

# Jefferies Virtual Global Steel Summit

June 14, 2021

Guido Kerkhoff | CEO

# DISCLAIMER

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. For other terms not defined in this annual report, please refer to the glossary on our website at <https://www.kloeckner.com/en/glossary.html>.

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. Overview – Leader in Digital Transformation**
2. Klöckner & Co 2025: Leveraging Strengths
3. Financials
4. Outlook
5. Appendix

# KLÖCKNER & CO SE AT A GLANCE



**~7,100**  
Employees



**5,130€** million  
Sales FY 2020




**4,873** thousand tons  
Shipments FY 2020



**>100,000**  
Customers



**111€** million  
EBITDA\* FY 2020



**45%**  
Digital Sales



**200,000**  
Products



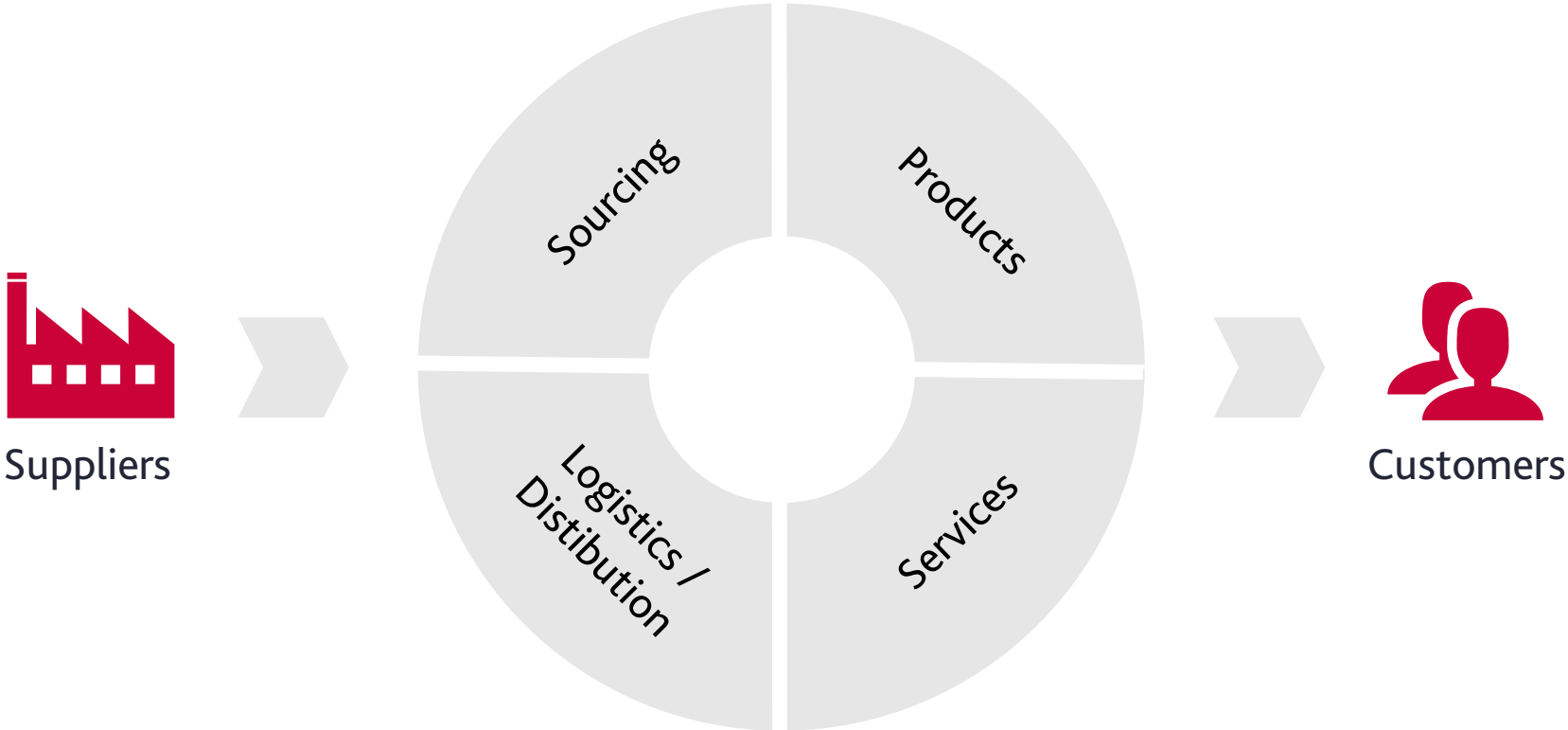
**13**  
Countries



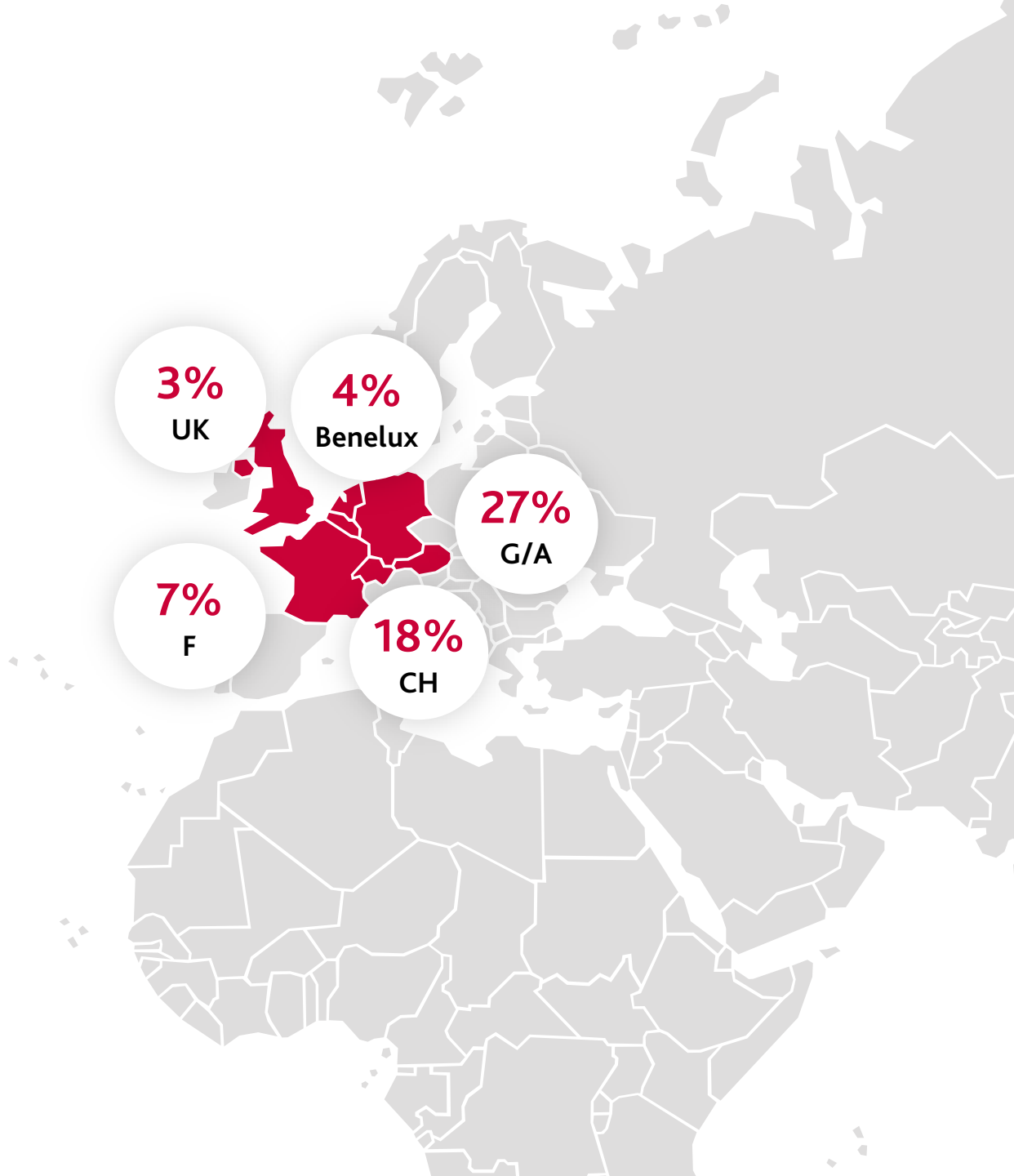
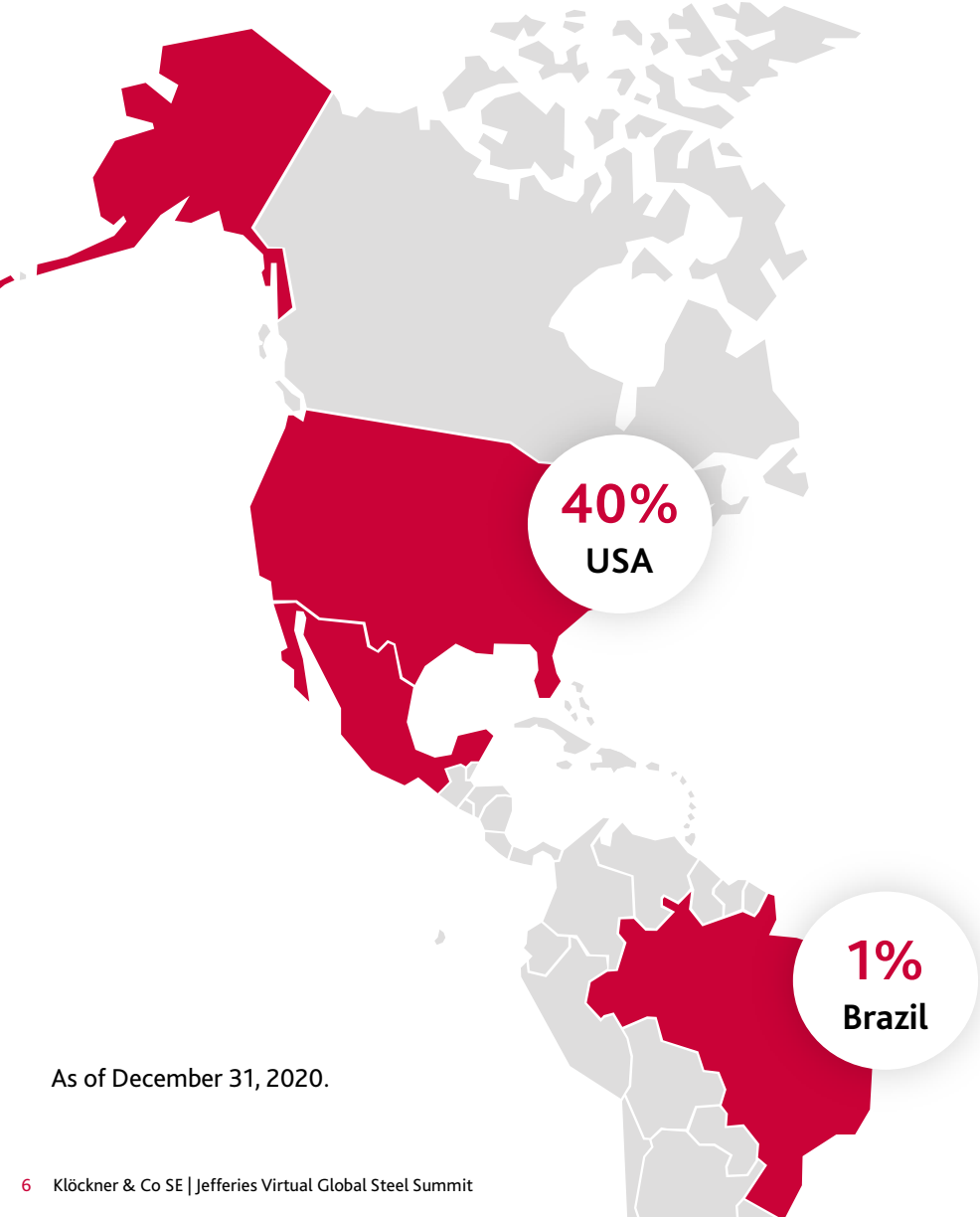
**~140**  
Locations

\* Before material special effects.

# KLÖCKNER & CO VALUE CHAIN – EVERYTHING FROM ONE SOURCE



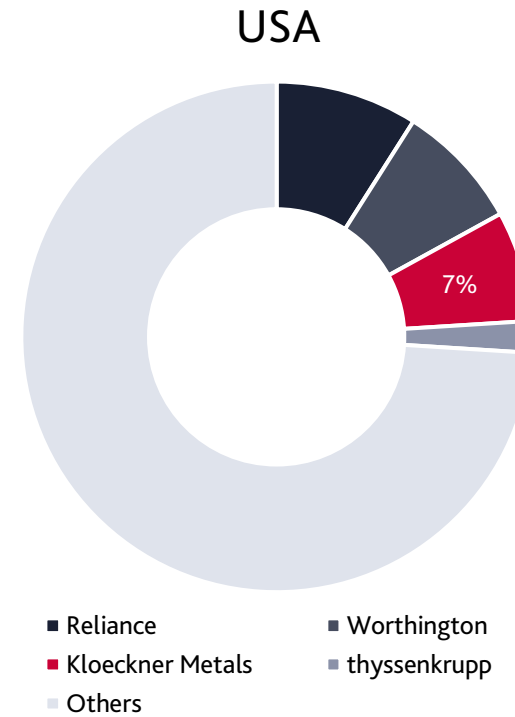
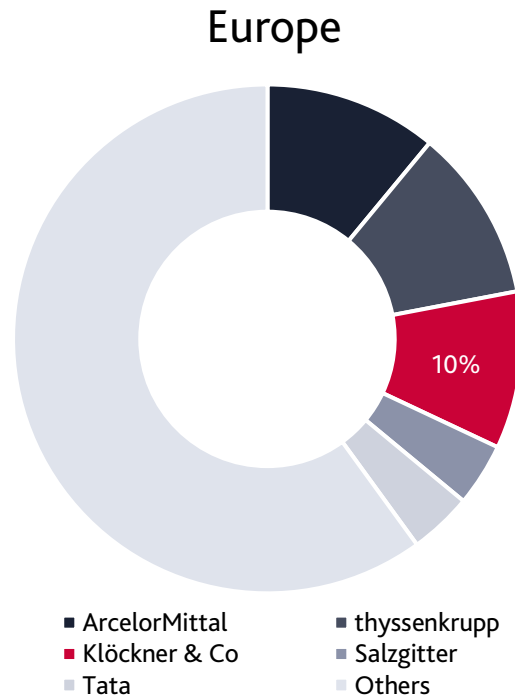
# GLOBAL REACH – LOCAL PRESENCE



As of December 31, 2020.

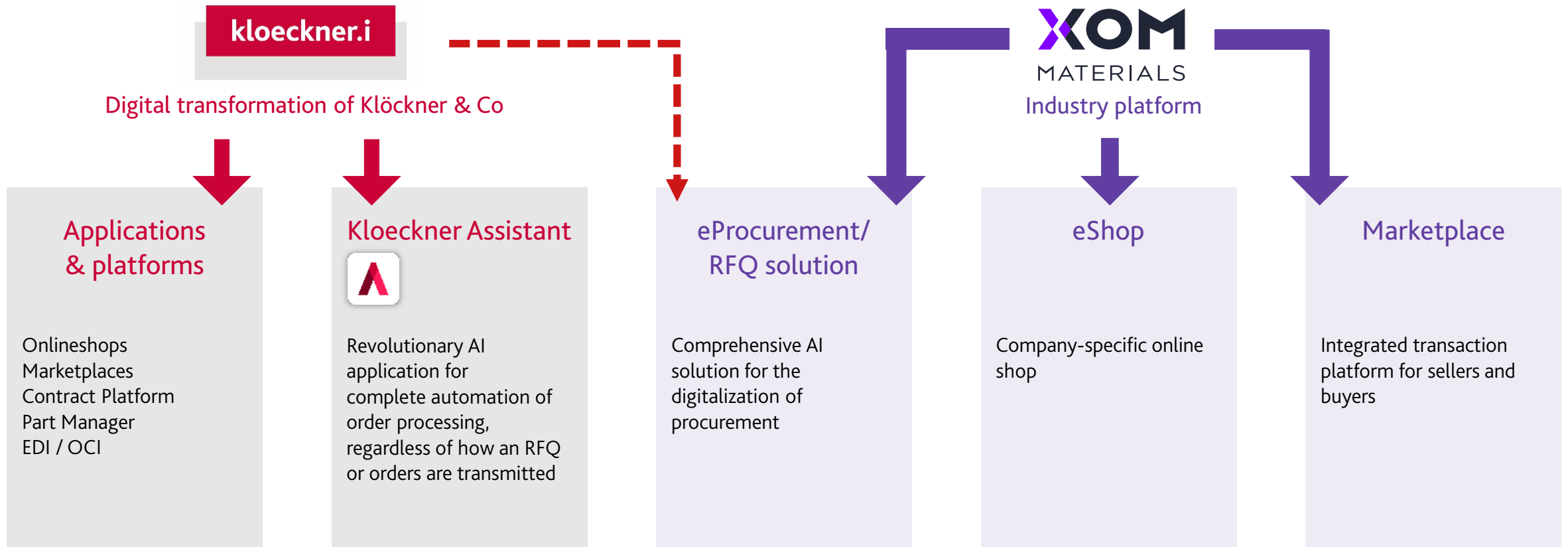
# LEADING PLAYER IN FRAGMENTED MARKETS

Market shares of Klöckner & Co 2020



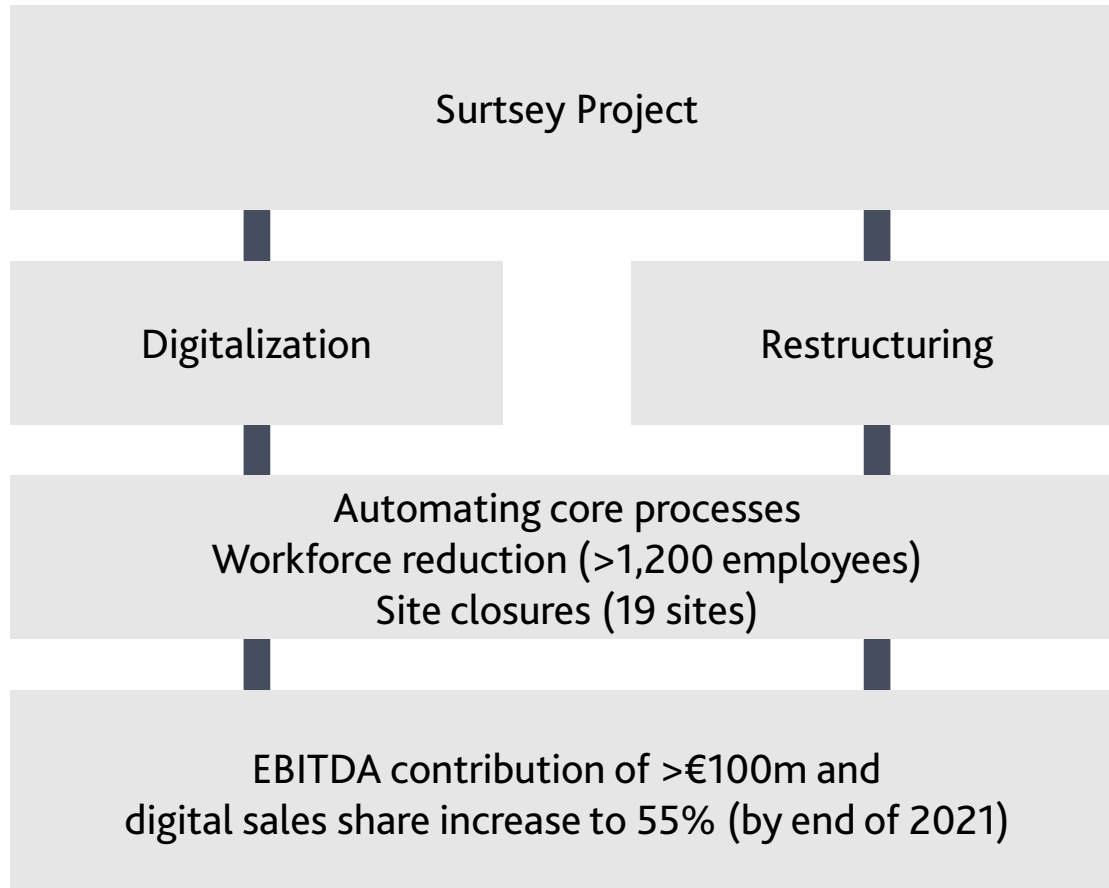
Source: Eurometal, MSCI, local steel associations.

# DIGITAL TRANSFORMATION AND PLATFORM BUSINESS



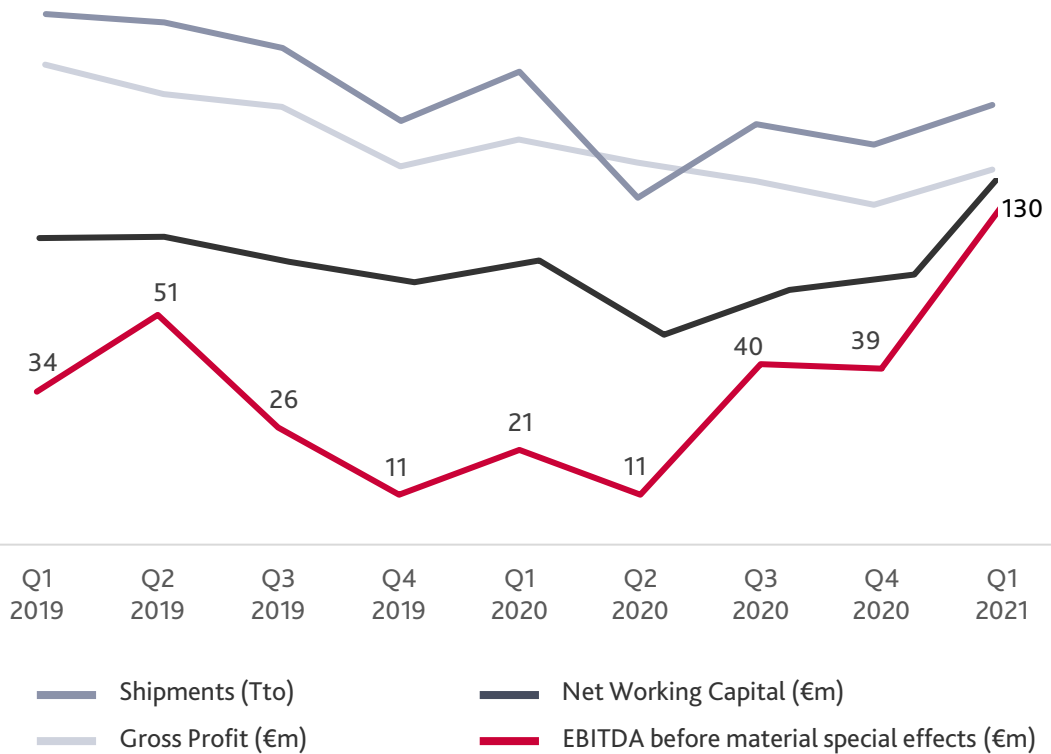


# SURTSEY PROJECT – ACCELERATING THE DIGITAL TRANSFORMATION



- Decisive and early response to take advantage of opportunities presented by the crisis
- Project already well advanced, measures 90% implemented
- Digitization and restructuring effects of~ €20m in Q1
- Remaining reductions and closures to be implemented by end of year
- >€100 million earnings contribution already in current fiscal year

# OUR RESPONSE TO THE COVID-19 PANDEMIC



- First impact of COVID-19 pandemic noticeable in consumer-related sectors by mid of March 2020
- Sharp decline in demand in Q2 2020 (~30%), followed by ongoing recovery
- Immediate initiation of the Surtsey project to take advantage of the crisis
- Mitigation of negative impact on operating income and sustainable drive-down of OPEX
- EBITDA of €40m in Q3, €39m in Q4 and €130m in Q1 (Q2 EBITDA guidance of €260-290m) as a result of consistent execution of Surtsey and strict inventory management in times of recovering demand and rising prices

# AGENDA

1. Overview – Leader in Digital Transformation
- 2. Klöckner & Co 2025: Leveraging Strengths**
3. Financials
4. Outlook
5. Appendix

# COMPLEX ENVIRONMENT, VARIOUS CHALLENGES AND NO ONE-FITS-ALL SOLUTION

## High market fragmentation

Highly competitive markets due to fragmentation between a few larger competitors and many low-cost local distributors

## Lack of market consolidation

High cost flexibility of smaller distributors results in lack of market consolidation and overcapacities

## Digitalization gap in sector

Smaller customers and distributors do not have the resources and capabilities to invest in impactful digitalization

## Downstream push

Mills are pushing downstream in the value chain with focus on high-volume customers

## Supply-sided overcapacities

Low margin business requires high efficiencies along the whole value chain

## Individual customer requirements

Increasing variety of customer needs regarding lot sizes, local availability, reliability and product and market knowhow

# KLÖCKNER & CO'S STRONG FOUNDATION

## Digital Transformation

- Advanced tools such as Onlineshops, Kloeckner Assistant, XOM eProcurement
- Digital sales share >45%

## Surtsey project

- Achieving sustainable cost efficiency gains due to consistent execution

## Customer centricity

- Existing businesses with highest profitability based on excellent customer centricity and satisfaction

## Brands

- Klöckner & Co and sub-brands are internationally well-known brands with high reputation

## Partner collaborations

- First valuable experiences in terms of integrating partners in the field of value-added products and services

## Corporate culture

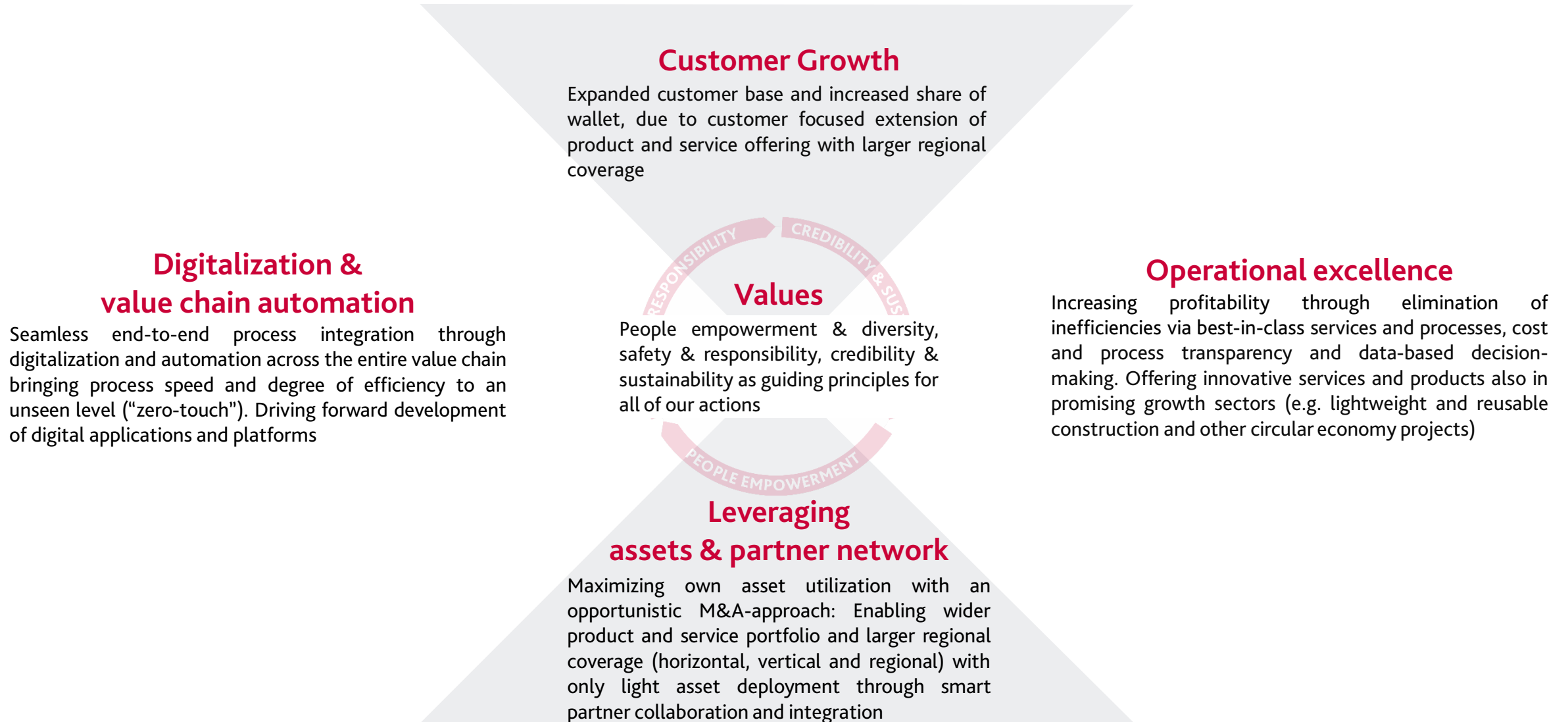
- Organizational and cultural change already initiated to achieve agile and efficient processes

**We build on our existing strengths and take it to the next level**

# OUR STRATEGY - "KLÖCKNER & CO 2025: LEVERAGING STRENGTHS"



# BUILDING A PLATFORM BUSINESS MODEL: READY TO GROW



# OUR AMBITION: MERGING & EXTENDING THE DIGITAL AND THE PHYSICAL BUSINESS

**By 2025, Klöckner & Co will be the leading digital one-stop-shop platform for steel, other materials, equipment and processing services in Europe and the Americas**





# SUSTAINABLE GROWTH WITH HIGH PERFORMANCE THROUGH THE ENTIRE CYCLE

## Our 2025 Goals

**Sales growth above market**

**ROCE above cost of capital**

**More than doubling normalised EBITDA level**  
(as of before pre-COVID)

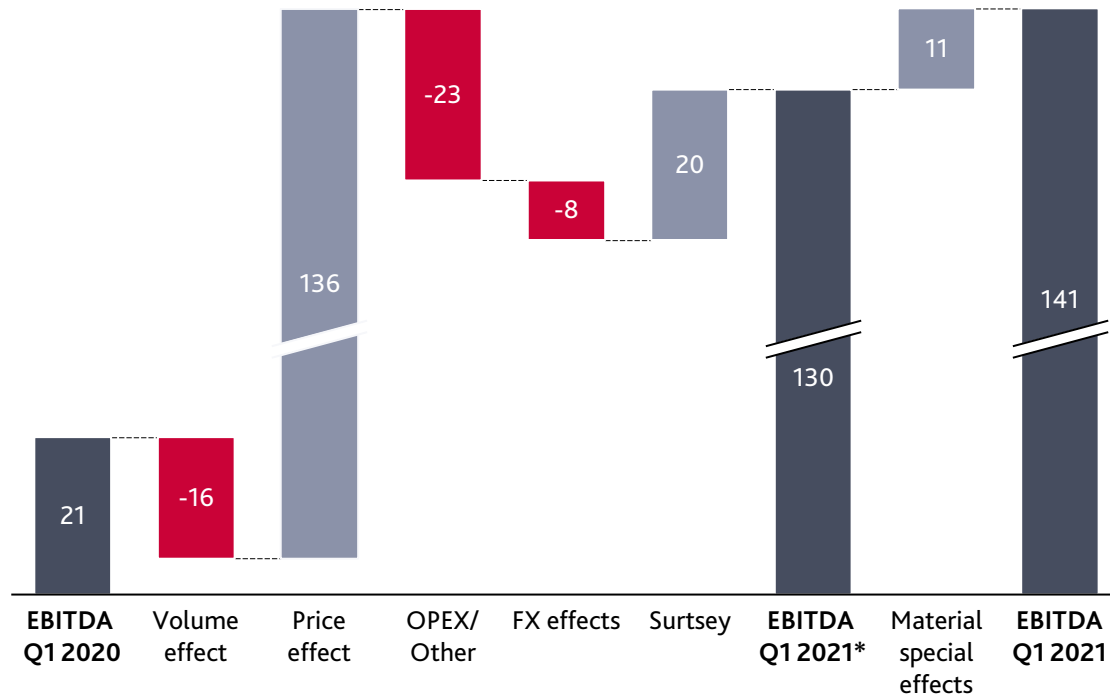
# AGENDA

1. Overview – Leader in Digital Transformation
2. Klöckner & Co 2025: Leveraging Strengths
- 3. Financials**
4. Outlook
5. Appendix

# HIGHLIGHTS OF Q1 2021

	Q1 2021	Q1 2020	Delta	
Shipments (Tto)	1,287	1,365	-5.7%	Impact of COVID-19 pandemic; improvement over the course of Q1
Sales (€m)	1,525	1,448	+5.3%	Due to higher price level yoy, despite lower volumes
Gross profit (€m)	388	285	+35.8%	Considerable increase due to price dynamics and smart NWC-management
EBITDA (€m)	130	21	+516.7%	Strong price dynamics and substantial Surtsey-effects; EBITDA rep. of €141m; strongest quarter in over twelve years
Oper. CF (€m)	18	-97	+115	Positive OCF despite price-driven higher NWC
Net financial debt (€m)	363	563	-35.6%	Net debt significantly down yoy and only slightly up qoq
Digital sales in Q4	45%	35%	+10%pts	Strongly up yoy driven by Kloeckner Assistant, stable qoq

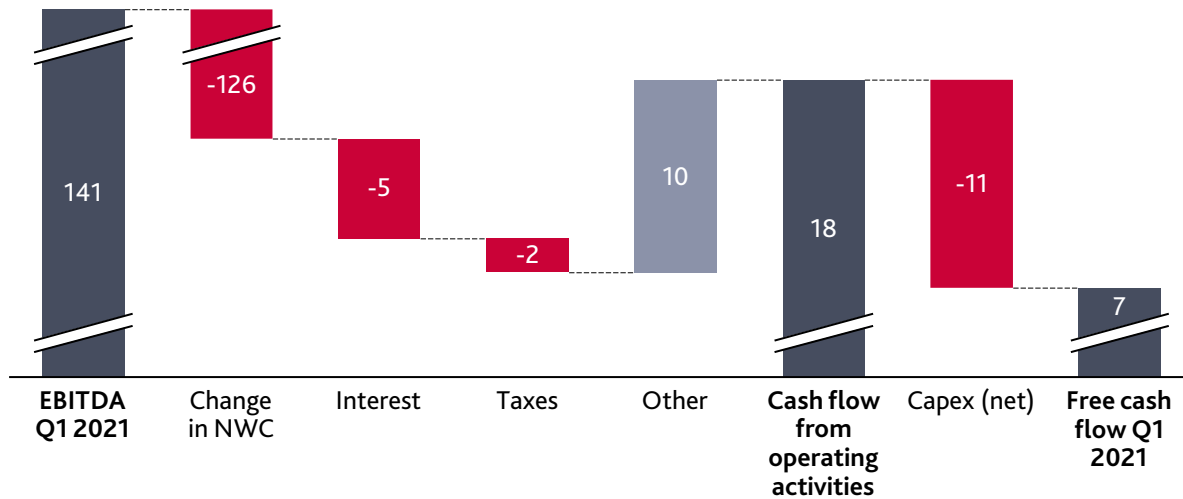
# EBITDA (€M) IN Q1 2021



- Best quarterly result in over twelve years
- Negative volume effect mainly due to impact of COVID-19 pandemic, upward movement over the course of the quarter
- Strong positive price effect due to price dynamic in Europe and especially in the USA
- OPEX (excl. Surtsey) up driven by stock options, severances, bonuses and wage inflation; FX-effects of €-8m
- Effects from Surtsey project of €20m in Q1
- Material special effects of €11m resulting mainly from site disposals

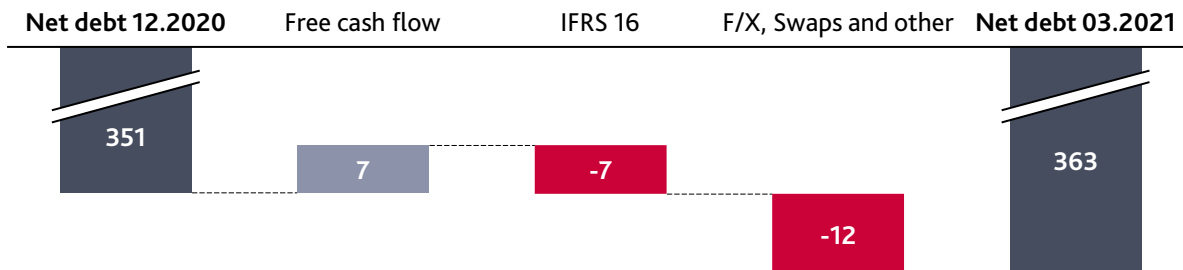
# CASH FLOW AND NET DEBT DEVELOPMENT

## Cash flow Q1 2021 (€m)



- Net working capital seasonally and price driven up by €126m
- Other (€-10m) includes gains from site disposals and changes in other operating assets and liabilities
- Cash flow from operating activities €+18m
- Net Capex €-11m
- Free cash flow accordingly €+7m

## Net financial debt 12.2020 vs. 03.2021 (€m)



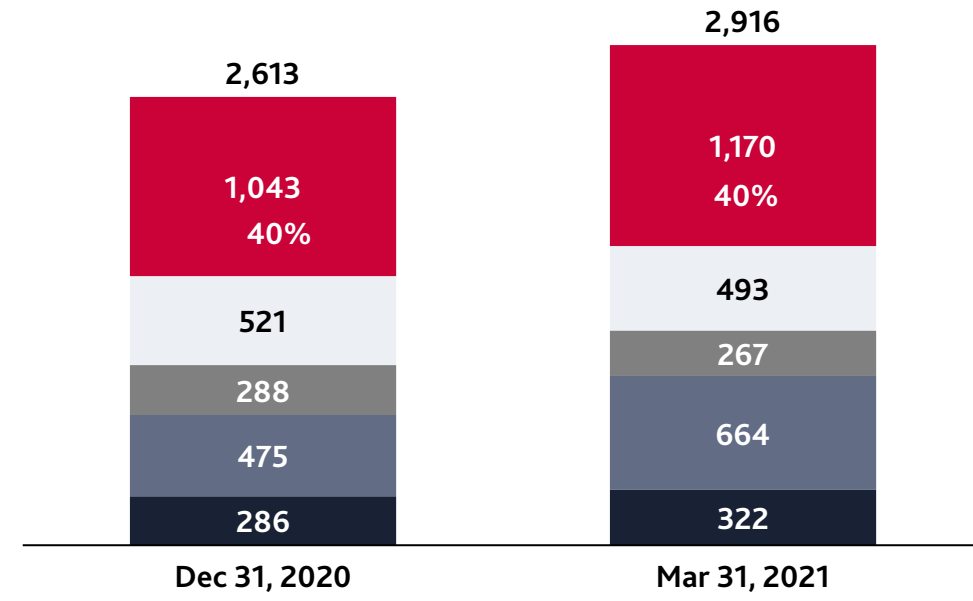
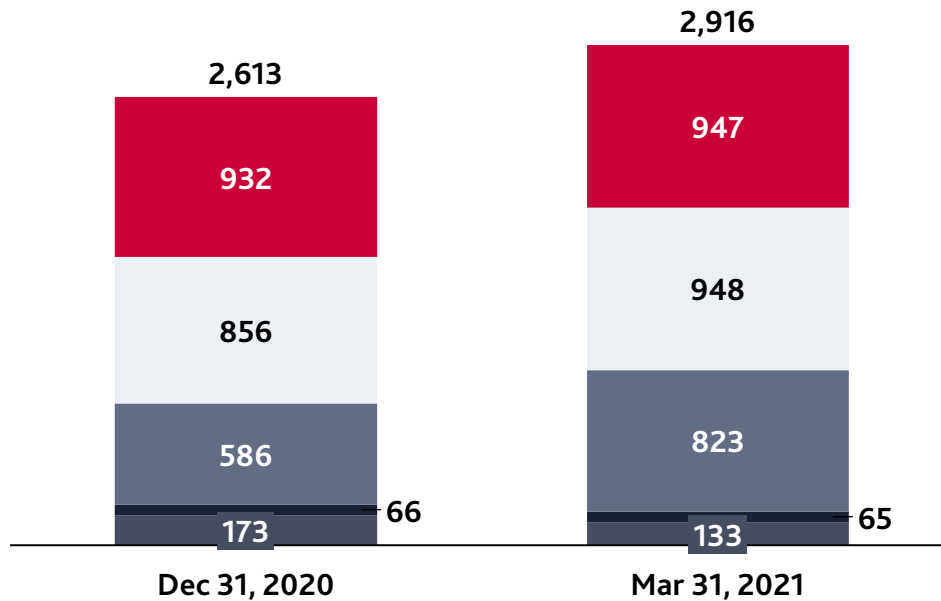
- Net financial debt increased only slightly from €351m to €363m despite NWC build-up

# SOLID BALANCE SHEET...

- Solid equity ratio of 40%
- Net debt of €363m
- Gearing<sup>\*)</sup> at 31%
- NWC at €1,107m (FY 2020: €967m)

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

\*\*\*) Incl. contract assets and supplier bonuses.



■ Non-current assets   
 ■ Trade receivables<sup>\*\*)</sup>    
 ■ Liquidity  
■ Inventories   
 ■ Other current assets

■ Equity   
 ■ Pensions   
 ■ Other liabilities  
■ Financial liabilities   
 ■ Trade payables

## ...AND DIVERSIFIED FUNDING PORTFOLIO

Facility (€m)	Committed Mar 31, 2021	Drawn amount	
		Mar 31, 2021	Dec 31, 2020
Syndicated Loan	300	0	0
ABS Europe	220	100	112
ABL USA	281	34	53
Convertible 2016 <sup>1)</sup>	148	146	146
Bilateral Facilities <sup>2)</sup>	164	40	33
Leases	176	176	180
<b>Total Debt</b>	<b>1,289</b>	<b>496</b>	<b>524</b>
Cash		133	173
<b>Net Debt</b>		<b>363</b>	<b>351</b>

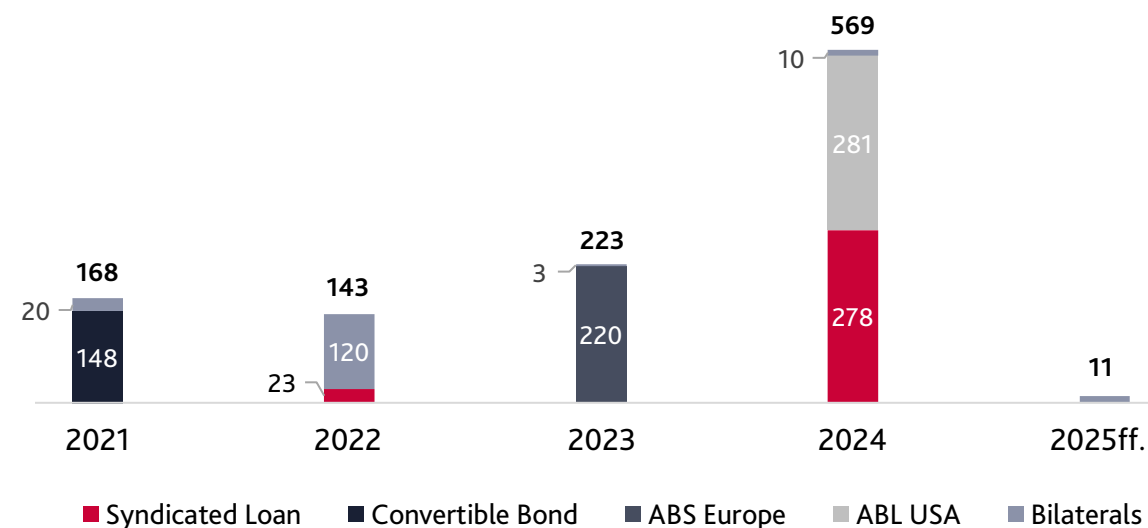
1) Principal €148m, equity component €18m at issuance (September 8, 2016).

2) Mainly Switzerland.

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

€m	Mar 31, 2021
Adjusted equity	1,162
Net Debt	363
Gearing <sup>3)</sup>	31%

### Maturity profile (excl. leasing) in €m, 31.03.2021

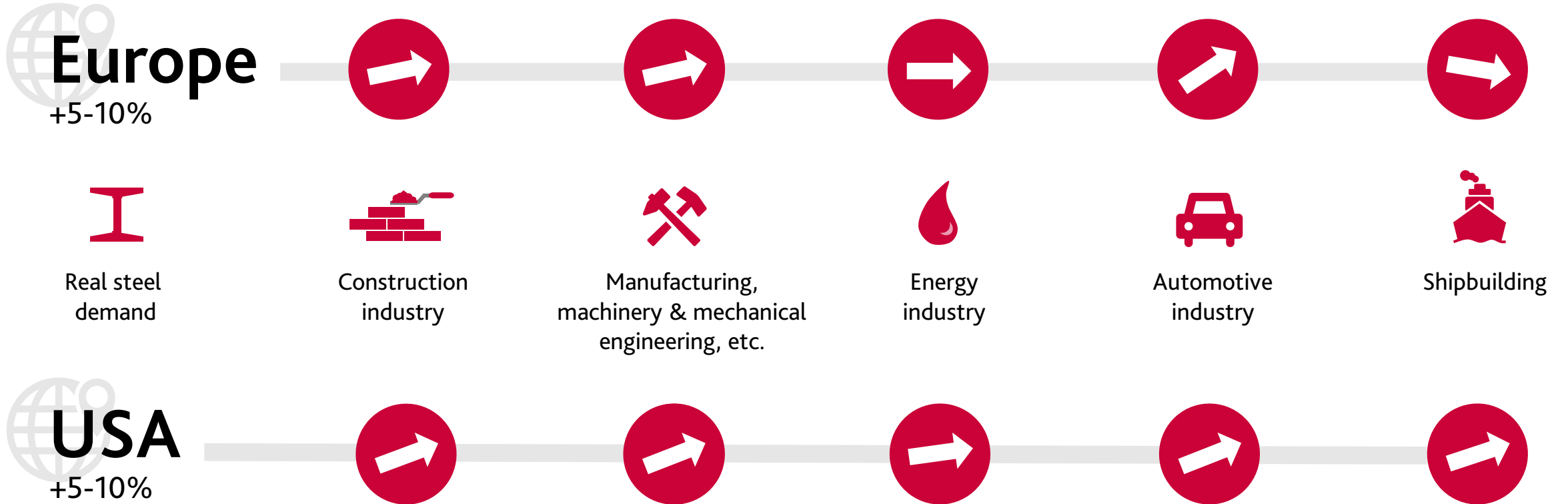


# AGENDA

1. Overview – Leader in Digital Transformation
2. Klöckner & Co 2025: Leveraging Strengths
3. Financials
- 4. Outlook**
5. Appendix



# REGION SPECIFIC BUSINESS OUTLOOK 2021



# OUTLOOK

**Q2**  
2021

- Considerable increase in sales and slight increase in shipments expected (qoq)
- EBITDA expectation of €260-290m before material special effects

**FY**  
2021

- Shipments and sales significantly above prior-year level expected
- EBITDA before material special effects expected to increase very considerably yoy
- Positive material special effects from Surtsey disposals

# AGENDA

1. Overview – Leader in Digital Transformation
2. Klöckner & Co 2025: Leveraging Strengths
3. Financials
4. Outlook
- 5. Appendix**

# QUARTERLY AND FY RESULTS

(€m)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Shipments (Tto)	1,287	1,195	1,242	1,070	1,365	1,250	1,420	1,479	1,499	1,398	1,519	1,605	1,584	4,873	5,648	6,107	6,135	6,149
Sales	1,525	1,232	1,279	1,171	1,448	1,365	1,565	1,682	1,703	1,619	1,754	1,789	1,628	5,130	6,315	6,790	6,292	5,730
Sales (currency effect)	-70	-42	-27	21	30	24	38	50	61	28	2	-89	-114	-18	173	-172	-83	-50
Gross profit	388	274	262	226	285	267	284	304	303	301	332	364	331	1,047	1,158	1,328	1,316	1,315
% margin	25.4	22.2	20.5	19.3	19.7	19.6	18.1	18.1	17.8	18.6	18.9	20.3	20.4	20.4	18.3	19.6	20.9	22.9
OPEX	-247	-220	-224	-287	-263	-265	-263	-222	-269	-270	-273	-282	-276	-995	-1,019	-1,101	-1,096	-1,119
EBITDA bef. material special effects	130	39	40	11	21	11	26	51	34	30	59	84	56	111	124	229	220	196
Material special effects	11	-15	2	72	0	-8	-7	31	0	0	0	-2	0	-59	15	-2	0	0
EBITDA rep.	141	54	38	-61	21	3	21	82	34	30	59	82	56	52	139	227	220	196
% margin	9.2	4.4	3.0	-5.2	1.5	0.2	1.3	4.9	2.0	1.9	3.4	4.6	3.4	1.0	2.2	3.3	3.5	3.4
EBITDA rep. (curr. eff.)	-8	-1	0	2	1	1	1	2	1	3	1	-8	-5	1	5	-9	-3	-1
EBIT	111	24	4	-109	-13	-35	-13	49	2	8	38	60	35	-93	2	141	130	85
Financial result	-6	-7	-7	-7	-9	-9	-11	-11	-10	-10	-8	-10	-7	-30	-41	-34	-33	-33
EBT	105	17	-3	-116	-22	-44	-24	37	-9	-2	30	51	28	-124	-39	107	97	52
Income taxes	-19	5	-2	5	1	-7	1	-9	-1	-5	-8	-18	-7	9	-16	-38	5	-14
Net income	86	22	-5	-111	-21	-51	-23	28	-10	-7	22	33	21	-114	-55	69	102	38
Minority interests	1	1	0	0	0	1	0	0	0	0	0	0	0	2	1	0	1	1
Net income KCO	85	21	-5	-111	-21	-51	-23	28	-10	-7	22	33	21	-116	-56	69	101	37
EPS basic (€)	0.85	0.21	-0.05	-1.11	-0.21	-0.51	-0.23	0.28	-0.10	-0.07	0.22	0.33	0.21	-1.16	-0.56	0.68	1.01	0.37
EPS diluted (€)	0.78	0.20	-0.05	-1.11	-0.21	-0.51	-0.23	0.27	-0.10	-0.07	0.21	0.31	0.20	-1.16	-0.56	0.66	0.96	0.37
NWC <sup>*)</sup>	1,107	967	1,062	1,135	1,228	1,119	1,356	1,407	1,525	1,277	1,495	1,446	1,344	967	1,119	1,277	1,132	1,120
Net debt	363	351	427	476	563	445	634	684	820	383	569	552	472	351	445	383	330	444

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

# SEGMENT OVERVIEW

## Kloeckner Metals US

The **Kloeckner Metals US** segment consists of the entire business in the USA and Brazil. It covers all services from metal and steel distribution, processing to innovative and high-technology value-added business offered in this region. The segment accounted for ~40% of sales in 2020 and is therefore a main pillar of Klöckner & Co's strategic approach.

(€m)	Kloeckner Metals US						
	Q1 2021	FY 2020	Q3 2020	Q2 2020	Q1 2020	FY 2019	FY 2018
Shipments (Tto)	619	2,339	599	527	649	2,660	2,730
Sales	662	2,076	515	478	601	2,659	2,706
Gross profit	166	374	92	77	104	415	529
EBITDA bef. mat. special effects	75	50	17	0	9	46	150
Cashflow from operating activities	25	85	46	44	-14	70	52

## Kloeckner Metals Switzerland

The **Kloeckner Metals Switzerland** segment comprises of the specialty business located in Switzerland. Its core business of offering distribution solutions and services ranges from reinforcements to multi metal and technical products. It mainly serves in the construction, industry and commerce sectors.

(€m)	Kloeckner Metals Switzerland						
	Q1 2021	FY 2020	Q3 2020	Q2 2020	Q1 2020	FY 2019	FY 2018
Shipments (Tto)	127	542	146	143	127	574	613
Sales	212	914	243	244	215	971	1,008
Gross profit	63	268	70	70	64	270	267
EBITDA bef. mat. special effects	10	62	17	24	10	55	47
Cashflow from operating activities	-14	62	17	27	-24	68	36

# SEGMENT OVERVIEW

## Kloeckner Metals Services Europe

The second European based segment is **Kloeckner Metals Services Europe**. The segment consists of service center activities in Europe, especially for flat steel and aluminum. Moreover, processing as well as innovative and high-technology value-added business that is related to those service center activities are incorporated.

Kloeckner Metals Services Europe							
(€m)	Q1 2021	FY 2020	Q3 2020	Q2 2020	Q1 2020	FY 2019	FY 2018
Shipments (Tto)	224	815	216	134	247	948	1,018
Sales	186	607	159	98	186	749	806
Gross profit	33	83	23	10	25	100	121
EBITDA bef. mat. special effects	13	19	7	-2	5	26	42
Cashflow from operating activities	24	29	-2	13	13	54	52

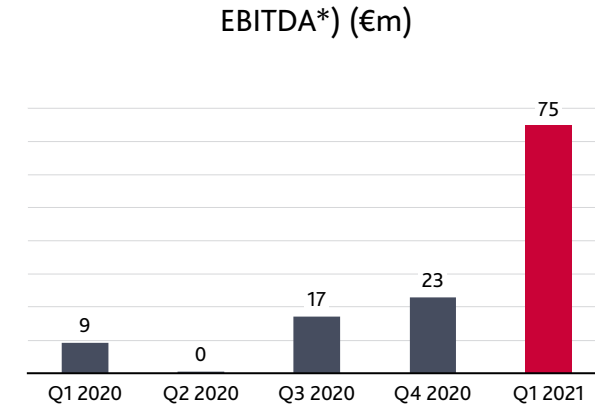
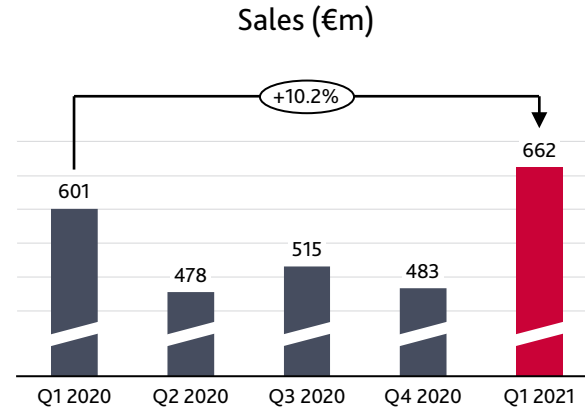
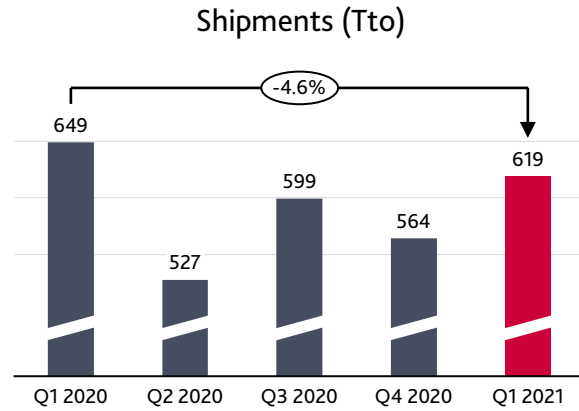
## Kloeckner Metals Distribution Europe

The third segment that is geographically based in Europe is **Kloeckner Metals Distribution Europe**. While also offering processing and higher value-added services and products, its core business is related to the general steel and metal distribution in the covered European countries besides Switzerland. Kloeckner Metals Distribution Europe is the second largest segment of the Group.

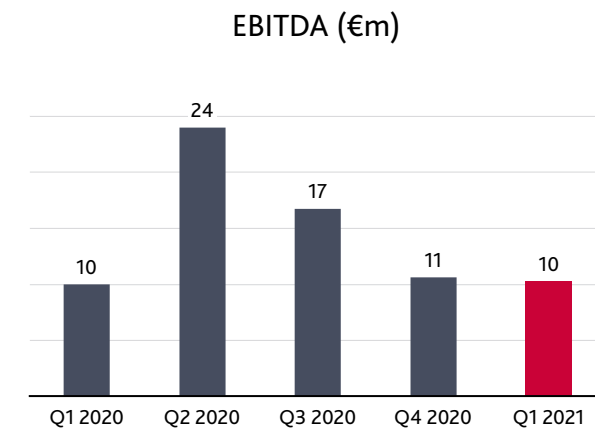
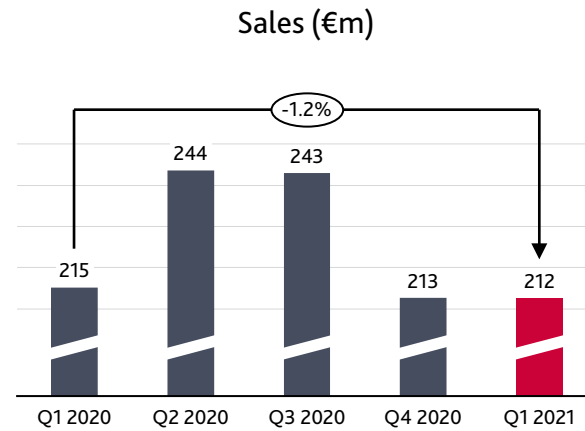
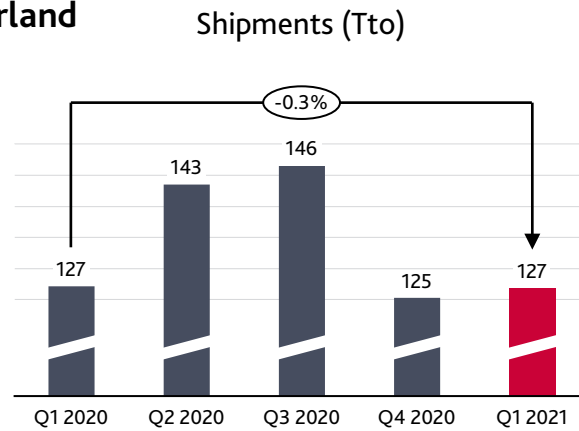
Kloeckner Metals Distribution Europe							
(€m)	Q1 2021	FY 2020	Q3 2020	Q2 2020	Q1 2020	FY 2019	FY 2018
Shipments (Tto)	317	1,177	280	266	342	1,466	1,746
Sales	465	1,533	362	352	446	1,936	2,210
Gross profit	126	322	78	69	92	372	395
EBITDA bef. mat. special effects	43	7	4	-6	3	21	11
Cashflow from operating activities	-4	10	9	21	-59	30	-35

# SEGMENT PERFORMANCE

## KM US



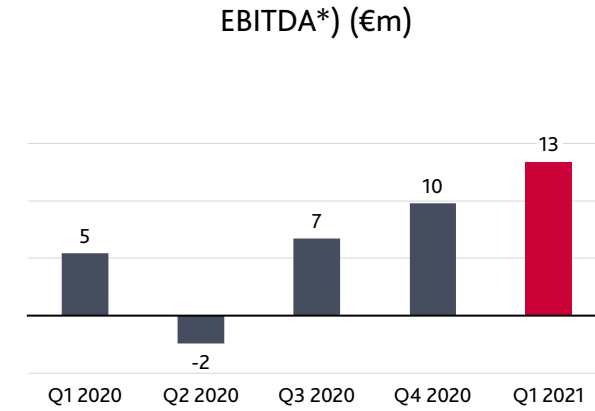
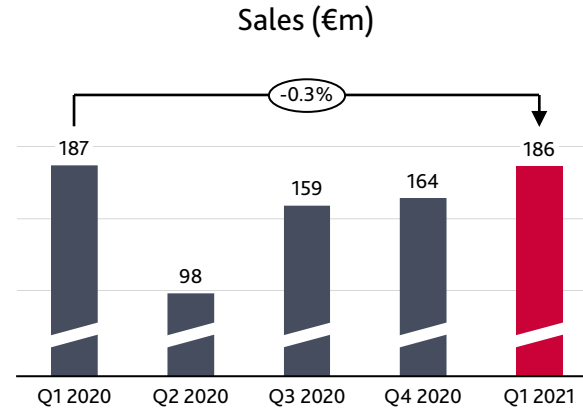
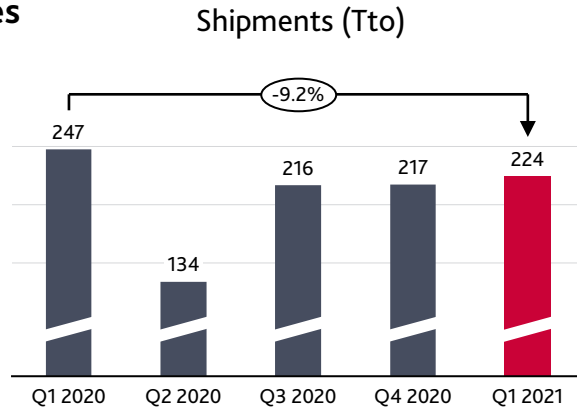
## KM Switzerland



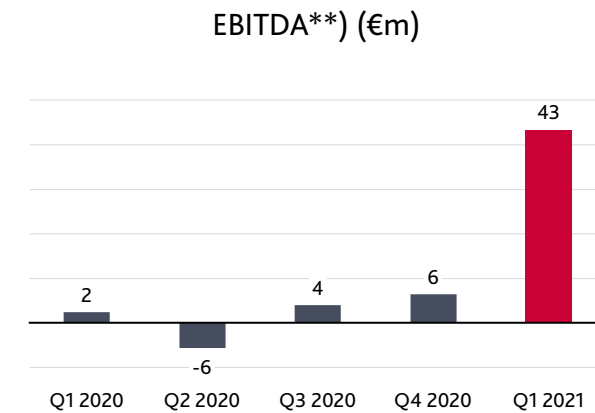
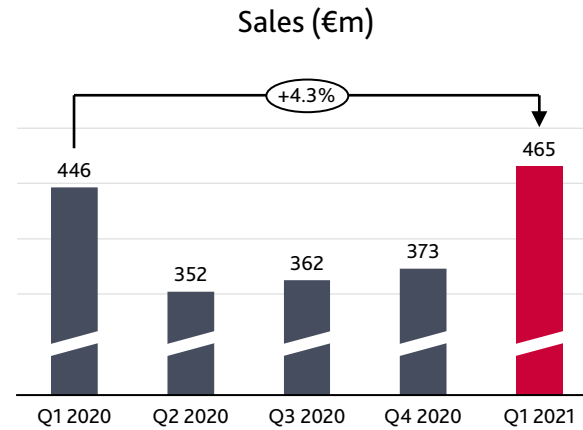
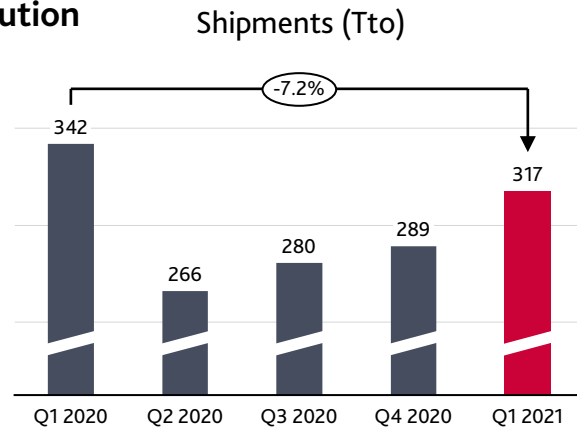
\*) Adjusted in Q2, Q3 and Q4 2020 and Q1 2021 for material special effects in the USA

# SEGMENT PERFORMANCE

## KM Services



## KM Distribution



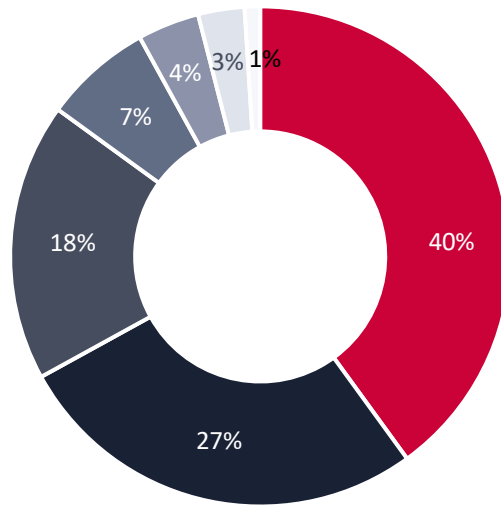
\*) Adjusted for material special effects in Q2 and Q4 2020

\*\*) Adjusted for material special effects Q1, Q2, Q3, Q4 2020 and Q1 2021



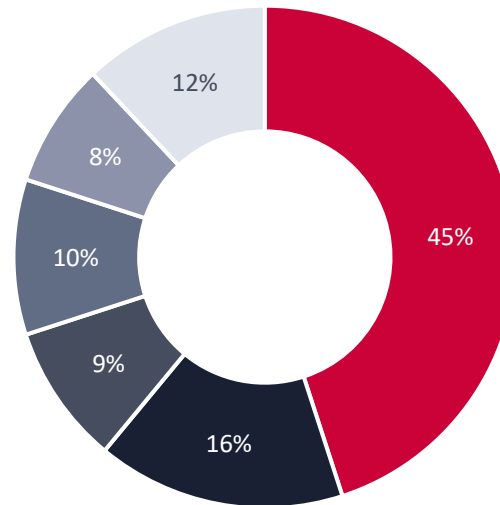
# SALES BY MARKETS, PRODUCTS AND INDUSTRIES

## Sales by markets



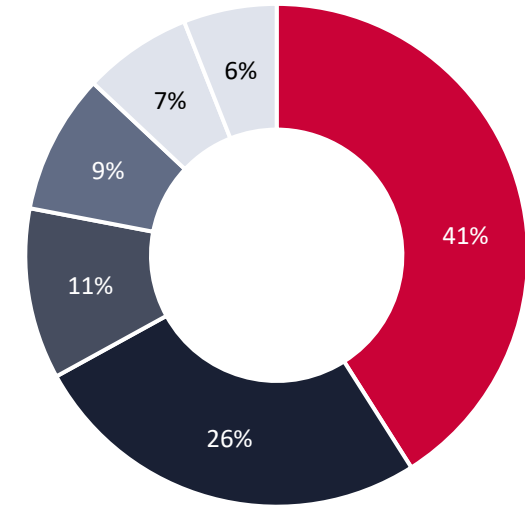
- USA
- Germany/Austria
- Switzerland
- France
- Benelux
- UK
- Brazil

## Sales by products



- Flat products
- Long products
- Quality steel/Stainless steel
- Aluminum
- Tubes
- Others

## Sales by industries



- Construction industry
- Machinery/Mechanical engineering
- Automotive industry
- Household appl./Consumer goods
- Local dealers
- Miscellaneous

As of December 31, 2020.

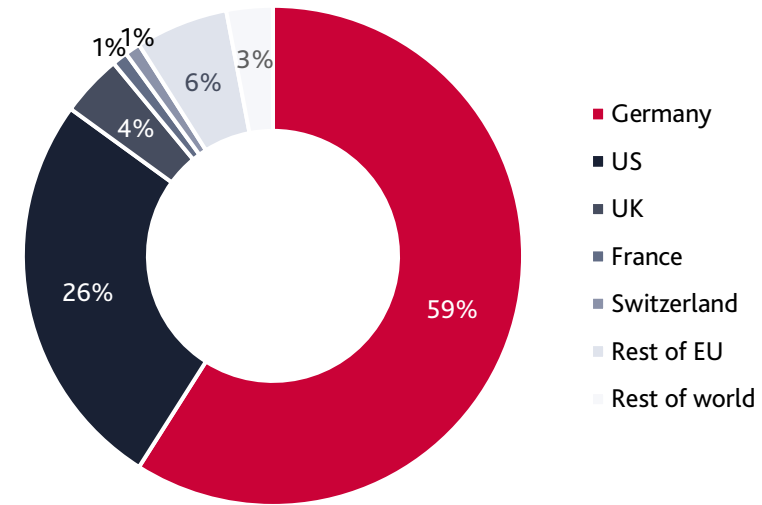
# FURTHER DIGITAL TOOLS ACROSS THE VALUE CHAIN SUPPORTING TRANSFORMATION



# CURRENT SHAREHOLDER STRUCTURE

## Geographical breakdown of identified institutional investors

- Identified institutional investors account for 64%
- German investors incl. retail dominate
- Top 10 shareholdings represent around 50%
- Retail shareholders represent 25%



As of December 2020.

## 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%
22/05/2019	Claas Edmund Daun	3.05%
11/06/2021	DWS Investment GmbH	3.05%

\*) The table lists all shareholders holding 3 % or more voting rights in Klöckner & Co SE due to the most recent voting rights notifications as of June 14, 2021 (Section 33 German Securities Trading Act (WpHG) respectively section 21 WpHG former version). Apart from the voting rights held by the shareholder itself, also voting rights attributed to him pursuant to section 34 WpHG (respectively section 22 WpHG former version) are included in the calculation of the share of voting rights. The table only contains the respective parent company being subject to the notification obligation, even if it made a notification also on behalf of any of its subsidiaries. Financial instruments according to Section 38 WpHG are not included in the table.

# SHARE PRICE PERFORMANCE IN Q1 2021



- The share price of Klöckner & Co moved sideways at the beginning of Q1 2021 reaching its lowest level of €7.51 on January 27
- The share price increased sharply thereafter, however, the capital markets environment remained highly volatile
- The share closed at its highest level for the quarter of €10.74 on March 31

# 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 cannot be guaranteed. If there is a possibility of dividend distribution, we will 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 neither in 2011, 2012 and 2013 nor 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 and 2018 fiscal year
- No dividend payment due to losses in 2019
- Due to negative net income no dividend for 2020<sup>\*)</sup> proposed

## Dividend payment per share

2006	2007	2008 2009	2010	2011 2013	2014	2015	2016	2017	2018	2019	2020
€0.80	€0.80	-	€0.30	-	€0.20	-	€0.20	€0.30	€0.30	-	-

# SUSTAINABILITY



## Employees

**A qualified and motivated workforce is central 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 innovative, digital ways of working and thinking within 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.




## Business Ambition for 1.5°C

As one of the very first companies in Germany, Klöckner & Co stepped up to the global frontrunners of climate change engagement and plans to align its business to the UN Global Compact "Business Ambition for 1.5°C".

## Felix Schmitz

Head of Investor Relations,  
Internal Communications & Sustainability

 +49 203 307-2295

 [felix.schmitz@kloeckner.com](mailto:felix.schmitz@kloeckner.com)

 [www.kloeckner.com](http://www.kloeckner.com)

## FINANCIAL CALENDAR

August 10, 2021  
Half-yearly financial report 2021

November 3, 2021  
Q3 quarterly statement 2021