



FY 2019 Results

Analysts' and Investors' Conference

March 10, 2020

Gisbert Rühl | CEO

Dr. Oliver Falk | CFO

John Ganem | Member of the Management Board



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This presentation contains forward-looking statements which reflect the current views of the management of Klöckner & Co SE with respect to future events. They generally are designated by the words “expect”, “assume”, “presume”, “intend”, “estimate”, “strive for”, “aim for”, “plan”, “will”, “endeavor”, “outlook” and comparable expressions and generally contain information that relates to expectations or goals for economic conditions, sales proceeds or other yardsticks for the success of the enterprise. Forward-looking statements are based on currently valid plans, estimates and expectations and are therefore only valid on the day on which they are made. You therefore should consider them with caution. Such statements are subject to numerous risks and factors of uncertainty (e. g. those described in publications) most of which are difficult to assess and which generally are outside of the control of Klöckner & Co SE. The relevant factors include the effects of reasonable strategic and operational initiatives, including the acquisition or disposal of companies or other assets. If these or other risks and factors of uncertainty occur or if the assumptions on which the statements are based turn out to be incorrect, the actual results of Klöckner & Co SE can deviate significantly from those that are expressed or implied in these statements. Klöckner & Co SE cannot give any guarantee that the expectations or goals will be attained. Klöckner & Co SE – notwithstanding existing legal obligations – rejects any responsibility for updating the forward-looking statements through taking into consideration new information or future events or other things.

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.

Evaluating statements are unified and are presented as follows:

+/- 0-1%	constant
+/- >1-5%	slight
+/- >5%	considerable

Agenda

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

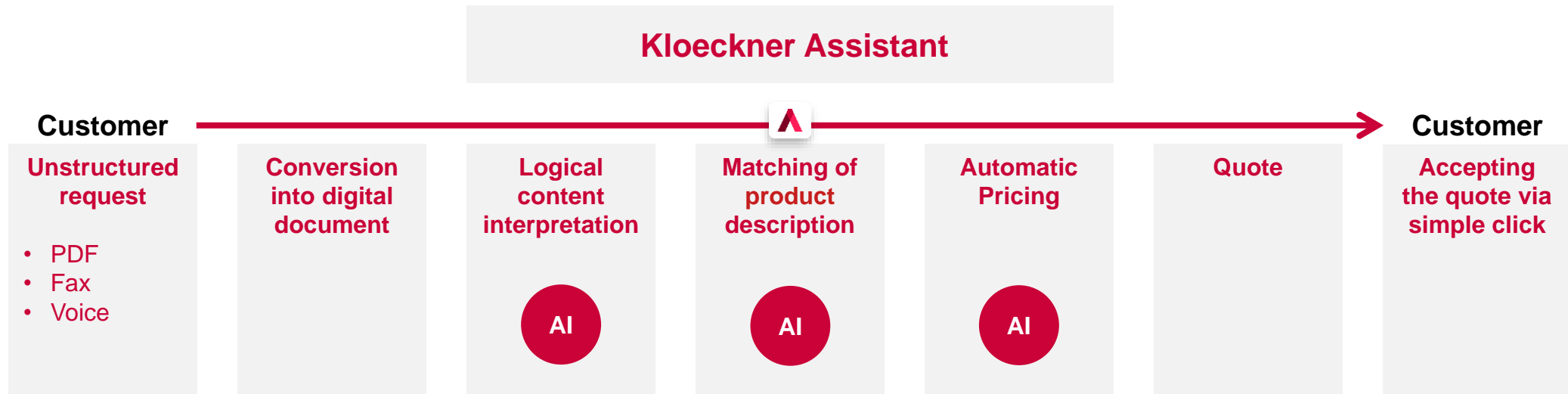
01 Details of FY 2019

	FY 2019	FY 2018	Delta	
Shipments (Tto)	5,648	6,107	-7.5%	Structural issues in Germany's auto industry, weak demand from mechanical engineering and shift in portfolio in France & UK
Sales (€m)	6,315	6,790	-7.0%	Weaker volumes yoy and decreasing prices
Gross profit (€m)	1,158	1,328	-12.8%	Substantial windfall losses mainly in the US, weaker volumes
EBITDA (€m)	124	229	-46.0%	Reported EBITDA of €139m incl. material special effects of €15m
Oper. CF (€m)	204	60	+€144m	Strong increase due to strict NWC management
Net financial debt (€m)	445	383	+16.2%	Ambitious target reached (€250m net debt excl. leases)
Digital sales in Q4	32%	25%	+7%pts	Especially driven by Switzerland and USA

01 Update on digitalization: kloeckner.i



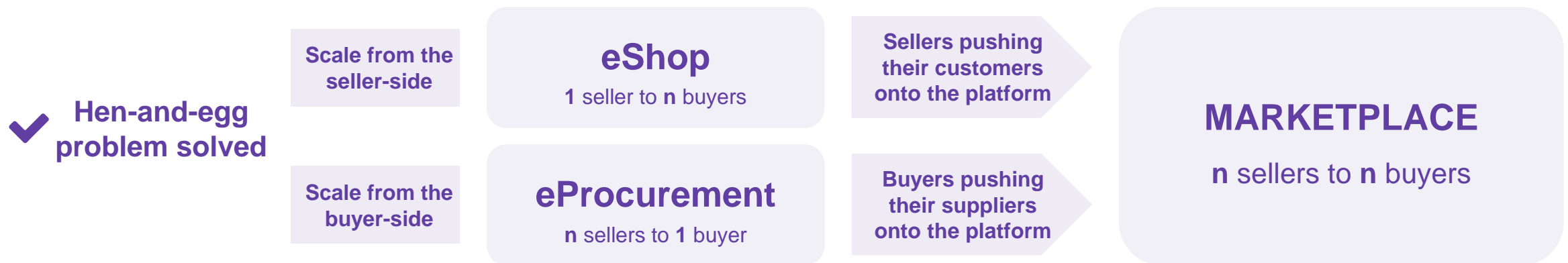
- **Kloeckner Assistant** turns almost every customer into a **digital customer**
 - Time for quote creation process is reduced from 30 minutes to seconds
 - Significant efficiency gains due to increasing digitalization and EBITDA effect already visible in 2020
 - Rollout on track and finished by year end



01 Update on digitalization: XOM Materials



- XOM Materials has continued its rapid growth path: **64** suppliers under contract with approximately **22,000** products and about **700** customers registered
- Integration of **eShop** and **eProcurement** solutions to scale **Marketplace**
 - **eShops** connecting **1** seller to **n** buyers
 - **eProcurement** connecting **n** sellers to **1** buyer
 - **Marketplace** connecting **n** sellers to **n** buyers
- Scaling effect drives **value creation** of XOM Materials



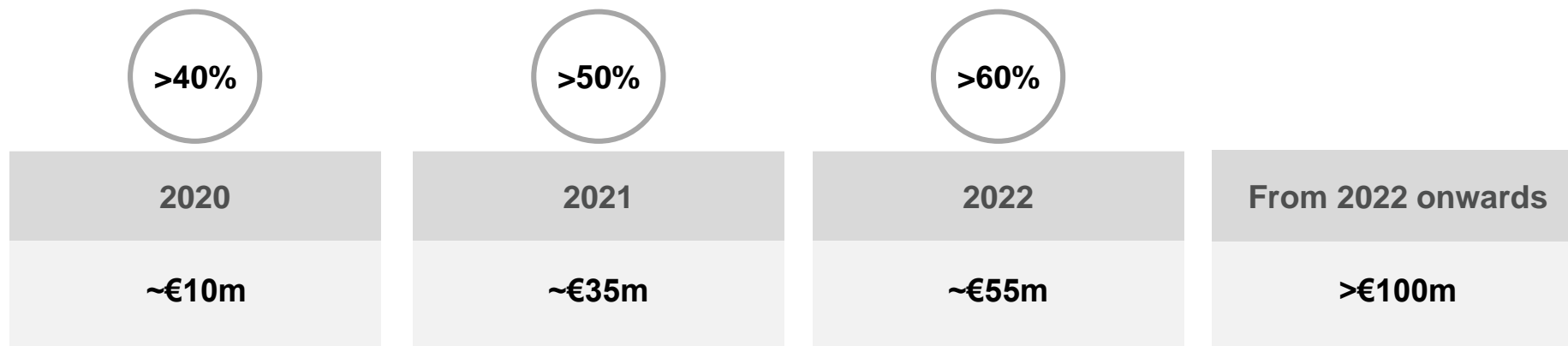
01 Expected growth and efficiency gains through increasing digitalization

Ambitious digitalization targets by 2022

- **>60%** digital sales share
- EBITDA contribution of at least **€100m** through*):
 - Sales growth
 - Market share increase
 - Gross profit optimization / FTE
 - FTE

Enablers

- Kloeckner Assistant
- XOM eProcurement solution
- Other digital applications & measures



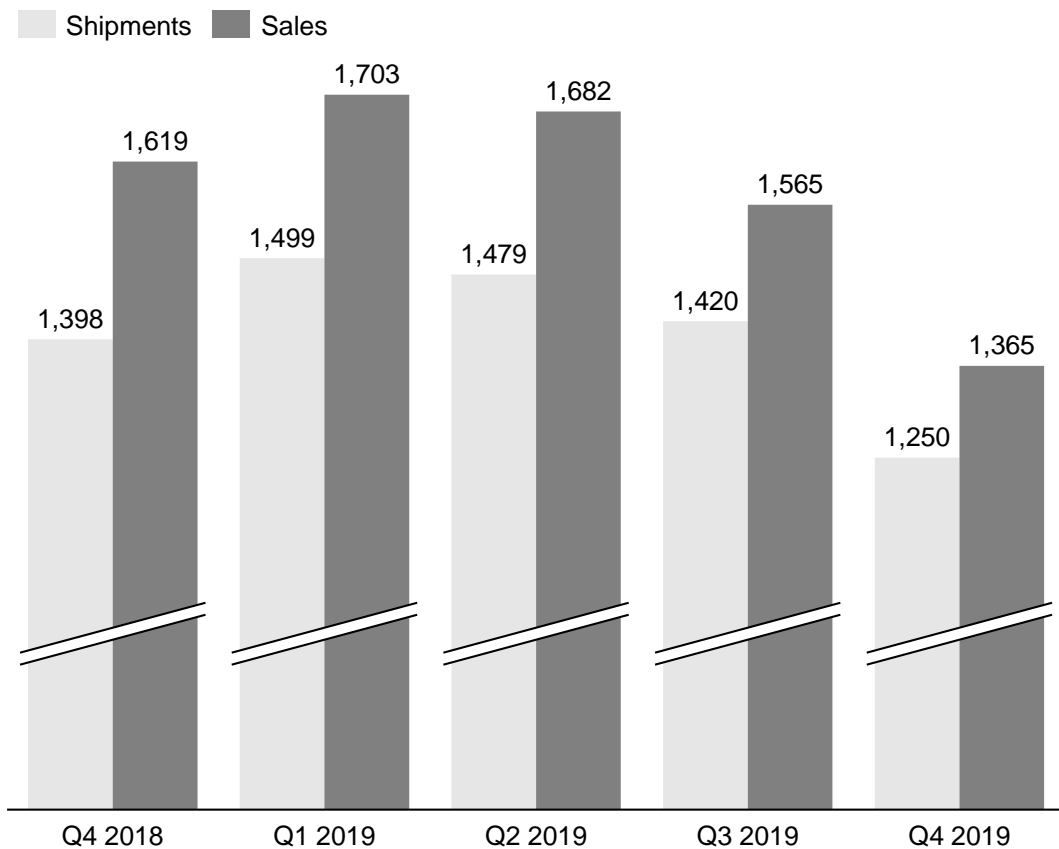
*) Incremental effects.

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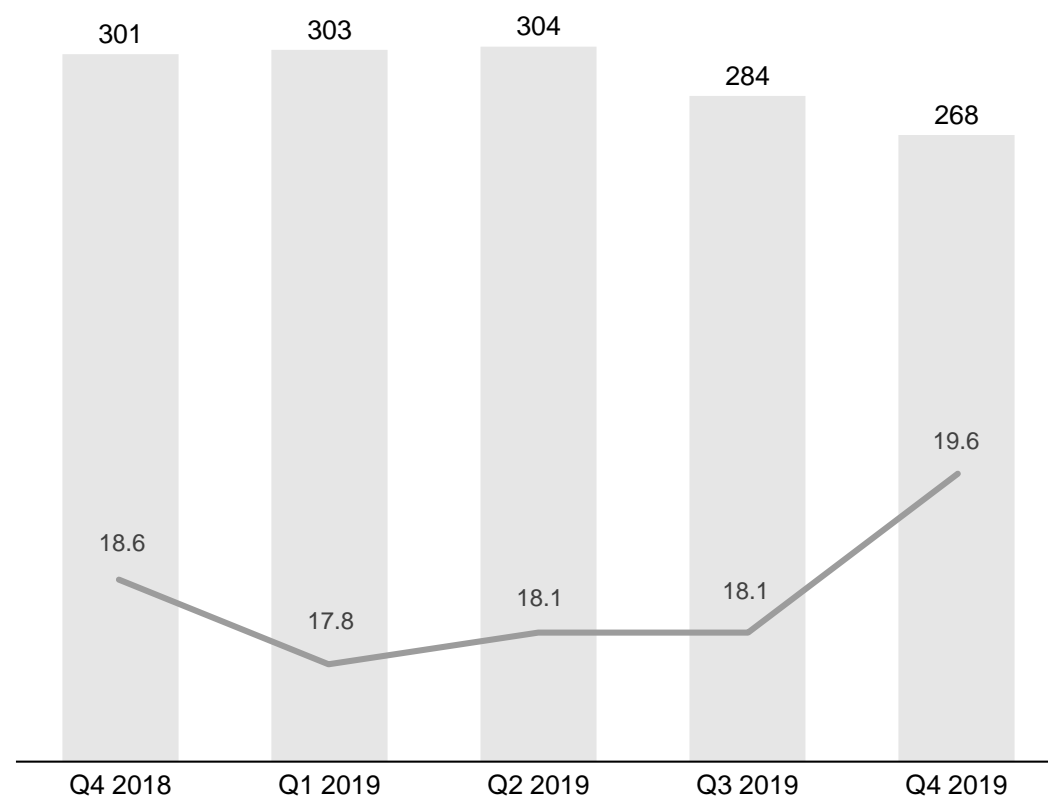
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02 Shipments, Sales and Gross profit

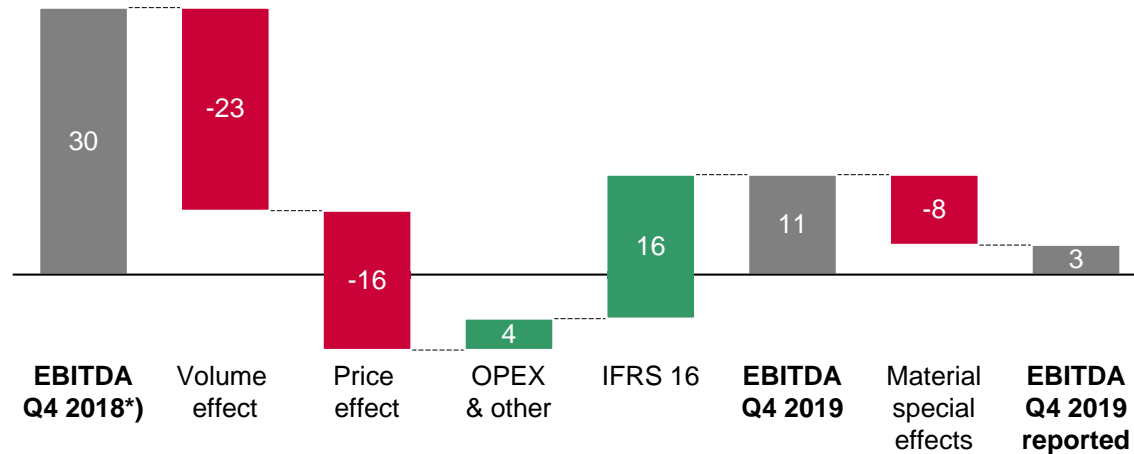
Shipments (Tto) & Sales (€m)



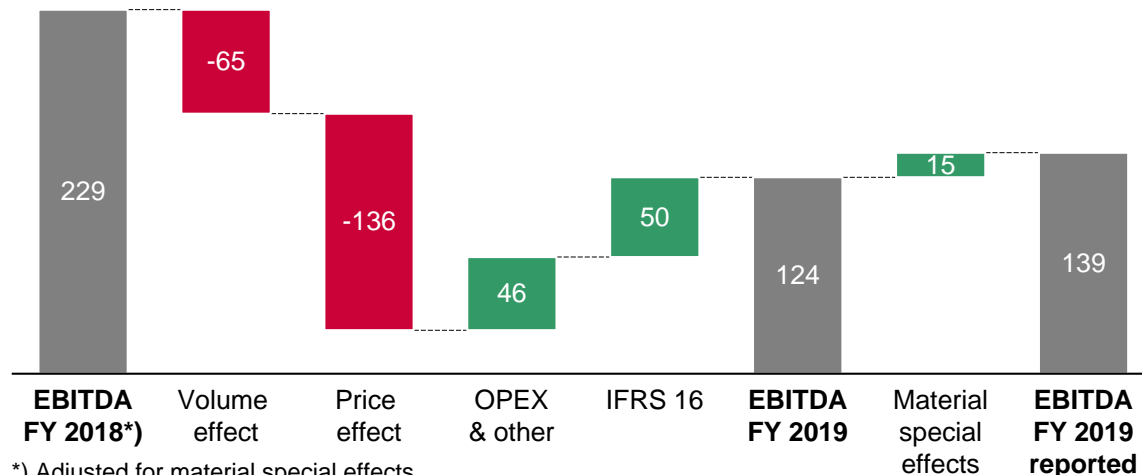
Gross profit (€m) & Gross margin (%)



02 EBITDA (€m) in Q4 and FY 2019



- Negative **volume** and **price effect** of in total €39m mainly due to yoy negative windfall effects in the US and the weaker market especially in Germany (automotive and machinery)
- **OPEX** decreased mainly driven by lower personnel expenses and shipping cost
- **Material special effects:** Sale of a site in Switzerland (€7m) and restructuring at KMDE (€-15m)

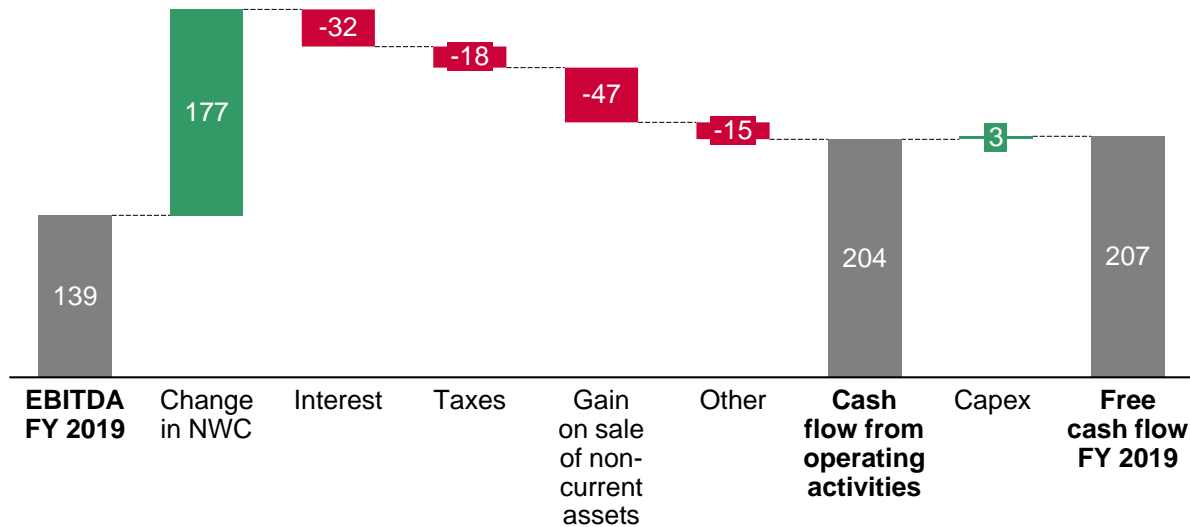


- Negative **volume and price effects** due to negative windfall effects in the US and a weaker market in Germany (automotive and machinery)
- **OPEX** decreased mainly driven by lower personnel expenses
- **Material special effects:** Sale of sites in London and Switzerland (€43m) and restructuring expenses (€-27m)

*) Adjusted for material special effects.

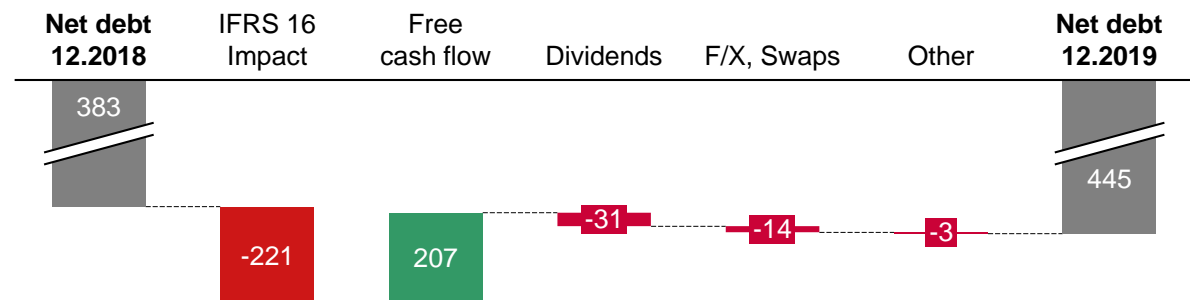
02 Cash flow and net debt development

Cash flow FY 2019 (€m)



- Strong **net working capital** release of €177m due to tight management
- **Gain on sale of non-current assets** include the sale of site in London (€36m) and Switzerland (€7m)
- **Cash flow from operating activities** of €204m
- Positive **free cash flow** of €207m

Net financial debt 12/2018 vs. 12/2019 (€m)

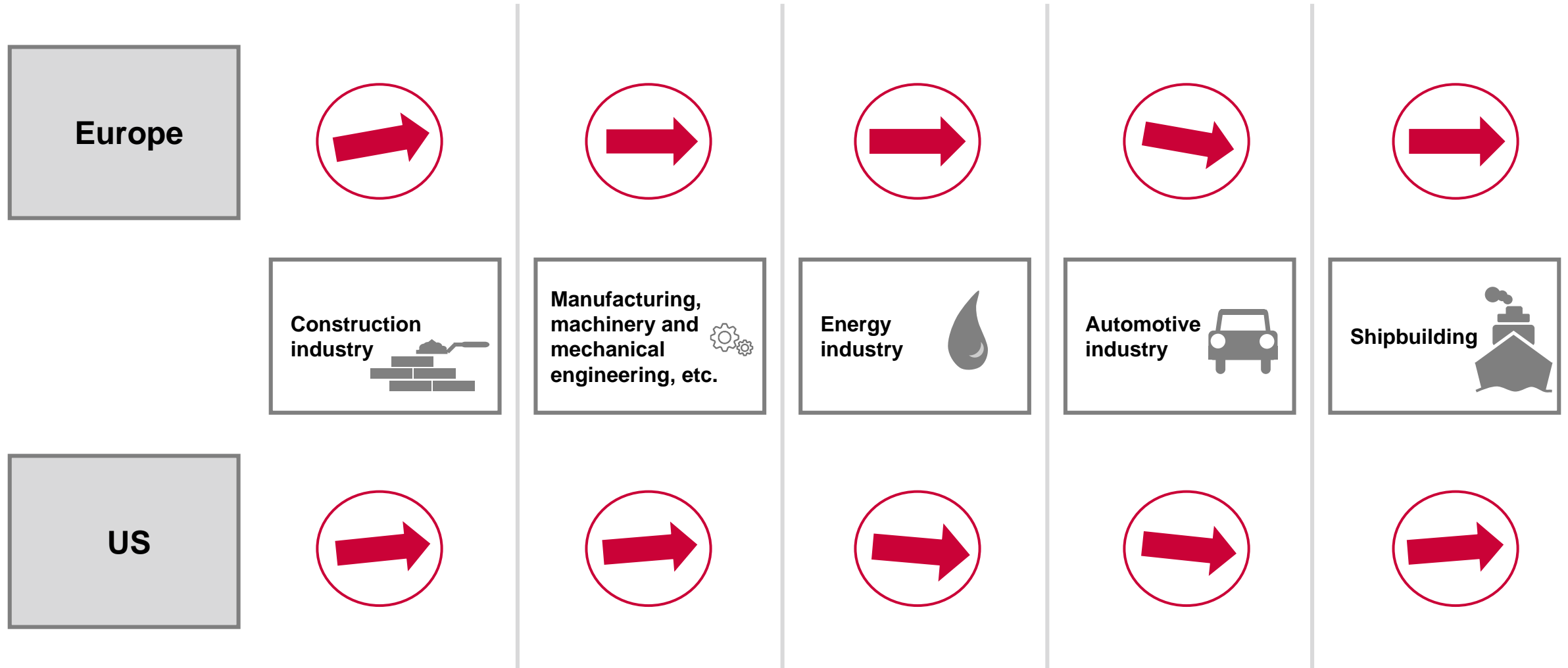


- Higher **net financial debt** driven by the implementation of IFRS 16 – Leases, partly offset by positive **free cash flow**

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03 Region specific business outlook 2020



03 Outlook



Slightly decreasing **shipments** and considerably decreasing **sales** expected (yoy)

EBITDA expectation of €20m-€30m before material special effects



Slightly increasing **shipments** and stable **sales** expected

EBITDA considerably above last year's level

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04 Quarterly and FY results

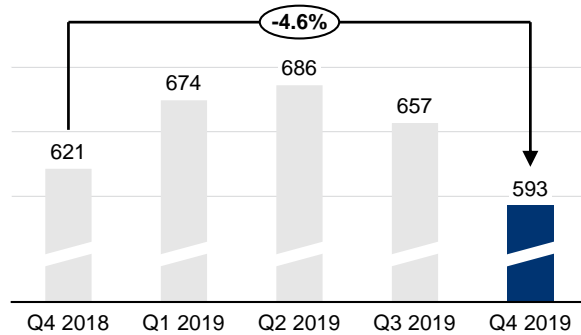
(€m)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Shipments (Tto)	1,250	1,420	1,479	1,499	1,398	1,519	1,605	1,584	1,443	1,539	1,572	1,582	5,648	6,107	6,135	6,149	6,476
Sales	1,365	1,565	1,682	1,703	1,619	1,754	1,789	1,628	1,485	1,565	1,640	1,602	6,315	6,790	6,292	5,730	6,444
Sales (currency effect)	24	38	50	61	28	2	-89	-114	-70	-45	13	19	173	-172	-83	-50	556
Gross profit	268	284	304	303	301	332	364	331	300	310	339	367	1,158	1,328	1,316	1,315	1,237
<i>% margin</i>	19.6	18.1	18.1	17.8	18.6	18.9	20.3	20.4	20.2	19.8	20.6	22.9	18.3	19.6	20.9	22.9	19.2
EBITDA rep.	3	21	82	34	30	59	82	56	33	47	63	77	139	227	220	196	24
<i>% margin</i>	0.2	1.3	4.9	2.0	1.9	3.4	4.6	3.4	2.2	3.0	3.9	4.8	2.2	3.3	3.5	3.4	0.4
EBITDA rep. (curr. eff.)	1	1	2	1	3	1	-8	-5	-3	-2	1	1	5	-9	-3	-1	10
EBIT	-35	-13	49	2	8	38	60	35	9	25	41	54	2	141	130	85	-350
Financial result	-9	-11	-11	-10	-10	-8	-10	-7	-9	-8	-8	-8	-41	-34	-33	-33	-49
EBT	-44	-24	37	-9	-2	30	51	28	1	17	33	46	-39	107	97	52	-399
Income taxes	-7	1	-9	-1	-5	-8	-18	-7	29	-4	-9	-10	-16	-38	5	-14	50
Net income	-51	-23	28	-10	-7	22	33	21	30	13	24	36	-55	69	102	38	-349
Minority interests	1	0	0	0	0	0	0	0	0	1	1	0	1	0	1	1	-2
Net income KCO	-51	-23	28	-10	-7	22	33	21	30	12	23	36	-56	69	101	37	-347
EPS basic (€)	-0.51	-0.23	0.28	-0.10	-0.07	0.22	0.33	0.21	0.30	0.12	0.23	0.36	-0.56	0.68	1.01	0.37	-3.48
EPS diluted (€)	-0.51	-0.23	0.27	-0.10	-0.07	0.21	0.31	0.20	0.28	0.12	0.22	0.34	-0.56	0.66	0.96	0.37	-3.48
Net debt	445	634	684	820	383	569	552	472	330	435	486	475	445	383	330	444	385
NWC*)	1,119	1,356	1,406	1,525	1,277	1,495	1,446	1,344	1,132	1,282	1,306	1,296	1,119	1,277	1,132	1,120	1,128

*) Since 2018 including supplier bonus receivables and contract assets.

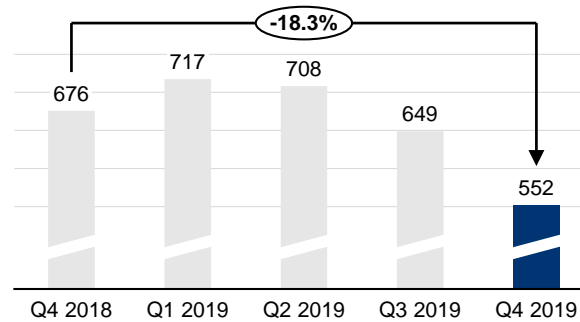
04 Segment performance

KM US

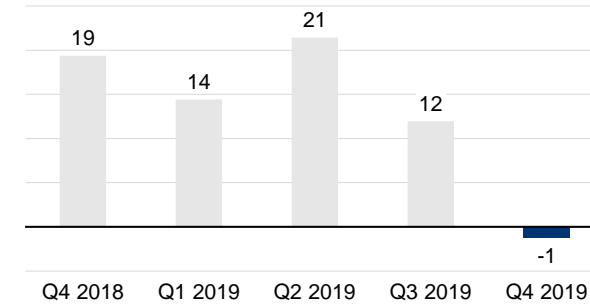
Shipments (Tto)



Sales (€m)

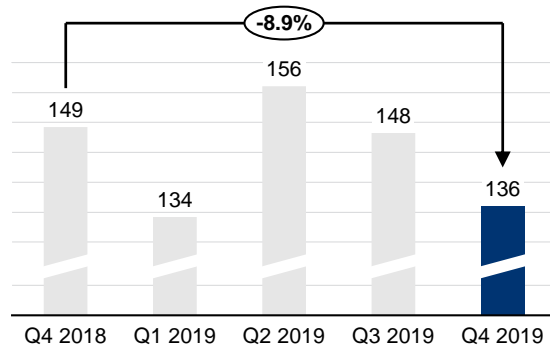


EBITDA adj. (€m)

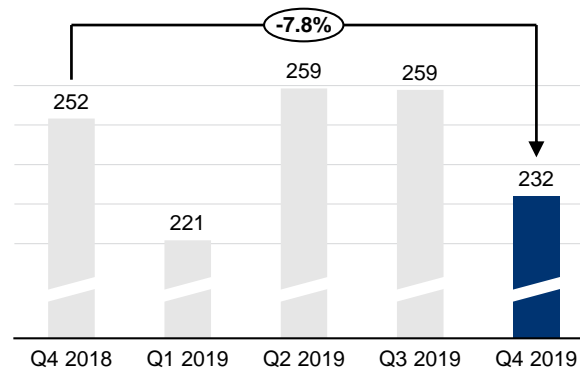


KM Switzerland

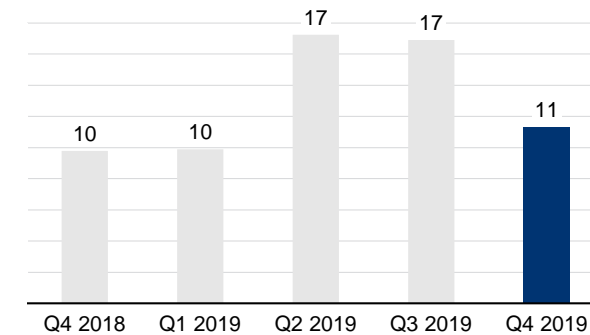
Shipments (Tto)



Sales (€m)



EBITDA adj (€m)*



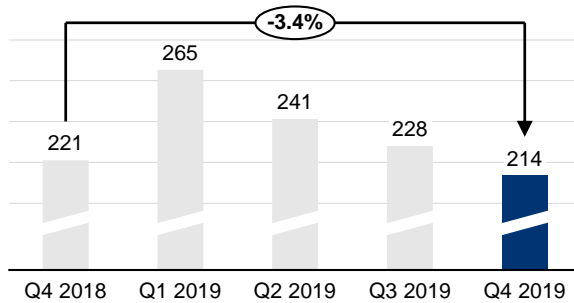
*) adjusted in Q4 2019 by the gain on sale of the site in Switzerland.

Minor adjustments in segment reporting: New structure of the segment "Holding and other group companies" (previously including other activities such as the Brazilian distribution business, XOM Materials, kloeckner.i, kloeckner.v and the Dutch metering business). As of January 1, 2020, the Brazilian distribution business is assigned to the segment "Kloeckner Metals US" and the metering business to the segment "Kloeckner Metals Distribution Europe".

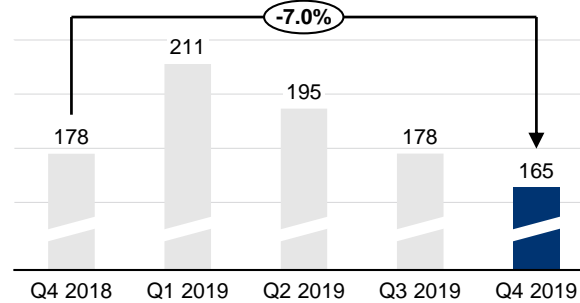
04 Segment performance

KM Services

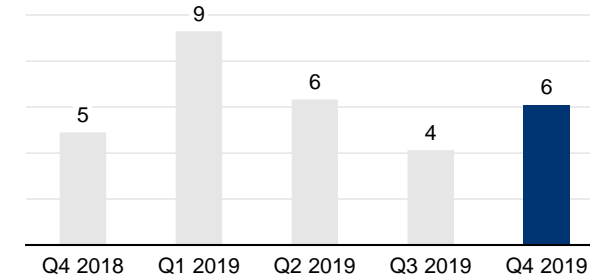
Shipments (Tto)



Sales (€m)

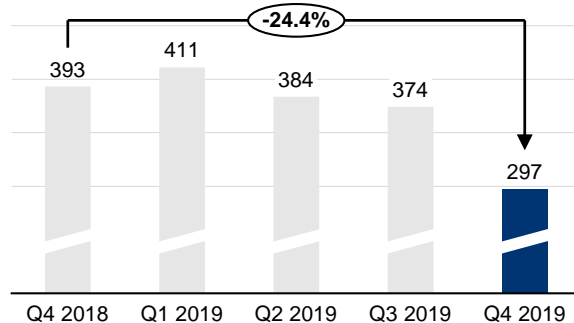


EBITDA adj (€m)

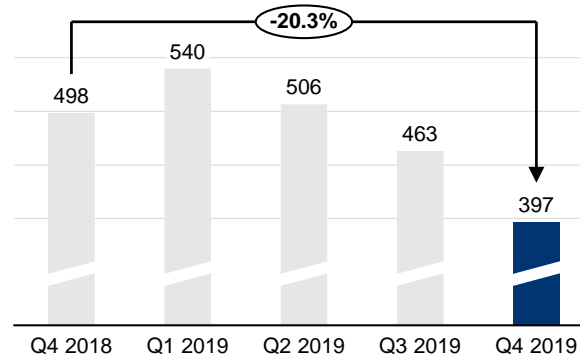


KM Distribution

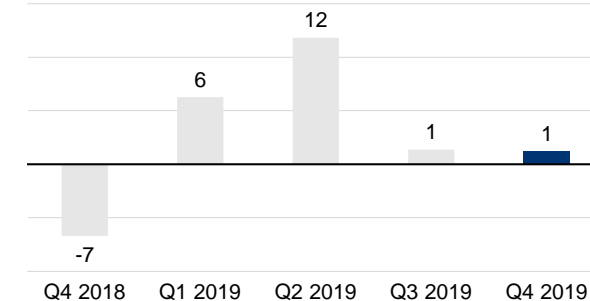
Shipments (Tto)



Sales (€m)



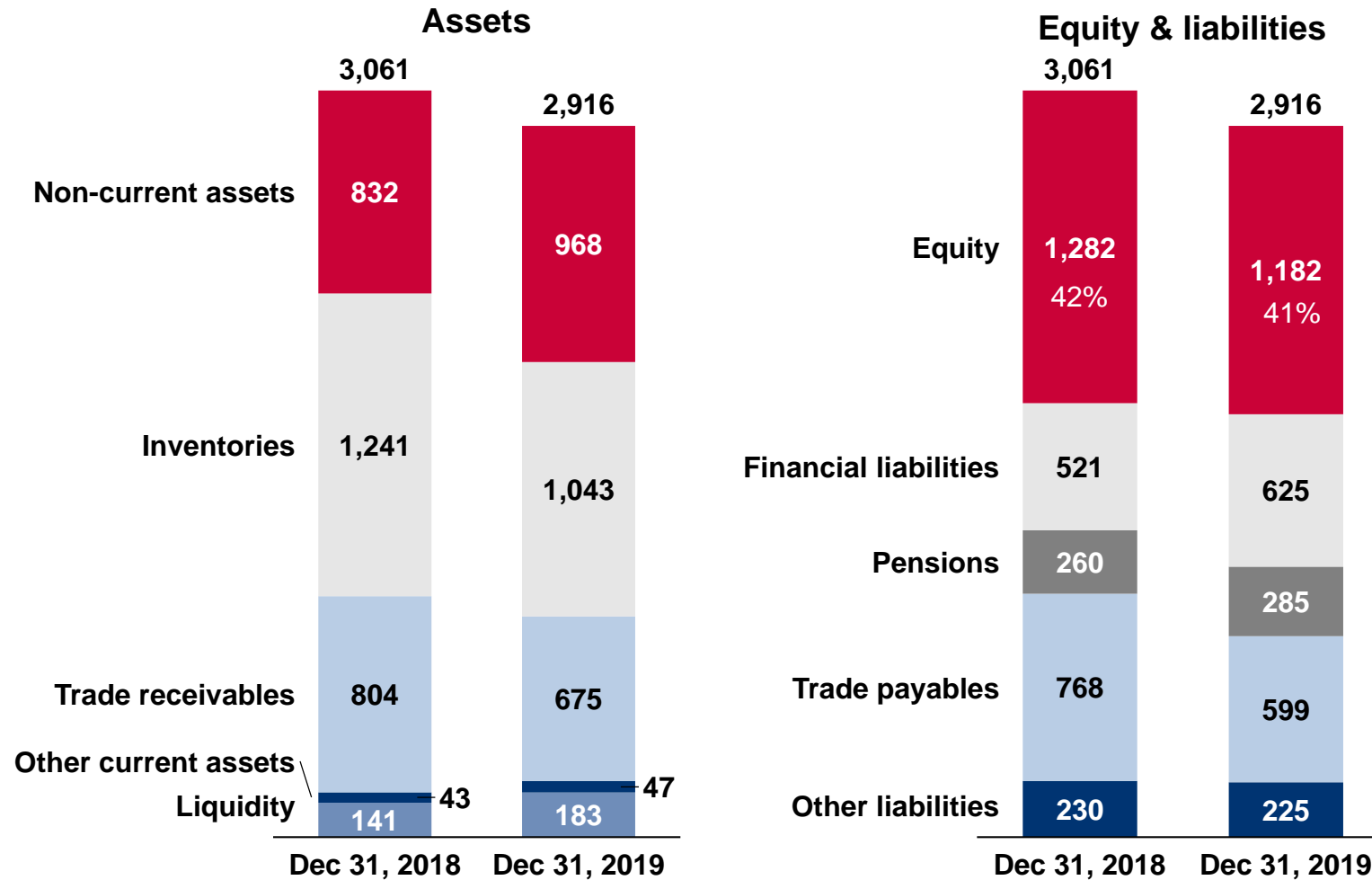
EBITDA adj* (€m)



*) adjusted for restructuring expenses in Q2, Q3 and in Q4 2019 and for a gain on the sale of a site in London in Q2 2019.

Minor adjustments in segment reporting: New structure of the segment "Holding and other group companies" (previously including other activities such as the Brazilian distribution business, XOM Materials, kloeckner.i, kloeckner.v and the Dutch metering business). As of January 1, 2020, the Brazilian distribution business is assigned to the segment "Kloeckner Metals US" and the metering business to the segment "Kloeckner Metals Distribution Europe".

04 Strong balance sheet



- **Equity ratio** further healthy at 41%
- **Net debt** of €445m incl. IFRS 16 Leases (impact of €199m)
- **Gearing***) at 38%
- **NWC** at €1,119m (FY 2018: €1,277m)

*) Gearing = Net debt/Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 23, 2019.

04 Maturity profile – well-balanced & diversified funding portfolio

Facility	Committed (€m)	Drawn amount (€m, IFRS ^{*)}	
		FY 2019	FY 2018
Syndicated Loan	300	0	0
ABS Europe	300	115	110
ABS/ABL USA	490	124	172
Convertible 2016 ¹⁾	148	142	138
Bilateral Facilities ²⁾	170	42	78
Leases ³⁾	205	205	26
Total Debt	1,613	628	524
Cash		183	141
Net Debt		445	383

*) Including interest accrued, excluding deferred transaction costs.

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

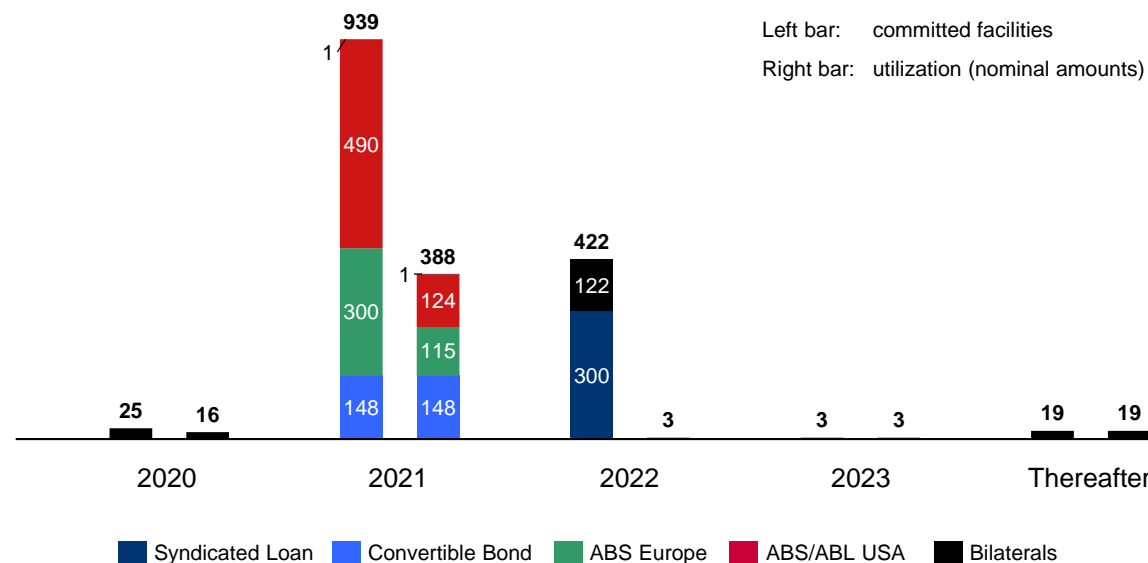
2) Mainly Switzerland.

3) First time application of IFRS 16 in Q1 2019. FY 2018 as reported (based on IAS 17 and not adjusted for IFRS 16).








4) Net debt/Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 23, 2019.

€m	FY 2019
Adjusted equity	1,176
Net debt	445
Gearing ⁴⁾	38%

Maturity profile of financial instruments (excl. leasing) in €m



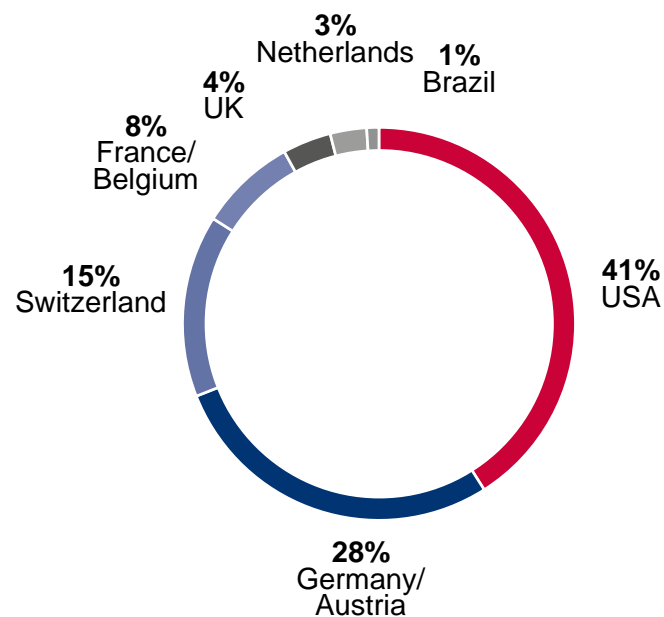
04 IFRS 16 impact

IFRS 16 effect in 2019			
Key Figure	€m	Tendency	Comment
Sales	-		No impact
OPEX	50		Recognition of lease expenses as depreciation and interest costs; exception: short-term leases and low-value assets, remaining material costs
EBITDA	50		Lower leasing expenses
D&A	50		Capitalized operating-lease-assets as new depreciation incl. Impairments (€3m)
EBIT	-		Depreciation and interest instead of operating lease expense
Financing costs	5		Interest cost included in financing costs
Operating and Free Cash flow	45		Principal payments on IFRS 16 lease liabilities included in Cash flow from financing activities

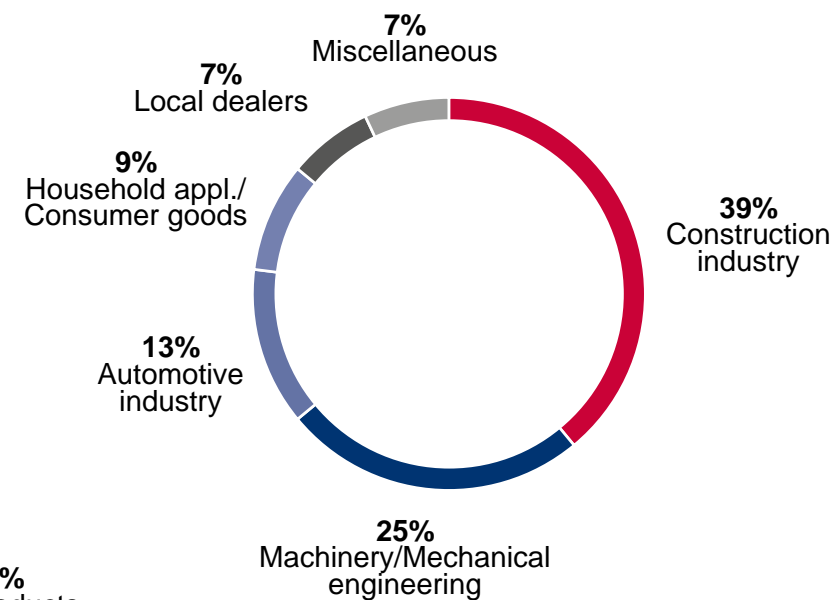
Main impact consists of considerable **EBITDA and Free Cash flow increase**

04 Sales by markets, products and industries

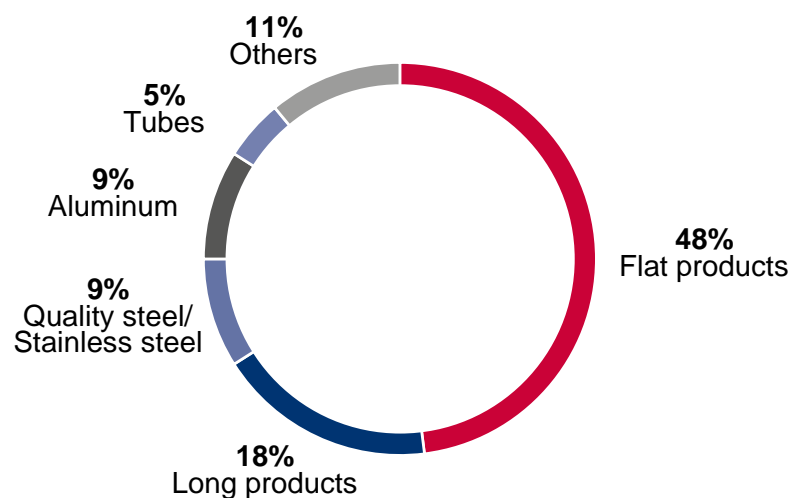
Sales by markets



Sales by industries



Sales by products

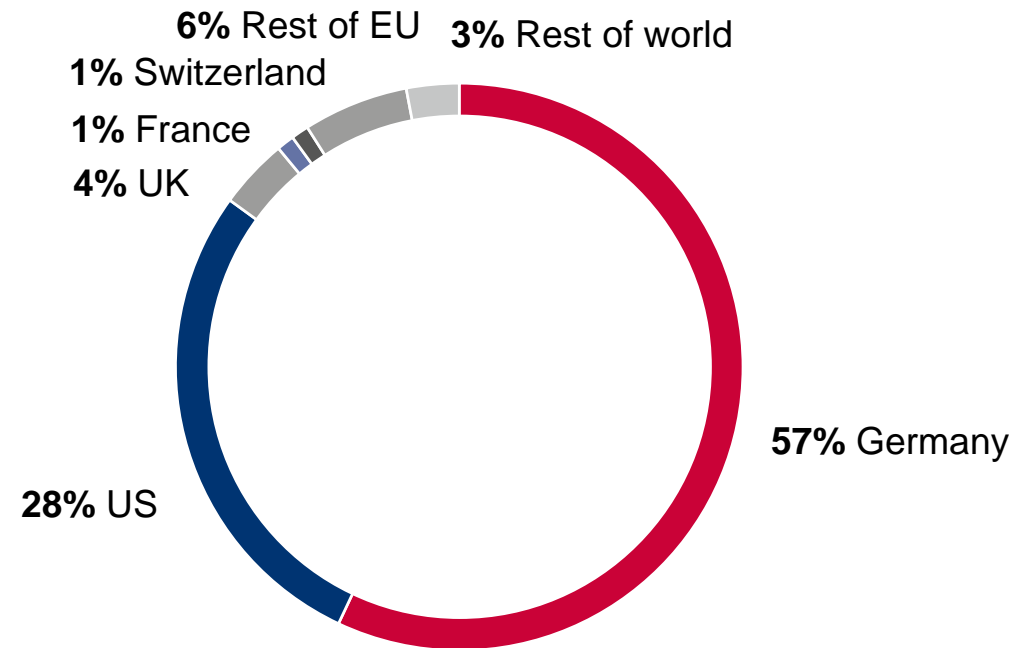


As of December 31, 2019.

04 Current shareholder structure

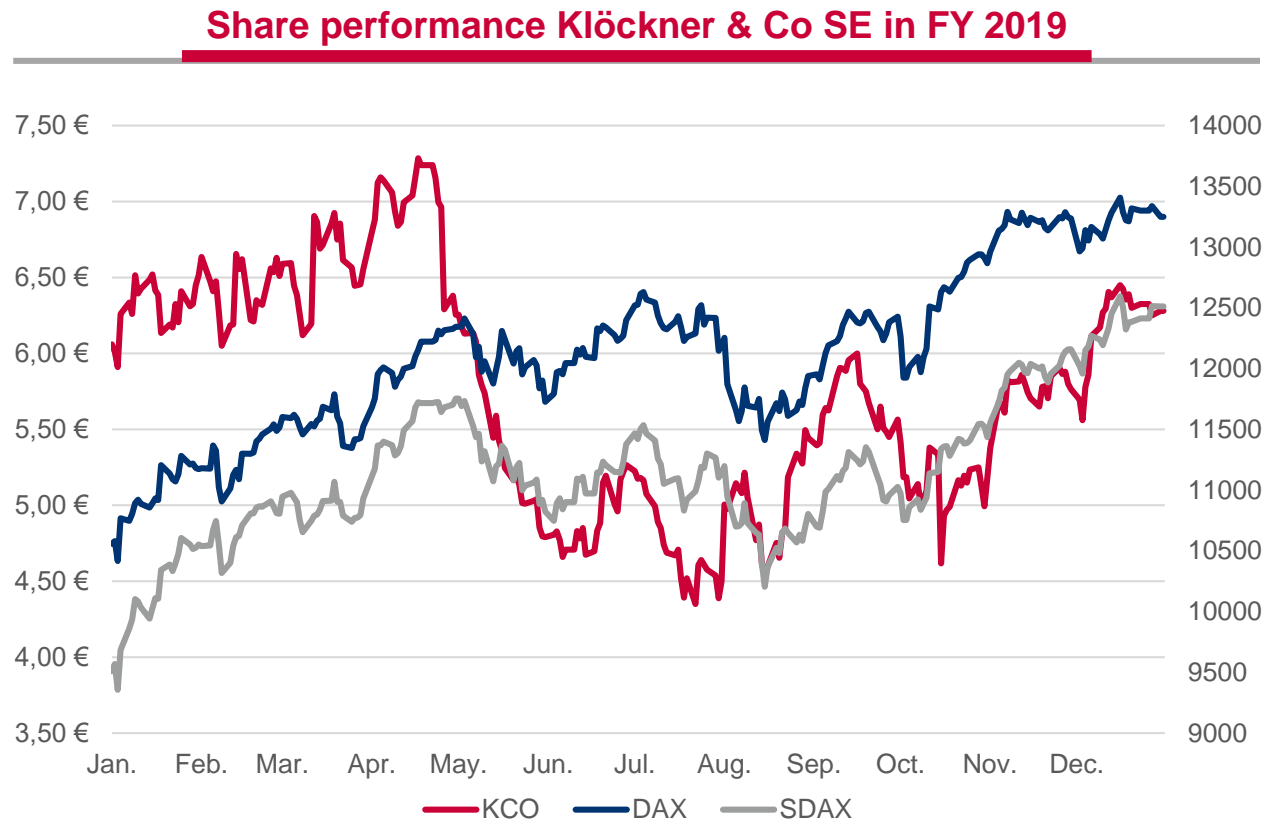
Geographical breakdown of identified institutional investors

- Identified institutional investors account for 62%
- German investors incl. retail dominate
- Top 10 shareholdings represent around 49%
- Retail shareholders represent 27%



As of December 2019.

04 Share price performance in FY 2019



- Klöckner & Co share put in a positive performance at the beginning of 2019, reaching its high for the year of €7.29 on April 17
- The share price then dropped sharply in a downward trend and reached its lowest level of €4.35 on July 22
- It began to recover in the second half of the year and increased strongly
- The share closed at €6.28 on December 30

04 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 would pay 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 fiscal year**
- **Dividend payment per share for the 2018 fiscal year: €0.30**

Dividend payment per share	2006	2007	2008 -	2010	2011 -	2014	2015	2016	2017	2018	2019
	€0.80	€0.80	-	€0.30	-	€0.20	-	€0.20	€0.30	€0.30	-*)

*) Proposal to the Annual General Meeting on May 20, 2020.

04 Sustainability strategy



EMPLOYEES

A **qualified** and **motivated workforce** is vital to our success

Our working environment is characterized by long-term security, supportiveness, professionalism and mutual respect



RESPONSIBLE CONDUCT

Compliance constitutes the basis of corporate responsibility

Integral part of our corporate culture is compliance on the part of our employees and business partners



ENVIRONMENT

We contribute to **protecting the environment**

We consider it our duty to counter climate change and its related risks



DIGITALIZATION

We are advancing the **internal cultural change**

Our measures aim at anchoring modern, digital ways of working and thinking in the company



CUSTOMERS

We prioritize high levels of **customer satisfaction** and enhancement of our **customer focus**

We always conceptualize products and services, sales channels and innovations from the customer perspective



As one of the very first companies in Germany, Klöckner & Co steps up to global frontrunners of climate change engagement and aligns its business to the UN Global Compact “Business Ambition for 1.5°C”. We intend to act even more responsibly and take appropriate measures helping to limit the global temperature rise to 1.5°C by reducing its greenhouse gas emissions

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Financial calendar

March 10, 2020 Annual financial statements 2019

May 4, 2020 Q1 quarterly statement 2020

May 20, 2020 Annual General Meeting 2020

August 14, 2020 Half-yearly financial report 2020

November 3, 2020 Q3 quarterly statement 2020