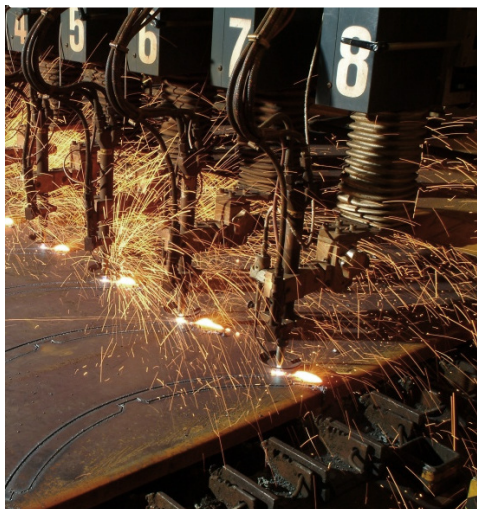


klöckner & co

multi metal distribution



Klöckner & Co SE

A Leading Multi Metal Distributor



Interim Report

as of June 30, 2013

INTERIM REPORT AS OF JUNE 30, 2013

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KLÖCKNER & CO SE

Klöckner & Co Group Figures

Income statement		Q2 2013	Q2 2012 ^{*)}	HY1 2013	HY1 2012 ^{*)}
Sales	€ million	1,698	1,964	3,322	3,909
EBITDA before restructuring expenses	€ million	43	50	72	97
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	43	33	72	77
Earnings before interest and taxes (EBIT)	€ million	17	-24	19	-6
Earnings before taxes (EBT)	€ million	-2	-42	-18	-50
Net income before restructuring expenses	€ million	-4	1	-20	-8
Net income	€ million	-4	-39	-20	-51
Net income attributable to shareholders of Klöckner & Co SE	€ million	-4	-39	-19	-50
Earnings per share (basic)	€	-0.04	-0.39	-0.19	-0.50
Earnings per share (diluted)	€	-0.04	-0.39	-0.19	-0.50
Cash flow statement/Cash flow				HY1 2013	HY1 2012 ^{*)}
Cash flow from operating activities	€ million			-47	-86
Cash flow from investing activities	€ million			-14	-7
Free cash flow ^{**)}	€ million			-61	-93
Balance sheet			June 30, 2012 ^{*)}	June 30, 2013	Dec. 31, 2012 ^{*)}
Net working capital ^{***)}	€ million		1,685	1,456	1,407
Net financial debt	€ million		582	489	422
Equity	€ million		1,689	1,514	1,502
Balance sheet total	€ million		4,915	3,897	3,880
Key figures		Q2 2013	Q2 2012 ^{*)}	HY1 2013	HY1 2012 ^{*)}
Turnover	Tto	1,690	1,863	3,336	3,720
				June 30, 2013	Dec. 31, 2012 ^{*)}
Employees at end of period				9,995	10,595

*) Comparative amounts for 2012 restated due to the first-time adoption of IAS 19 rev. 2011. Further information can be taken from note 2 to the financial statements.

**) Free cash flow = Cash flow from operating activities plus cash flow from investing activities.

***) Net working capital = Inventories plus trade accounts receivable minus trade accounts payable.

Interim Group Management Report

Gross margin improved, costs reduced, smaller net loss; implementation of restructuring program far advanced, increasingly compensating negative market trend; third-quarter EBITDA expected to be €30 million to €40 million. Full-year EBITDA to be around the prior-year level at approximately €140 million before restructuring expenses despite falling demand.

Largely as a result of a further 10.9%* drop in European demand year on year (in steel and metal distribution), as well as the locations and low-margin businesses given-up under the restructuring program, Klöckner & Co's turnover was 10.3% down in the first half year compared with the prior-year period. As a result of ongoing price erosion, most of all in the USA, sales went down even further, by 15.0% to €3.3 billion. Mainly due to the discontinuation of low-margin businesses, gross profit showed a smaller decrease of 11.1% to €608 million. The approximately €75 million negative impact on EBITDA from the drop in gross profit compared with the prior year, was largely made up for by €70 million in cost reductions.

Against this backdrop, while operating income (EBITDA) at €72 million was still below the prior-year comparative figure of €77 million (€97 million before restructuring). The extensive restructuring program is increasingly gaining traction. The restructuring program, which was extended in May and now provides for a reduction in the workforce by over 2,000 and the closure or sale of 70 locations by the end of this year, has already delivered a €29 million contribution to EBITDA as of mid-year. The extended program is set to contribute €65 million to full-year EBITDA, with another €45 million to take effect next year.

Second-quarter EBITDA €43 million, which even without a one-time €7 million earnings boost from the reversal of pension provisions was within the guided range of €35 million to €45 million.

Key figures for the first half year 2013 compared with the prior-year period:

- Turnover declined by 10.3% to 3.3 million tons.
- Sales fell by 15.0% to €3.3 billion.
- The gross margin went up from 17.5% to 18.3%, causing gross profit to fall by 11.1% to €608 million – a smaller decrease than the drop in sales.
- EBITDA was €72 million compared with €77 million (€97 million, before restructuring expenses) in the prior-year period.
- EBIT up €25 million to a positive €19 million. Prior year negative €6 million impacted by extraordinary effects.
- Net loss narrowed similarly from €51 million in the prior-year to €20 million, including a reduction from €39 million to €4 million in the second quarter.
- Basic earnings per share was a negative €0.19 compared with a negative €0.50 in the prior-year.
- Free cash flow amounted to a negative €61 million as against a negative €93 million in the same period of the previous year.
- In line with the seasonal higher level of receivables, net financial debt increased from €422 million at the prior year-end to €489 million, but was €93 million down on the €582 million recorded as of June 30, 2012.
- Implementation of the restructuring program is far advanced: Out of a planned personell reduction of more than 2,000, 1,800 jobs have been cut and 60 of a planned 70 branches were sold or closed. This made for a €29 million incremental contribution to EBITDA in the first half of 2013.
- Thanks to the extension in the second quarter of our European ABS program and the syndicated loan, each amounting to €360 million until May 2016, our financing remains on solid foundations.

*) Contains data until May.

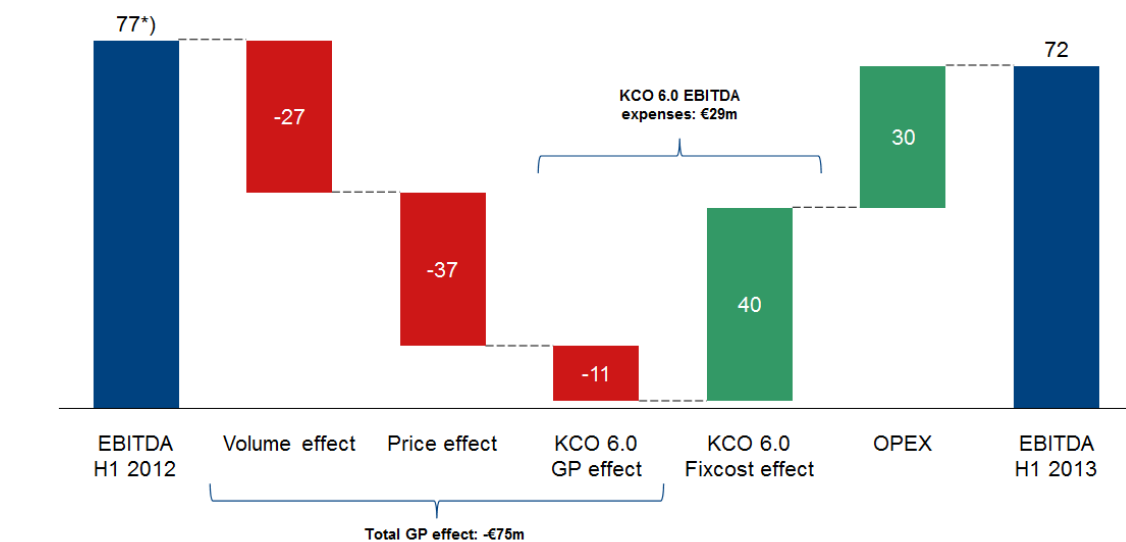
For the second half of the year, we expect that the generally anticipated economic recovery in the USA and additional contributions to earnings from the restructuring program will at least be able to compensate for the usual seasonal drop in demand. We consequently project operating income (EBITDA) of between €30 million and €40 million for the third quarter. As things currently stand, we expect full-year operating income to be around the prior-year level at approximately €140 million before restructuring expenses.

Strong progress on restructuring program, further measures planned

In September 2011, we launched a comprehensive restructuring program (KCO 6.0) in light of the crisis-induced ongoing decline in European steel demand and the uncertain outlook, and have since expanded it several times. Besides cutting administration and sales overhead expenses, the measures focus on closing unprofitable branches and discontinuing business activities that are insufficiently profitable on a lasting basis.

Since its inception, the program has already led to the closure or, in Eastern Europe, the sale of 60 locations. The workforce has been reduced by some 1,800. In light of the difficult market situation, notably in France, and the development of further scope for improvement in the USA following the acquisition and integration of Macsteel, we decided a further extension to the program in May 2013. This will result in the closure or amalgamation of further locations in France and the USA as well as a further reduction in the workforce by more than 200 additional employees. The extended restructuring program thus comprises the closure or sale of a total of 70 locations and a reduction in the workforce by more than 2,000. All measures are to be implemented and the program thus completed by the end of this year.

The restructuring program already contributed an additional €29 million to EBITDA in the first half of 2013. The cost cuts achieved through the measures amounted to €40 million in the first six months of 2013. In total, costs fell by €70 million. Gross profit, which despite higher margin products declined by around €75 million due to lower turnover and the low price level, had an opposite effect.



*) After restructuring costs of €20m.

Provisions for the measures adopted in the prior year were already recognized in the 2012 annual financial statements. We expect that the extension to the program initiated in May 2013 will have an approximately €18 million impact on earnings in the second half of the year. All measures are largely financed by the release of net working capital tied up at the locations. The extension to the restructuring program increases its expected incremental contribution to EBITDA in the current year from €60 million to €65 million and the total contribution, expected to take full effect for the first time in 2014, from €150 million to some €160 million.

"Klöckner & Co 2020" long-term growth strategy

Parallel to implementing our restructuring program, we have continued to develop our "Klöckner & Co 2020" long-term growth strategy, adapting it to the altered market conditions. The strategy now features three elements: Growth and optimization, differentiation, and enabling activities. Each element includes a wide range of individual action points that we bring together under the name KCO WIN (Klöckner & Co Winning).

Our focus both in organic and external growth is on the expansion of prefabrication services and increasing sales of premium products. We see scope for fine-tuning our business model in more differentiated pricing and in procurement, where we plan to better leverage the economies of scale we have over many competitors by extending centrally controlled procurement activities to additional product ranges. Additionally, we will further optimize our net working capital to cut net financial debt and minimize inventory risk.

Growth and optimization	External & internal growth
	Operations
Differentiation	Service model
	Business model innovations
Enabling activities	Management & personnel development
	Controlling & IT systems

Clear differentiation from competitors is a survival factor in a fiercely competitive market environment subject to overcapacity. We aim to improve efficiency and competitiveness by streamlining logistics processes and making use of e-commerce systems. A graded service package will enable us to better adapt our service range to differing customer needs. In the medium to long term, we also see major opportunities in technological innovation. To that end, we have already launched initial projects at management level. We will make even more selective use of our human and financial resources in the future to fine-tune our business model with innovative approaches.

The goals outlined can only be attained with a motivated and highly qualified workforce. Management and personnel development is therefore a key flanking activity within our strategy. The latest controlling and IT systems are also critical for our ability to make enterprise decisions in our volatile markets on the basis of full and current information and to be a successful market player long term.

Economic environment

Macroeconomic situation

Global economic growth accelerated again in the first half of 2013, with economic output also increasing from the first quarter to the second quarter. In particular, the emerging markets and – albeit to a lesser extent than expected – the USA contributed to the positive growth rates.

Following the European Central Bank's announcement that it would take unlimited monetary policy action if necessary, a break-up of the euro zone became less likely for the time being. Thus hopes emerged at the beginning of the year that the debt crisis in Europe was on the road to recovery. However, the threat of France sliding into recession, the election outcome in Italy, the crisis in Cyprus and the difficult situation in Portugal then had an unexpectedly negative impact on the economic environment in Europe.

This was reflected in disappointing economic performance in the euro zone, which aggregate estimates indicate continued its run of negative growth rates with a decline of 1.1% in the first quarter and 0.9% in the second quarter.

In the USA, economic growth was primarily underpinned by increased domestic demand, as a result of which the US economy grew by 1.8% in the first quarter and 1.6% in the second quarter, putting itself again ahead of the very weak fourth quarter of 2012 (0.4%). Nevertheless, growth rates remained short of expectations in the first half of the year due to uncertainties arising from fiscal and budget issues.

Emerging markets continued to be somewhat affected by the weak growth in Europe. In China, the economy grew by 7.7% in the first quarter and by 7.5% in the second quarter – hence at a slower pace than the growth rates in the prior year.

The Brazilian economy maintained its slightly positive trend in the first half of the year thanks to increased demand from abroad. Nevertheless, growth remained behind expectations at 1.9% in the first quarter and on aggregate estimates at 2.4% in the second quarter.

Development of GDP in our core countries (in percent)	Q2 2013 vs Q2 2012
Europe	-0.9
Germany	0.1
United Kingdom	1.2
France	-0.4
Spain	-1.9
Switzerland	1.5
China	7.5
Americas	
United States	1.6
Brazil	2.4

Source: Bloomberg, in part preliminary estimates.

Industry-specific situation

Global steel production increased by 2.0% in the first six months of 2013 to some 790 million tons of raw steel, although considerable regional differences persisted. While, according to the World Steel Association production declined by 5.1% in the EU and 5.8% in North America in the first six months, Asia – driven primarily by China – was the only region to post a further increase of 7.4%. As a result of customers running down inventories at the same time, distribution in Europe was hit even harder than production by this trend, suffering a decline of 10.9%* according to industry association Eurometal. In the USA, turnover in distribution declined by 4.6%, according to the Metals Service Center Institute (MSCI).

The global surplus capacity in production remains problematic. Primarily in China, but also in Europe and, due to high import pressure, North America, there is no stable balance between supply and demand. At the end of June 2013, steel producers were therefore operating at 79% of capacity in Europe and 73% in the USA – and hence still well below the pre-crisis level of at times over 90%.

Trend in key customer industries

Automotive industry

In the first half of the year, the performance of the global automotive industry varied hugely from region to region. In Europe, demand fell sharply in both the mass and the premium segment. It was particularly weak in southern European countries. New car registrations in the first half of 2013 were 6.7% down on the previous year, according to the German Association of the Automotive Industry (VDA).

In the USA, on the other hand, the sector continued to benefit from catch-up effects and was able to lift sales by 7.5% in the first six months. The Chinese market chalked up the fastest rate of growth, expanding by 20.6%. In Brazil, demand climbed by 4.8%.

Machinery and mechanical engineering

The trend in demand in machinery and mechanical engineering also varied from region to region. According to the industry association Eurofer, European machinery and mechanical engineering remained 4.5% behind the prior year in the first half of 2013. Conversely, the USA is expected to have chalked up a further increase in the first six months. In emerging markets, too, particularly China, demand continued in some cases to increase by double-digit percentages.

Construction industry

As the largest processor of steel, the construction industry is key to the global trend in steel consumption. According to estimates from Eurofer, European construction activity declined by 5.3% in the first six months of the year. In Central Europe, the sector was hit particularly hard by the long winter. There was still no sign of recovery in the Mediterranean countries. Meanwhile, in the USA private-sector residential construction remained a source of impetus, as a result of which the volume of investment in construction increased by 5.1% overall in the first six months. However, there are still no significant signs of growth in the construction industry, which is important for the steel industry. In China, the state continues to intervene in the construction sector in an effort to prevent the price bubble in the cities from bursting. It must therefore be assumed that growth slowed in the first six months.

*) Contains data until May.

Results of operations, cash flows and financial position

The key figures for the results of operations, cash flows and financial position in the first half of 2013 are as follows:

Key figures

(€ million)	HY1 2013	HY1 2012 ^{*)}
Sales	3,322	3,909
EBITDA before restructuring expenses	72	97
EBITDA	72	77
Free cash flow	-61	-93

(€ million)	June 30, 2013	December 31, 2012
Net working capital	1,456	1,407
Net financial debt	489	422

^{*)} Comparative amounts for 2012 restated due to the first-time adoption of IAS 19 rev. 2011. Further information can be taken from note 2 to the financial statements.

Turnover, sales and earnings remain well below prior year

Group turnover in the first six months of 2013, at 3.3 million tons, was 10.3% down on the prior-year period (3.7 million tons). Turnover was down both in the Europe segment and by a small amount in the Americas segment.

In the Europe segment, the still-challenging economic environment and the effects of streamlining the portfolio under the KCO 6.0 restructuring program resulted in a reduction in turnover of 15.1% compared with the first six months of 2012. Turnover in Germany, France, Spain and the Netherlands was particularly affected. Due to the faltering European automotive industry, turnover at Becker Stahl-Service (BSS), which serves the automotive business, was also slightly down year-on-year. In Switzerland, by contrast, turnover was slightly up on the comparative prior-year period due to the ongoing boom in the construction industry there. Overall, the fall in turnover in Europe was nearly on par with the decrease in the market as a whole despite the location closures and the discontinuation of loss-making activities.

Turnover in the Americas segment during the first half year declined by a total of 3.5% compared with a year earlier. Our 2.1% decline in turnover in the USA was nevertheless smaller than that across the market as a whole, which contracted by 4.6%.

Under additional pressure from the low price level, sales declined at a much sharper rate than turnover, falling by a total of 15.0% to €3.3 billion in the first half of 2013. Here, too, performance varied from segment to segment. While the Europe segment was mainly impacted by the steep fall in demand, the Americas segment came under pressure from ongoing price erosion. In the Europe segment the 15.6% decline in sales consequently only slightly outpaced the decline in volumes, while sales in the Americas segment fell at a much sharper rate than turnover, dropping by 14.1%.

Mirroring the trend in turnover and sales, gross profit was down by 11.1% to €608 million and therefore also well below the prior-year figure of €683 million despite the rise in the gross margin from 17.5% in the previous year to 18.3%.

The restructuring measures were not fully able to make up for the drop in gross profit, as a result of which operating income (EBITDA) at €72 million was still down on the prior-year comparative figure of €77 million or €97 million before restructuring expenses.

EBITDA before restructuring expenses by segments

(€ million)	HY1 2013	HY1 2012 ^{*)}	Q2 2013	Q2 2012 ^{*)}
Europe	42	56	28	35
Americas	41	52	20	22
Headquarters	-11	-11	-5	-7
Klöckner & Co Group	72	97	43	50

*) Comparative amounts for 2012 restated due to the first-time adoption of IAS 19 rev. 2011. Further information can be taken from note 2 to the financial statements.

The Europe segment generated EBITDA of €42 million before restructuring expenses in the first half of 2013 (2012: €56 million). The negative trend from the previous year continued notably due to the long winter. In addition, the strong pressure on margins remained unchanged due to overcapacity over the entire length of the value chain. BSS and the Swiss country organization continue to be the main drivers of segment EBITDA, even though their own EBITDA, like that of almost all other country organizations, was down on prior-year levels. Segment EBITDA includes a €7 million one-off income item from the reversal to income of pension provisions at our Dutch country organization in connection with a reduction in benefit levels applied in relation to benefit obligations there.

The ongoing decline in market prices and lower volumes led to a decrease in the Americas segment's EBITDA from €52 million (adjusted for restructuring) a year earlier to €41 million in the first six months of fiscal 2013. Despite the low volume and the ongoing price pressure, synergies obtained after the Macsteel takeover meant that, at €20 million, second-quarter EBITDA was almost back up to the comparative prior-year figure of €22 million.

Headquarters EBITDA was on a par with a year earlier at a negative €11 million.

Earnings before interest and taxes (EBIT) improved from a significantly by restructuring expenses and impairments impacted negative €6 million in the prior-year period to a positive €19 million in the first six months of fiscal 2013. The financial result improved from minus €44 million to minus €38 million. The main alleviating effect has been in interest expense on redemption of a convertible bond (+€10 million) in the third quarter of the prior year. It should be noted that the prior-year figure also includes a €6 million positive one-off effect from reversal of the put option liability from the Frefer acquisition.

The Group loss before taxes improved to €18 million compared with a loss of €50 million in the prior-year period. In line with this, the Group's net loss came to €20 million, compared with a loss of €51 million in the prior-year period.

Basic earnings per share was a negative €0.19 compared with a negative €0.50 in the first half of 2012.

Equity base remains solid

The condensed consolidated statement of financial position is as follows:

Consolidated balance sheet

(€ million)	June 30, 2013	December 31, 2012 ^{*)}
Long-term assets	1,069	1,107
Current assets		
Inventories	1,198	1,254
Trade receivables	960	787
Other current assets	100	122
Liquid funds	570	610
Total assets	3,897	3,880
Equity	1,514	1,502
Non-current liabilities and provisions		
Financial liabilities	825	914
Other non-current liabilities and provisions	426	470
Current liabilities		
Financial liabilities	223	110
Trade payables	702	634
Other current liabilities and provisions	207	250
Total equity and liabilities	3,897	3,880

*) Comparative amounts for 2012 restated due to the first-time adoption of IAS 19 rev. 2011. Further information can be taken from note 2 to the financial statements.

The decline of non-current assets by €38 million relates with €23 million to intangible assets and with €11 million to property, plant and equipment.

Net working capital

(€ million)	June 30, 2013	December 31, 2012
Inventories	1,198	1,254
Trade receivables	960	787
Trade payables	-702	-634
Net working capital	1,456	1,407

Due to a seasonal increase in receivables, net working capital was up on the figure at the end of fiscal 2012 (€1,407 million) to €1,456 million.

The reduction in other current assets reflects lower supplier bonuses during the course of the year and lower other tax refund entitlements.

Liquidity amounted to €570 million, compared with €610 million as of December 31, 2012.

The 39% equity ratio as of June 30, 2013 is at a similar level to December 31, 2012 and reflects the solid balance sheet.

The decrease in other non-current liabilities (by €44 million) relates to lower pension provisions (down €59 million) and higher deferred tax liabilities (up €16 million). The reduction in pension provisions is caused by a slight increase in the discount factors and the above-mentioned effect of lowering benefit levels in relation to the benefit obligations at our Dutch country organization.

Net financial debt

(€ million)	June 30, 2013	December 31, 2012 ^{*)}
Net financial debt	489	422
Gearing (Net financial debt/shareholders' equity ^{**})	33%	29%

*) Comparative amounts for 2012 restated due to the first-time adoption of IAS 19 rev. 2011. Further information can be taken from note 2 to the financial statements.

**) Gearing = Net debt/Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 23, 2013.

Mainly as a result of the seasonal build-up of net working capital in the first half of 2013, net financial debt at €489 million, shows an increase relative to December 31, 2012 (€422 million). A further €12 million of the increase relates to the settlement of a hedging instrument in connection with a long-term acquisition financing arrangement reaching term in the USA. At 33% (December 31, 2012: 29%), gearing is well below the 150% maximum applicable for financing purposes.

The Group continues to have sufficient financial leeway following the extension, in each case to May 2016, of the €360 million European ABS program and of the syndicated loan likewise with a facility amount of €360 million. The average remaining term for all credit facilities is more than three years.

Consolidated statement of cash flows

(€ million)	HY1 2013	HY1 2012 ^{*)}
Cash flow from operating activities	-47	-86
Cash flow from investing activities	-14	-7
Free cash flow	-61	-93
Cash flow from financing activities	23	78

*) Comparative amounts for 2012 restated due to the first-time adoption of IAS 19 rev. 2011. Further information can be taken from note 2 to the financial statements.

Net of the smaller increase in net working capital year-on-year, the cash outflow from operating activities of €47 million was well below the prior-year cash outflow of €86 million. Despite higher capital expenditure of €14 million compared with €7 million, free cash flow, at minus €61 million, showed a distinct improvement on the comparative prior-year figure of minus €93 million. Cash flow from financing activities therefore amounted to €23 million (2012: €78 million).

Subsequent events

No material events that would require disclosure in the financial statements have occurred subsequent to the end of the reporting period.

Macroeconomic outlook including key opportunities and risks

Expected global economic growth

Market uncertainty due to the ongoing sovereign debt crisis in Europe will continue to impact global economic growth. For 2013, the second year in succession, the forecast for Europe is therefore for recession, but with a gradual improvement over the quarters turning to slight growth in the final quarter. The trend will likely be spurred by the promise made by the European Central Bank at the start of July that it will hold the base rates at a very low level for the foreseeable future, and thus bring calm to the nervous markets and ensure the economy continues to be supplied with liquidity.

In the USA, unresolved fiscal and budget issues are weighing on the economic environment. The US economy nevertheless continues to grow. The favorable mood of US consumers coupled with positive impetus on the residential market and low energy costs should result in sound economic growth rates in 2013 – which, however, fall short of original expectations.

The Chinese economy is expected to be buoyed by the increased construction activity and a further recovery in the service sector. The Chinese government expects robust but slowing growth in 2013 at around the 7.5% mark.

Brazil, our core market in South America, is likely to have seen the worst of the economic doldrums. Together with the initiatives to lower unit wage costs, the infrastructure programs put in place by the government at the beginning of the year should have a positive impact on economic output.

Expected development of GDP in our core countries (in percent)	2013	2014
Europe	-0.6	0.9
Germany	0.3	1.3
United Kingdom	0.9	1.5
France	-0.2	0.8
Spain	-1.6	0.0
Switzerland	1.5	1.6
China	7.8	7.7
Americas		
United States	1.7	2.7
Brazil	2.5	3.2

Source: International Monetary Fund, Bloomberg

Expected sector trend

In its April projection, the World Steel Association predicts that global steel consumption will grow by 2.9% in 2013. For the European Union, the association expects a decrease of 0.5%, while the North American Free Trade Agreement (NAFTA) region is anticipated to grow by 2.9%, South and Central America by 6.2%, and China by 3.5%. However, from the current standpoint, these assumptions look too positive, especially for Europe and North America. Eurofer currently expects steel demand in Europe to decline by 4.4%, which also more or less matches our expectations. Unlike the World Steel Association, we expect at best slight growth of up to 1% for North America. This would put European steel consumption about 32% down on its 2007 level at year-end, compared with a rise of over 64% in consumption in China. The most dynamic growth in steel consumption since the low point in 2009 is likely to have been that in North America, even if current projections still place consumption about 9% short of its pre-crisis level.

Expected trend in our core customer sectors

Automotive industry

The German Association of the Automotive Industry (VDA) projects that – despite the weakness in the European automotive market – the global automotive market will continue its growth trend, expanding by 2% in 2013. For Europe, the VDA forecasts a drop in demand of around 5% in the current fiscal year due to the continued uncertainty. In the USA, experts anticipate a roughly 5% rise in turnover in 2013 due to strong replacement demand and lower energy costs. It is estimated that the Chinese market will grow by 8% in 2013. For Brazil, experts forecast growth of around 4% in 2013.

Machinery and mechanical engineering

The German Engineering Federation (VDMA) projects a 2% increase for global machinery and mechanical engineering sales in 2013. In Europe, on the other hand, Eurofer expects turnover in the current year to fall by 2.6%. In Germany, a decrease of 1% is expected due to weak performance in the first half of the year. For 2014, Eurofer again forecasts growth of 3.4% in Europe. In the USA, growth in machinery and mechanical engineering remains very robust, with the VDMA projecting a 4% increase for the current fiscal year. In China, further growth of 5% is expected in 2013. In Brazil, by contrast, the VDMA anticipates a decline of 1%.

Construction industry

In Europe, Euroconstruct expects construction activity to contract by some 3% this year because of the continued uncertainty and subdued public-sector demand resulting from the ongoing sovereign debt crisis. By contrast, it is estimated that the US construction industry will expand by around 6%, spurred by private-sector residential construction. In China, ongoing urbanization and demand for housing are likely to stimulate building activity and open the way for growth in high single-digit percentages.

Current assessment of opportunities and risks

The detailed information provided in the Opportunities and Risks section on pages 59 to 70 of the Annual Report 2012 continues to apply. For a detailed description of the risk management system in the Klöckner & Co Group, please see pages 60 et seq. of the 2012 Annual Report.

Market risk for Klöckner & Co as a stockholding multi metal distributor is mostly determined by trends in demand and prices.

Having initially risen slightly at the beginning of the year, steel and metal prices started falling back in the mid first quarter and are now mostly below year-end 2012 levels. Although steel prices remain on a par with production costs, the persistent surplus capacity and decline in commodity prices mean it is impossible to rule out a further decline in prices, which would impact negatively on our earnings performance.

Risk could also result from the continuing uncertainty on the financial markets in the face of high sovereign debt levels in a number of European countries and the USA, potentially resulting in increased borrowing costs for customer industries, combined with a further decrease in capital investment. Furthermore, the contraction of the European economy could be more pronounced than expected in the second half of the year. Like other companies, Klöckner & Co is acting with heightened caution in light of the above and reacting quickly to changes in expectations regarding the economic environment.

We are relatively optimistic about the Americas segment on account of developments in the USA, including the reindustrialization anticipated as a result of low energy costs. Although the fiscal and budget issues have yet to be fully resolved, we currently believe that a growth crisis such as the one in Europe is unlikely.

In summary, the Management Board is confident that the systems for managing risks and opportunities in the Klöckner & Co Group are working well. Sufficient allowance has been made and adequate provisions recognized – including third-party guarantees – to cover all risks identifiable at the time of preparing the financial statements and required to be accounted for. Steps have been taken as necessary to cushion the impact of impending market risks. Given the current financing structure, no liquidity shortfalls are to be expected. There are no identifiable risks that raise doubt about the Company's ability to continue as a going concern.

Outlook

The first half of 2013 once again saw a sharp fall in steel demand, most of all in Europe. However, the market also developed more weakly than expected in the USA. This reflected fears of a rerun of the European debt crisis, investment restraint in response to the budget dispute in the USA, and the long winter on both sides of the Atlantic. We have adjusted our full-year guidance accordingly. At the beginning of the year, we expected steel demand in Europe to fall by up to 2%; we now anticipate a substantially larger decrease of up to 5%. For the USA, after the downtrend in the first half year, we expect at best slight growth in demand of no more than 1% (previously up to 4%). In the years ahead, however, US steel demand ought to benefit from the general economic recovery, the shale gas boom and the resulting return of energy-intensive industries.

For the second half of the year, we expect that the generally anticipated economic recovery in the USA and additional contributions to earnings from the restructuring program will at least be able to compensate for the usual seasonal drop in demand in August and December. With the aid of the restructuring measures implemented, we consequently project operating income (EBITDA) of between €30 million and €40 million (before restructuring expenses) for the third quarter. As things currently stand, we expect full-year EBITDA before restructuring expenses to be around the prior-year level at approximately €140 million, with restructuring costs amounting to roughly €18 million this year, compared with €77 million in the prior year. It is too early to say if there is extra impetus to be had from the higher prices for flat products in the USA and the similar slight pickup in prices in Europe, as these trends may not be sustained.

The extension of restructuring measures in France decided in May and additional improvements in the USA will increase the program's expected incremental contribution to EBITDA in the current year to €65 million. For next year, we expect that the program will contribute an additional €45 million. The total annual contribution from the program thus increases to some €160 million and, following complete implementation of the measures by the year-end, is expected to take full effect for the first time in 2014.

The extension to the restructuring program will incur one-time expenses of roughly €18 million in the second half of the year. Despite this effect, we confirm our full-year target for 2013 of once again attaining a positive free cash flow with a corresponding reduction in net financial debt.

Parallel to final implementation of our restructuring program, we continue to move forward with our "Klöckner & Co 2020" growth strategy, which we recently adapted to the altered conditions. Alongside organic growth, we thus also plan a return to selective external growth.

As a result of our extensive KCO 6.0 restructuring program, which will achieve full impact on earnings next year, we expect to regain profitability under our own power next year even if the difficult market environment persists. We anticipate added impetus from the projected recovery of the steel market in the USA, our growth market and through the current improved price environment.

Duisburg, August 7, 2013

Klöckner & Co SE

The Management Board

KLÖCKNER & CO SHARE

Klöckner & Co share: Key data

ISIN DE000KC01000 – German Securities Code (WKN) KC0100

Stock exchange symbol: KCO

Bloomberg: KCO GR

Reuters Xetra: KCOGn.DE

MDAX® listing since January 29, 2007

Share price performance

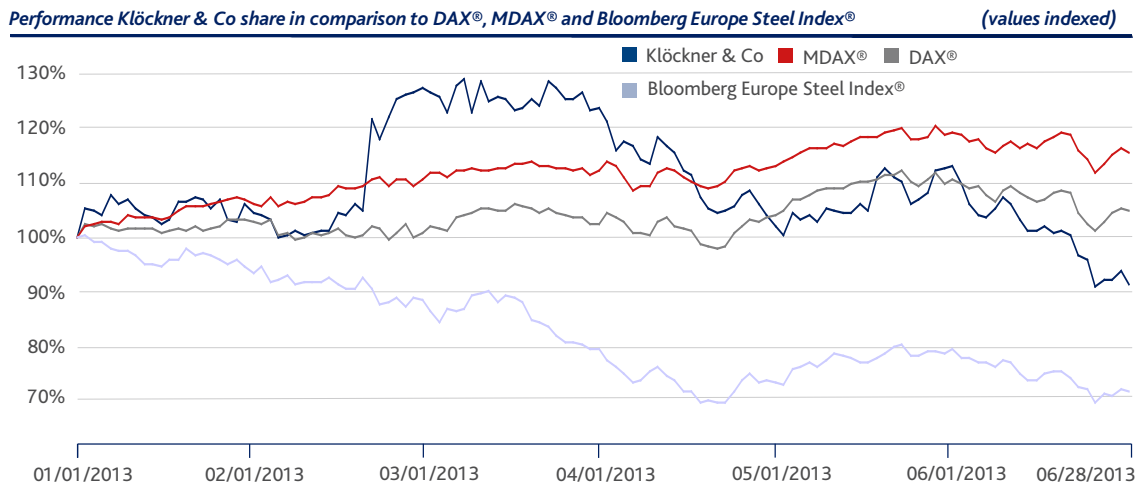
Klöckner & Co shares initially outperformed the market at the beginning of 2013. The report of an increase over threshold by Interfer Holding GmbH in mid-February resulted in a spike. The shares outperformed the European steel industry index throughout the entire first three months. In the second quarter, the shares lost value in line with the industry index due to the difficult steel market environment. However, as the first six months progressed, the shares came under further pressure due to the uncertain macroeconomic environment and the volatile steel price environment.

At the end of the first half of the year, Klöckner & Co shares were trading at €8.18, a decrease of around 9% on the 2012 closing price. The DAX® gained around 5% and the MDAX® around 15% compared with the end of 2012. The industry index was some 28% down on the year-end closing price.

The average daily trading volume in Klöckner & Co shares during the second quarter was around €6.5 million per day, a significant decrease on the first quarter (around €8.3 million per day). Thus, in Deutsche Börse AG's MDAX® ranking for June, Klöckner & Co ranked 22nd on trading volume.

Key data – Klöckner & Co share

		Q2 2013	Jan. 1 - Dec. 31, 2012	Q2 2012
Number of shares	in shares	99,750,000	99,750,000	99,750,000
Closing price (Xetra, Close)	€	8.18	8.97	8.01
Market capitalization	€ million	816	895	799
High (Xetra, Close)	€	10.86	12.02	11.06
Low (Xetra, Close)	€	8.18	6.62	7.45
Average daily trading volume	in shares	691,031	1,101,199	1,204,446



2013 Annual General Meeting

The seventh Annual General Meeting of Klöckner & Co SE took place in Düsseldorf on May 24, 2013. Around 300 shareholders and shareholder representatives attended this event. In all, approximately 38% of the voting capital took part in voting. Shareholders approved all the resolutions proposed by the Supervisory and Management Boards with large majorities. The elections to the Supervisory Board once again attracted a great deal of attention this year. Robert J. Koehler, who was standing for re-election, was confirmed in his post by the Annual General Meeting.

Ownership structure

At the time of preparation, our largest shareholders were, with a shareholding of between 5% and 10%, Interfer Holding GmbH, and with shareholdings of between 3% and 5% each, Franklin Templeton Investments Corp., Dimensional Holdings Inc./Dimensional Fund Advisors LP and Templeton Investment Counsel, LLC. At the present time, we have received no notification that any other shareholder has exceeded or fallen below the statutory notification thresholds. Based on Deutsche Börse AG's definition, the free float therefore stands at 92.2% due to the shares held by Interfer.

Capital market communications

Besides reporting to shareholders at the Annual General Meeting, the management and members of the IR team of Klöckner & Co SE provided interested capital market participants with information on the Group's results and strategy at eight roadshows and eleven conferences in Germany and internationally, as well as during additional one-on-one discussions during the first six months of 2013.

In addition to the Klöckner & Co Group's full-year and quarterly results, discussions focused primarily on the strategy and progress of the ongoing restructuring measures. Additionally, questions regarding the changed shareholder structure were addressed.

At the end of the first half-year, Klöckner & Co was covered by 29 banks and securities houses in over 80 research reports. As of the reporting date, 13 securities houses rated Klöckner & Co shares a "buy". Eleven gave a "hold" recommendation and five a "sell" recommendation.

Klöckner & Co also provides information on current Group developments at all times in the Investors section of the corporate website, www.kloeckner.com/en/investors.php. This includes information on our convertible bonds, financial reports, the financial calendar and corporate governance together with current data on share and convertible bond performance. Shareholders and other interested individuals can also sign up for our newsletter at ir@kloeckner.com.

The Investor Relations team looks forward to your questions and suggestions.

KLÖCKNER & CO SE

Consolidated statement of income for the six-month period ending June 30, 2013

(€ thousand)	HY1 2013	HY1 2012 ^{*)}	Q2 2013	Q2 2012 ^{*)}
Sales	3,322,467	3,908,757	1,697,731	1,963,539
Other operating income	19,191	16,030	10,799	7,896
Change in inventory	307	-880	-1,620	-3,837
Cost of materials	-2,715,051	-3,224,426	-1,390,945	-1,619,837
Personnel expenses	-292,475	-325,129	-141,533	-162,624
Depreciation and amortization	-52,374	-83,008	-26,191	-56,763
<i>thereof impairment losses</i>	-	-29,614	-	-29,614
Other operating expenses	-262,591	-297,642	-131,244	-152,463
Operating result	19,474	-6,298	16,997	-24,089
Income from investments	-	125	-	125
Finance income	1,155	10,225	681	8,091
Finance expenses	-38,792	-54,115	-19,478	-26,572
Financial result	-37,637	-43,890	-18,797	-18,481
Income before taxes	-18,163	-50,063	-1,800	-42,445
Income taxes	-1,510	-638	-2,117	3,252
Net income	-19,673	-50,701	-3,917	-39,193
<i>thereof attributable to</i>				
<i>- shareholders of Klöckner & Co SE</i>	-19,408	-49,986	-3,697	-38,840
<i>- non-controlling interests</i>	-265	-715	-220	-353
Earnings per share (€/share)				
- basic	-0.19	-0.50	-0.04	-0.39
- diluted	-0.19	-0.50	-0.04	-0.39

^{*)} Comparative amounts for 2012 restated due to the first-time adoption of IAS 19 rev. 2011. Further information can be taken from note 2 to the financial statements.

KLÖCKNER & CO SE

Statement of comprehensive income for the six-month period ending June 30, 2013

(€ thousand)	HY1 2013	HY1 2012 ^{*)}	Q2 2013	Q2 2012 ^{*)}
Net income	-19,673	-50,701	-3,917	-39,193
Other comprehensive income not reclassifiable				
Actuarial gains and losses (IAS 19)	52,215	-38,602	34,313	-31,398
Related income tax	-12,907	6,311	-8,470	7,517
Total	39,308	-32,291	25,843	-23,881
Other comprehensive income reclassifiable				
Foreign currency translation	-8,201	8,173	-28,827	29,029
Gain/loss from net investment hedges	-2,034	-1,498	13,770	-14,369
Gain/loss from cash flow hedges	3,465	1,165	1,625	594
Reclassification to profit and loss due to sale of foreign subsidiaries	-15	-	-142	-
Related income tax	-775	-84	-514	-728
Total	-7,560	7,756	-14,088	14,526
Other comprehensive income	31,748	-24,535	11,755	-9,355
Total comprehensive income	12,075	-75,236	7,838	-48,548
thereof attributable to				
- shareholders of Klöckner & Co SE	13,050	-73,508	9,361	-47,312
- non-controlling interests	-975	-1,728	-1,523	-1,236

*) Comparative amounts for 2012 restated due to the first-time adoption of IAS 19 rev. 2011. Further information can be taken from note 2 to the financial statements.

KLÖCKNER & CO SE

Consolidated statement of financial position as of June 30, 2013

Assets

(€ thousand)	June 30, 2013	Dec. 31, 2012 ^{*)}	January 1, 2012 ^{*)}
Long-term assets			
Intangible assets	437,802	461,237	559,874
Property, plant and equipment	595,038	605,773	639,481
Investment property	10,486	10,486	10,486
Financial assets	2,056	2,415	2,664
Other assets	11,474	11,680	13,748
Deferred tax assets	11,947	14,824	69,440
Total non-current assets	1,068,803	1,106,415	1,295,693
Current assets			
Inventories	1,198,724	1,253,989	1,362,191
Trade receivables	959,521	786,504	921,758
Current income tax receivable	13,583	11,466	31,899
Other assets	82,073	97,535	105,203
Cash & Cash equivalents	570,344	610,215	986,632
Assets held for sale	4,190	13,462	3,610
Total current assets	2,828,435	2,773,171	3,411,293
Total assets	3,897,238	3,879,586	4,706,986

*) Comparative amounts for 2012 restated due to the first-time adoption of IAS 19 rev. 2011. Further information can be taken from note 2 to the financial statements.

Equity and liabilities

(€ thousand)	June 30, 2013	Dec. 31, 2012 ^{*)}	January 1, 2012 ^{*)}
Equity			
Subscribed capital	249,375	249,375	249,375
Capital reserves	900,759	900,759	900,759
Retained earnings	348,968	368,376	568,803
Accumulated other comprehensive income	-6,421	-38,879	16,867
Equity attributable to shareholders of Klöckner & Co SE	1,492,681	1,479,631	1,735,804
Non-controlling interests	21,765	22,740	28,345
Total equity	1,514,446	1,502,371	1,764,149
Non-current liabilities and provisions			
Provisions for pensions and similar obligations	258,947	317,599	268,006
Other provisions and accrued liabilities	28,051	29,769	29,060
Financial liabilities	825,448	913,762	1,067,862
Other liabilities	47,866	47,221	85,077
Deferred tax liabilities	90,472	74,568	155,470
Total non-current liabilities	1,250,784	1,382,919	1,605,475
Current liabilities			
Other provisions and accrued liabilities	122,460	140,378	114,091
Income tax liabilities	9,405	29,999	19,014
Financial liabilities	222,760	110,284	377,327
Trade payables	702,258	633,523	749,816
Other liabilities	75,125	76,314	77,114
Liabilities associated with assets held for sale	-	3,798	-
Total current liabilities	1,132,008	994,296	1,337,362
Total liabilities	2,382,792	2,377,215	2,942,837
Total equity and liabilities	3,897,238	3,879,586	4,706,986

*) Comparative amounts for 2012 restated due to the first-time adoption of IAS 19 rev. 2011. Further information can be taken from note 2 to the financial statements.

KLÖCKNER & CO SE

Consolidated statement of cash flows for the six-month period ending June 30, 2013

(€ thousand)	HY1 2013	HY1 2012 ^{*)}
Net income	-19,673	-50,701
Income taxes	1,510	638
Financial result	37,637	43,890
Depreciation and amortization	52,374	83,008
Other non-cash expenses/income	-851	-3,018
Gain on disposal of non-current assets	-1,089	-452
Change in net working capital		
Inventories	53,254	-86,124
Trade receivables	-177,326	-218,134
Trade payables	71,998	171,726
Change in other operating assets and liabilities	-16,103	1,007
Interest paid	-35,597	-32,947
Interest received	2,213	6,244
Income taxes paid	-15,327	-596
Cash flow from operating activities	-46,980	-85,459
Proceeds from the sale of non-current assets and assets held for sale	3,455	4,086
Proceeds from the sale of consolidated subsidiaries	6,705	3,334
Payments for intangible assets, property, plant and equipment	-24,160	-14,631
Cash flow from investing activities	-14,000	-7,211
Net change of financial liabilities	22,970	78,152
Cash flow from financing activities	22,970	78,152
Changes in cash and cash equivalents	-38,010	-14,518
Effect of foreign exchange rates on cash and cash equivalents	-1,861	1,635
Cash and cash equivalents at the beginning of the period	610,215	986,632
Cash and cash equivalents at the end of the reporting period as per statement of financial position	570,344	973,749

*) Comparative amounts for 2012 restated due to the first-time adoption of IAS 19 rev. 2011. Further information can be taken from note 2 to the financial statements.

KLÖCKNER & CO SE

Summary of changes in equity

(€ thousand)	Subscribed capital of Klöckner & Co SE	Capital reserves of Klöckner & Co SE	Retained earnings	
Balance as of January 1, 2012	249,375	900,759	568,803	
Initial application of IAS 19R ^{*)}				
Balance as of January 1, 2012 as restated for effects of IAS 19R	249,375	900,759	568,803	
Other comprehensive income				
Foreign currency translation				
Gain/loss from net investment hedges				
Gain/loss from cash flow hedges				
Actuarial gains and losses (IAS 19)				
Related income tax				
Other comprehensive income				
Net income			-49,986	
Total comprehensive income				
As of June 30, 2012	249,375	900,759	518,817	
As of January 1, 2013	249,375	900,759	368,376	
Other comprehensive income				
Foreign currency translation				
Gain/loss from net investment hedges				
Gain/loss from cash flow hedges				
Actuarial gains and losses (IAS 19)				
Related income tax				
Reclassification to profit and loss due to sale of foreign subsidiaries				
Other comprehensive income				
Net income			-19,408	
Total comprehensive income				
Balance as of June 30, 2013	249,375	900,759	348,968	

*) Comparative amounts for 2012 restated due to the first-time adoption of IAS 19 rev. 2011. Further information can be taken from note 2 to the financial statements.

Accumulated other comprehensive income

	Currency translation adjustment	Actuarial gains and losses (IAS 19)	Fair value adjustments of financial instruments	Equity attributable to shareholders of Klöckner & Co SE	Non-controlling interests	Total
	101,393		-5,594	1,814,736	28,503	1,843,239
		-78,932		-78,932	-158	-79,090
	101,393	-78,932	-5,594	1,735,804	28,345	1,764,149
	9,092			9,092	-919	8,173
			-1,498	-1,498		-1,498
			1,165	1,165		1,165
		-38,508		-38,508	-94	-38,602
		6,311	-84	6,227		6,227
				-23,522	-1,013	-24,535
				-49,986	-715	-50,701
				-73,508	-1,728	-75,236
	110,485	-111,129	-6,011	1,662,296	26,617	1,688,913
	93,945	-127,267	-5,557	1,479,631	22,740	1,502,371
	-7,491			-7,491	-710	-8,201
			-2,034	-2,034		-2,034
			3,465	3,465		3,465
		52,215		52,215		52,215
		-12,907	-775	-13,682		-13,682
	-15			-15		-15
				32,458	-710	31,748
				-19,408	-265	-19,673
				13,050	-975	12,075
	86,439	-87,959	-4,901	1,492,681	21,765	1,514,446

Selected explanatory notes to the interim consolidated financial statements of Klöckner & Co SE for the six-month period ending June 30, 2013

(1) BASIS OF PRESENTATION

The condensed interim consolidated financial statements of Klöckner & Co SE for the six-month period ending June 30, 2013 were prepared for the interim presentation in accordance with Sec. 37w WpHG as well as International Financial Reporting Standards (IFRS) and the respective interpretations issued by the International Accounting Standards Board (IASB) as adopted for use within the EU.

The interim consolidated financial statements were reviewed by an independent auditor.

Except for the changes discussed in Note 2 below, the accounting policies applied to the interim financial statements as of June 30, 2013 are generally consistent with those used for the consolidated financial statements of Klöckner & Co SE as of December 31, 2012 under consideration of the IAS 34 regulations (Interim Financial Reporting). A detailed description of those policies is provided in the notes to the consolidated financial statements on pages 83 to 95 of the 2012 Annual Report. In contrast to the previous year, value changes in the underlying transactions in net investment hedges are offset against the changes in the value of the hedging instruments. The comparative figures were adjusted correspondingly.

As part of the preparation of an interim consolidated financial statement in accordance with the IAS 34 for the period ending June 30, 2013 Klöckner & Co SE's management is required to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The actual amounts can differ from these estimates.

In the opinion of the Management Board, the interim consolidated financial statements reflect all adjustments deemed necessary to provide a true and fair view of the results. The results for the period ending June 30, 2013 are not necessarily indicative of future results.

The present interim consolidated financial statements for the six-month period ending June 30, 2013 were authorized for issuance by the Management Board after discussion with the Audit Committee of the Supervisory Board on August 7, 2013. Unless otherwise indicated, all amounts are stated in million euros (€ million). Discrepancies to the unrounded figures may arise.

(2) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

In the fiscal year 2013, Klöckner & Co initially applied IAS 19 rev. 2011 (Employee benefits) and IFRS 13 (Fair value measurement) as well as changes to IAS 1 (Presentation of financial statements).

IFRS 13 serves as a guideline for fair value measurement and thus replaces the regulations of various standards by one single standard. In addition, additional disclosures must be made. The standard has no significant impact on the Klöckner & Co SE's financial statements.

IAS 1 requires separate subtotals for recyclable and non-recyclable items upon presentation of the statement of comprehensive income. These changes were initially applied to the interim report as of June 30, 2013.

With the introduction of IAS 19 rev. 2011 (Employee benefits), the application of the corridor method allowing delayed recognition of actuarial gains and losses is no longer acceptable. Such changes of pension-related assets and obligations including the effect of changes in the assumptions are now to be recognized in other comprehensive income not affecting profit and loss.

The revised standard had the following impact on the Group's financial statements:

(€ thousand)	As previously reported	Initial application of IAS 19R	As restated after initial application of IAS 19R
Balance as of January 1, 2012			
Other assets	37,955	-24,207	13,748
Deferred tax assets	44,092	25,348	69,440
Provisions for pensions and similar obligations	182,745	85,261	268,006
Deferred tax liabilities	160,500	-5,030	155,470
Equity attributable to shareholders of Klöckner & Co SE	1,814,736	-78,932	1,735,804
Total equity	1,843,239	-79,090	1,764,149
Balance as of June 30, 2012			
Other assets	39,278	-26,849	12,429
Deferred tax assets	47,518	3,629	51,147
Provisions for pensions and similar obligations	181,379	126,027	307,406
Deferred tax liabilities	151,666	-34,287	117,379
Equity attributable to shareholders of Klöckner & Co SE	1,777,015	-114,719	1,662,296
Total equity	1,803,873	-114,960	1,688,913
Personnel expenses	-324,109	-1,020	-325,129
Financial result	-42,170	-1,720	-43,890
Income taxes	-1,151	513	-638
Net income attributable to shareholders of Klöckner & Co SE	-47,748	-2,238	-49,986
Net income	-48,474	-2,227	-50,701
Earnings per share (€/share)			
- basic	-0.48	-0.02	-0.50
- diluted	-0.48	-0.02	-0.50
Balance as of December 31, 2012			
Other assets	40,717	-29,037	11,680
Deferred tax assets	11,415	3,409	14,824
Provisions for pensions and similar obligations	176,699	140,900	317,599
Deferred tax liabilities	108,697	-34,129	74,568
Equity attributable to shareholders of Klöckner & Co SE	1,611,758	-132,127	1,479,631
Total equity	1,634,770	-132,399	1,502,371
Personnel expenses	-657,268	-1,990	-659,258
Financial result	-75,650	-4,133	-79,783
Income taxes	-19,060	1,010	-18,050
Net income attributable to shareholders of Klöckner & Co SE	-194,876	-5,133	-200,009
Net income	-197,579	-5,113	-202,692
Earnings per share (€/share)			
- basic	-1.95	-0.05	-2.00
- diluted	-1.95	-0.05	-2.00

Without the application of the revised standard the net loss for the first half-year 2013 would have been lower by €2.1 million.

(3) EARNINGS PER SHARE

Earnings per share are calculated by dividing net income of the interim period attributable to shareholders by the weighted average number of shares outstanding during the period. In accordance with IAS 33.41 13,364 thousand dilutive potential shares of the convertible bonds (2012: 18,447 thousand shares) were not included in the computation of diluted earnings per share as the quarterly result would be increased.

		HY1 2013	HY1 2012 ^{*)}
Net income attributable to shareholders of Klöckner & Co SE	(€ thousand)	-19,408	-49,986
Weighted average number of shares	(thousands of shares)	99,750	99,750
Basic earnings per share	(€/share)	-0.19	-0.50
Diluted earnings per share	(€/share)	-0.19	-0.50

*) Comparative amounts for 2012 restated due to the first-time adoption of IAS 19 rev. 2011. Further information can be taken from note 2 to the financial statements.

(4) INVENTORIES

(€ million)	June 30, 2013	December 31, 2012
Cost	1,243.9	1,298.0
Valuation allowance (net realizable value)	-45.2	-44.0
Inventories	1,198.7	1,254.0

(5) FINANCIAL LIABILITIES

(€ million)	June 30, 2013	December 31, 2012
Non-current financial liabilities		
Bonds	166.1	250.2
Liabilities to banks	277.3	235.4
Promissory notes	204.7	266.9
Liabilities under ABS programs	176.3	159.7
Finance lease liabilities	1.0	1.5
	825.4	913.7
Current financial liabilities		
Bonds	98.3	12.4
Liabilities to banks	59.0	16.9
Promissory notes	64.0	79.6
Liabilities under ABS programs	0.4	0.3
Finance lease liabilities	1.1	1.1
	222.8	110.3
Financial liabilities as per consolidated balance sheet	1,048.2	1,024.0

Net financial debt developed as follows:

(€ million)	June 30, 2013	December 31, 2012
Financial liabilities as per consolidated balance sheet	1,048.2	1,024.0
Transaction costs	11.5	8.9
Gross financial liabilities	1,059.7	1,032.9
Cash and cash equivalents ^{*)}	-570.3	-611.0
Net financial debt Klöckner & Co Group	489.4	421.9

*) December 31, 2012: Including net cash balances stated as "Assets held for sale".

In April and May 2013, the European ABS program with a volume of €360 million as well as the syndicated loan now likewise showing a base volume of €360 million were extended until May 2016.

(6) SUBSEQUENT EVENTS

No material events that would require disclosure in the financial statements have occurred subsequent to the end of the reporting period.

(7) RELATED PARTY TRANSACTIONS

Within the framework of its ordinary business activities, the Klöckner&Co Group has business relationships with numerous companies. These also include related parties that were accounted for at cost. Business relations with these companies do not fundamentally differ from trade relationships with other companies. No material transactions were conducted with any of these companies in the reporting period.

Certain members of the Supervisory Board were or are members of the Supervisory Board or Management Board of other entities. Klöckner&Co holds business relations to certain of such entities. Business with such entities is transacted at arm's length.

(8) SEGMENT REPORTING

	Europe		Americas		Headquarters/ Consolidation		Total	
(€ million)	HY1 2013	HY1 2012 ^{*)}	HY1 2013	HY1 2012 ^{*)}	HY1 2013	HY1 2012 ^{*)}	HY1 2013	HY1 2012 ^{*)}
Segment sales	2,077.7	2,460.4	1,244.8	1,448.4	-	-	3,322.5	3,908.8
EBITDA (segment result)	41.4	36.5	41.2	51.6	-10.8	-11.3	71.8	76.8
EBIT	17.8	3.5	14.0	2.9	-12.3	-12.6	19.5	-6.2
Net working capital as of June 30, 2013 (December 31, 2012)	871.2	825.5	578.5	579.1	6.3	2.4	1,456.0	1,407.0
Employees as of June 30, 2013 (December 31, 2012)	7,185	7,672	2,702	2,815	108	108	9,995	10,595

*) Comparative amounts for 2012 restated due to the first-time adoption of IAS 19 rev. 2011. Further information can be taken from note 2 to the financial statements.

Reconciliation of EBIT to income before taxes:

(€ million)	HY1 2013	HY1 2012 ^{*)}
Earnings before interest and taxes (EBIT)	19.5	-6.2
Financial result	-37.6	-43.9
Income before taxes	-18.1	-50.1

*) Comparative amounts for 2012 restated due to the first-time adoption of IAS 19 rev. 2011. Further information can be taken from note 2 to the financial statements.

Duisburg, August 7, 2013

Klöckner & Co SE

Management Board

Review report

To Klöckner & Co SE, Duisburg

We reviewed the condensed interim consolidated financial statements --comprising the consolidated balance sheet as of June 30, 2013 as well as the consolidated income statement, the statement of comprehensive income, the consolidated cash flow statement and the statement of changes in consolidated equity for the period from January 1 to June 30, 2013 as well as selected notes to the interim consolidated financial statements and selected explanatory notes - and the interim group management report of Klöckner & Co SE as of June 30, 2013 that are part of the semi-annual financial report according to § 37w WpHG. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) as well as in additional consideration of the International Standard on Review Engagements 2410 (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditors' report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Düsseldorf, August 7, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Zeimes	Rodrigues
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Duisburg, August 7, 2013

Klöckner & Co SE

Management Board

Gisbert Rühl
Chairman
of the Management Board

Marcus A. Ketter
Member
of the Management Board

Karsten Lork
Member
of the Management Board

William A. Partalis
Member
of the Management Board

FINANCIAL CALENDAR

November 6, 2013	Q3 interim report 2013 Conference call with journalists Conference call with analysts
March 5, 2014	Annual Financial Statement 2013 Conference call with journalists Conference call with analysts
May 7, 2014	Q1 interim report 2014 Conference call with journalists Conference call with analysts
June 6, 2014	Annual General Meeting 2014, Düsseldorf
August 6, 2014	Q2 interim report 2014 Conference call with journalists Conference call with analysts
November 5, 2014	Q3 interim report 2014 Conference call with journalists Conference call with analysts

Subject to subsequent changes

CONTACT

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Disclaimer

This Report (particularly the "Forecast" section) contains forward-looking statements that are based on the current estimates of the Klöckner & Co SE management with respect to future developments. They are generally identified by the words "expect", "anticipate", "assume", "intend", "estimate", "target", "aim", "plan", "will", "endeavor", "outlook" and comparable expressions and include generally any information that relates to expectations or targets for economic conditions, sales or other performance measures.

Forward-looking statements are based on current plans, estimates and projections. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Klöckner & Co's control. Among the relevant factors are the impacts of important strategic and operating initiatives, including the acquisition or disposal of companies. If these or other risks or uncertainties materialize, or if the assumptions underlying any of the statements prove incorrect, Klöckner & Co's actual results may be materially different from those stated or implied by such statements. Klöckner & Co SE can offer no assurance that its expectations or targets will be achieved.

Without prejudice to existing legal obligations, Klöckner & Co SE does not assume any obligation to update forward-looking statements to take information or future events into account or otherwise. In addition to the figures prepared in line with IFRS or HGB (Handelsgesetzbuch – German Commercial Code), Klöckner & Co SE presents non-GAAP financial performance measures, e.g. EBITDA, EBIT, net working capital and net financial debt.

These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS or HGB. Non-GAAP measures are not subject to IFRS or HGB or to other generally accepted accounting principles. Other companies may define these terms in different ways.

There may be rounding differences in the percentages and figures in this report.

This English version of the interim report is a courtesy translation of the original German version; in the event of variances, the German version shall prevail over the English translation.

