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E-Mail: pr@kloeckner.comInternet: www.kloeckner.com**KLÖCKNER & CO SE WITH EARNINGS DOWN IN FIRST QUARTER 2015**

- Sales up by 8.0% to €1.7 billion driven by acquisitions and exchange rate changes
- Gross profit margin down from 19.2% to 18.2% due to sharp drop in steel prices, most of all in the US
- Adjusted operating income (EBITDA) of €17 million at lower end of projected range of €15 million to €25 million
- Significantly higher operating EBITDA of €35 million to €45 million expected for the second quarter

Figures relate to first three months of 2015 relative to first three months of prior year.

Duisburg, Germany, May 7, 2015 – Driven mainly by last year's acquisition of Riedo, shipments increased in the first three months of 2015 by 1.7% to 1.7 million tons. Exchange rate changes made for stronger sales growth of 8.0% to €1.7 billion. Due to a sharp drop in prices – above all in the US – gross profit went up by a significantly smaller increment than sales, increasing by 2.5% to €310 million, compared with €302 million in the prior-year period. The gross profit margin narrowed accordingly by one percentage point, from 19.2% to 18.2%. Adjusted operating income (EBITDA), at €17 million (Q1 2014: €45 million), was at the lower end of the projected range of €15 million to €25 million. After the recognition of levies for the full year under the new accounting rule IFRIC 21, EBITDA came to €10 million (Q1 2014: €39 million). EBIT was impacted more heavily due to exchange rate-driven higher depreciation and amortization, going from a positive €17 million to a negative €15 million. The financial result visibly improved thanks to the redemption of promissory notes and the convertible bond last



year from a negative €17 million to a negative €12 million, thus restricting the increase in the pre-tax loss to €27 million, compared with a prior-year figure close to breakeven. Adding in tax benefit of €6 million left a net loss of €22 million (Q1 2014: net loss of €2 million). Basic earnings per share fell accordingly from a negative €0.02 to a negative €0.22.

Gisbert Rühl, CEO of Klöckner & Co SE: “The drop in earnings in the first quarter due to the sharp fall in steel prices in the US – and also in Switzerland thanks to exchange rate movements – is a disappointment without any doubt. By the same token, it underlines the need to forge ahead with our strategy toward higher value-added services and digital interconnectivity. This is the only way we can break free of the grip of steel price dependency.”

Earnings burdened in both segments Sales performance in the Europe segment was favored by the weaker Euro and the inclusion of Riedo, the second quarter 2014 acquisition in Switzerland. The net outcome was a 1.0% gain in sales compared with the prior-year period, to €1.0 billion. Major downward pressure on earnings came from the ongoing slump in the construction sector in France and the fall in steel prices in Switzerland associated with the appreciation of the franc. As a result, segment EBITDA fell to €8 million, compared with €23 million in the prior-year period.

Driven solely by exchange rate changes, sales in the Americas segment increased by 20.8% to €0.7 billion. Conversely, there was severe pressure on margins as a result of a partial collapse in steel prices triggered by the high level of imports. It was also necessary to recognize inventory write-downs. Accordingly, segment EBITDA fell sharply from €21 million in the prior-year period to €7 million in the first three months of 2015.

Syndicated loan extended on improved terms to 2018 In April, Klöckner & Co extended, ahead of term, a €360 million syndicated loan with its core banks by one year to May 2018. The transaction enabled Klöckner & Co to secure more favorable financing terms while further improving the maturity profile of its broadly diversified portfolio of financing instruments.

Outlook

Klöckner & Co anticipates a rise of between 1% and 2% in European steel demand in the current year. The main growth impetus is expected to come from machinery and mechanical engineering as well as from the automotive industry, which stand to benefit from a weaker euro and lower oil prices. For the US, a slight increase in steel demand of between 1 and 2% is anticipated as well. The boost to household spending power from lower oil prices is notably stimulating residential construction and the automotive industry. This should at least make up for the negative effect of reduced steel demand from the oil and gas sector.

Despite the fact that steel prices have continued to fall in the US up to now, Group sales should increase slightly in the second quarter due to seasonal factors. Operating EBITDA is projected



to be in a range of between €35 million and €45 million. The expected rise in earnings compared with the preceding quarter will be helped along by the anticipated reduction in pressure from falling steel prices and also increasingly by the impact of internal optimization measures.

Gisbert Rühl: "We expect to see a noticeable rise in operating income in the second half of the year. However, our announced target of an increase in EBITDA for the full year – before restructuring measures – appears very ambitious in light of the significantly altered environment."

Klößner & Co aims to raise the EBITDA margin to over 5.0% by 2017. Alongside full implementation of the KCO WIN optimization program, further improvements to pricing and additions to the range of higher value-added products and services, the digitalization of business processes is also expected to play an increasing role in this regard.



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 Klöckner & Co is the warehousing and distribution of steel and non-ferrous metals as well as the operation of steel service centers. Based on the Group's distribution and service network, around 150,000 customers are supplied through around 220 locations in 15 countries. Currently Klöckner & Co employs around 9,700 employees. The Group had sales of around €6.5 billion in fiscal 2014.

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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