

klöckner & co

Your partner for a
sustainable tomorrow

Q1 2022 RESULTS

Analysts' and Investors' Conference

May 4, 2022

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 Q1 2022

	Q1 2022	Q1 2021	Delta	
Shipments (Tto)	1,257	1,287	-2.3%	Slightly down yoy, however, strongly up qoq (+13.4%) due to seasonality and despite consistent margin-over-volume strategy
Sales (€m)	2,438	1,525	+59.8%	Due to positive price development
Gross profit (€m)	482	388	+24.2%	Considerable increase due to favorable price dynamics
EBITDA (€m)*	201	130	+71	Positive price dynamics, strict NWC management and margin-over-volume strategy; EBITDA reported of €254m
Oper. CF (€m)	-261	18	-278	Negative OCF mainly due to price driven NWC increase; managing NWC smartly
Net financial debt (€m)	999	363	+636	Net debt increased yoy mainly due to price driven NWC build-up
Digital sales share	46%	45%	+1%p	Flattish yoy after pandemic related boost; strong Kloeckner Assistant development

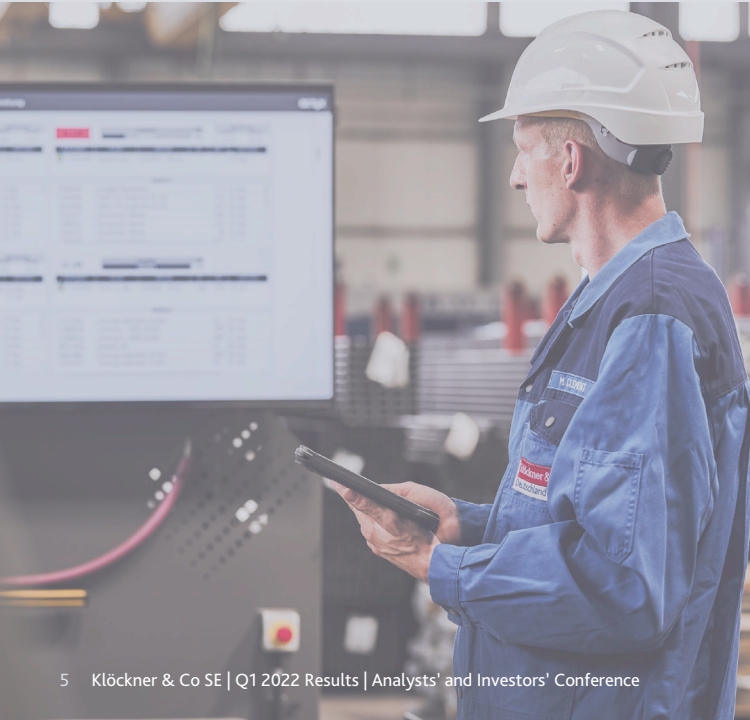
*) Before material special effects.



OPERATIONAL AND AUTOMATION INITIATIVES PROGRESSING

- **Sale of site in Switzerland**
 - Sale of site in Wettingen, Switzerland, completed
 - Disposal proceeds of €50m
 - Operating business relocated to other sites
- Material special effects amounting to a total of €53m in Q1 2022

- **Kloeckner Assistant posts record quarterly performance**
 - Processed around €390m of sales volume in Q1 2022
 - Self-developed AI solution continues to gain traction and almost doubles processed volume yoy
 - Kloeckner Assistant has already processed a total volume of €1.8bn since launch



LEADING THE SUSTAINABILITY TRANSFORMATION

kloeckner takes
action 2040 



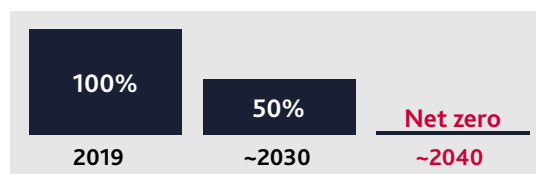
- Concrete reduction measures identified, implementation already started
- Scope 1 & 2 emissions below 1% of overall Scope 1-3 emissions
- In addition to reduction measures, compensation of Scope 1 & 2 emissions from 2022 onwards

World's first company with net zero approval of SBTi to new standards

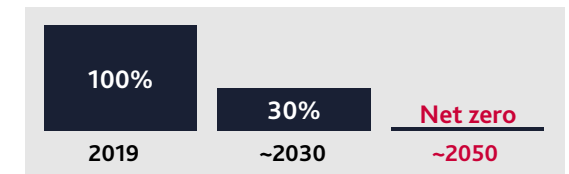
Scope 1 & 2



Scope 3 under direct influence



Scope 3 suppliers & customers



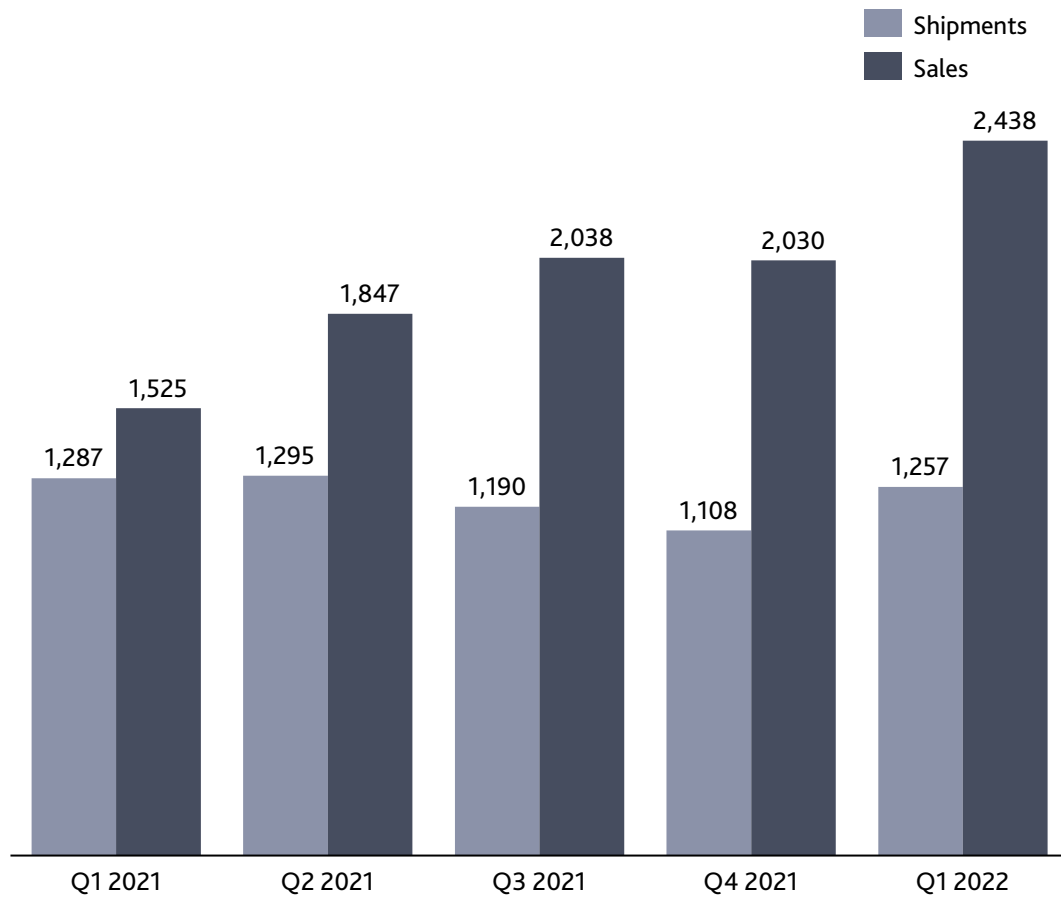
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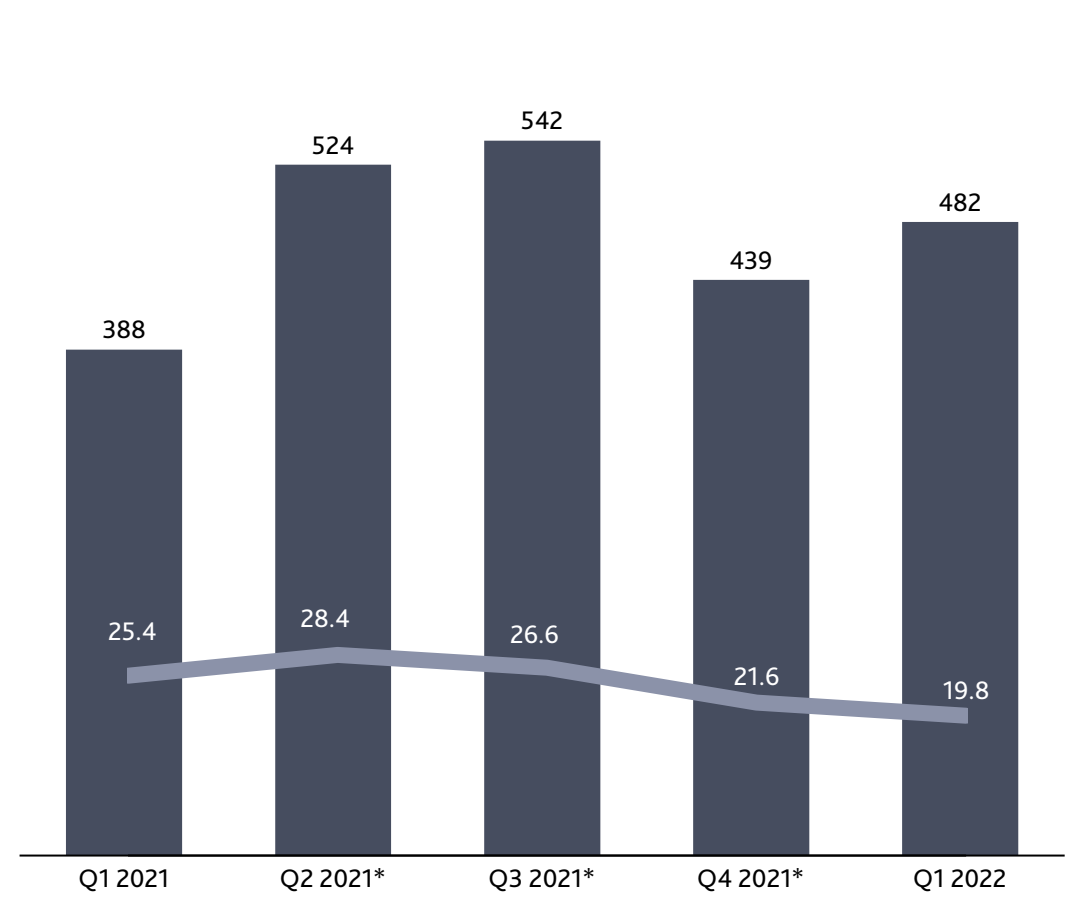


SHIPMENTS, SALES AND GROSS PROFIT

Shipments (Tto) & Sales (€m)



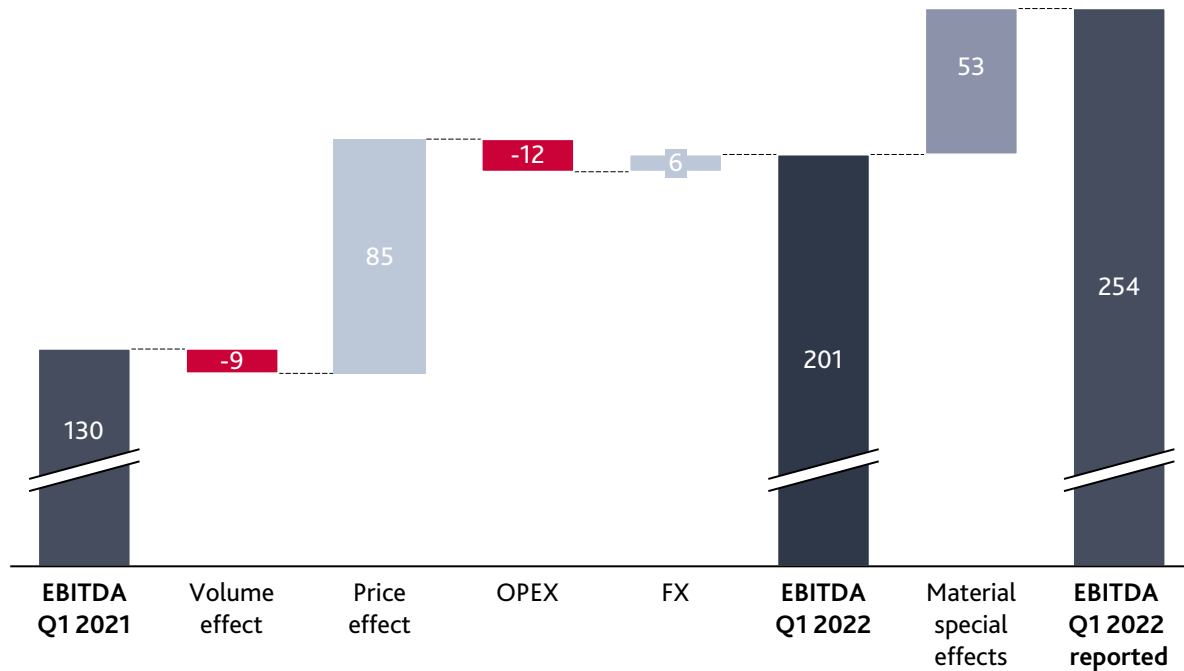
Gross profit (€m) & Gross margin (%)



*) Before material special effects.

EBITDA DEVELOPMENT

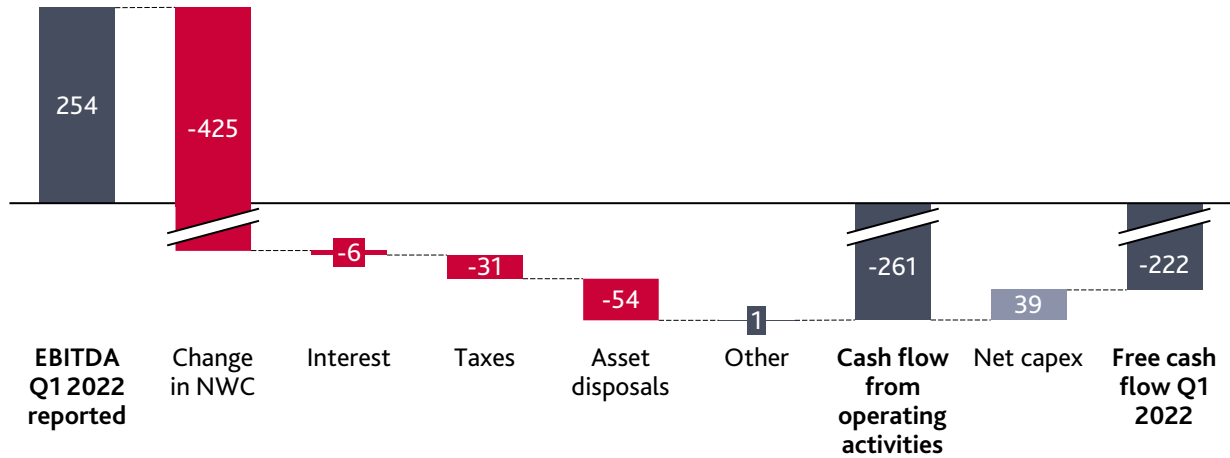
EBITDA (€m) in Q1 2022



- Strong operating result and considerably up yoy
- Negative volume effect mainly due to consistent margin-over-volume strategy
- Strong positive price effect due to tight market environment
- OPEX up especially driven by shipping & operating costs
- Positive FX-effects of €6m
- Material special effects of €53m mainly relate to the sale of sites in Switzerland and France

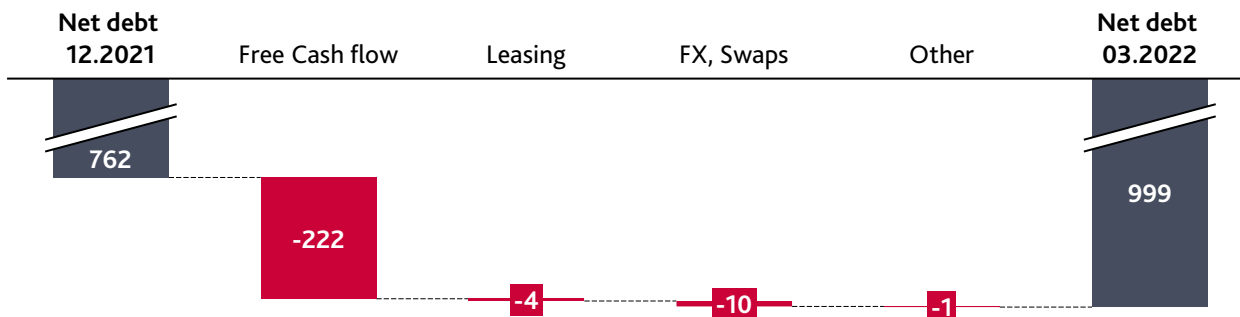
CASH FLOW AND NET DEBT DEVELOPMENT

Cash flow Q1 2022 (€m)



- EBITDA of €254m
- Mainly price driven NWC increase of €425m; smart NWC management
- Asset disposals of €54m in Switzerland and France
- Cash flow from operating activities of €-261m
- Net CAPEX positive with €39m
- Free cash flow accordingly €-222m

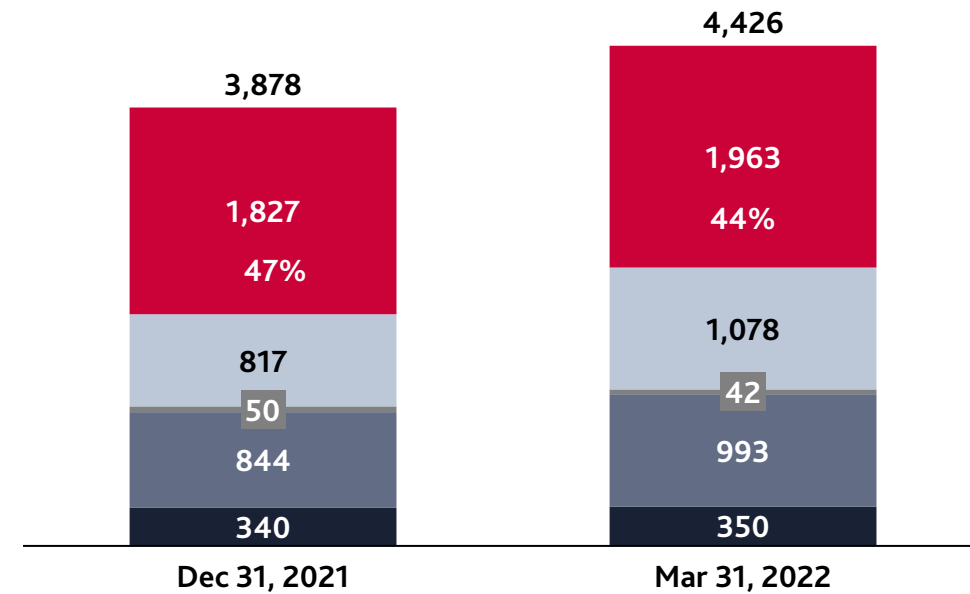
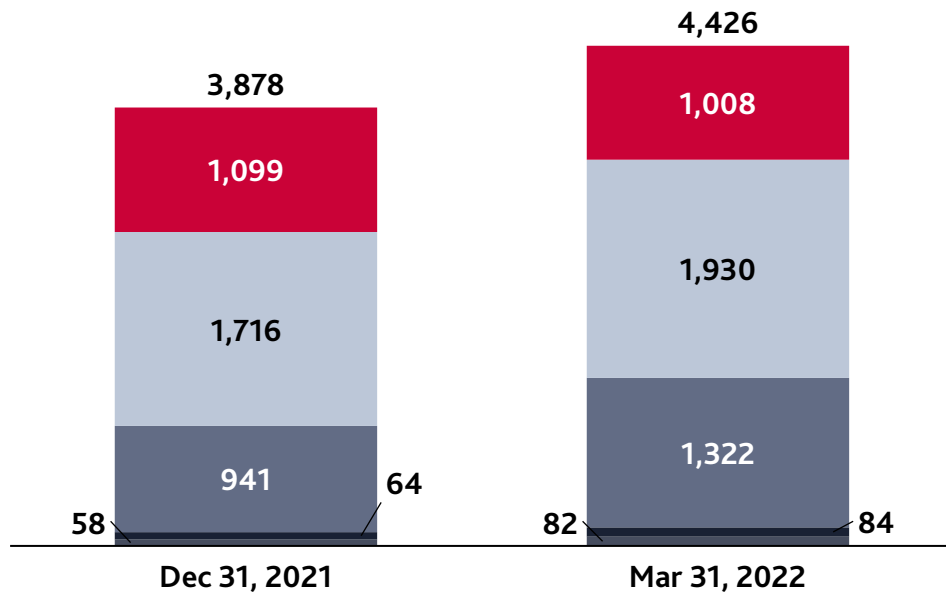
Net financial debt 03.2022 vs. 12.2021 (€m)



- Net financial debt increased mainly due to price driven NWC increase from €762m to €999m

STRONG AND SOLID BALANCE SHEET

Solid equity ratio of 44%, gearing^{*)} of 51% and leverage of 1.1x



■ Non-current assets
 ■ Trade receivables^{**)}
 ■ Liquidity
■ Inventories
 ■ Other current assets

■ Equity
 ■ Pensions
 ■ Other liabilities
■ Financial liabilities
 ■ Trade payables^{***)}

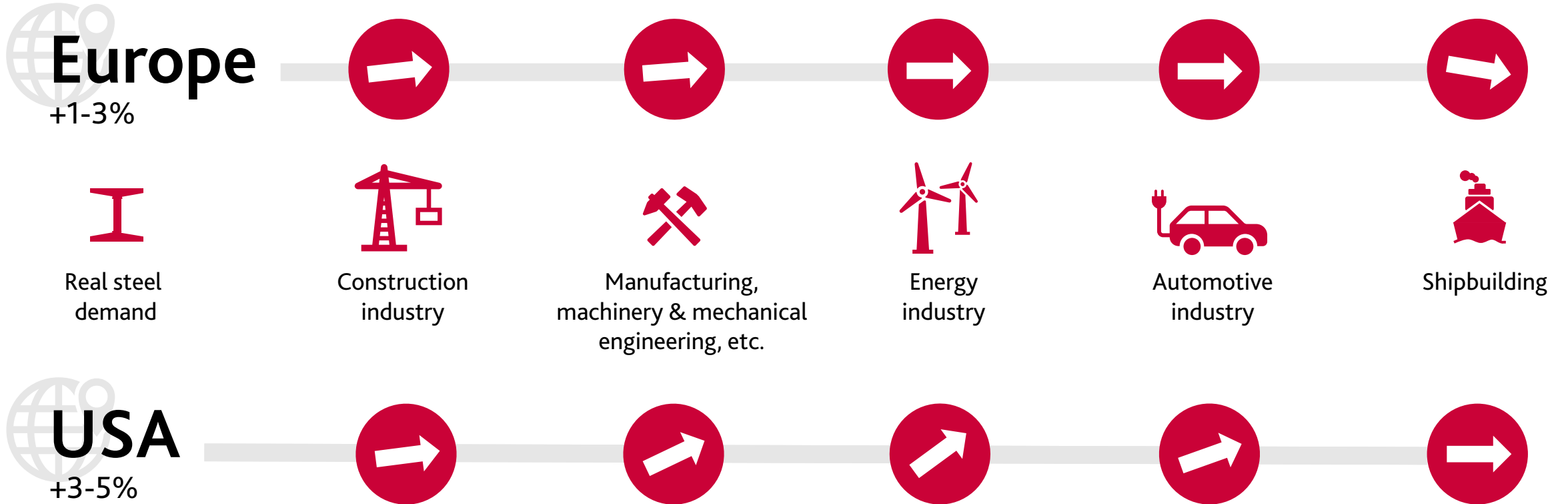
^{*)} Gearing = Net debt/Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 23, 2019.
^{**)} Incl. contract assets and supplier bonuses.
^{***)} Incl. contract liabilities and advance payments received.

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REGION SPECIFIC BUSINESS OUTLOOK 2022



OUTLOOK

Q2
2022

- Considerable increase in sales expected and shipment expectations stable to slightly increasing (qoq)
- EBITDA expectation of €180-240m before material special effects
- Strong and significantly positive operating cash flow expected

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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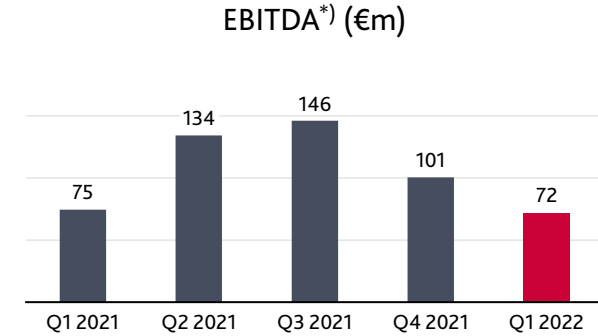
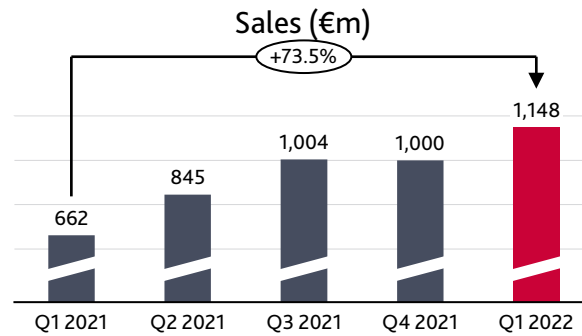
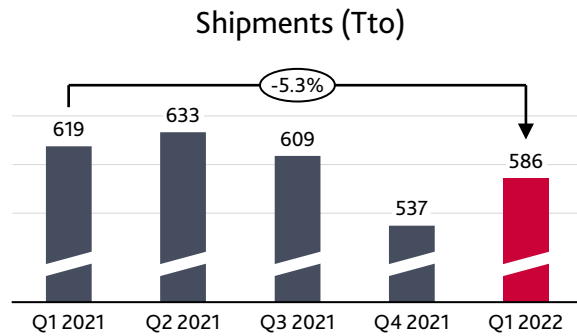
QUARTERLY AND FY RESULTS

(€m)	Q1 2022	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)	1,257	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	2,438	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)	100	45	-15	-88	-70	-42	-27	21	30	24	38	50	61	-128	-18	173	-172	-83
Gross profit	482	440	540	525	388	274	262	226	285	267	284	304	303	1,893	1,047	1,158	1,328	1,316
% margin	19.8	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	-228	-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	201	171	277	271	130	39	40	11	21	11	28	51	34	848	111	124	229	220
Material special effects	53	17	4	-1	11	15	-2	-72	0	-8	-7	31	0	-30	-59	15	-2	0
EBITDA rep.	254	188	280	270	141	54	38	-61	21	3	21	82	34	879	52	139	227	220
% margin	10.4	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.)	9	7	-2	-14	-8	-1	0	2	1	1	1	2	1	-16	1	5	-9	-3
EBIT	223	154	249	240	111	24	4	-109	-13	-35	-13	49	2	754	-93	2	141	130
Income from Investments	0	5	0	0	0	0	0	0	0	0	0	0	0	11	0	0	0	0
Financial result	-7	-6	-6	6	-6	-7	-7	-7	-9	-9	-11	-11	-10	-17	-30	-41	-34	-33
EBT	216	153	244	246	105	17	-3	-116	-22	-44	-24	37	-9	748	-124	-39	107	97
Income taxes	-44	-14	-55	-31	-19	5	-2	5	1	-7	1	-9	-1	-119	9	-16	-38	5
Net income	172	139	189	215	86	22	-5	-111	-21	-51	-23	28	-10	629	-114	-55	69	102
Minority interests	4	3	3	3	1	1	0	0	0	1	0	0	0	10	2	1	0	1
Net income KCO	168	136	185	212	85	21	-5	-111	-21	-51	-23	28	-10	619	-116	-56	69	101
EPS basic (€)	1.68	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 (€)	1.53	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 ^{*)}	2,258	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	999	762	348	303	363	351	427	476	563	445	634	684	820	762	351	445	383	330

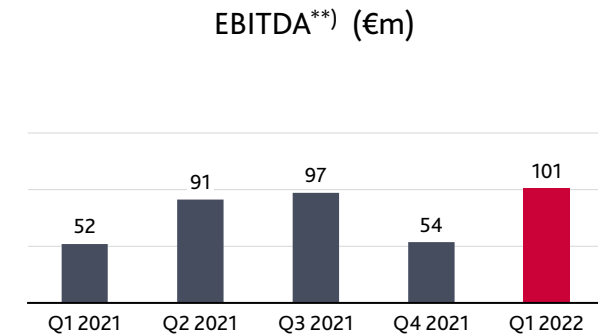
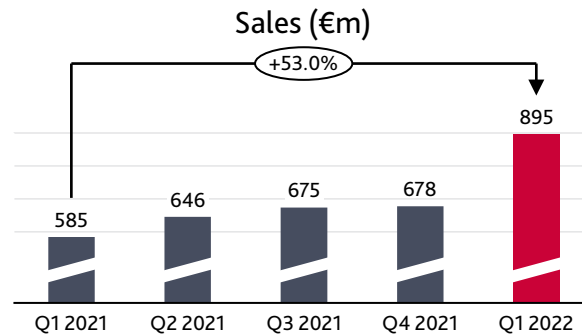
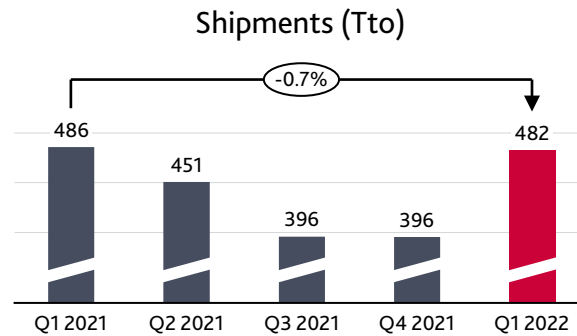
*) Since 2018 including supplier bonus receivables and contract assets.

SEGMENT PERFORMANCE

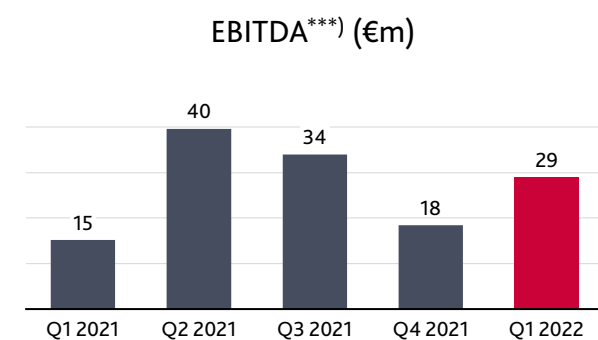
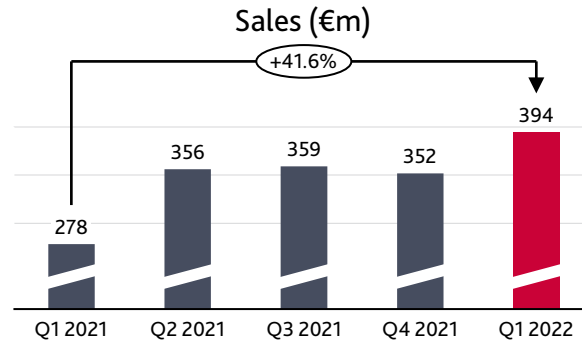
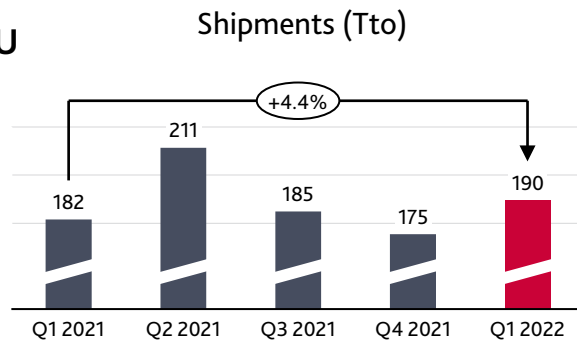
KM US



KM EU



KM Non-EU



*) Adjusted for material special effects in Q1, Q2 2021 and Q1 2022. **) Adjusted for material special effects in Q1, Q2, Q3, Q4 2021 and Q1 2022. ***) Adjusted for material special effects in Q2 and Q4 2021 and Q1 2022.

MATURITY PROFILE

Facility (€m)	Committed Mar 31, 2022	Drawn amount	
		Mar 31, 2022	Dec 31, 2021
Syndicated Loan	250	183	36
ABS Europe ¹⁾	300	203	189
ABL USA ²⁾	405	303	240
Convertible 2016	148	142	142
Bilateral Facilities ³⁾	191	98	57
Leases	151	151	156
Total Debt	1,445	1,080	820
Cash		82	58
Net Debt		999	762

1) Increase of facility from €220m to €300m in April 2022.

2) Increase of facility from \$330m to \$450m in March 2022.

3) Mainly Switzerland.

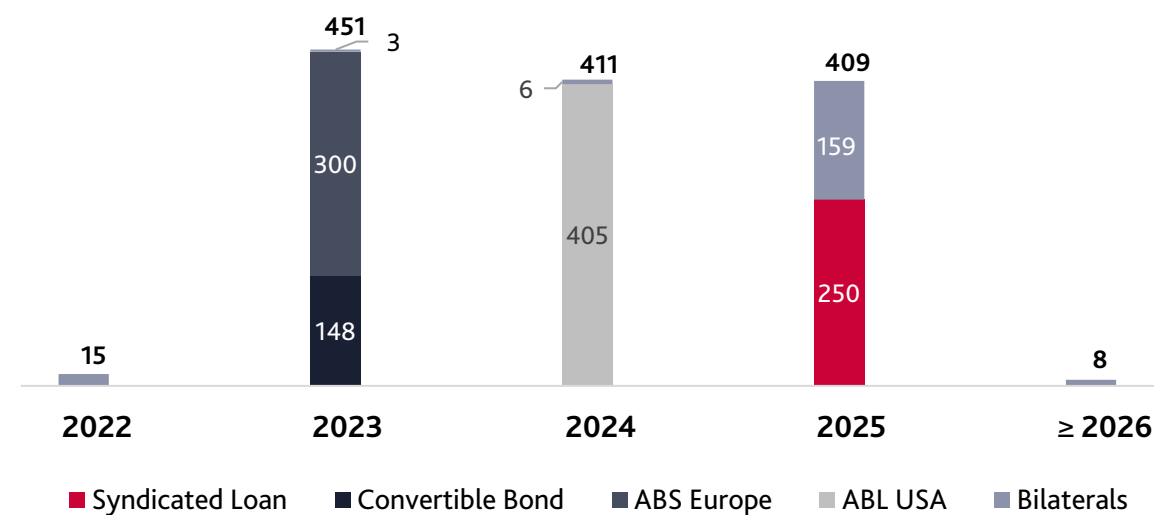
4) Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 23, 2019.

5) Net debt as reported/Adjusted equity.

6) Net debt as reported/LTM EBITDA before material special effects.

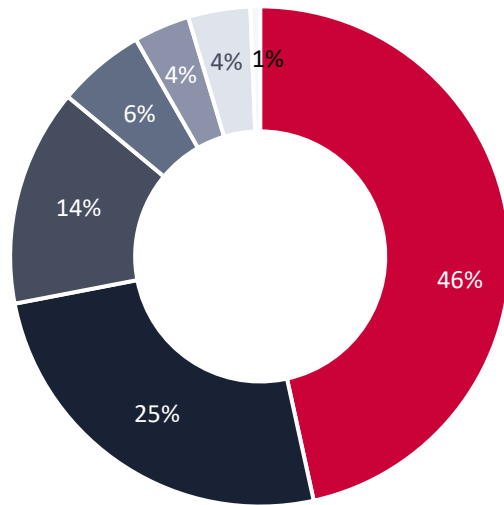
€m	Mar 31, 2022
Adjusted equity ⁴⁾	1,942
Net Debt	999
Gearing ⁵⁾	51%
Leverage ⁶⁾	1.1x

Maturity profile (excl. leasing) in €m, March 31, 2022



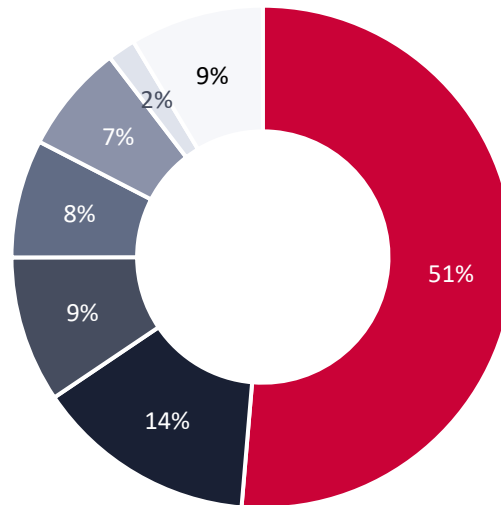
SALES BY MARKETS, PRODUCTS AND INDUSTRIES

Sales by markets



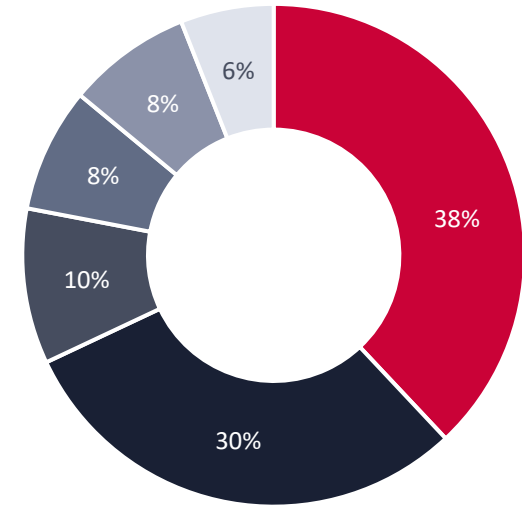
- USA
- Germany/Austria
- Switzerland
- France
- Benelux
- UK
- Brazil

Sales by products



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

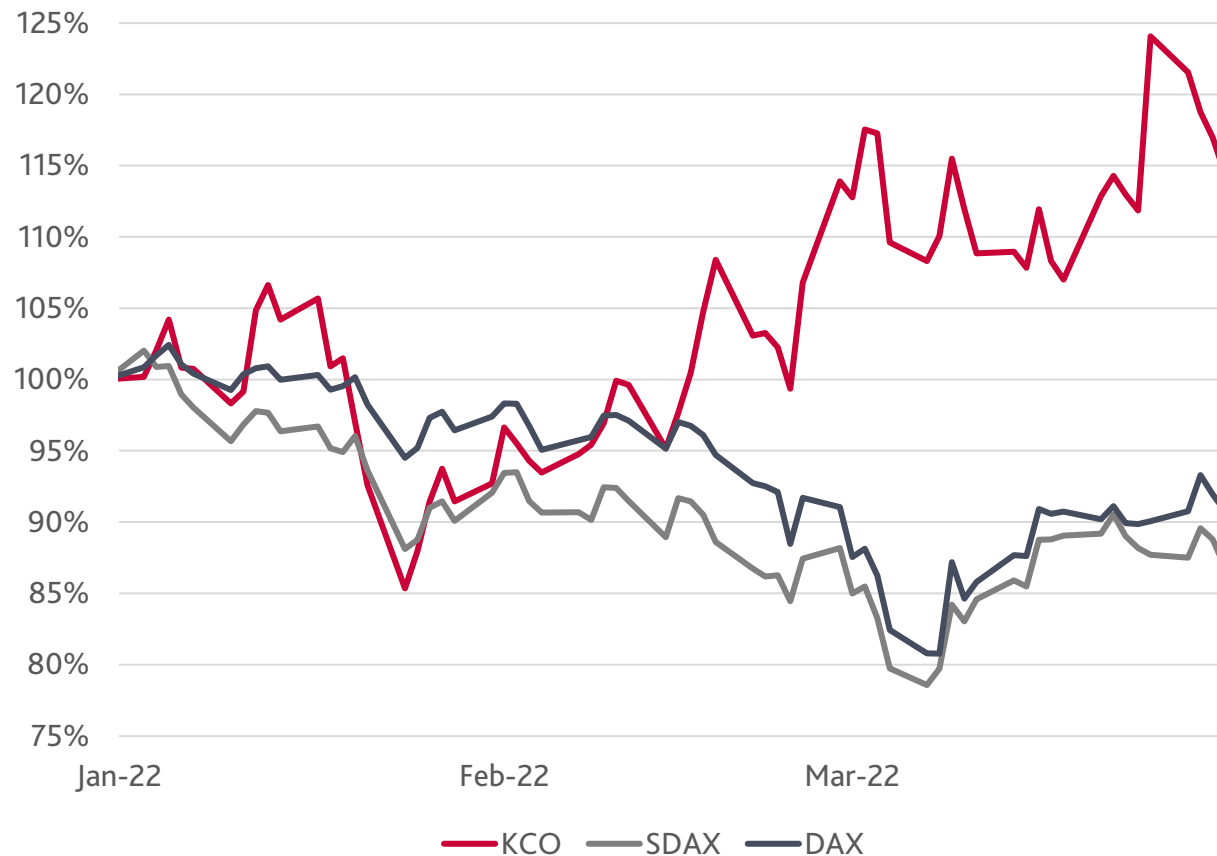
Sales by industries



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

As of December 31, 2021.

SHARE PRICE PERFORMANCE IN Q1 2022



- The capital market environment remained volatile throughout Q1 2022, especially due to the escalation of the war in the Ukraine
- The share price of Klöckner & Co decreased in January 2022 reaching its lowest level of €9.15 on January 24
- The share price increased thereafter until end of Q1 2022 reaching its highest level of €13.30 on March 25
- It went out of trading at €12.26 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 and 2020
- Proposal to the Annual General Meeting on June 1, 2022 to pay a 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*)

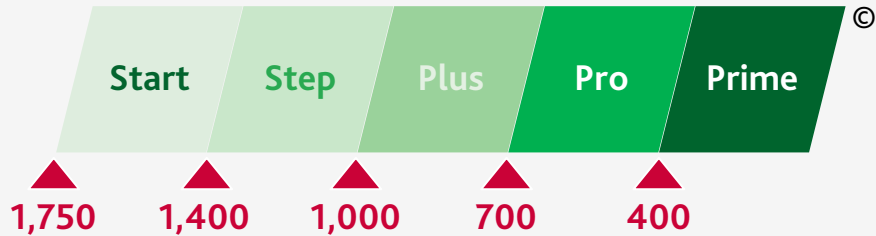
*) Proposal to the Annual General Meeting on June 1, 2022.

LEADING THE SUSTAINABILITY TRANSFORMATION - INTRODUCTION OF A CUSTOMER-CENTRIC METRIC FOR CO₂-REDUCED STEEL

Five categories differ by **carbon load**

One category differs by **method**

Carbon load thresholds
(in kg CO₂e/t finished steel product)



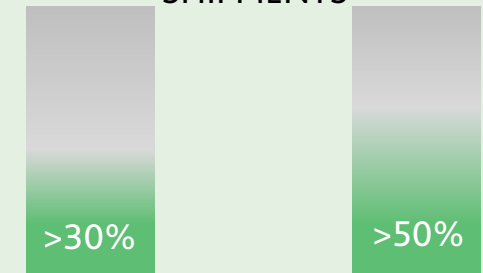
● Separate category for "balanced" green steel

- ✓ 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 CO₂ load categorization (compensation data as add-on)
Physical production emissions determine categorization

Our ambition

2025 2030

SHIPMENTS




>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 CO₂ annually

Felix Schmitz

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FINANCIAL CALENDAR

June 1, 2022

Annual General Meeting 2022

August 3, 2022

Half-yearly financial report 2022

November 3, 2022

Q3 quarterly statement 2022