



Q3 2018 Results

Press Conference

October 24, 2018

Gisbert Rühl | CEO



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In addition to the key figures prepared in accordance with IFRS and German-GAAP respectively, Klöckner & Co SE is presenting non-GAAP key figures such as EBITDA, EBIT, Net Working Capital and net financial liabilities that are not a component of the accounting regulations. These key figures are to be viewed as supplementary to, but not as a substitute for data prepared in accordance with IFRS. Non-GAAP key figures are not subject to IFRS or any other generally applicable accounting regulations. In assessing the net assets, financial position and results of operations of Klöckner & Co SE, these supplementary figures should not be used in isolation or as an alternative to the key figures presented in the consolidated financial statements and calculated in accordance with the relevant accounting principles. Other companies may base these concepts upon other definitions. Please refer to the definitions in the annual report.

Rounding differences may occur with respect to percentages and figures.

The English translation of the Annual Report and the Interim Statement are also available, in case of deviations the German versions shall prevail.

Agenda

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

01 Highlights Q3 2018

Q3
2018

Sales
€1,754m

EBITDA
€59m

Digital sales
23%

- ▶ Shipments with 1.5mt slightly down compared to last year's level
- ▶ Sales increased by 12.1% yoy to €1.8bn mainly due to higher price level
- ▶ Gross profit up from €310m in Q3 2017 to €332m in Q3 2018 mainly due to positive price effect
- ▶ Gross profit margin decreased to 18.9% after 19.8% in Q3 2017
- ▶ Operating result (EBITDA) for Q3 of €59m within forecasted guidance range of €55m to €65m
- ▶ Sales share via digital channels increased from 21% at the end of Q2 2018 to 23% at the end of Q3 2018
- ▶ FY guidance confirmed: EBITDA at least slightly above last year

01 Digital sales share improved and XOM continues to expand



klöckner & co

- **Digital sales share improved to 23%** at the end of Q3
- Multi-product dealer **SixBros newest vendor** partner on market place
- Already **eleven third party providers** live, with several more in the pipeline
- Now around **90 employees** working for kloeckner.i in Berlin



XOM
MATERIALS

- Already **96 customers and seven vendors** under contract
- Office opened in **Atlanta** this month
- Preparation for **US-launch** (planned for beginning of 2019)
- Closing of first **financing round** planned by end of 2018

01 Update on HVAB & efficiency improvement

Higher value-added business

US business

- Entire **PVD*) equipment** now operational
 - Move into limited production, initial product quality very **well received**
 - Targeting **architectural** and **industrial** niche applications
- New **tube laser** (Dallas facility) and further **key equipment** upgrades (**alloy business**) approved

Alu business of Becker Stahl-Service

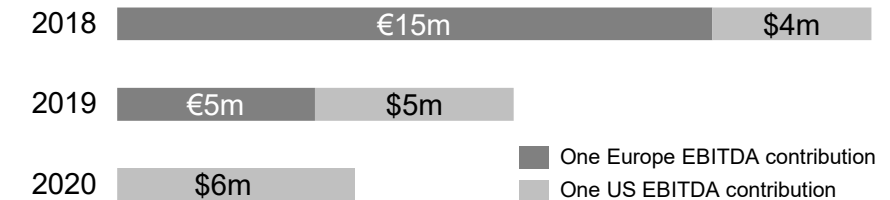
- Facility now **fully online** with slitter, cut-to-length line and high speed cutter
- First body in **white orders** processed
- **Promising order book** for upcoming years

Efficiency improvement

One Europe & One US

- Both programs are **on track**
- EBITDA contribution ytd
 - **One Europe €12m**
 - **One US \$7m** (more than budgeted)

Original EBITDA contribution targets



*) Physical Vapor Deposition.

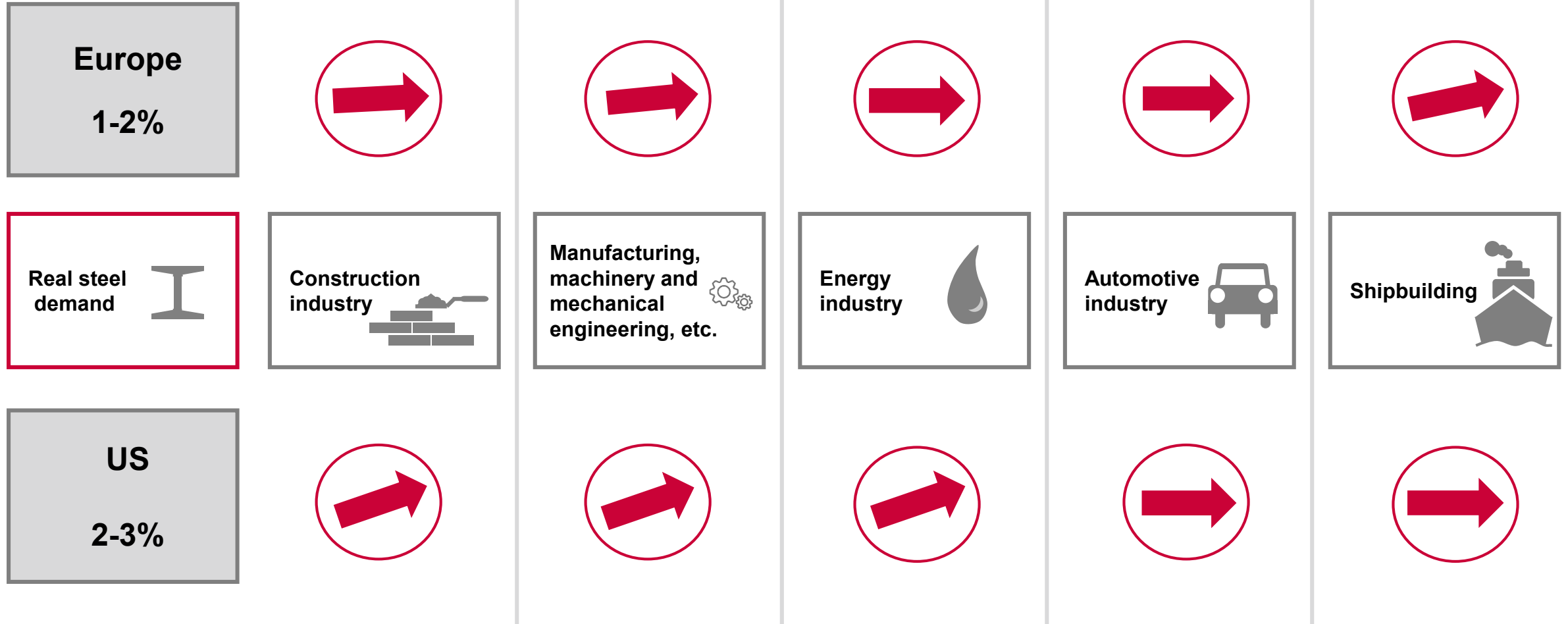
01 Profit & Loss and Cash Flow

| (€m) | Q3 2018 | Q3 2017 | Variance | 9M 2018 | 9M 2017 | Variance |
|--|--------------|--------------|-------------|--------------|--------------|-------------|
| Sales | 1,754 | 1,565 | +189 | 5,171 | 4,807 | +364 |
| Gross profit | 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 |
| EBITDA | 59 | 47 | +12 | 197 | 187 | +10 |
| EBITDA margin | 3.4% | 3.0% | +0.4%p | 3.8% | 3.9% | -0.1%p |
| EBIT | 38 | 25 | +13 | 133 | 121 | +12 |
| Financial result | -8 | -8 | 0 | -24 | -25 | +1 |
| EBT | 30 | 17 | +13 | 109 | 96 | +13 |
| Taxes | -8 | -4 | -4 | -33 | -24 | -9 |
| Net income | 22 | 13 | +9 | 76 | 72 | +4 |
| Cash flow from operating activities | -5 | 42 | -47 | -160 | -38 | -122 |
| Free cash flow | -18 | 34 | -52 | -197 | -22 | -175 |

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02 Segment specific business outlook 2018



02 Outlook



- ▶ Higher sales anticipated due to higher average price level
- ▶ EBITDA at least slightly above last year's level (€220m)

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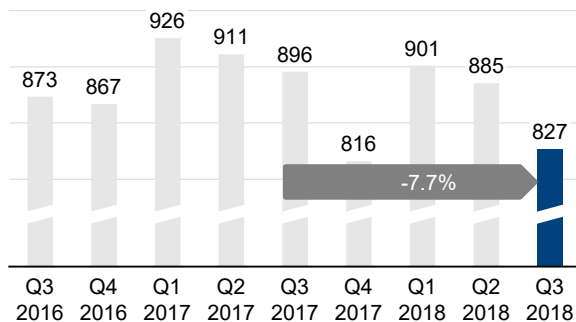
03 Quarterly and FY results

| (€m) | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 | Q3 2017 | Q2 2017 | Q1 2017 | Q4 2016 | Q3 2016 | Q2 2016 | Q1 2016 | FY 2017 | FY 2016 | FY 2015 | FY 2014 | FY 2013 |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Shipments (Ttons) | 1,519 | 1,605 | 1,584 | 1,443 | 1,539 | 1,572 | 1,582 | 1,450 | 1,500 | 1,643 | 1,556 | 6,135 | 6,149 | 6,476 | 6,598 | 6,445 |
| Sales | 1,754 | 1,789 | 1,628 | 1,485 | 1,565 | 1,640 | 1,602 | 1,397 | 1,430 | 1,517 | 1,386 | 6,292 | 5,730 | 6,444 | 6,504 | 6,378 |
| Sales (currency effect) | 2 | -89 | -114 | -70 | -45 | 13 | 19 | -3 | -18 | -31 | 2 | -83 | -50 | 556 | 28 | -121 |
| Gross profit | 332 | 364 | 331 | 300 | 310 | 339 | 367 | 319 | 329 | 362 | 304 | 1,316 | 1,315 | 1,237 | 1,261 | 1,188 |
| % margin | 18.9 | 20.3 | 20.4 | 20.2 | 19.8 | 20.6 | 22.9 | 22.8 | 23.0 | 23.8 | 22.0 | 20.9 | 22.9 | 19.2 | 19.4 | 18.6 |
| EBITDA rep. | 59 | 82 | 56 | 33 | 47 | 63 | 77 | 37 | 71 | 72 | 16 | 220 | 196 | 24 | 191 | 124 |
| % margin | 3.4 | 4.6 | 3.4 | 2.2 | 3.0 | 3.9 | 4.8 | 2.6 | 5.0 | 4.8 | 1.2 | 3.5 | 3.4 | 0.4 | 2.9 | 2.0 |
| EBITDA rep. (curr. eff.) | 1 | -8 | -5 | -3 | -2 | 1 | 1 | 0 | -1 | -1 | 0 | -3 | -1 | 10 | 1 | -3 |
| EBIT | 38 | 60 | 35 | 9 | 25 | 41 | 54 | -4 | 48 | 49 | -8 | 130 | 85 | -350 | 98 | -6 |
| Financial result | -8 | -10 | -7 | -9 | -8 | -8 | -8 | -10 | -8 | -7 | -8 | -33 | -33 | -49 | -59 | -73 |
| EBT | 30 | 51 | 28 | 1 | 17 | 33 | 46 | -14 | 40 | 42 | -16 | 97 | 52 | -399 | 39 | -79 |
| Income taxes | -8 | -18 | -7 | 29 | -4 | -9 | -10 | 2 | -9 | -9 | 2 | 5 | -14 | 50 | -17 | -12 |
| Net income | 22 | 33 | 21 | 30 | 13 | 24 | 36 | -12 | 31 | 33 | -14 | 102 | 38 | -349 | 22 | -90 |
| Minority interests | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 1 | 0 | 1 | 1 | -2 | 0 | -6 |
| Net income KCO | 22 | 33 | 21 | 30 | 12 | 23 | 36 | -12 | 31 | 32 | -14 | 101 | 37 | -347 | 22 | -85 |
| EPS basic (€) | 0.22 | 0.33 | 0.21 | 0.30 | 0.12 | 0.23 | 0.36 | -0.13 | 0.31 | 0.32 | -0.14 | 1.01 | 0.37 | -3.48 | 0.22 | -0.85 |
| EPS diluted (in €) | 0.21 | 0.31 | 0.20 | 0.28 | 0.12 | 0.22 | 0.34 | -0.13 | 0.31 | 0.32 | -0.14 | 0.96 | 0.37 | -3.48 | 0.22 | -0.85 |
| Net debt | 569 | 552 | 472 | 330 | 435 | 486 | 475 | 444 | 438 | 435 | 383 | 330 | 444 | 385 | 472 | 325 |
| NWC | 1,467 | 1,428 | 1,318 | 1,132 | 1,282 | 1,306 | 1,296 | 1,120 | 1,197 | 1,168 | 1,134 | 1,132 | 1,120 | 1,128 | 1,321 | 1,216 |

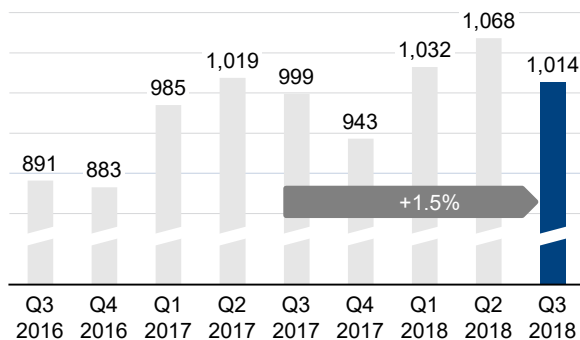
03 Segment performance

Europe

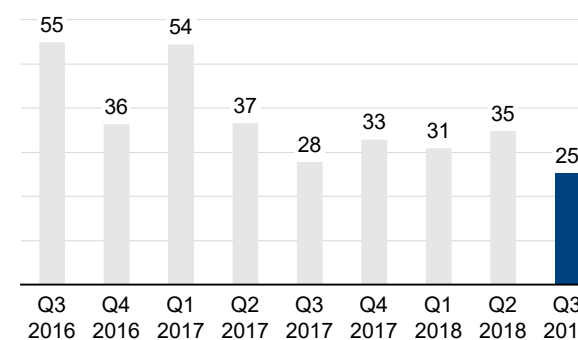
Shipments (Tto)



Sales (€m)

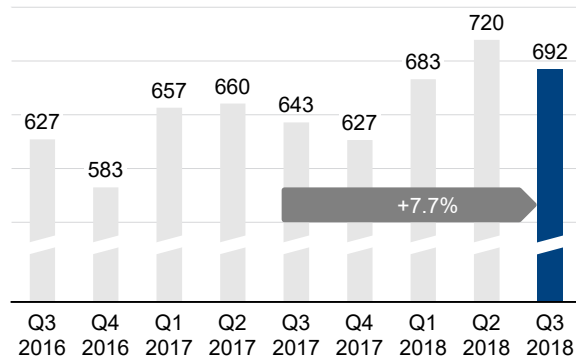


EBITDA adj*) (€m)

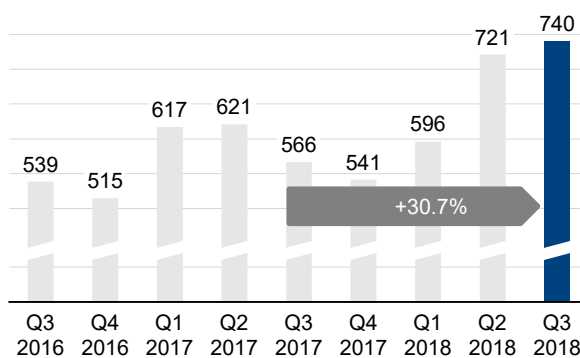


Americas

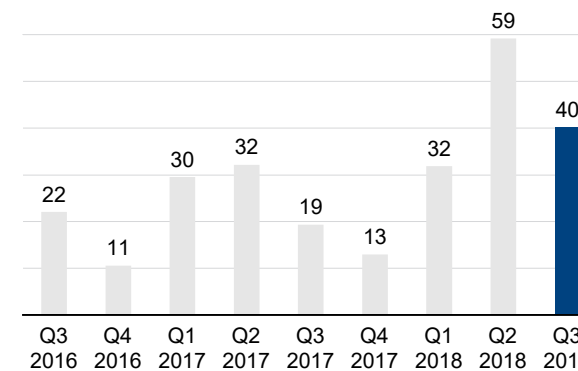
Shipments (Tto)



Sales (€m)



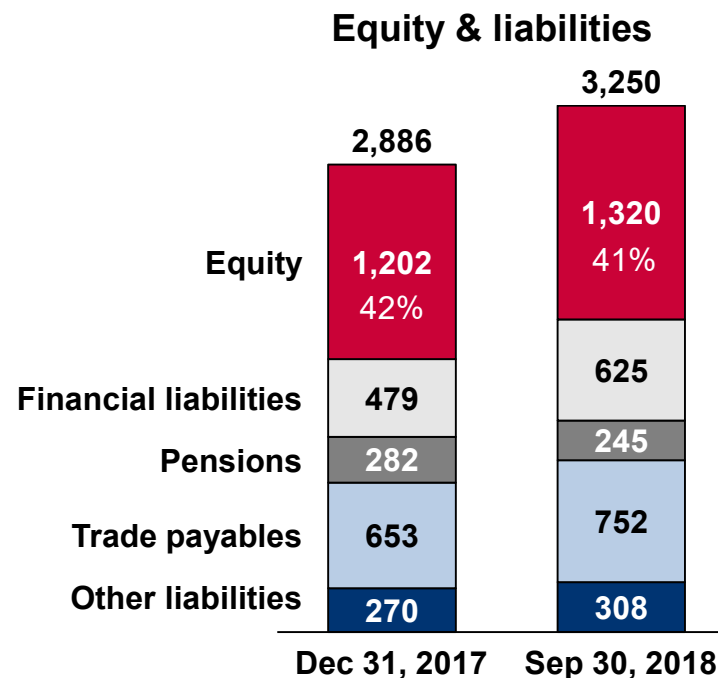
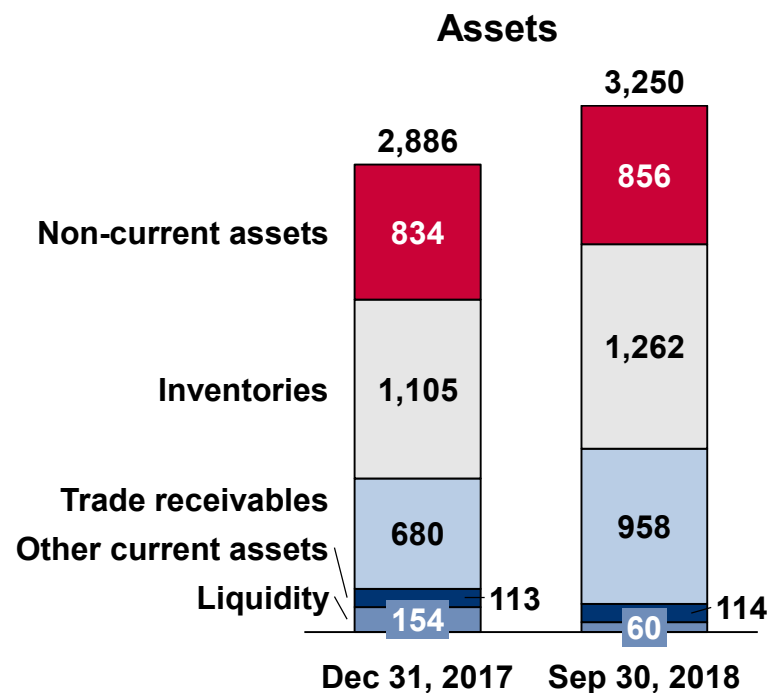
EBITDA adj**) (€m)



*) adjusted for BPO expenses in Q2 2018.

**) adjusted for Deep Water Horizon Oil Spillage Claim Settlement gain in Q2 2018.

03 Strong balance sheet



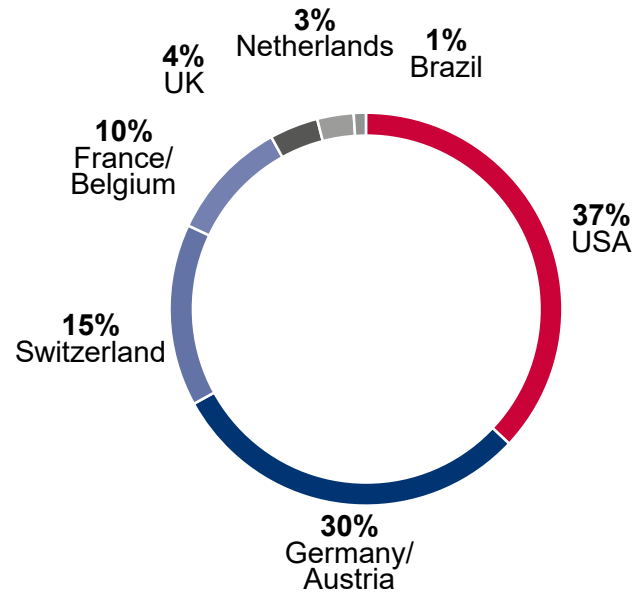
Comments

- Equity ratio further healthy at 41%
- Net debt of €569m
- Leverage 2.5x
- Gearing*) at 44%
- NWC increased from €1,132m to €1,467m

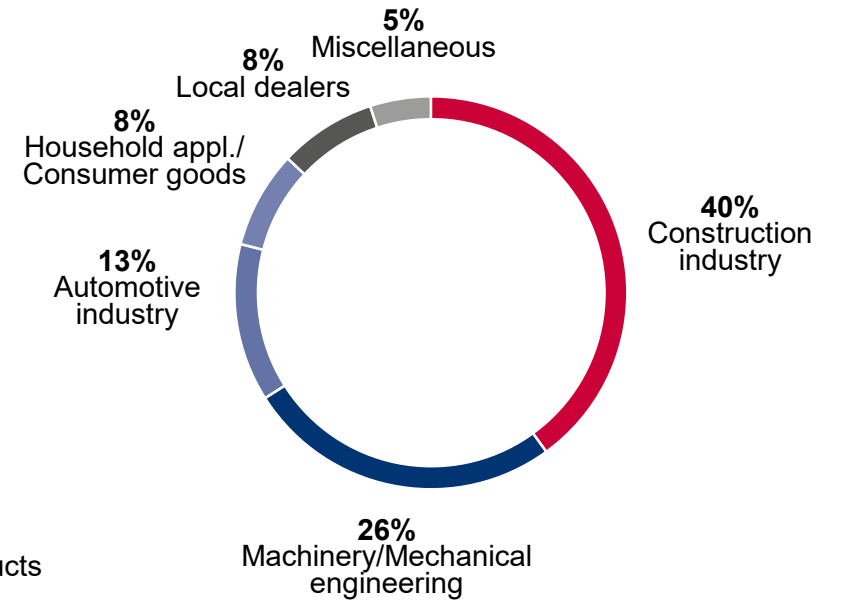
*) Gearing = Net debt/Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 23, 2013.

03 Sales by markets, products and industries

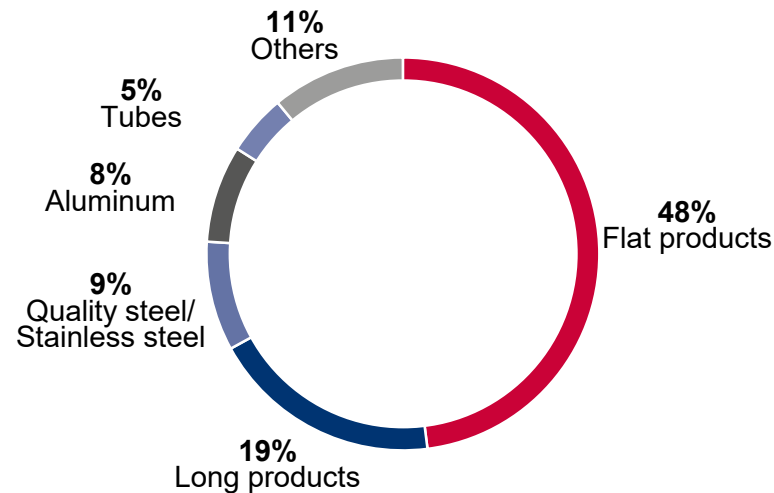
Sales by markets



Sales by industry



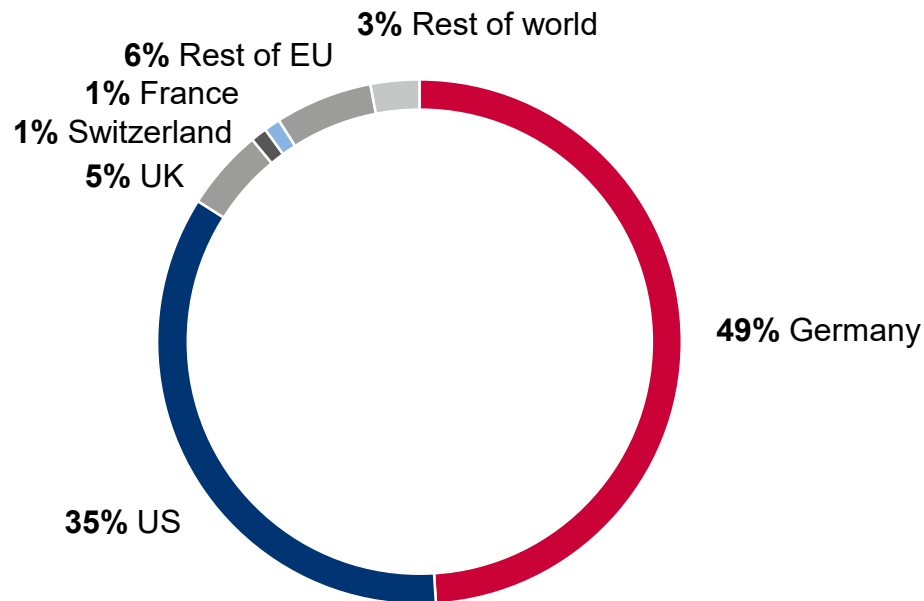
Sales by products



As of December 31, 2017.

03 Current shareholder structure

Geographical breakdown of identified institutional investors



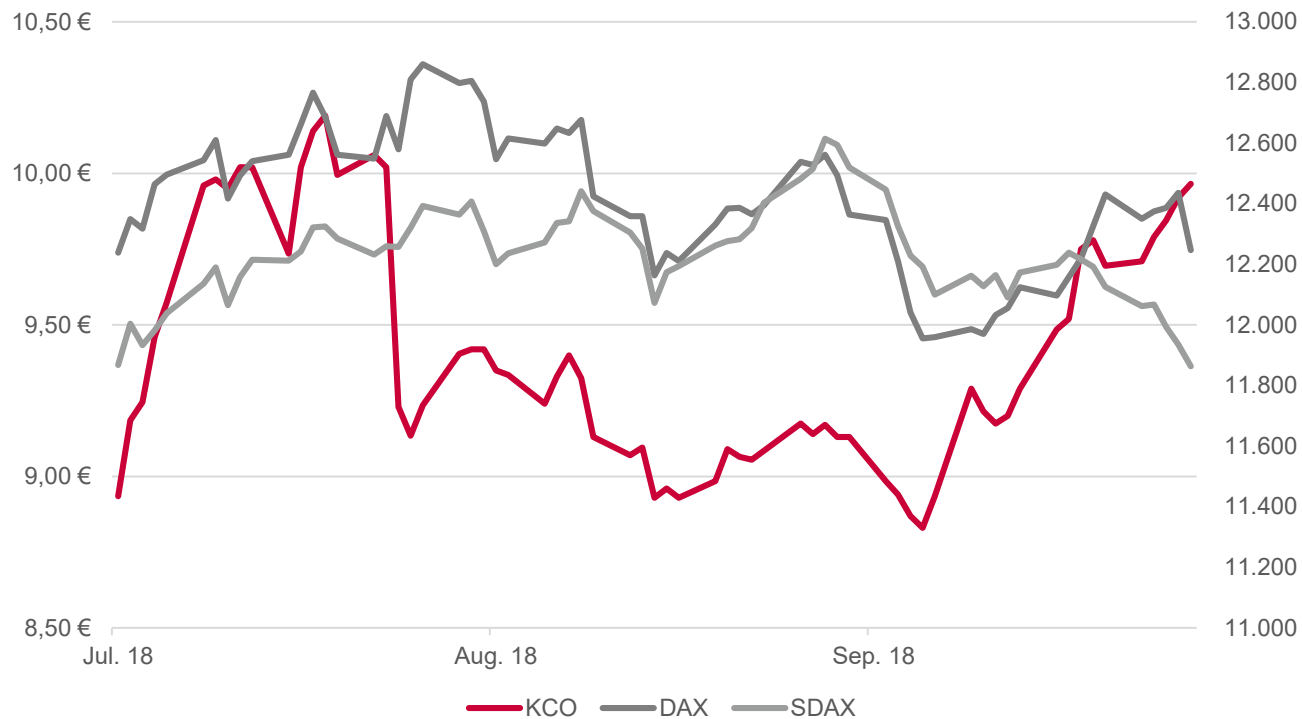
Comments

- Identified institutional investors account for 73%
- German investors incl. retail dominate
- Top 10 shareholdings represent around 51%
- Retail shareholders represent 19%

As of July 2018.

03 Share price performance in Q3 2018

Share performance Klöckner & Co SE



- At the beginning of Q3 2018, the price of the Klöckner share rose significantly, reaching the level of €10.19 on July 19, 2018
- In the aftermath the share price fell to €9.14 on July 26, 2018
- In the following, the share was on a sideways track and fell to €8.83 on September 6, 2018 which was the lowest point of the quarter
- The share price increased strongly again and went out of trading on September 28, 2018 with €9.97

03 Dividend policy

DIVIDEND POLICY

In general, Klöckner & Co SE follows a **dividend policy** of distributing **30% of net income** before special items.

Given the **volatility** of our business model, a sustainable **dividend payment** can not be guaranteed. If there is a **possibility of dividend distribution**, we will do it for the **benefit of our investors**.

- Compliance with the dividend policy of €0.80 per share for the years 2006 and 2007
- Suspension of the dividend policy for the financial year 2008 in view of the beginning of the **Euro crisis** and no dividend payment
- **Due to earnings** no dividend payment in 2009
- **Inclusion** of our general dividend policy in financial year 2010 with a dividend of €0.30 per share
- **Due to earnings** no dividend payment in 2011, 2012 and 2013 as well as in 2015
- **Full distribution** of net profit for the financial year 2014 (€0.20 per share)
- Dividend payment of €0.20 per share in 2016 and **€0.30 per share for the 2017 financial year**

DIVIDEND PAYMENT PER SHARE

| | 2006 | 2007 | 2008-2009 | 2010 | 2011-2013 | 2014 | 2015 | 2016 | 2017 |
|--|-------|-------|-----------|-------|-----------|-------|------|-------|-------|
| | €0.80 | €0.80 | - | €0.30 | - | €0.20 | - | €0.20 | €0.30 |

Contact details

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Financial calendar

| | |
|------------------|----------------------------------|
| March 12, 2019 | Annual financial statements 2018 |
| April 30, 2019 | Q1 interim statement 2019 |
| May 15, 2019 | Annual General Meeting 2019 |
| July 31, 2019 | Q2 interim report 2019 |
| October 30, 2019 | Q3 interim statement 2019 |