

**klöckner & co**

Your partner for a  
sustainable tomorrow

# Q1 2023 RESULTS

Analysts' and Investors' Conference Call

May 3, 2023

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 the 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 2023

	Q1 2023	Q1 2022	Delta	
Shipments (Tto)	1,213	1,257	-3.6%	Slightly down yoy after exceptionally high demand in Q1 2022; very considerably up qoq (+15.9%)
Sales (€m)	2,076	2,438	-14.8%	Decrease due to lower price level yoy
Gross profit (€m)	357	482	-25.9%	Decrease due to less favorable price dynamics
EBITDA (€m)*	69	201	-132	Strong operating result despite challenging market environment
Oper. CF (€m)	64	-261	+325	Significantly positive OCF mainly due to smart NWC management
Net financial debt (€m)	539	999	-460	Nett debt significantly down yoy driven by NWC release

\*) Before material special effects.



A white Nexigen e-truck is driving on a multi-lane highway during sunset. The truck has a green and white livery with the 'nexigen' logo on the side. The background shows a forested landscape under a warm, orange-hued sky with the sun low on the horizon.

# UPDATE ON GROUP STRATEGY – CONTINUING OUR STRONG TRACK RECORD

## Launch of first Nexigen® e-truck in Germany

- Further proof point of our leadership role in a sustainable steel industry
- Sustainable solutions now include last mile of logistic and virtually emission-free deliveries to our customers
- Fully integrated in Nexigen® PCF Algorithm

## Progress on automation

- Continuing our strong focus on digitalization and automation of our value chain
- Kloeckner Assistant processed more than €280m of sales volume in Q1 2023



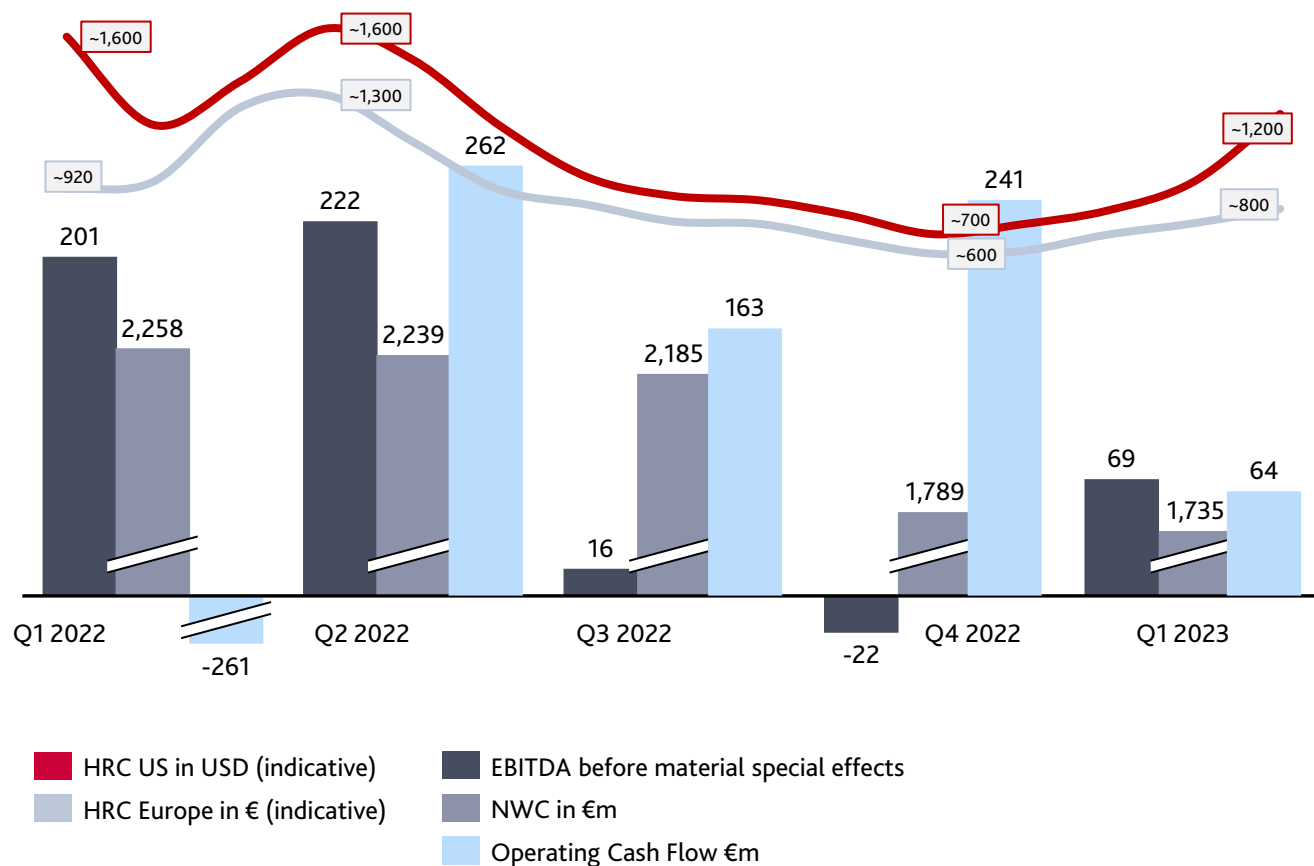
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# STRONG PERFORMANCE THROUGH THE CYCLE

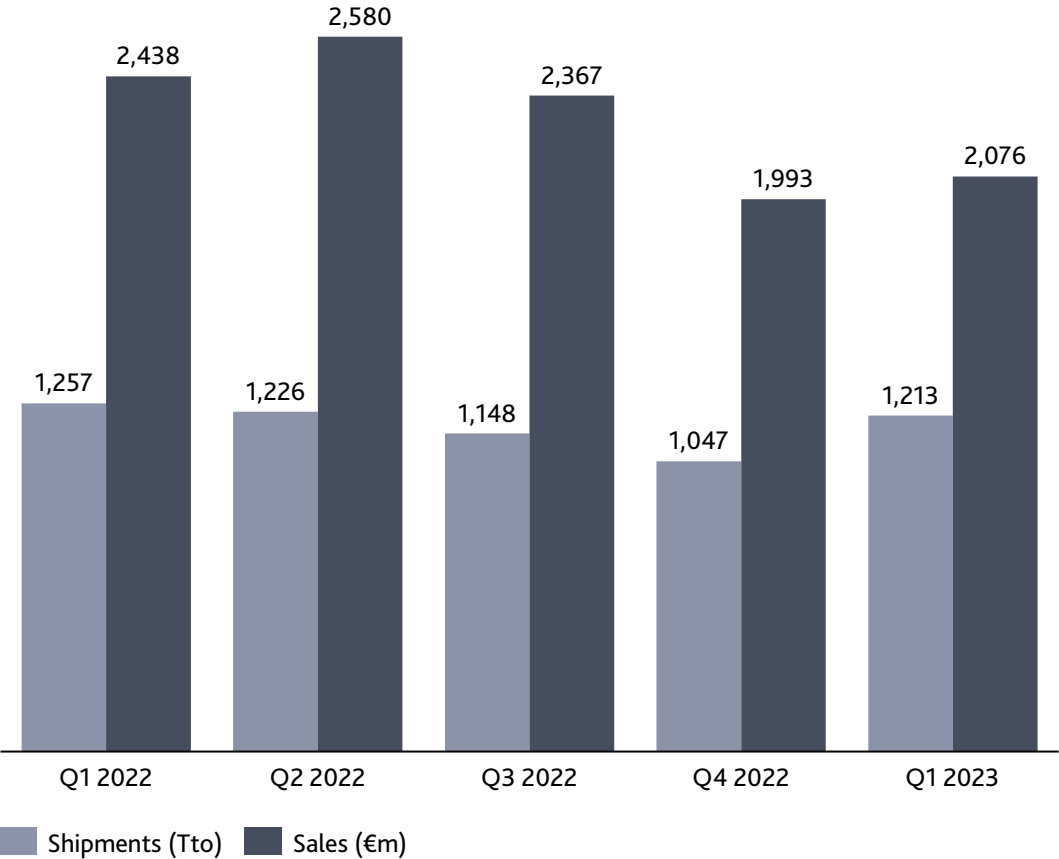
## Smart net working capital management



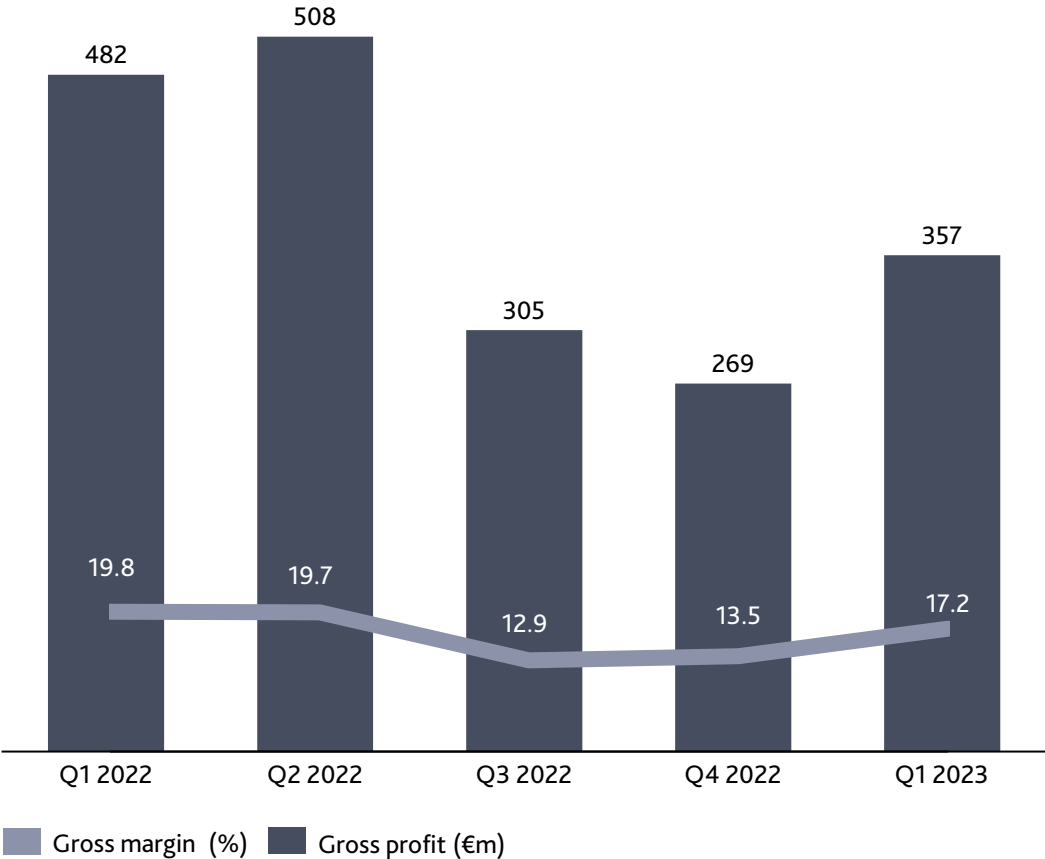
- Proactively enforced inventory reduction in H2 2022 enabled **resetting** of stock-prices while the **trough is behind us**
- Mitigated large parts of windfall losses during price correction over 2022 while generating strong cash flows
- **Strong operating result in Q1 2023** despite challenging market environment
- Further lean management of our inventories
- **Significantly positive operating cash flow expected** for FY 2023

# SHIPMENTS, SALES AND GROSS PROFIT

Shipments & Sales

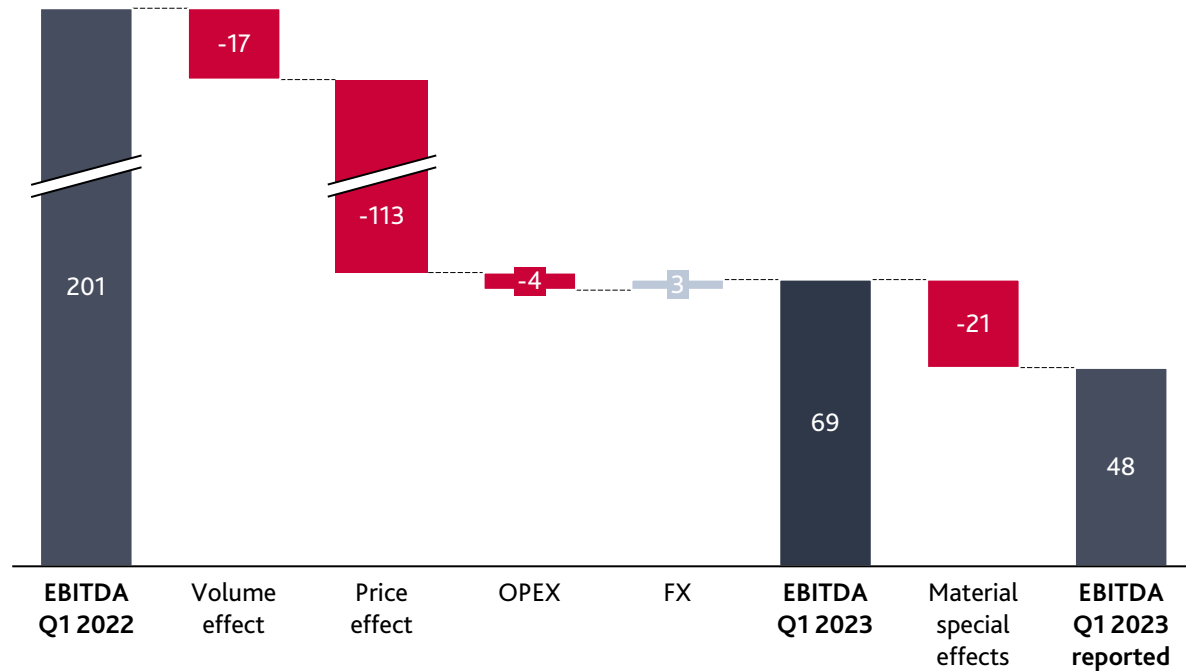


Gross profit & Gross margin





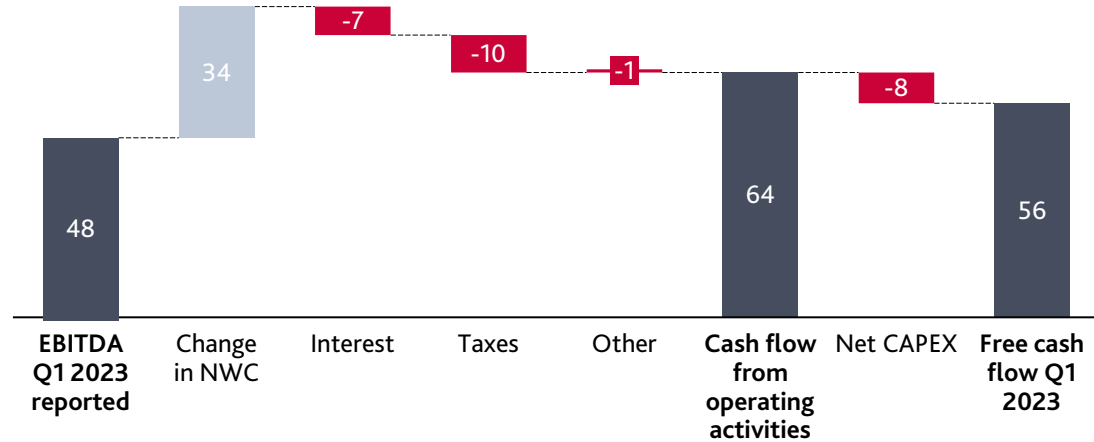
## EBITDA (€M) IN Q1 2023



- Strong operating result in Q1 2023 despite challenging environment
- Down yoy due to less pronounced price dynamics, however, very considerably up qoq
- Negative volume effect mainly due to exceptionally high demand in Q1 2022
- Negative price effect due to the overall lower price level
- OPEX up especially driven by shipping & operating costs
- Positive FX-effects of €3m
- Material special effects of €21m mainly relate to the implementation of the growth-oriented hub structure initiative in France

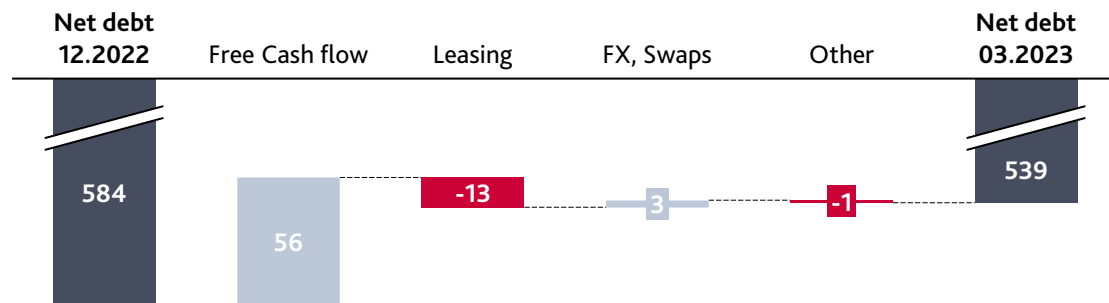
# CASH FLOW AND NET DEBT DEVELOPMENT

## Cash flow Q1 2023 (€m)



- EBITDA reported of €48m
- NWC decrease of €34m mainly due to disciplined NWC management
- Strong cash flow from operating activities of €64m
- Net CAPEX of €8m
- Free cash flow of €56m

## Net financial debt 12.2022 vs 03.2023 (€m)



- Net financial debt down from €584m to €539m mainly due to NWC decrease



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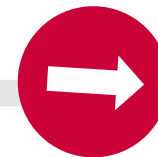
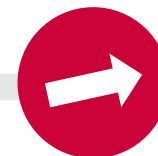


# REGION SPECIFIC BUSINESS OUTLOOK 2023



## Europe

0-2%



Real steel  
demand



Construction  
industry



Manufacturing,  
machinery & mechanical  
engineering, etc.



Energy  
industry



Automotive  
industry

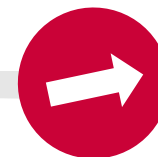
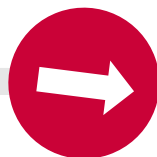


Shipbuilding



## North America

0-2%





# OUTLOOK

**Q2**  
2023

- EBITDA expectation of €60-110m before material special effects
- Positive cash flow from operating activities anticipated

**FY**  
2023

- Shipments expected to increase considerably yoy; sales expected to come in below prior-year level due to lower expected overall price level
- EBITDA before material special effects anticipated at strong level and significantly positive operating cash flow expected, but both below previous year's level

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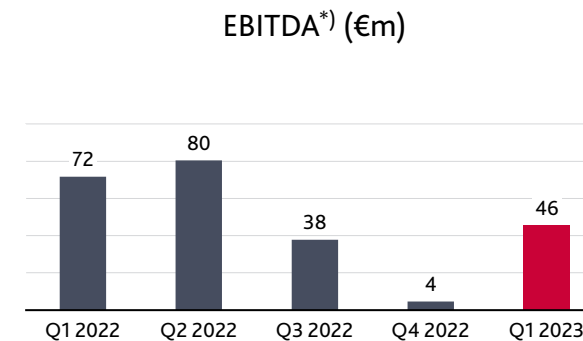
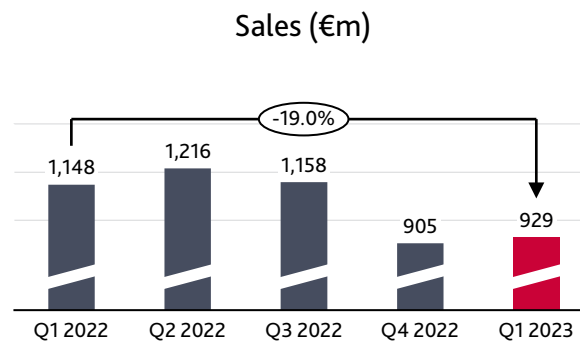
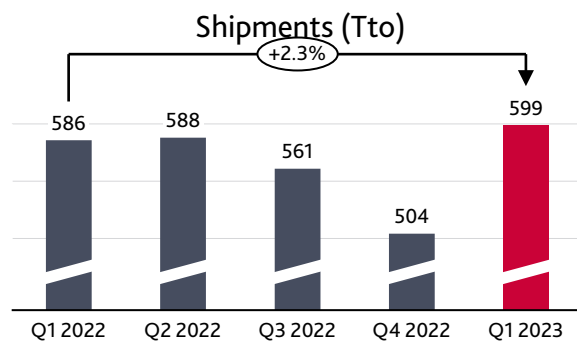
# QUARTERLY AND FY RESULTS

(€m)	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Shipments (Tto)	1,213	1,047	1,148	1,226	1,257	1,108	1,190	1,295	1,287	1,195	1,242	1,070	1,365	4,679	4,881	4,873	5,648	6,107
Sales	2,076	1,993	2,367	2,580	2,438	2,030	2,038	1,847	1,525	1,232	1,279	1,171	1,448	9,379	7,441	5,130	6,315	6,790
Gross profit	357	269	305	508	482	440	540	525	388	274	262	226	285	1,563	1,893	1,047	1,158	1,328
% margin	17.2	13.5	12.9	19.7	19.8	21.7	26.5	28.4	25.4	22.2	20.5	19.3	19.7	16.7	25.4	20.4	18.3	19.6
EBITDA bef. material special effects	69	-22	16	222	201	171	277	271	130	39	40	11	21	417	848	111	124	229
Material special effects	-21	11	0	1	53	17	4	-1	11	15	-2	-72	0	64	-30	-59	15	-2
EBITDA rep.	48	-12	16	223	254	188	280	270	141	54	38	-61	21	481	879	52	139	227
% margin	2.3	-0.6	0.7	8.6	10.4	9.3	13.7	14.6	9.2	4.4	3.0	-5.2	1.5	5.1	11.8	1.0	2.2	3.3
EBITDA rep. (curr. eff.)	4	0	9	12	9	7	-2	-14	-8	-1	0	2	1	31	-16	1	5	-9
EBIT	13	-49	-18	191	223	154	249	240	111	24	4	-109	-13	348	754	-93	2	141
Income from Investments	-2	0	1	4	0	5	1	4	0	0	0	0	0	6	11	0	0	0
Financial result	-8	-11	-8	-8	-7	-6	-6	2	-6	-7	-7	-7	-9	-34	-17	-30	-41	-34
EBT	3	-60	-25	188	216	153	244	246	105	17	-3	-116	-22	319	748	-124	-39	107
Income taxes	-11	18	3	-37	-44	-14	-55	-31	-19	5	-2	5	1	-60	-119	9	-16	-38
Net income	-8	-42	-22	151	172	139	189	215	86	22	-5	-111	-21	259	629	-114	-55	69
Minority interests	0	0	0	2	4	3	3	3	1	1	0	0	0	6	10	2	1	0
Net income KCO	-8	-42	-22	149	168	136	185	212	85	21	-5	-111	-21	253	619	-116	-56	69
EPS basic (€)	-0.08	-0.42	-0.22	1.50	1.68	1.37	1.86	2.13	0.85	0.21	-0.05	-1.11	-0.21	2.54	6.21	-1.16	-0.56	0.68
EPS diluted (€)	-0.08	-0.39	-0.18	1.36	1.53	1.24	1.68	1.88	0.78	0.20	-0.05	-1.11	-0.21	2.32	5.58	-1.16	-0.56	0.66
NWC	1,735	1,789	2,185	2,239	2,258	1,813	1,559	1,282	1,107	967	1,062	1,135	1,228	1,789	1,813	967	1,119	1,277
Net debt	539	584	806	903	999	762	348	303	363	351	427	476	563	584	762	351	445	383

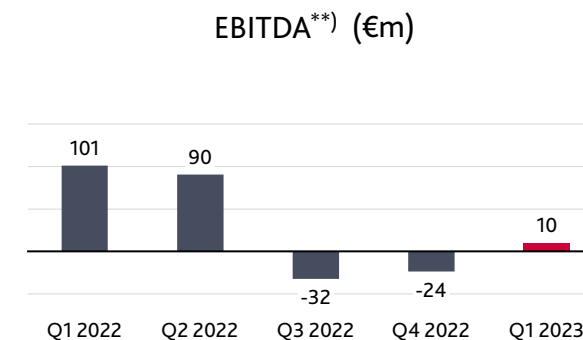
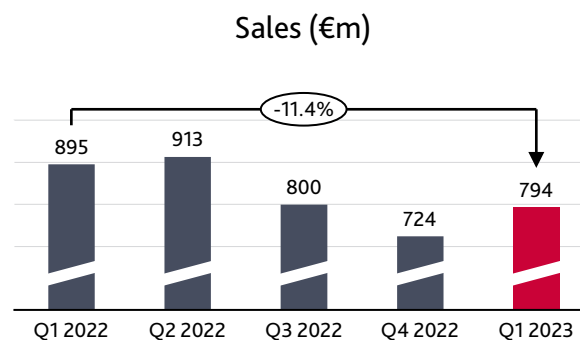
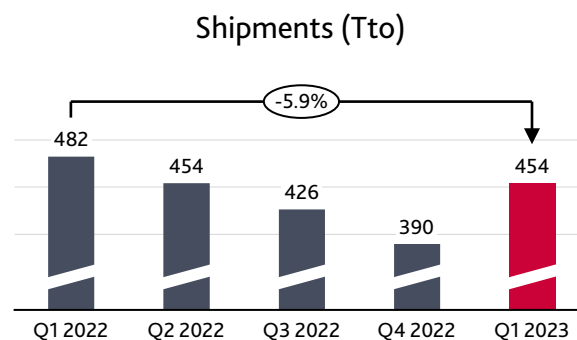
\*) Since 2018 including supplier bonus receivables and contract assets.

# SEGMENT PERFORMANCE

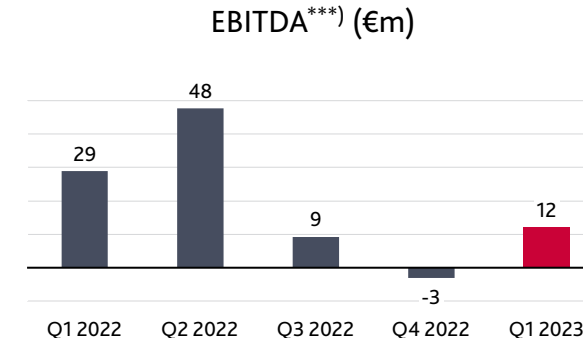
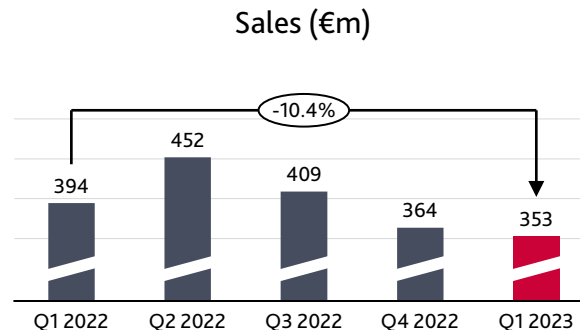
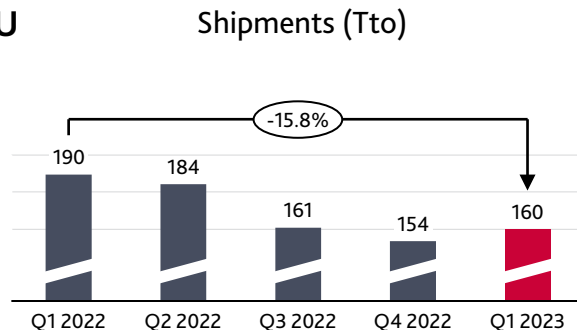
## KM US



## KM EU



## KM Non-EU

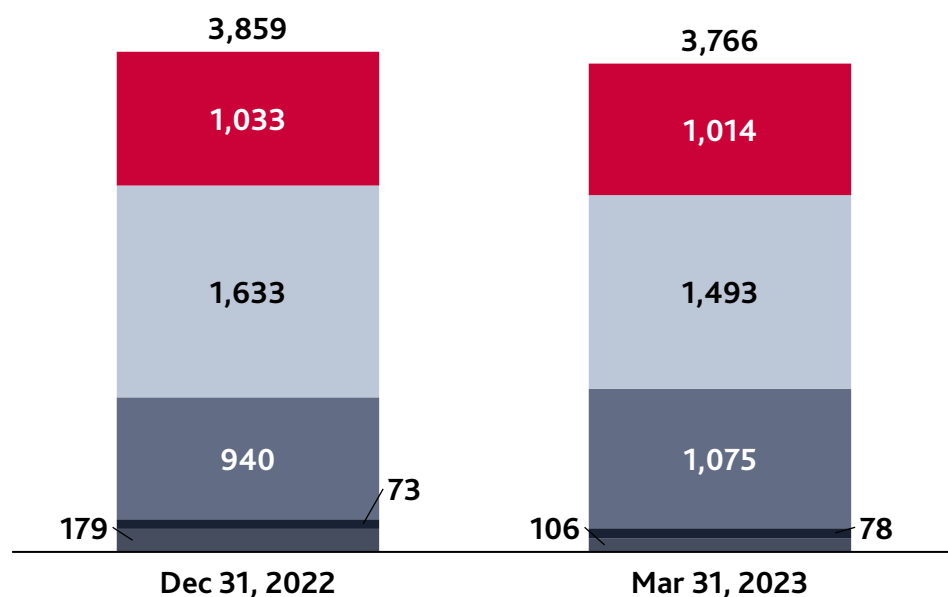


\*) Adjusted for material special effects in Q1 2022. \*\*) Adjusted for material special effects in Q1 2022, Q2 2022, Q4 2022 and Q1 2023. \*\*\*) Adjusted for material special effects in Q1 2022, Q2 2022.

# STRONG AND SOLID BALANCE SHEET

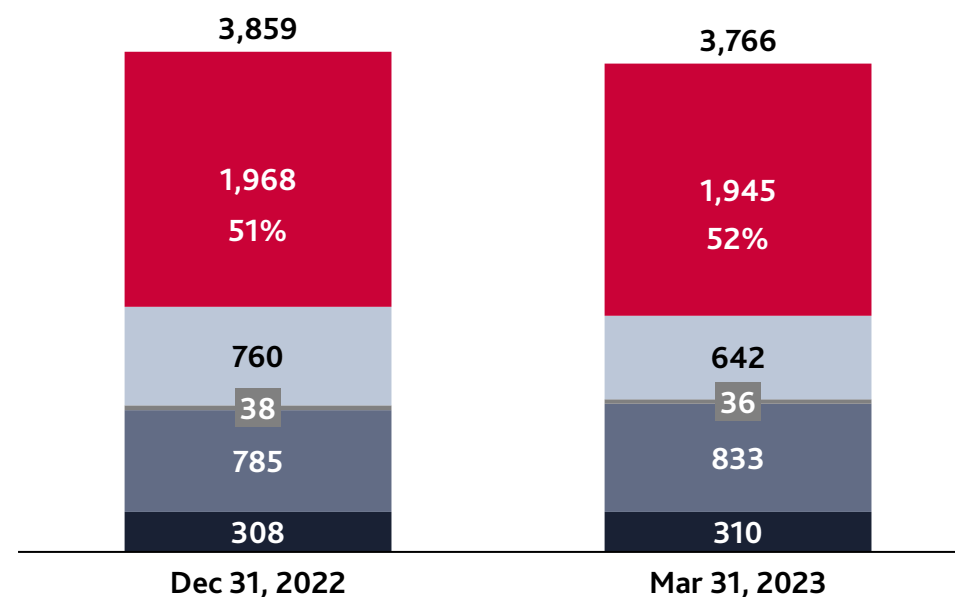
**Solid equity ratio of 52%, gearing\* of 28% and leverage of 1.9x**

## Assets



■ Non-current assets   
 ■ Trade receivables\*\*   
 ■ Liquidity  
■ Inventories   
 ■ Other current assets

## Equity & Liabilities



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

\*) Gearing = Net financial debt / (Consolidated equity ./. non-controlling interests ./. goodwill resulting from acquisitions subsequent to May 23, 2019).

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

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



# MATURITY PROFILE

Facility (€m)	Committed Mar 31, 2023	Drawn amount	
		Mar 31, 2023	Dec 31, 2022
Syndicated Loan	250	5	25
ABS Europe <sup>1)</sup>	300	154	159
ABL USA	598	69	155
Convertible 2016 <sup>2)</sup>	141	139	139
Bilateral Facilities <sup>3)</sup>	193	113	120
Leases	165	165	165
<b>Total Debt</b>	<b>1,647</b>	<b>645</b>	<b>763</b>
Cash		106	179
<b>Net Debt</b>		<b>539</b>	<b>584</b>

1) Facility renewal in December 2022, effective date January 2023, maturity January 2026.

2) After repurchase of €7.1m (nominal) in July 2022.

3) Mainly Switzerland.

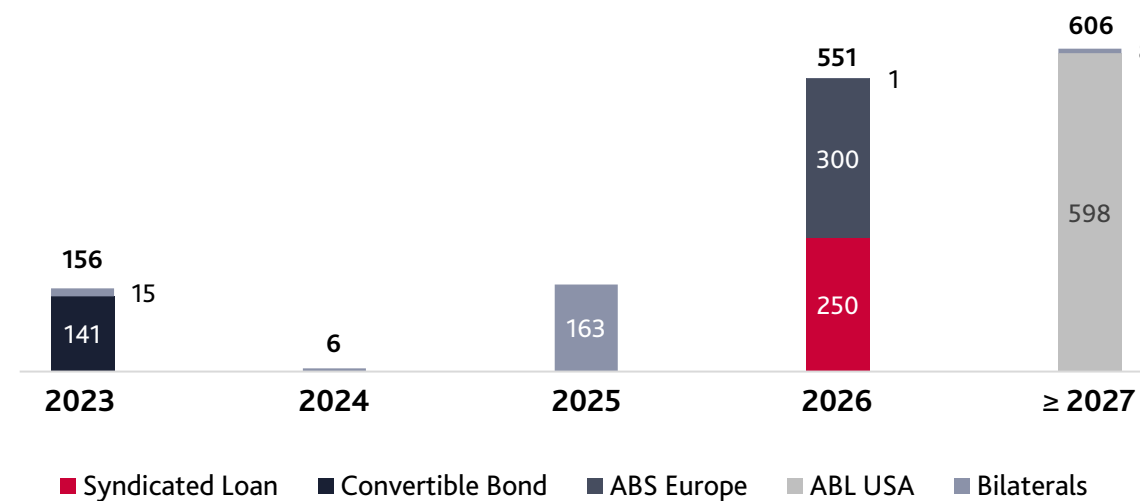
4) Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 23, 2019.

5) Net debt as reported/Adjusted equity.

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

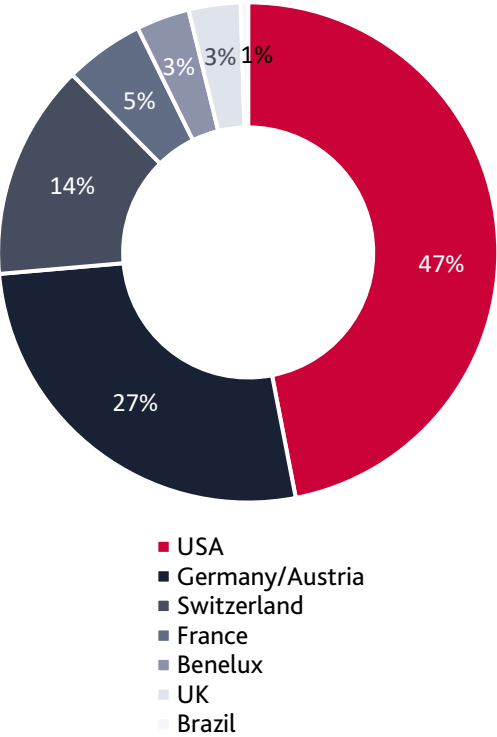
€m	Mar 31, 2023
Adjusted equity <sup>4)</sup>	1,931
Net Debt	539
Gearing <sup>5)</sup>	28%
Leverage <sup>6)</sup>	1.9x

## Maturity profile (excl. leasing) in €m, March 31, 2023

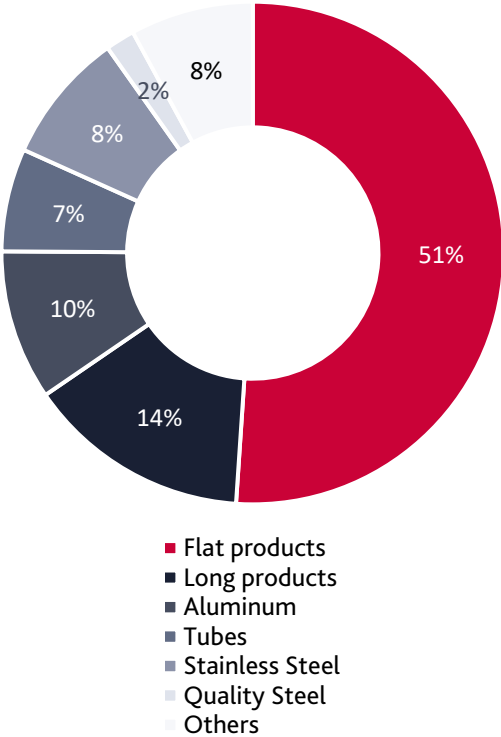


# SALES BY MARKETS, PRODUCTS AND INDUSTRIES

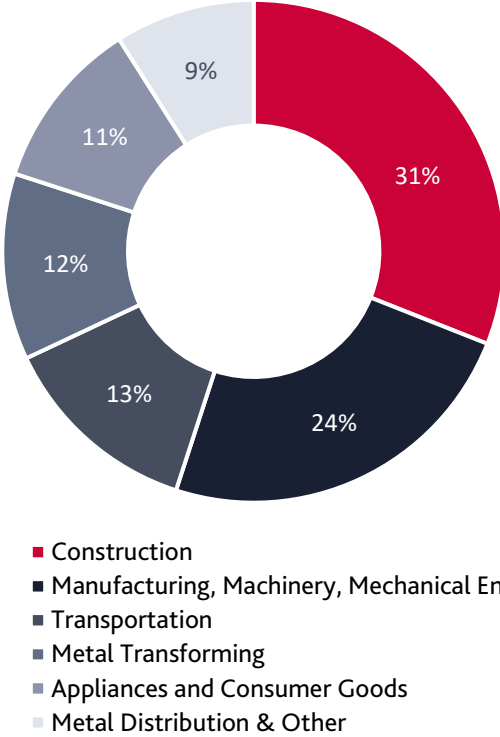
Sales by markets



Sales by products

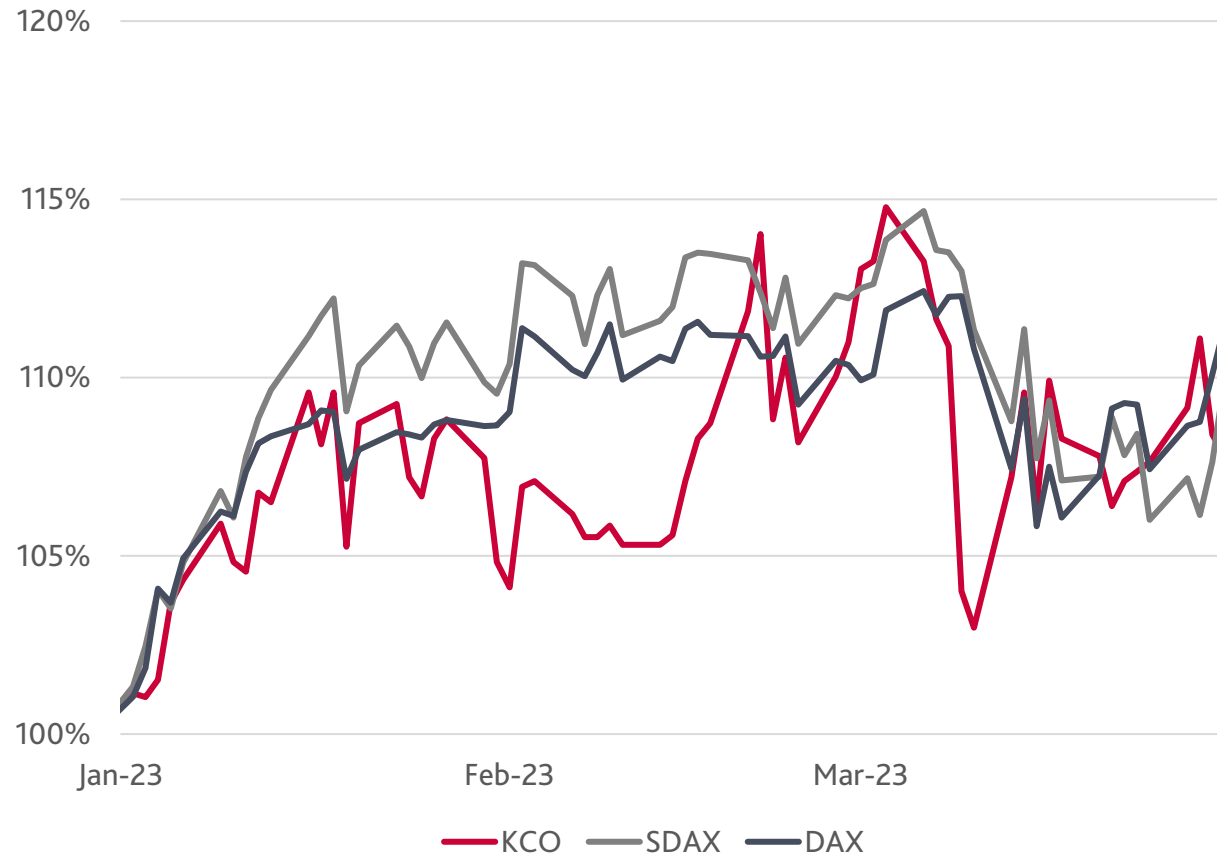


Sales by industries



As of December 31, 2022.

# SHARE PRICE PERFORMANCE IN Q1 2023



- The capital market environment remained volatile throughout Q1 2023, especially after the collapse of Silicon Valley Bank in the beginning of March
- The share price of Klöckner & Co increased in January after reaching its lowest level of €9.33 on January 2
- In February the share price increased further thereafter until beginning of March; reaching its highest level of €10.60 on March 3
- After it decreased sharply but stabilized afterwards and went out of trading at €9.91 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
- 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
- Record dividend of €1.00 for the financial year 2021
- Proposal to the Annual General Meeting on May 17, 2023 to pay dividend of €0.40 per share

## Dividend payment per share

2006	2007	2008 2009	2010	2011 2013	2014	2015	2016	2017	2018	2019 2020	2021	2022
€0.80	€0.80	-	€0.30	-	€0.20	-	€0.20	€0.30	€0.30	-	€1.00	€0.40*)

\*) Proposal to the Annual General Meeting on May 17, 2023

# OUR AMBITIOUS CLIMATE TARGETS



## SCOPE 1 & 2: OWN DIRECT AND INDIRECT EMISSIONS

Reduction of **50%**  
by 2030

Net zero by 2040

## SCOPE 3 UNDER DIRECT INFLUENCE

Reduction of **50%**  
by 2030

Net zero by 2040

## SCOPE 3 NOT UNDER DIRECT INFLUENCE

Reduction of **30%**  
by 2030

Net zero by 2050



## Carbon neutral from now on

In addition to the reduction measures, offsetting of Scope 1 & 2 emissions from 2022 onwards → atmosfair: "Gold Standard" projects



BALANCED

START

STEP

PLUS

PRO

PRIME

1750

1400

1000

700

400

0

Emission in kg CO<sub>2</sub> / t Steel

## LEADING THE SUSTAINABILITY TRANSFORMATION

- ✓ Methodology along international standards
- ✓ No offsetting included in CO<sub>2</sub> load categorization (compensation data as add-on)
- ✓ Emissions from raw material to production
- ✓ Separate category for "balanced" green steel

# NEXIGEN® STEEL CATEGORIZATION

## Six categorizations for transparent carbon emissions

We have developed a categorization for CO<sub>2</sub>-reduced steel so that customers can directly see the carbon footprint of their purchased product.

Our ambition **2025-2030**



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

We aim at reaching savings of more than **4 million tons of CO<sub>2</sub>** annually

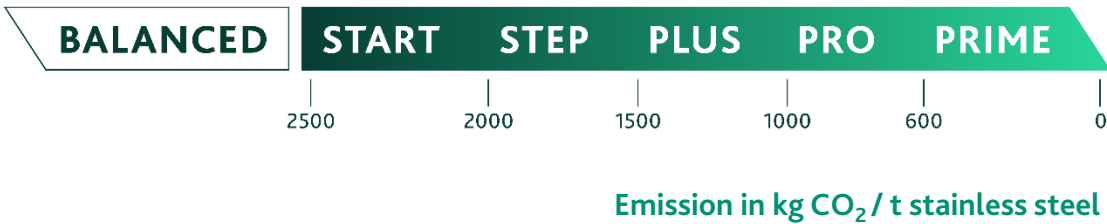




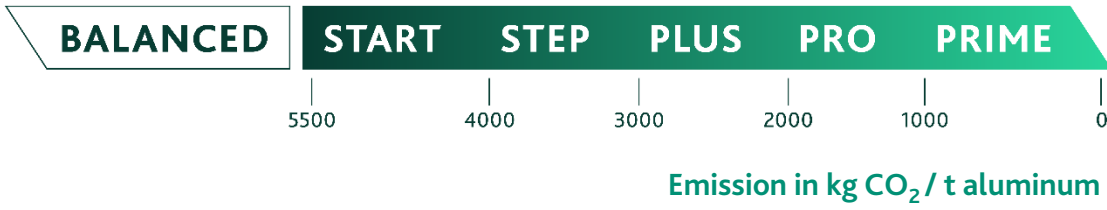
# A COMPREHENSIVE APPROACH

## Nexigen® categorizations for stainless steel & aluminum

### Stainless Steel



### Aluminum



## Felix Schmitz

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Head of Strategic Sustainability

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## FINANCIAL CALENDAR

May 17, 2023  
Annual General Meeting 2023

August 2, 2023  
Half-yearly financial report 2023

October 31, 2023  
Q3 quarterly statement 2023