



Klöckner & Co SE

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Paris

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Gisbert Rühl | CEO



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In addition to the key data prepared in accordance with International Financial Reporting Standards, Klöckner & Co SE is presenting non-GAAP key data such as EBITDA, EBIT, Net Working Capital and net financial liabilities that are not a component of the accounting regulations. These key data are to be viewed as supplementary to, but not as a substitute for data prepared in accordance with International Financial Reporting Standards. Non-GAAP key data are not subject to IFRS or any other generally applicable accounting regulations. Other companies may base these concepts upon other definitions.

Agenda

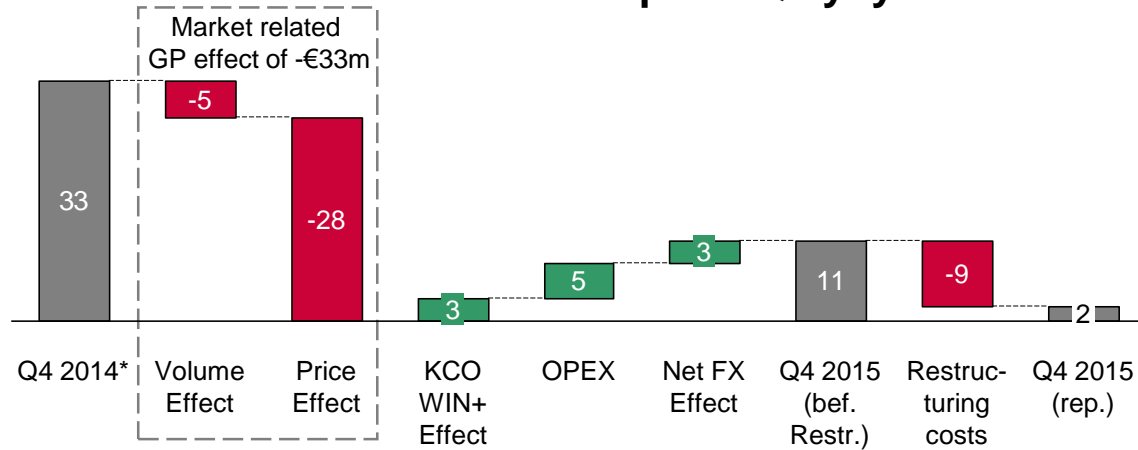
- 1. Highlights and update on strategy**
2. Financials
3. Outlook
4. Appendix

01 | Highlights

- Sales of Klöckner & Co down by 0.9% to €6.4bn despite positive currency effects due to lower prices and volumes
- Gross profit before restructuring slightly down by 1.5% to €1.2bn, gross margin remained roughly stable at 19.3%
- EBITDA before restructuring of €86m slightly above guidance of up to €85m
- Net loss of €349 million impacted by restructuring expenses and goodwill impairments
- Free cash flow of €191m achieved compared to €-64m in 2014
- Net debt strongly decreased from €472m to €385m – despite negative FX-effects – primarily driven by NWC release
- Significant progress of digital transformation
 - Go live of Service Platform Kloeckner Connect and new web shop in Germany
 - Launch of Industry Platform via integration of first competitors already planned for next year
- Higher value-added strategy further advanced due to organic growth and acquisition of American Fabricators
- KCO WIN+ program progressing fully on schedule – incremental EBITDA contribution of €30m from 2017 onwards with the majority thereof already in the current year
- For 2016 significant increase of EBITDA expected
- Return to positive net income anticipated supported by further reduced interest expenses

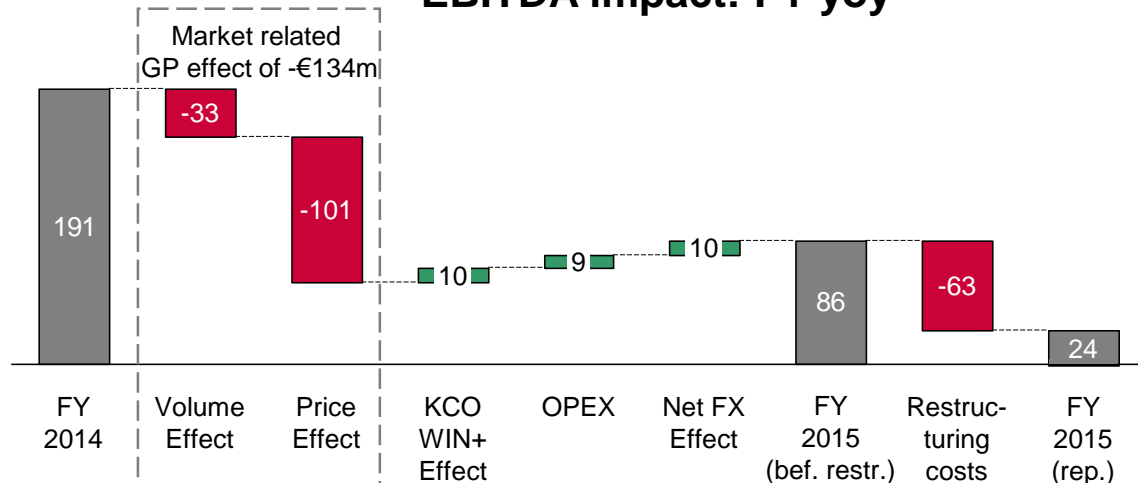
01 | EBITDA in FY heavily impacted by adverse market effects

EBITDA impact: Q4 yoy



* Restated due to the initial application of IFRIC 21 (Levies)
 Note: Columns are calculated w/o FX effects; translational FX effects shown in column "Net FX Effect"

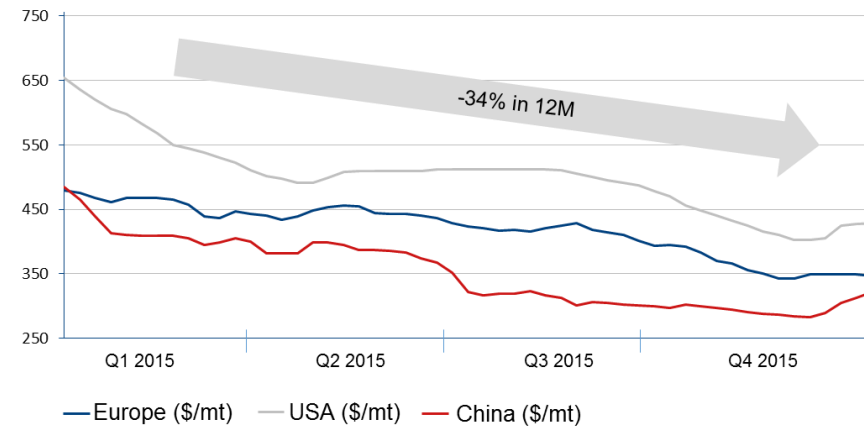
EBITDA impact: FY yoy



Comments

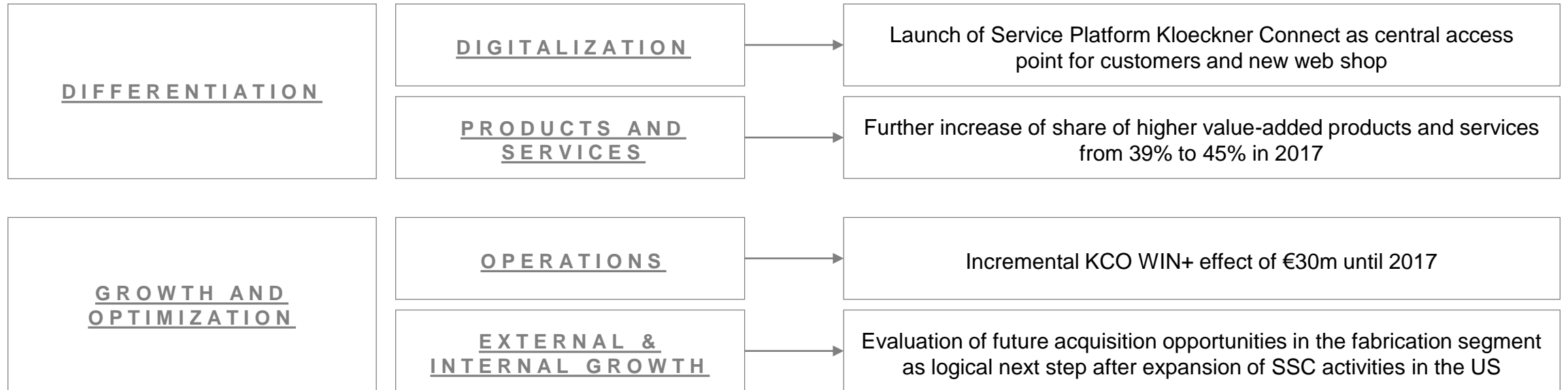
- EBITDA under pressure due to adverse market effects of -€33m in Q4 and in total -€134m in FY
- Volume effect of -€5m in Q4 and -€33m in FY due to continuously weak demand
- Negative price effect of -€28m in Q4 and -€101m in FY due to deteriorating prices

STEEL PRICE DEVELOPMENT HRC



01 | Further progress in implementing “Klöckner & Co 2020” strategy

KLÖCKNER & CO 2020



01 | Implementation of digitalization is progressing further

Internal organization

kloeckner.i



- **kloeckner.i** with own office in Berlin since January 2015
- More than 20 digital experts hired in the areas of Innovation & Product, Digital Marketing & Sales and Business Intelligence & Analytics

Digital tools



- **Contract Portal** very well received by customers in Europe and the US
- **New webshop** developed with startup methods sets new industry standards regarding customer focus and usability is getting live today

Service/Industry platform



- Service platform **Kloeckner Connect** as central access point for customers
- Important milestone towards launch of Industry Platform planned for 2017

Digital partnerships

TRUMPF



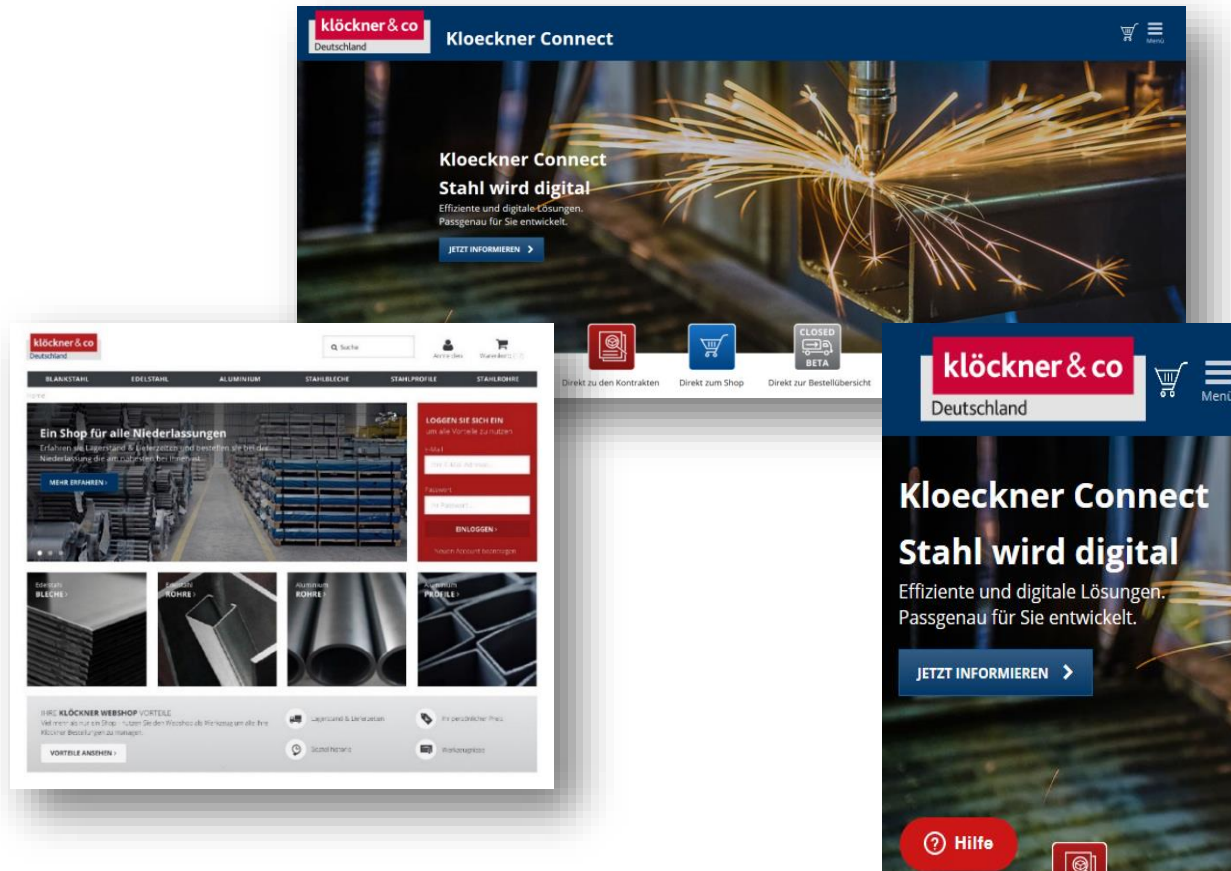
CONTORION

sage

- Entry into IoT business via participation in the AXOOM project by TRUMPF
- Collaboration with Contorion to enter the online business with private customers
- Development of Klöckner ERP version for SMEs with software company Sage

01 | First version of Service Platform and new B2B webshop launched

www.kloeckner.de

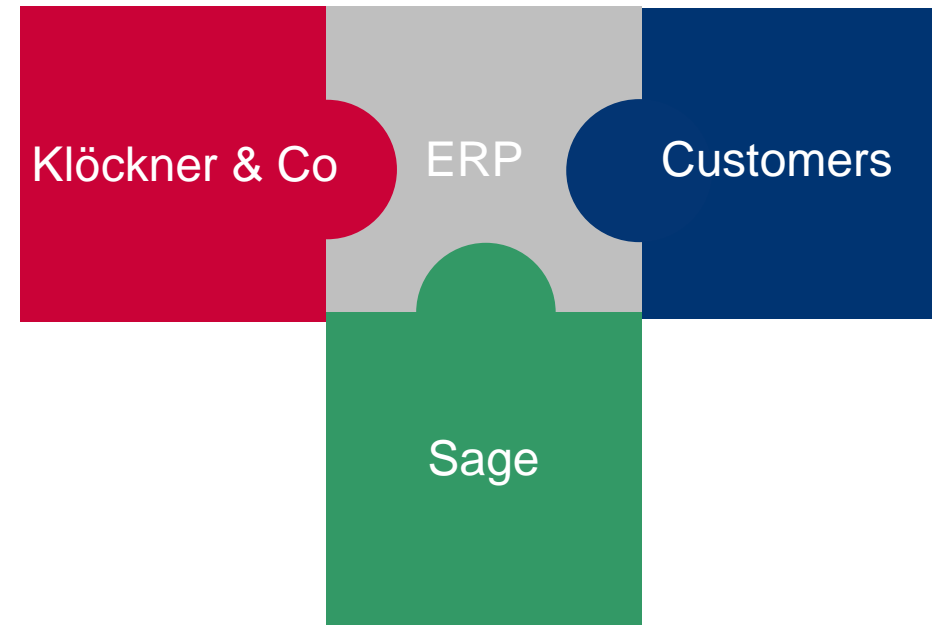


- First version of service platform Kloeckner Connect and new B2B webshop went live in Germany on March 1, 2016
- Both solutions developed with lean-startup approach
- **Service platform Kloeckner Connect:**
 - Central access point for customers
 - Integration of B2B webshop and contract portal in the first version
 - Other tools will be integrated over the course of the year
 - Preliminary stage for Industry Platform
- **B2B webshop:**
 - Offers full price and delivery time transparency – even for customers without registration
 - Integration of additional features throughout the year as well as enhancement of product portfolio

01 | Joint ERP project with software company Sage

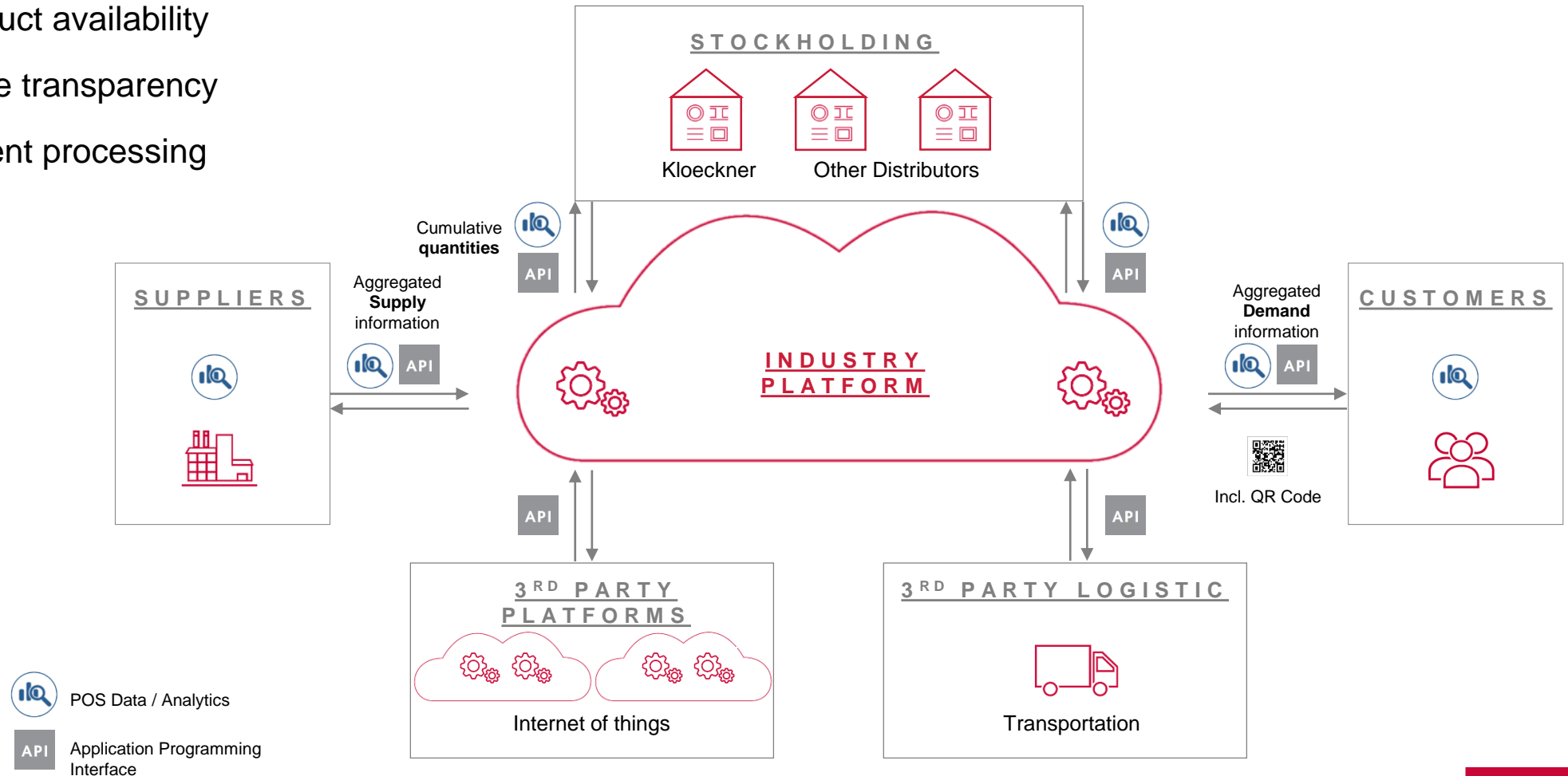


- Special Klöckner version of Sage ERP system pre-configured for steel and metal processors
- Klöckner & Co customer survey showed pent-up demand for ERP systems – especially for SMEs
- Solution enables customers to manage their business processes professionally including an automated order process via online access to the extensive product portfolio of Klöckner & Co
- High market potential due to big overlaps between Sage and Klöckner & Co regarding customer base and business regions
- System already in the implementation stage at test users
- Start of marketing together with Sage within the first half of 2016



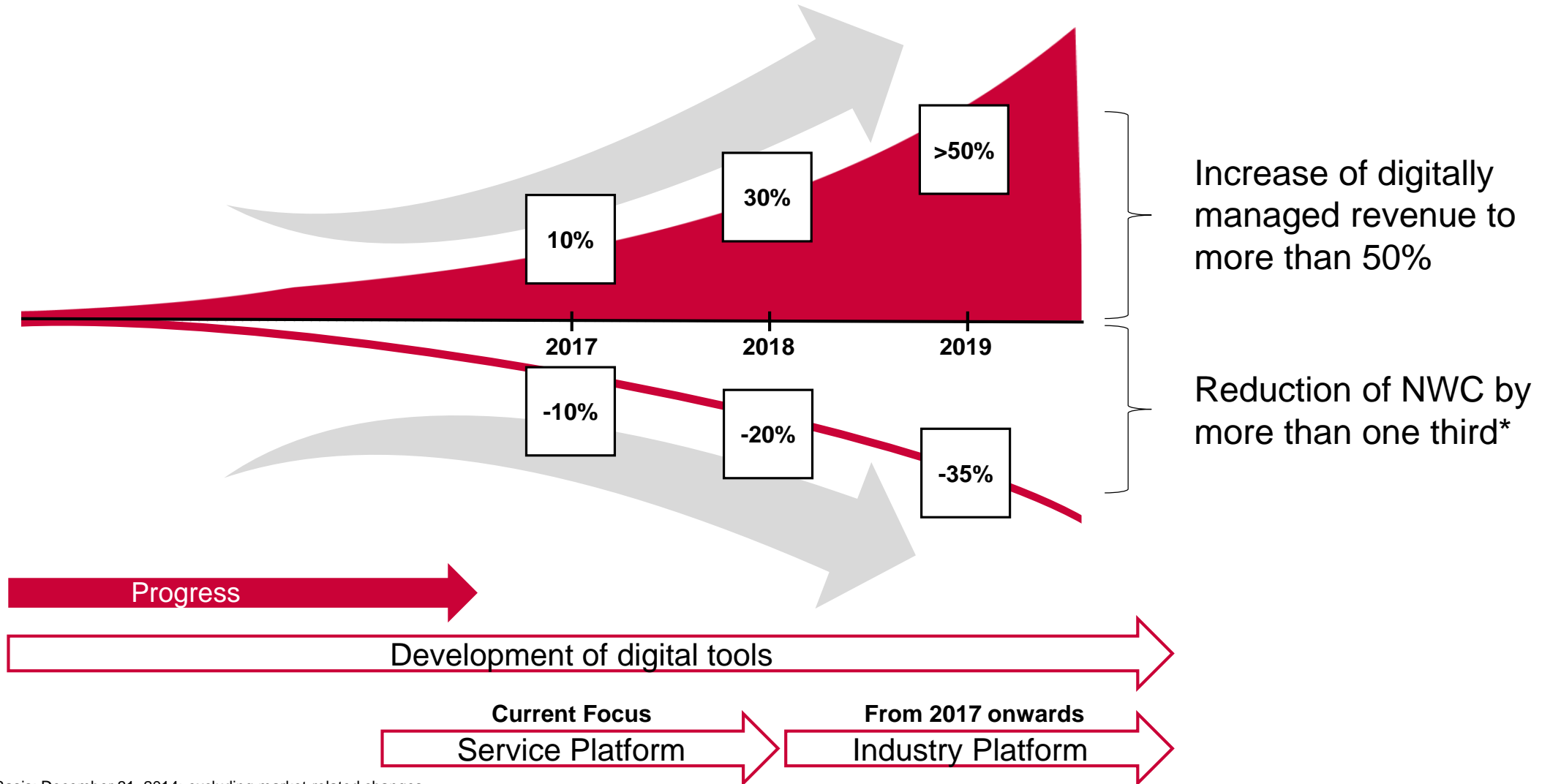
01 | Goal is an open Industry Platform

- ➔ Lower inventory levels
- ➔ Better product availability
- ➔ Higher price transparency
- ➔ More efficient processing



Nevertheless, next to increasing sales and profitability also ambitious digitalization targets to reduce debt

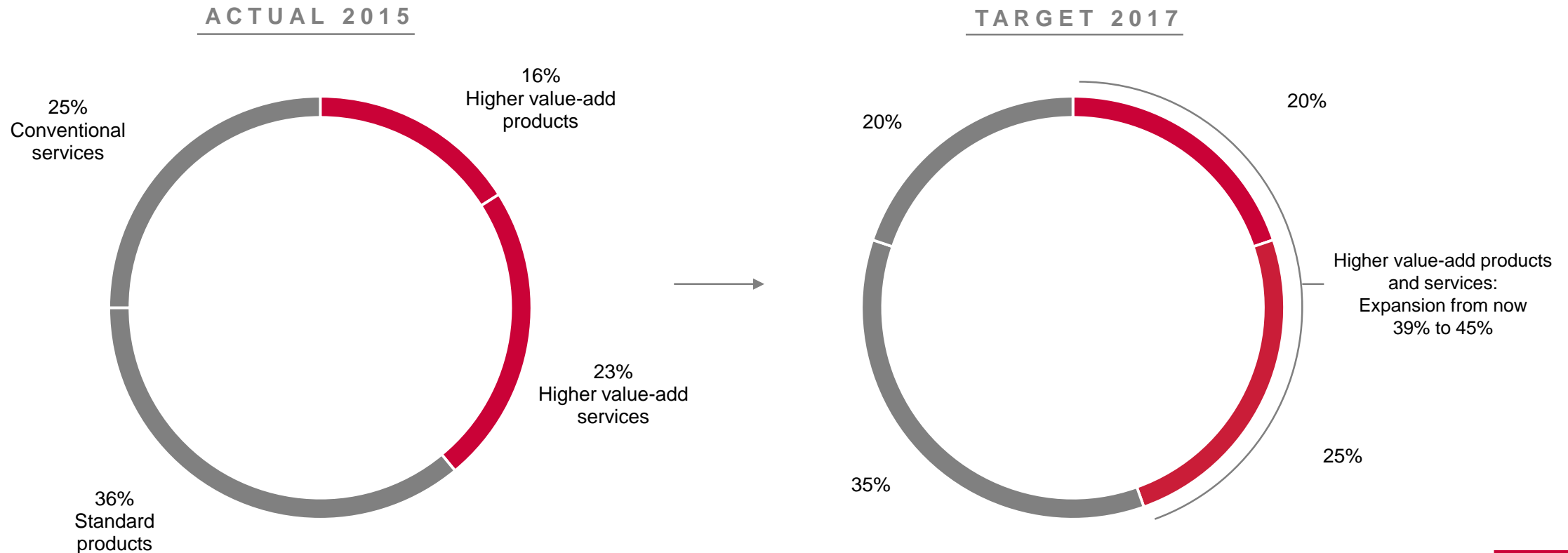
01



* Basis: December 31, 2014; excluding market-related changes

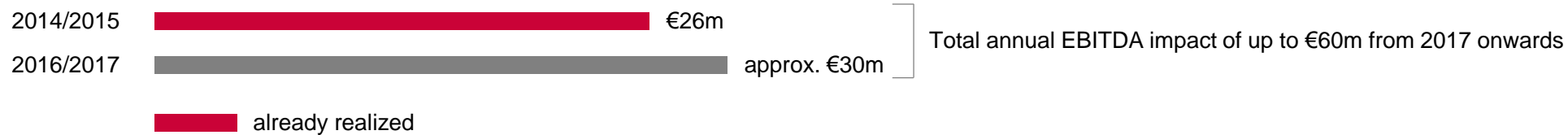
01 | Higher value-added strategy further advanced

- Sales share of higher value-add products and services up from 34% in 2014 to 39% in 2015
- Further increase of higher margin business to 45% of sales planned until 2017
- Greater part of sales planned to be generated with higher value-add products and services by 2020



01 | Significant KCO WIN+ effects expected

- EBITDA effect
 - Total one-off effects of €-63m
 - Overall KCO WIN+ effect of up to €60m from 2017 onwards
 - Original optimization program extended by restructuring measures in summer 2015 against the background of deteriorating market conditions
 - Incremental effect of €30m until 2017
 - Significant share thereof already in 2016



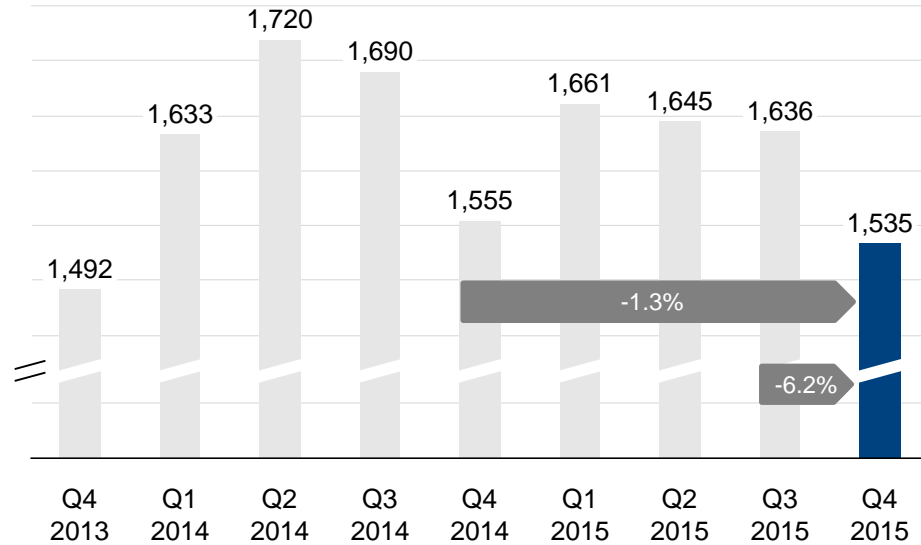
- Cash effect
 - Cash out to be overcompensated by working capital release
 - Additional positive midterm effect through asset sales

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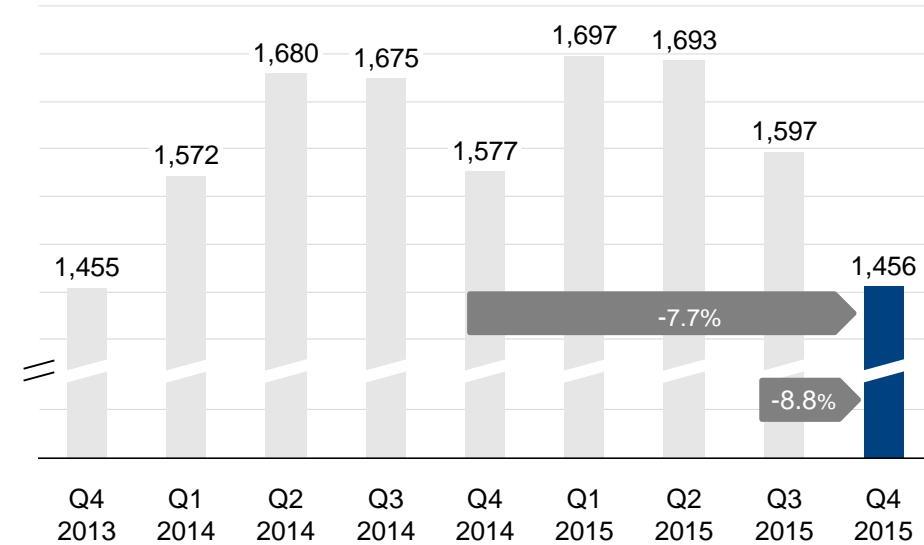
02 | Shipments and sales

Shipments (Tto)



- Decrease yoy and qoq driven by the continuously weak demand in Europe and Americas

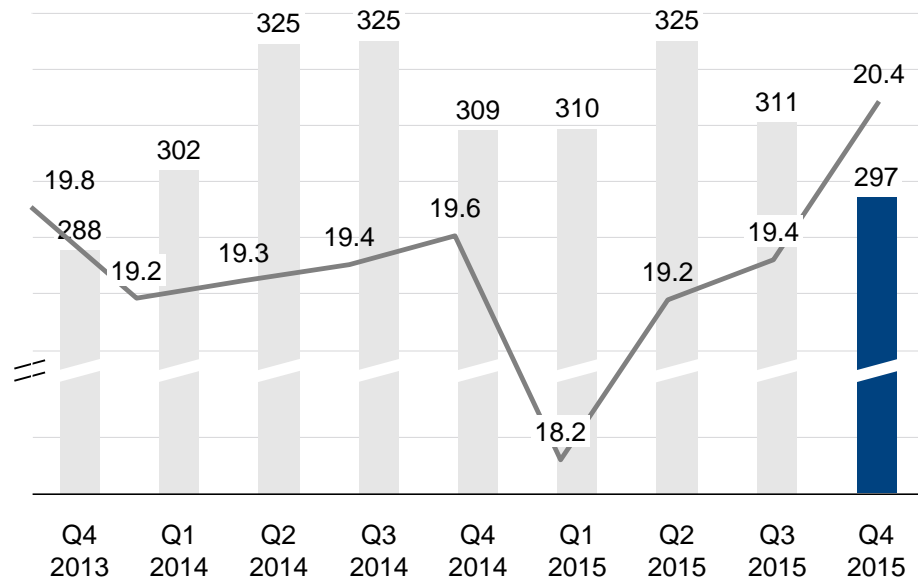
Sales (€m)



- Sales decreased qoq and yoy more pronounced than shipments due to severe pressure on prices

02 | Gross profit and EBITDA

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

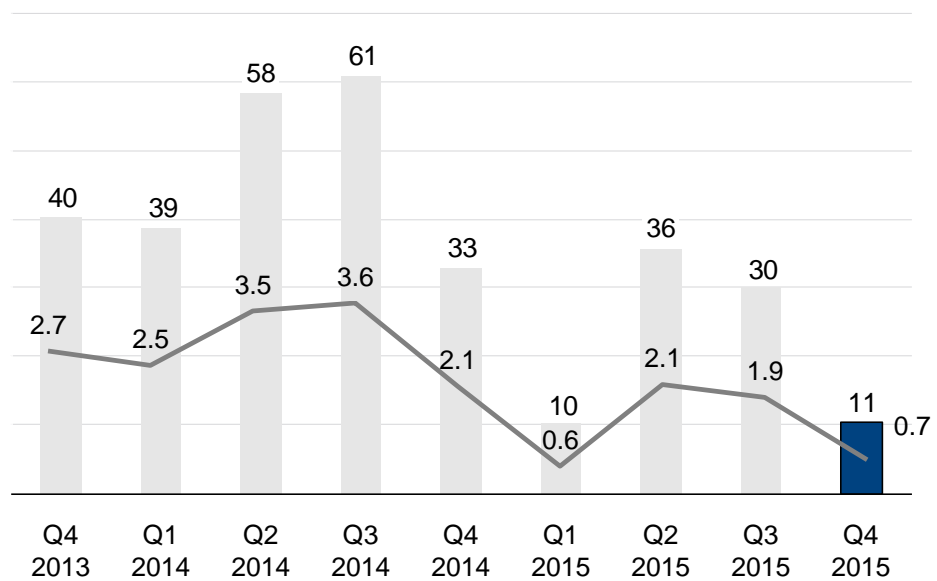


- QoQ margin improvement from 19.4% to 20.4%
- Gross margin FY 2015 roughly stable despite weak environment at 19.3% (2014: 19.4%).

* Before restructuring cost.

** 2014 amounts restated due to the initial application of IFRIC 21 (Levies).

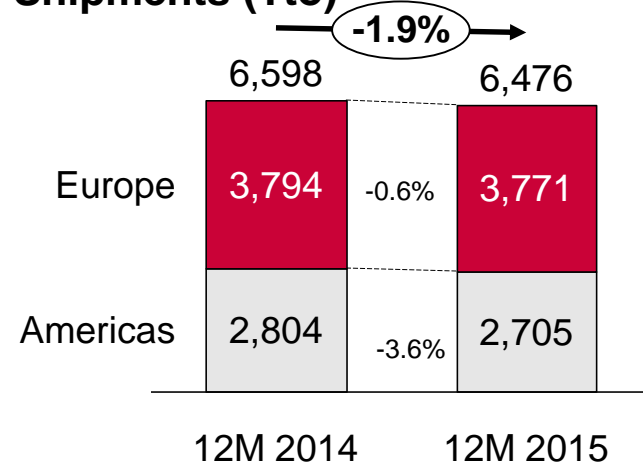
EBITDA*,** (€m) / EBITDA margin*,** (%)



- EBITDA before restructuring in Q4 again heavily burdened by weak market situation
- EBITDA margin before restructuring therefore down by 1.4%p to 0.7% yoy and down qoq by 1.2%p
- FY 2015 margin before restructuring at 1.3% vs 2.9% in 2014

02 | Segment performance FY (shipments and sales)

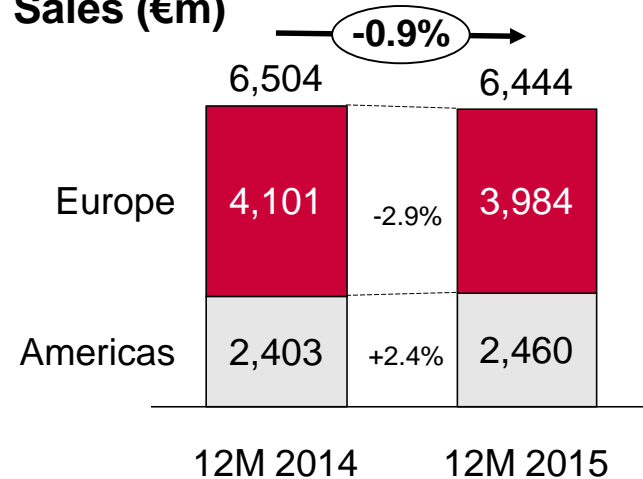
Shipments (Tto)



Comments

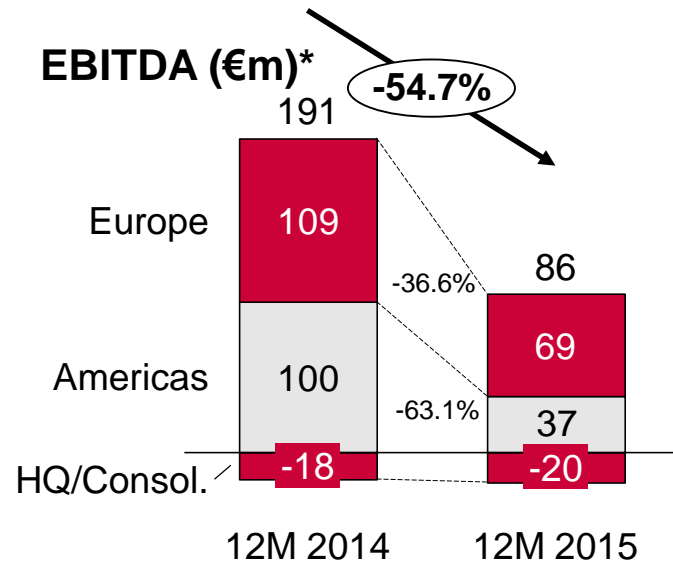
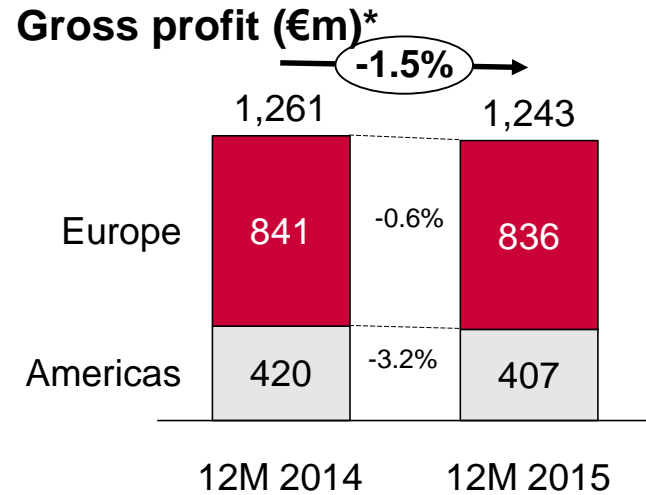
- Shipments
 - European shipments slightly lower by 0.6%
 - Americas down by 3.6% due to a weak market

Sales (€m)



- Sales
 - Europe sales down due to further weakening prices (-2.9%) despite strong Swiss Franc and British Pound
 - Americas segment sales up (+2.4%) due to f/x only; lfl down due to deteriorating prices and volumes

02 | Segment performance (gross profit and EBITDA)

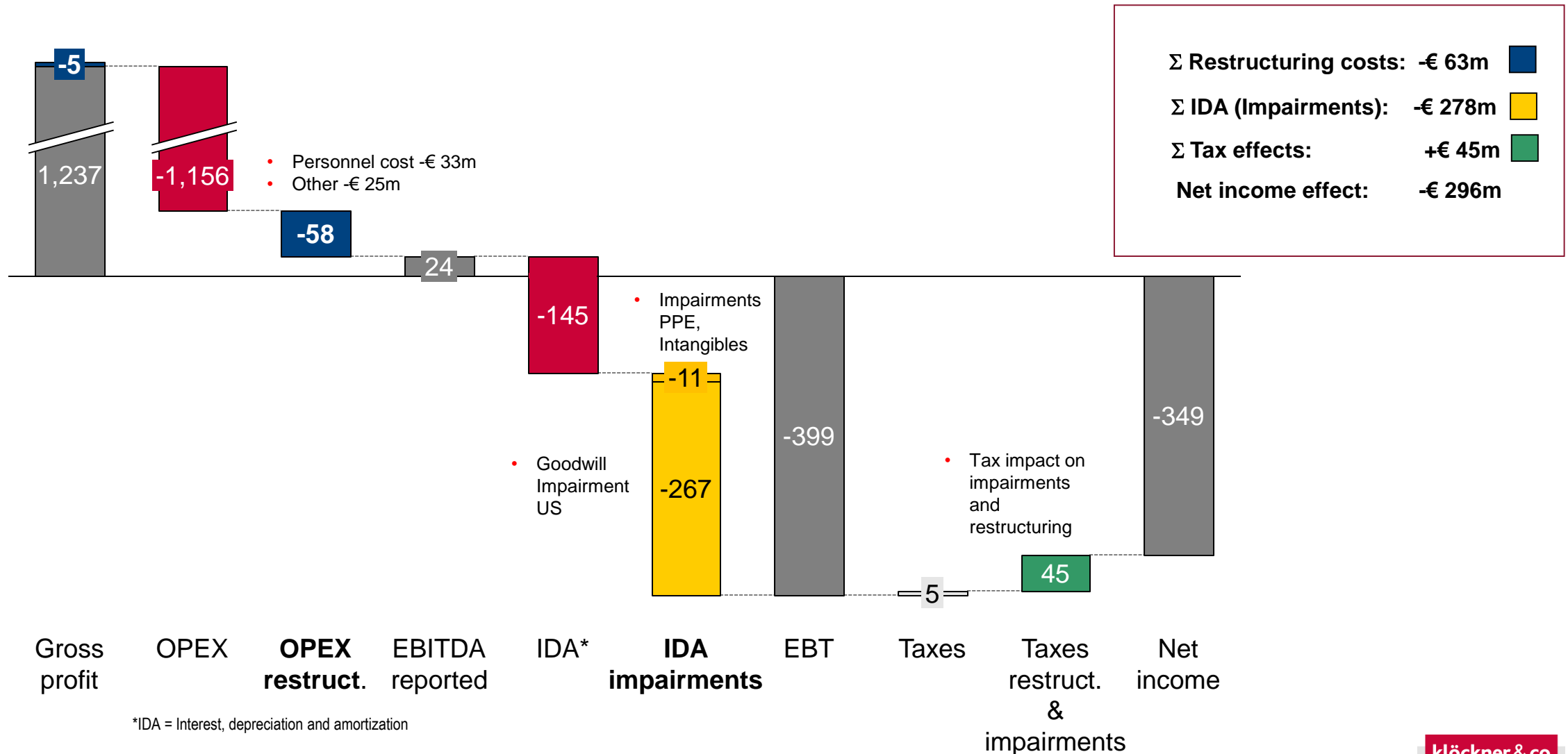


Comments

- Gross profit
 - Europe gross margin at 21.0% compared to 20.5% in 2014
 - Americas gross margin down to 16.5% (2014: 17.5%)
- EBITDA
 - Europe down yoy by €40m, EBITDA margin down yoy by 1.0%p to 1.7%
 - Americas EBITDA lower yoy by €63m, EBITDA margin down by 2.7%p to 1.5%

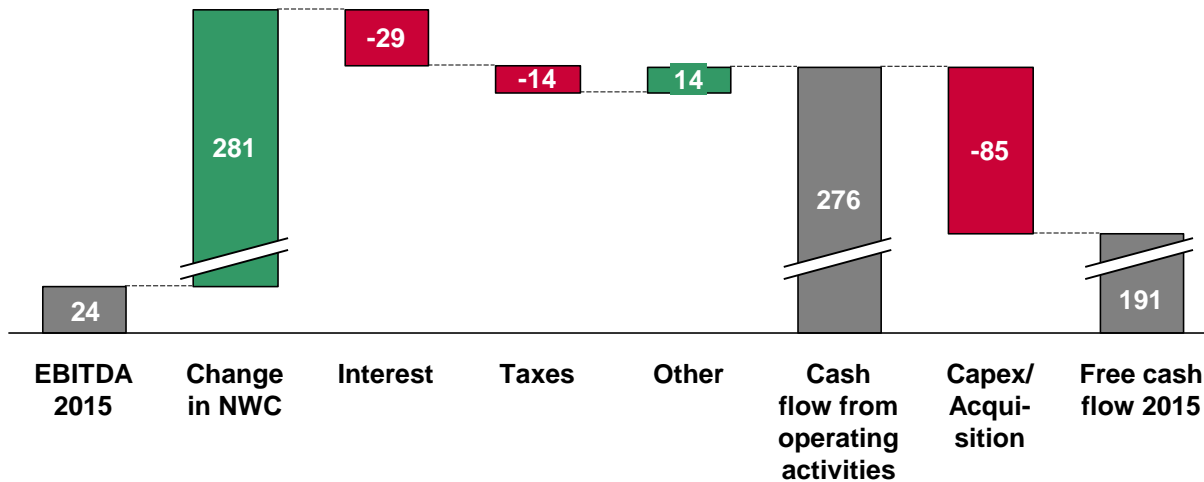
* Before restructuring costs.

02 | Net income affected by restructuring and impairments (€m)



02 | Cash flow and net debt development

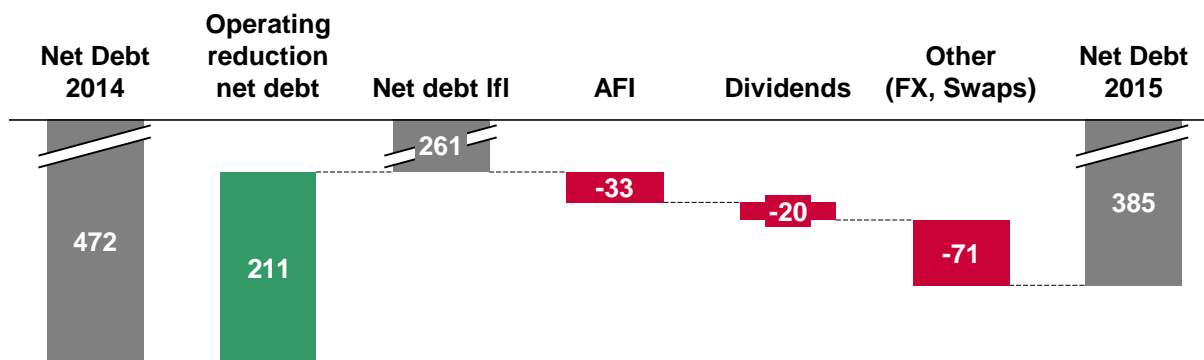
Cash flow reconciliation in 2015 (€m)



Comments

- Strong NWC release of €281m
- “Other” include changes in other provisions and other operating assets/liabilities as well as non-cash items including gain on sale in assets

Net financial debt 12/2015 vs 12/2015 (€m)



- Reported net financial debt skewed due to acquisitions dividends, translation effects and impact of f/x swaps
- **On a like-for-like basis net financial debt decreased from €472m to €261m**

02 | Maturity profile December 2015

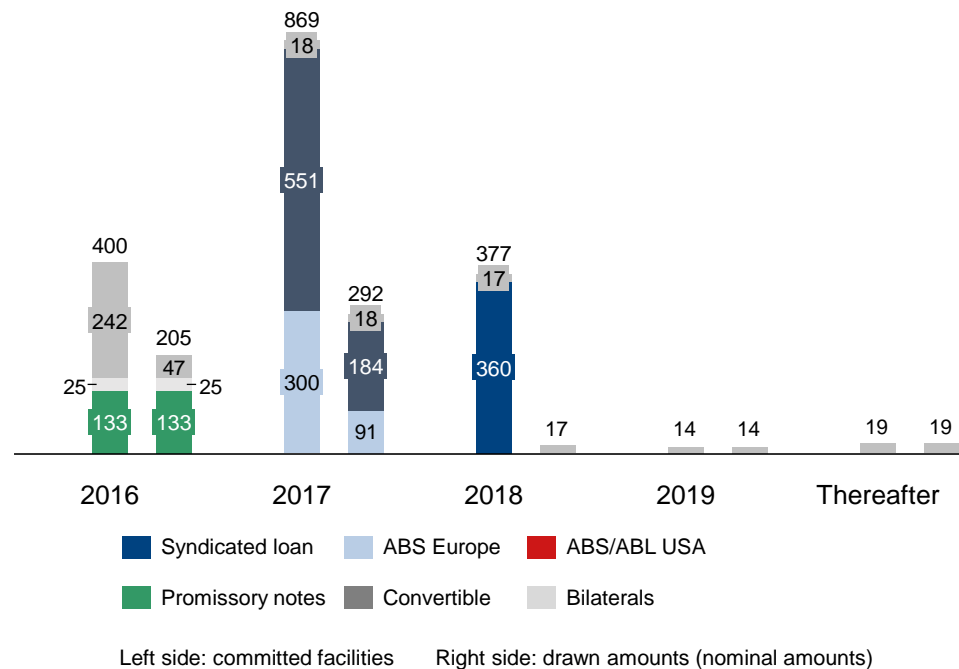
Facility	Committed (€m)	Drawn amount (€m, IFRS)	
		FY 2015*	FY 2014*
Syndicated Loan	360	0	101
ABS Europe	300	91	72
ABS/ABL USA	551	184	150
Promissory Notes	133	135	187
Convertible 2010 ¹⁾	25	25	178
Bilateral Facilities ²⁾	310	115	101
Total Debt	1,679	550	788
Cash		165	316
Net Debt		385	472

*Including interest accrued, excluding deferred transaction costs

- 1) Original principal €186m, thereof €161m repaid on 22.12.2015 (investor put), € 25m repaid on 12.01.2016 (issuer cleanup of all bonds that remained outstanding after investor put). Drawn amount excludes equity component (FY 2014 only).
- 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	FY 2015
Adjusted equity	1,083
Net debt	385
Gearing ³⁾	36%

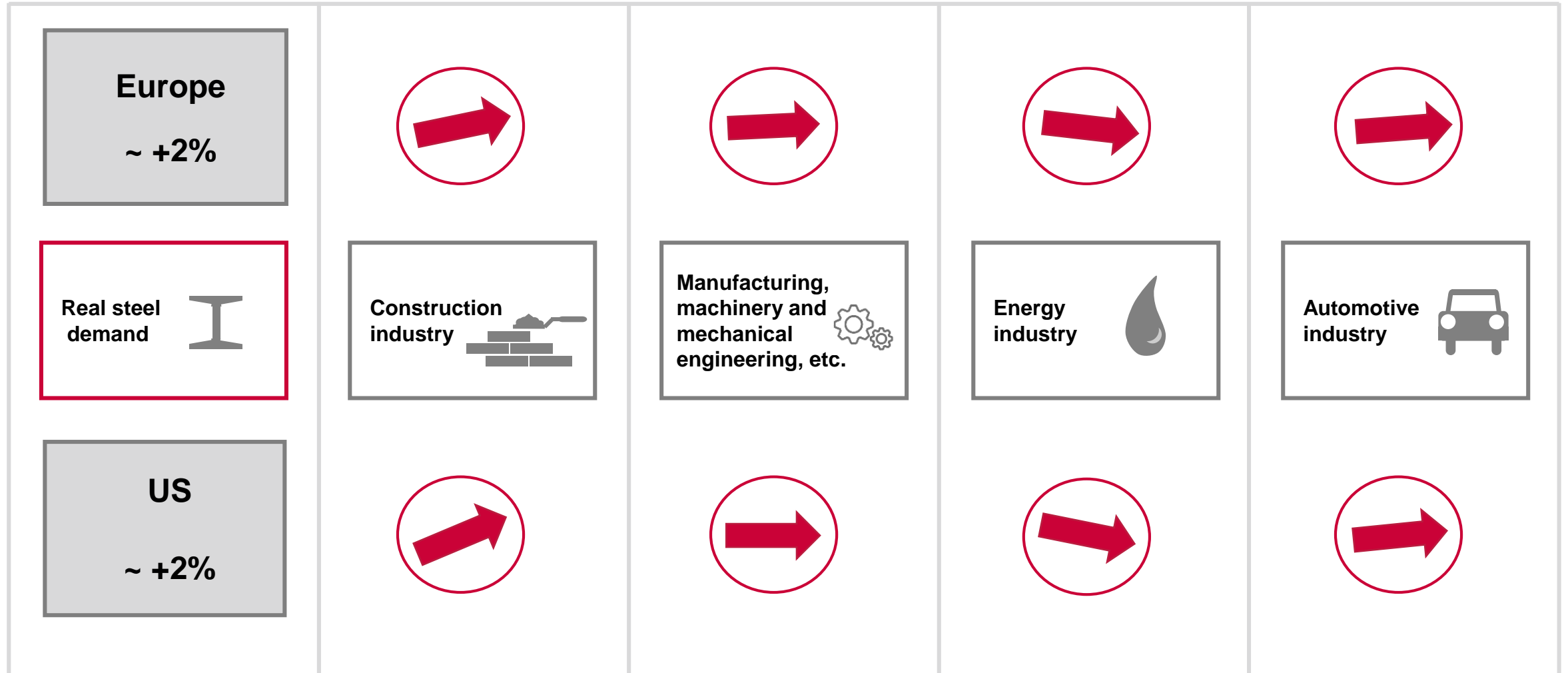
Maturity profile of committed facilities & drawn amounts (€m)



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03 | Segment specific business outlook 2016



03 | Outlook

- Q1 2016
 - Sales to be sequentially up in Q1
 - EBITDA expected in a range between €10m and €15m
 - Start into the year as expected with weak volumes especially in the US
 - Additional negative effect due to IFRIC 21 (recognition of levies for the full year in Q1)
- FY 2016
 - Slightly lower sales anticipated despite market growth due to continued exit of low margin business
 - EBITDA expected to rise significantly compared to previous year`s figure adjusted for restructuring expenses of €86m
 - Slightly positive net income anticipated supported by lower financing expenses and the expected absence of further goodwill impairments

Agenda

1. Highlights and update on strategy
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4. **Appendix**

04 | Quarterly results and FY results 2012-2015

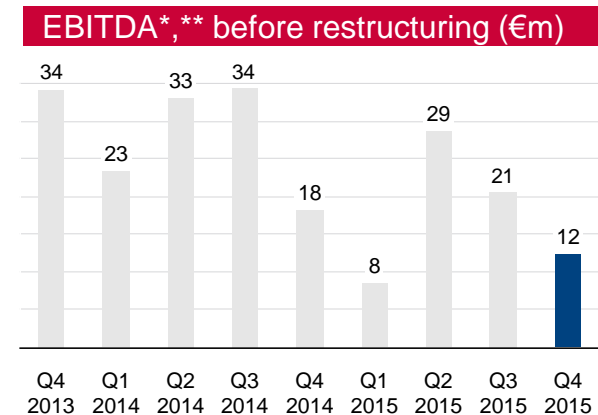
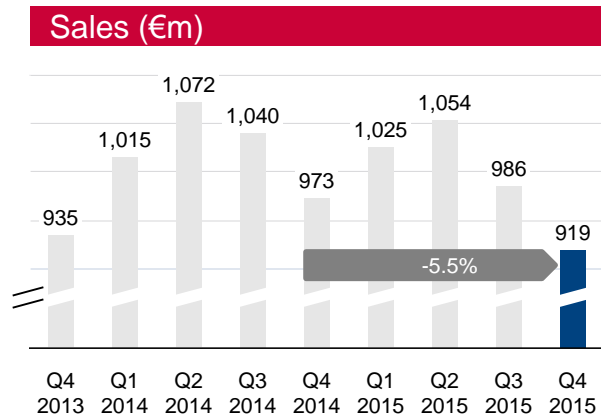
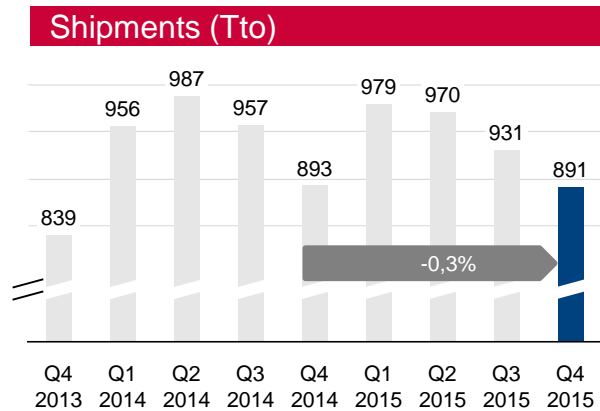
(€m)	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014*	Q3 2014*	Q2 2014*	Q1 2014*	FY 2015	FY 2014	FY 2013	FY 2012**
Shipments (Tto)	1,535	1,636	1,645	1,661	1,555	1,690	1,720	1,633	6,476	6,598	6,445	7,068
Sales	1,456	1,597	1,693	1,697	1,577	1,675	1,680	1,572	6,444	6,504	6,378	7,388
Gross profit	297	311	320	310	309	325	325	302	1,237	1,261	1,188	1,288
% margin	20.4	19.4	18.9	18.2	19.6	19.4	19.3	19.2	19.2	19.4	18.6	17.4
EBITDA rep.	2	28	-17	10	33	61	58	39	24	191	124	60
% margin	0.2	1.8	-1.0	0.6	2.1	3.6	3.5	2.5	0.4	2.9	2.0	0.8
EBIT	-297	5	-44	-15	8	38	36	17	-350	98	-6	-105
Financial result	-12	-12	-13	-12	-13	-14	-16	-17	-49	-59	-73	-80
Income before taxes	-309	-7	-56	-27	-4	24	19	0	-399	39	-79	-185
Income taxes	45	-2	1	6	1	-8	-7	-2	50	-17	-12	-18
Net income	-263	-9	-55	-22	-4	16	12	-2	-349	22	-90	-203
Minority interests	-1	0	-1	0	-1	0	0	0	-2	0	-6	-3
Net income KlöCo	-263	-9	-54	-21	-4	16	12	-2	-347	22	-85	-200
EPS basic (€)	-2.63	-0.09	-0.54	-0.22	-0.04	0.16	0.12	-0.02	-3.48	0.22	-0.85	-2.00
EPS diluted (€)	-2.63	-0.09	-0.54	-0.22	-0.04	0.16	0.12	-0.02	-3.48	0.22	-0.85	-2.00

* Restated due to initial application of IFRIC 21.

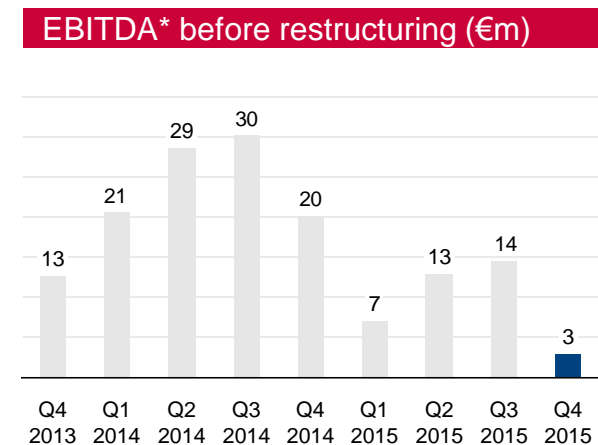
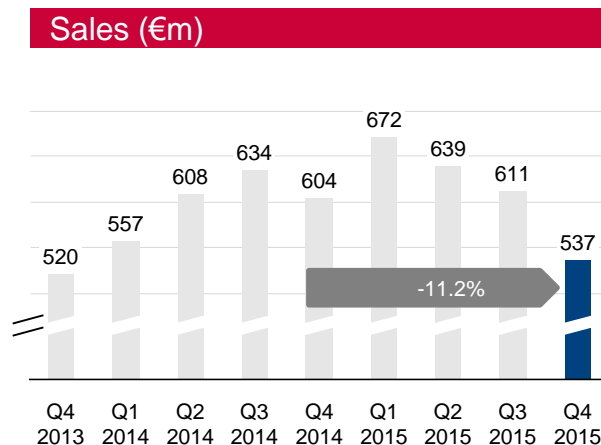
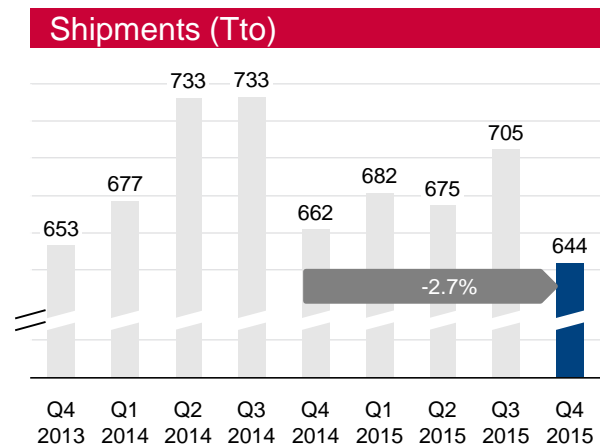
** Restated due to initial application IAS 19 revised 2011.

04 | Segment performance

Europe



Americas



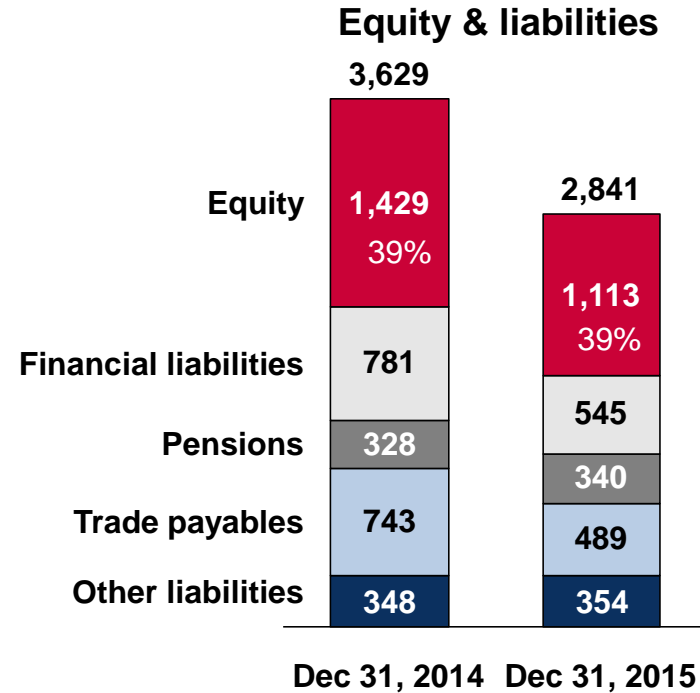
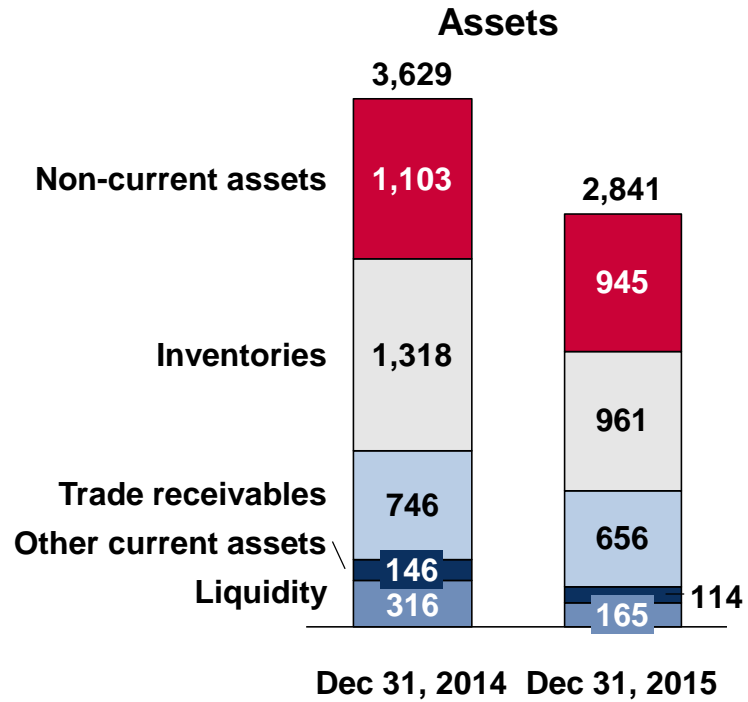
Restructuring costs (€m)***	Q4 2013	Q2 2015	Q3 2015	Q4 2015
Europe	13	52	2	2
Americas	11			2

* 2014 amounts restated due to the initial application of IFRIC 21 (Levies).

** Including sale of French La Courneuve site €13m in Q4 2013.

*** €4m are reported in HQ in Q4 2015.

04 | Strong balance sheet



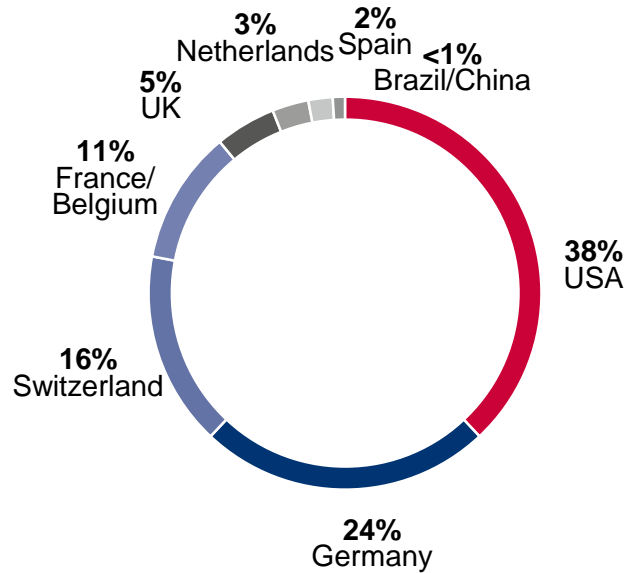
Comments

- Equity ratio further healthy at 39%
- Net debt of €385m
- Gearing* at 36%
- NWC decreased from €1,321m to €1,128m

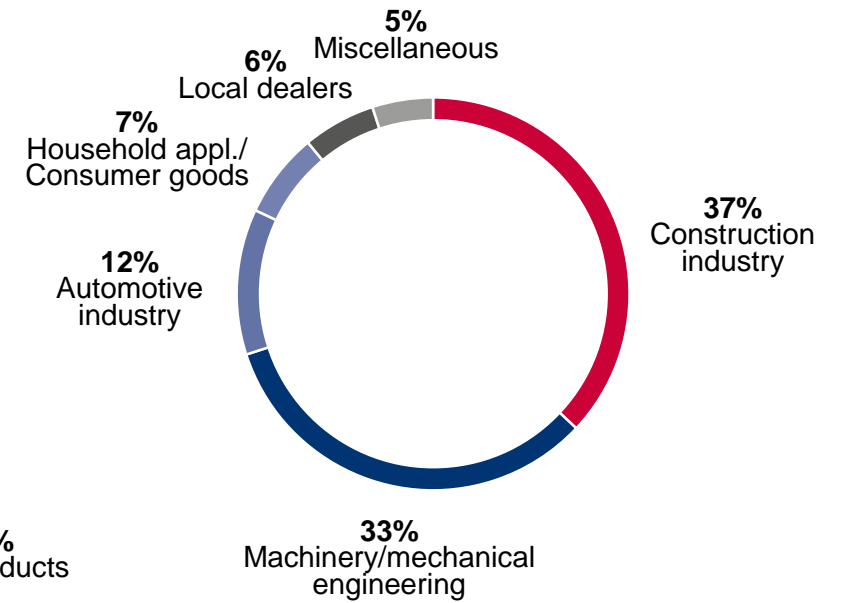
* Gearing = Net debt/Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 23, 2013.

04 | Sales by markets, products and industries

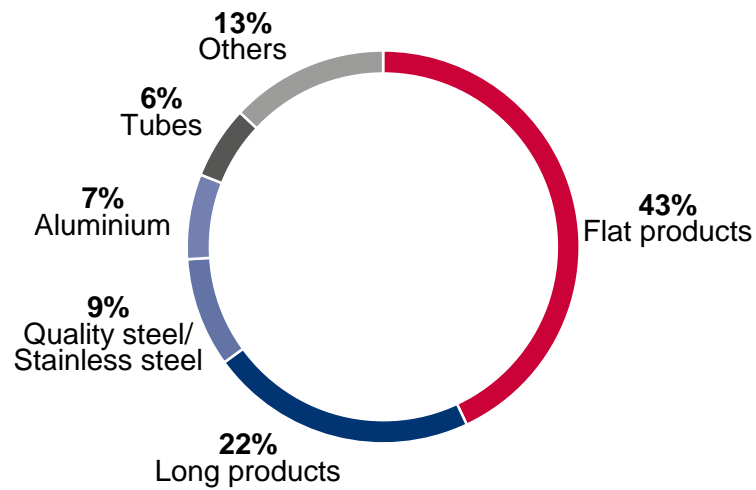
Sales by markets



Sales by industry



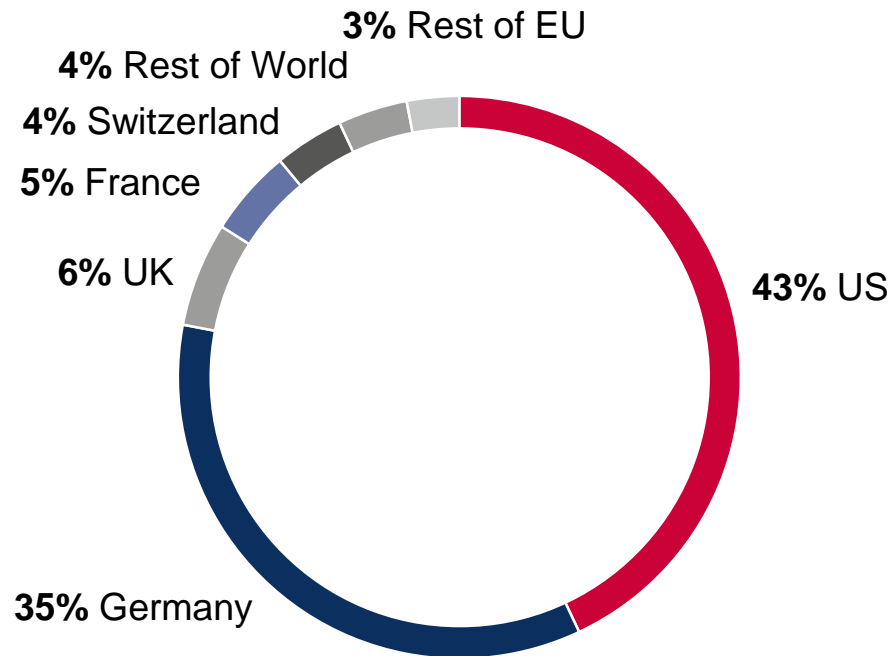
Sales by product



As of December 31, 2015.

04 | Current shareholder structure

Geographical breakdown of identified institutional investors



Comments

- Identified institutional investors account for 70%
- German investors incl. retail dominate
- Top 10 shareholdings represent around 58%
- Retail shareholders represent 28%

As of February 2016.

04 | Current shareholder structure

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

Date of publication	Subject to compulsory notification	Portion of voting stock
09/02/2016	Swoctem GmbH / Friedhelm Loh	25.25%
13/11/2015	BNY Mellon Service Kapitalanlage-Gesellschaft mbH	3.01%
27/05/2015	Federated Global Investment Management Corp.	5.06%
04/03/2015	Franklin Mutual Series Funds	3.07%
02/06/2014	Interfer Holding GmbH	4.98%
18/03/2014	Franklin Mutual Advisors – included therein: Franklin Templeton Investment Funds (3.15%)	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 Feb 3, 2016.

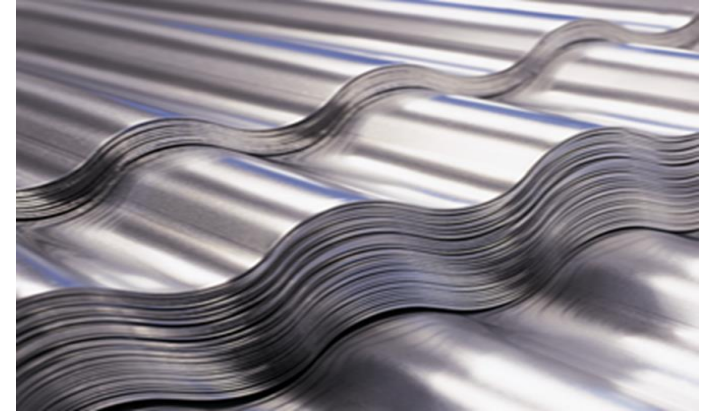
04 | Products



Flat Products



Hollow Sections



**Stainless /
Aluminium**



Long Products



Coils

04 | Services



Decouling / Cutting / Slitting



Cutting to Length / Bending



Surface treatment



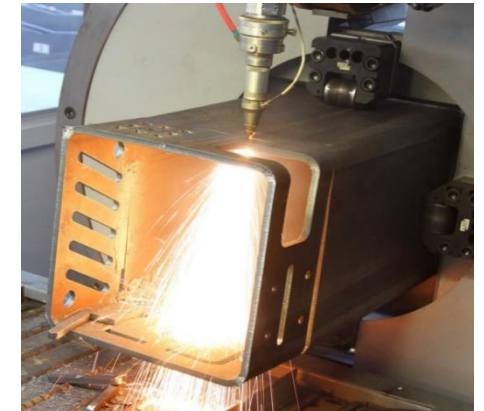
Laser cutting / Flame cutting



3D-Laser



3D-Laser



3D-Laser

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Financial calendar 2016

May 4, 2016	Q1 interim report 2016
May 13, 2016	Annual General Meeting 2016, Düsseldorf
August 4, 2016	Q2 interim report 2016
November 3, 2016	Q3 interim report 2016