



Commerzbank German Investment Seminar 2018

New York, January 8-9, 2018

Gisbert Rühl | CEO



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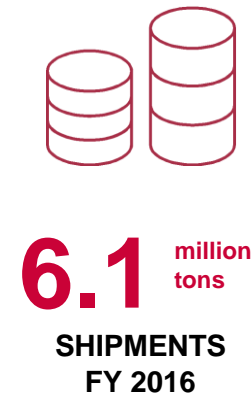
Valuation statements are unified and are presented as follows:

+/- 0-1%	+/- 1-5%	+/- 5-10%	+/- 10-15%	> +/- 15%
constant, stable	moderate, slightly	measurably, noticeable, substantial	considerably, dynamic, significant	sharp, strong

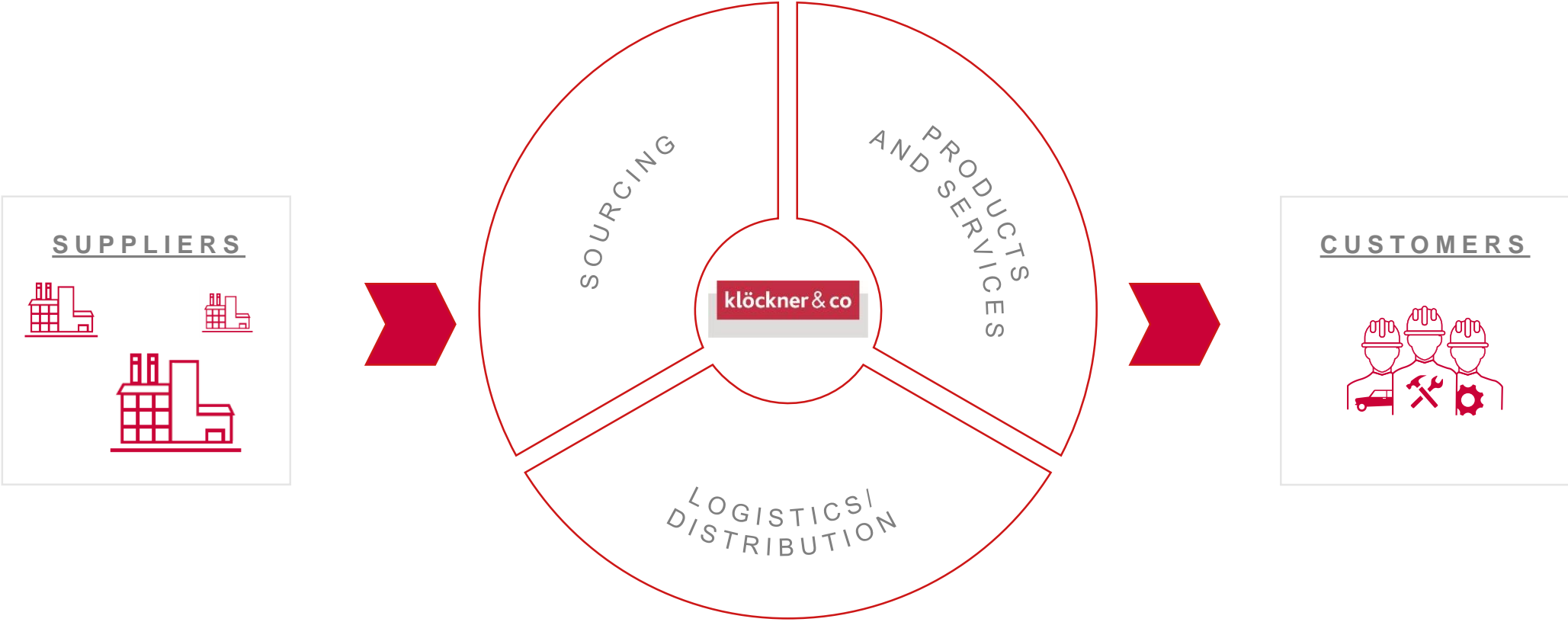
Agenda

1. **Overview**
2. Update on strategy
3. Highlights and financials Q3
4. Outlook
5. Appendix

01 | Klöckner & Co SE at a glance

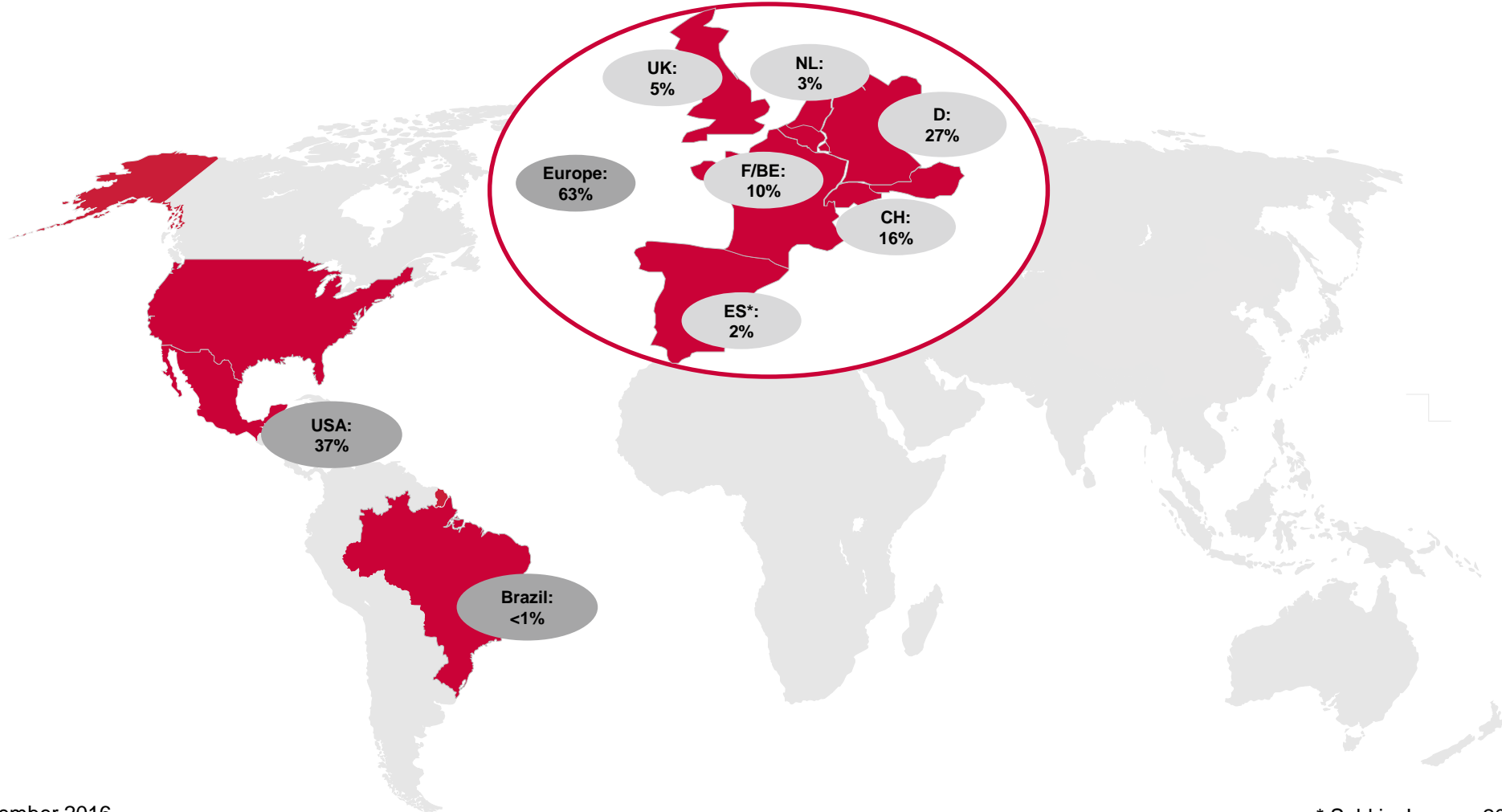


01 | Everything from one source



KLÖCKNER & CO VALUE CHAIN

01 | Global reach – local presence



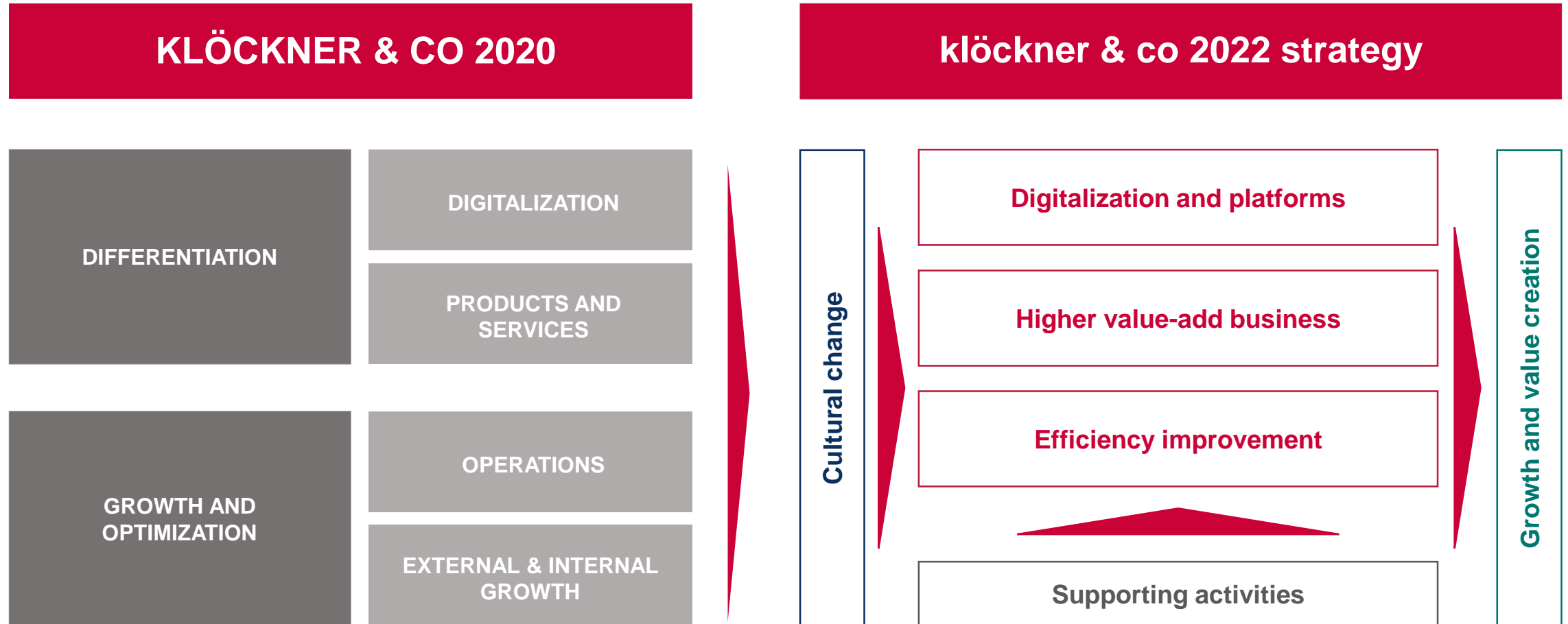
Sales; as of December 2016.

* Sold in January 2017

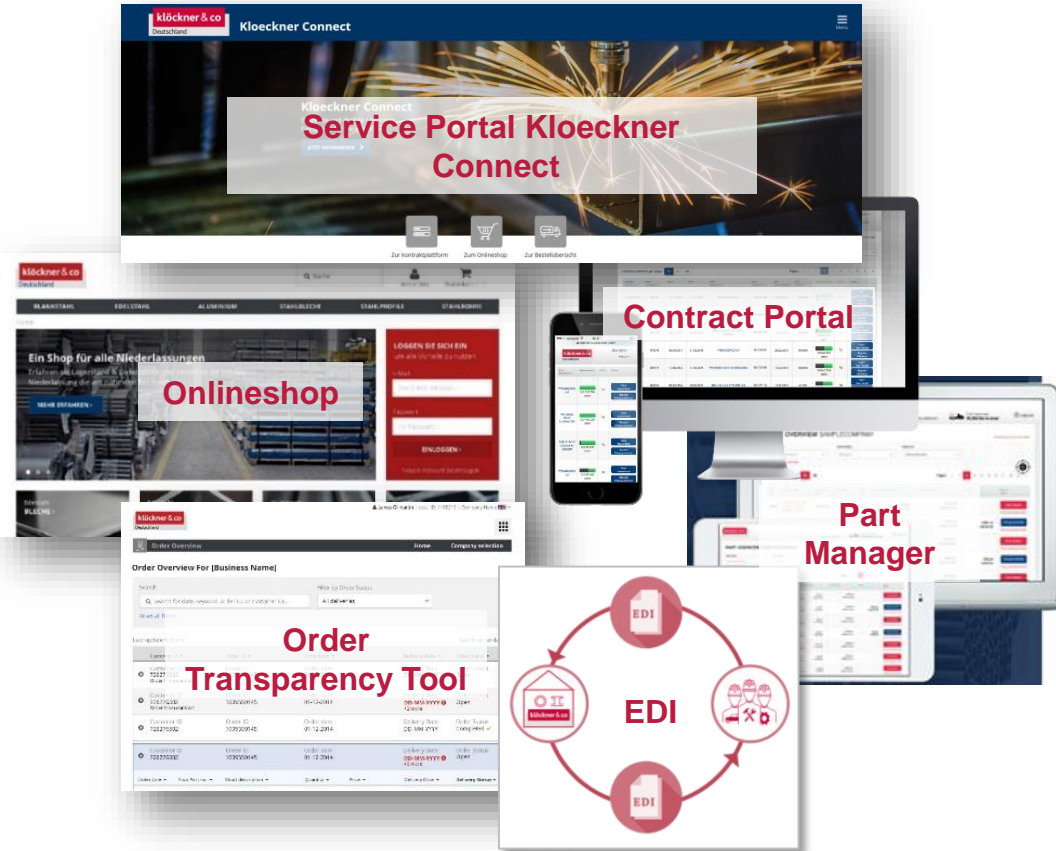
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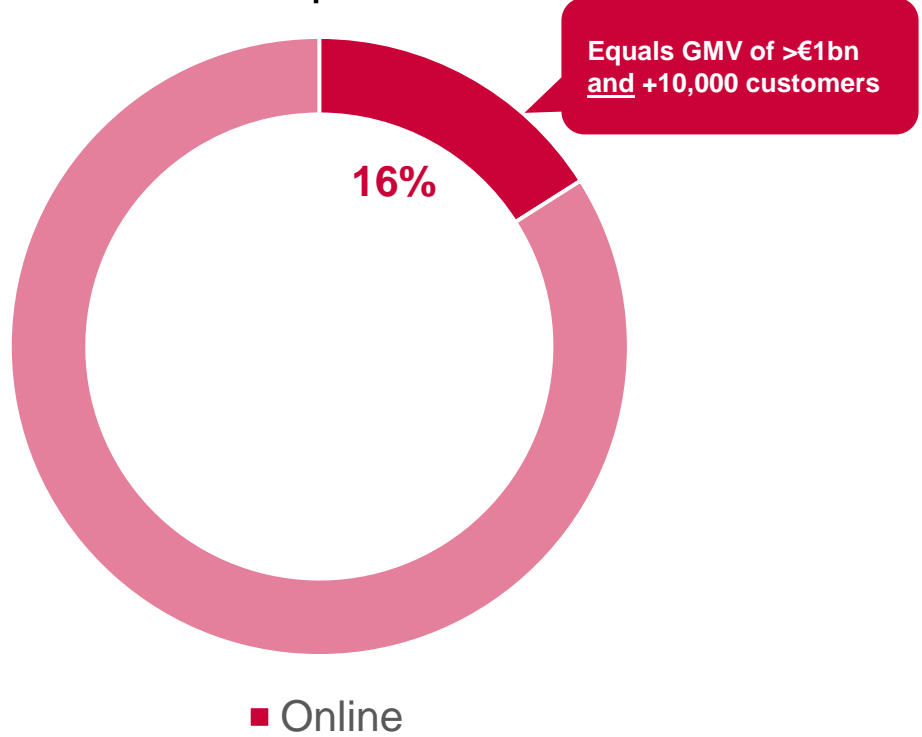
02 | Extension of “Klöckner & Co 2020” to “Klöckner & Co 2022”



02 | Digital channels already contribute to 16% of KCO's total sales annually

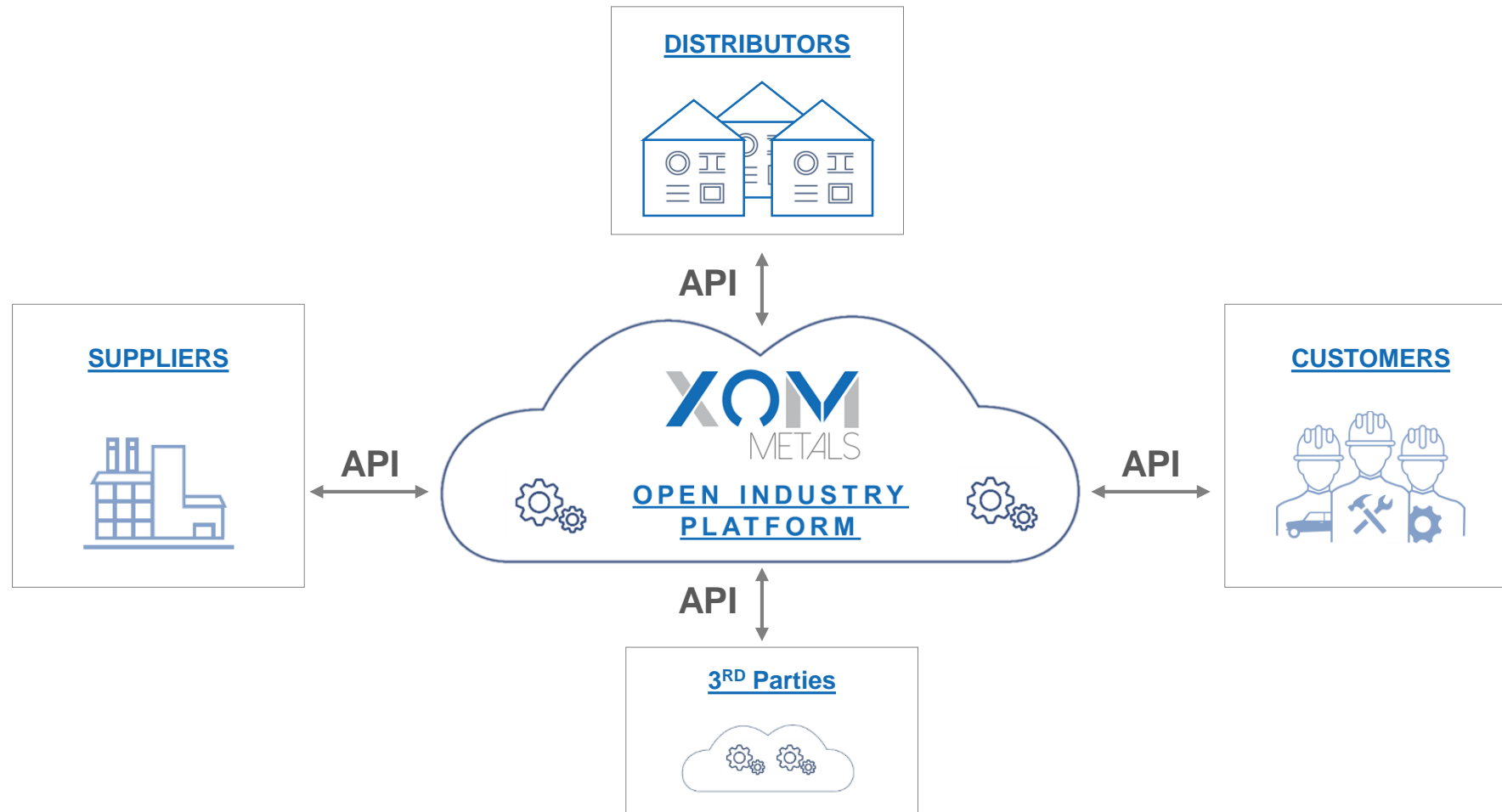


Sales Split 2017



 KCO online portals have experienced consistent positive monthly growth since its launch in 2016

02 | KCO launched as a next step an open industry platform



02 | XOM creates value for all market participants



Customers

- **Efficient and highly automated buying processes**
- **Easy price comparison**
- **Higher purchasing flexibility**



Distributors

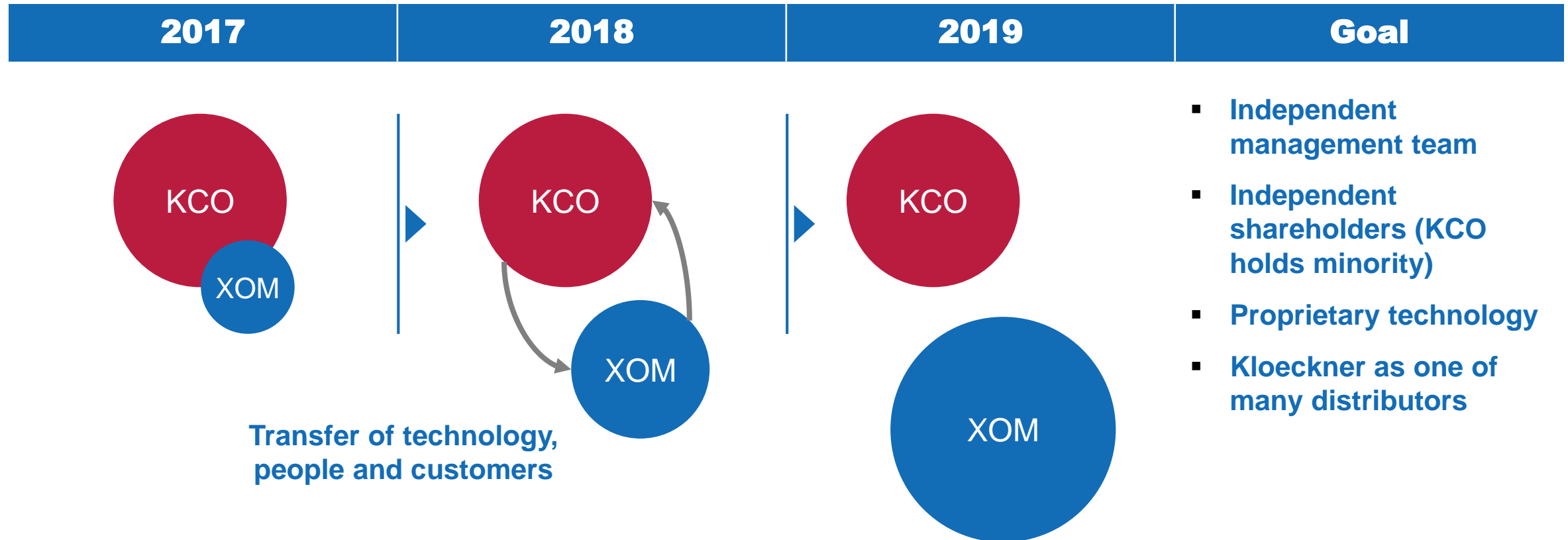
- **Lower transaction and sales costs**
- **Less stockholding and lower NWC**
- **No development costs for proprietary online platforms required**



Suppliers /
Producers

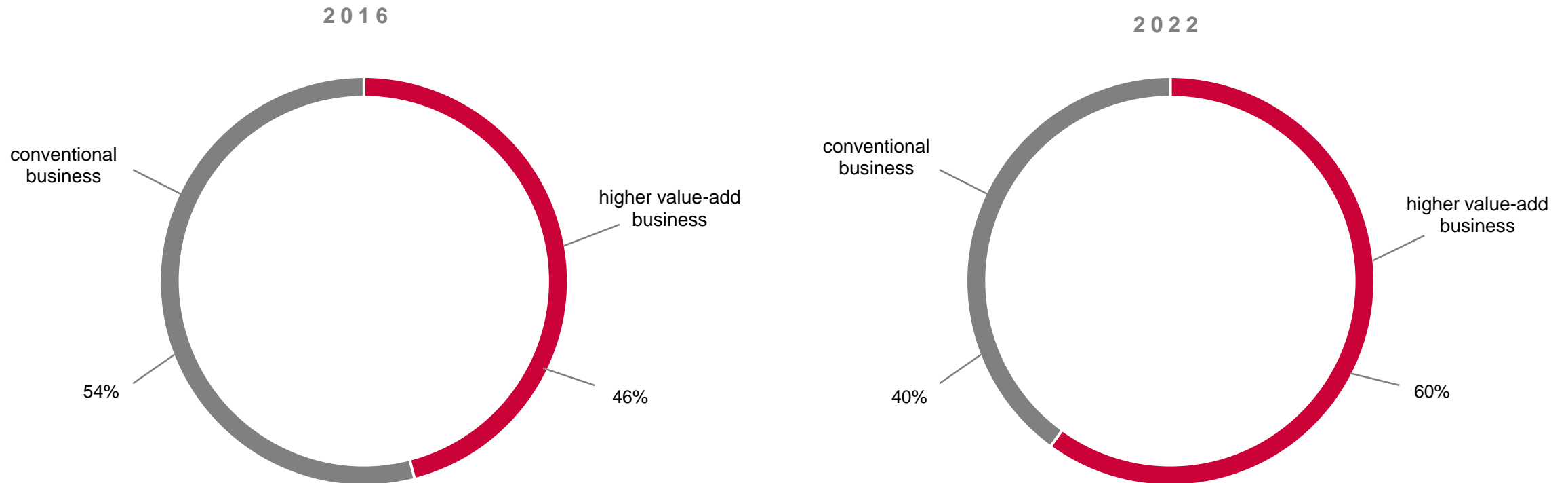
- **Less stockholding and lower NWC**
- **Improved capacity utilization**
- **Higher direct sales opportunities**

02 | XOM will be gradually spun off from Kloeckner & Co



02 | Higher value-added strategy further advanced

- Sales share of higher value-add products and services up from 39% in 2015 to 46% in 2016
- Further increase of higher margin business to a sales share of 60% planned by 2022



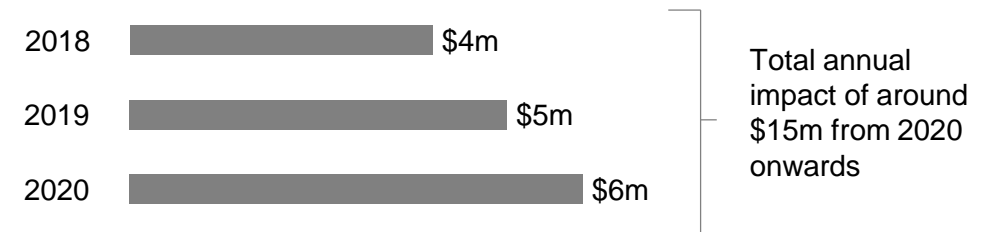
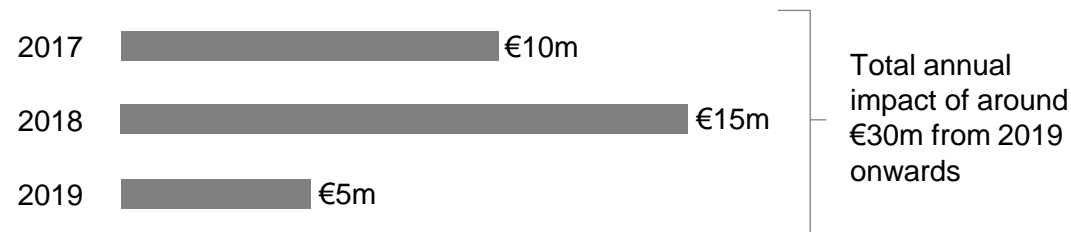
02 | Efficiency improvement with “One Europe” and “One US”

One Europe

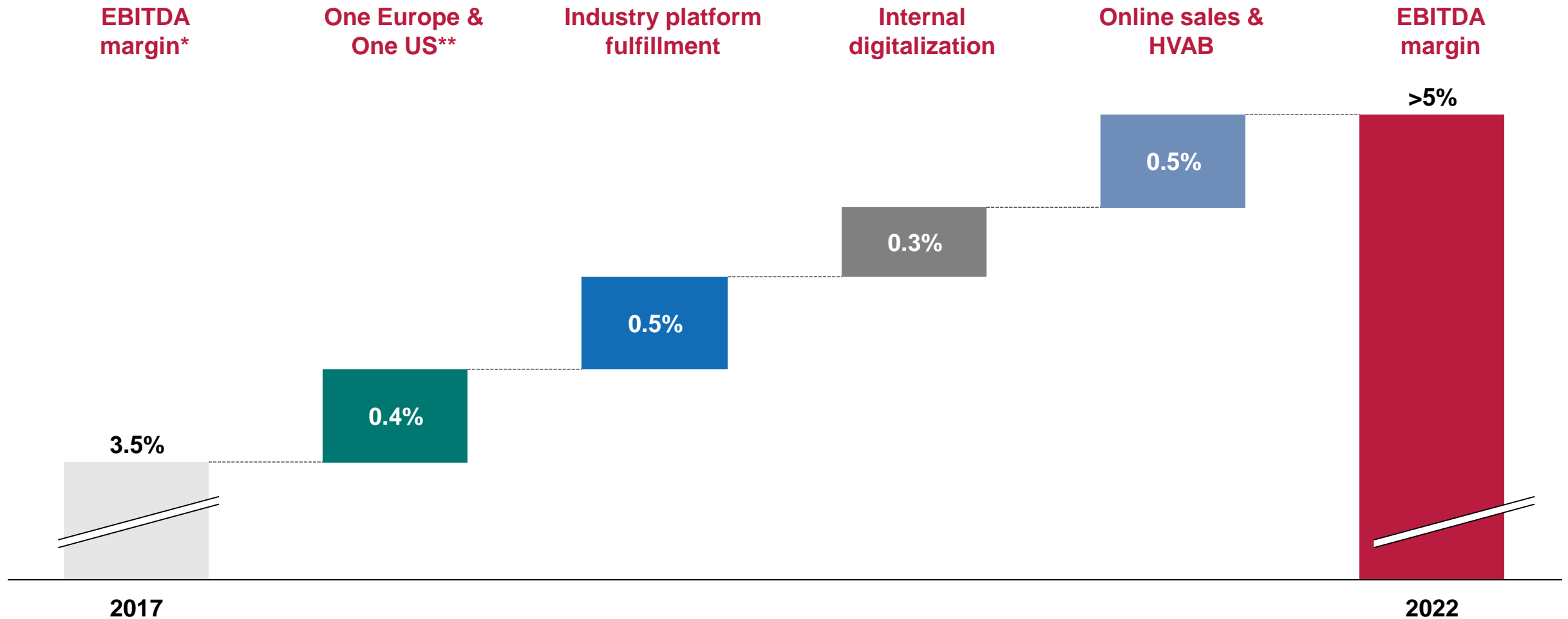
- **Additional synergies in procurement**
- Improved **best practice sharing**
- Centrally steered implementation of **digitalization** and **higher value-add strategy**

One US

- Enabler for **leaner processes, increasing HVA business and faster** implementation of **digitalization strategy**
- Company wide, **cost reduction initiatives**



02 Target is to increase the EBITDA margin to >5% until 2022 – facilitated through HVAB, digitalization and XOM



Agenda

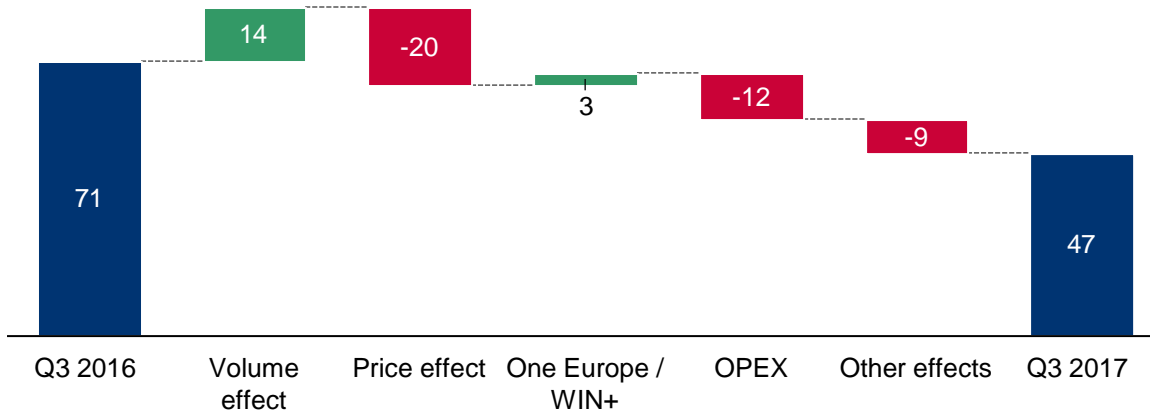
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03 | Highlights Q3 2017

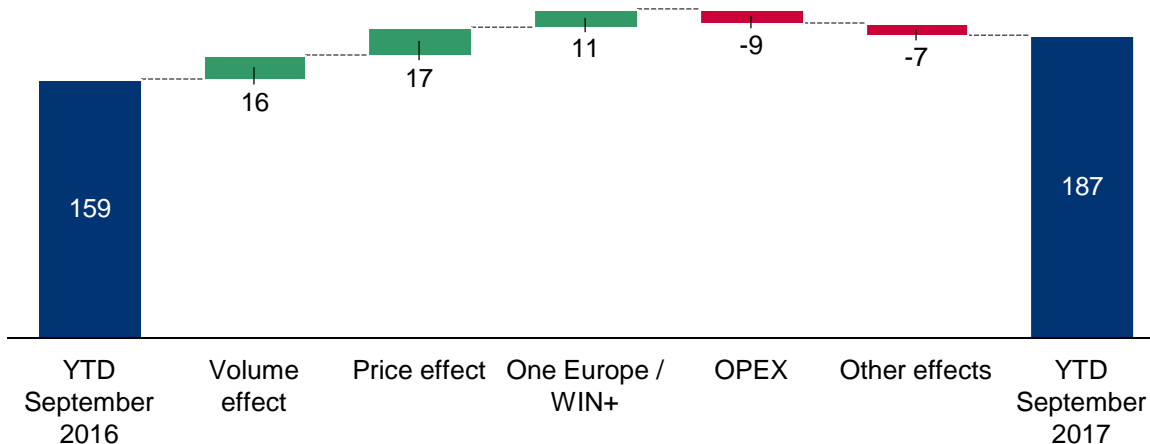
- Shipments adjusted for sale of Spanish activities with 5.2% above prior-year's level (reported 2.5%)
- Sales increased by 9.5% yoy to €1.6bn due to higher price level
- Gross profit down from €329m in Q3 2016 to €310m in Q3 2017 mainly due to price and f/x effects
- Consequently gross profit margin decreased to 19.8% after 23.0% in Q3 2016
- Operating result (EBITDA) for Q3 of €47m slightly above the forecasted guidance range of €35m to €45m and €187m for 9M 2017 after €159m in the prior-year period
- Sales share via digital channels continuously increased from 15% in Q2 2017 to 16% in Q3 2017
- FY targets confirmed; EBITDA increase of more than 10% for the full year over prior-year

03 | Significant increase of EBITDA in 9M 2017

EBITDA impact: Q3 yoy



EBITDA impact: 9M yoy

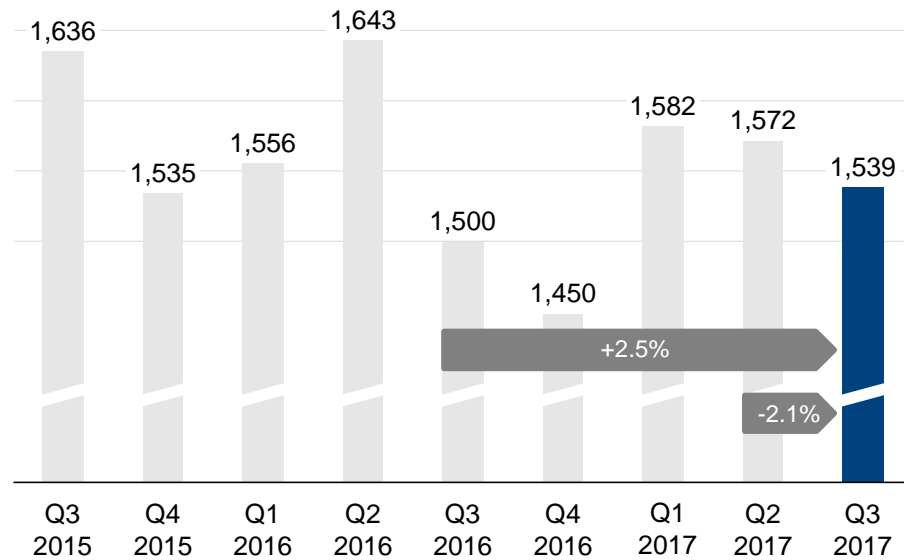


Comments

- Positive volume effect of €14m in Q3 and €16m ytd mainly due to increasing demand in Europe
- Negative price effect of -€20m in Q3 mainly due to margin contraction in Europe. Ytd price effect positive (€17m) since US had an overcompensating effect mainly due to exit of low margin business
- One Europe and KCO WIN+ program with EBITDA contribution of €3m in Q3 and in total €11m ytd
- Q3 other effects contain yoy lower asset disposal gains (-€7m) and a net f/x effect of -€2m; ytd other effects include mainly yoy lower asset disposal gains (-€7m)

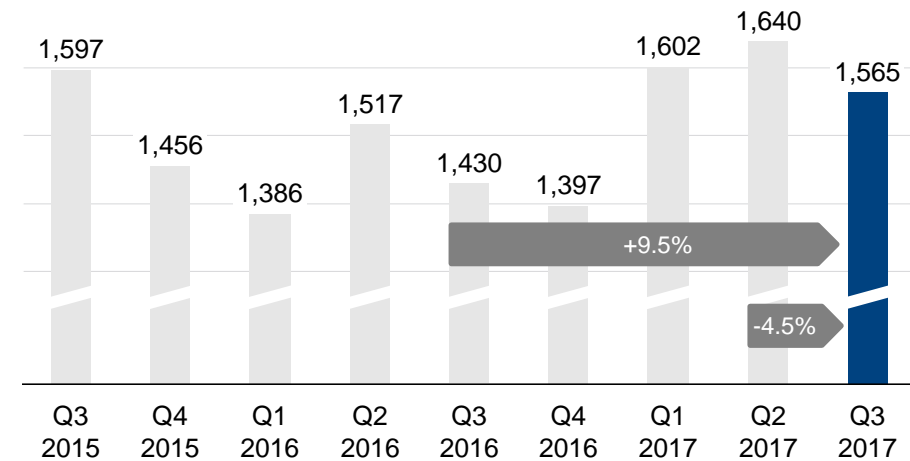
03 | Shipments and sales

Shipments (Tto)



- Shipments increased yoy despite the sale of Spanish activities
- Qoq shipments were slightly down due to seasonal pattern

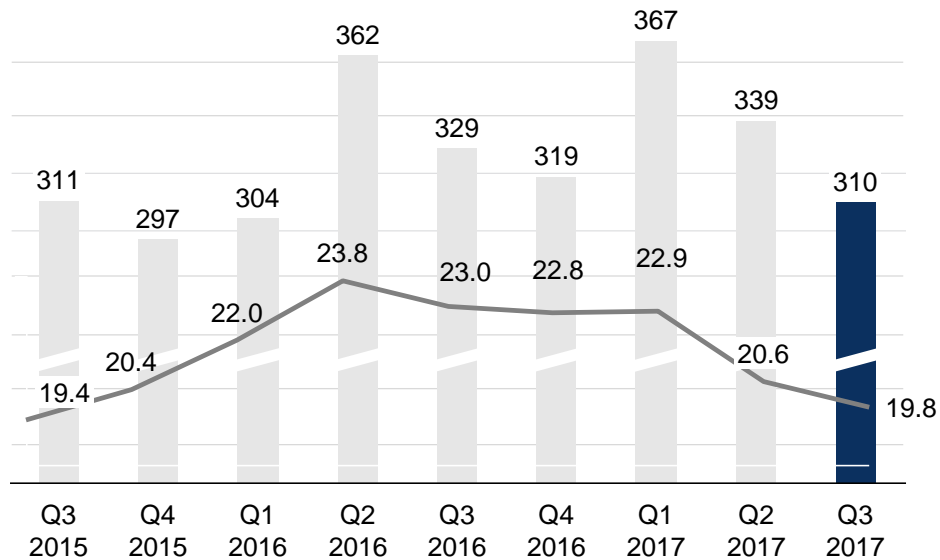
Sales (€m)



- Sales increased yoy due to higher average sales prices
- Qoq sales declined more pronounced than shipments mainly due to f/x

03 | Gross profit and EBITDA

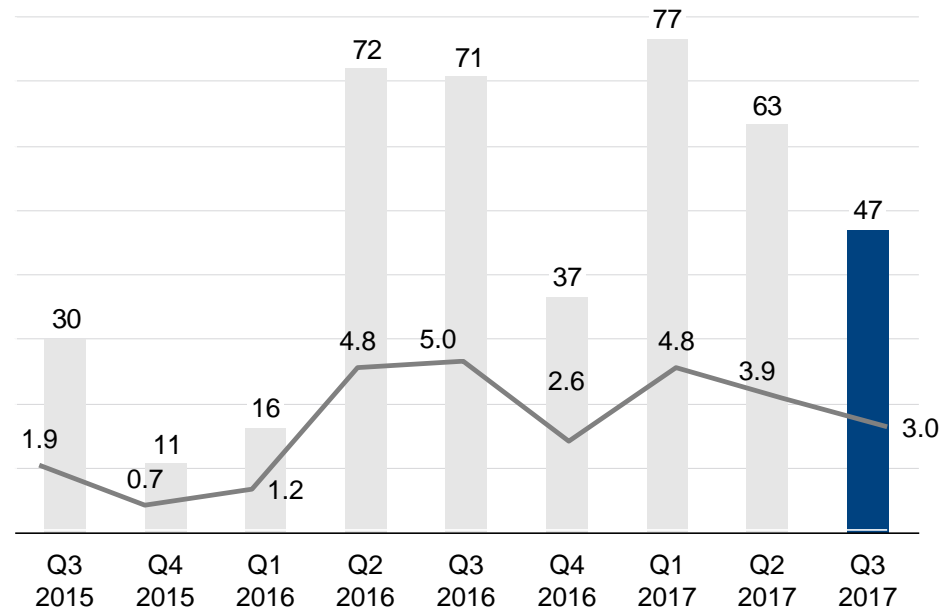
Gross profit* (€m) / Gross margin* (%)



- Gross profit down yoy mainly due to price and f/x effects
- Margin down to 19.8%, 3.2%p below Q3 2016

* Before restructuring cost.

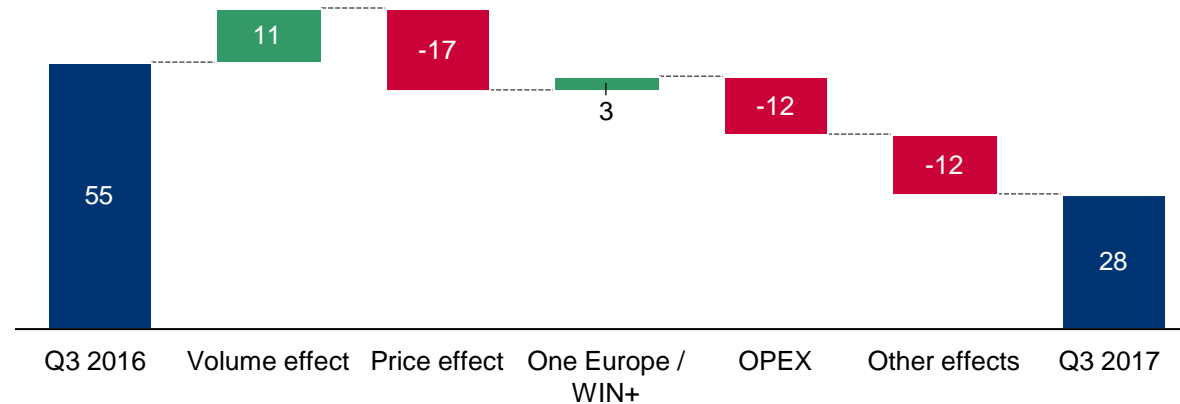
EBITDA* (€m) / EBITDA margin* (%)



- EBITDA in Q3 down yoy by €24m of which €12m relate to lower disposal gains
- Qoq EBITDA down by €16m due to seasonal pattern and market effects
- EBITDA margin in Q3 down by 2.0%p yoy to 3.0%

03 | Segment performance Q3 2017

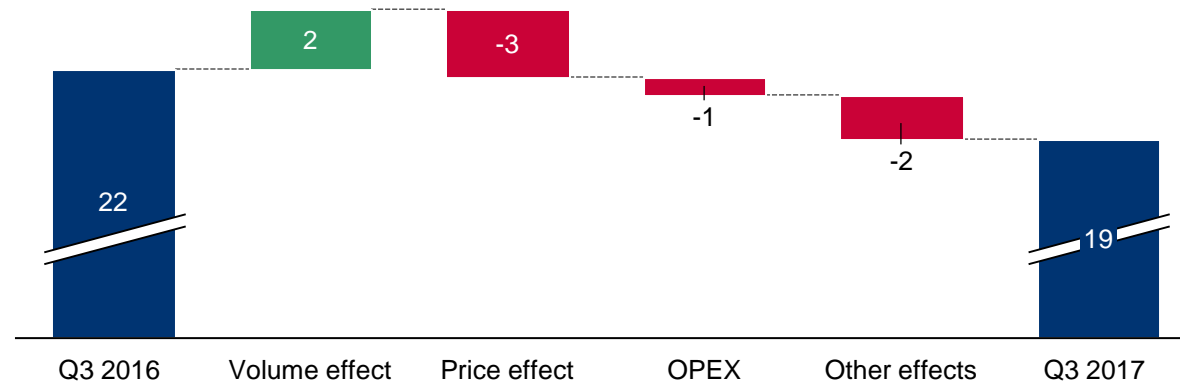
Europe (€m)



Comments

- One Europe and KCO WIN+ programs contributed €3m to EBITDA improvement
- Other effects includes yoy impact of lower disposal gains for real estate (-€12m)

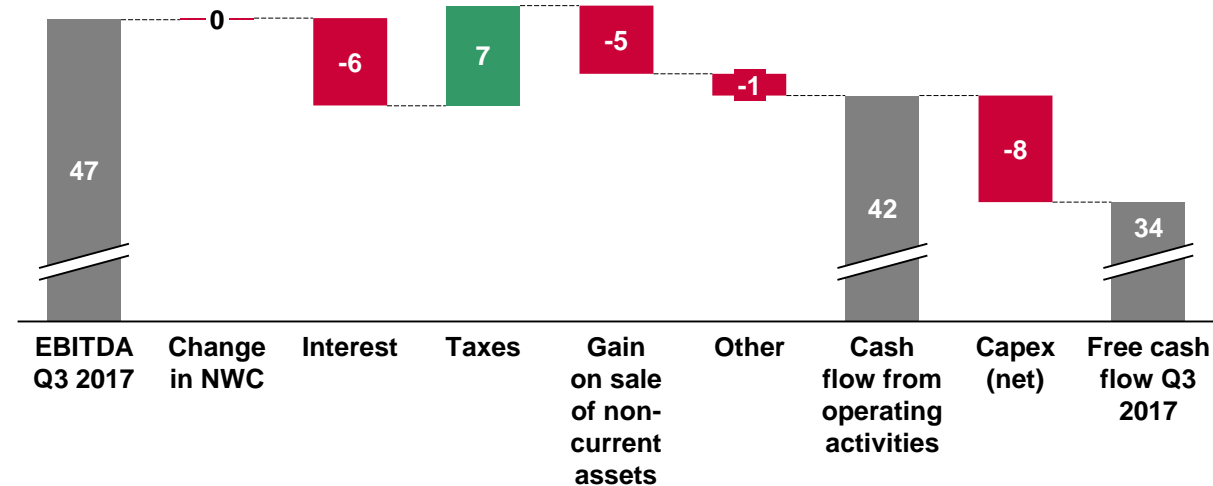
Americas (€m)



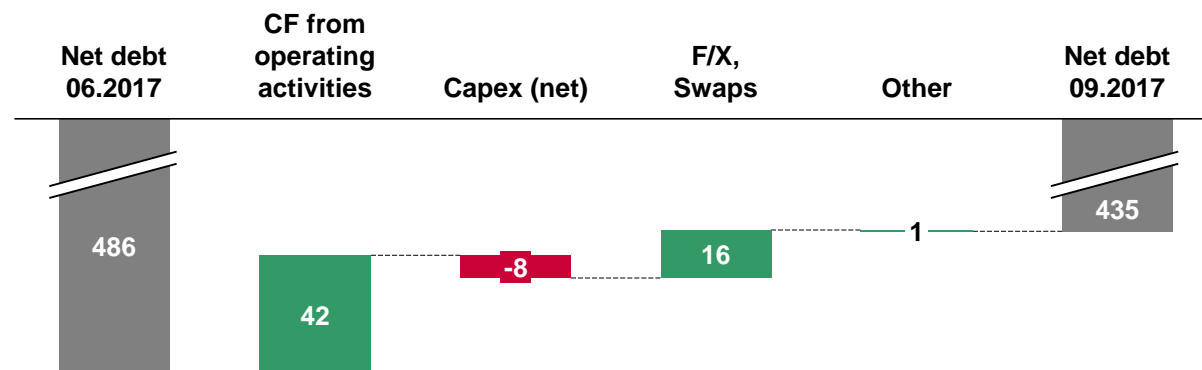
- Positive volume effect in USA and Brazil but overcompensated by a negative price effect
- Other effects: f/x impact (-€2m)

03 | Cash flow and net debt development

Cash flow reconciliation Q3 2017 (€m)



Net financial debt 09/2017 vs. 06/2017 (€m)



Comments

- NWC almost flat in Q3 (qoq)
 - Gain on sale of non-current assets mainly relates to the disposal of Contorion (~€5m)
 - Cash inflows from taxes (€7m) mainly relates to refunds in the US
 - “Other” includes changes in other provisions and other operating assets/liabilities
 - Free cash flow also positive with €34m
-
- Net financial debt decreased due to positive free cash flow of €34m and also due to f/x (€10m) and settlement of f/x swaps (€6m) used to hedge intercompany financing in US\$ and GBP

03 | Maturity profile – well-balanced & diversified funding portfolio

Facility	Committed (€m)	Drawn amount (€m, IFRS*)	
		Q3 2017	FY 2016
Syndicated loan	300	0	0
ABS Europe	300	134	115
ABS/ABL USA	466	193	218
Convertible 2016 ¹⁾	148	133	131
Bilateral facilities ²⁾	311	150	114
Total debt	1,525	610	578
Cash		175	134
Net debt		435	444

*Including interest accrued, excluding deferred transaction costs.

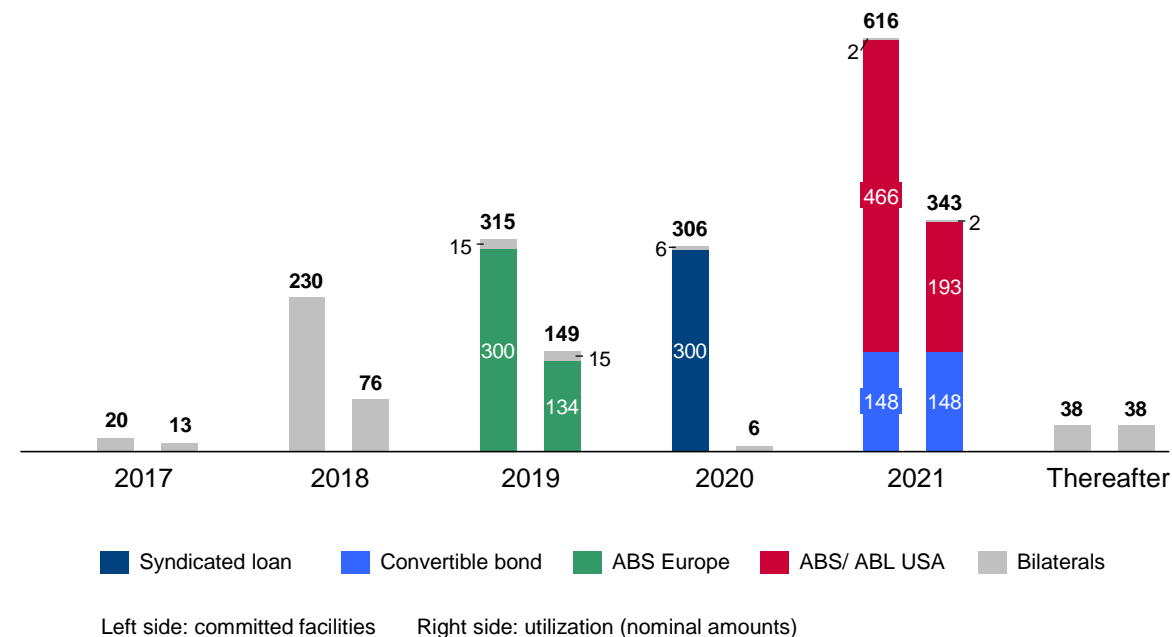
1) Principal €148m, equity component €18m at issuance (September 8, 2016).

2) Including finance lease.

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

€m	Q3 2017
Adjusted equity	1,160
Net debt	435
Gearing ³⁾	37%

Maturity profile of committed facilities & drawn amounts (€m)



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04 | Outlook

FY 2017

- ▶ Higher sales anticipated due to on average higher price level
- ▶ EBITDA up by at least 10% compared to last year (€196m)

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05 | Quarterly and FY results

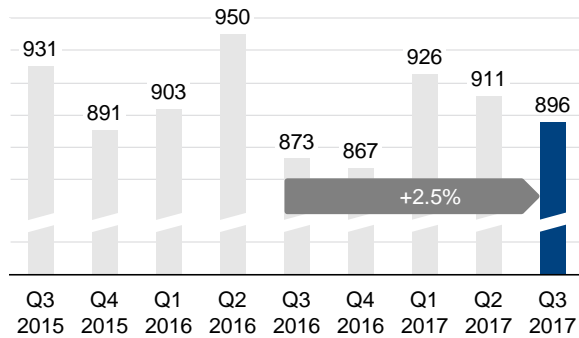
(€m)	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014*	Q3 2014*	FY 2016	FY 2015	FY 2014	FY 2013
Shipments (Tto)	1,539	1,572	1,582	1,450	1,500	1,643	1,556	1,535	1,636	1,645	1,661	1,555	1,690	6,149	6,476	6,598	6,445
Sales	1,565	1,640	1,602	1,397	1,430	1,517	1,386	1,456	1,597	1,693	1,697	1,577	1,675	5,730	6,444	6,504	6,378
Gross profit	310	339	367	319	329	362	304	297	311	320	310	309	325	1,315	1,237	1,261	1,188
% margin	19.8	20.6	22.9	22.8	23.0	23.8	22.0	20.4	19.4	18.9	18.2	19.6	19.4	22.9	19.2	19.4	18.6
EBITDA rep.	47	63	77	37	71	72	16	2	28	-17	10	33	61	196	24	191	124
% margin	3.0	3.9	4.8	2.6	5.0	4.8	1.2	0.2	1.8	-1.0	0.6	2.1	3.6	3.4	0.4	2.9	2.0
EBIT	25	41	54	-4	48	49	-8	-297	5	-44	-15	8	38	85	-350	98	-6
Financial result	-8	-8	-8	-10	-8	-7	-8	-12	-12	-13	-12	-13	-14	-33	-49	-59	-73
Income before taxes	17	33	46	-14	40	42	-16	-309	-7	-56	-27	-4	24	52	-399	39	-79
Income taxes	-4	-9	-10	2	-9	-9	2	45	-2	1	6	1	-8	-14	50	-17	-12
Net income	13	24	36	-12	31	33	-14	-263	-9	-55	-22	-4	16	38	-349	22	-90
Minority interests	1	1	0	0	0	1	0	-1	0	-1	0	-1	0	1	-2	0	-6
Net income KlöCo	12	23	36	-12	31	32	-14	-263	-9	-54	-21	-4	16	37	-347	22	-85
EPS basic (€)	0.12	0.23	0.36	-0.13	0.31	0.32	-0.14	-2.63	-0.09	-0.54	-0.22	-0.04	0.16	0.37	-3.48	0.22	-0.85
EPS diluted (€)	0.12	0.22	0.34	-0.13	0.31	0.32	-0.14	-2.63	-0.09	-0.54	-0.22	-0.04	0.16	0.37	-3.48	0.22	-0.85

* Restated due to initial application of IFRIC 21.

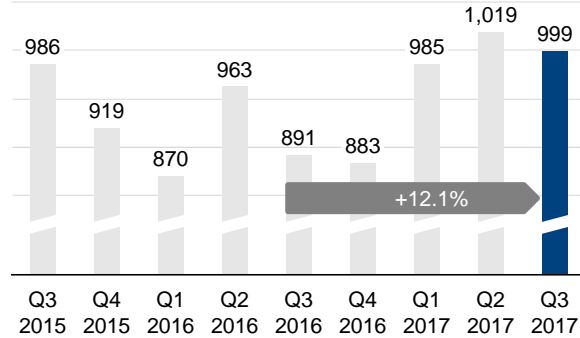
05 | Segment performance

Europe

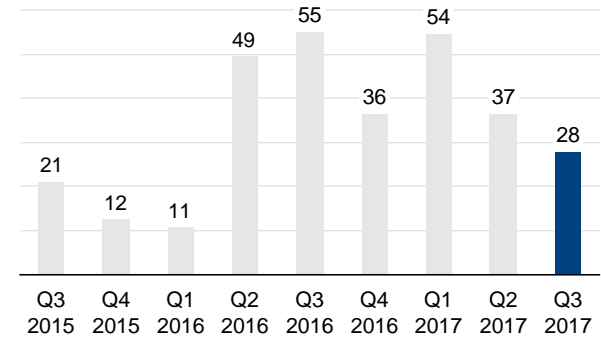
Shipments (Tto)



Sales (€m)

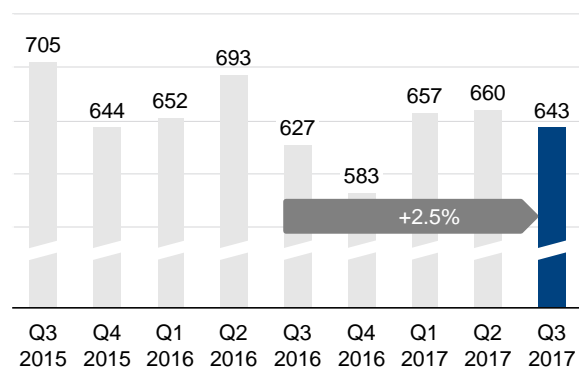


EBITDA before restructuring (€m)

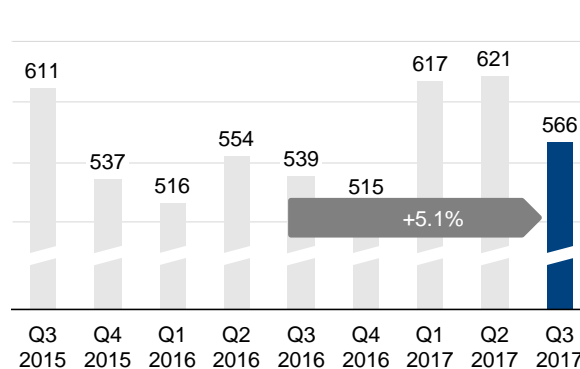


Americas

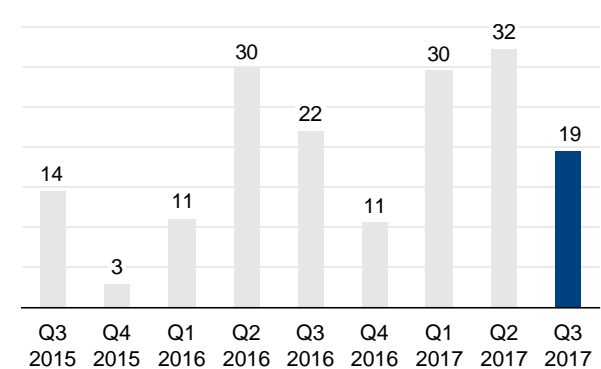
Shipments (Tto)



Sales (€m)



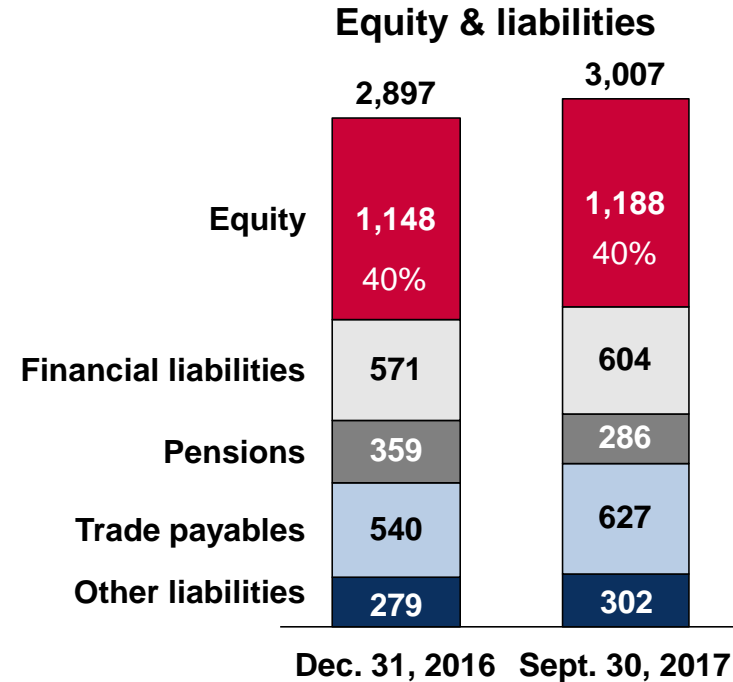
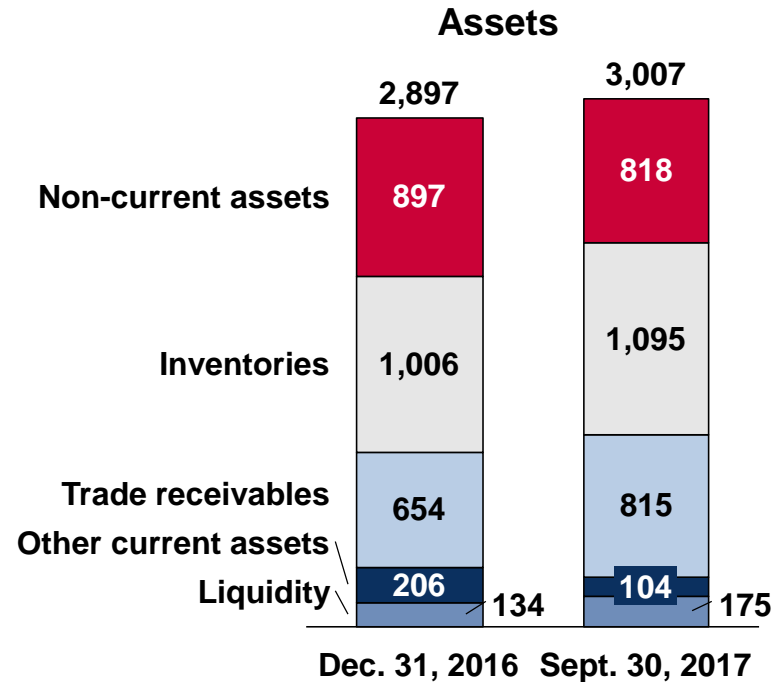
EBITDA before restructuring (€m)



Restructuring costs (€m)*	Q3 2015	Q4 2015
Europe	2	2
Americas		2

* €4m are reported in HQ in Q4 2015.

05 | Strong balance sheet



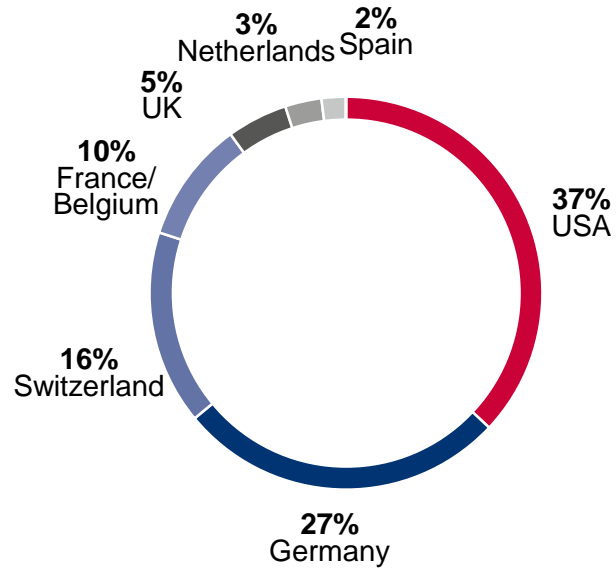
Comments

- Equity ratio further healthy at 40%
- Net debt of €435m
- Gearing* at 37%
- NWC increased from €1,120m to €1,282m

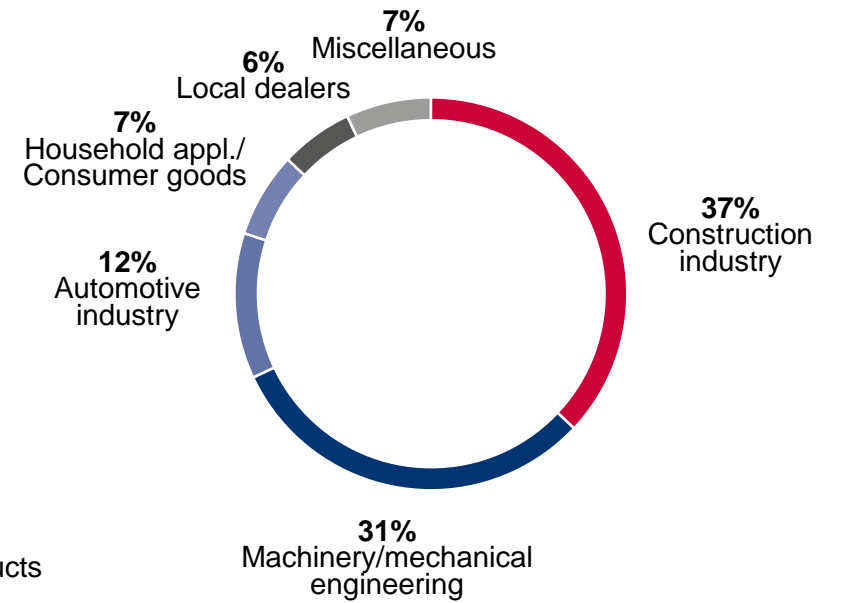
* Gearing = Net debt/Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 23, 2013.

05 | Sales by markets, products and industries

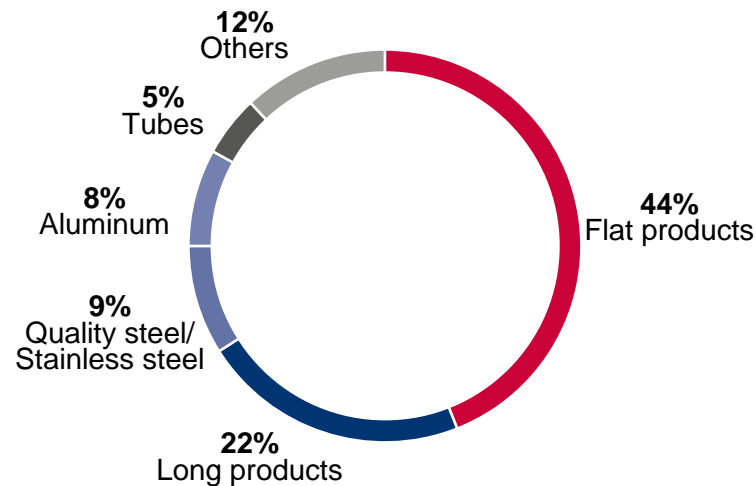
Sales by markets



Sales by industry



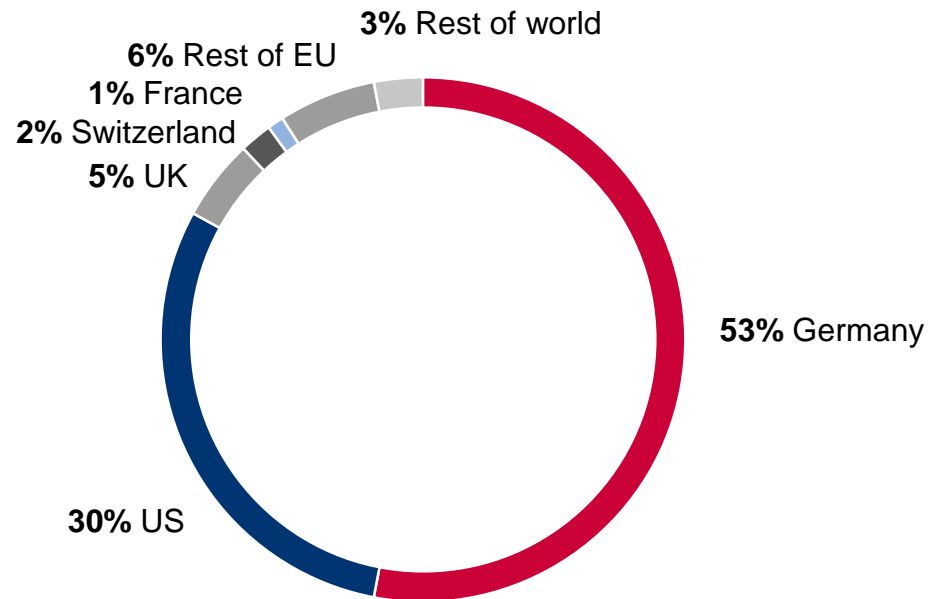
Sales by product



As of December 31, 2016.

05 | Current shareholder structure

Geographical breakdown of identified institutional investors



As of July 2017.

Comments

- Identified institutional investors account for 71%
- German investors incl. retail dominate
- Top 10 shareholdings represent around 52%
- Retail shareholders represent 22%<

05 | Current shareholder structure

Voting Rights Announcements according to WpHG (Security Trading Act)*

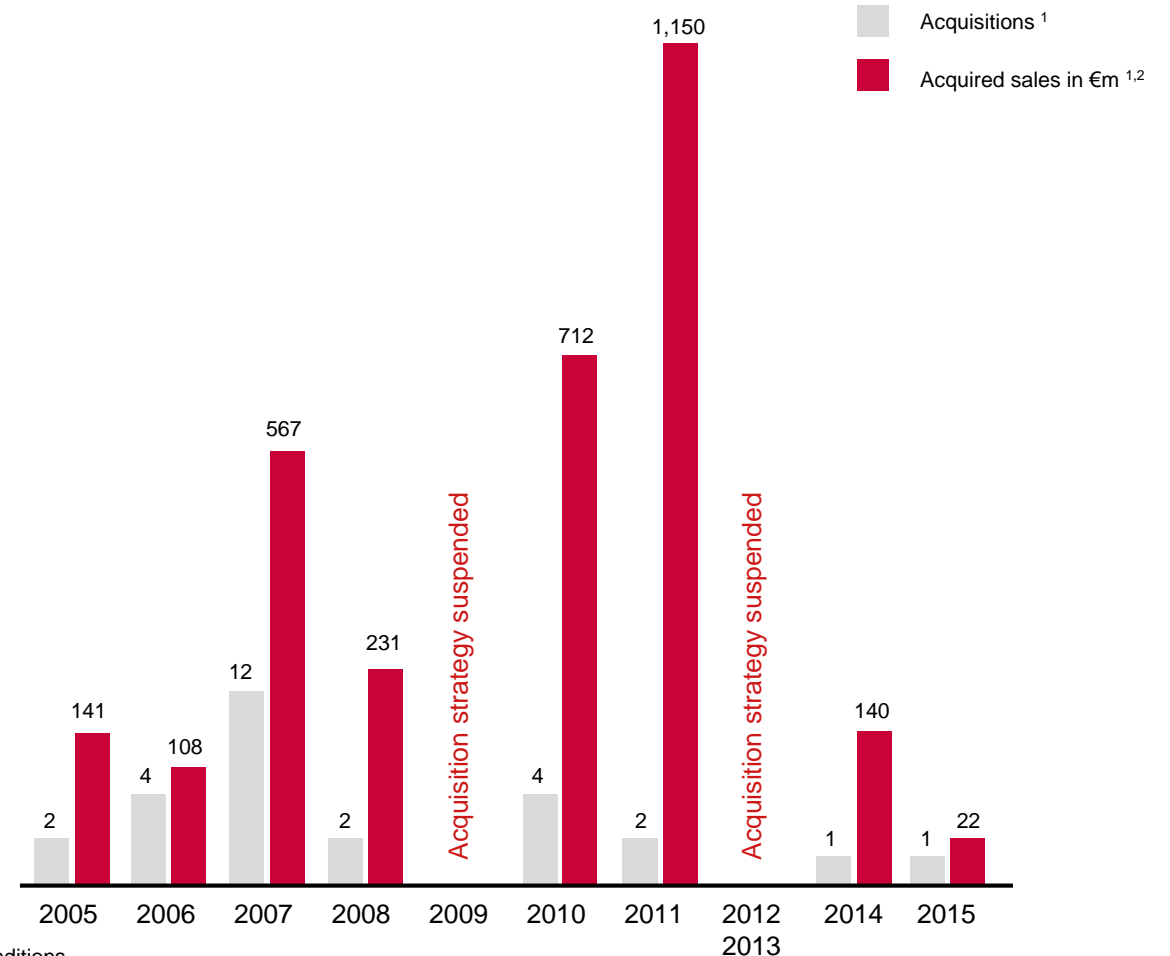
Date of publication	Subject to compulsory notification	Portion of voting stock
22/08/2017	Federated Global Investment Management Corp.	3.01 %
09/02/2016	Swoctem GmbH / Friedhelm Loh	25.25%
04/03/2015	Franklin Mutual Series Funds	3.07%
18/03/2014	Franklin Mutual Advisors	5.35%
02/02/2012	Dimensional Holdings Inc. / Dimensional Fund Advisors LP	3.06%

*) The table lists all shareholders, whose Klöckner & Co SE voting shares **exceed** one of the notification thresholds under section 21 clause 1 WpHG, based on notification as of Nov. 23, 2017.

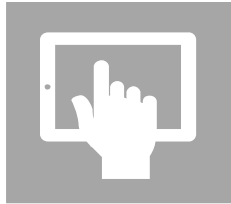
05 | Strong Growth: 26 acquisitions since the IPO

Country	Acquired ¹⁾	Company	Sales (FY) ²⁾
2015			1 acquisition
USA	Oct. 2015	American Fabricators	€22m
2014			1 acquisition
CH	2 nd quarter 2014 ³⁾	Riedo	€140m
2011			2 acquisitions
Brazil	May 2011	Frefer	€150m
USA	April 2011	Macsteel	€1bn
2010			4 acquisitions
USA	Dec 2010	Lake Steel	€50m
USA	Sep 2010	Angeles Welding	€30m
GER	Mar 2010	Becker Stahl-Service	€600m
CH	Jan 2010	Bläsi	€32m
2008			2 acquisitions
US	Mar 2008	Temtco	€226m
UK	Jan 2008	Multitubes	€5m
2007			12 acquisitions
2006			4 acquisitions

¹⁾ Date of announcement ²⁾ Sales in the year prior to acquisitions ³⁾ The transaction is still subject to normal closing conditions but has already been approved, with a different transaction structure, by the Swiss Competition Commission.



05 | Overview of the main digital portals and tools

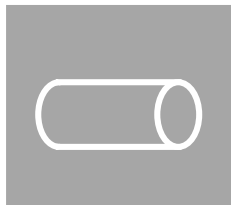


Kloeckner Connect

Kloeckner Connect is a portal combining all services we provide. Find all the digital solutions at first glance.

Benefits for the customer:

- ✓ Portal which connects all relevant information on our digital products and services
- ✓ It informs about online tools, interfaces and intl. networks



Contract Portal/ Part Manager

It supplies information on all current and historical contracts and allows materials to be called-off.

Benefits for the customer:

- ✓ All Klöckner contracts at a glance
- ✓ View individual material stock
- ✓ Look into future and historical material call-offs



Onlineshop/ Marketplace

Onlineshop makes ordering steel more comfortable than ever – no matter where or when.

Benefits for the customer:

- ✓ Abandon time and place bound ordering
- ✓ Instant quotes; easy order, reorder, bulk order
- ✓ Lower transaction costs/ lower stock



Kloeckner Direct

US customers are granted transparency in terms of stock availability at specific branches. Currently updated to a comprehensive onlineshop.

Benefits for the customer:

- ✓ Direct view into the branches stock and availability
- ✓ Quote generation easy and convenient – online, saves time
- ✓ Create and send a request for a quote



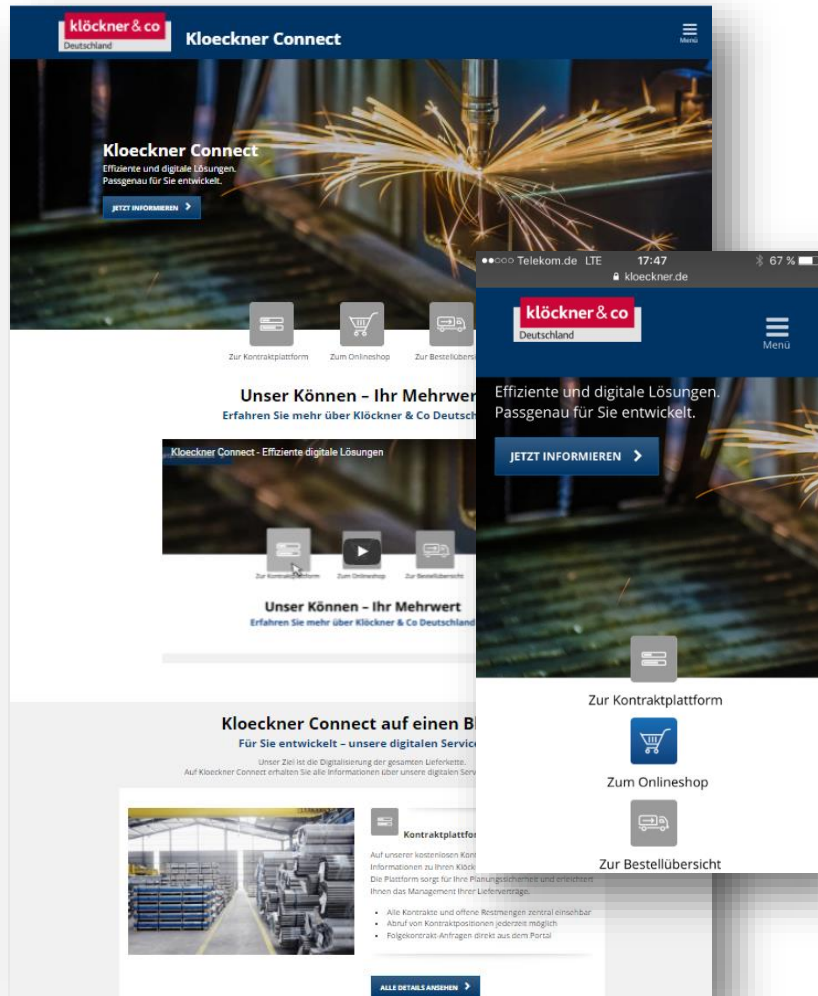
Order Transparency Tool

This tool grants access to all information concerning the current and historical orders.

Benefits for the customer:

- ✓ Complete overview of all open and closed orders
- ✓ Check the status of future deliveries
- ✓ Intuitive and user friendly interface

05 Service portal Klöckner Connect as central access point for customers to Onlineshop, Contract Portal and various digital tools



Key facts

- Responsive design for mobile and smartphone access
- Starting point for the digital journey of KCO's customers
- Important source for KCO's SEO*-ranking
 - SEO is a specific discipline focused on the optimizations needed on content that is relevant to users and ultimately attracts the right customers to the business
 - Rankings in SEO refers to a website's position in the search engine results page influenced by various ranking factors
 - Important role for overall digital marketing

* Search engine optimization

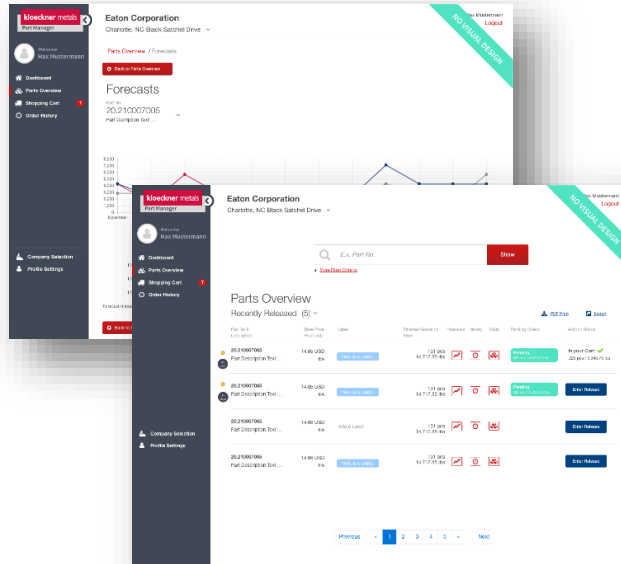
05 | European Contract Portal for customers with time, volume and product contracts



Key facts

- Clearly structured overview of prices, volumes and maturity dates
- Order-Release 24/7 by mouse click via PC or tablet
- Option to contact KCO sales agent for new contract negotiations
- Fully integrated into service portal Kloeckner Connect
- OCI interface to ERP systems of customers
- Integrated into third party platform Axoom (Trumpf)

05 The Part Manager has become an important sales channel for flat rolled products in the US



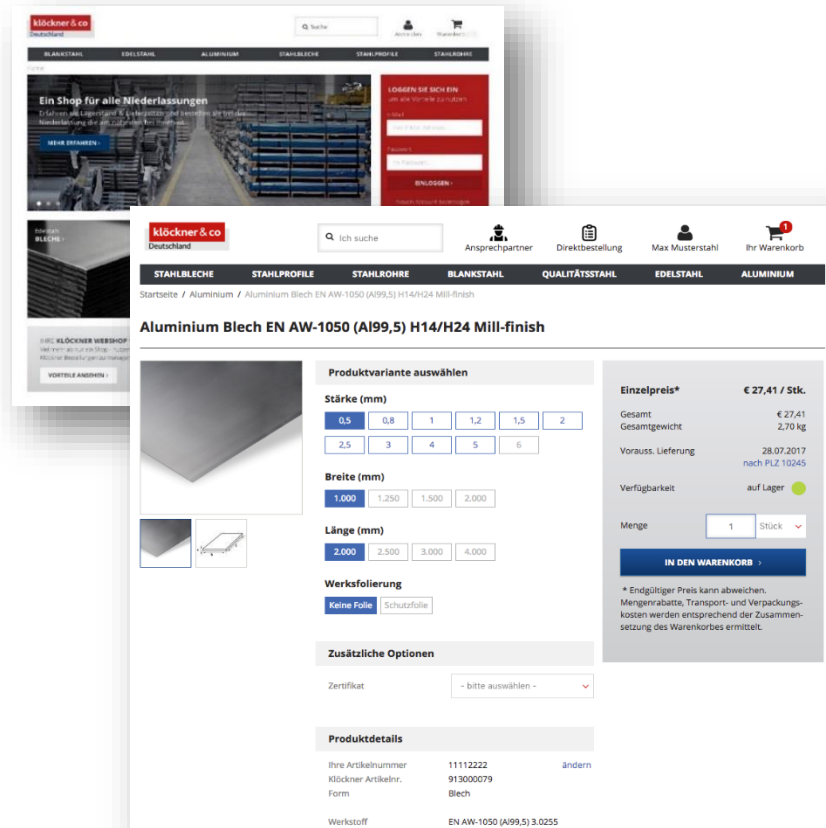
Key facts

- Clearly structured overview of prices, volumes and maturity
- Real-time availability of parts and pending orders
- Placement of orders directly from the shop floor via tablet
- Forecasted and historical consumption
- Online release of consigned goods
- Currently redesign for better customer experience

Whirlpool® customer quote:

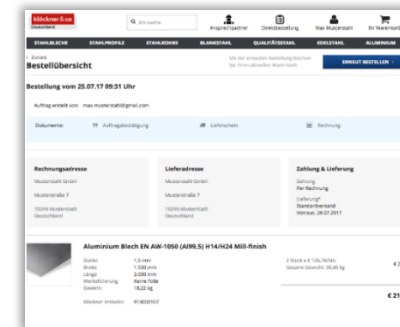
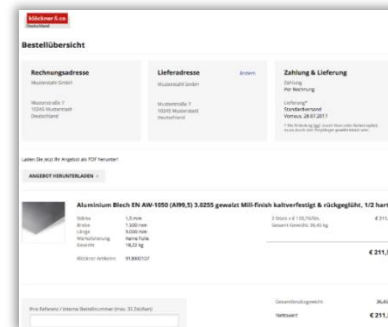
"Parts Manager has been a great tool for us here at the Whirlpool Tulsa plant. It has allowed my team to place daily steel orders more accurately and efficiently, which has opened up more time for us to move our business forward and make improvements that are critical to our success."

05 | Onlineshop further advanced



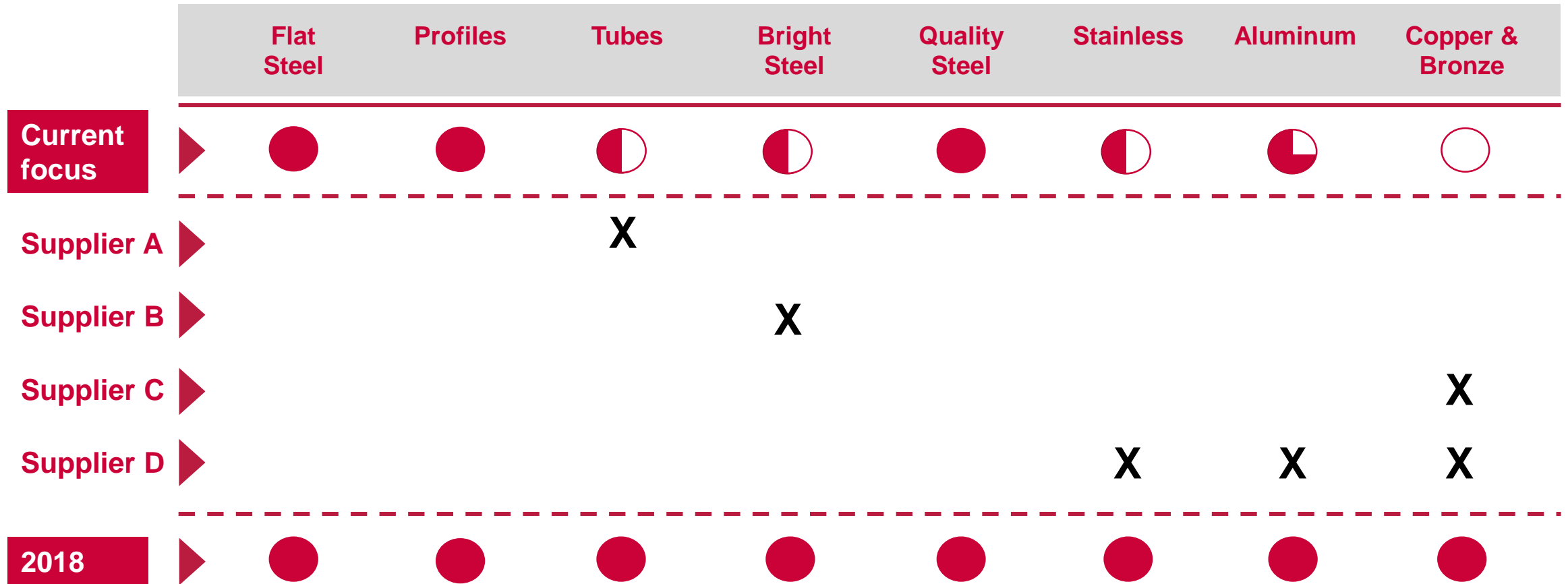
Key facts

- Live in Germany, Austria, the Netherlands, United Kingdom
- Further rollouts in France this year and in Belgium in 2018
- Offers full price and delivery time transparency
- Integration into ERP systems of customers via OCI interface
- Open for 3rd party sellers / distributors with complementary products shortly
- Possibility of payment via credit card shortly
- Third party interface via webservice API
- Fully integrated into service portal Klöckner Connect

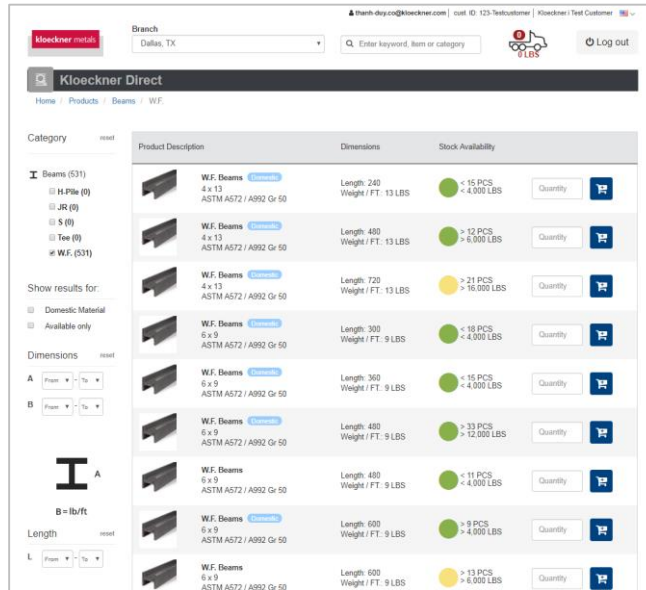


05 Offering the full range of steel and metals through Onlineshop marketplace feature without inventory build-up

KCO Germany



05 Kloeckner Direct will be expanded to a comprehensive Onlineshop for the US



Key facts

- Online product catalog of KCO in the US
- Focus on spot market
- Better overview of stock availabilities within a region
- Automating quote and order process
- Rolling out to >130 customers in the first stage in May 2017
- Continuous development to a comprehensive Onlineshop fully inhouse in 2018
- Total investment until June 2017 €0,7m

05 The Order Transparency Tool helps KCO's customers to manage their orders and track deliveries from one single interface

klöckner & co
Deutschland

Service
Bestellübersicht

Kontakt Eingelogggt als Demo Account
Kunden-Nr.: 10000 Abmelden

BESTELLÜBERSICHT FÜR DEMO COMPANY 1

Suche Lieferstatus

Suche und Sortierung zurücksetzen

Ihr Ansprechpartner
Herr Norman Rostluff
Norman.Rostluff@kloeckner.com
+493752700286

Ihre Bestellnummer**	Klöckner Auftragsnummer**	Auftragsdatum**	Vom: Liefertermin**	Lieferstatus**	
B17/000186 / Frau Perzold	1014180211	20.07.2017	19.09.2017 s. Positionen	Teilgeliefert	+
B17/000205	1014260391	08.08.2017	11.08.2017	In Bearbeitung	+ -
B17/000182	1014191826	24.07.2017	10.08.2017	In Bearbeitung	- -

Pos.-Nr.**	Ihre Material-Nr.**	Material Kurztext**	Menge**	Preis**	Vom: Liefertermin**	Lieferstatus**	
10	162.1 FÜHRUNGSBLECH	Nr. 162.1 0	4 Stck	€ 13,46 / Stck	10.08.2017	In Bearbeitung	Werkzeug Onlineshop
20	162.2 FÜHRUNGSBLECH	Nr. 162.2 0	4 Stck	€ 10,46 / Stck	10.08.2017	In Bearbeitung	Werkzeug Onlineshop
30	156	Distanzrippe 156 0	180 Stck	€ 5,01 / Stck	10.08.2017	In Bearbeitung	Werkzeug Onlineshop
40	157	Distanzrippe 157 0	4 Stck	€ 5,46 / Stck	10.08.2017	In Bearbeitung	Werkzeug Onlineshop
50	160	Distanzrippe 160 0	80 Stck	€ 5,01 / Stck	10.08.2017	In Bearbeitung	Werkzeug Onlineshop
60	160.1	Distanzrippe 160.1 0	80 Stck	€ 5,21 / Stck	10.08.2017	In Bearbeitung	Werkzeug Onlineshop

Dokumente: Auftragsbestätigung Lieferchain Rechnung

tel. Fr. Perzold	1014268437	10.08.2017	11.08.2017	Alles geliefert	+
B17/000201 / Frau Perzold	1014253632	07.08.2017	10.08.2017 s. Positionen	Alles geliefert	+ -
B17/000199 P170405 17Mo1834	1014232455	01.08.2017	04.08.2017	Alles geliefert	+
# B17/000186, Fr. Perzold	1014180084	20.07.2017	27.07.2017 s. Positionen	Alles geliefert	+
Rohlfiler - Reinigungsbehälter	1014157093	17.07.2017	21.07.2017 s. Positionen	Alles geliefert	+ -
B17/000147	1014013311	19.06.2017	18.07.2017	Alles geliefert	+
B17/000157	1014073312	29.06.2017	07.07.2017	Alles geliefert	+

Key facts

- Easy overview of orders for all customers
- Tracking of order status and deliveries
- Easy access to invoices and mill certificates
- Integration into Onlineshop under development
- Already close to 4.000 active users

05 | Overview of further digital solutions



OCI/ EDI

This interface allows a direct connection between an ERP and the Klöckner Onlineshop.

Benefits for the customer:

- ✓ Klöckner plugin for the SAGE 100 ERP System
- ✓ Enables ERP to ERP communication
- ✓ Lowers transaction costs significantly



Application programming interface (API)

Klöckner API is a REST interface which allows to easily connect with third party systems.

Benefits for the customer:

- ✓ Klöckner products can be delivered in third party systems
- ✓ Quotes and orders possible via REST API
- ✓ Developer community to build business models around the API



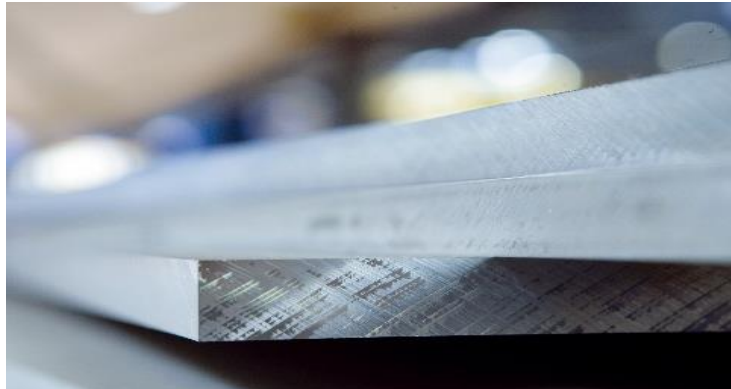
Sage 100

This solution allows a direct connection to Klöckner ordering system and coordinates business processes.

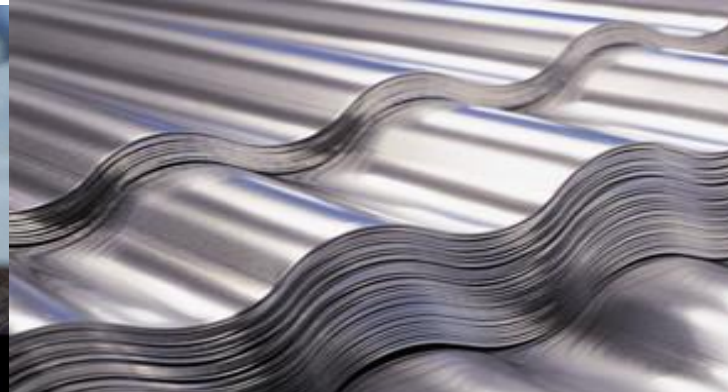
Benefits for the customer:

- ✓ More transparency and an automatic exchange of information
- ✓ Efficient processes which increase your competitive edge
- ✓ Transparent insights into current purchasing conditions

05 | Products



Flat Products



Stainless / Aluminium / Quality



Hollow Sections



Long Products



Tubes



Coils

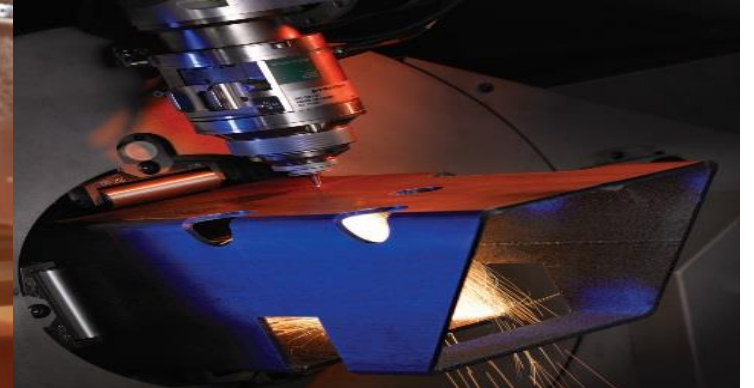
05 | Services



Cutting to Length / Bending



Surface treatment



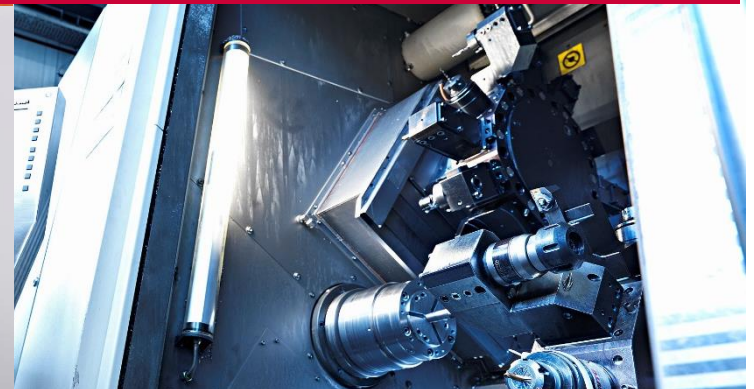
Laser cutting / Flame cutting



Decoiling / Cutting / Slitting



3D-Laser



Turning machine

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Financial calendar

February 28, 2018 Annual financial statements 2017

April 25, 2018 Q1 interim statement 2018

May 16, 2018 Annual General Meeting

July 24, 2018 Q2 interim report 2018

October 24, 2018 Q3 interim statement 2018