

Klöckner & Co SE

Am Silberpalais 1
47057 Duisburg
Deutschland

Press Releases

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Phone: +49 (0) 203-307-2050
Fax: +49 (0) 203-307-5025

E-Mail: pr@kloeckner.com
Internet: www.kloeckner.com

KLÖCKNER & CO SE: SALES VOLUMES, SALES AND EARNINGS IN 2010 SIGNIFICANTLY HIGHER THAN IN PREVIOUS YEAR – POSITIVE OUTLOOK

- Sales increased by 35% to €5.2 billion
- EBITDA increased by €306 million from €–68 million to €238 million
- Dividend proposal of 30 Eurocents per share
- Acquisition strategy resumed with four acquisitions completed in 2010
- Memorandum of Understanding to acquire Macsteel USA signed
- Strategy “Klöckner & Co 2020” presented
- Outlook for 2011: Sales volumes and sales to increase by more than 10% and significantly higher earnings expected

Duisburg, March 8, 2011 – The 2010 fiscal year has shown very positive trends for Klöckner & Co. Due to the acquisition of Becker Stahl-Service Group (“BSS”) as well as the economic recovery sales, sales volumes and earnings increased significantly. In particular, the automotive industry and the growing momentum of the machinery and mechanical engineering sector in Germany supported the economy. In addition, the Company benefited from restocking in the first half of the year. Gisbert Rühl, Chairman of the Management Board of Klöckner & Co SE: “2010 was a year of transition for us, during which we switched from crisis management to growth, completed four acquisitions and again posted positive earnings. We also achieved our target of being able to pay a dividend again. We will be proposing a dividend of 30 Eurocents per share to our shareholders at the Annual General Meeting.”



Significant improvement in sales, sales volumes and earnings

Sales volumes at Klöckner & Co improved in the 2010 fiscal year by 29.0% to 5.3 million tons, due to the acquisitions completed over the course of the year, the general recovery in demand and the initiation of the restocking cycle. Sales volumes rose by 32.6% in Europe and by 17.4% in North America. Adjusted for the BSS acquisition, sales volumes in Europe were 7.9% higher than in the previous year, while the sales volumes for the Group as a whole rose by 10.1%. The US and Germany were regional growth drivers. Sales, which rose by 34.7% to €5.2 billion, increased stronger than sales volumes due to higher prices. Excluding the acquisition of BSS, the increase in sales was 21.3%.

The increase in gross profit as well as the efficiency enhancement measures that were introduced made a significant contribution to increasing the operating result (EBITDA) by €306 million from €–68 million to €238 million. This clearly exceeded the guidance of more than €200 million. Accordingly, EBIT and earnings before tax (EBT) totalled €152 million (€–178 million in 2009) and €84 million (€–240 million in 2009) respectively. Group net income improved by €266 million from €–186 million to €80 million, resulting in basic earnings per share of €1.17 compared to €–3.61 for the previous year.

Financial flexibility further expanded and optimized

Inevitably, higher prices and the positive trend in sales volumes resulted in more funds being tied up in working capital. Tight inventory and strict receivables management have allowed Klöckner & Co to keep the net working capital to sales ratio below the 20% hurdle. Further funds were required to finance the acquisitions. Net financial debt rose to €137 million at the end of 2010 (2009: net cash position €150 million). In relation to equity, net financial debt remained at a very low level with gearing of 11%. Despite an increase in equity of €167 million to €1.29 billion the equity ratio declined slightly due to the increased balance sheet total from 41% to 37%, but remains very solid. The Company has expanded once again its financial flexibility with promissory notes and a convertible bond and extended the maturity of its central financing instruments to around three years. Klöckner & Co thus has a total of about €2.2 billion in facilities available, of which €700 million can be used for acquisitions.

Company strategy provides targets for 2020

Last year, with "Klöckner & Co 2020", the Company worked out a strategy for the next ten years and resumed its acquisition strategy. It was in particular the acquisition of Becker Stahl-Service Group early in the year that allowed Klöckner & Co to take part in the progressing recovery in the automotive industry, especially in Germany. The acquisition allowed the Company to reach a leading position within flat steel sector in Europe in just one single step. Additionally,



the acquisitions of Bläsi AG, Switzerland, as well as US based Angeles Welding Inc. and Lake Steel Ltd. were completed last year. The acquisitions shifted the weighting for the individual customer industries. The Company reduced its dependence on the construction industry as intended by about 4 percentage points to 39%. The share of business in the automotive industry on the other hand grew by 4 percentage points to 10%.

With the announced but not yet closed acquisition of Macsteel Service Centers USA Klöckner & Co wants to significantly press ahead. With this acquisition, Klöckner & Co would move up from number 10 to number 3 within the US metal distribution sector in just one step. By that, the Company would significantly expand its position in flat steel in the US as well. Due diligence is currently being carried out and the transaction is expected to be finalized in Q2.

The other three key lines in the strategy "Klöckner & Co 2020" are organic growth, business optimization and personnel and management development. The Company is making significant progress in these areas as well and has set itself ambitious milestones. The clear target of the Company's strategy is to develop Klöckner & Co into the world's leading multi metal distributor. This includes doubling sales volumes in five years and tripling to quadrupling them by 2020.

Outlook for 2011

Gisbert Rühl: "We expect sales volumes and sales in 2011 to rise by more than 10%. The trend will be driven by the organic growth initiatives that are part of the strategy "Klöckner & Co 2020" as well as continued recovery among our customer industries in Europe and the US. Our continuous optimization measures are still focused on achieving an EBITDA margin of 6%. The acquisitions we consolidated over the course of 2010 will make a significant contribution to achieving this target."



About Klöckner & Co

Klöckner & Co SE is the largest producer-independent multi metal distributor in the European and North American markets combined. Klöckner & Co Group's core business is the warehousing and distribution of steel and non-ferrous metals. With approx. 250 warehouses and processing locations staffed with around 9,700 employees in 15 countries in Europe and North America, we serve more than 170,000 active customers. The Company had sales of around €5.2 billion in fiscal year 2010.

Klöckner & Co SE shares are listed at the official market (Prime Standard) at the Frankfurt Stock Exchange (FWB). Klöckner & Co shares are listed on the German MDAX Stock Exchange. ISIN: DE000KC01000; WKN: KC0100; Common Code: 025808576.

Contact

Dr. Thilo Theilen – Spokesperson
Head of Investor Relations & Corporate Communications
Telephone: +49 (0) 203-307-2050
Fax: +49 (0) 203-307-5025
E-mail: thilo.theilen@kloeckner.de

