

Klöckner & Co SEAm Silberpalais 1
47057 Duisburg
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Phone: +49 (0) 203-307-2050

Fax: +49 (0) 203-307-5025

E-Mail: pr@kloeckner.comInternet: www.kloeckner.com**IN Q1 2010, FOR THE FIRST TIME SINCE THE BEGINNING OF THE FINANCIAL CRISIS, HIGHER SALES VOLUMES, POSITIVE OPERATING INCOME AND SLIGHTLY POSITIVE NET INCOME, FURTHER SIGNIFICANT EARNINGS IMPROVEMENTS ARE EXPECTED IN Q2; 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

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.

Klöckner & Co key figures

*) Net working capital = inventories plus trade receivables less trade payables

