

Press Release

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Klöckner & Co SE reports very substantial earnings growth in Q3 2018

- Operating income (EBITDA) of €59 million within projected range of €55 million to €65 million
- Proportion of Group sales generated via digital channels further raised to 23% at end of quarter
- Guidance confirmed, with at least slight increase in operating income for full year and correspondingly positive net income

Duisburg, Germany, October 24, 2018 – Klöckner & Co SE maintained its positive earnings trend through the third quarter of 2018. Mainly benefiting from the positive market trend in the USA, operating income (EBITDA) improved very substantially to €59 million (Q3 2017: €47 million), within the projected range of €55 million to €65 million. Net income went up from €13 million to €22 million. Earnings per share consequently amounted to €0.22 (Q3 2017: €0.12).

The proportion of sales generated through digital channels further increased to 23% as of the end of the quarter (Q3 2017: 16%). Additional vendors have been secured both for the Klöckner online shops with marketplace functionality and for the independent industry platform, XOM Materials. As a result, some 20 third-party vendors are now marketing their products via platforms launched by Klöckner & Co.

Gisbert Rühl, CEO of Klöckner & Co SE: “With the development and operation of web-based platforms, we are building a business that has the potential to revolutionize steel distribution and associated activities.”

The guidance for the full year has been confirmed, with at least a slight increase in operating income (EBITDA) compared with the prior year and correspondingly positive net income.

Key figures

Shipments and income statement		Q3 2018	Q3 2017	Variance	Jan. 1-Sep. 30, 2018	Jan. 1-Sep. 30, 2017	Variance
Shipments	Tto	1,519	1,539	-20	4,709	4,692	+17
Sales	€ million	1,754	1,565	+189	5,171	4,807	+364
Gross profit	€ million	332	310	+22	1,027	1,016	+11
Gross profit margin	%	18.9	19.8	-0.9%p	19.9	21.1	-1.2%p
Earnings before, interest, taxes, depreciation and amortization (EBITDA)	€ million	59	47	+12	197	187	+10
EBITDA margin	%	3.4	3.0	+0.4%p	3.8	3.9	-0.1%p
Earnings before interest and taxes (EBIT)	€ million	38	25	+13	133	121	+12
Earnings before taxes (EBT)	€ million	30	17	+13	109	96	+13
Net income	€ million	22	13	+9	76	72	+4
Net income attributable to shareholders of Klöckner & Co SE	€ million	22	12	+10	75	71	+4
Earnings per share (basic)	€	0.22	0.12	+0.10	0.75	0.71	+0.04
Earnings per share (diluted)	€	0.21	0.12	+0.09	0.71	0.68	+0.03

Cash flow statement		Q3 2018	Q3 2017	Variance	Jan. 1-Sep. 30, 2018	Jan. 1-Sep. 30, 2017	Variance
Cash flow from operating activities	€ million	-5	42	-47	-160	-38	-122
Cash flow from investing activities	€ million	-13	-8	-5	-37	16	-53
Free cash flow*)	€ million	-18	34	-52	-197	-22	-175

Balance sheet		Sep. 30, 2018	Dec. 31, 2017	Variance	Sep. 30, 2018	Sep. 30, 2017	Variance
Net working capital**)	€ million	1,467	1,132	+335	1,467	1,282	+185
Net financial debt	€ million	569	330	+239	569	435	+134
Gearing***)	%	44	28	+16%p	44	37	+7%p
Equity	€ million	1,320	1,202	+118	1,320	1,188	+132
Equity ratio	%	40.6	41.7	-1.1%p	40.6	39.5	+1.1%p
Total assets	€ million	3,250	2,886	+364	3,250	3,007	+243

Employees		Sep. 30, 2018	Dec. 31, 2017	Variance	Sep. 30, 2018	Sep. 30, 2017	Variance
Employees as of the end of the reporting period		8,623	8,682	-59	8,623	8,753	-130

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

**) Net working capital: Inventories plus trade receivables less trade liabilities.

***) Gearing = Net financial debt / (Equity /. non-controlling interests /. goodwill resulting from acquisitions subsequent to May 23, 2013).

About Klöckner & Co:

Klöckner & Co is one of the largest producer-independent distributors of steel and metal products and one of the leading steel service center companies worldwide. Based on its distribution and service network of around 170 locations in 13 countries, the Group supplies around 120,000 customers. As a pioneer of the digital transformation in the steel industry, Klöckner & Co's target is to fully digitalize its supply and service chain and to support the launch of an independent open industry platform, which shall become the dominant vertical platform of the steel and metals industry. Currently Klöckner & Co has around 8,600 employees. The Group had sales of around €6.3 billion in fiscal 2017.

The shares of Klöckner & Co SE are admitted to trading on the regulated market segment (Regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) with further post-admission obligations (Prime Standard). Klöckner & Co shares are listed in the SDAX®-Index of Deutsche Börse.

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