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E-Mail: pr@kloeckner.comInternet: www.kloeckner.com**KLÖCKNER & CO SE: SALES VOLUME, SALES, AND EARNINGS SIGNIFICANTLY LOWER THAN PREVIOUS YEAR'S FIGURES – HOWEVER A RETURN TO A POSITIVE OPERATING RESULT SEEN OVER THE LAST TWO QUARTERS; EXTERNAL GROWTH INITIATED**

- Sales volume with -31% and sales with -43% heavily decreased in 2009
- EBITDA with -€68 million and net income with -€186 million clearly negative
- Due to the consistent response to the crisis net debt completely eliminated, financing secured and expanded, costs significantly reduced
- Resumption of growth strategy through acquisitions and organic growth
- Sales growth of more than 20% incl. acquisitions and clearly positive operating result (EBITDA) are expected for 2010, although the market conditions are still challenging

The global financial and economic crisis has also severely impacted sales volume, sales and earnings of Klöckner & Co. At the same time, the Company's quick and appropriate response to the crisis enabled it to secure financing early on, reduce costs by approximately €130 million, completely eliminate net debt as well as successfully place a convertible bond and a rights issue. "As a result of our fast implemented crisis measures we created ourselves the necessary manoeuvring room and early resumed our acquisition strategy with the takeover of the Becker Stahl-Service Group in Germany and the acquisition of Bläsi AG in Switzerland", said Gisbert Rühl, CEO of Klöckner & Co SE.

Significant decline in sales volume, sales, and earnings

The sales volume for the full year of 2009 dropped by -31.0% to 4.1 million tons (in 2008: 6.0 million tons). This was primarily the result of the weak economy. Sales declined by -42.8% to



€3.9 billion (in 2008: €6.7 billion) due to substantially lower prices in addition to a declining sales volume. The EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to -€68 million in 2009 compared to +€601 million in the previous year. After a clearly negative EBITDA in the first two quarters of 2009, positive operating results were once again achieved in the second half of 2009 with +€11 million in the third quarter and +€6 million in the fourth quarter. The positive results can primarily be attributed to the higher price level as well as to the implemented cost cutting measures.

In terms of EBITDA changes, the EBIT (earnings before interest and taxes) amounted to -€178 million at the end of 2009 (in 2008: +€533 million) and the Company's pre-tax earnings were -€240 million (in 2008: +€463 million). Consolidated net income was also negatively impacted by €42 million from impairment charges. Taking into consideration a positive tax effect, Klöckner & Co ended 2009 with a consolidated net loss of -€186 million (in 2008: a consolidated net profit of +€384 million).

Corporate and financial structures optimized

With its quick response to the crisis, Klöckner & Co was able to turn the net financial debt of €571 million at the end of 2008 into a net cash position of €150 million. This was achieved by the significant reduction of working capital as well as by the placement of a growth oriented rights issue in September 2009. The funds released from the reduction in working capital also substantially improved cash flow from operating activities to €565 million compared to €187 million for the same period last year. At the same time, the annual cost reduction target of €100 million for operating and personnel expenses was significantly exceeded with savings amounting to approximately €130 million. Furthermore, the Company restructured its financing early on to be crisis-resistant and increased its equity ratio to 41% with the rights issue. This created a solid foundation for the Company's future growth strategy.

External and organic growth

The Company's growth strategy resumed with the acquisition of Becker Stahl-Service in Germany and Bläsi AG in Switzerland is accelerating again. "We are still looking for attractive companies in our core markets of Europe and North America which meet our demanding acquisition criteria", says Gisbert Rühl. In addition to external growth, Klöckner & Co initiated measures to generate organic growth. "In doing so, we especially want to make use of competitors' liquidity problems to expand our market share systematically", explains Gisbert Rühl.

Only slight increase in real demand

For 2010, Klöckner & Co expects in a still challenging environment only a slight increase in real demand. The expected increase of the sales volume of 10% without acquisitions will be primarily driven by inventory build-up along the value chain. Including the impact of the two



acquisitions the Company is expecting sales growth of more than 20%. Based upon these expectations, Klöckner & Co is anticipating a clearly positive operating result (EBITDA) for 2010. Yet the result will not be sufficient to meet the Company's target of achieving an operating margin of at least 6%.

"Even if the crisis persists, our quick response based on solid funding and improved efficiency will enable us to look ahead and consistently pursue our growth strategy, while the market continues to wait for a recovery", says Gisbert Rühl.

*) after 2008 adjustment IFRIC 14

