

# Q3 2021 RESULTS

Analysts' and Investors' Conference

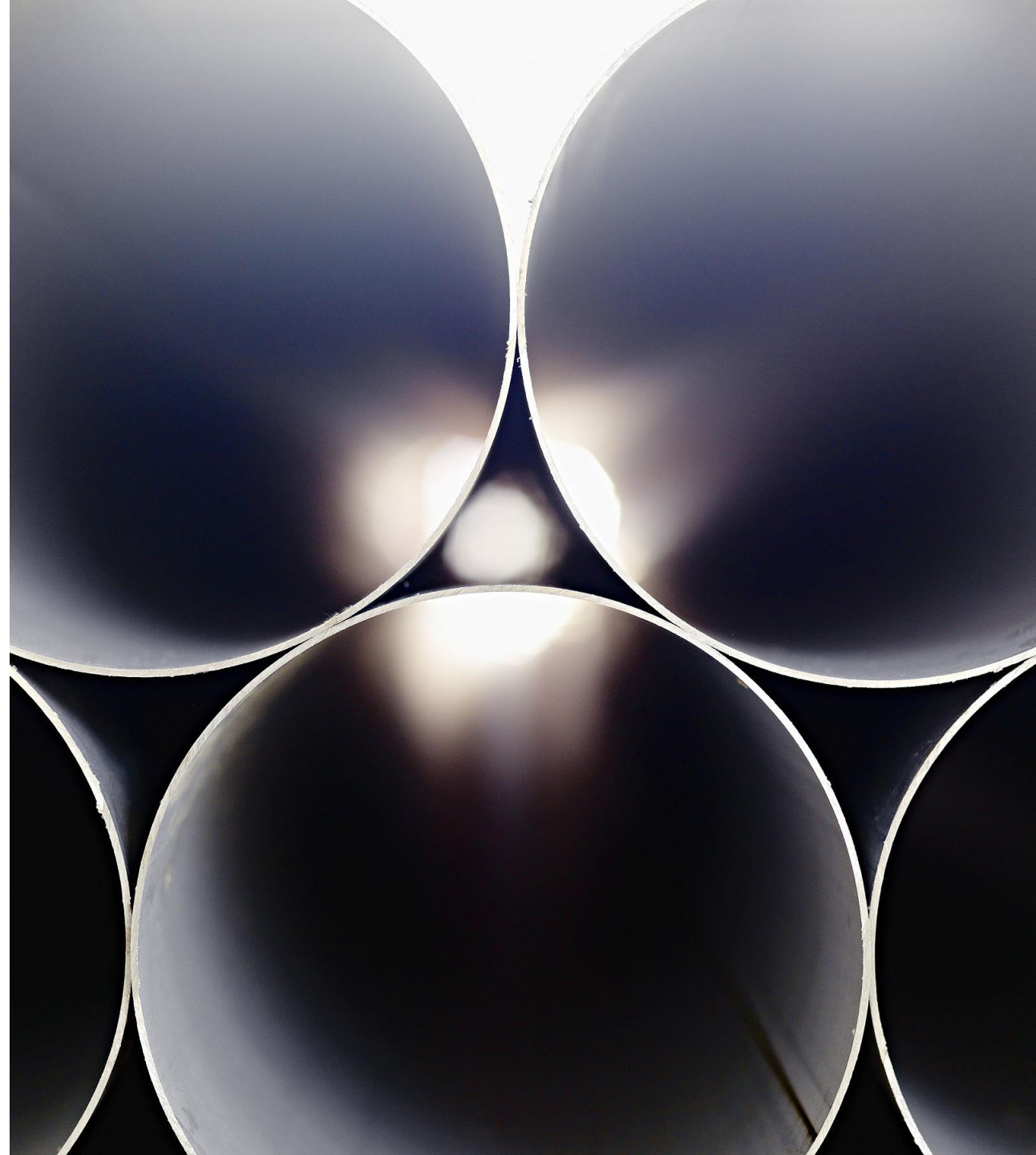
November 3, 2021

Guido Kerkhoff | CEO

Dr. Oliver Falk | CFO

John Ganem | Member of the Management Board

Bernhard Weiß | Member of the Management Board



# 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.

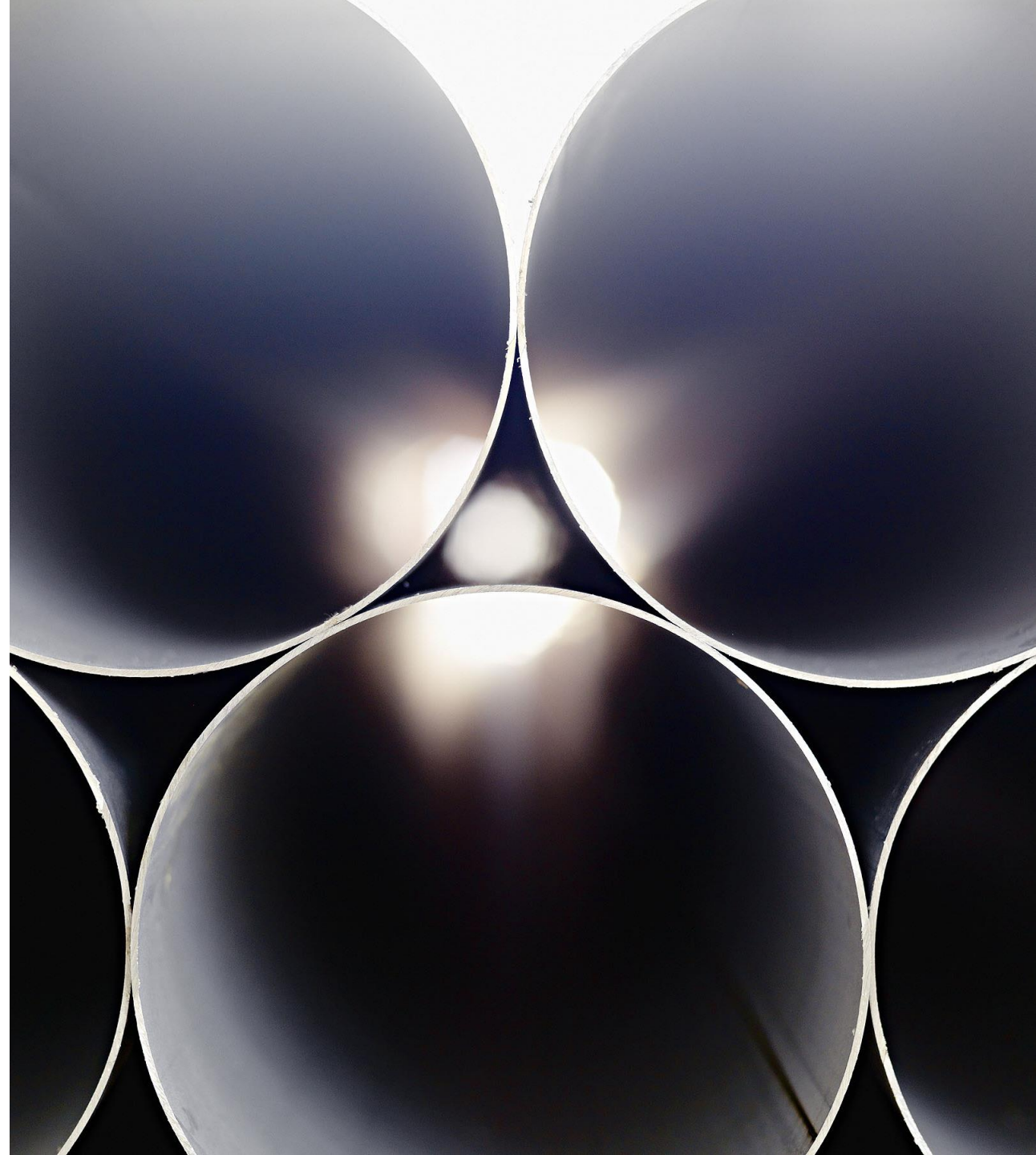
The English translation of the annual report and the interim statement are also available, in case of deviations the German versions shall prevail.

Evaluating statements are unified and are presented as follows:

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

# AGENDA

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



# HIGHLIGHTS OF Q3 2021

	Q3 2021	Q3 2020	Delta	
Shipments (Tto)	1,190	1,242	-4.2%	Disciplined margin-over-volume strategy; tight supply and impact from chip shortage
Sales (€m)	2,038	1,279	+59.3%	Mainly due to higher price level yoy
Gross profit (€m)	540	262	+105.9%	Very considerable increase due to price dynamics
EBITDA (€m)	277	40	+237	Positive price dynamics and strict NWC management; strongest quarter since IPO in 2006
Oper. CF (€m)	-15	68	-83	Negative OCF due to price driven NWC increase; managing NWC smartly
Net financial debt (€m)	348	427	-18.6%	Net debt significantly delevered yoy
Digital sales share	46%	42%	+4%pts	Up yoy driven by strong Kloeckner Assistant development

## PARTNERSHIP FORMED WITH H2 GREEN STEEL

The Klöckner & Co logo consists of the company name in white lowercase letters on a red rectangular background, which is centered within a larger light gray rectangular frame.

**klöckner & co**

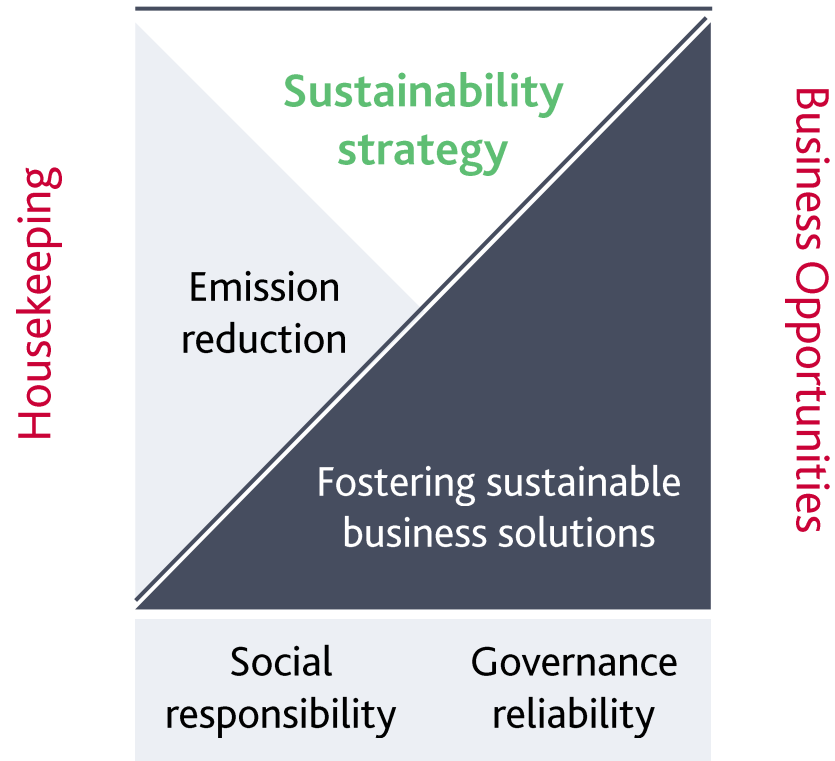
The H2 green steel logo features the text 'H2 green steel' in a bold, black, sans-serif font. The 'H2' is smaller and positioned to the left of 'green steel', which is in a larger font size.

**H2 green steel**

- Klöckner & Co will become one of the first distributors of “green steel” produced with virtually no CO<sub>2</sub> emissions
- Early securing of the first quantities of “green steel” available on the market through partnership with Swedish H2GS
- Annual volumes of up to 250,000 tons supplied from 2025 onwards
- Processing primarily through Becker Stahl-Service in Germany

First step on the way to becoming the pioneer in the sustainable steel business

# STRATEGIC PERCEPTION OF SUSTAINABILITY TRANSFORMATION



Significant opportunities from offering sustainable business solutions

# CONSISTENT EXECUTION OF THE NEW “LEVERAGING STRENGTHS” STRATEGY

## Europe

- Enabling data-driven decision-making and cross-country collaboration through optimized procurement setup and deeply harmonized industry specification
- Center of Excellence for Finance & Administration implemented; harmonization of further administrations

## Americas

- New facility in Queretaro, Mexico, to extend specialized offering of complex supply chain solutions
- Key market segments: Automotive, HVAC and appliance manufacturing

## Digitalization and automation further advanced

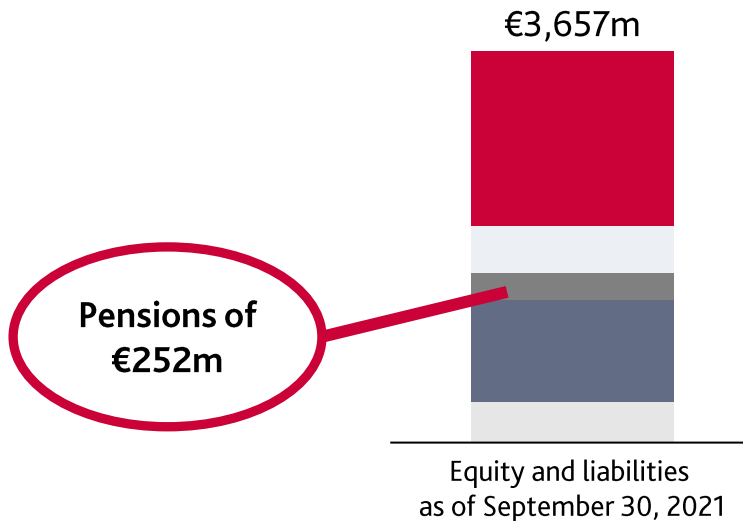
- Digital sales share at 46%, up by 4%pts yoy
- New kloeckner.i structure in place and kloeckner.i hub in the US is launched
- Kloeckner Assistant gaining traction and processed >€750m sales volume YTD
  - Plan to expand KA to other parts of the internal value chain
  - Process analysis regarding AI-backed extraction of text emails underway; expected to enable digitalization & automation of 80% of transactions

On the way to zero touch

# SHAREHOLDER REMUNERATION IN A RECORD YEAR

## Dividend payment in the light of a record year

- Dividend payment proposal to Annual General Meeting of €0.90-1.10 per share planned



## Funding of pension provisions - looking beyond 2021

- Further structural improvement of balance sheet through funding of so far unfunded pension provisions
  - Transferring assets to a trustee or similar entities
  - Initial focus on pension provisions in Germany (CTA) and UK in Q4; further steps in years to come
  - Reduction of more than €200m in the recognized pension provisions in 2021
  - Improvement of cash flow from operating activities by more than €10m annually

## Payment of record dividend planned

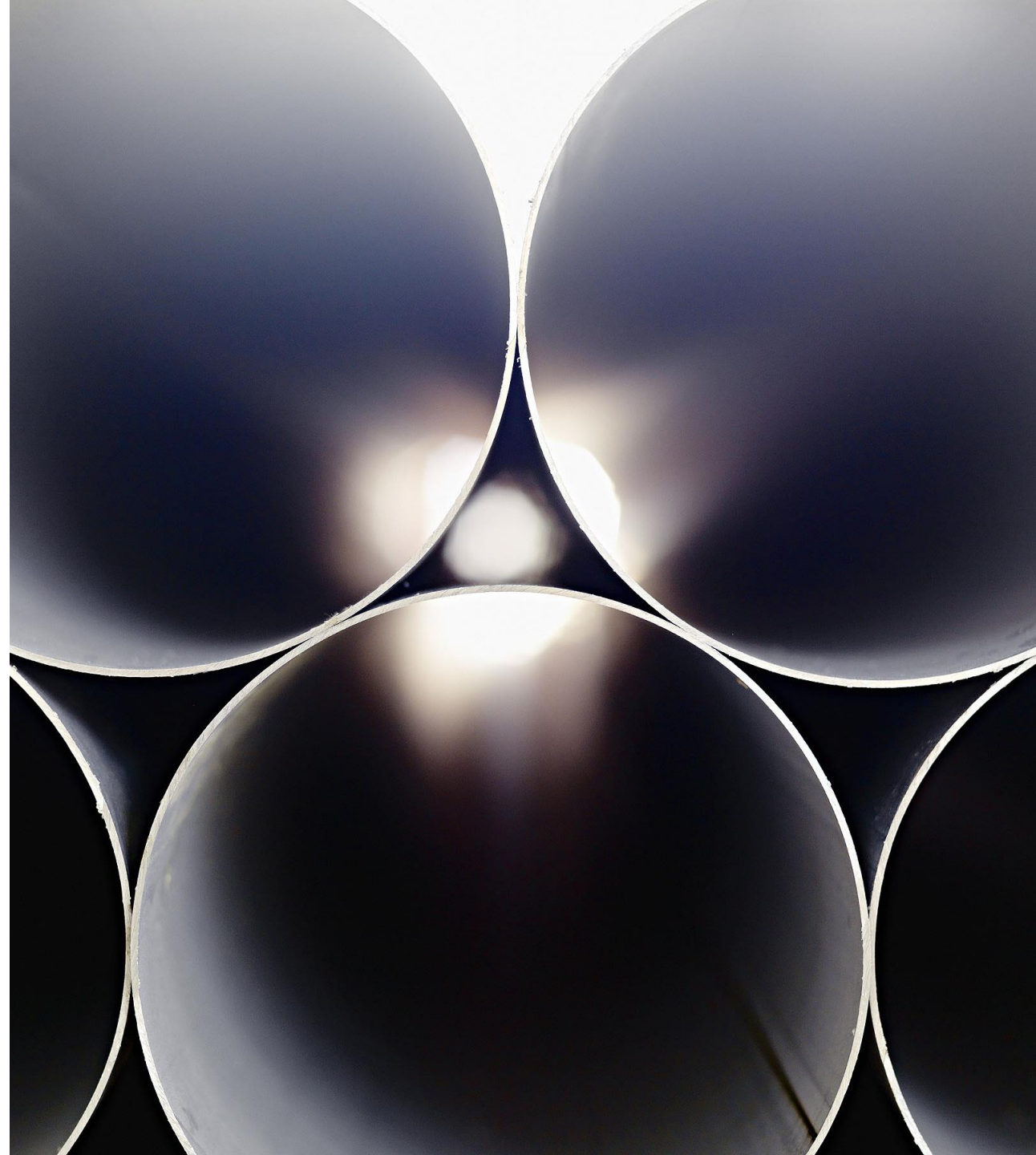
## Substantial improvement of our balance sheet structure

## Sustainable improvement of future cash flows from operating activities



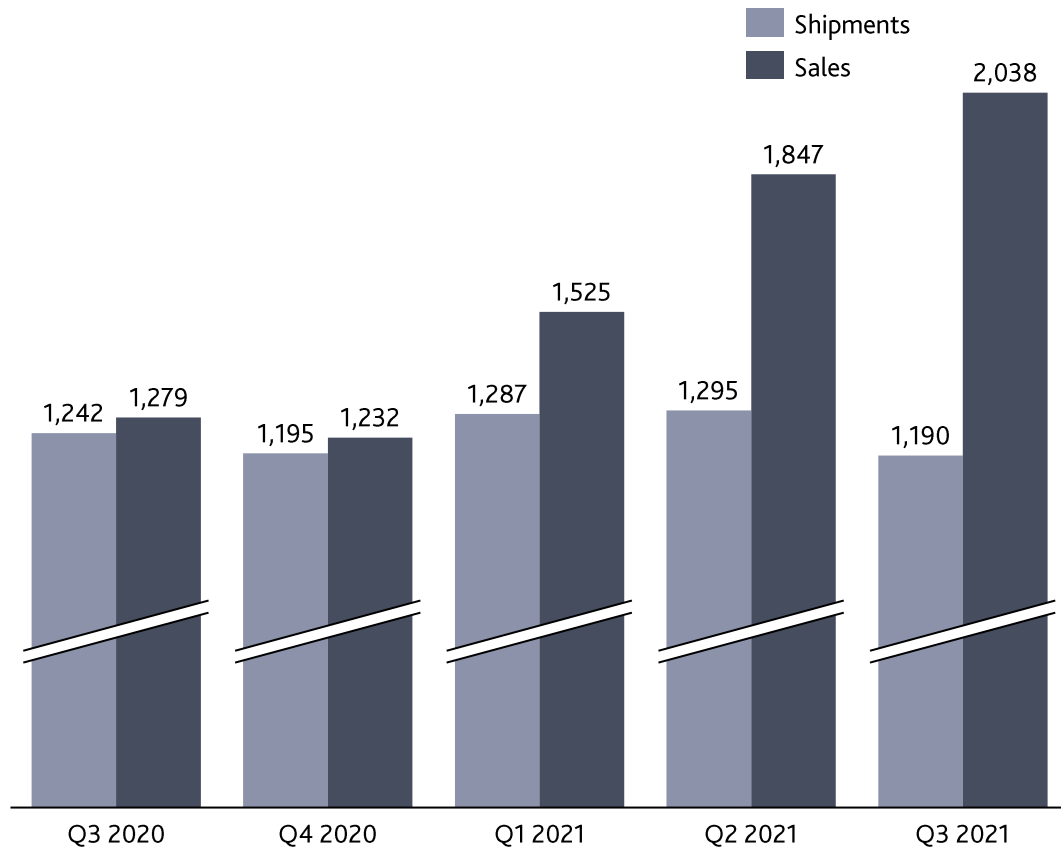
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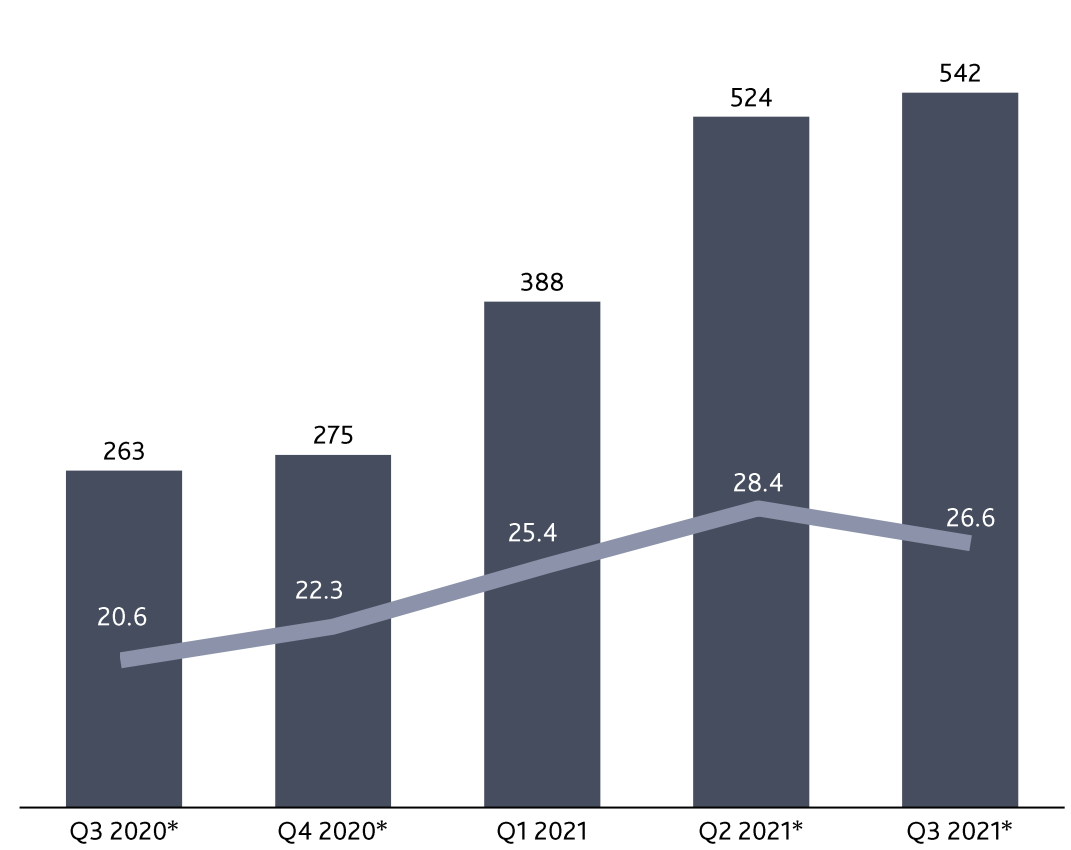


# SHIPMENTS, SALES AND GROSS PROFIT

## Shipments (Tto) & Sales (€m)



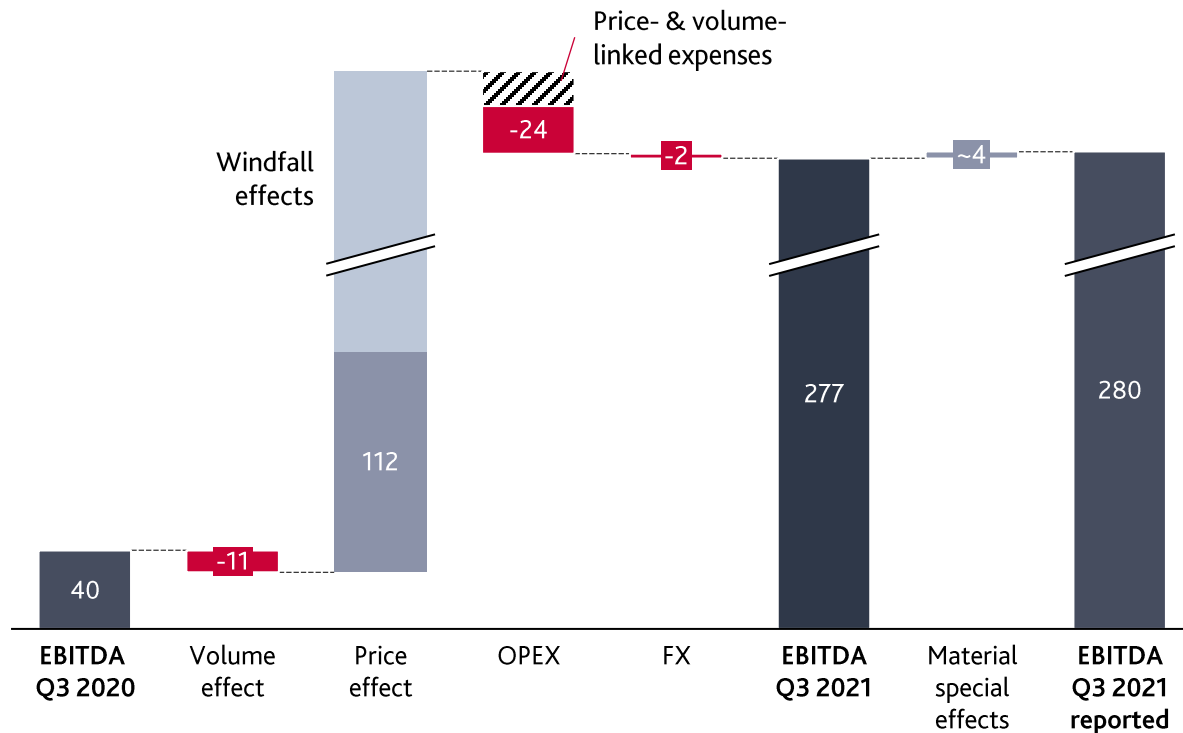
## Gross profit (€m) & Gross margin (%)



\*) Before material special effects.

# BEST QUARTERLY OPERATING RESULT SINCE IPO IN 2006

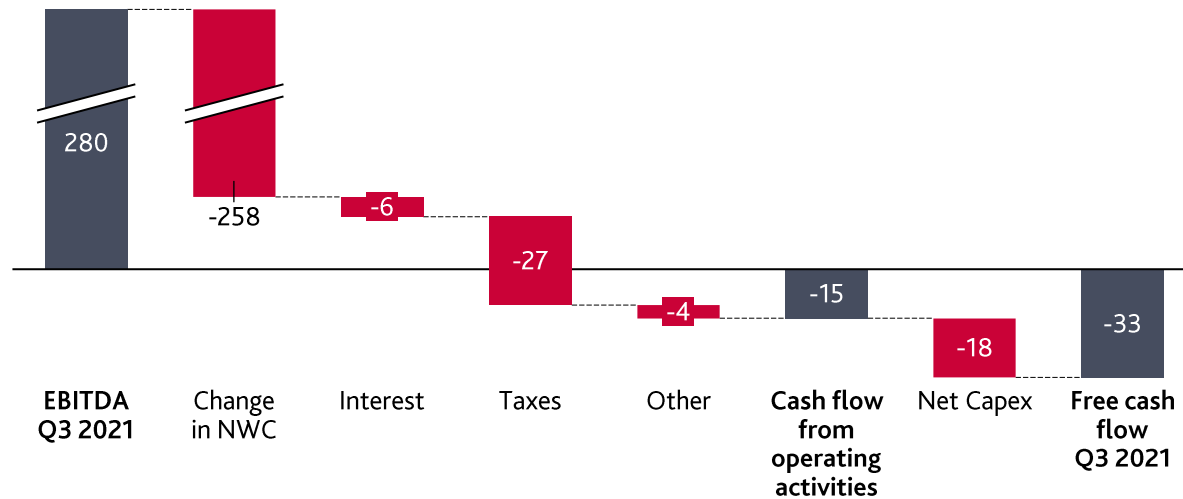
## EBITDA (€m) in Q3 2021



- Negative volume effect due to continued margin-over-volume strategy, tight supply and impact of chip shortage
- Strong positive price effect due to price dynamics; windfall gains of ~€180m
- OPEX up especially driven by shipping & operating costs and wage inflation; thereof €18m directly price-linked expenses (bonuses, wage inflation, etc.)
- FX-effects of €-2m and material special effects of €4m

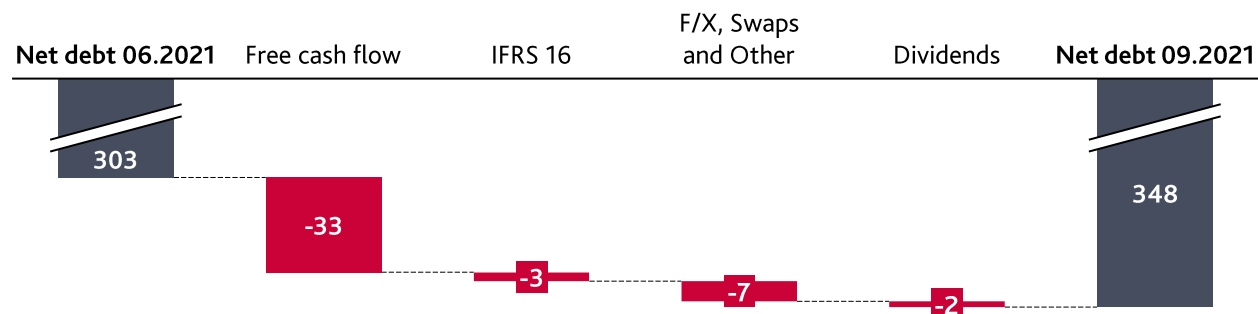
# CASH FLOW AND NET DEBT DEVELOPMENT

## Cash flow Q3 2021 (€m)



- EBITDA of €280m
- Net working capital increase of €258m; smart NWC management
- Cash flow from operating activities of €-15m
- Net capex €-18m
- Free cash flow accordingly €-33m

## Net financial debt 09.2021 vs. 06.2021 (€m)



- Net financial debt increased driven by substantial NWC increase from €303m to €348m

# MATURITY PROFILE

Facility (€m)	Committed Sep 30, 2021	Drawn amount	
		Sep 30, 2021	Dec 31, 2020
Syndicated Loan	300	20	0
ABS Europe	220	23	112
ABL USA	285	69	53
Convertible 2016 <sup>1)</sup>	148	140	146
Bilateral Facilities <sup>2)</sup>	190	30	33
Leases	163	163	180
<b>Total Debt</b>	<b>1,306</b>	<b>445</b>	<b>524</b>
Cash		97	173
<b>Net Debt</b>		<b>348</b>	<b>351</b>

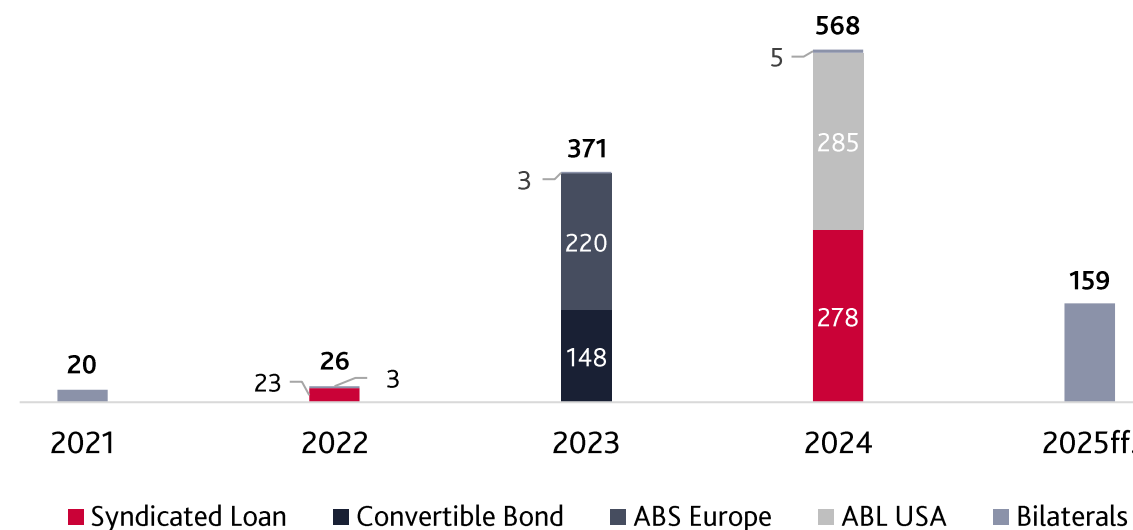
1) Revaluation of Convertible on June 30, 2021. Nominal value unchanged.

2) Mainly Switzerland, after renewal of Swiss bilaterals in July 2021.

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

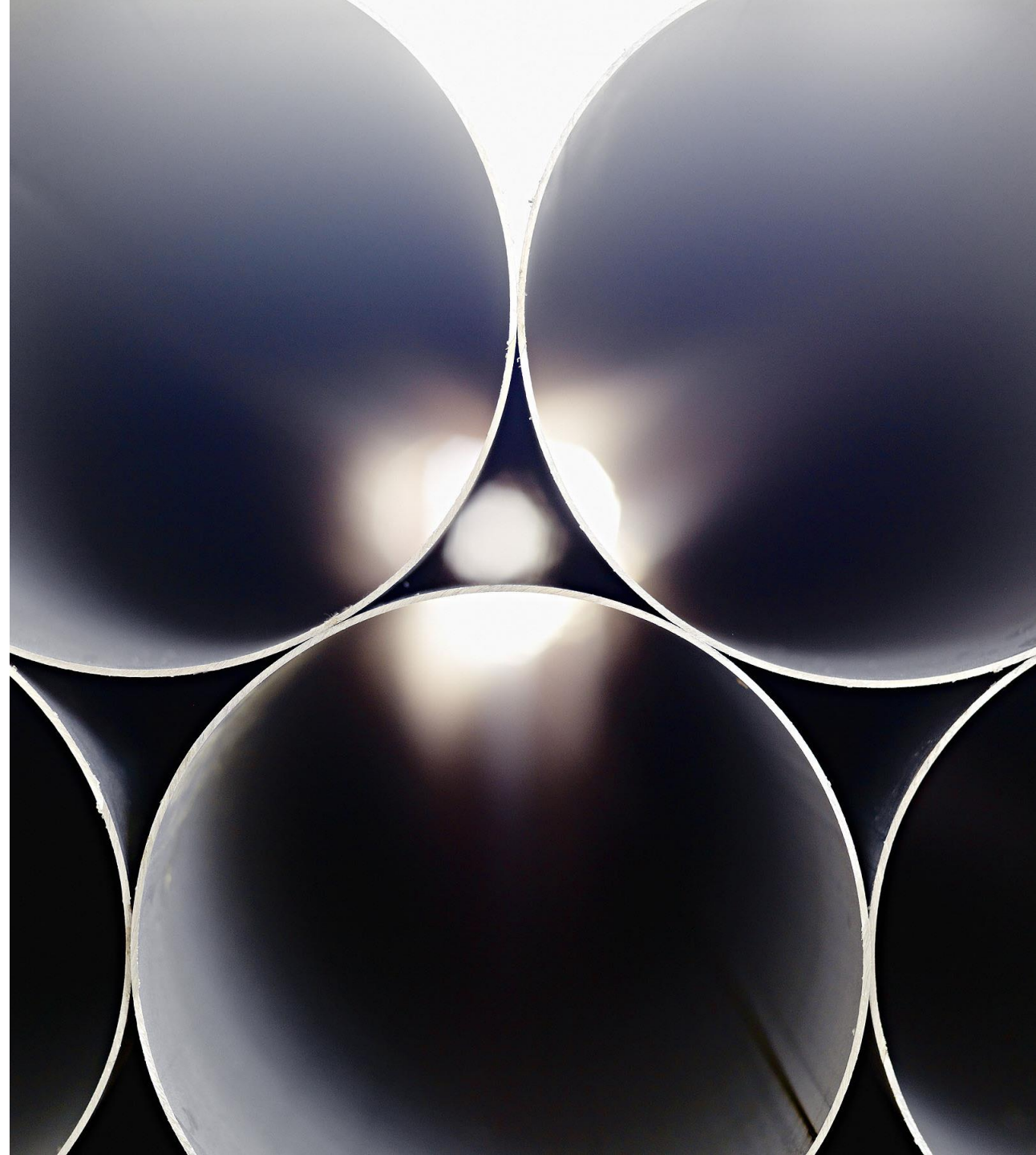
€m	Sep 30, 2021
Adjusted equity	1,615
Net Debt	348
Gearing <sup>3)</sup>	22%

## Maturity profile (excl. leasing) in €m, Sep 30, 2021

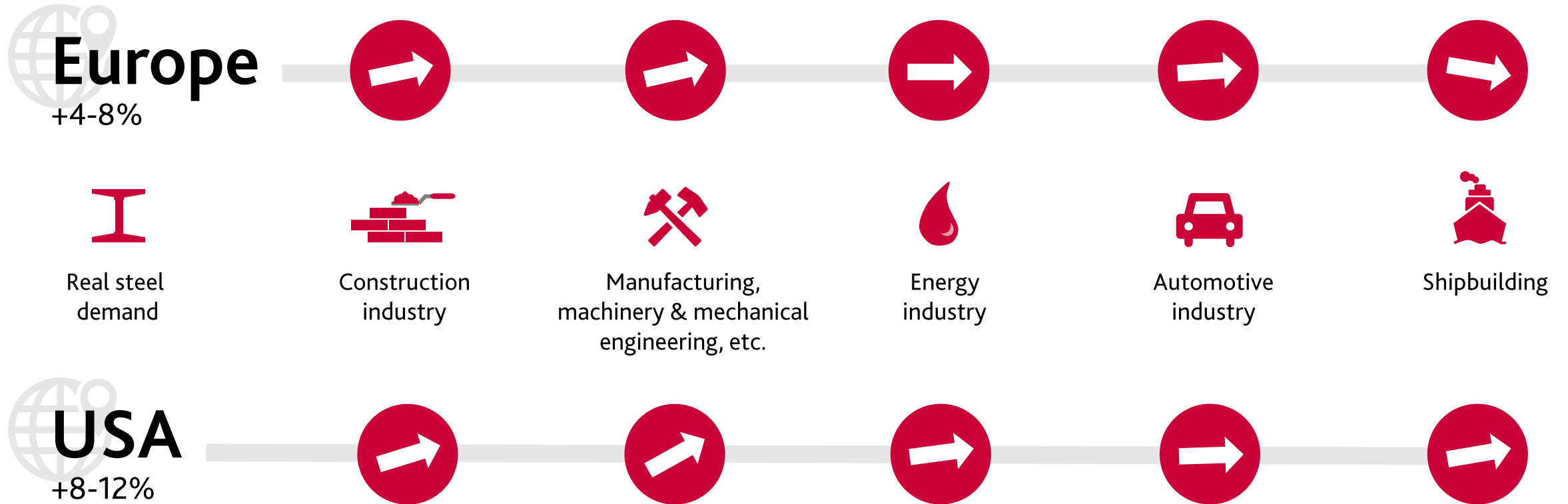


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# REGION SPECIFIC BUSINESS OUTLOOK 2021



# OUTLOOK

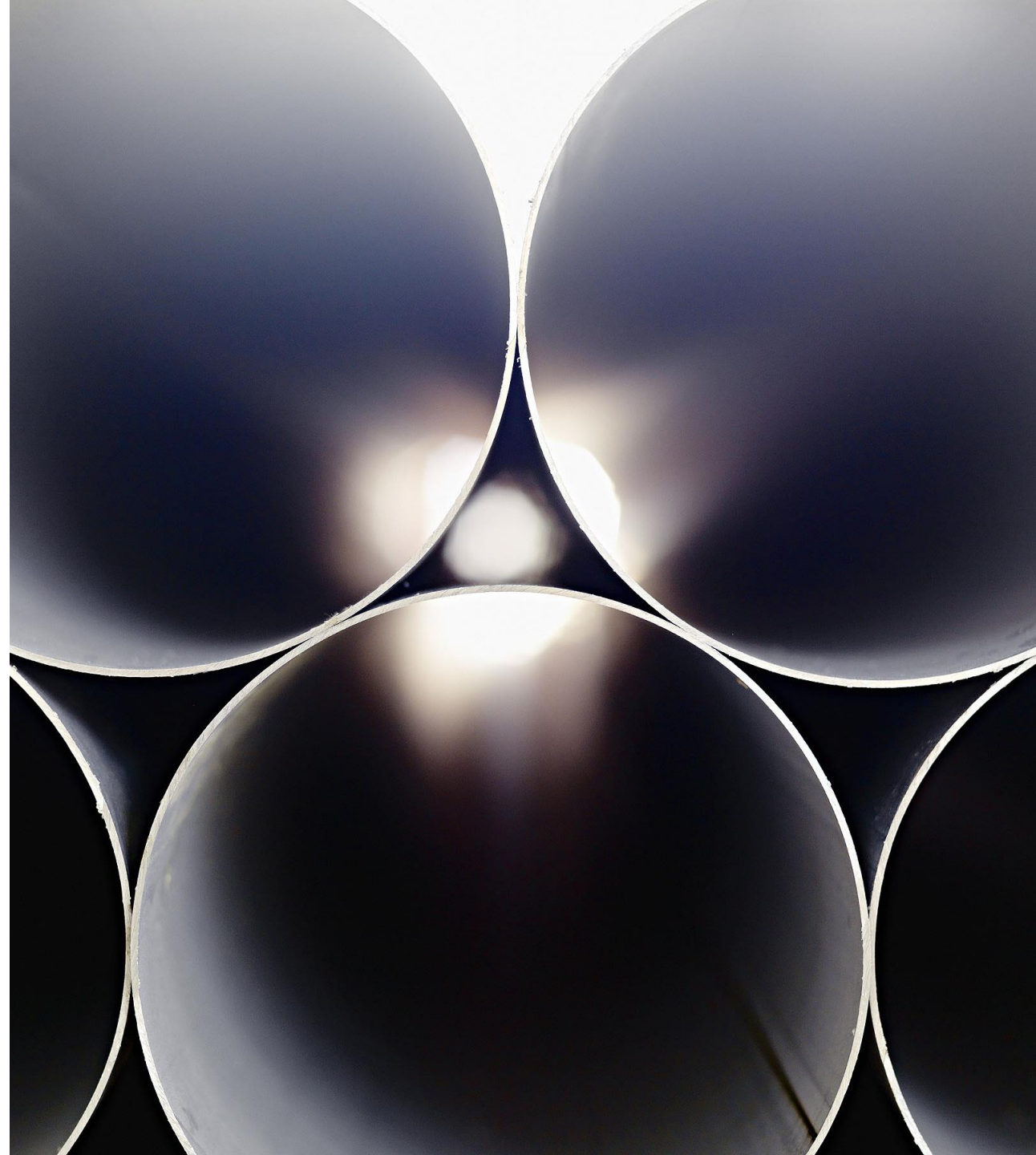
**FY**  
2021

- Sales significantly, shipments slightly above prior-year level expected
- EBITDA before material special effects expected to be ~€800m
- Dividend proposal to AGM of €0.90-1.10 per share planned; further structural improvement of balance sheet through funding of so far unfunded pension provisions



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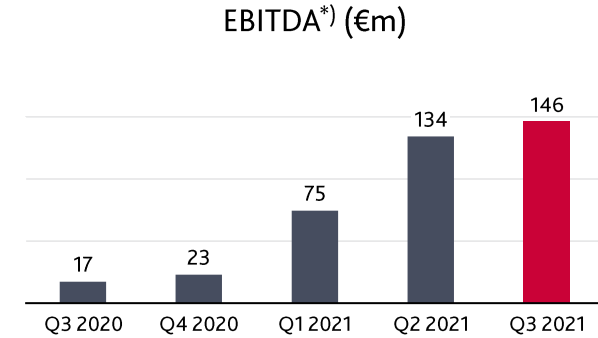
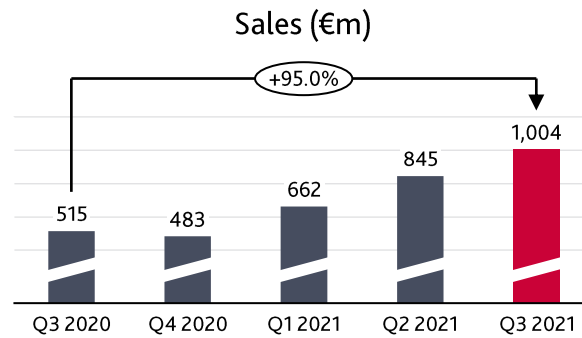
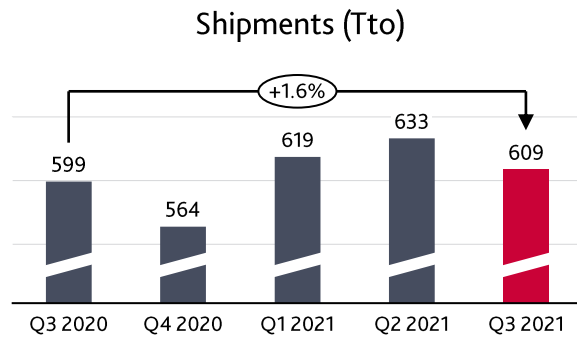
# QUARTERLY AND FY RESULTS

(€m)	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Shipments (Tto)	1,190	1,295	1,287	1,195	1,242	1,070	1,365	1,250	1,420	1,479	1,499	1,398	1,519	4,873	5,648	6,107	6,135	6,149
Sales	2,038	1,847	1,525	1,232	1,279	1,171	1,448	1,365	1,565	1,682	1,703	1,619	1,754	5,130	6,315	6,790	6,292	5,730
Sales (currency effect)	-15	-88	-70	-42	-27	21	30	24	38	50	61	28	2	-18	173	-172	-83	-50
Gross profit	540	525	388	274	262	226	285	267	284	304	303	301	332	1,047	1,158	1,328	1,316	1,315
% margin	26.5	28.4	25.4	22.2	20.5	19.3	19.7	19.6	18.1	18.1	17.8	18.6	18.9	20.4	18.3	19.6	20.9	22.9
OPEX	-260	-255	-247	-220	-224	-287	-263	-265	-263	-222	-269	-270	-273	-995	-1,019	-1,101	-1,096	-1,119
EBITDA bef. material special effects	277	271	130	39	40	11	21	11	28	51	34	30	59	111	124	229	220	196
Material special effects	4	-1	11	15	-2	-72	0	-8	-7	31	0	0	0	-59	15	-2	0	0
EBITDA rep.	280	270	141	54	38	-61	21	3	21	82	34	30	59	52	139	227	220	196
% margin	13.7	14.6	9.2	4.4	3.0	-5.2	1.5	0.2	1.3	4.9	2.0	1.9	3.4	1.0	2.2	3.3	3.5	3.4
EBITDA rep. (curr. eff.)	-2	-14	-8	-1	0	2	1	1	1	2	1	3	1	1	5	-9	-3	-1
EBIT	249	240	111	24	4	-109	-13	-35	-13	49	2	8	38	-93	2	141	130	85
Financial result	-6	6	-6	-7	-7	-7	-9	-9	-11	-11	-10	-10	-8	-30	-41	-34	-33	-33
EBT	244	246	105	17	-3	-116	-22	-44	-24	37	-9	-2	30	-124	-39	107	97	52
Income taxes	-55	-31	-19	5	-2	5	1	-7	1	-9	-1	-5	-8	9	-16	-38	5	-14
Net income	189	215	86	22	-5	-111	-21	-51	-23	28	-10	-7	22	-114	-55	69	102	38
Minority interests	3	3	1	1	0	0	0	1	0	0	0	0	0	2	1	0	1	1
Net income KCO	185	212	85	21	-5	-111	-21	-51	-23	28	-10	-7	22	-116	-56	69	101	37
EPS basic (€)	1.86	2.13	0.85	0.21	-0.05	-1.11	-0.21	-0.51	-0.23	0.28	-0.10	-0.07	0.22	-1.16	-0.56	0.68	1.01	0.37
EPS diluted (€)	1.68	1.88	0.78	0.20	-0.05	-1.11	-0.21	-0.51	-0.23	0.27	-0.10	-0.07	0.21	-1.16	-0.56	0.66	0.96	0.37
NWC <sup>*)</sup>	1,559	1,282	1,107	967	1,062	1,135	1,228	1,119	1,356	1,407	1,525	1,277	1,495	967	1,119	1,277	1,132	1,120
Net debt	348	303	363	351	427	476	563	445	634	684	820	383	569	351	445	383	330	444

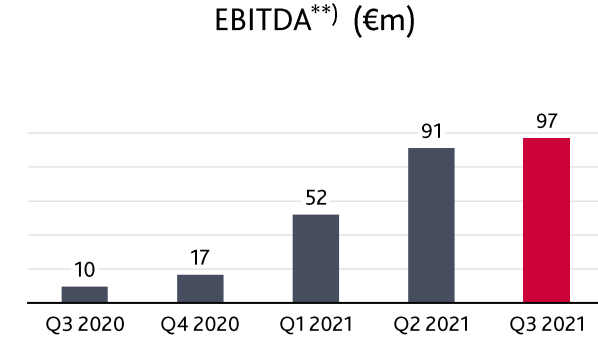
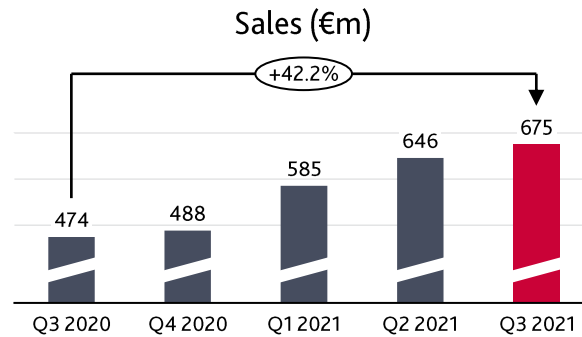
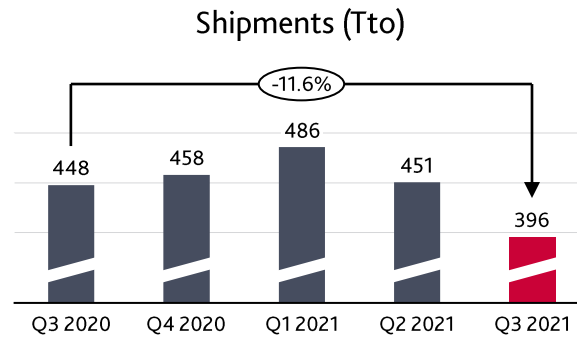
\*) Since 2018 including supplier bonus receivables and contract assets.

# SEGMENT PERFORMANCE

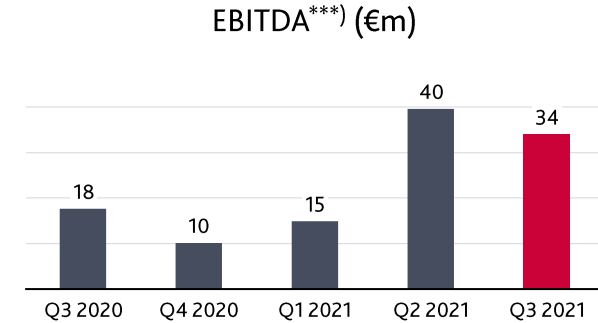
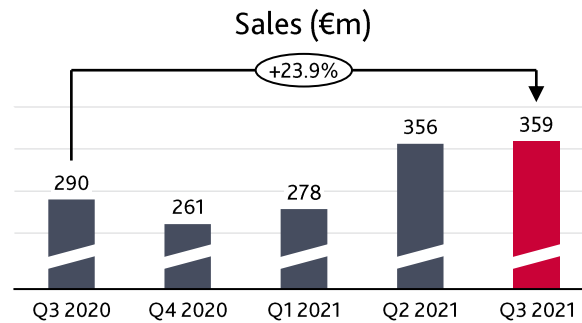
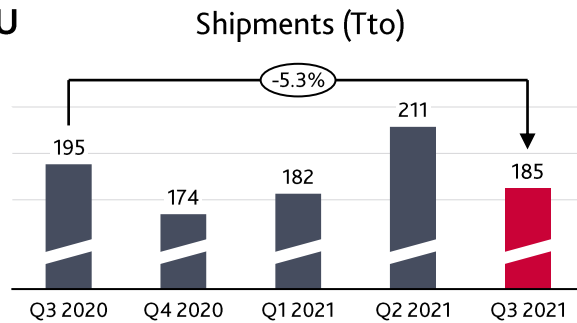
## KM US



## KM EU



## KM Non-EU



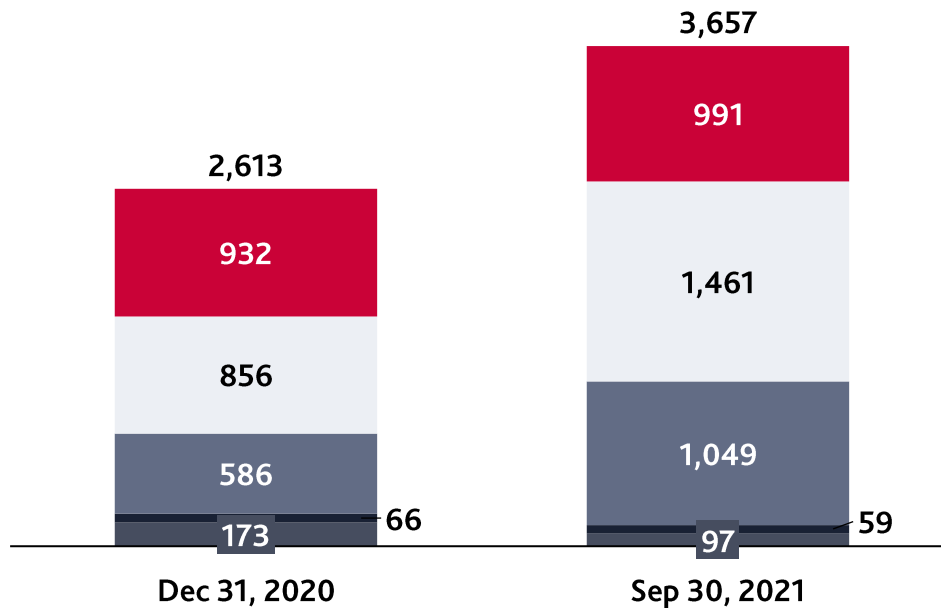
\*) Adjusted for material special effects in Q3, Q4 2020 and Q1, Q2 2021. \*\*) Adjusted for material special effects, in Q3, Q4 2020 and Q1, Q2, Q3 2021. \*\*\*) Adjusted for material special effects in Q4 2020 and Q2 2021.

# STRONG BALANCE SHEET

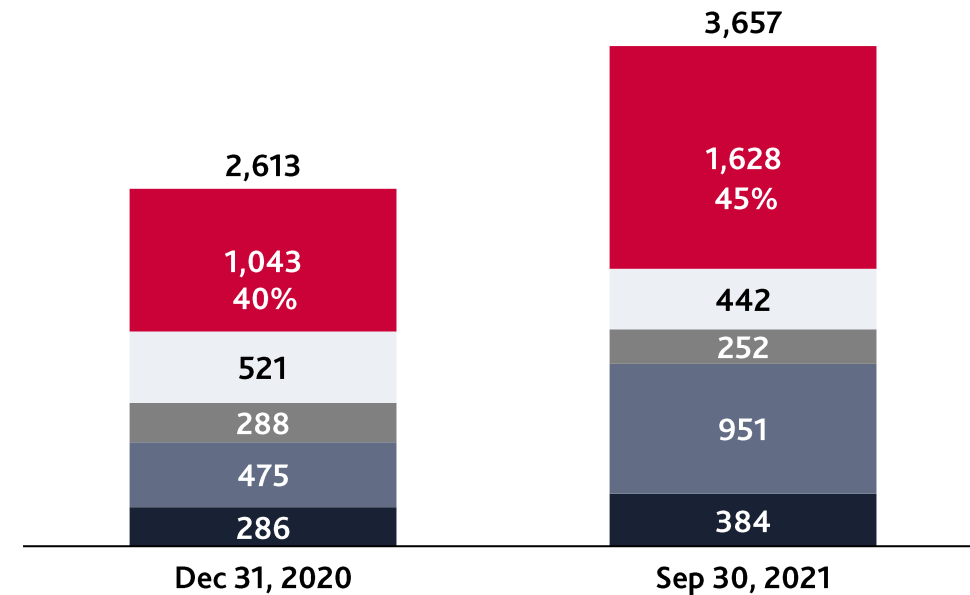
- Solid equity ratio of 45%
- Net debt of €348m
- Gearing<sup>\*)</sup> at 22%
- NWC at €1,559m (FY 2020: €967m)

\*) 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.



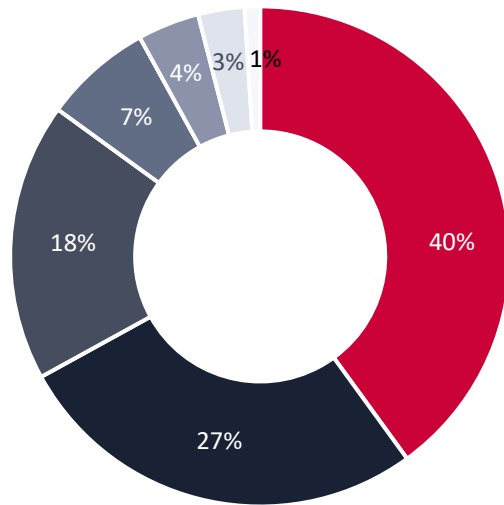
■ Non-current assets   
 ■ Trade receivables<sup>\*\*\*)</sup>   
 ■ Liquidity  
■ Inventories   
 ■ Other current assets



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

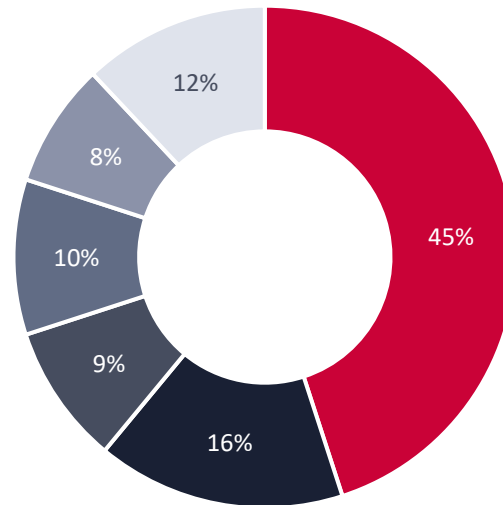
# SALES BY MARKETS, PRODUCTS AND INDUSTRIES

## Sales by markets



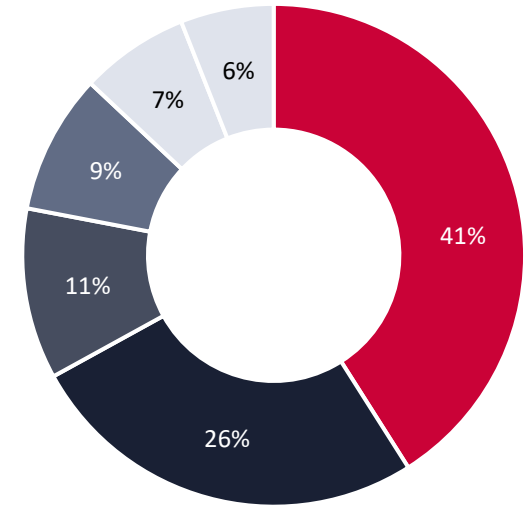
- USA
- Germany/Austria
- Switzerland
- France
- Benelux
- UK
- Brazil

## Sales by products



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

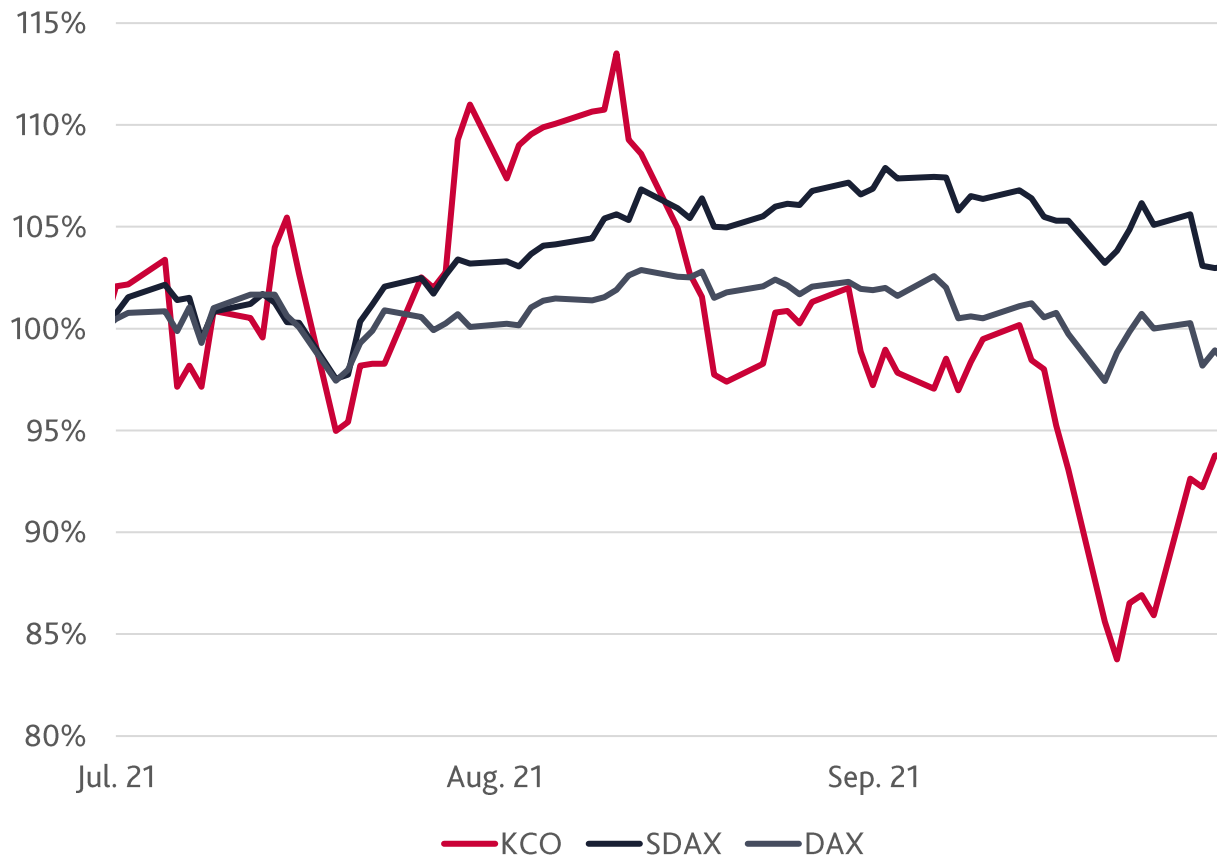
## Sales by industries



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

As of December 31, 2020.

# SHARE PRICE PERFORMANCE IN Q3 2021



- The capital market environment remained very volatile throughout Q3 2021
- The share price of Klöckner & Co increased until mid of Q3 2021 reaching its highest level of €13.10 on August 11
- The share price decreased sharply thereafter reaching its lowest level of €9.67 on September 21
- It trended upwards again and went out of trading at €10.83 on September 30

# 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 and 2020

## 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	-

# TAKING RESPONSIBILITY AND GROW SUSTAINABLY



## 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**

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Head of Strategic Sustainability

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

**FINANCIAL CALENDAR**

March 9, 2022  
Annual Financial Statement 2021

May 4, 2022  
Q1 quarterly statement 2022

June 1, 2022  
Annual General Meeting 2022

August 3, 2022  
Half-yearly financial report 2022

November 3, 2022  
Q3 quarterly statement 2022