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KLÖCKNER & CO - EXCELLENT HALF YEAR RESULTS

- Marked improvement in results in first half year
- Positive share price development since IPO
- Reduction in liabilities
- Further expansion through acquisitions
- Positive outlook for whole year

Quoted on the official Frankfurt securities market (Prime Standard) since June 28, 2006, the steel and multi metal distribution corporation Klöckner & Co has continued its successful course of development from the 2005 financial year into the first six months of 2006. The corporation has been able to improve all its major figures over those for the comparative period in the previous year; in its activities on the multi metal materials markets in Europe and North America, the Klöckner & Co Group has been able to benefit from the performance enhancement programs initiated in all corporate sectors last year and from excellent market developments in most steel and metal products.

On June 28 2006, in spite of the difficult market situation, Klöckner & Co was successfully launched on the stock market. There has been a positive development in the share price, which is now well over the issue price of 16 Euro.

By raising turnover in tons by 8.7%, Klöckner & Co were able to increase corporate sales by approx. 7.2% in the first half of 2006, reaching €2.7 billion. This increase in turnover and improved profit margins also brought about a sharp rise in gross proceeds for the Group. In the words of the Chairman of the Board of Management, Dr. Thomas Ludwig: "We are extremely



satisfied with the excellent development in our business during the first half of the year. The performance enhancement programs we initiated in all corporate sectors last year and the continued implementation of our expansion strategy have clearly improved our competitive position. We will continue to consistently pursue this strategy in future."

Supported by the successfully initiated Star Performance Program, EBITDA (Earnings before interest, taxes, depreciation and amortization) recorded for the Group came to € 182.9 million and was thus clearly up by some €83.3 million on the comparative figure for the previous year before release of negative goodwill. The operating segments Europe and North America each returned clearly improved EBITDA figures over those for the previous year of €169.0 million (Europe) and €38.9 million (North America) respectively.

Group EBIT (earnings before interest and taxes) during the first six months of 2006 came to €153.8 million, which is an €87 million increase over the comparative figure for the first half of 2005 before release of negative goodwill. It was also possible to significantly increase income before taxes by €96.5 million, reaching the €125.7 million mark.

On the basis of these good results and the revenue from the stock market launch, the equity capital was raised from €323 million to €668 million. This produced a significantly increased equity ratio of 25%. On the cutoff date December 31, 2005 it was 14%.

Net liabilities continued to fall consistently during the first half of 2006, reaching €482.2 million by the end of June which was considerably lower than the comparative figure of €719.4 million returned for the previous year.

Besides acquisition of the distributor corporation Targe in France, various attractive plans for acquisitions of strategic importance in Europe and North America were intensified during the first six months of 2006, which will lead to further purchases in the second half of the year. Thus, for example, two corporations for special steel were already acquired in Spain in July 2006. In addition, a contract has been signed to acquire the holding of a competitor with its head office in the Midwest, USA. The sales volume of this distributor corporation totaled €55 million in 2005.

Outlook

Further consistent implementation of the Star Performance Program and of the expansion strategy, coupled with the current trend and the forecasts given by consumer branches in those regions that are relevant for Klöckner & Co, give grounds to expect a continued positive course of business development for the second half of the year 2006. Against this background, the Group expects to return consolidated results for the whole of 2006 that are substantially higher than comparative figures for the previous year.



* before the release of the negative goodwill of €147 million

** before the release of the pro forma negative goodwill of €139 million

Explanation of pro formas:

The 2005 Financial Information on pro formas aims to provide improved insights into the consolidated result of operations and the financial situation of the Group. It indicates the effects that would have been felt by the change in stockholder as at March 16, 2005 on historical sales if the Group had been organized as early as at January 1, 2005 in the structure created by the corporate transaction concluded with effect from March 16, 2005.

