

**klöckner & co**

Your partner for a  
sustainable tomorrow

# FY 2021 RESULTS

**Press Conference**

**March 9, 2022**

**Guido Kerkhoff | CEO**

**Dr. Oliver Falk | CFO**



# 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 FY 2021

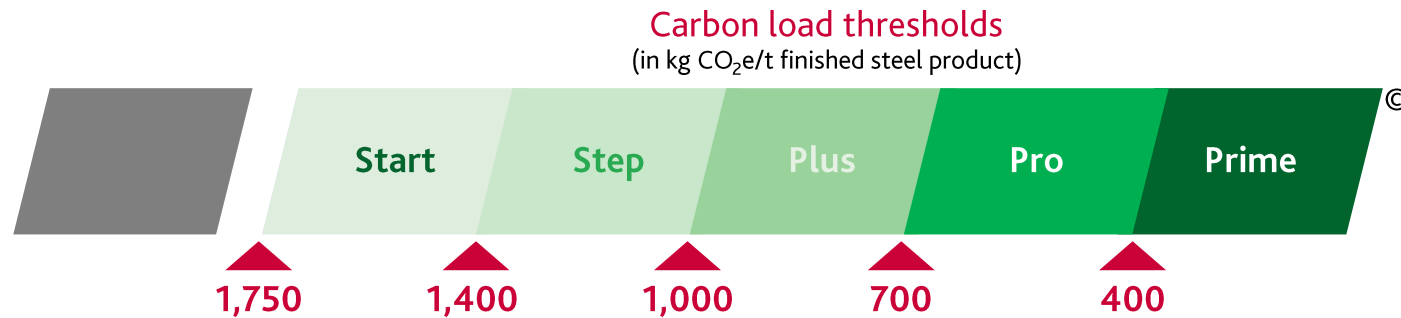
	FY 2021	FY 2020	Delta	
Shipments (Tto)	4,881	4,873	+0.2%	Tight supply and impact from chip shortage; disciplined margin-over-volume strategy
Sales (€m)	7,441	5,130	+45.0%	Higher price level in all regions
Gross profit (€m)	1,893	1,047	+80.8%	Very considerable increase due to price dynamics
EBITDA <sup>*)</sup> (€m)	848	111	+737	Strongest operating result since IPO in 2006 due to positive price dynamics paired with consistent margin-over-volume strategy; EBITDA rep. of €879m
Oper. CF (€m)	-306	161	-467	Negative OCF largely due to funding of so far unfunded pension provisions of >€240m and due to price driven NWC increase
Net financial debt (€m)	762	351	+411	Net debt up yoy due to price driven NWC increase and pension funding
Digital sales share	46%	45%	+1%pt	Flat development yoy after pandemic-related boost in digital sales; Kloeckner Assistant processed >€1bn in sales volume
Dividend per share <sup>**)</sup> (€)	1.00	-	+1.00	Proposal of a record dividend

<sup>\*)</sup> Before material special effects

<sup>\*\*)</sup> Proposal to the Annual General Meeting on June 1, 2022

# LEADING THE SUSTAINABILITY TRANSFORMATION - INTRODUCTION OF A CUSTOMER-CENTRIC METRIC FOR CO<sub>2</sub>-REDUCED STEEL

## Five categories differ by carbon load



- ✓ **Methodology along international standards**  
Calculation methodology follows internationally renowned GHG Protocol
- ✓ **Emissions from raw material to production**  
Emissions include production (Scope 1), purchased power (Scope 2) & supply chain (Scope 3 Upstream)
- ✓ **No offsetting included in CO<sub>2</sub> load categorization (compensation data as add-on)**  
Physical production emissions determine categorization

## One category differs by method



- ✓ **Separate category for “balanced” green steel**  
Emission re-balancing between steel volumes from the same mill results in a calculated instead of a physical carbon footprint – separate class acknowledges efforts of players with physical reduction

### Background on “balanced”

- All steel passing through a production pathway has the same physical carbon footprint
- Accounting-wise, this footprint is sometimes converted between steel quantities in tons of steel with higher and lower carbon footprints

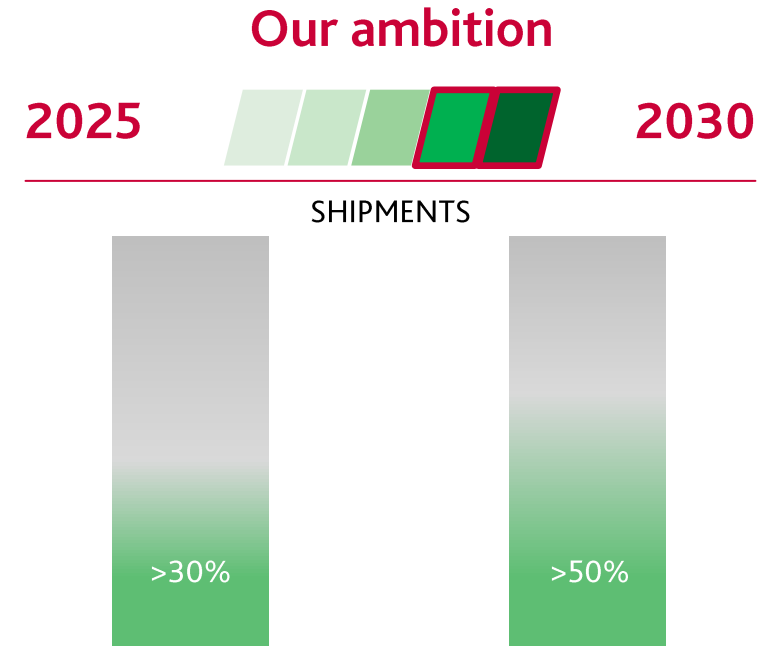
# DRIVING SUSTAINABLE BUSINESS OPPORTUNITIES & SECURING GREEN VOLUMES ALREADY AVAILABLE IN 2022

## Pioneering sustainable solutions

Establishing **sustainable value chains for our customers** by supplying CO<sub>2</sub>-reduced volumes...

- through **four partnerships**,
- across **categories**,
- across **product groups**,
- across **country organizations**

**...already starting in 2022**



**>30% and >50% of volume** in the most sustainable **“Prime & Pro”** categories **by 2025 and 2030**, respectively

**Savings of more than 4 million tons of CO<sub>2</sub> annually**

# DRIVING DIGITALIZATION AND HIGHER FOCUS ON AUTOMATION



## Digitalization and automation further advanced

- Digital sales share at 46%, up by 1%p yoy, stable qoq



## Kloeckner Assistant processed >€1bn of sales volume in 2021

- Self-developed AI solution improves strongly and automation rate increases



## Global Transformation Project launched

- Enhancing **standardization** and **harmonization** of processes
- Achieving next level IT-services and driving **business model automation**

Dedicated execution of “Leveraging Strengths” strategy

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





# PURPOSE STATEMENT, CLAIM AND LOGO UNDERSCORE SUSTAINABILITY AMBITIONS

**“We partner with customers and suppliers  
to deliver innovative metal solutions  
for a sustainable tomorrow.”**

**klöckner & co**

Your partner for a  
sustainable tomorrow

**kloeckner metals**

Your partner for a  
sustainable tomorrow

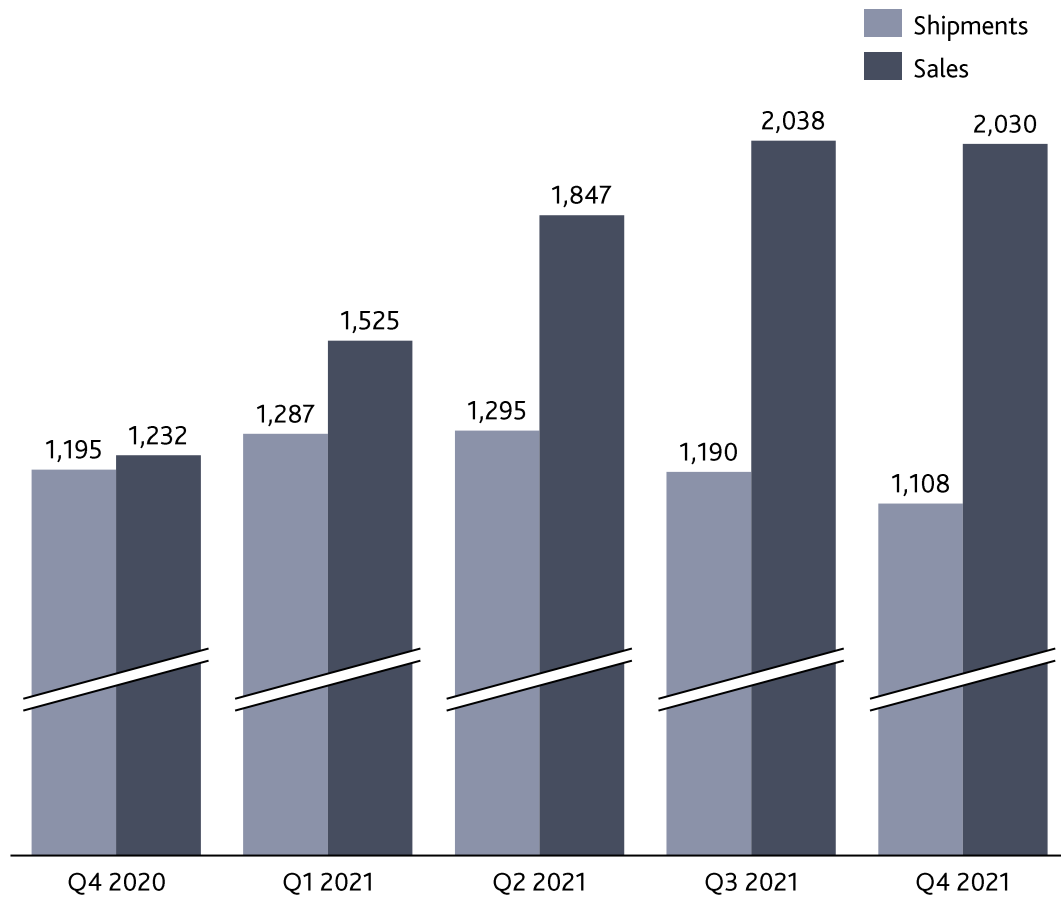
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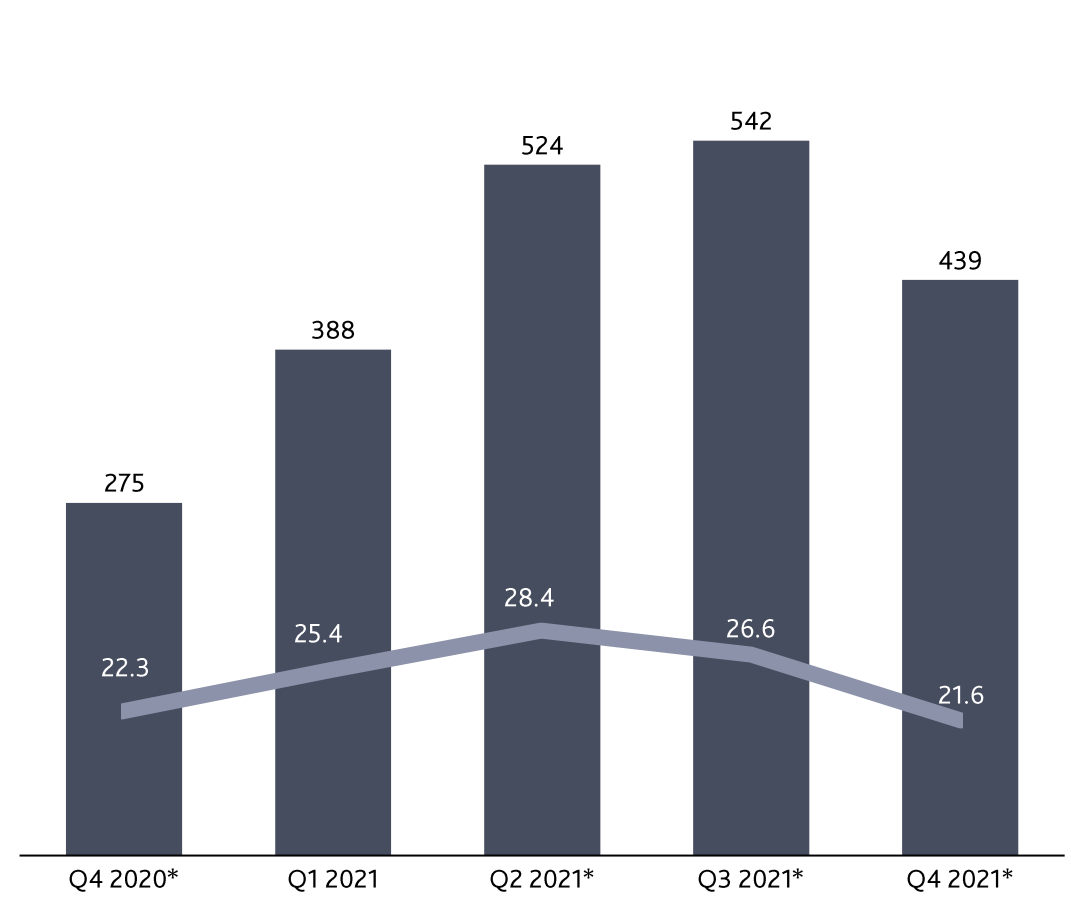


# SHIPMENTS, SALES AND GROSS PROFIT

## Shipments (Tto) & Sales (€m)

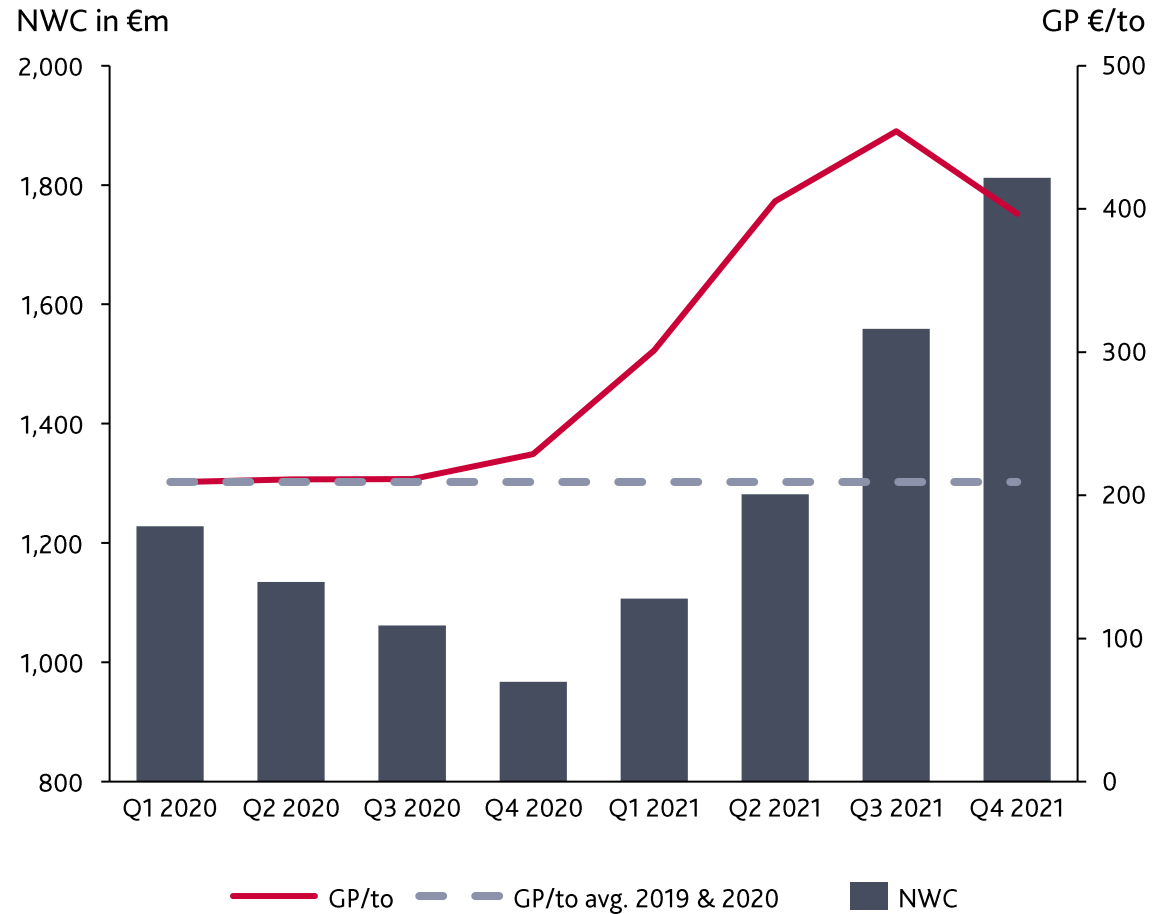


## Gross profit (€m) & Gross margin (%)



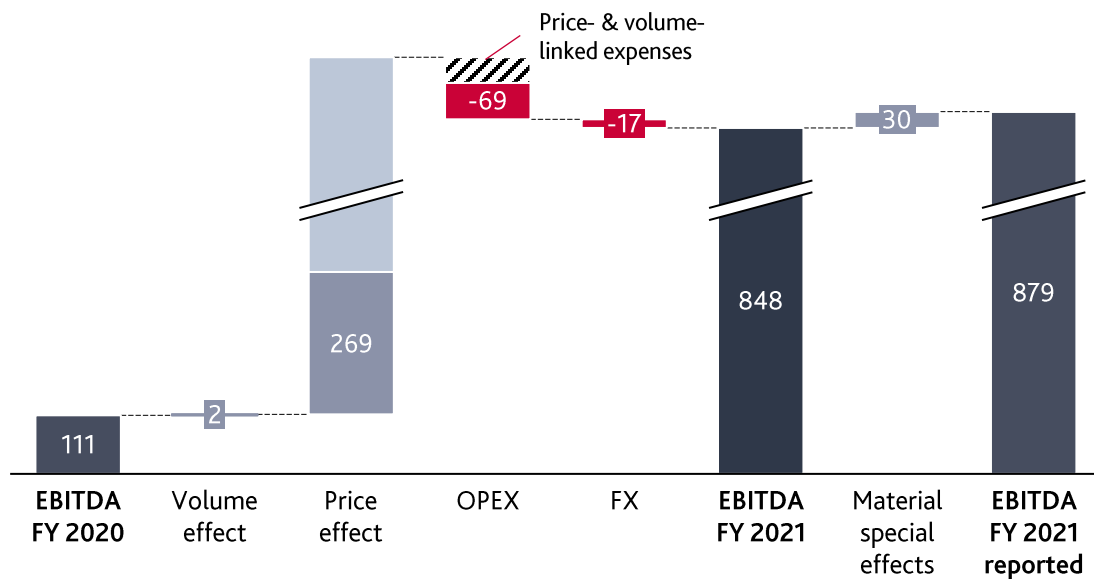
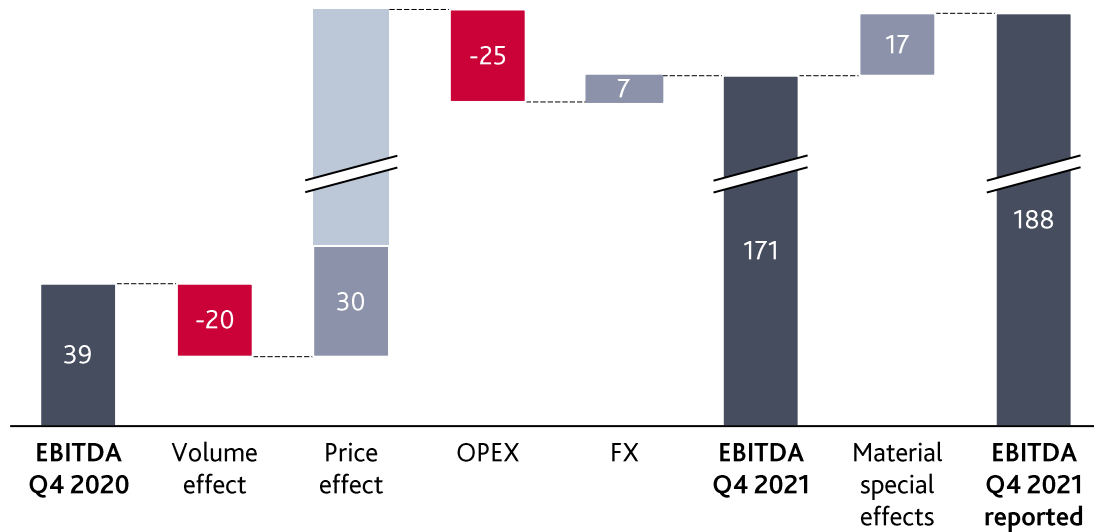
\*) Before material special effects.

# MANAGING THE CYCLE IN 2021



- Consistent margin-over-volume strategy in 2021 and also going forward due to dynamic environment
- Recent NWC increase predominately price driven
- Gross profit per ton significantly outperforming previous years thanks to smart NWC management in times of record prices
- Stocks in Q4 2021 still below 2019-levels: Targeted restocking in the business areas with the highest margin expectations

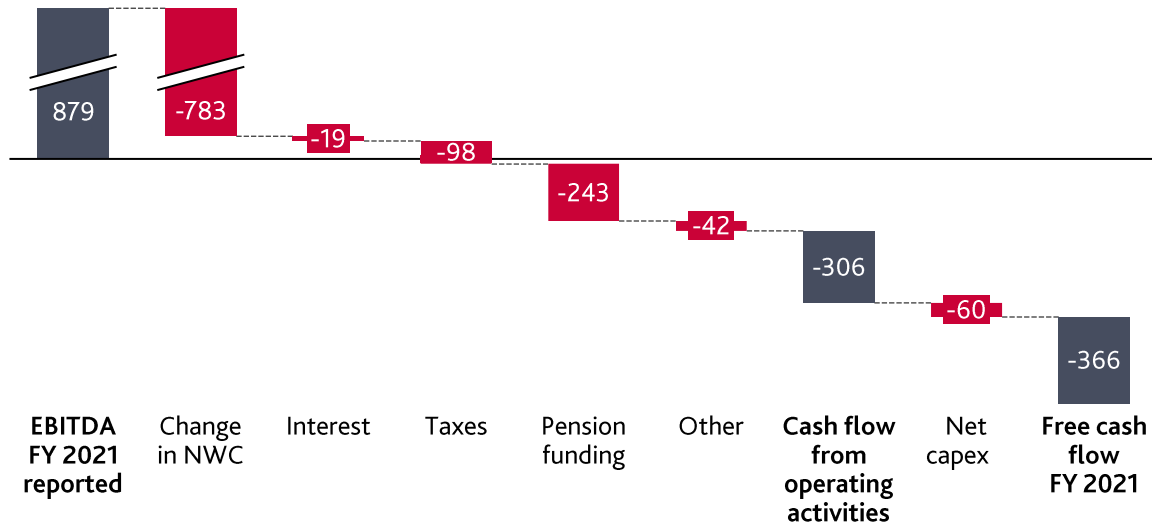
# EBITDA (€M) IN Q4 AND FY 2021



- Strongest operating result since IPO in 2006
- Driven by positive price dynamics, supported by consistent margin-over-volume strategy
- Positive price effects and windfall gains of ~€600m
- OPEX up especially driven by shipping & operating costs and wage inflation; thereof €48m directly price- & volume-linked expenses (bonuses, logistics etc.)
- FX-effects of €-17m and material special effects of €30m from the sale of unprofitable facilities

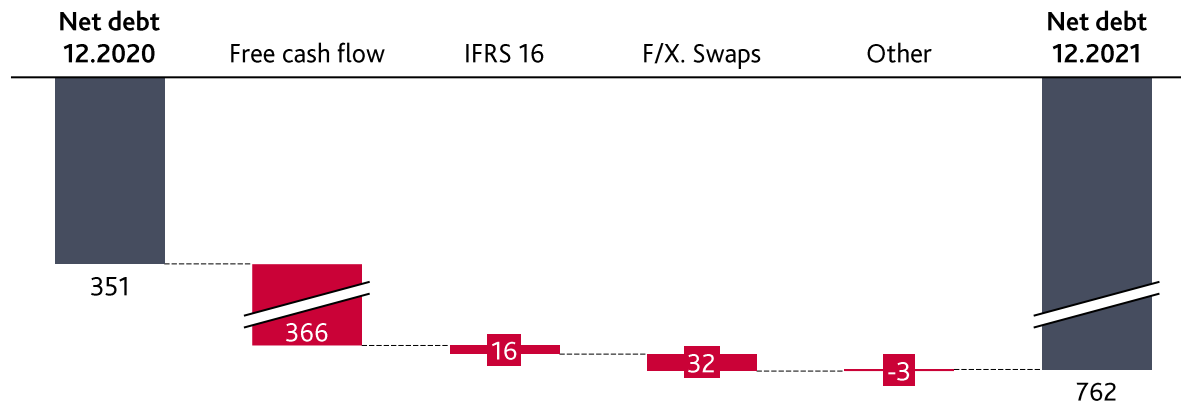
# CASH FLOW AND NET DEBT DEVELOPMENT

## Cash flow FY 2021 (€m)



- EBITDA reported of €879m
- Mainly price driven NWC increase of €783m; smart NWC management
- Negative cash flow from operating activities driven by NWC increase and funding of so far unfunded pensions provisions
- Net capex of €60m
- Free cash flow accordingly €-366m

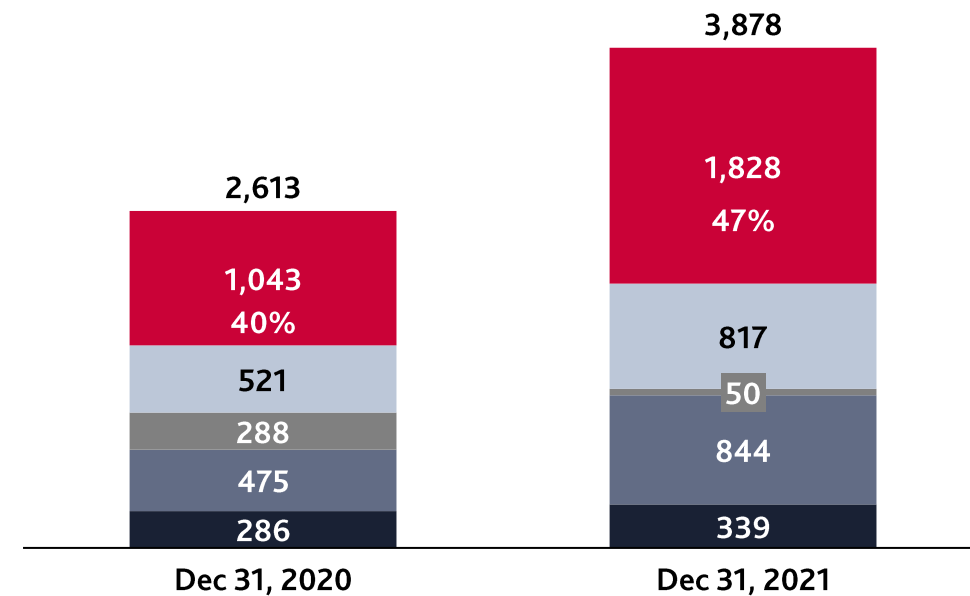
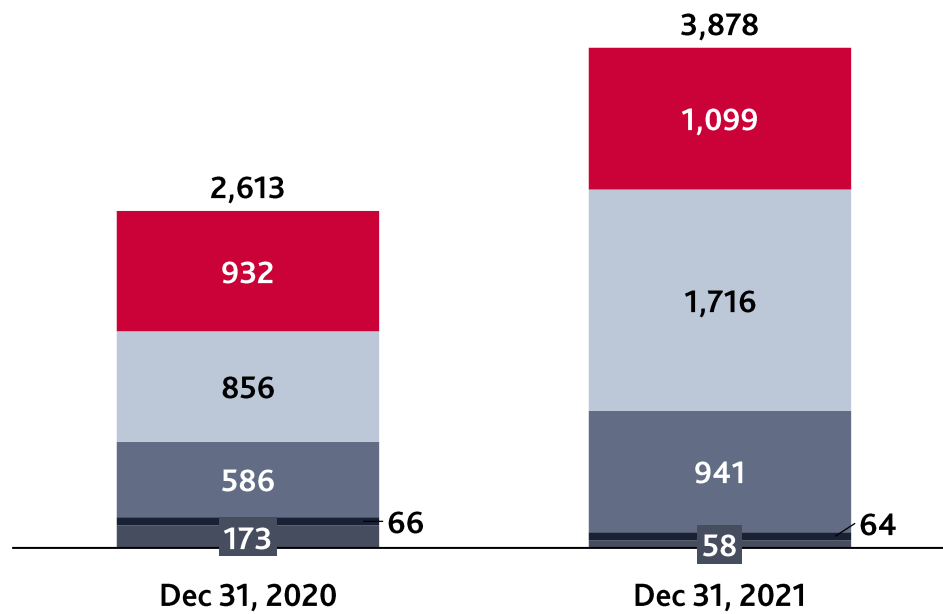
## Net financial debt 12.2020 vs. 12.2021 (€m)



- Net financial debt increased from €351m to €762m yoy mainly driven by NWC increase

# STRONG AND SOLID BALANCE SHEET

Solid equity ratio of 47%, gearing\*) of 42% and leverage of 0.9x



■ Non-current assets   
 ■ Trade receivables\*\*)

■ Inventories   
 ■ Liquidity   
 ■ Other current assets

■ Equity   
 ■ Pensions   
 ■ Other liabilities

■ Financial liabilities   
 ■ Trade payables\*\*\*)

\*) 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.

\*\*\*) Incl. contract liabilities and advance payments received.

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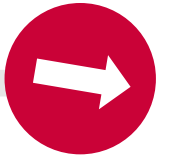
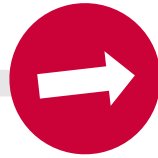


# REGION SPECIFIC BUSINESS OUTLOOK 2022



## Europe

+3-5%



Real steel demand



Construction industry



Manufacturing, machinery & mechanical engineering, etc.



Energy industry



Automotive industry

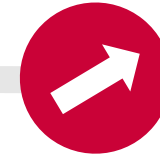
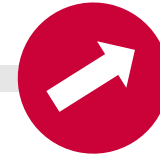
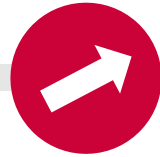
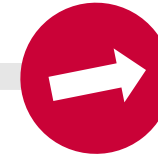


Shipbuilding



## USA

+4-6%



# OUTLOOK

**Q1**  
2022

- Considerable increase of sales and shipments expected (qoq)
- EBITDA expectation of €130-180m before material special effects
- Positive material special effects from the sale of properties in Switzerland and France of €54m

**FY**  
2022

- Sales expectation considerably above prior-year level
- Shipments expected to increase considerably yoy
- Considerable increase in operating cash flow anticipated

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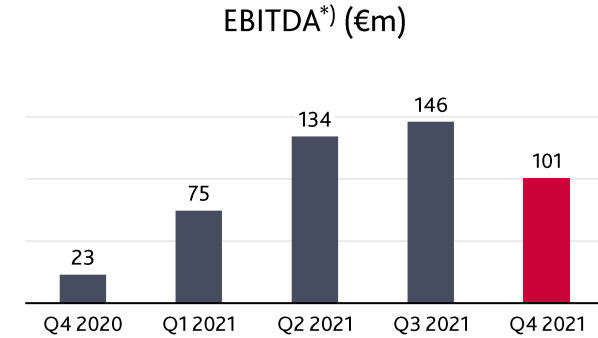
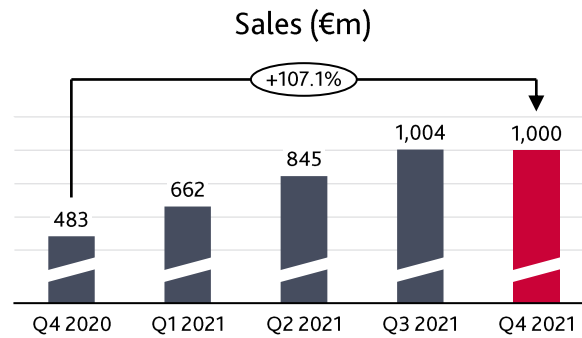
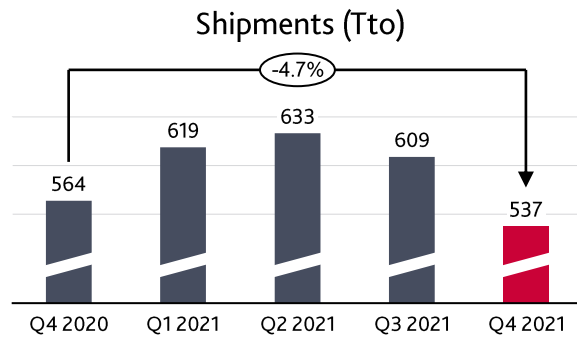
# QUARTERLY AND FY RESULTS

(€m)	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Shipments (Tto)	1,108	1,190	1,295	1,287	1,195	1,242	1,070	1,365	1,250	1,420	1,479	1,499	4,881	4,873	5,648	6,107	6,135
Sales	2,030	2,038	1,847	1,525	1,232	1,279	1,171	1,448	1,365	1,565	1,682	1,703	7,441	5,130	6,315	6,790	6,292
Sales (currency effect)	45	-15	-88	-70	-42	-27	21	30	24	38	50	61	-128	-18	173	-172	-83
Gross profit	440	540	525	388	274	262	226	285	267	284	304	303	1,893	1,047	1,158	1,328	1,316
% margin	21.7	26.5	28.4	25.4	22.2	20.5	19.3	19.7	19.6	18.1	18.1	17.8	25.4	20.4	18.3	19.6	20.9
OPEX	-252	-260	-255	-247	-220	-224	-287	-263	-265	-263	-222	-269	-1,014	-995	-1,019	-1,101	-1,096
EBITDA bef. material special effects	171	277	271	130	39	40	11	21	11	28	51	34	848	111	124	229	220
Material special effects	17	4	-1	11	15	-2	-72	0	-8	-7	31	0	-30	-59	15	-2	0
EBITDA rep.	188	280	270	141	54	38	-61	21	3	21	82	34	879	52	139	227	220
% margin	9.3	13.7	14.6	9.2	4.4	3.0	-5.2	1.5	0.2	1.3	4.9	2.0	11.8	1.0	2.2	3.3	3.5
EBITDA rep. (curr. eff.)	7	-2	-14	-8	-1	0	2	1	1	1	2	1	-16	1	5	-9	-3
EBIT	154	249	240	111	24	4	-109	-13	-35	-13	49	2	754	-93	2	141	130
Income from Investments	5	0	0	0	0	0	0	0	0	0	0	0	11	0	0	0	0
Financial result	-6	-6	6	-6	-7	-7	-7	-9	-9	-11	-11	-10	-17	-30	-41	-34	-33
EBT	153	244	246	105	17	-3	-116	-22	-44	-24	37	-9	748	-124	-39	107	97
Income taxes	-14	-55	-31	-19	5	-2	5	1	-7	1	-9	-1	-119	9	-16	-38	5
Net income	139	189	215	86	22	-5	-111	-21	-51	-23	28	-10	629	-114	-55	69	102
Minority interests	3	3	3	1	1	0	0	0	1	0	0	0	10	2	1	0	1
Net income KCO	136	185	212	85	21	-5	-111	-21	-51	-23	28	-10	619	-116	-56	69	101
EPS basic (€)	1.37	1.86	2.13	0.85	0.21	-0.05	-1.11	-0.21	-0.51	-0.23	0.28	-0.10	6.21	-1.16	-0.56	0.68	1.01
EPS diluted (€)	1.24	1.68	1.88	0.78	0.20	-0.05	-1.11	-0.21	-0.51	-0.23	0.27	-0.10	5.58	-1.16	-0.56	0.66	0.96
NWC <sup>*)</sup>	1,813	1,559	1,282	1,107	967	1,062	1,135	1,228	1,119	1,356	1,407	1,525	1,813	967	1,119	1,277	1,132
Net debt	762	348	303	363	351	427	476	563	445	634	684	820	762	351	445	383	330

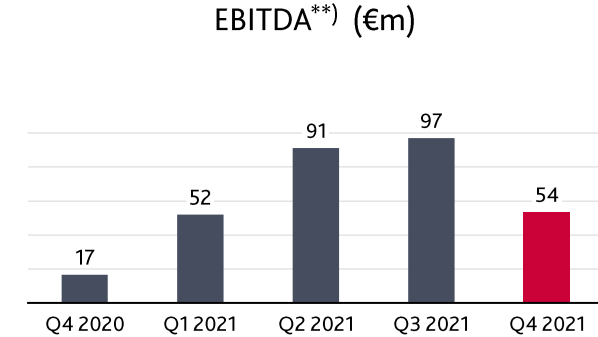
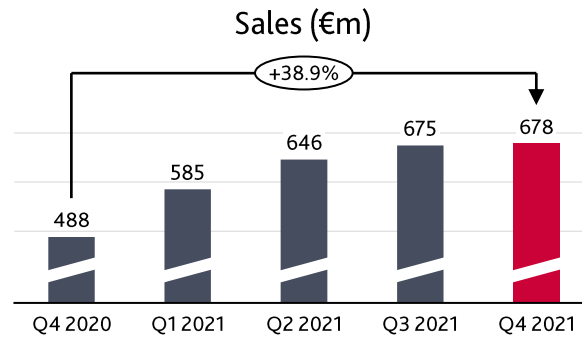
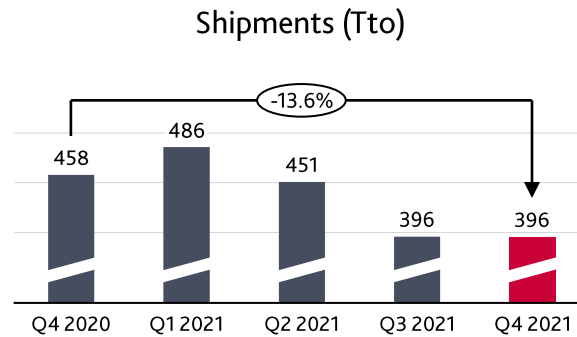
\*) Since 2018 including supplier bonus receivables and contract assets.

# SEGMENT PERFORMANCE

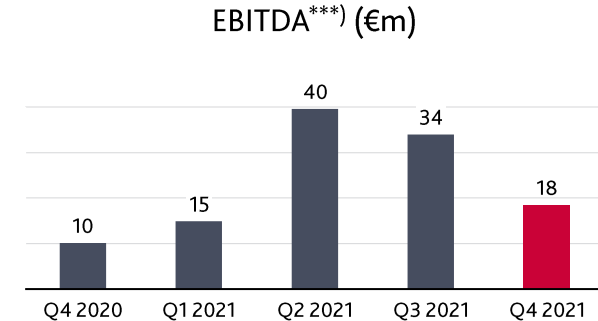
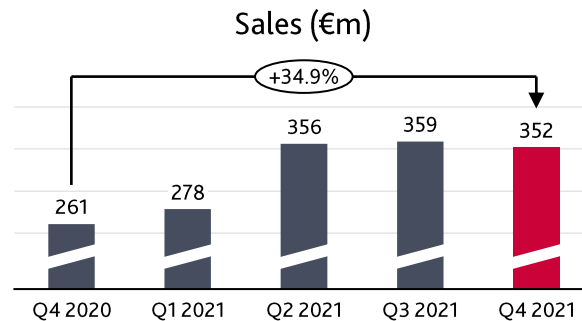
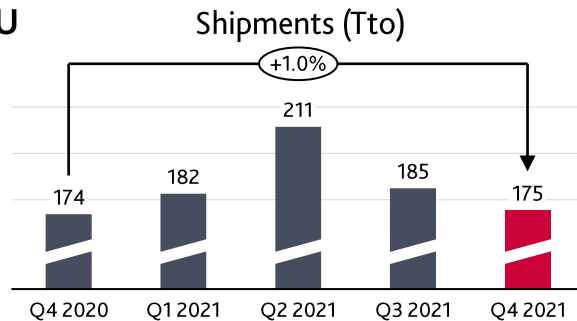
## KM US



## KM EU



## KM Non-EU



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

# MATURITY PROFILE

Facility (€m)	Committed Dec 31, 2021	Drawn amount	
		Dec 31, 2021	Dec 31, 2020
Syndicated Loan	250	36	-
ABS Europe	220	189	112
ABL USA	291	240	53
Convertible 2016 <sup>1)</sup>	148	142	146
Bilateral Facilities <sup>2)</sup>	188	57	33
Leases	156	156	180
<b>Total Debt</b>	<b>1,253</b>	<b>820</b>	<b>524</b>
Cash		58	173
<b>Net Debt</b>		<b>762</b>	<b>351</b>

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

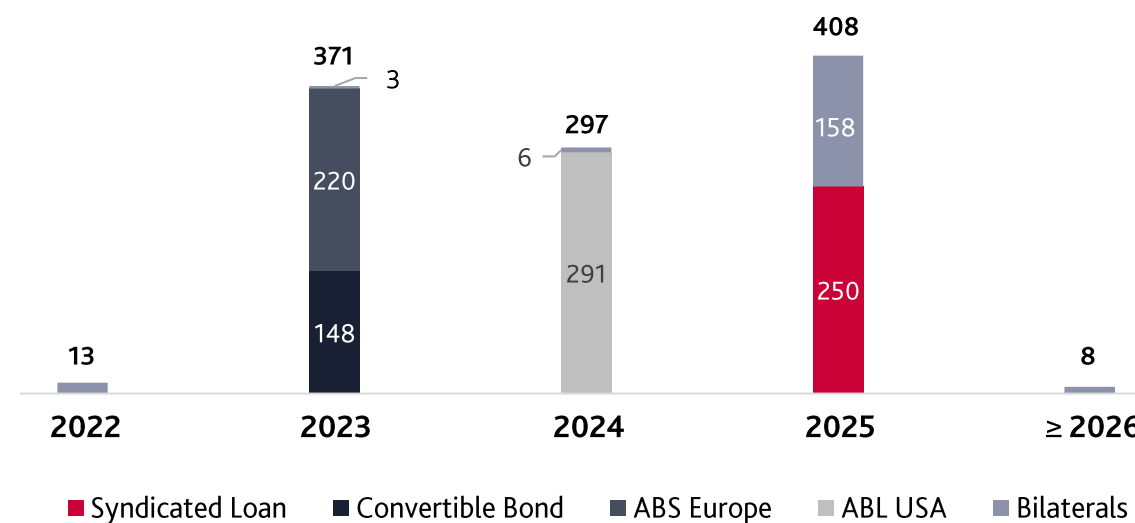
2) Mainly Switzerland.

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

4) As reported before material special effects.

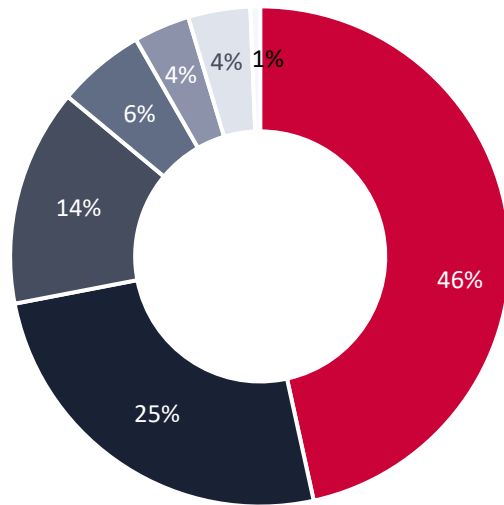
€m	Dec 31, 2021
Adjusted equity	1,812
Net Debt	762
Gearing <sup>3)</sup>	42%
Leverage <sup>4)</sup>	0.9x

Maturity profile (excl. leasing) in €m, Dec 31, 2021



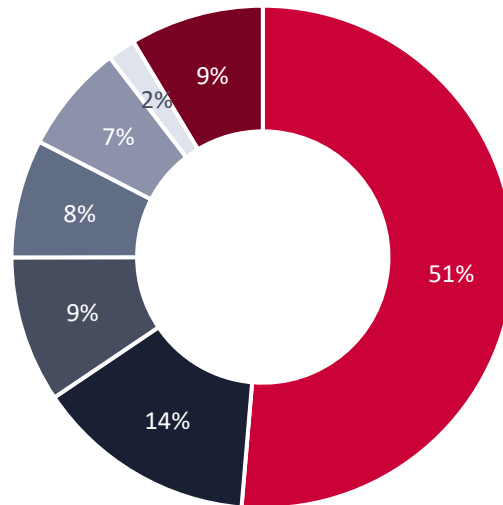
# SALES BY MARKETS, PRODUCTS AND INDUSTRIES

## Sales by markets



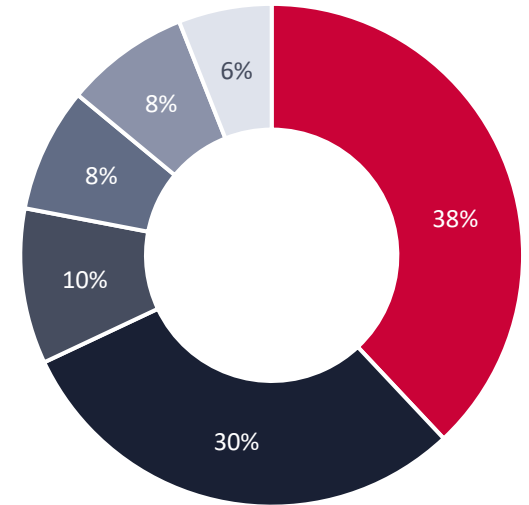
- USA
- Germany/Austria
- Switzerland
- France
- Benelux
- UK
- Brazil

## Sales by products



- Flat products
- Long products
- Aluminum
- Tubes
- Stainless Steel
- Quality Steel
- Others

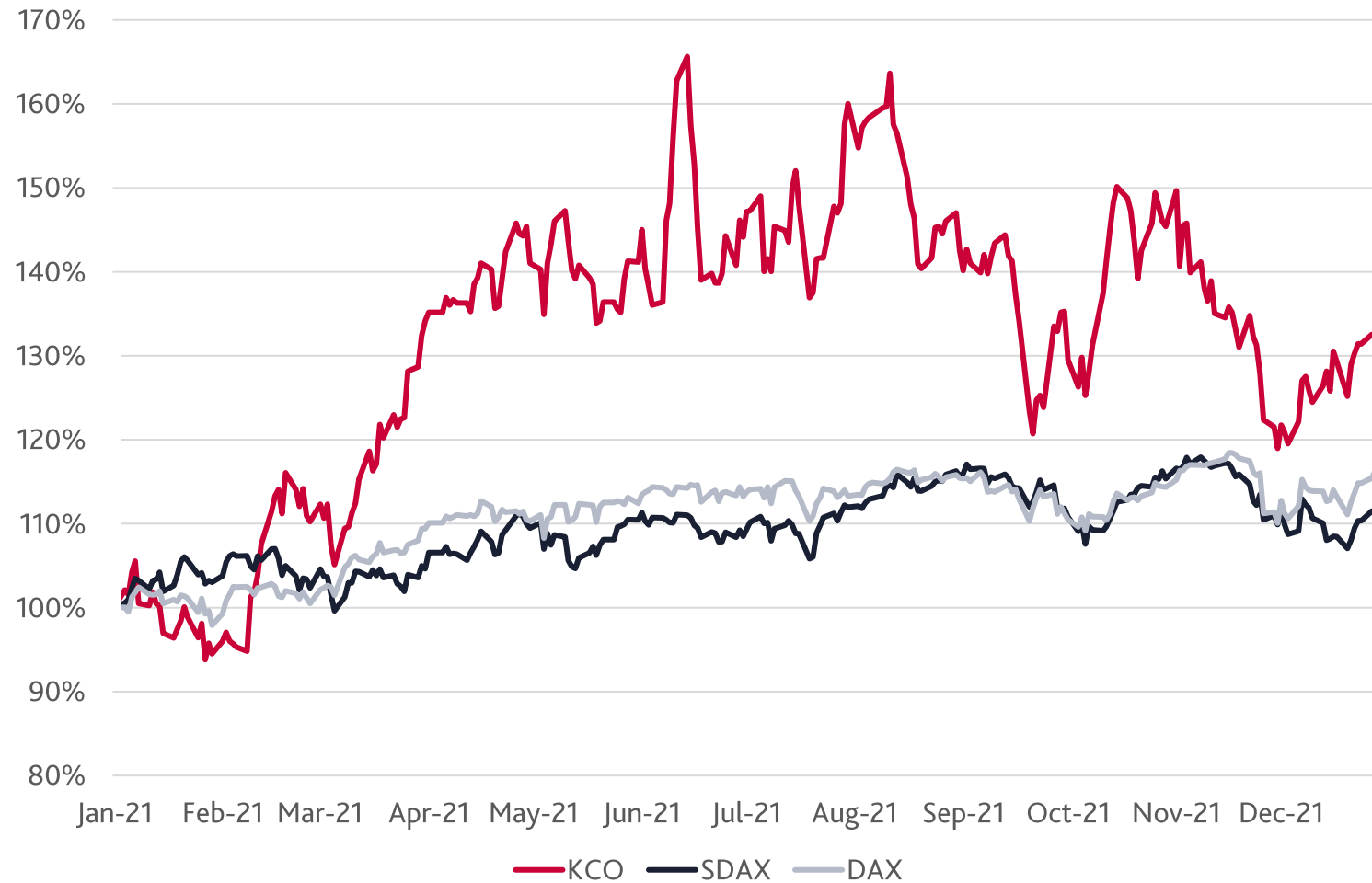
## Sales by industries



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

As of December 31, 2021.

# SHARE PRICE PERFORMANCE IN FY 2021



- The capital market environment remained very volatile throughout 2021
- The share price of Klöckner & Co reached its lowest level of €7.51 on January 27
- Thereafter, the share price increased significantly reaching its highest level of €13.26 on June 14
- It went out of trading at €10.72 on December 30 (up by 34% yoy)



# 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
- Proposal to the Annual General Meeting on June 1, 2022 to pay dividend of €1.00 per share

## Dividend payment per share

2006	2007	2008 2009	2010	2011 2013	2014	2015	2016	2017	2018	2019 2020	2021
€0.80	€0.80	-	€0.30	-	€0.20	-	€0.20	€0.30	€0.30	-	€1.00*)

\*) Proposal to the Annual General Meeting on June 1, 2022

# OUR AMBITIOUS ENVIRONMENTAL TARGETS

**kloeckner** takes  
**action 2040** 



- **One of the first steel distributors with SBTi approved targets**
- **Scope 1 & 2 emissions below 1% of overall Scope 1-3 emissions**
- **Concrete reduction measures identified**

## Scope 1 & 2

**Reduction of 50% by 2030,  
Net zero in 2040**

- Centralized energy procurement and switch to green energy
- Truck fleet innovation
- Budget integration of reduction investments

## Scope 3 under direct influence

**Reduction of 50% by 2030,  
Net zero in 2040**

- Advanced home office strategy
- New mobility concepts
- Innovative business meetings and travel concepts (e.g. virtual meetings, no domestic flights)

## Scope 3 suppliers & customers

**Reduction of 30% by 2030,  
Net zero in 2050**


- Green and carbon reduced steel initiatives

**Carbon neutral from now on:**

**In addition to reduction measures, compensation of Scope 1 & 2 emissions from 2022 onwards**

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**FINANCIAL CALENDAR**

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