



Klöckner & Co SE

A Leading Multi Metal Distributor



Interim Report

as of March 31, 2015

# INTERIM REPORT AS OF MARCH 31, 2015

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# KLÖCKNER & CO SE

## Klöckner & Co Group Figures

Shipments and income statement		Q1 2015	Q1 2014 <sup>*)</sup>	Variance
Shipments	Tto	1,661	1,633	+28
Sales	€ million	1,697	1,572	+125
Gross profit	€ million	310	302	+8
Gross profit margin	%	18.2	19.2	-1.0%p
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	10	39	-29
EBITDA before initial application of IFRIC 21	€ million	17	45	-28
EBITDA margin	%	0.6	2.5	-1.9%p
EBITDA margin before initial application of IFRIC 21	%	1.0	2.9	-1.9%p
Earnings before interest and taxes (EBIT)	€ million	-15	17	-32
Earnings before taxes (EBT)	€ million	-27	0	-27
Net income	€ million	-22	-2	-20
Net income attributable to shareholders of Klöckner & Co SE	€ million	-21	-2	-19
Earnings per share (basic)	€	-0.22	-0.02	-0.20
Earnings per share (diluted)	€	-0.22	-0.02	-0.20

Cash flow statement/Cash flow		Q1 2015	Q1 2014 <sup>*)</sup>	Variance
Cash flow from operating activities	€ million	-143	-65	-78
Cash flow from investing activities	€ million	-1	-6	+5
Free cash flow <sup>**)</sup>	€ million	-144	-71	-73

Balance sheet		March 31, 2015	March 31, 2014 <sup>*)</sup>	Variance
Net working capital <sup>***)</sup>	€ million	1,559	1,330	+229
Net financial debt	€ million	650	407	+243
Equity	€ million	1,455	1,437	+18
Equity ratio	%	37.3	38.8	-1.5%p
Balance sheet total	€ million	3,904	3,707	+197

Employees		March 31, 2015	March 31, 2014	Variance
Employees at end of period		9,737	9,517	+220

\*) Comparative amounts adjusted due to initial application of IFRIC 21 (Levies).

\*\*) 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

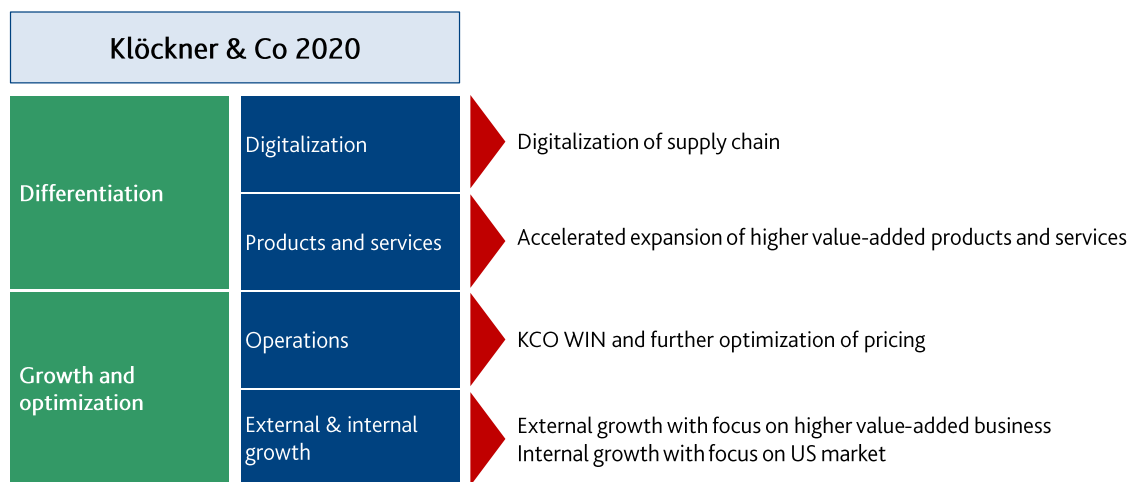
### Highlights in the first three months of 2015 and outlook

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

## Corporate strategy

### "Klöckner & Co 2020" strategy

The overarching objective of our strategy is to further strengthen the competitiveness and hence ultimately the earning power of Klöckner & Co and so make Klöckner shares an attractive long-term investment for shareholders. We follow two main thrusts in our realignment: higher value-added products and processing services, and end-to-end digitalization of our supply and value chain. In this way, we aim to move further and further out of the influence of sector-wide overcapacity and volatile steel prices while regaining a faster rate of growth. Within the next five years, we intend to generate over 50% of our sales online. In addition, we are pressing ahead with systematically implementing our KCO WIN optimization program.



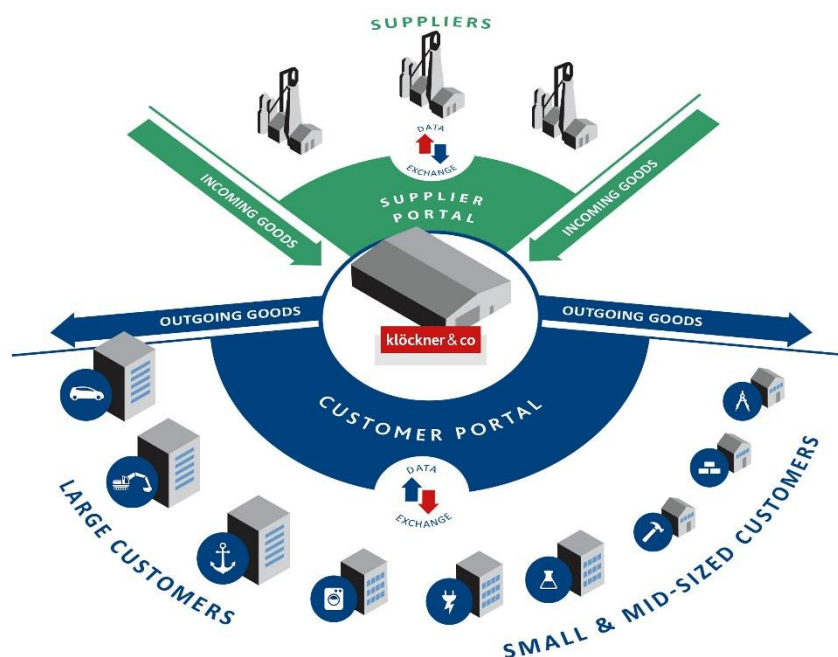
#### Digitalization

To this day, the steel industry supply chain is highly inefficient. Our customers mostly place orders by phone or fax as they did decades ago, and there have so far been hardly any attempts at end-to-end digital order and process management. The only novelty is that more and more orders come in by e-mail, yet this has not produced significant changes. The upshot is not just high inventory levels, which tie up large amounts of capital, but also high process costs. These inefficiencies also lengthen time from production to delivery. We aim to eliminate them by digitalizing the entire supply and value chain, and we have already made substantial progress in this regard: In some countries our customers can already meet their purchasing requirements and administer contracts online. In procurement, alongside a number of wholesalers, we have also already signed up a major steel producer for full EDI integration. But this again is only an intermediate step. As on the customer side, we will deploy a supplier portal and gradually replace individual EDI interfaces in the future.

To bring together and systematically drive forward all digitalization and networking-related projects and initiatives under one roof, we have launched kloeckner.i GmbH in Berlin. kloeckner.i serves as our Group Center of Competence for Digitalization, overseeing the development and international rollout of digital solutions. In this way, we can ensure that our innovative solutions are ready to go at all locations. We aim to recruit up to 20 e-commerce experts and software engineers by the end of this year. Our staff at kloeckner.i in Berlin does not work in an ivory-tower think tank, creating solutions that customers and the workforce only get to see when they are finished. Instead, our specialists work jointly with customers on the ground to evaluate how we can collaborate more efficiently. Based on that, we first develop basic prototypes which, to start with, deliberately only cover the main functions. In an iterative process with the customer, we then see whether and how far the tool in question meets requirements. Only then we will go on to program the full solution.

While kloeckner.i is geared to securing short-term efficiency gains in business processes using innovations that can be quickly adopted, more radical and disruptive changes to the business model are to be effected over the medium to long term through the selective investment in start-ups. Another option is for us to launch start-ups with the appropriate focus ourselves. Given their disruptive nature, we firmly believe that innovations of this kind must be developed from outside the box. To this end, we have set up kloeckner.v GmbH to fund such ventures.

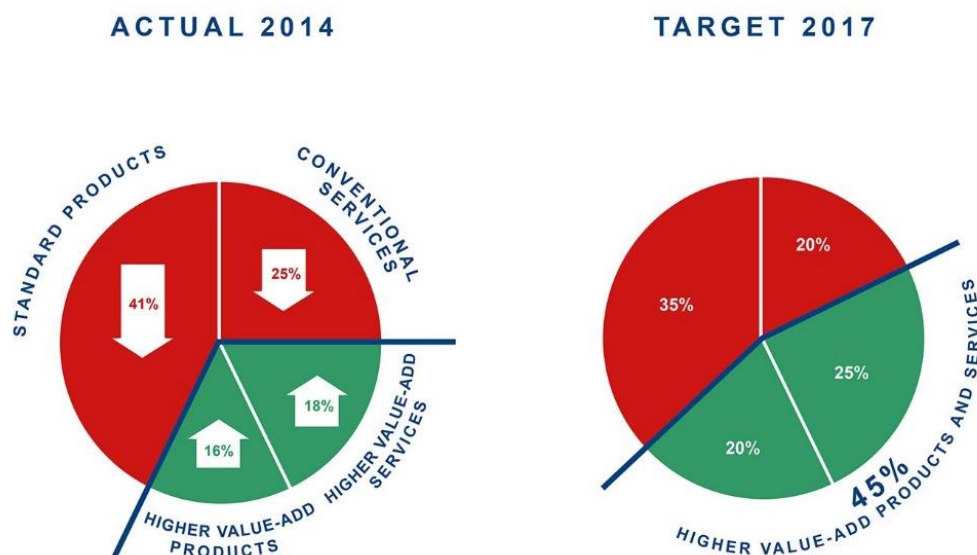
We have set ourselves ambitious goals for the ongoing implementation of our digitalization strategy: The rollout of our web shops and contract platforms should be completed at all country organizations by the end of the year. By 2019, we aim to generate more than half of Group sales online.



#### Accelerating the shift to higher value-added products and services

Our second strategic lever alongside digitalization is to increase the proportion of higher value-added products and processing services. We are going to step up capital expenditure to that end by some 50% this year. There is huge market potential here as many of our customers are strongly vertically integrated and still carry out tasks that we could perform more efficiently by consolidating orders. A good example is our investment in 3D lasers, which we can use to combine several conventional customer tasks such as drilling, sawing and slotting at an attractive price and with significant gains in precision. We also aim to substantially boost more profitable business in higher value-added products like aluminum, which is in increasing demand from the automotive industry.

In total, we plan to further increase the percentage of sales accounted for by higher value-added products and processing services from 34% in 2014 to 45% by 2017. We want to generate the lion's share of sales with higher-margin products and services by 2020.



#### KCO WIN and further enhancement of pricing

We combined the measures designed to improve workflows and processes in our business operations in the KCO WIN program. The focus is on improving sales and distribution. Our prime objective in this area is to fine-tune pricing in order to raise the gross profit margin. The first step is price optimization through systematic daily analysis of product-specific selling prices at country level. In addition, we are already working on the deployment of special software that implements dynamic pricing algorithms referencing a wide range of market data.

Also as part of KCO WIN, we are implementing numerous measures to effect improvements to workflows and structures in internal logistics, processing, and transportation logistics.

KCO WIN already accounted for €16 million of the increase in operating income in 2014. The program is budgeted to deliver an incremental contribution of €20 million this year. This means the full expected annual EBITDA effect from the program will be up to €40 million from 2015.

### Return to growth path through external and organic growth

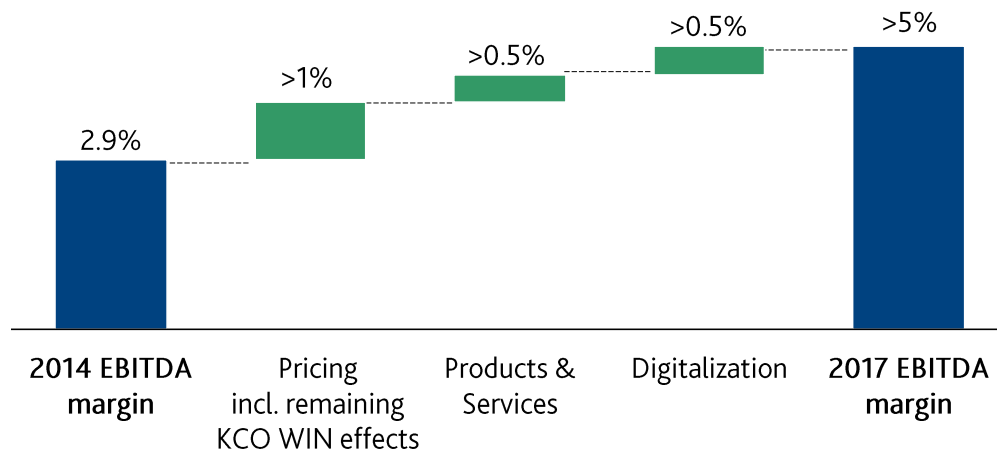
Our key organic growth drivers are expanding our higher value-added products and processing services business and digitalization.

In terms of regional growth opportunities, we see the US as our most attractive market – and not just because of the industry-friendly environment with relatively low wage and energy costs as well as favorable demographic trends. This market is also especially attractive for us because of the far better match between steel supply and demand compared with Europe, plus the strict separation of producers and distributors. We aim to increase the US share of shipments from 42% in 2014 to more than 50% in the medium term.

When it comes to expanding higher-margin business, we aim to achieve this through both organic and external growth. Consequently, alongside a marked increase in capital expenditure in this area, we also plan further acquisitions of companies offering a wide range of higher value-added products and processing services. At the same time, we intend to invest in start-ups to advance our digitalization strategy.

### Target of over 5% EBITDA margin by 2017

The next milestone in our “Klöckner & Co 2020” strategy is an increase in the EBITDA margin from 2.9% last year to over 5.0% in 2017. We expect the full implementation of our KCO WIN optimization program to contribute to this together with further improvements in pricing, the additions to our range of higher value-added products and processing services as well as the digitalization of our business processes.





## Economic environment

### Macroeconomic situation

Global economic growth stood at 2.0% in the first quarter of 2015, mainly driven by an increase in GDP in the US and emerging markets. However, geopolitical crises had a negative impact on the markets.

The eurozone economy expanded by 1.0% in the first quarter. Growth was buoyed by low energy prices and the weak euro, which made the European economy more competitive.

In the US, the upturn under way since 2009 continued through the reporting period. While consumer spending was below expectations and a sharp downturn in the oil and gas sector subdued growth compared with the preceding quarter, the economy nonetheless grew by 3.0% compared with the prior-year quarter.

At 7.0%, China's first-quarter economic growth was once again weaker than in the preceding quarters. The sustained cooldown in the property market contributed to the downturn in the growth rate. Government investment still dominates Chinese economic activity even though the country is pursuing a more consumer-based economy.

In Brazil, the economic outlook continues to darken. Economic output declined by 1.5% year-on-year in the first quarter as companies' ongoing low propensity to invest coupled with the rise in commodity prices due to the strong US dollar weighed on economic performance.

Development of GDP in our core countries (in percent)	Q1 2015 vs. Q1 2014
Europe*)	1.0
Germany	1.2
United Kingdom	2.4
France	0.6
Spain	2.4
Switzerland	1.5
China	7.0
Americas	
United States	3.0
Brazil	- 1.5

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

\*) Eurozone.

### Industry-specific situation

According to the World Steel Association, global production of raw steel declined by 1.8% year-on-year to 400 million tons in the first three months of 2015. Production volumes dropped by 0.6% overall in the EU and by as much as 7.6% in the US. Production was also down in China, where it fell by 1.7%. Brazil, on the other hand, saw a slight increase of 0.7%.

In Europe, Eurometal reports that shipments in steel distribution fell by 5% in the first three months of this year. Shipments in the US were down by 1.6% according to the Metals Service Center Institute (MSCI).

The steel industry still faces the problem of massive excess capacity, notably in China and Europe, with the current level of demand continuing to result in structural underutilization. At the end of March, the capacity utilization of steel producers in Europe and the US stood at just 76% and 70% respectively. There is also considerable surplus capacity at distribution level, with competition remaining fierce as a result.

### Trend in key customer industries

#### Construction industry

Global steel consumption depends to a significant extent on the construction industry, which accounts for around 50% of total demand. According to estimates from steel industry association Eurofer, European construction activity contracted by 1.5% year-on-year in the first quarter. A sharper decline was prevented by positive stimulus from rehabilitation and renovation activity as well as from various infrastructure projects. In the US, on the other hand, the construction sector was on an upward trend. The US Census Bureau puts the growth in construction spending at 3.2% compared with Q1 2014. Construction activity in China continued to decline year-on-year.

#### Machinery and mechanical engineering

Demand in machinery and mechanical engineering showed a thoroughly positive trend. According to Eurofer, the sector in Europe grew by 1.7% year-on-year in the first quarter of 2015. It also expanded in the US. Growth was particularly notable in machine tools and industrial machinery in the reporting period. Growth in China declined slightly but remained at a high level.

#### Automotive industry

The trend in the international automotive industry varied from region to region during the first three months of the year. In Europe, for example, passenger car shipments increased by 8.5% according to the German Association of the Automotive Industry (VDA). Demand was boosted notably by the substantial pent-up demand in Southern European countries. While shipments increased by 5.6% in the US and 11.3% in China, they were down by 16.2% in Brazil.

## Results of operations, financial position and net assets

Large exchange rate movements, above all in the EUR-CHF and EUR-USD exchange rates, significantly affected the results of operations, financial position and net assets in the first quarter of 2015 compared with the prior year. The key figures for the results of operations, financial position and net assets in the first three months of 2015 are as follows:

#### Key figures results of operations

(€ million)	Q1 2015	Q1 2014 <sup>*)</sup>
Shipments (Tto)	1,661	1,633
Sales	1,697	1,572
Gross profit	310	302
Gross profit margin	18.2 %	19.2 %
EBITDA	10	39
EBITDA margin	0.6 %	2.5 %

<sup>\*)</sup> Comparative amounts adjusted due to initial application of IFRIC 21 (Leases).

#### Key figures net assets

(€ million)	March 31, 2015	March 31, 2014	December 31, 2014
Net working capital	1,559	1,330	1,321
Net financial debt	650	407	472

## Other key figures

(€ million)	March 31, 2015	March 31, 2014 <sup>*)</sup>	December 31, 2014
Gearing (Net financial debt/shareholders' equity <sup>**)</sup> )	46%	29%	34%
Leverage (Net financial debt/EBITDA <sup>***)</sup> )	4.0x	2.5x	2.5x

<sup>\*)</sup> Comparative amounts adjusted due to initial application of IFRIC 21 (Levies).

<sup>\*\*) Consolidated shareholders' equity less non-controlling interests and less goodwill from business combinations subsequent to May 23, 2013.</sup>

<sup>\*\*\*)</sup> EBITDA is calculated on a last twelve months basis before reporting date.

Discussion of the key figures in detail:

## Shipments and sales

Group shipments in the first three months of 2015, at 1.7 million tons, were slightly (1.7%) up on the prior-year period.

Compared with the first three months of 2014, the Europe segment increased shipments by a moderate 2.4%. This was mainly driven by the ongoing strong positive performance at Becker Stahl-Service (BSS), which serves the automotive business, and the acquisition of Riedo by the Swiss country organization early in the second quarter of 2014. The remaining European country organizations recorded a drop in shipments due to the ongoing difficult market environment.

In the Americas segment, shipments increased by only a slight 0.6% on the prior-year period. The main factor here continues to be the weak performance of our activities in Brazil. In the US, by contrast, we boosted shipments by 1.7% compared with the weak first quarter of 2014.

Sales grew significantly more strongly than shipments, from €1.6 billion to €1.7 billion (an increase of 8.0%), though this is due to rising exchange rates – primarily for the US dollar and the Swiss franc against the euro – as well as to the inclusion of Riedo. Sales in the Europe segment went up by 1.0% due to the acquisition and the stronger Swiss franc and pound sterling exchange rates; at constant exchange rates, however, weaker price levels made for a 3.0% fall in sales.

While prices likewise fell in the Americas segment, especially in the flat steel business that is important to Klöckner & Co, this was more than offset by the sharp rise in the US dollar exchange rate. In total, the segment saw sales rise by 20.8%; at constant exchange rates, sales were 0.5% down on the first quarter of 2014.

## Results

(€ million)	Q1 2015	Q1 2014 <sup>*)</sup>
Sales	1,697	1,572
Gross profit	310	302
OPEX <sup>**)</sup>	-299	-263
EBITDA	10	39
EBIT	-15	17
EBT	-27	0
Net Income	-22	-2

<sup>\*)</sup> Comparative amounts adjusted due to initial application of IFRIC 21 (Levies).

<sup>\*\*) Personnel expenses plus other operating expenses less other operating income plus income from investments.</sup>

The fall in prices, above all in the US, coupled with strong price pressure in Switzerland due to the appreciation of the Swiss franc also impacted the gross profit margin, which dropped from 19.2% in the prior-year period to 18.2%. Gross profit, at €310 million, was slightly up on a year earlier (2.5%). This was, however, entirely due to the exchange rate changes already mentioned.

Other operating income and expenses (OPEX) changed as follows:

(€ million)	Q1 2015	Q1 2014 <sup>*)</sup>
Other operating income	12	10
Personnel expenses	- 161	- 141
Other operating expenses	- 150	- 132
Income from investments	0	0
<b>OPEX</b>	<b>- 299</b>	<b>- 263</b>

<sup>\*)</sup> Comparative amounts adjusted due to initial application of IFRIC 21 (Levies).

Other operating income, at €12 million, was slightly higher than the prior-year period's €10 million.

Personnel expenses showed a substantial €20 million increase, about €15 million of which was due to the change in the US dollar and Swiss franc exchange rate relative to the euro. The inclusion of Riedo also added to the increase.

Likewise, the €18 million rise in other operating expenses is mainly due to exchange rate changes (€12 million). Other operating expenses include €7 million (Q1 2014: €6 million) relating to the first-time application of new rules on accounting for levies (IFRIC 21). Exchange rate losses connected with the sudden rise in the Swiss franc relative to the euro and the inclusion of Riedo also contributed to the increase in other operating expenses.

In total, and primarily as a result of the weak gross margins as explained above, EBITDA was significantly down at €10 million compared with €39 million in the prior-year period. The EBITDA margin decreased accordingly by 1.9 percentage points to 0.6%.

#### EBITDA by segments

(€ million)	Q1 2015	Q1 2014 <sup>*)</sup>
Europe	8	23
Americas	7	21
Headquarters	- 5	- 5
<b>Klöckner &amp; Co Group</b>	<b>10</b>	<b>39</b>

<sup>\*)</sup> Comparative amounts adjusted due to initial application of IFRIC 21 (Levies).

EBITDA in the Europe segment decreased significantly to €8 million in the first three months of 2015 compared with €23 million a year earlier. Earnings performance was unsatisfactory in all country organizations except BSS. The most severe impact on earnings came from the price pressure in Switzerland (euro discount) induced by the removal of the cap on the Swiss franc exchange rate as well as from the still very weak business situation in France.

The price-related fall in gross profit meant that EBITDA in the Americas segment, at €7 million, was likewise well under the €21 million prior-year comparative figure. In particular the significantly lower market prices for hot rolled plate and heavy plate resulted in strong pressure on margins, whereas the first quarter of the prior year saw prices rising. Compared with the 2014 year-end, market prices for these products went down by over 20%, which had significant inventory effects. Additionally, there were approximately €4 million in inventory write-downs due to lower net realizable value.

Headquarters EBITDA was on a par with the prior-year period, at a negative €5 million (Q1 2014: negative €5 million).

(€ million)	Q1 2015	Q1 2014 <sup>*)</sup>
EBITDA	10	39
Depreciation, amortization and impairments	-25	-22
EBIT	-15	17
Financial result	-12	-17
EBT	-27	0
Income taxes	6	-2
Net income	-22	-2

<sup>\*)</sup> Comparative amounts adjusted due to initial application of IFRIC 21 (Levies).

Deducting depreciation and amortization, which were slightly higher due to exchange rate changes, EBIT came out at a negative €15 million, compared with a positive €17 million in the prior-year period. On the other hand, the financial result improved significantly, from a negative €17 million to a negative €12 million. The main alleviating factor here lay in interest expense following the redemption of promissory notes and convertible bonds in the prior year. EBT was a negative €27 million as against close to zero a year earlier.

Notwithstanding the inability to offset tax losses between countries combined with restrictions on the recognition of deferred tax assets for current losses, the first quarter once again brought an income tax income item of €6 million (Q1 2014: income tax expense of €2 million).

All in all, net income thus amounted to a negative €22 million (Q1 2014: negative €2 million).

Basic earnings per share came to a negative €0.22, compared with a negative €0.02 in the prior-year period.

## Financial position and balance sheet structure

(€ million)	March 31, 2015	December 31, 2014
Non-current assets	1,208	1,103
Current assets		
Inventories	1,336	1,318
Trade receivables	960	746
Other current assets	119	146
Liquid funds	281	316
<b>Total assets</b>	<b>3,904</b>	<b>3,629</b>
Equity	1,455	1,429
Non-current liabilities		
Financial liabilities	604	522
Other non-current liabilities	569	479
Current liabilities		
Financial liabilities	321	259
Trade payables	737	743
Other current liabilities	218	197
<b>Total equity and liabilities</b>	<b>3,904</b>	<b>3,629</b>

Compared with December 31, 2014, total assets increased by €275 million or 7.6% to €3,904 million. The increase is mainly due to seasonal effects and exchange rate changes.

Of the €105 million increase in non-current assets, €47 million relates to intangible assets and €55 million to property, plant and equipment. Adjusted for exchange rate effects, on the other hand, there was a decrease both in intangible assets (by €8 million) and in property, plant and equipment (by €3 million).

Most of the reduction in other current assets is accounted for by lower supplier bonus receivables during the year.

Partly due to the seasonal increase in net working capital, cash and cash equivalents went down from €316 million to €281 million.

Despite the substantial increase in total assets, the 37% equity ratio as of March 31, 2015 was only slightly down on the level of December 31, 2014 (39%), reflecting the ongoing solid balance sheet.

The increase of €90 million in other non-current liabilities notably relates to higher pension provisions (up €53 million) and higher liabilities arising from derivative financial instruments used to hedge foreign currency exposure. The rise in pension provisions relates to from reduced discount factors.

(€ million)	March 31, 2015	March 31, 2014	December 31, 2014
Inventories	1,336	1,220	1,318
Trade receivables	960	882	746
Trade payables	- 737	- 772	- 743
Net working capital	1,559	1,330	1,321

At €1,559 million, net working capital showed a seasonal and exchange rate-related increase on the end of fiscal year 2014 (€1,321 million). Exchange rate effects account for €107 million of the increase relative to the prior year-end.

(€ million)	March 31, 2015	March 31, 2014 <sup>*)</sup>	December 31, 2014
Net financial debt	650	407	472
Gearing (Net financial debt/shareholders' equity <sup>**)</sup> )	46%	29%	34%

<sup>\*)</sup> Comparative amounts adjusted due to initial application of IFRIC 21 (Levies).

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

Net financial debt came to €650 million and thus surpassed the figure as of December 31, 2014 (€472 million) due to the increase in resources tied up in net working capital and to currency translation effects (€29 million).

At 46%, gearing was higher than at the year-end but remained well below the 150% maximum applicable for financing purposes.

#### Consolidated statement of cash flows

(€ million)	Q1 2015	Q1 2014
Cash flow from operating activities	- 143	- 65
Cash flow from investing activities	- 1	- 6
Free cash flow	- 144	- 71
Cash flow from financing activities	100	2

Including the increase in net working capital, the cash outflow from operating activities of €143 million was greater than the prior-year cash outflow of €65 million as of December 31, 2014. The net cash outflow from investing activities amounted to €1 million (Q1 2014: €6 million). Included in this figure is €12 million in cash inflows from the sale of copper activities at the French country organization versus €16 million in cash outflows for capital expenditure on property, plant and equipment. In total, this resulted in a negative free cash flow of €144 million, compared with a negative €71 million in the prior-year period. The outflow of cash was covered by larger drawings under the ABS programs and on bilateral credit facilities. Cash flow from financing activities accordingly came to €100 million (Q1 2014: €2 million).

## Subsequent events

Our Syndicated Loan was prolonged ahead of term in an amend and extend process in April by one year to May 2018 while retaining the €360 million loan amount. The terms were additionally amended in Klöckner & Co's favor with effect from May 2015. In the transaction, Klöckner & Co succeeded in negotiating more favorable financing terms while improving the maturity profile.

Key substantive changes also include the accession of Kloeckner Metals Corporation as borrower and the ability to draw up to 50% of the facility amount in US dollars. This enhances Klöckner & Co's financial flexibility. The new loan documentation once again includes the option, subject to the banks' approval, to extend the loan term in two stages up to May 2020. The banking syndicate was reduced from eleven to ten banks with a strengthening of the business relationship with Klöckner & Co's core banks.

## Macroeconomic outlook including key opportunities and risks

### Expected global economic growth

The International Monetary Fund (IMF) expects global economic growth of 3.5% in 2015. Nevertheless, there is still a substantial risk of setbacks, as many issues such as the European sovereign debt crisis have not yet been fully resolved and the geopolitical crises could escalate further. Market participants are also unnerved by the new government in Greece.

The eurozone economy is expected to continue its moderate recovery, although this may gain momentum in the second half of the year. This trend is likely to be driven by a gain in household spending power and an improvement in the labor market. Rising exports as a result of the weaker euro are expected to boost economic growth. Overall, the IMF anticipates that economic output in the eurozone will rise by 1.5% in 2015.

Stronger growth of 3.1% is forecast for the US economy. This trend is likely to be driven primarily by low energy prices. However, economic growth could be negatively impacted by a possible rise in interest rates in the second half of the year. In addition, the stronger US dollar may also bring down the export ratio.

With the Chinese economy expected to grow by 6.8%, slightly less than in the prior year, the Chinese government is considering further economic stimulus measures this year in order to provide additional impetus to growth.

In Brazil, no economic revival is anticipated for 2015. In light of the fiscal adjustments, high interest rates and weak consumer confidence, the IMF expects economic output to decline by 1.0%. Although the government is launching economic stimulus programs, these will probably only lend impetus in the medium term.



Expected development of GDP in our core countries (in percent)	2015
Europe <sup>*)</sup>	1.5
Germany	1.6
United Kingdom	2.7
France	1.2
Spain	2.5
Switzerland	0.8
China	6.8
Americas	
United States	3.1
Brazil	- 1.0

Source: International Monetary Fund, Bloomberg.

\*) Eurozone.

### Expected sector trend

The World Steel Association currently predicts that global steel consumption will grow by 0.5% in 2015. For the European Union, the Association anticipates an increase of 2.1%, while the North American Free Trade Agreement (NAFTA) region is expected to contract by 0.9% and South and Central America by 3.4%. A slight decline (0.5%) is also forecast for China.

### Expected trend in our core customer sectors

#### Construction industry

According to Euroconstruct estimates, the European construction industry will grow by some 2% in 2015 thanks to stimulus from civil engineering and residential construction. In the US, the sector is expected to expand by 5% in 2015, with stimulus to growth coming mainly from commercial construction. Individual government infrastructure projects are also expected to be conducive to growth. China is forecast to record an increase of around 7%. Infrastructure spending will help here, too, while demand in residential construction is expected to lose momentum. In Brazil, industry investment in construction projects is very subdued due to the weak state of the economy, as a result of which the sector is expected to barely grow at all.

#### Machinery and mechanical engineering

Global machinery and mechanical engineering is projected to see a further increase in shipments in 2015. The favorable exchange rate environment in Europe is likely to help this export-oriented industry achieve moderate growth. Industry association Eurofer expects the sector in this region to expand by 2.1%. A sharp increase of 3.6% is forecast for the US due to substantial replacement demand. Strong growth is also expected for China, the world's largest machinery producer by far.

#### Automotive industry

The German Association of the Automotive Industry (VDA) currently estimates that the global automotive market will grow by 2% year-on-year. For Europe, the VDA forecasts an increase of 2%. In the US, the industry is also expected to grow by 2%, thereby regaining its pre-crisis level. According to VDA estimates, the Chinese market will continue to grow strongly, albeit at a slower pace than in previous years, expanding by 6%. In Brazil, on the other hand, automotive production is expected to decline.

## Current assessment of opportunities and risks

The detailed information provided in the Opportunities and Risks section on pages 69 to 78 of the 2014 Annual Report continues to apply for the most part. For a detailed description of the risk management system in the Klöckner&Co Group, please see pages 66 et seq. of the 2014 Annual Report.

Market risk for Klöckner&Co is mostly determined by trends in demand and prices. 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 a restriction on lending or increased borrowing costs for customer industries, combined with a further decrease in capital investment. Furthermore, economic recovery in Europe could turn out to be weaker than generally expected. Against this background, 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 US, including the reindustrialization resulting from lower wage and energy costs. A moderating effect could come from increasingly restrictive monetary policy on the part of the US Federal Reserve.

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 to cover all risks identifiable at the time of preparing the interim 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

We anticipate that European steel demand will sustain its slight upward trend from last year with growth of 1 to 2%. The main growth impetus is expected to come from machinery and mechanical engineering as well as the automotive industry, which stand to benefit from a weaker euro and lower oil prices. For the US, we also anticipate a slight increase in steel of 1 to 2%. The boost to household spending power from lower oil prices is notably stimulating residential construction and the automotive industry. This should make up for the negative effect of reduced steel demand from the oil and gas sector.

Group sales should increase slightly in the second quarter due to seasonal factors. We project operating EBITDA in a range of between €35 million and €45 million. The expected rise in earnings compared with the preceding quarter will be helped along by the anticipated reduction in pressure from falling steel prices and also increasingly by the impact of our optimization measures.

Our early March projection of an increase in EBITDA and net income for the full year 2015 – before planned restructuring – appears very ambitious, particularly in light of the significantly altered environment. It remains to be seen how the unexpectedly large impact on earnings from the sharp drop in steel prices in Klöckner & Co's important US and Swiss markets in the first half year will be able to be offset by positive factors. These notably include our KCO WIN optimization program, the more favorable exchange rates and a potential rise in market prices for steel in the further course of the year.

By 2017, we aim to raise the EBITDA margin to over 5.0%. Besides full implementation of our KCO WIN optimization program together with further improvements to pricing as well as the additions to our range of higher value-added products and services, we expect the digitalization of business processes to play an ever more significant role in this regard.

Further acquisitions are planned as a growth accelerator. In line with our growth strategy, the focus here is on companies offering higher value-added products and processing services. At the same time, we intend to invest in start-ups to advance our digitalization strategy.

Duisburg, May 7, 2015

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

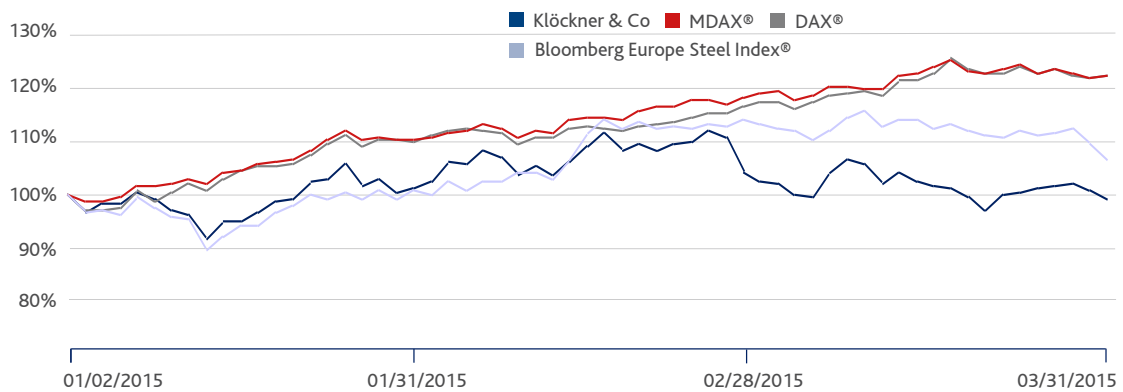
Klöckner & Co shares initially gained in the first quarter of 2015, rising in trading on February 25 to their highest level for the year so far at €10.12. The share price subsequently lost the ground previously gained, however, and stood at €8.93 at the end of March – on a level with the 2014 year-end. The DAX® and the MDAX® turned in a much stronger performance in the first three months of the year, advancing by around 22%, while the Bloomberg Europe Steel Index gained around 6%.

The average trading volume in Klöckner & Co shares during the first quarter was around €7.4 million per day, a sharp increase on the fourth quarter (around €6.1 million per day). Klöckner & Co shares consequently ranked 33rd by trading volume and 50th by free float market capitalization in Deutsche Börse AG's ranking for MDAX® stocks in March.

### Key data – Klöckner & Co share

		Q1 2015	Q1 2014	Jan. 1 – Dec. 31, 2014
Number of shares	in shares	99,750,000	99,750,000	99,750,000
Closing price (Xetra, Close)	€	8.93	10.69	8.96
Market capitalization	€ million	891	1,066	894
Free float	%	100.0	92.2	100.0
High (Xetra, Close)	€	10.12	11.71	12.66
Low (Xetra, Close)	€	8.34	9.93	8.37
Average daily trading volume	in shares	795,340	764,245	645,814

Performance of Klöckner &amp; 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 Franklin Mutual Advisors and Templeton Investment Counsel, LLC, and with shareholdings of between 3% and 5% each, Franklin Templeton Investments Corp., Franklin Mutual Series Funds, Federated Global Investment Management Corp., Interfer Holding GmbH and Dimensional Holdings Inc./Dimensional Fund Advisors LP. We have currently received no notification of any other shareholder exceeding or falling below the statutory notification thresholds. Our free float as defined by Deutsche Börse AG is 100%.

## Capital market communications

During the first quarter of 2015, the management and the members of the IR team of Klöckner & Co SE provided interested capital market participants with information at two roadshows and four conferences in Germany and internationally, as well as in many additional one-on-one discussions. Talks focused on the business results, the progress of ongoing improvement measures and the digitalization strategy.

In the first three months, Klöckner & Co was covered by 30 banks and securities houses in over 40 research reports. As of the end of March, 17 of the securities houses rated Klöckner & Co shares a "buy", nine gave a "hold" recommendation and four rated Klöckner & Co shares a "sell".

Klöckner & Co also provides information on current Group developments in the Investors section of the corporate website, [www.kloeckner.com/en/investors.php](http://www.kloeckner.com/en/investors.php). This includes information on our convertible bond, financial reports, the financial calendar and corporate governance, together with current data on share and convertible bond price performance. Shareholders and other interested parties can also sign up for our newsletter at [ir@kloeckner.com](mailto: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, 2015

(€ thousand)	Q1 2015	Q1 2014 <sup>*)</sup>
Sales	1,697,465	1,572,025
Other operating income	12,105	9,549
Changes in inventory	-5,356	2,803
Own work capitalized	5	2
Cost of materials	-1,382,586	-1,272,802
Personnel expenses	-161,337	-140,860
Depreciation and amortization	-25,558	-21,981
Other operating expenses	-150,085	-132,076
<b>Operating result</b>	<b>-15,347</b>	<b>16,660</b>
Finance income	878	509
Finance expenses	-13,028	-17,282
<b>Financial result</b>	<b>-12,150</b>	<b>-16,773</b>
<b>Income before taxes</b>	<b>-27,497</b>	<b>-113</b>
Income taxes	5,935	-1,864
<b>Net income</b>	<b>-21,562</b>	<b>-1,977</b>
<i>thereof attributable to</i>		
<i>– shareholders of Klöckner &amp; Co SE</i>	<i>-21,482</i>	<i>-2,134</i>
<i>– non-controlling interests</i>	<i>-80</i>	<i>157</i>
<b>Earnings per share (€/share)</b>		
<i>– basic</i>	<i>-0.22</i>	<i>-0.02</i>
<i>– diluted</i>	<i>-0.22</i>	<i>-0.02</i>

<sup>\*)</sup> Comparative amounts adjusted due to initial application of IFRIC 21 (Leases).

# KLÖCKNER & CO SE

## Statement of comprehensive income for the three-month period ending March 31, 2015

(€ thousand)	Q1 2015	Q1 2014 <sup>*)</sup>
Net income	-21,562	-1,977
Other comprehensive income not reclassifiable		
Actuarial gains and losses (IAS 19)	-44,453	-12,199
Related income tax	8,047	1,132
<b>Total</b>	<b>-36,406</b>	<b>-11,067</b>
Other comprehensive income reclassifiable		
Foreign currency translation	85,812	2,945
Gain/loss from net investment hedges	-1,632	218
Gain/loss from cash flow hedges	-	1,685
Related income tax	-325	-533
<b>Total</b>	<b>83,855</b>	<b>4,315</b>
<b>Other comprehensive income</b>	<b>47,449</b>	<b>-6,752</b>
<b>Total comprehensive income</b>	<b>25,887</b>	<b>-8,729</b>
<i>thereof attributable to</i>		
– shareholders of Klöckner & Co SE	26,248	-9,062
– non-controlling interests	-361	333

<sup>\*)</sup> Comparative amounts adjusted due to initial application of IFRIC 21 (Levies).

# KLÖCKNER & CO SE

## Consolidated statement of financial position as of March 31, 2015

(€ thousand)	March 31, 2015	December 31, 2014
<b>Non-current assets</b>		
Intangible assets	484,693	438,015
Property, plant and equipment	684,577	630,220
Investment property	10,486	10,486
Non-current investments	1,405	1,321
Other assets	15,400	15,282
Current income tax receivable	4,049	2
Deferred tax assets	7,558	7,817
<b>Total non-current assets</b>	<b>1,208,168</b>	<b>1,103,143</b>
<b>Current assets</b>		
Inventories	1,336,432	1,317,696
Trade receivables	959,690	745,538
Current income tax receivable	21,466	14,072
Other assets	82,340	106,386
Cash and cash equivalents	281,244	316,364
Assets held for sale	15,151	25,478
<b>Total current assets</b>	<b>2,696,323</b>	<b>2,525,534</b>
<b>Total assets</b>	<b>3,904,491</b>	<b>3,628,677</b>



(€ thousand)	March 31, 2015	December 31, 2014
<b>Equity</b>		
Subscribed capital	249,375	249,375
Capital reserves	900,759	900,759
Retained earnings	267,775	289,257
Accumulated other comprehensive income	23,040	-24,690
<b>Equity attributable to shareholders of Klöckner &amp; Co SE</b>	<b>1,440,949</b>	<b>1,414,701</b>
Non-controlling interests	13,623	13,984
<b>Total equity</b>	<b>1,454,572</b>	<b>1,428,685</b>
<b>Non-current liabilities</b>		
Provisions for pensions and similar obligations	381,020	328,190
Other provisions and accrued liabilities	18,072	17,405
Financial liabilities	603,918	522,407
Other liabilities	68,271	34,407
Deferred tax liabilities	102,110	98,576
<b>Total non-current liabilities</b>	<b>1,173,391</b>	<b>1,000,985</b>
<b>Current liabilities</b>		
Other provisions and accrued liabilities	100,360	110,827
Income tax liabilities	7,612	9,307
Financial liabilities	320,772	258,950
Trade payables	737,495	742,703
Other liabilities	110,289	77,220
<b>Total current liabilities</b>	<b>1,276,528</b>	<b>1,199,007</b>
<b>Total liabilities</b>	<b>2,449,919</b>	<b>2,199,992</b>
<b>Total equity and liabilities</b>	<b>3,904,491</b>	<b>3,628,677</b>

# KLÖCKNER & CO SE

## Consolidated statement of cash flows for the three-month period ending March 31, 2015

(€ thousand)	Q1 2015	Q1 2014 <sup>*)</sup>
Net income	-21,562	-1,977
Income taxes	-5,935	1,864
Financial result	12,150	16,773
Depreciation and amortization	25,558	21,981
Other non-cash expenses/income	325	-100
Gain on disposal of non-current assets	-3,414	-1,933
Change in net working capital		
Inventories	86,211	-52,305
Trade receivables	-158,730	-194,323
Trade payables	-58,324	134,296
Change in other operating assets and liabilities	-9,410	15,832
Interest paid	-4,848	-3,779
Interest received	352	615
Income taxes paid	-4,971	-2,275
<b>Cash flow from operating activities</b>	<b>-142,598</b>	<b>-65,331</b>
Proceeds from the sale of non-current assets and assets held for sale	3,135	5,789
Proceeds from the sale of consolidated subsidiaries (incl. businesses)	12,168	-
Payments for intangible assets, property, plant and equipment	-16,180	-11,828
<b>Cash flow from investing activities</b>	<b>-877</b>	<b>-6,039</b>
Borrowings	101,673	23,542
Repayment of financial liabilities	-1,763	-21,112
<b>Cash flow from financing activities</b>	<b>99,910</b>	<b>2,430</b>
<b>Changes in cash and cash equivalents</b>	<b>-43,565</b>	<b>-68,940</b>
Effect of foreign exchange rates on cash and cash equivalents	8,445	835
Cash and cash equivalents at the beginning of the period	316,364	595,393
<b>Cash and cash equivalents at the end of the reporting period as per statement of financial position</b>	<b>281,244</b>	<b>527,288</b>

<sup>\*)</sup> Comparative amounts adjusted due to initial application of IFRIC 21 (Leases).

# 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, 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			-2,134	
Total comprehensive income				
Balance as of March 31, 2014 <sup>*)</sup>	249,375	900,759	264,791	
Balance as of January 1, 2015	249,375	900,759	289,257	
Other comprehensive income				
Foreign currency translation				
Gain/loss from net investment hedges				
Actuarial gains and losses (IAS 19)				
Related income tax				
Other comprehensive income				
Net income			-21,482	
Total comprehensive income				
Dividends				
Balance as of March 31, 2015	249,375	900,759	267,775	

\*) Comparative amounts adjusted due to initial application of IFRIC 21 (Levies).

## 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
	72,912	– 56,648	– 3,764	1,429,559	15,913	1,445,472
	2,769			2,769	176	2,945
			218	218		218
			1,685	1,685		1,685
		– 12,199		– 12,199		– 12,199
		1,132	– 533	599		599
				– 6,928	176	– 6,752
				– 2,134	157	– 1,977
				– 9,062	333	– 8,729
	75,681	– 67,715	– 2,394	1,420,497	16,246	1,436,743
	114,797	– 138,862	– 625	1,414,701	13,984	1,428,685
	86,093			86,093	– 281	85,812
			– 1,632	– 1,632		– 1,632
		– 44,453		– 44,453		– 44,453
		8,047	– 325	7,722		7,722
				47,730	– 281	47,449
				– 21,482	– 80	– 21,562
				26,248	– 361	25,887
	200,890	– 175,268	– 2,582	1,440,949	13,623	1,454,572

## Selected explanatory notes to the interim consolidated financial statements of Klöckner & Co SE for the three-month period ending March 31, 2015

### (1) Basis of presentation

The condensed interim consolidated financial statements of Klöckner & Co SE for the three-month period ending March 31, 2015 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, 2015 are generally consistent with those used for the consolidated financial statements of Klöckner & Co SE as of December 31, 2014 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 92 to 106 of the 2014 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, 2015, Klöckner & Co SEs 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, 2015 are not necessarily indicative of future results.

The present interim consolidated financial statements for the three-month period ending March 31, 2015 were authorized for issuance by the Management Board after discussion with the Audit Committee of the Supervisory Board on May 7, 2015. 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 2015:

Standard/Interpretation
Annual improvements to IFRSs 2011–2013
IFRIC Interpretation 21 (Levies)

As part of the Annual Improvement Project, modifications were made to four standards under the term "Annual improvements to IFRSs 2011–2013". These changes did not have an impact on the financial statements of Klöckner & Co SE.

IFRIC 21 regulates the closing date of public taxes accrued either upon threshold limits or accrued irregularly within the year and not being subject to IAS 12 (Income Taxes). The initial application of the interpretation led to a change in periodization of such taxes and thus increased other expenses and other liabilities in the amount of €7 million as well as deferred tax liabilities by €2 million in the first quarter 2015 for the Klöckner & Co Group. Under consideration of income tax benefit effects totaling €2 million, the net result was decreased by €5 million. Prior year's presentation of other operating expenses and other liabilities in the financial statements as of March 31, 2014 increased accordingly by €6 million. Additionally, deferred tax liabilities decreased by €1 million. The impact on earnings during the first quarter in 2014 amounted to €5 million after consideration of the tax reducing effects. The initial interpretation of IFRIC 21 is not expected to have an impact on the 2015 full year results.

## (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, 7,419 thousand dilutive potential shares of the convertible bonds (2014: 13,364 thousand shares) were not included in the computation of diluted earnings per share as the quarterly result would be increased.

		Q1 2015	Q1 2014 <sup>*)</sup>
Net income attributable to shareholders of Klöckner & Co SE	(€ thousand)	– 21,482	– 2,134
Weighted average number of shares	(thousands of shares)	99,750	99,750
Basic earnings per share	(€/share)	– 0.22	– 0.02
Diluted earnings per share	(€/share)	– 0.22	– 0.02

<sup>\*)</sup> Comparative amounts adjusted due to initial application of IFRIC 21 (Levies).

## (4) Inventories

(€ million)	March 31, 2015	December 31, 2014
Cost	1,381	1,355
Valuation allowance (net realizable value)	– 45	– 37
Inventories	1,336	1,318

## (5) Financial liabilities

(€ million)	March 31, 2015	December 31, 2014
<b>Non-current financial liabilities</b>		
Liabilities to banks	177	167
Promissory notes	133	132
Liabilities under ABS programs	291	220
Finance lease liabilities	3	3
	604	522
<b>Current financial liabilities</b>		
Bonds	181	178
Liabilities to banks	83	25
Promissory notes	55	54
Liabilities under ABS programs	1	1
Finance lease liabilities	1	1
	321	259
<b>Financial liabilities as per consolidated balance sheet</b>	<b>925</b>	<b>781</b>

Net financial debt developed as follows:

(€ million)	March 31, 2015	December 31, 2014
Financial liabilities as per consolidated balance sheet	925	781
Transaction costs	6	7
<b>Gross financial liabilities</b>	<b>931</b>	<b>788</b>
Cash and cash equivalents	– 281	– 316
<b>Net financial debt Klöckner &amp; Co Group</b>	<b>650</b>	<b>472</b>

## (6) Financial instruments

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

**Financial assets as of  
March 31, 2015**

		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
<b>Non-current financial assets</b>							
<i>Non-current investments</i>	1	1	-	-	-	-	1
Loans and receivables	1	1	-	-	-	-	1
Financial assets available for sale	-	-	-	-	-	-	-
<i>Other non-current assets</i>	16	12	-	-	-	4	12
Loans and receivables	12	12	-	-	-	-	12
Not covered by the scope of IFRS 7	4	-	-	-	-	4	-
<b>Current financial assets</b>							
<i>Trade receivables</i>	960	960	-	-	-	-	960
Loans and receivables	960	960	-	-	-	-	960
<i>Other current assets</i>	82	60	4	-	-	18	64
Loans and receivables	60	60	-	-	-	-	60
Derivative financial instruments not designated in hedge accounting (held for trading)	4	-	4	-	-	-	4
Not covered by the scope of IFRS 7	18	-	-	-	-	18	-
<i>Liquid funds</i>	281	281	-	-	-	-	281
Loans and receivables	231	231	-	-	-	-	231
Financial assets available for sale	50	50	-	-	-	-	50
<b>Total</b>	<b>1,340</b>	<b>1,314</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>1,318</b>



**Financial liabilities**  
as of March 31, 2015

	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
<b>Non-current financial liabilities</b>							
<i>Non-current financial liabilities</i>	604	601	-	-	3	-	607
Liabilities measured at amortized costs	601	601	-	-	-	-	604
Liabilities held under finance leases	3	-	-	-	3	-	3
<i>Other non-current liabilities</i>	67	-	-	67	-	-	67
Liabilities measured at amortized costs	-	-	-	-	-	-	-
Derivative financial instruments not designated in hedge accounting (held for trading)	-	-	-	-	-	-	-
Derivative financial instruments designated in hedge accounting	67	-	-	67	-	-	67
Not covered by the scope of IFRS 7	-	-	-	-	-	-	-
<b>Current financial liabilities</b>							
<i>Current financial liabilities</i>	321	320	-	-	1	-	327
Liabilities measured at amortized costs	320	320	-	-	-	-	326
Liabilities held under finance leases	1	-	-	-	1	-	1
<i>Current trade liabilities</i>	737	737	-	-	-	-	737
Liabilities measured at amortized costs	737	737	-	-	-	-	737
<i>Other current liabilities</i>	110	19	3	29	-	59	51
Liabilities measured at amortized costs	19	19	-	-	-	-	19
Derivative financial instruments not designated in hedge accounting (held for trading)	3	-	3	-	-	-	3
Derivative financial instruments designated in hedge accounting	29	-	-	29	-	-	29
Not covered by the scope of IFRS 7	59	-	-	-	-	59	-
<b>Total</b>	<b>1,839</b>	<b>1,677</b>	<b>3</b>	<b>96</b>	<b>4</b>	<b>59</b>	<b>1,789</b>

**Financial assets**  
as of December 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
<b>Non-current financial assets</b>							
<i>Non-current investments</i>	1	1	-	-	-	-	1
Loans and receivables	1	1	-	-	-	-	1
Financial assets available for sale	-	-	-	-	-	-	-
<i>Other non-current assets</i>	15	11	-	-	-	4	11
Loans and receivables	11	11	-	-	-	-	11
Not covered by the scope of IFRS 7	4	-	-	-	-	4	-
<b>Current financial assets</b>							
<i>Trade receivables</i>	746	746	-	-	-	-	746
Loans and receivables	746	746	-	-	-	-	746
<i>Other current assets</i>	107	93	-	-	-	14	93
Loans and receivables	93	93	-	-	-	-	93
Derivative financial instruments not designated in hedge accounting (held for trading)	-	-	-	-	-	-	-
Not covered by the scope of IFRS 7	14	-	-	-	-	14	-
<i>Liquid funds</i>	316	316	-	-	-	-	316
Loans and receivables	266	266	-	-	-	-	266
Financial assets available for sale	50	50	-	-	-	-	50
<b>Total</b>	<b>1,185</b>	<b>1,167</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>1,167</b>

**Financial liabilities**  
as of December 31, 2014

(€ million)	Measurement in accordance with						
	IAS 39		IAS 17				
	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
<b>Non-current financial liabilities</b>							
<i>Non-current financial liabilities</i>	522	519	-	-	3	-	525
Liabilities measured at amortized costs	519	519	-	-	-	-	522
Liabilities held under finance leases	3	-	-	-	3	-	3
<i>Other non-current liabilities</i>	34	-	-	34	-	-	34
Liabilities measured at amortized costs	-	-	-	-	-	-	-
Derivative financial instruments not designated in hedge accounting (held for trading)	-	-	-	-	-	-	-
Derivative financial instruments designated in hedge accounting	34	-	-	34	-	-	34
Not covered by the scope of IFRS 7	-	-	-	-	-	-	-
<b>Current financial liabilities</b>							
<i>Current financial liabilities</i>	259	258	-	-	1	-	265
Liabilities measured at amortized costs	258	258	-	-	-	-	264
Liabilities held under finance leases	1	-	-	-	1	-	1
<i>Current trade liabilities</i>	743	743	-	-	-	-	743
Liabilities measured at amortized costs	743	743	-	-	-	-	743
<i>Other current liabilities</i>	77	20	5	4	-	48	29
Liabilities measured at amortized costs	20	20	-	-	-	-	20
Derivative financial instruments not designated in hedge accounting (held for trading)	5	-	5	-	-	-	5
Derivative financial instruments designated in hedge accounting	4	-	-	4	-	-	4
Not covered by the scope of IFRS 7	48	-	-	-	-	48	-
<b>Total</b>	<b>1,635</b>	<b>1,540</b>	<b>5</b>	<b>38</b>	<b>4</b>	<b>48</b>	<b>1,596</b>

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 the 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. As of March 31, 2015 the fair value remains unchanged compared to year-end at €0 million.

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 financial instruments are allocated to Level 2 of the measurement hierarchy.

#### (7) Subsequent events

Our Syndicated Loan was prolonged ahead of term in an amend and extend process in April by one year to May 2018 while retaining the €360 million loan amount. The terms were additionally amended in Klöckner & Co's favor with effect from May 2015. In the transaction, Klöckner & Co succeeded in negotiating more favorable financing terms while improving the maturity profile.

Key substantive changes also include the accession of Kloeckner Metals Corporation as borrower and the ability to draw up to 50% of the facility amount in US dollar. This enhances Klöckner & Co's financial flexibility. The new loan documentation once again includes the option, subject to the banks' approval, to extend the loan term in two stages up to May 2020. The banking syndicate was reduced from eleven to ten banks with a strengthening of the business relationship with Klöckner & Co's core banks.

#### (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. Business relations with these companies do not fundamentally differ from trade relationships with third parties. No material transactions were conducted with any of these related parties in the reporting period.

## (9) Segment reporting

	Europe		Americas		Headquarters/ Consolidation		Total	
(€ million)	Q1 2015	Q1 2014 <sup>*)</sup>	Q1 2015	Q1 2014 <sup>*)</sup>	Q1 2015	Q1 2014 <sup>*)</sup>	Q1 2015	Q1 2014 <sup>*)</sup>
Segment sales	1,025	1,015	672	557	-	-	1,697	1,572
EBITDA (segment result)	8	23	7	21	-5	-5	10	39
EBIT	-5	12	-5	10	-5	-5	-15	17
Net working capital as of March 31, 2015 (December 31, 2014)	891	762	664	555	4	4	1,559	1,321
Employees as of March 31, 2015 (December 31, 2014)	7,089	7,083	2,550	2,559	98	98	9,737	9,740

<sup>\*)</sup> Comparative amount adjusted due to initial application of IFRIC 21 (Levies).

Reconciliation of EBIT to income before taxes:

(€ million)	Q1 2015	Q1 2014 <sup>*)</sup>
Earnings before interest and taxes (EBIT)	-15	17
Financial result	-12	-17
Income before taxes	-27	-

<sup>\*)</sup> Comparative amounts adjusted due to initial application of IFRIC 21 (Levies).

Duisburg, May 7, 2015

Klöckner & Co SE

Management Board

## Financial Calendar

May 12, 2015	Annual General Meeting 2015, Düsseldorf
August 7, 2015	Q2 interim report 2015 Conference call with journalists Conference call with analysts
November 5, 2015	Q3 interim report 2015 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.

