

Press Release

Klöckner & Co SE
Am Silberpalais 1
47057 Duisburg, Germany

Telephone: +49 (0) 203 - 2289
Fax: +49 (0) 203 307 - 5103
E-mail: claudia.uhlendorf@kloeckner.de
Internet: www.kloeckner.de

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Pages 2

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multi metal distribution

Klöckner & Co remains on track for record year; earnings growth in first three quarters of 2008 markedly higher than a year earlier

- Sales increase by 12.0% to €5.4 billion
- Consolidated net profit up €411 million to €526 million
- Net financial liabilities reduced to €690 million
- Equity ratio rises to 34.3%

Duisburg, November 14, 2008 – Klöckner & Co continued to perform exceptionally well during the first nine months of 2008 despite increasingly difficult market conditions. Sales grew to €5.4 billion, a year-on-year increase of 12% after adjustment for price factors and acquisitions. The deteriorating economic environment caused sales volume to decline by 1.4% to 4.8 million tons in the first nine months compared with the year-earlier period. Operating earnings (EBITDA, earnings before interest, taxes, depreciation and amortization) excluding non-recurring capital gains from divestments reached €481 million after the first nine months, a year-on-year increase of 88.6%. Including non-recurring capital gains from divestments, EBITDA rose by 155.1% to €735 million. Consolidated net profit improved by €411 million to €526 million. Earnings per share climbed from €2.07 to €11.28 compared with the same period a year earlier. "We successfully advanced the company's business in an increasingly difficult economic environment and translated favorable price trends in both Europe and North America into higher gross margins," said Dr. Thomas Ludwig, Chairman of the Management Board of Klöckner & Co SE.

For the entire year of 2008, Klöckner & Co will be able to reach its operating EBITDA target of €500 million only if the steel prices, which decreased significantly during the last weeks, will not decline further in the first quarter of 2009. Should this be the case, further write-downs on inventories will be necessary.

The global economic situation makes business forecasts for 2009 impossible to issue at this point. However, the company's earnings position is likely to deteriorate substantially compared with the current fiscal year. With the measures already implemented or recently initiated, Klöckner & Co has braced itself for the expected decline in demand and deteriorating financing options: "Despite the extraordinary earnings development during the current fiscal year, we took immediate action to respond to the drastic deterioration of business conditions early on. This program involves additional cost cuts going beyond the measures included in the STAR



program and debt reduction. The suspension of our acquisition strategy contained in this program does not represent a change of Group strategy, but merely a temporary adjustment of priorities," Dr. Thomas Ludwig said.

Equity increased to €1,221 million and the equity ratio reached 34.3% in the first nine months of 2008, an improvement that was due mostly to realized capital gains. At the same time, net cash indebtedness was reduced by about €382 million to €690 million as of the end of September 2008 compared with June 30, 2008. "With our strengthened equity capital basis, our lower indebtedness and our immediate action program, we have prepared ourselves to face upcoming challenges," Dr. Thomas Ludwig said.

Key figures

Income Statement		Q3 2008	Q3 2007	YTD 2008	YTD 2007
Sales	€ million	1,773	1,583	5,355	4,783
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	413	93	735	288
Earnings before interest, taxes (EBIT)	€ million	395	76	685	242
Earnings before taxes (EBT)	€ million	378	59	634	162
Earnings after taxes (EAT)	€ million	348	45	526	115
Basic earnings per share	€	7.56	0.79	11.28	2.07
Diluted earnings per share	€	7.01	0.78	10.55	2.07
Key figures					
Sales Volume	to '000	1,348	1,601	4,823	4,893
				30.09.2008	31.12.2007
Employees at end of period				10,469	10,581

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 storage and distribution of steel and non-ferrous metals. About 210,000 active customers are supplied through more than 260 distribution locations in 15 countries in Europe and North America. During the financial year 2007, the Company achieved sales of approximately €6.3 billion with more than 10,000 employees.

The shares of Klöckner & Co SE are admitted to trading on the official market segment (*Amtlicher Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment (Prime Standard) to the official market with further post-admission obligations. ISIN: DE000KC01000; WKN: KC0100; Common Code: 025808576. Klöckner & Co shares are listed in the MDax® Index of Deutsche Börse.

Contact persons:

Peter Ringsleben, Claudia Uhlendorf – Corporate Communications

Peter Ringsleben
Phone: +49-203-307-2800
Fax: +49-203-307-5060
E-mail: peter.ringsleben@kloeckner.de

Claudia Uhlendorf
Phone: +49-203-307-2289
Fax: +49-203-307-5103
E-mail: claudia.uhlendorf@kloeckner.de

