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Press Releases

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KLÖCKNER & CO SE ACQUIRES MACSTEEL SERVICE CENTERS USA AND ELEVATES ITSELF INTO THE TOP 3 STEEL DISTRIBUTORS AND SERVICE CENTERS IN NORTH AMERICA

- MSCUSA with anticipated sales of USD1.8bn in 2011 doubles Klöckner & Co activities in North America
- Purchase price of a maximum of USD660m and assumed debt of approximately USD260m
- MSCUSA management to continue in existing capacities which will extend into Klöckner USA Holdings
- Acquisition maximizes product synergy and geographic coverage
- The new entity comprised of the Klöckner & Co USA business units and MSCUSA will have one of the largest carbon steel and flat rolled footprints in the USA

Duisburg, April 29, 2011 – After a successful due diligence process and having obtained the required antitrust approvals, Klöckner & Co completes the acquisition of Macsteel Service Centers USA, Inc. ("MSCUSA").

MSCUSA is a leading U.S. steel service center focused on flat products. In the 2011 fiscal year, the company anticipates sales of approximately USD1.8bn. With this acquisition, Klöckner & Co doubles its sales and branch outlets in North America. It will become one of the top three U.S. steel and metal distributors. The product portfolio, which thus far has concentrated on long products and plate, will now be extended to include a substantial share in flat rolled products for both ferrous and non-ferrous.



Klöckner & Co is gratified that this acquisition helps it to fulfill all of its "Klöckner & Co 2020" strategy criteria. MSCUSA operates in the more stable, more value-adding steel service center business. It serves the less volatile and more value added sectors. As with its markets served in Europe, the Company has now reached a top 3-position in the USA. At 30% of Group sales, the US-American country organization now becomes the largest within the Company. With this addition, in the flat rolled sector, Klöckner & Co expands its industrial segment with a stronger focus on reprocessing services and thus reduces its dependency on the construction industry in the U.S. Along with the German subsidiary Becker Stahl-Service the new acquisition provides the potential to break into the U.S. automotive industry, with a focus on European premium manufacturers.

Gisbert Rühl, Chairman of the Executive Board of Klöckner & Co SE: "The acquisition of Macsteel USA is an important milestone towards the implementation of our strategy Klöckner & Co 2020 and enables us the first time to fully market our entire steel product portfolio across the length and breadth of North America. Furthermore, our 2015 sales volumes target range of 8 to 10 million tons could be reached as early as 2012. We are also excited about innovatively utilizing the increased critical mass and network of facilities to improve earnings."

Key financial data on the acquisition:

The maximum cash purchase price that will be paid for the equity is USD660m. In addition, debt (including pension liabilities) amounting to USD258m will be assumed. The resulting enterprise value of USD918m corresponds to around 7 times the expected fiscal year 2011 EBITDA before synergies. If MSCUSA posts EBITDA of less than USD120m in fiscal year 2011, then the purchase price will be reduced by up to USD60m. MSCUSA will be consolidated effective May 1, 2011. The acquisition will immediately be earnings accretive, also because no significant integration charges are expected. The expected annual cost synergies will be in the lower double-digit million USD-range and are primarily expected in procurement and administration. These synergies will be fully reflected in earnings beginning in fiscal year 2012.

The boards of Klöckner & Co SE and Macsteel Global B.V. had already approved the acquisition in principle in January 2011.



About Macsteel:

In fiscal year 2010, MSCUSA posted sales of around USD1.3bn with a headcount of 1,183 and a sales volume of around 1.2m tons. This puts MSCUSA among the top ten North American steel service center businesses. The company processes and distributes steel, stainless steel, aluminum and special steel to customers in North America, Hawaii, Puerto Rico and Mexico. MSCUSA is headquartered in Newport Beach, California and belongs to Macsteel Global B.V., a Macsteel Holdings Group corporation that turns over around 45m tons annually. The 30 sites it currently operates include the former Edgcomb Metals, Regal Steel Company, Baldwin Steel, Ferro Union, Hokin Katz and Alpha Steel, all of which now trade under the name Macsteel Service Centers USA.



About Klöckner & Co:

Klöckner & Co is the largest producer-independent distributor of steel and metal products in the European and North American markets combined. The core business of the Klöckner & Co Group is the warehousing and distribution of steel and non-ferrous metals. More than 170,000 active customers are supplied through around 250 distribution locations by around 9,700 employees in 15 countries in Europe and North America. The Company had sales of around €5.2bn in fiscal year 2010.

The shares of Klöckner & Co SE are admitted to trading on the regulated market segment (Regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) with further post-admission obligations (Prime Standard). Klöckner & Co shares are listed in the MDAX®-Index of Deutsche Börse.

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