klöckner & co

multi metal distribution

Klöckner & Co SE

A Leading Multi Metal Distributor

Interim Report

as of March 31, 2014

INTERIM REPORT AS OF MARCH 31, 2014

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KLÖCKNER & CO SE

Klöckner & Co Group Figures

Income statement		Q1 2014	Q1 2013	Variance
Sales	€ million	1,572	1,625	– 53
Gross profit	€ million	302	303	– 1
Gross profit margin	%	19.2	18.6	+0.6%p
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	45	29	+16
EBITDA margin	%	2.9	1.8	+1.1%p
Earnings before interest and taxes (EBIT)	€ million	23	2	+21
Earnings before taxes (EBT)	€ million	6	– 16	+22
Net income	€ million	3	– 16	+19
Net income attributable to shareholders of Klöckner & Co SE	€ million	3	– 16	+19
Earnings per share (basic)	€	0.03	– 0.16	+0.19
Earnings per share (diluted)	€	0.03	– 0.16	+0.19
Cash flow statement/Cash flow				
Cash flow from operating activities	€ million	– 65	– 35	– 30
Cash flow from investing activities	€ million	– 6	– 6	0
Free cash flow*)	€ million	– 71	– 41	– 30
Balance sheet				
Net working capital**)	€ million	1,330	1,491	– 161
Net financial debt	€ million	407	482	– 75
Equity	€ million	1,442	1,507	– 65
Equity ratio	%	38.9	37.0	+1.9%p
Balance sheet total	€ million	3,707	4,076	– 369
Other key figures				
Turnover	Tto	1,633	1,646	– 13
Employees at end of period		9,517	10,212	– 695

*) 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

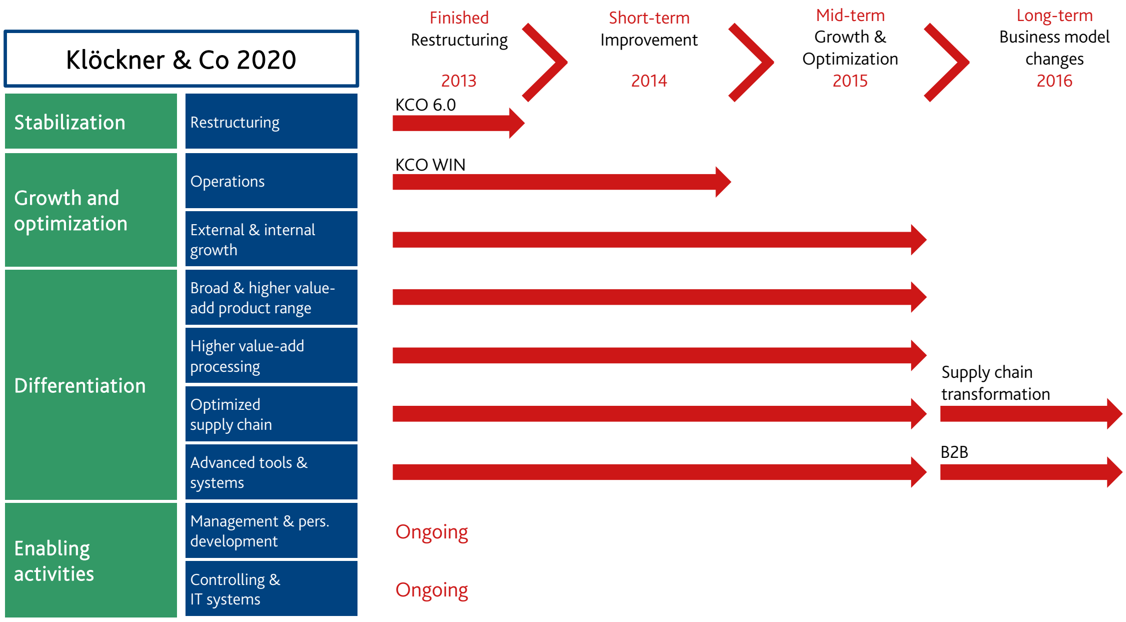
Highlights in the first three months of 2014

- Gross profit margin raised from 18.6% to 19.2%
- EBITDA lifted from €29 million in the prior-year quarter to €45 million and EBIT from €2 million to €23 million
- Positive net income of €3 million compared with net loss of €16 million in prior-year period
- Leverage reduced to 2.4x EBITDA from 4.1x in prior-year quarter
- Swiss reinforcing steel specialist Riedo taken over as the first acquisition since the successful completion of the restructuring program
- EBITDA expected to continue rising to between €50 million and €60 million with slightly increased turnover in the second quarter
- Positive net income and resumption of dividend payments targeted for fiscal year 2014

Corporate strategy

"Klöckner & Co 2020" strategy

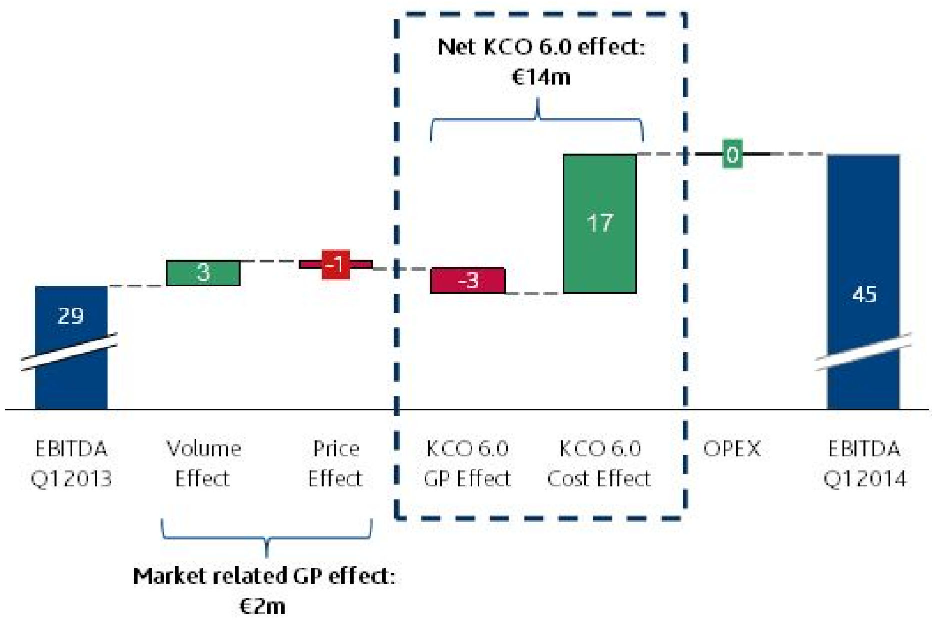
At the end of 2013, we successfully completed our restructuring measures, thereby laying the foundations for the further implementation of our "Klöckner & Co 2020" long-term strategy. This features three elements: Growth and optimization, differentiation and supporting functions.



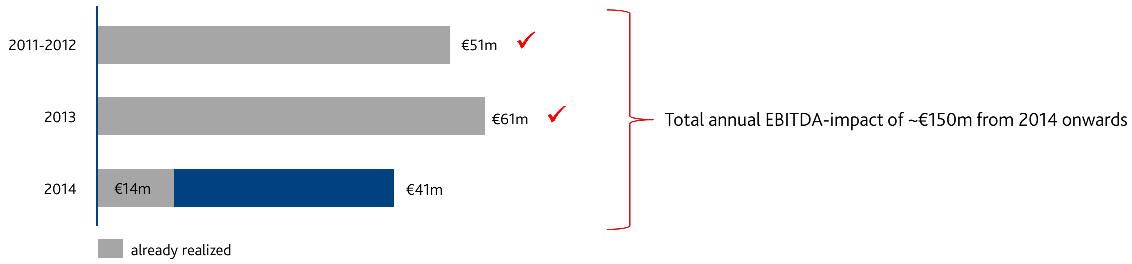
Restructuring program

We acted on the impending decline in demand as early as September 2011, launching the KCO 6.0 restructuring program. Subsequently extended in view of the further drop in demand for steel in Europe, this program was successfully completed by the 2013 year-end. Action taken among other things included a complete withdrawal from Eastern Europe and a significant cutback in activities in Spain and France. Overall, we sold or closed some 70 persistently unprofitable locations under the program and reduced the workforce by approximately 2,300.

The €17 million in cost reductions against prior year delivered by the restructuring were the main driver behind the €16 million increase in EBITDA in the first quarter from €29 million to €45 million.



Over the year as a whole, we expect the restructuring program (KCO 6.0) to make an additional contribution to EBITDA of €41 million and therefore to combine with the measures already implemented in previous years to yield the full annual contribution to EBITDA of around €150 million for the first time.

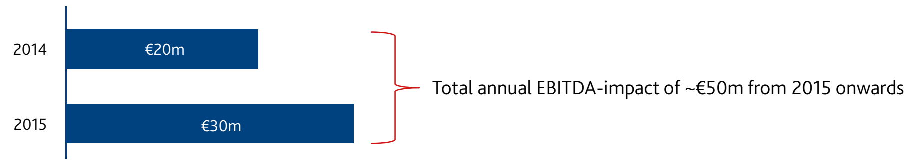


Growth and optimization

Through our follow-up program, KCO WIN, we are working to improve workflows and processes in our business operations. A main focus of the measures is on improvements in sales. Our prime objective in this area is to fine-tune pricing in order to raise the gross profit margin. As part of this, we are linking variable remuneration for our sales staff more closely to the earnings contribution achieved, while stipulating product-specific minimum margins to prevent unprofitable sales from the outset. The newly developed Sales Playbook supports our sales force in selective customer relationship development with existing customers and in developing business with new customers.

In procurement, we plan to better leverage economies of scale by extending centrally controlled procurement activities to additional product ranges. At the same time, we are planning a range of enhancements in the areas of logistics and stockyard management.

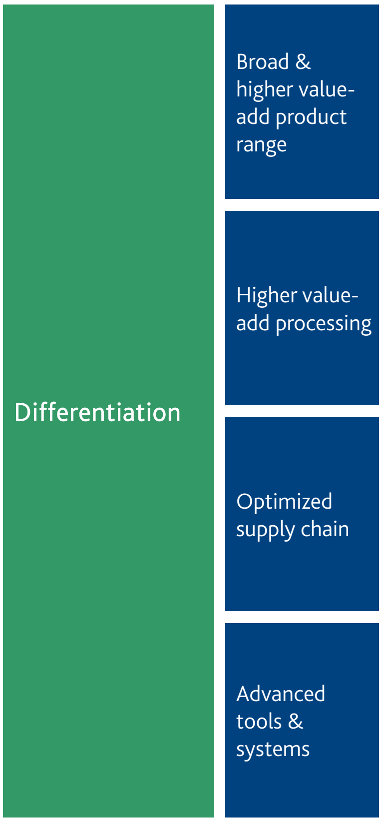
KCO WIN will contribute around €20 million to EBITDA as early as this year, beginning in the second quarter. It is then expected to make its full annual contribution to EBITDA of around €50 million for the first time in 2015.



Our focus in both, organic and external growth, is on expanding prefabrication services and increasing the percentage of sales from premium products. In terms of regional growth opportunities, we continue to see the USA as our most attractive market. We expect steel demand to grow faster and on a more sustained basis there than in Europe. For the main part, we anticipate stimulus for robust growth in steel demand from commercial construction and the comparatively low energy prices, which will likely fuel a reshoring of energy-intensive industries. Having boosted US turnover to 43% of total turnover in 2013, we now aim to raise this to over 50% in the medium term.

Differentiation

To enhance our differentiation, primarily from the many small and mid-size competitors, we are pursuing four main thrusts:



Supply of a broad and increasingly premium range of steel and metal products through our network

We are going to supply customers to a greater extent through our network instead of via individual locations. This means we can provide customers with a comprehensive range of steel and metal products without adding extra inventory.

Expansion of higher value-add processing

We are stepping up investment in higher value-add processing equipment such as 3D tube and pipe laser cutting to additionally provide customers with high-precision parts. Customers gain superior quality at lower cost and we generate higher margins, while integration into customer supply chains enhances customer loyalty.

Optimized supply chain

To a greater extent, we are entering into strategic partnerships with selected producers that grant us direct access to their inventories. This enables us to deliver products directly from the producer to our customers. As a result, we are able to reduce interim storage and thus scale back or eliminate our own inventories.

Extended service portfolio and innovation

We are augmenting our service portfolio and improving the efficiency of our supply chain with innovative tools and systems such as webshops, digital design support and web-based CRM (Customer Relationship Management). In this way, we are able to deliver 24/7 availability for customers with a targeted portfolio. In the medium term, we will go on to roll-out online services at every link in the supply chain.

Enabling activities

The goals outlined can only be attained with a motivated and highly qualified workforce. Management & personnel development is therefore a key supporting function within our strategy. The latest controlling and IT systems are likewise mission-critical when it comes to making business decisions in our volatile markets at all times on the basis of full and current information.

Economic environment

Macroeconomic situation

The first quarter of 2014 saw a further increase in global economic growth compared with the previous quarters, with strong domestic demand in the USA and a pick-up in economic growth in the eurozone contributing to the positive growth rates. Countries weakened by the crisis, such as Spain and Italy in particular, recovered faster than expected. Also in the United Kingdom a gaining growth momentum was noted. Whereas the emerging economies, which otherwise account for the majority of global growth, experienced something of a slowdown.

In the eurozone, economic growth doubled in the first quarter to 1.0% supported by the structural measures put in place.

The US economy grew by 2.6% in the first quarter despite the harsh winter in the first two months. Growth was reinforced by the settling of the US fiscal dispute.

The rate of expansion of the Chinese economy, at 7.4% in the first quarter, did not quite reach the level of prior quarters. Even though China has begun the transition to a consumption-driven economy, growth there continues to be driven largely by government investment.

The Brazilian economy grew by a moderate 2.0% in the first quarter of this year. Weak domestic demand and limited foreign investment prevented stronger growth.

Development of GDP in our core countries (in percent)	Q1 2014 vs Q1 2013
Europe*)	**1.0**
Germany	2.0
United Kingdom	3.1
France	1.0
Spain	0.4
Switzerland	1.9
China	**7.4**
Americas	
United States	2.6
Brazil	2.0

Source: Bloomberg; experts' estimates (in some cases provisional).
*) Eurozone.

Industry-specific situation

Global steel production increased by 2.5% in the first three months of 2014 compared with the prior-year quarter to some 406 million tons of raw steel, although considerable regional differences continued to persist. According to the World Steel Association, production in the USA increased by only 0.8% due to the weather conditions during the first three months. In contrast, almost all countries in the EU recorded large growth rates, such that production increased by 6.7% overall in the first quarter. Chinese production grew by 2.4% and Brazilian production by 0.4%.

In Europe distribution turnover increased notably in the first two months of 2014. In the USA, turnover in distribution grew in the first quarter by 2.5%, according to the Metals Service Center Institute (MSCI).

The steel industry continues to face the problem of massive excess capacity, most of all in China and Europe, resulting in an ongoing supply and demand mismatch and hence structural underutilization. At the end of March, the capacity utilization of steel producers in Europe and the USA stood at only about 77%, with competition remaining fierce in consequence.

Trend in key customer industries

Construction industry

As the largest processor of steel, the construction industry is key to the global trend in steel consumption. According to estimates from the industry association Eurofer, European construction activity grew by 2.4% in the first three months compared with the prior-year quarter, mainly boosted by the mild winter. In the USA, on the other hand, the construction industry was impacted by an unusually harsh winter in the first two months of the year. China saw only a slight increase in construction spending.

Machinery and mechanical engineering

The trend in demand in machinery and mechanical engineering was predominantly positive. According to Eurofer, European machinery and mechanical engineering grew by 3.1% compared with the prior-year quarter, when there was a decline of 7.6%. In the USA, too, demand picked up noticeably in the first three months, while moderate growth was seen in China.

Automotive industry

The economic situation in the international automotive industry varied from region to region in the first three months. According to the German Association of the Automotive Industry (VDA), automotive demand in Europe increased by some 8% compared with the prior-year quarter. Demand in southern European countries likewise showed strong growth. In the USA, the harsh winter prevented stronger growth, resulting in an increase of only 1% in the first quarter. In China, turnover once again showed very dynamic growth at 14.1%. Conversely, Brazil recorded a decline of 1.7%.

Results of operations, financial position and net assets

The key figures for the results of operations, financial position and net assets for the first three months of 2014 are as follows:

Key figures

(€ million)	Q1 2014	Q1 2013
Turnover (Tto)	**1,633**	1,646
Sales	**1,572**	1,625
Gross profit	**302**	303
Gross profit margin	**19.2%**	18.6%
EBITDA	**45**	29
EBITDA margin	**2.9%**	1.8%
	March 31, 2014	**March 31, 2013**
Net working capital	**1,330**	1,491
Net financial debt	**407**	482

Other key figures

(€ million)	Q1 2014	Q1 2013
Gearing (Net financial debt/shareholders' equity*))	29%	32%
Leverage (Net financial debt/EBITDA before restructuring expenses**))	2.4x	4.1x

*) Consolidated shareholders' equity less non-controlling interests and less goodwill from business combinations subsequent to May 23, 2013.
**) EBITDA before restructuring is calculated on a last twelve months basis before reporting date.

Turnover and sales

Group turnover in the first three months of 2014, at 1.6 million tons, was on a par with the prior-year period (down 0.8%). The two operating segments performed differently.

Favored by the mild winter, the Europe segment increased turnover by 2.8% compared with the first three months of 2013. Turnover growth was especially healthy at Becker Stahl-Service (BSS), which serves the automotive business as well as at the Dutch and Swiss country organizations. Spain and France, on the other hand, once again saw a decrease in turnover, partly due to the knock-on effects of restructuring. Without these effects, the Europe segment's turnover growth would have been twice as large.

In contrast, due to the long, harsh winter in the USA, the locational consolidation toward the end of last year and the accelerated reduction in low-margin business, turnover in the Americas segment during the first three months declined by a total of 5.3% compared with a year earlier. The low-margin business with beams for the construction industry was hit particularly hard by the portfolio adjustment, while turnover in sheet products increased and also market share was gained. Turnover in Brazil nonetheless increased following investment in superior prefabrication equipment.

Also due to exchange rate effects, sales declined by slightly more than turnover, falling by a total of 3.2% to €1.6 billion in the first three months of 2014. The Americas segment was especially hard hit, with an 8.4% decrease in sales. In local currency, average selling prices in both, Brazil and the USA, were above prior-year levels.

The Europe segment was unable to sustain the positive price trend from preceding quarters, as a result of which average selling prices were down on their prior-year levels.

Results

(€ million)	Q1 2014	Q1 2013
Sales	1,572	1,625
Gross profit	302	303
EBITDA	45	29
EBIT	23	2
EBT	6	–16
Net income	3	–16

Thanks to the improvement in the gross profit margin from 18.6% in the prior year to 19.2% in the period under review, gross profit, at €302 million, was broadly at the level of the prior year (down 0.2%) – despite the fall in sales. This clearly showed the positive effect of shedding low-margin business under the KCO 6.0 restructuring program.

EBITDA, at €45 million, was well over the comparative prior-year figure of €29 million. Cost-cutting measures under the KCO 6.0 program contributed significantly here in the amount of €17 million. The EBITDA margin increased correspondingly by 1.1 percentage points to 2.9%.

As a result of acquisition-related amortization coming to an end, EBIT improved even more strongly than EBITDA, increasing from €2 million to €23 million.

The financial result also further improved, from a negative €19 million to a negative €17 million. The main alleviating factor here was in interest expense following the redemption of promissory notes in the prior year. EBT consequently amounted to €6 million compared with a negative €16 million in the prior-year period.

The inability to offset tax losses between countries combined with restrictive recognition of deferred tax assets resulted in an income tax expense of €3 million in the first quarter (Q1 2013: income tax benefit of €1 million). Overall, this resulted in a positive net income of €3 million (Q1 2013: net loss of €16 million).

Basic earnings per share came to €0.03 compared with a negative €0.16 in the prior-year quarter.

EBITDA by segments

(€ million)	Q1 2014	Q1 2013
Europe	**26**	14
Americas	**24**	21
Headquarters	**–5**	–6
Klöckner & Co Group	**45**	**29**

EBITDA in the Europe segment increased from €14 million to €26 million in the first three months of 2014, largely thanks to the contributions from the KCO 6.0 restructuring program. Except for a slight decrease in Spain, all countries in the segment delivered a rise in EBITDA compared with the first three months of the prior year. The EBITDA margin improved correspondingly by 1.1 percentage points to 2.5%. As before, BSS and the Swiss country organization proved to be the key drivers of segment EBITDA.

Despite lower turnover in the USA, EBITDA in the Americas segment likewise increased from €21 million to €24 million and with it the EBITDA margin 1.0 percentage points to 4.4%.

Headquarters' EBITDA improved slightly, at a negative €5 million (Q1 2013: negative €6 million).

Consolidated balance sheet

(€ million)	March 31, 2014	December 31, 2013
Non-current assets	967	977
Current assets		
Inventories	1,220	1,166
Trade receivables	882	687
Other current assets	111	170
Liquid funds	527	595
Total assets	3,707	3,595
Equity	1,442	1,445
Non–current liabilities		
Financial liabilities	747	727
Other non–current liabilities	357	350
Current liabilities		
Financial liabilities	179	184
Trade payables	772	637
Other current liabilities	210	252
Total equity and liabilities	3,707	3,595

Of the €10 million decline in non-current assets, €5 million relates to intangible assets and €5 million to property, plant and equipment.

Most of the reduction in other current assets is accounted for by the settlement of prior-year withholding tax refund entitlements and lower supplier bonus receivables part way through the year.

Partly due to the seasonal increase in net working capital, cash and cash equivalents went down from €595 million to €527 million.

The 39% equity ratio as of March 31, 2014 continues to reflect the solid balance sheet and was only slightly down on the level of December 31, 2013 (40%) despite increased total assets.

The increase in other non-current liabilities (by €7 million) primarily relates to higher pension provisions (up €12 million) and a slight decrease in miscellaneous non-current liabilities. The increase in pension provisions follows from reduced discount factors.

Net working capital

(€ million)	March 31, 2014	March 31, 2013	December 31, 2013
Inventories	1,220	1,286	1,166
Trade receivables	882	923	687
Trade payables	–772	–718	–637
Net working capital	**1,330**	**1,491**	**1,216**

At €1,330 million, net working capital showed a seasonal increase at the end of fiscal year 2013 (€1,216 million). However, it was significantly below the figure for March 31, 2013 (€1.491 million).

Net financial debt

(€ million)	March 31, 2014	March 31, 2013	December 31, 2013
Net financial debt	407	482	325
Gearing (Net financial debt/shareholders' equity)*)	29%	32%	23%

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

Net financial debt came to €407 million due to the larger amount of funds tied up in working capital; this is above the figure as of December 31, 2013 (€325 million) but marks a sharp drop compared with March 31, 2013 (€482 million). At 29%, gearing remains well below the 150% maximum applicable for financing purposes.

The Group continues to have sufficient financial leeway following the early extension to May 2017 of the European ABS program in the unaltered amount of €360 million. The average remaining term for all credit facilities is around three years.

Consolidated statement of cash flows

(€ million)	Q1 2014	Q1 2013
Cash flow from operating activities	–65	–35
Cash flow from investing activities	–6	–6
Free cash flow	**–71**	**–41**
Cash flow from financing activities	2	93

Including the increase in net working capital against December 31, 2013, the cash outflow from operating activities, at €65 million, was larger than the prior-year cash outflow of €35 million. The cash outflow from investing activities amounted to €6 million (Q1 2013: €6 million). In total, this resulted in a negative free cash flow of €71 million, compared with a negative €41 million in the prior-year period. Cash flow from financing activities came to €2 million (Q1 2013: €93 million).

Subsequent events

On April 2, the rating agency Standard & Poor's upgraded its outlook for Klöckner & Co from "negative" to "stable" while retaining the rating at B+.

The acquisition of a 75% shareholding in Riedo Bau + Stahl AG ("Riedo") was closed in Switzerland at the beginning of April. The contract provides for the remaining shares to be transferred as well within two years.

With three locations, Riedo is one of Switzerland's leading specialists in reinforcing steel, generating sales of some €140 million in 2013. The company has a workforce of approximately 180. The takeover of Riedo comes as part of the "Klöckner & Co 2020" growth strategy, which focuses acquisition-based growth on companies offering higher value-add processing. Including the 25% shareholding yet to be transferred, the purchase price is CHF 102 million (roughly €84 million).

On April 11, 2014, the syndicated loan in the amount of €360 million was extended by one year to May 2017 under an option in the existing loan agreement. All syndicate banks approved the extension.

Macroeconomic outlook including key opportunities and risks

Expected global economic growth

While the development of the global economy is still bound up with various uncertainties, the overall outlook has improved. The structural measures put in place in the eurozone are beginning to take effect. In the USA, there are positive signals with regard to higher consumer spending and the labor market. In China, the slowdown in growth appears to continue. For 2014, the International Monetary Fund (IMF) estimates growth of 3.6% for the world economy. However, there is still a substantial risk of a relapse, as many problems such as the European sovereign debt and banking crisis have not yet been ultimately resolved and new uncertainties – such as the current Ukraine crisis – may arise.

After a decline in economic output in 2013, the International Monetary Fund expects the eurozone to return to moderate growth of 1.2% in 2014, with an upward trend emerging over the quarters. The growth expectations for the USA are higher at 2.8% due to the more dynamic economy supported by lower energy costs. However, growth could be hurt by lower than forecast infrastructure investments. China's economic growth in 2014 is expected to be lower than in previous years, at 7.5%. The IMF expects the Brazilian economy to experience relatively low growth for an emerging market, at 1.8%, despite the upcoming major sporting events as well as the development of large oil and gas deposits.

Expected development of GDP in our core countries (in percent)	2014
Europe*)	**1.2**
Germany	1.7
United Kingdom	2.9
France	1.0
Spain	0.9
Switzerland	2.1
China	**7.5**
Americas	
United States	2.8
Brazil	1.8

Source: International Monetary Fund, Bloomberg.
*) Euro zone.

Expected sector trend

In its April projection, the World Steel Association predicted that global steel consumption would grow by 3.1% in 2014. Relatively restrained growth of 3.0% is expected for China. For the European Union, the association anticipates an increase of 3.1%, while the North American Free Trade Agreement (NAFTA) region is forecast to grow by 3.8% and South and Central America by 3.4%.

Expected trend in our core customer sectors

Construction industry

According to Euroconstruct estimates, construction industry sales will grow by a moderate 0.9% in Europe in 2014. In the USA, an increase of 1.6% is expected for 2014. After residential housing construction has already gained significant momentum, impetus is now also expected from commercial construction. In China, the nationwide process of urbanization is driving demand for residential housing, giving rise to growth forecasts of 8.5% for the construction industry. In Brazil, favorable real estate loans are stimulating demand for residential property, with the result that, after a slowdown, the Brazilian construction industry is now expected to return to solid growth.

Machinery and mechanical engineering

The German Engineering Federation (VDMA) projects a 6% increase for global machinery and mechanical engineering sales in 2014. After years of comparatively low demand, this cyclical sector is thus re-entering a growth phase. The federation expects real growth of 3% for the current year in Europe. In the USA, growth in machinery and mechanical engineering will be lower than in Europe, although twice as high as the US figure for 2013, with the VDMA projecting a 2% increase for the current fiscal year. Further growth of 9% is expected in China in 2014. Growth in Brazil, in contrast, is expected to slow sharply, dropping from 8% in the previous year to just 1% in 2014.

Automotive industry

Growth of around 4% is projected for the global automotive market in 2014. In Europe, forecasts indicate growth of 2% based on low interest rates and easing in the labor markets. Strong replacement demand in the USA is expected to drive growth of 3% in 2014, while growth in China is forecast to be higher at 4%. However, automobile production in Brazil is expected to increase only slightly by approximately 0.7% due to higher taxes and safety standards driving up costs.

Current assessment of opportunities and risks

The detailed information provided in the Opportunities and Risks section on pages 59 to 69 of the 2013 Annual Report essentially 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 2013 Annual Report.

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

In the USA, steel and metal prices showed a mixed picture in the first quarter, whereas most products increased slightly in price in Europe. Although steel prices remain close to production costs, the persistent surplus capacity means 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, potentially resulting in increased borrowing costs for customer industries, combined with a further decrease in capital investment. Furthermore, economic recovery in Europe and the USA could turn out to be weaker than generally expected. Also, the current Ukraine crisis could burden the economic recovery in Europe and therefore also have a negative impact – if not directly but indirectly – on Klöckner & Co. 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 reindustrialization as a result of low energy costs. The Fed's increasingly restrictive monetary policy could have a dampening effect on the economy.

In summary, the Management Board is confident that the systems for managing opportunities and risks 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

For Europe, we expect that steel demand will increase slightly by about 2% over the year as a whole, driven in particular by growth in machinery and mechanical engineering as well as in the automotive industry.

Even though the long-enduring winter depressed demand in the USA in the first quarter, we anticipate growth of 3% to 4% for the full year, given the still very robust state of the automotive industry and the expected upturn in commercial construction.

Due to seasonal factors, turnover should increase slightly in the second quarter. We therefore anticipate a further improvement in EBITDA in a range of between €50 million and €60 million. The increasing effects of our KCO WIN optimization program coupled with the first-time consolidation of the Swiss acquisition will also contribute to the anticipated increase in earnings.

We continue to expect that, over the year as a whole, we will clearly surpass our prior-year figure of €150 million for EBITDA before restructuring expenses. The main drivers of the anticipated improvement in earnings will be the incremental contributions to EBITDA from the completed KCO 6.0 restructuring program, the KCO WIN optimization program and our acquisition in Switzerland.

At the same time, our interest cost will decrease considerably due to the repayment of liabilities and also our acquisition-related amortization will come down. Even if the market recovery that is generally anticipated fails to materialize, we therefore aim to achieve positive net income again and to pay a dividend for fiscal year 2014.

Duisburg, May 8, 2014

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

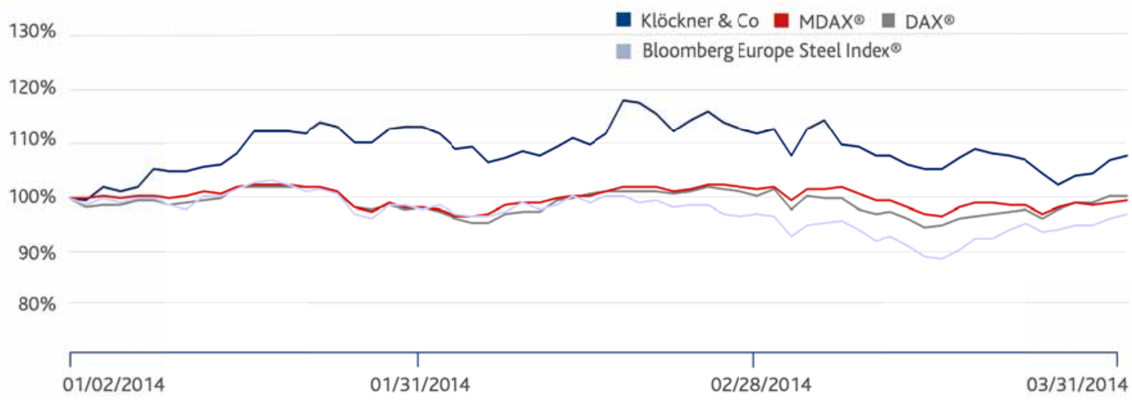
In the first quarter of 2014, Klöckner & Co shares reinforced the upward trend seen in the previous year and, at the end of March, were trading at €10.69, an increase of around 8% on the 2013 closing price. The DAX® and the MDAX® trended sideways during the same period, while the steel industry index lost around 3% (Bloomberg Europe Steel Index).

The average trading volume in Klöckner & Co shares during the first quarter was around €8 million a day, a significant increase on the fourth quarter (around €5.1 million a day). Klöckner & Co shares therefore ranked 32nd on trading volume and 45th on free float market capitalization in Deutsche Börse AG's ranking for MDAX® stocks in March 2014.

Key data – Klöckner & Co share

		Q1 2014	Q1 2013
Number of shares	in shares	99,750,000	99,750,000
Closing price (Xetra, Close)	€	10.69	11.02
Market capitalization	€ million	1,066	1,099
Free float	%	92.2	92.2
High (Xetra, Close)	€	11.71	11.53
Low (Xetra, Close)	€	9.93	8.81
Average daily trading volume	in shares	764,245	852,368

Performance of Klöckner & Co shares compared with DAX®, MDAX® and Bloomberg Europe Steel Index® *(values indexed)*



Ownership structure

At the time of preparation, our largest shareholders with a shareholding of between 5% and 10% were Interfer Holding GmbH, Franklin Mutual Advisors and Templeton Investment Counsel, LLC, and with shareholdings of between 3% and 5% each, Allianz Global Investors Europe GmbH, Franklin Templeton Investments Corp. and Dimensional Holdings Inc./Dimensional Fund Advisors LP. We have currently 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 stands at 92.2%.

Capital market communications

During the first quarter of 2014, 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 three roadshows and four conferences in Germany and internationally, as well as at many additional one-on-one discussions. Discussions with investors focused primarily on the full-year results, the progress of the ongoing enhancements and the acquisition of Riedo Bau + Stahl AG.

In the first three months, Klöckner & Co was covered by 32 banks and securities houses in over 40 research reports. As of the end of March, 14 of the securities houses rated Klöckner & Co shares a "buy". Thirteen gave a "hold" recommendation and five rated Klöckner & Co shares a "sell".

Klöckner & Co also provides information on the latest Group developments 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 parties 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 three-month period ending March 31, 2014

(€ thousand)	Q1 2014	Q1 2013
Sales	1,572,025	1,624,736
Other operating income	9,549	8,392
Change in inventory	2,803	1,927
Own work capitalized	2	-
Cost of materials	–1,272,802	–1,324,106
Personnel expenses	–140,860	–150,942
Depreciation and amortization	–21,981	–26,183
Other operating expenses	–125,657	–131,347
Operating result	23,079	**2,477**
Finance income	509	474
Finance expenses	–17,282	–19,314
Financial result	–16,773	**–18,840**
Income before taxes	6,306	**–16,363**
Income taxes	–3,292	607
Net income	3,014	**–15,756**
thereof attributable to		
– shareholders of Klöckner & Co SE	*2,779*	*–15,711*
– non–controlling interests	*235*	*–45*
Earnings per share (€/share)		
– basic	0.03	**–0.16**
– diluted	0.03	**–0.16**

KLÖCKNER & CO SE

Statement of comprehensive income for the three-month period ending March 31, 2014

(€ thousand)	Q1 2014	Q1 2013
Net income	**3,014**	**–15,756**
Other comprehensive income not reclassifiable		
Actuarial gains and losses (IAS 19)	–12,199	17,902
Related income tax	1,132	–4,437
Total	**–11,067**	**13,465**
Other comprehensive income reclassifiable		
Foreign currency translation	2,930	6,005
Gain/loss from net investment hedges	218	–1,183
Gain/loss from cash flow hedges	1,685	1,840
Reclassification to profit and loss due to sale of foreign subsidiaries	-	127
Related income tax	–533	–261
Total	**4,300**	**6,528**
Other comprehensive income	**–6,767**	**19,993**
Total comprehensive income	**–3,753**	**4,237**
thereof attributable to		
– shareholders of Klöckner & Co SE	*–4,164*	*3,689*
– non–controlling interests	*411*	*548*

KLÖCKNER & CO SE

Consolidated statement of financial position as of March 31, 2014

Assets

(€ thousand)	March 31, 2014	December 31, 2013
Non-current assets		
Intangible assets	369,938	374,874
Property, plant and equipment	563,980	569,214
Investment property	10,486	10,486
Non–current investments	1,419	1,547
Other assets	14,312	14,525
Deferred tax assets	6,733	6,103
Total non–current assets	966,868	**976,749**
Current assets		
Inventories	1,220,600	1,166,505
Trade receivables	882,166	686,721
Current income tax receivable	22,791	61,944
Other assets	74,480	92,203
Cash and cash equivalents	527,288	595,393
Assets held for sale	13,142	15,170
Total current assets	2,740,467	**2,617,936**
Total assets	3,707,335	**3,594,685**

Equity and liabilities

(€ thousand)	March 31, 2014	December 31, 2013
Equity		
Subscribed capital	249,375	249,375
Capital reserves	900,759	900,759
Retained earnings	269,704	266,925
Accumulated other comprehensive income	5,557	12,500
Equity attributable to shareholders of Klöckner & Co SE	1,425,395	1,429,559
Non–controlling interests	16,324	15,913
Total equity	1,441,719	1,445,472
Non–current liabilities		
Provisions for pensions and similar obligations	247,517	235,575
Other provisions and accrued liabilities	16,819	16,900
Financial liabilities	746,614	726,991
Other liabilities	5,419	6,326
Deferred tax liabilities	87,656	90,981
Total non–current liabilities	1,104,025	1,076,773
Current liabilities		
Other provisions and accrued liabilities	104,559	123,171
Income tax liabilities	20,645	55,261
Financial liabilities	178,506	184,149
Trade payables	772,439	636,972
Other liabilities	85,442	72,887
Total current liabilities	1,161,591	1,072,440
Total liabilities	2,265,616	2,149,213
Total equity and liabilities	3,707,335	3,594,685

KLÖCKNER & CO SE

Consolidated statement of cash flows
for the three-month period ending March 31, 2014

(€ thousand)	Q1 2014	Q1 2013
Net income	3,014	–15,756
Income taxes	3,292	–607
Financial result	16,773	18,840
Depreciation and amortization	21,981	26,183
Other non–cash expenses/income	–100	1,133
Gain on disposal of non–current assets	–1,933	–75
Change in net working capital		
Inventories	–52,305	–19,682
Trade receivables	–194,323	–130,778
Trade payables	134,296	80,402
Change in other operating assets and liabilities	9,413	16,208
Interest paid	–3,779	–5,268
Interest received	615	707
Income taxes paid	–2,275	–6,749
Cash flow from operating activities	–65,331	**–35,442**
Proceeds from the sale of non–current assets and assets held for sale	5,789	1,286
Proceeds from the sale of consolidated subsidiaries	-	2,590
Payments for intangible assets, property, plant and equipment	–11,828	–9,802
Cash flow from investing activities	–6,039	**–5,926**
Net change of financial liabilities	2,430	92,684
Cash flow from financing activities	2,430	**92,684**
Changes in cash and cash equivalents	–68,940	**51,316**
Effect of foreign exchange rates on cash and cash equivalents	835	1,373
Cash and cash equivalents at the beginning of the period	595,393	610,215
Cash and cash equivalents at the end of the period	527,288	**662,904**
thereof included in “Assets held for sale”	-	–139
Cash and cash equivalents at the end of the reporting period as per statement of financial position	527,288	**662,765**

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, 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			–15,711
Total comprehensive income			
Balance as of March 31, 2013	**249,375**	**900,759**	**352,665**
Balance as of January 1, 2014	**249,375**	**900,759**	**266,925**
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			2,779
Total comprehensive income			
Balance as of March 31, 2014	**249,375**	**900,759**	**269,704**

	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
	131,136	–127,267	–42,748	1,479,631	22,740	1,502,371
	5,412			5,412	593	6,005
			–1,183	–1,183		–1,183
			1,840	1,840		1,840
		17,902		17,902		17,902
		–4,437	–261	–4,698		–4,698
	127			127		127
				19,400	593	19,993
				–15,711	–45	–15,756
				3,689	548	4,237
	136,675	–113,802	–42,352	1,483,320	23,288	1,506,608
	72,912	–56,648	–3,764	1,429,559	15,913	1,445,472
	2,754			2,754	176	2,930
			218	218		218
			1,685	1,685		1,685
		–12,199		–12,199		–12,199
		1,132	–533	599		599
				–6,943	176	–6,767
				2,779	235	3,014
				–4,164	411	–3,753
	75,666	–67,715	–2,394	1,425,395	16,324	1,441,719

Selected explanatory notes to the interim consolidated financial statements of Klöckner & Co SE for the three-month period ending March 31, 2014

(1) BASIS OF PRESENTATION

The condensed interim consolidated financial statements of Klöckner & Co SE for the three-month period ending March 31, 2014 were prepared for the interim presentation in accordance with Sec. 37 x para. 3 WpHG in connection with Sec. 37 w, para. 2 no. 1 and 2, para. 3 and para. 4 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 not 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 March 31, 2014 are generally consistent with those used for the consolidated financial statements of Klöckner & Co SE as of December 31, 2013 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 82 to 95 of the 2013 Annual Report.

As part of the preparation of an interim consolidated financial statement in accordance with the IAS 34 for the period ending March 31, 2014, 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 March 31, 2014 are not necessarily indicative of future results.

The present interim consolidated financial statements for the three-month period ending March 31, 2014 were authorized for issuance by the Management Board after discussion with the Audit Committee of the Supervisory Board on May 8, 2014. Unless otherwise indicated, all amounts are stated in million euros (€ million). Discrepancies to the unrounded figures may arise.

(2) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The following table summarizes accounting standards and interpretations that were initially applied in fiscal year 2014:

Standard/Interpretation
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
Amendments to IFRS 10, IFRS 11 and IFRS 12 Transition Guidance
Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities
Amendments to IAS 27 Separate Financial Statements
Amendments to IAS 28 Investments in Associates and Joint Ventures
IFRIC Interpretation 21 (Levies)
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

IFRS 10 introduced a new and comprehensively revised definition of control. If an entity has control over another entity, the parent company must consolidate its subsidiary. Under the revised concept, control is deemed to exist when the potential parent company has the power to direct decisions of the subsidiary via majority voting rights or by other means, when the parent company participates in variable positive or negative returns and is able to influence these returns with its decision power.

IFRS 11 revises the accounting for joint arrangements. Under the new standard an entity is required to assess whether an arrangement is a joint operation or a joint venture.

IFRS 12 governs disclosure for interests in other entities. The disclosure requirements under the new standard are more comprehensive than those previously listed in IAS 27, IAS 28 and IAS 31.

The amendments to IFRS 10, IFRS 11 and IFRS 12 include clarification and certain transition alleviations when adopting these standards. The additional amendments to these standards provide a definition of investment entities and scope out such entities from the application of IFRS 10.

By issuing IFRS 10, regulations with regard to the definition of control and the preparation of consolidated financial statements were removed from IAS 27. As a result, IAS 27 only contains regulations for the accounting of subsidiaries, associates and joint ventures in stand-alone IFRS financial statements from now on.

By issuing IFRS 11, also modifications were made to IAS 28. IAS 28 governs the application of the equity method of accounting. The scope of IAS 28 was significantly extended as it now also includes joint ventures in addition to investments in associates. The proportional method of consolidation is no longer applicable.

IFRIC 21 regulates the closing date of public taxes accrued either upon threshold limits (e.g., revenues) or accrued irregularly within one year and not being subject to IAS12 (Income Taxes).

The IAS 39 (Financial Instruments Recognition and Measurement) alignment "Novation of Derivatives and Continuation of Hedge Accounting" provides for constant hedge accounting in case of novation of a hedging instrument provided that specified conditions are complied with.

The initial application of the new standards and interpretation did not have an impact on the consolidated financial statements.

(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 (2013: 13,364 thousand shares) were not included in the computation of diluted earnings per share as the quarterly result would be increased.

		Q1 2014	Q1 2013
Net income attributable to shareholders of Klöckner & Co SE	(€ thousand)	2,779	–15,711
Weighted average number of shares	(thousands of shares)	99,750	99,750
Basic earnings per share	**(€/share)**	**0.03**	**–0.16**
Diluted earnings per share	**(€/share)**	**0.03**	**–0.16**

(4) INVENTORIES

(€ million)	March 31, 2014	December 31, 2013
Cost	1,259.4	1,206.5
Valuation allowance (net realizable value)	–38.8	–40.0
Inventories	**1,220.6**	**1,166.5**

(5) FINANCIAL LIABILITIES

(€ million)	March 31, 2014	December 31, 2013
Non–current financial liabilities		
Bonds	171.8	169.8
Liabilities to banks	185.2	184.8
Promissory notes	183.6	183.5
Liabilities under ABS programs	205.6	188.5
Finance lease liabilities	0.4	0.4
	746.6	727.0
Current financial liabilities		
Bonds	102.5	98.1
Liabilities to banks	19.1	30.9
Promissory notes	55.7	53.5
Liabilities under ABS programs	0.3	0.5
Finance lease liabilities	0.9	1.1
	178.5	184.1
Financial liabilities as per consolidated balance sheet	925.1	911.1

Net financial debt developed as follows:

(€ million)	March 31, 2014	December 31, 2013
Financial liabilities as per consolidated balance sheet	925.1	911.1
Transaction costs	8.9	9.6
Gross financial liabilities	934.0	920.7
Cash and cash equivalents	–527.3	–595.4
Net financial debt Klöckner & Co Group	406.7	325.3

In March 2014, the European ABS program with a volume of €360 million was extended for one year until May 2017.

(6) FINANCIAL INSTRUMENTS

The carrying amounts and fair values by category of financial instruments are as follows:

Financial assets as of March 31, 2014

		Measurement in accordance with					
				IAS 39	IAS 17		
(€ million)	Carrying amount	Amortized costs	Fair value recognized in profit and loss	Fair value recognized in equity	Amortized costs	Not covered by the scope of IFRS 7	Fair value
Non–current financial assets							
Non–current investments	*1.4*	*1.4*	-	-	-	-	*1.4*
Loans and receivables	0.9	0.9	-	-	-	-	0.9
Financial assets available for sale	0.5	0.5	-	-	-	-	0.5
Other non–current assets	*14.3*	*10.4*	-	-	-	*3.9*	*10.4*
Loans and receivables	10.4	10.4	-	-	-	-	10.4
Not covered by the scope of IFRS 7	3.9	-	-	-	-	3.9	-
Current financial assets							
Trade receivables	*882.2*	*882.2*	-	-	-	-	*882.2*
Loans and receivables	882.2	882.2	-	-	-	-	882.2
Other current assets	*74.5*	*60.2*	*0.1*	-	-	*14.2*	*60.3*
Loans and receivables	60.2	60.2	-	-	-	-	60.2
Derivative financial instruments not designated in hedge accounting (held for trading)	0.1	-	0.1	-	-	-	0.1
Not covered by the scope of IFRS 7	14.2	-	-	-	-	14.2	-
Liquid funds	*527.3*	*527.3*	-	-	-	-	*527.3*
Loans and receivables	477.1	477.1	-	-	-	-	477.1
Financial assets available for sale	50.2	50.2	-	-	-	-	50.2
Total	**1,499.7**	**1,481.5**	**0.1**	**-**	**-**	**18.1**	**1,481.6**

Financial liabilities as of March 31, 2014

(€ million)	Carrying amount	Amortized costs (IAS 39)	Fair value recognized in profit and loss (IAS 39)	Fair value recognized in equity (IAS 39)	Amortized costs (IAS 17)	Not covered by the scope of IFRS 7	Fair value
Non–current financial liabilities							
Non–current financial liabilities	*746.6*	*746.2*	-	-	*0.4*	-	*761.0*
Liabilities measured at amortized costs	746.2	*746.2*	-	-	-	-	760.6
Liabilities under finance leases	0.4	-	-	-	0.4	-	0.4
Other non–current liabilities	*5.4*	*0.9*	*1.1*	*3.4*	-	-	*5.4*
Liabilities measured at amortized costs	0.9	0.9	-	-	-	-	0.9
Derivative financial instruments not designated in hedge accounting (held for trading)	1.1	-	1.1	-	-	-	1.1
Derivative financial instruments designated in hedge accounting	3.4	-	-	3.4	-	-	3.4
Not covered by the scope of IFRS 7	-	-	-	-	-	-	-
Current financial liabilities							
Current financial liabilities	*178.5*	*177.6*	-	-	*0.9*	-	*180.6*
Liabilities measured at amortized costs	177.6	177.6	-	-	-	-	179.7
Liabilities under finance leases	0.9	-	-	-	0.9		0.9
Current trade liabilities	*772.4*	*772.4*	-	-	-	-	*772.4*
Liabilities measured at amortized costs	772.4	772.4	-	-	-	-	772.4
Other current liabilities	*85.5*	*20.1*	*0.1*	*16.3*	-	*49.0*	*36.5*
Liabilities measured at amortized costs	20.1	20.1	-	-	-	-	20.1
Derivative financial instruments not designated in hedge accounting (held for trading)	0.1	-	0.1	-	-	-	0.1
Derivative financial instruments designated in hedge accounting	16.3	-	-	16.3	-	-	16.3
Not covered by the scope of IFRS 7	49.0	-	-	-	-	49.0	-
Total	**1,788.4**	**1,717.2**	**1.2**	**19.7**	**1.3**	**49.0**	**1,755.9**

Financial assets as of December 31, 2013

(€ million)	Carrying amount	Measurement in accordance with IAS 39: Amortized costs	IAS 39: Fair value recognized in profit and loss	IAS 39: Fair value recognized in equity	IAS 17: Amortized costs	Not covered by the scope of IFRS 7	Fair value
Non–current financial assets							
Non–current investments	*1.5*	*1.5*	-	-	-	-	*1.5*
Loans and receivables	0.9	0.9	-	-	-	-	0.9
Financial assets available for sale	0.6	0.6	-	-	-	-	0.6
Other non–current assets	*14.5*	*10.5*	-	-	-	*4.0*	*10.5*
Loans and receivables	10.5	10.5	-	-	-	-	10.5
Not covered by the scope of IFRS 7	4.0	-	-	-	-	4.0	-
Current financial assets							
Trade receivables	*686.7*	*686.7*	-	-	-	-	*686.7*
Loans and receivables	686.7	686.7	-	-	-	-	686.7
Other current assets	*92.2*	*79.4*	*0.4*	-	-	*12.4*	*79.8*
Loans and receivables	79.4	79.4	-	-	-	-	79.4
Derivative financial instruments not designated in hedge accounting (held for trading)	0.4	-	0.4	-	-	-	0.4
Not covered by the scope of IFRS 7	12.4	-	-	-	-	12.4	-
Liquid funds	*595.4*	*595.4*	-	-	-	-	*595.4*
Loans and receivables	544.9	544.9	-	-	-	-	544.9
Financial assets available for sale	50.5	50.5	-	-	-	-	50.5
Total	**1,390.3**	**1,373.5**	**0.4**	**-**	**-**	**16.4**	**1,373.9**

Financial liabilities as of December 31, 2013

		Measurement in accordance with					
		IAS 39			IAS 17		
(€ million)	Carrying amount	Amortized costs	Fair value recognized in profit and loss	Fair value recognized in equity	Amortized costs	Not covered by the scope of IFRS 7	Fair value
Non–current financial liabilities							
Non–current financial liabilities	*727.0*	*726.6*	-	-	*0.4*	-	*741.5*
Liabilities measured at amortized costs	726.6	*726.6*	-	-	-	-	741.1
Liabilities under finance leases	0.4	-	-	-	0.4	-	0.4
Other non–current liabilities	*6.3*	*1.9*	*1.1*	*3.3*	-	-	*6.3*
Liabilities measured at amortized costs	1.9	1.9	-	-	-	-	1.9
Derivative financial instruments not designated in hedge accounting (held for trading)	1.1	-	1.1	-	-	-	1.1
Derivative financial instruments designated in hedge accounting	3.3	-	-	3.3	-	-	3.3
Not covered by the scope of IFRS 7	-	-	-	-	-	-	-
Current financial liabilities							
Current financial liabilities	*184.1*	*183.0*	-	-	*1.1*	-	*185.3*
Liabilities measured at amortized costs	183.0	183.0	-	-	-	-	184.2
Liabilities under finance leases	1.1	-	-	-	1.1	-	1.1
Current trade liabilities	*637.0*	*637.0*	-	-	-	-	*637.0*
Liabilities measured at amortized costs	637.0	637.0	-	-	-	-	637.0
Other current liabilities	*72.9*	*20.5*	*0.7*	*16.8*	-	*34.9*	*38.0*
Derivative financial instruments not designated in hedge accounting (held for trading)	0.7	-	0.7	-	-	-	0.7
Derivative financial instruments designated in hedge accounting	16.8	-	-	16.8	-	-	16.8
Not covered by the scope of IFRS 7	34.9	-	-	-	-	34.9	-
Total	**1,627.3**	**1,569.0**	**1.8**	**20.1**	**1.5**	**34.9**	**1,608.1**

The fair values of current financial assets are largely identical to their carrying amounts. The fair values of financial liabilities reflect the current market environment as of reporting date for the respective financial instruments. The fair value is not reduced by transaction costs. For current financial liabilities for which no transaction costs are to be considered, the carrying amount approximates the fair value.

Derivative financial instruments not designated in hedge accounting include a put liability incurred in the acquisition of the Brazilian Kloeckner Metals Brasil Group (former Frefer Group) for a possible transfer of the remaining non-controlling interests. The value is based on the discounted future profits. The projected results are derived from the business plan. The change in the value of liabilities during the first quarter amounted to €37 thousand and is included in the financial result.

Any assets and liabilities recognized are accounted for at fair value and are regularly remeasured.

The valuation of all financial instruments follows the hierarchy concept of IFRS 13. Financial instruments for which the fair value is obtained from quoted prices for similar instruments are classified as Level 1. If fair values are derived from directly observable market inputs, those instruments are included in Level 2. Financial instruments for which the fair values are not based on observable market data are assigned to Level 3. With the exception of the put liability agreed on in connection with the Kloeckner Metals Brasil Group acquisition (€1.0 million), financial instruments are allocated to Level 2 of the measurement hierarchy.

(7) SUBSEQUENT EVENTS

On April 2, rating agency Standars & Poor’s upgraded its outlook for Klöckner & Co from “negative“ to “stable“ while retaining the rating at B+.

In the beginning of April, the acquisition of 75% of BST Holding AG, Oberbipp, Switzerland, including its subsidiary Riedo Bau + Stahl AG (“Riedo”), was closed. The agreement provides for the remaining shares to be transferred within two years.

With its three locations, Riedo is one of Switzerland’s leading specialists in reinforcing steel, generating sales of some €140 million in 2013. The company has a workforce of approximately 180. The acquisition is part of the “Klöckner & Co 2020” growth strategy, which focuses on entities with higher value-added processing services.

Including the 25% shareholding yet to be transferred, the purchase price is CHF 102 million (roughly €84 million). Due to the transaction coinciding with the compilation of the interim financial statements, further information according to IFRS 3.B64 cannot be published at present.

On April 11, 2014, the syndicated loan with a volume of €360 million was early extended for one year until May 2017.

(8) 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.

(9) SEGMENT REPORTING

(€ million)	Europe Q1 2014	Europe Q1 2013	Americas Q1 2014	Americas Q1 2013	Headquarters/ Consolidation Q1 2014	Headquarters/ Consolidation Q1 2013	Total Q1 2014	Total Q1 2013
Segment sales	1,015.2	1,016.7	556.8	608.0	-	-	1,572.0	1,624.7
EBITDA (segment result)	25.8	14.4	24.3	20.6	−5.0	−6.3	45.1	28.7
EBIT	14.5	2.4	14.0	7.1	−5.4	−7.0	23.1	2.5
Net working capital as of March 31, 2014 (December 31, 2013)	823.3	755.9	504.5	457.8	2.5	2.6	1,330.3	1,216.3
Employees as of March 31, 2014 (December 31, 2013)	6,879	6,895	2,536	2,588	102	108	9,517	9,591

Reconciliation of EBIT to income before taxes:

(€ million)	Q1 2014	Q1 2013
Earnings before interest and taxes (EBIT)	23.1	2.5
Financial result	−16.8	−18.8
Income before taxes	**6.3**	**−16.3**

Duisburg, May 8, 2014

Klöckner & Co SE

Management Board

FINANCIAL CALENDAR

May 23, 2014	Annual General Meeting 2014, Düsseldorf
August 7, 2014	Q2 interim report 2014 Conference call with journalists Conference call with analysts
November 6, 2014	Q3 interim report 2014 Conference call with journalists Conference call with analysts

Subject to subsequent changes

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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.