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Datum **03/07/2012**
Seiten **4**

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KLÖCKNER & CO SE IN 2011: TURNOVER AND SALES RISE SHARPLY, NET INCOME SLIGHTLY POSITIVE

- Turnover rises sharply by 25.4% to 6.7 million tons and sales by 36.5% to €7.1 billion supported by acquisitions
- EBITDA declines by €21 million, from €238 million to €217 million
- Net income at €10 million, down significantly on the prior-year figure of €80 million due to depreciation, amortization and interest charges increased by acquisitions and a higher tax rate
- Basic earnings per share at €0.14 compared with €1.17 a year earlier
- “Klöckner & Co 2020” strategy implemented systematically with two significant acquisitions: Macsteel Service Centers USA and Frefer in Brazil
- Immediate response to the economic slowdown with an action plan
- Successful capital increase with net proceeds of €516 million

Outlook for 2012:

- Turnover and sales expected to rise despite adverse economic conditions in Europe due to the expansion of activities in North America
- Although the uncertain economic environment means it is currently impossible to issue a reliable earnings forecast, the comprehensive action plan in Europe together with growth in the US should enable an improvement in operating income

Duisburg, March 7, 2012 –Supported by the acquisitions of Macsteel Service Centers USA and Frefer, turnover and sales rose sharply in fiscal 2011, enabling the Company to lift sales



above €7 billion for the first time in its more recent history. Its earnings development during the year was non-uniform, however. While first-quarter operating income was significantly higher year on year, earnings momentum then slowed noticeably in subsequent quarters as the economy continued to cool. The worsening sovereign debt crisis in Europe and the resulting uncertainty were primary contributors to the economic slowdown.

Gisbert Rühl, Chairman of the Management Board of Klöckner&Co SE: "While, in the first half of 2011, we systematically implemented our 'Klöckner&Co 2020' growth strategy, acquiring Macsteel Service Centers in the USA and Frefer in Brazil, the focus in the second half of the year was on measures to increase profitability in response to the cooling economy."

Turnover and sales rise sharply, net income slightly positive Klöckner & Co lifted turnover by 25.4 % in fiscal 2011 to 6.7 million tons. This was due primarily to the acquisitions it completed, although turnover in the USA also increased significantly after adjustment for acquisitions. In Europe, turnover went up by 5.5%. In the Americas segment, it almost doubled due to the acquisition of Macsteel Service Centers USA and Frefer in Brazil. Adjusted for the acquisitions in 2010 and 2011, turnover was up year on year by 1.3% in Europe, 14.6% in the Americas and 4.6% for the Group as a whole. Overall, due to higher prices, sales grew at a faster pace than turnover, climbing by 36.5% to €7.1 billion. Without the acquisitions in 2010 and 2011, sales growth would have been 17.1%.

Operating income (EBITDA) was €21 million down on the prior-year figure of €238 million at €217 million. EBIT and earnings before taxes (EBT) were therefore €111 million (2010: €152 million) and €27 million (2010: €84 million) respectively. Net income dropped from €80 million to €10 million. In addition to the decline in EBITDA, this was due primarily to depreciation, amortization and interest charges increased by acquisitions and a higher tax burden. Basic earnings per share were €0.14 compared with €1.17 a year earlier.

Financial headroom further increased and fine-tuned

The increase from €1,017 million to €1,534 million in funds tied up in net working capital was also driven primarily by the acquisitions. Net financial debt increased from €137 million in 2010 to a total of €471 million. Expressed as a percentage of equity, however, net financial debt remained at a low level, resulting in a gearing of 29%.

The Company strengthened its financing position and balance sheet through a successful capital increase with net proceeds of €516 million. In spite of the acquisitions and resulting increase in debt, the equity ratio rose from 37% to 39%, while total assets climbed to €4,706 million. In addition, the Company once again increased its financial headroom by issuing promissory notes and extended the term of central financing instruments. The Group therefore has access to facilities



of €2.7 billion in total, only 55% of which have currently been used.

“Klöckner & Co 2020” strategy: two major acquisitions in the first half of the year, profitability action plan launched in second half of the year In 2011, Klöckner & Co continued to systematically implement “Klöckner & Co 2020”, the long-term growth strategy presented in the fall of 2010: By acquiring Macsteel Service Centers USA and a majority interest in Frefer in Brazil as well as by opening a first steel service center in China, it substantially increased the proportion of service center business within the Group, significantly expanded its market position in the USA and made its entry into attractive emerging markets.

The Company responded immediately to the deteriorating economic environment in the second half of the year by initiating a further action plan to increase profitability. Alongside cuts in administration costs and sales overheads, which are to be achieved primarily by reducing headcount by at least 6%, the plan centers on structural changes, including the discontinuation of insufficiently profitable business activities.

Outlook for 2012: increase in share of sales generated in North America to have positive effects Klöckner & Co expects turnover and sales to rise in 2012, particularly as a result of the expansion of its activities in North America. In the Europe segment, turnover and sales will be depressed by the generally anticipated decline in economic output. For the Americas segment, the Company anticipates further robust growth in gross domestic product, leading to a rise in steel turnover. Earnings in the Americas segment are also expected to show a significant improvement, while the measures to increase profitability mainly in Europe are aimed at cushioning against the negative impact of a decline in turnover.

Gisbert Rühl: “2012 will be no less challenging than 2011. Although it is currently impossible to issue a reliable forecast for the full year in light of the uncertain economic environment, the timely expansion of our activities in Americas and our comprehensive profitability action plan should enable us to increase turnover, sales and operating income in 2012.”



About Klöckner & Co Klöckner & Co is the largest producer-independent distributor of steel and metal products and one of the leading steel service center companies in the European and American markets combined. The core business of the Klöckner & Co Group is the warehousing and distribution of steel and nonferrous metals as well as the operation of steel service centers. More than 170,000 customers are supplied through around 290 distribution and service locations by about 11,400 employees in more than 20 countries. The Company had sales of around €7.1 billion in the fiscal year 2011.

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.

ISIN: DE000KC01000; WKN: KC0100; Common Code: 025808576.

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