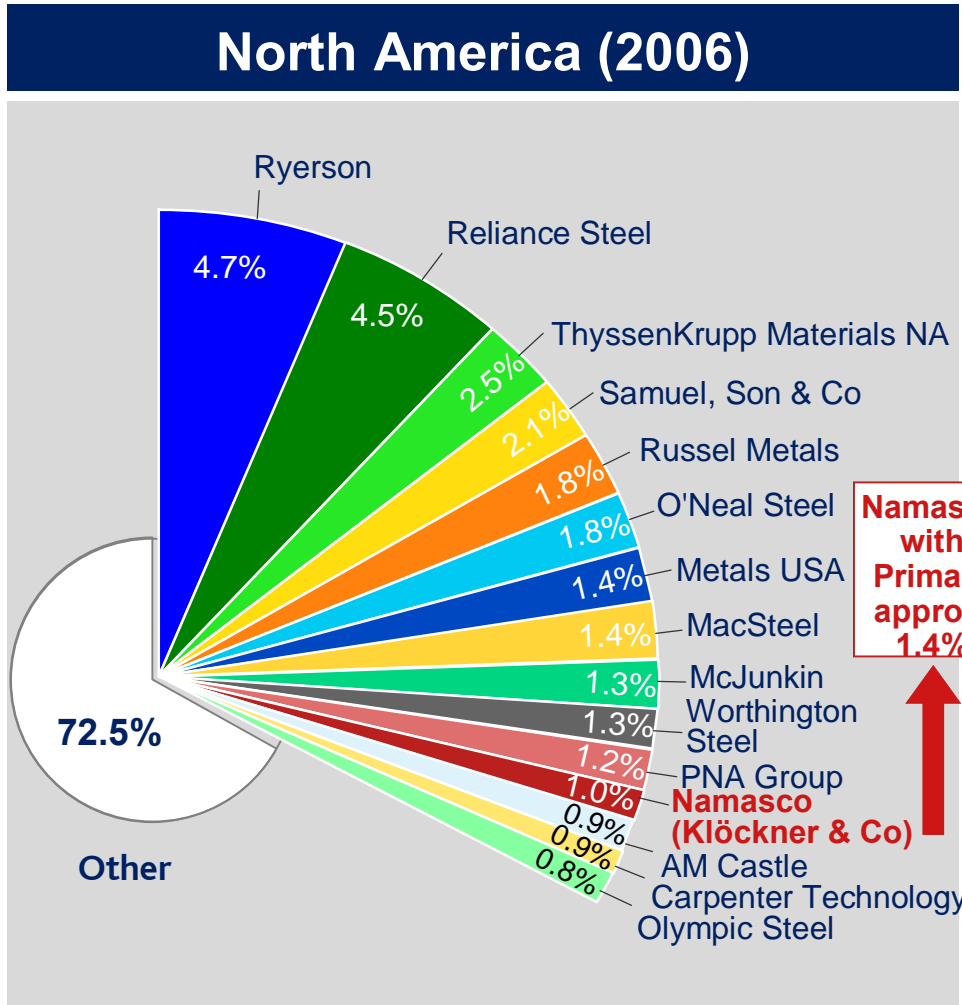
## Sales by product (2006)



# Good and expandable Market Positions



Source: EuroMetal, company reports, own estimates



Source: Purchasing Magazine (May 2007)



# Market Trends support Klöckner & Co Strategy

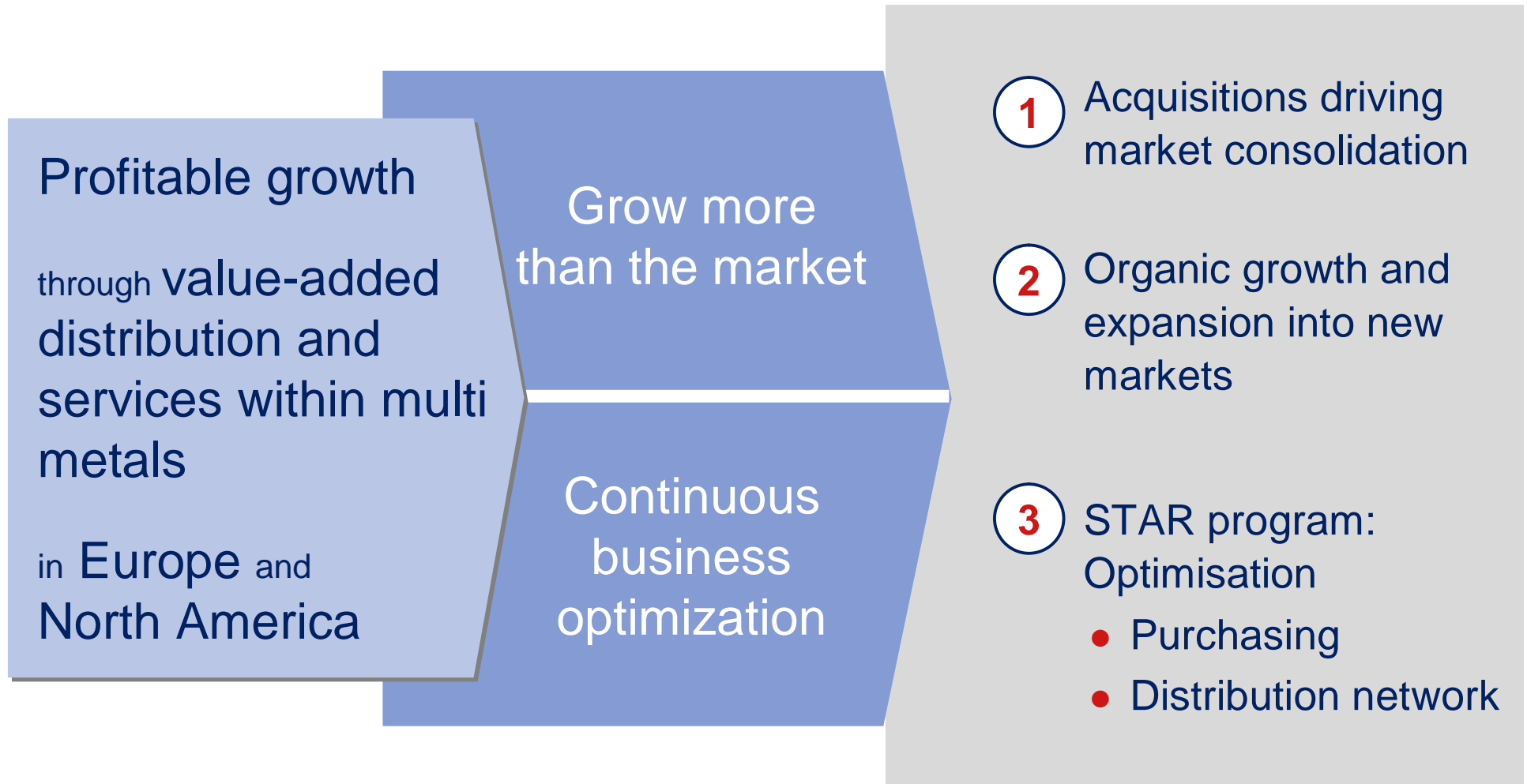
Globalization  
and  
consolidation

Economies of  
scale and  
considerably  
more flexible  
capacity  
adjustments




More stable volume  
trend and high price  
level support  
distributor earnings  
and margin  
development



# Profitable Growth




## Market Consolidation by Acquisitions in 2006

Country	Acquired in	Company	Sales
	October 2006	Action Steel	€55 million
	October 2006	Gauss	€10 million
	July 2006	Aesga	€18 million
	February 2006	Targe	€25 million

**Sales in 2006: plus €108 million**



## Market Consolidation by Acquisitions in 2007

Country	Acquired in	Company	Sales
	June 2007	Westok	€26 million
	May 2007	Premier Steel	€23 million
	April 2007	Stahlhandel Zweggart	€11 million
	April 2007	Stahlhandel Max Carl	€15 million
	April 2007	Edelstahlservice	€17 million
	April 2007	Primary Steel	€360 million
	April 2007	Teuling Staal	€14 million
	January 2007	Tournier	€35 million

**Sales to June 2007: plus €501 million**





# Organic Growth and Expansion into New Markets

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- Optimization and selective expansion of the product program
- Increase of share of services with higher value-added
- Reinforced development in Eastern Europe



# STAR Program

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## Einkauf

- Optimization of purchasing
- Expansion of global purchasing in third countries

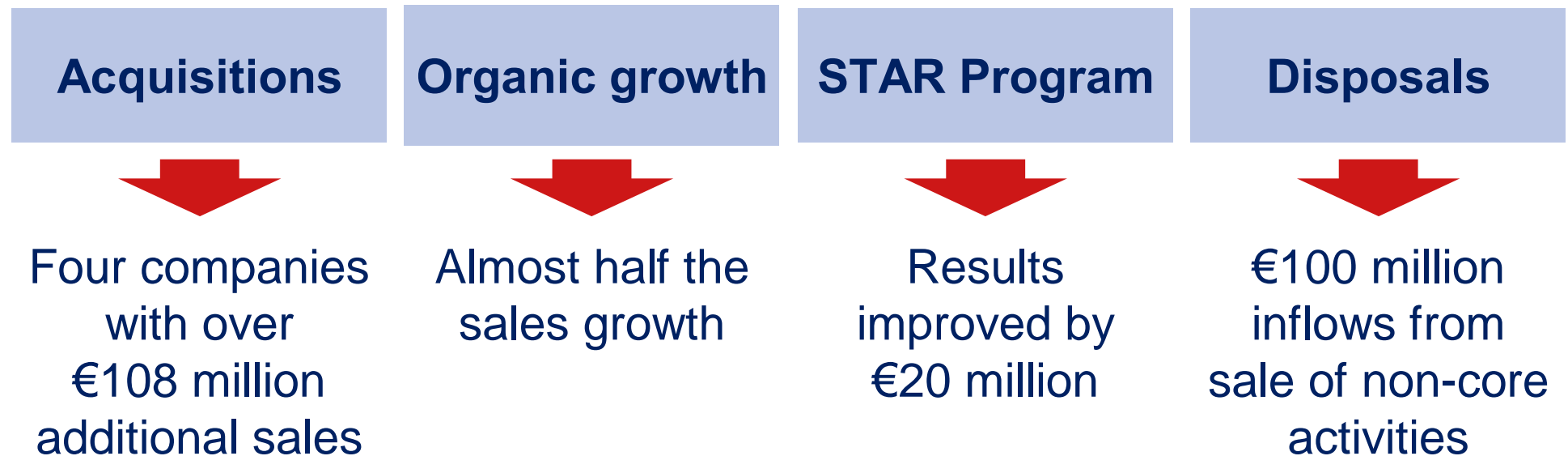
## Distribution

- Optimization of the distribution network



## Results 2006

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**2006: All targets met**



# Agenda

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**Highlights**

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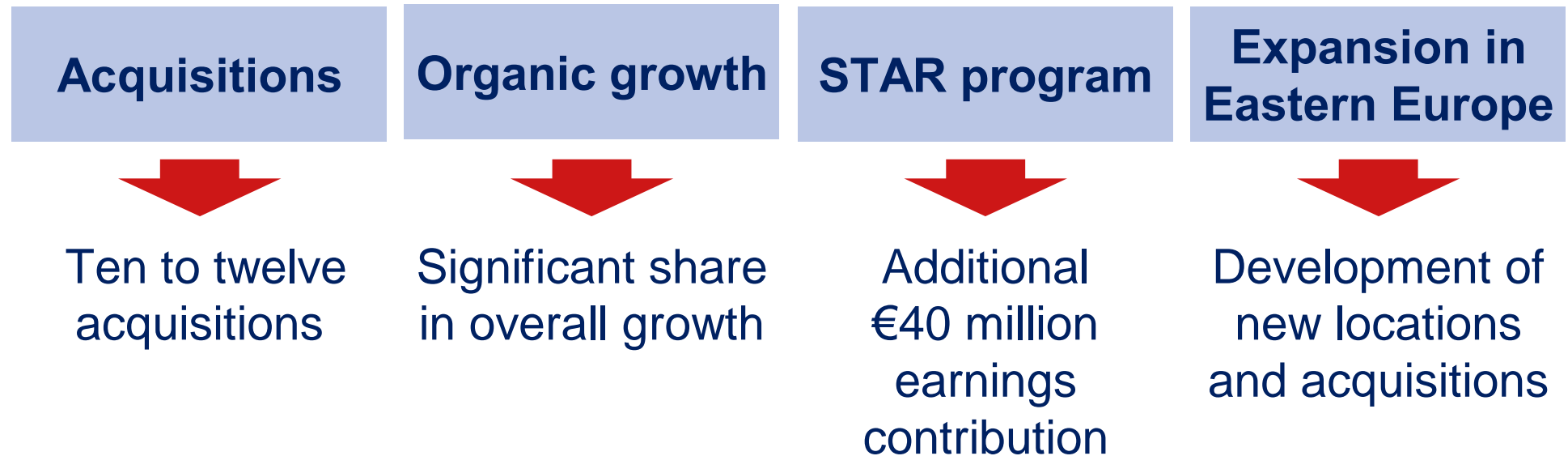
**Outlook 2007**

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## Targets 2007

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**2007: A very promising year**



## Key Figures for Q1 2007

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(€m)	Q1 2007	Q1 2006	Δ%
Volume in to'000	1,629	1,601	+1.8
Sales	1,550	1,323	+17.1
EBITDA	92	79	+16.1
EBIT	78	65	+21.4
Earnings after tax	47	37	+24.8
Earnings per share in €	0.86	-	-

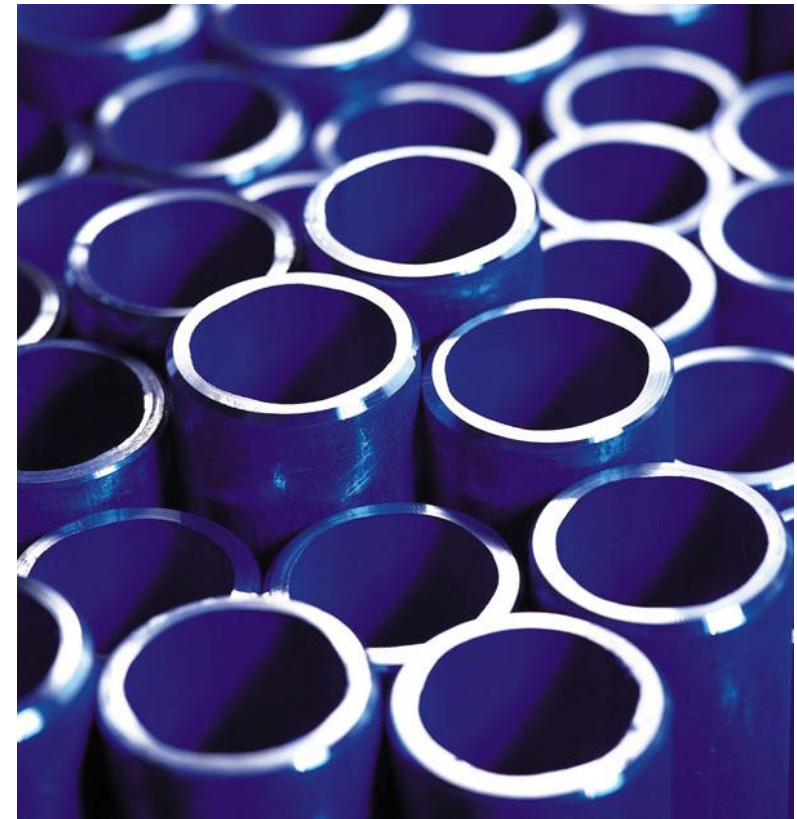


# Outlook 2007

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## General conditions

- Positive trend in the steel industry
- Expected economic growth in the relevant markets of between 1.8% and 5.0%
- Stable and increasing demand, especially in the construction and in the machinery / manufacturing industry
- Price trend stable or increasing

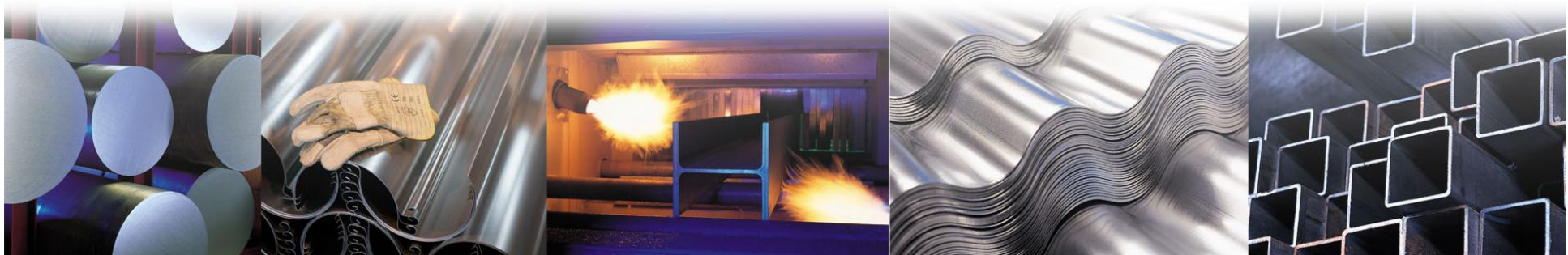


# Outlook 2007

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## Forecast Klöckner & Co

- At least 15% sales increase, driven primarily by acquisitions
- EBITDA at level of previous year even without non-recurring income
- Dividend continuity: 30% payout ratio after deducting non-recurring income





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## Item 8 – Authorization to acquire own Shares

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- Alignment to standard international practise
- Maximum of 10% of the shares can be acquired
- Authorization limited in time: valid 18 months
- Use of the shares
  - Deployment as acquisition currency for acquiring companies or participations
  - Servicing of issued options and convertible bonds (Agenda Item 9)



## Item 9 – Authorisation to Issue Options and/ or Convertible Bonds

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- Total nominal amount up to €350 million
- Option / conversion rights to a total of up to 4,650,000 shares (i.e. 10% of the share capital)
- Option conditions can also stipulate (early) conversion requirement



## Item 10 – Creation of Contingent Capital 2007

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- To grant subscription and/or conversion rights
- Capital increased only if and to the extent that conversion rights/options are exercised and are not serviced otherwise
  - Granting cash compensation
  - With acquired own shares
- Option or conversion price: 135% of stock price
  - Reference point: bond issuance



# Symbol

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