

Q2 2023 RESULTS

Analysts' and Investors' Conference Call

August 2, 2023

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 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 Q2 2023

	Q2 2023	Q2 2022	Delta	
Shipments (Tto)	1,158	1,226	-5.5%	Down yoy due to challenging market environment, especially in Europe
Sales (€m)	1,967	2,580	-23.8%	Decrease due to considerably lower average price level yoy
Gross profit (€m)	335	508	-34.1%	Down yoy due to less favorable price dynamics
EBITDA ^{*)} (€m)	63	222	-159	Solid EBITDA-performance despite challenging market environment and negative price effects due to steel price correction
Oper. CF (€m)	31	262	-231	Positive OCF due to consistent NWC management
Net financial debt (€m)	596	903	-307	Significantly deleveraged yoy, driven by NWC release

^{*)} Before material special effects.

SIGNIFICANTLY EXTENDING HIGHER VALUE-ADDED PRODUCTS AND SERVICES PORTFOLIO IN NORTH AMERICA

Closing of acquisition of **National Material of Mexico (NMM)** creates leading flat rolled player in North America

- NMM as HVAB pure play **immediately value accretive**
- Accessing highly attractive GO as well as NGO-electrical steel market through acquisition

Investment to expand capacity at AFI

- Relocation into larger facility to increase prefabrication capacity
- Accommodating expansion plans for new customer demands
- Serving large OEM customer base while preparing for future growth

On-campus facility at new Nucor steel mill

- Ramp up of exclusive on-campus facility at Nucor steel mill in Brandenburg, KY, on track; to be set into operation by end of 2023
- Enabling sustainable, innovative and complex solutions while extending range of higher value-added services

Investment in Stretcher Leveler in Charleston, SC

- Providing memory-free sheet for heavy equipment and machinery as well as transportation industry
- Promoting further growth, downstream value and margin opportunities across all markets and regions

Establishing unrivaled product offering in North America

TRANSFORMATION OF OUR EUROPEAN DISTRIBUTION BUSINESS - ACCELERATING FURTHER EXPANSION INTO HIGHER VALUE-ADDED BUSINESS

Transforming commodity warehouses into HVAB powerhouses

- Continued commitment to expanding state-of-the-art laser capabilities to meet growing customer demand
- **Establish 2nd leading laser center** in Duisburg, Germany, by investing in three additional tube lasers to complement our laser services in Velten, Germany
- **Investment in flat bed laser** in Kassel, Germany
 - Expansion into market segment for plate with specific thicknesses in Europe and significantly extending service portfolio
 - Enabling future growth by serving the mechanical engineering industry with focus on agricultural machinery, truck construction and rail transport

Automated vision-guided deburring robot set into operation in Bremen, Germany

- Significantly increasing capacity for post plasma-cutting processing
- Europe-wide unique robot demonstrates leadership role

Müller Wüst AG acquisition through Swiss subsidiary Debrunner Acifer

- Now offering unique method for modelling sanitary / HVAC application scenarios with digital working and installation planning ("digital twin")
- Closing gaps in current pre-fabrication setup in Switzerland

Improving the profitability base while reducing underlying volatility

LEADING THE SUSTAINABILITY TRANSFORMATION

Launch of Nexigen® Data Services

- Offering smart and digital management of CO₂-emissions and Product Carbon Footprints (PCFs)
 - Built on and driven by the Nexigen® PCF Algorithm
- Solution offers extended PCF order history as well as transparent insights
- Recommendation of specific CO₂-reduced material alternatives pave the way for customers to create greener offers on their side
- Blockchain technology enables high degree of data integrity and resiliency

Extended partner network & product offering

- Two additional partnerships for CO₂-reduced steel; First access to high-grade CO₂-reduced quality steel
- Strengthening our role as a pioneer in the sustainable steel industry

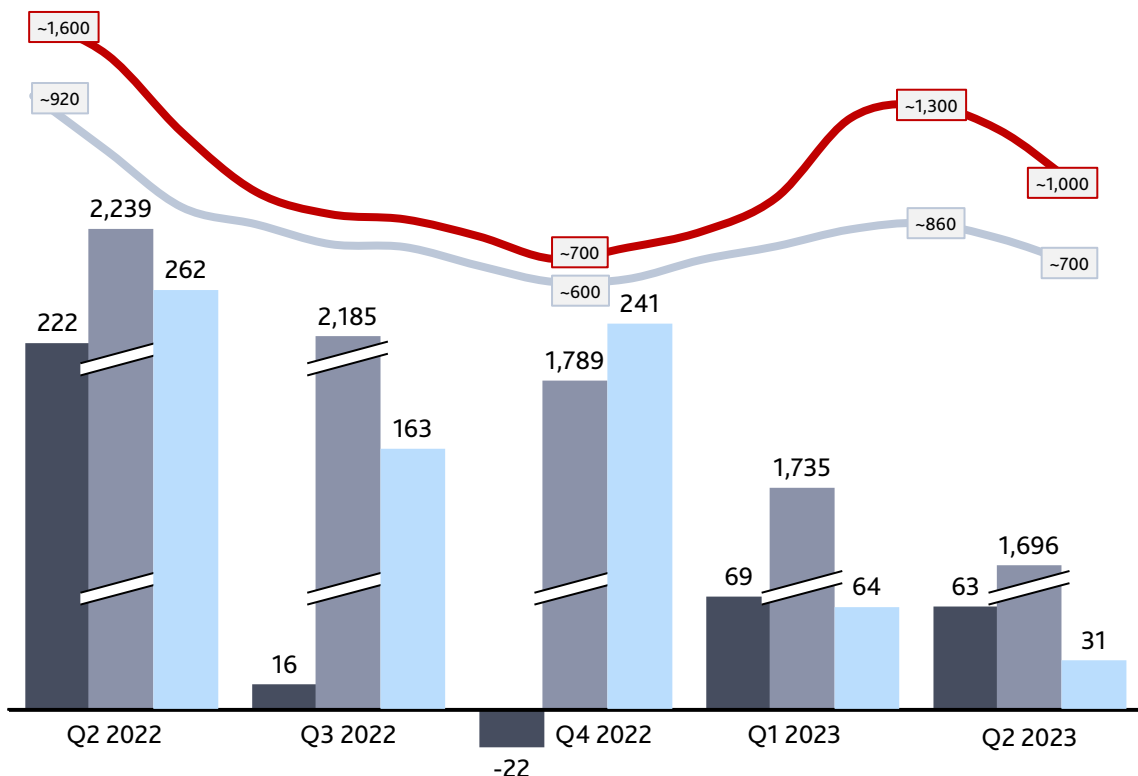
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SOLID OPERATING PERFORMANCE AND SIGNIFICANTLY DE-RISKED DESPITE CHALLENGING MARKET ENVIRONMENT

Proactive working capital management

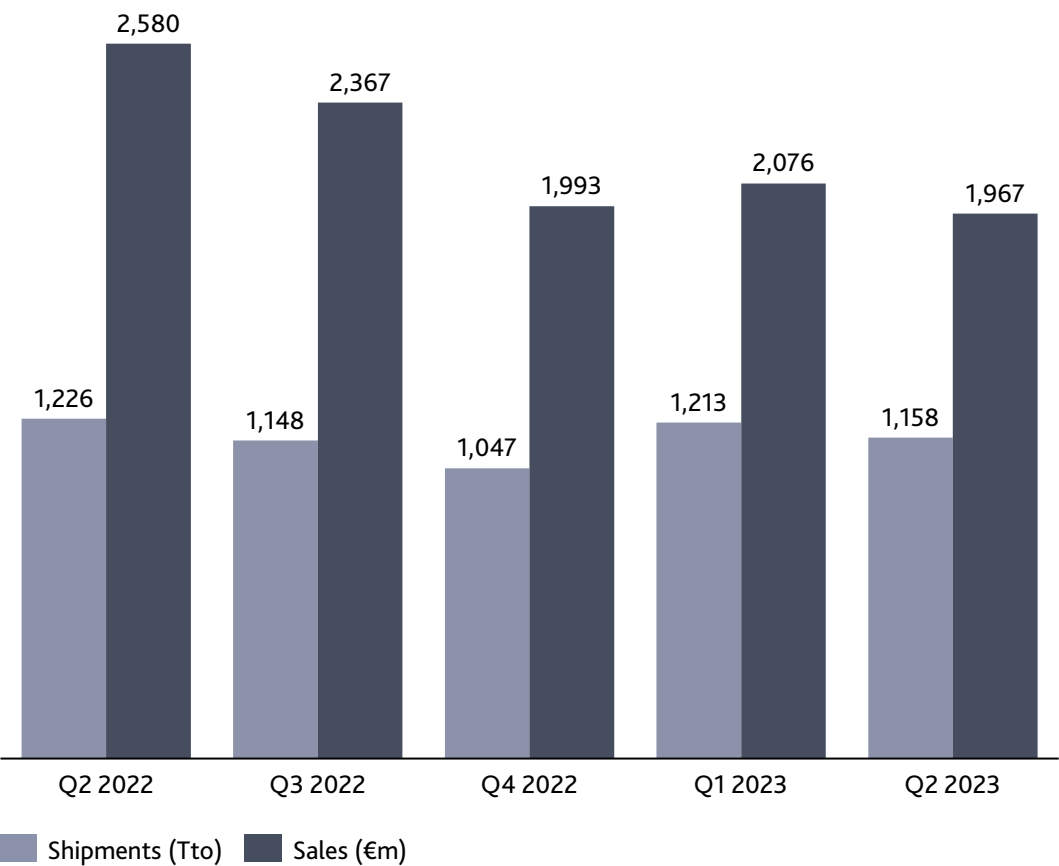


■ HRC US in USD (indicative) ■ EBITDA before material special effects in €m
■ HRC Europe in € (indicative) ■ NWC in €m
■ Operating cash flow in €m

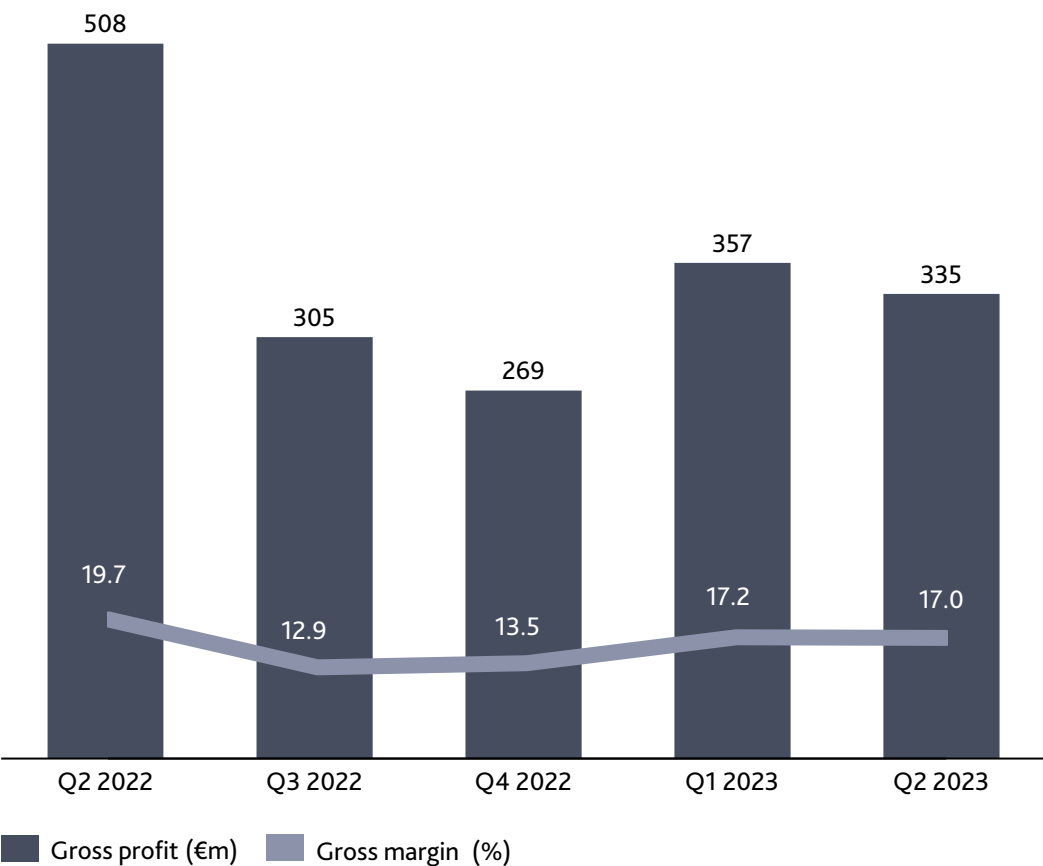
- **Solid operating result** achieved in Q2 2023 and again **positive operating cash flow** despite challenging market environment
- Proactive inventory reduction **mitigated large parts of negative price risks** during significant steel price correction
 - Prices stabilized at the end of Q2 2023 and the trough is now behind
- Managing our inventories lean and disciplined while expecting a strong and significantly positive cash flow for FY 2023
- Consistent cost management in H2 in response to ongoing challenging environment
- Progress in digitalization and automation strategy to complement efficiency initiatives
 - Digital quotes more than doubled yoy in H1 2023
 - Enabling salespeople to focus on business opportunities

SHIPMENTS, SALES AND GROSS PROFIT

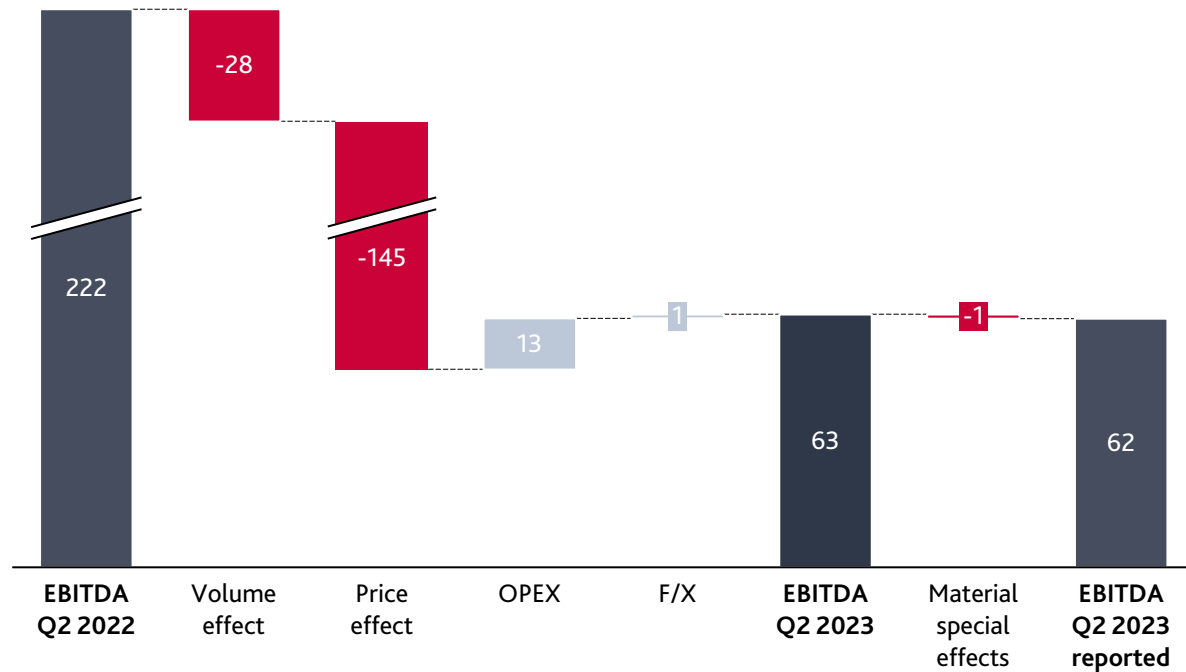
Shipments & Sales



Gross profit & Gross margin



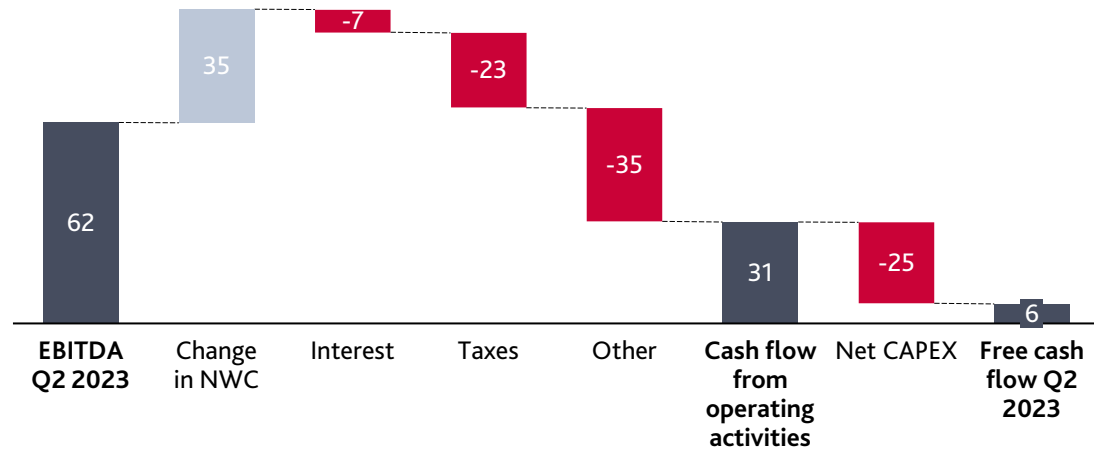
EBITDA (€M) IN Q2 2023



- Solid EBITDA-performance despite challenging market environment
- Negative volume effect due to muted demand in the light of the price correction and challenging macroeconomic environment, particularly in Europe
- Negative price effect due to significant steel price correction in Q2 and overall lower price level yoy
- OPEX down, mainly driven by lower personal expenses & shipping, operating costs

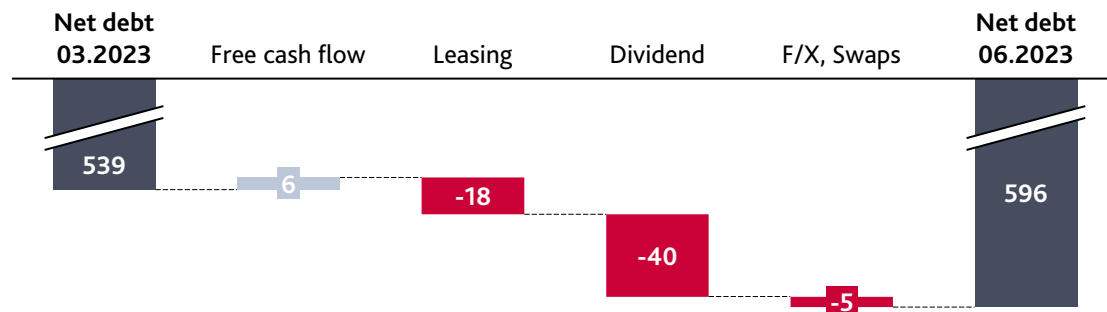
CASH FLOW AND NET DEBT DEVELOPMENT

Cash flow Q2 2023 (€m)



- EBITDA reported of €62m
- NWC decrease of €35m mainly due to consistent NWC management
- Other of €35m mainly relates to other taxes and VAT payments
- Strong cash flow from operating activities of €31m
- Net CAPEX of €25m
- Free cash flow of €6m

Net financial debt 03.2023 vs 06.2023 (€m)



- Net financial debt up qoq from €539m to €596m mainly due to dividend payment partly offset by positive cash flow
- However, significantly deleveraged yoy

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REGION SPECIFIC BUSINESS OUTLOOK 2023

North America +1-3%



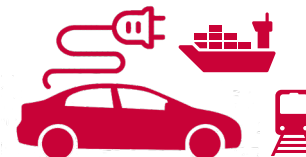
Real steel
demand



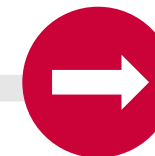
Construction
industry



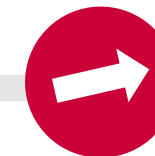
Manufacturing,
machinery & mechanical
engineering



Transportation

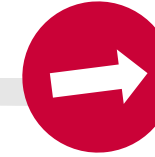
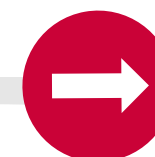


Household &
Commercial
Appliances



Energy
industry

Europe -2-0%



OUTLOOK

Q3
2023^{*)}

- Shipments and Sales expected to increase considerably qoq
- EBITDA expectation of €40-80m before material special effects

FY
2023^{*)}

- Shipments expected to increase slightly yoy; sales expected to be below prior-year due to lower overall price level
- EBITDA expectation of €220-280m before material special effects
- Strong and significantly positive operating cash flow expected

^{*)} The forecast has been prepared assuming the closing of the acquisition of National Material of Mexico on August 1, 2023.

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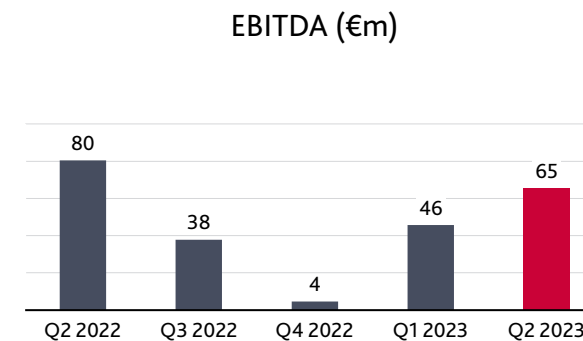
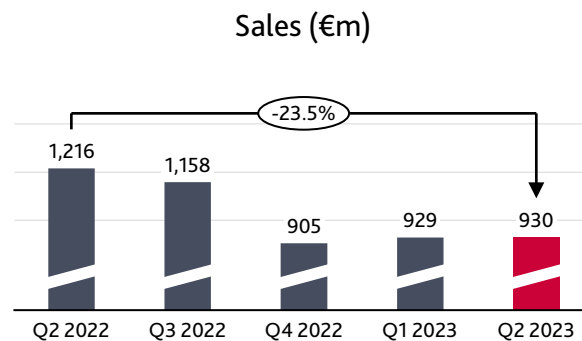
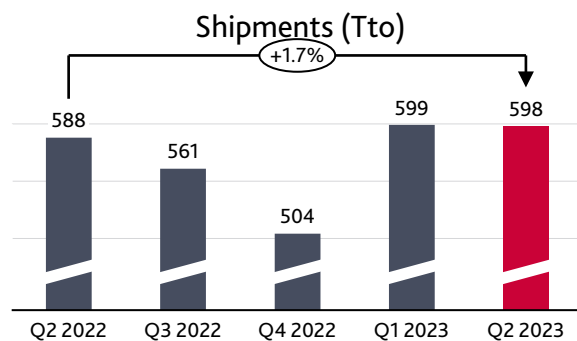


QUARTERLY AND FY RESULTS

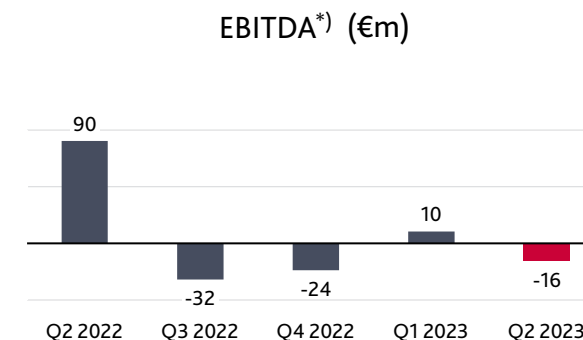
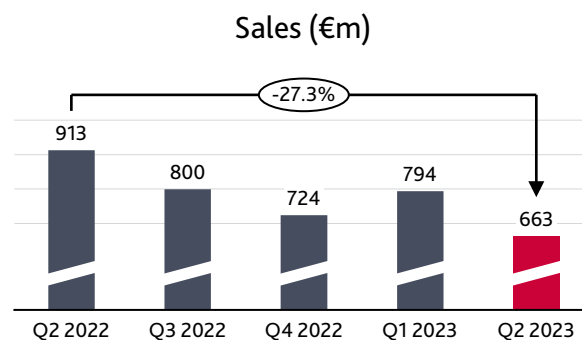
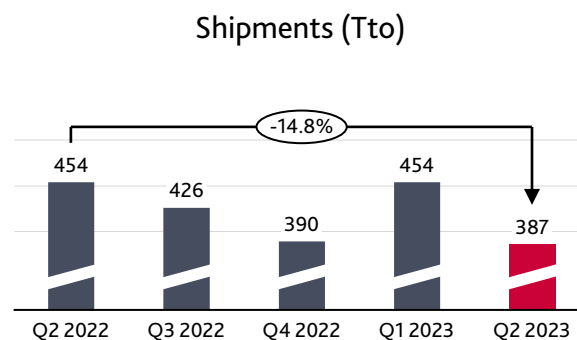
(€m)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Shipments (Tto)	1,158	1,213	1,047	1,148	1,226	1,257	1,108	1,190	1,295	1,287	1,195	1,242	1,070	1,365	4,679	4,881	4,873	5,648	6,107
Sales	1,967	2,076	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	335	357	269	305	508	482	440	540	525	388	274	262	226	285	1,563	1,893	1,047	1,158	1,328
% margin	17.0	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	63	69	-22	16	222	201	171	277	271	130	39	40	11	21	417	848	111	124	229
Material special effects	-1	-21	11	0	1	53	17	4	-1	11	15	-2	-72	0	64	-30	-59	15	-2
EBITDA rep.	62	48	-12	16	223	254	188	280	270	141	54	38	-61	21	481	879	52	139	227
% margin	3.2	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.)	0	4	0	9	12	9	7	-2	-14	-8	-1	0	2	1	31	-16	1	5	-9
EBIT	32	13	-49	-18	191	223	154	249	240	111	24	4	-109	-13	348	754	-93	2	141
Income from Investments	0	-2	0	1	4	0	5	1	4	0	0	0	0	0	6	11	0	0	0
Financial result	-8	-8	-11	-8	-8	-7	-6	-6	2	-6	-7	-7	-7	-9	-34	-17	-30	-41	-34
EBT	24	3	-60	-25	188	216	153	244	246	105	17	-3	-116	-22	319	748	-124	-39	107
Income taxes	-12	-11	18	3	-37	-44	-14	-55	-31	-19	5	-2	5	1	-60	-119	9	-16	-38
Net income	12	-8	-42	-22	151	172	139	189	215	86	22	-5	-111	-21	259	629	-114	-55	69
Minority interests	0	0	0	0	2	4	3	3	3	1	1	0	0	0	6	10	2	1	0
Net income KCO	12	-8	-42	-22	149	168	136	185	212	85	21	-5	-111	-21	253	619	-116	-56	69
EPS basic (€)	0.12	-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 (€)	0.12	-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	1,696	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	596	539	584	806	903	999	762	348	303	363	351	427	476	563	584	762	351	445	383

SEGMENT PERFORMANCE

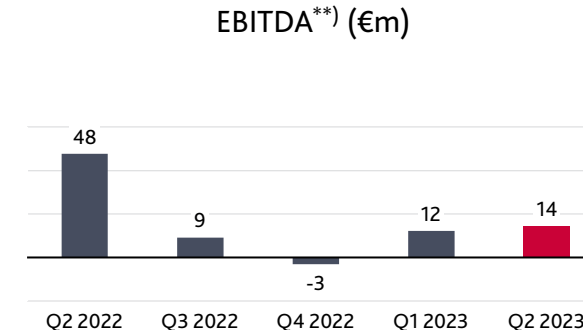
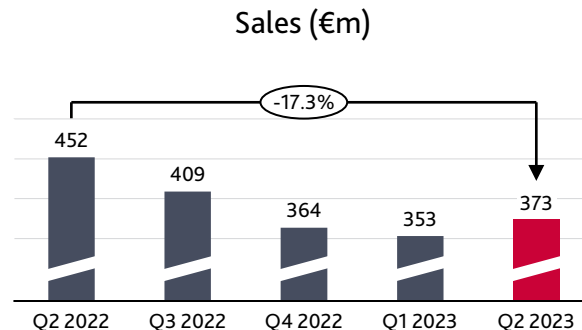
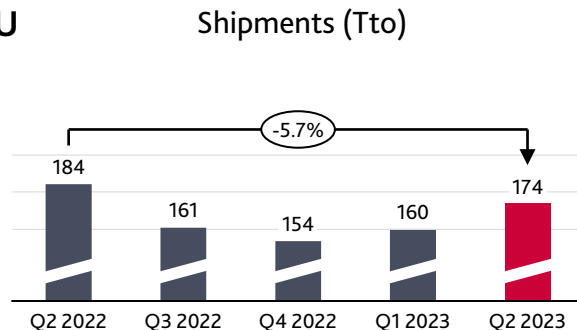
KM US



KM EU



KM Non-EU

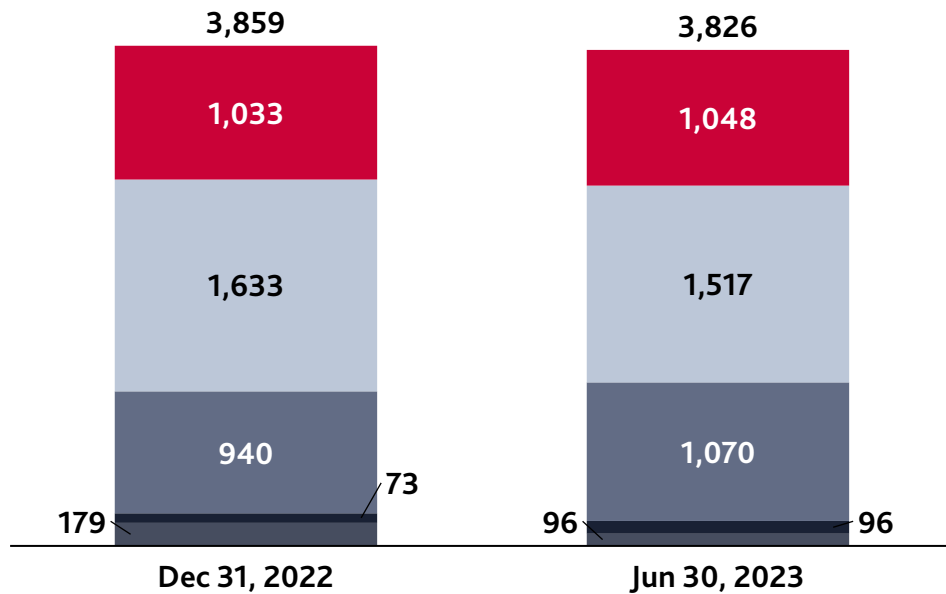


*) Adjusted for material special effects in Q2 2022, Q4 2022, Q1 2023 and Q2 2023. **) Adjusted for material special effects in Q2 2022.

STRONG AND SOLID BALANCE SHEET

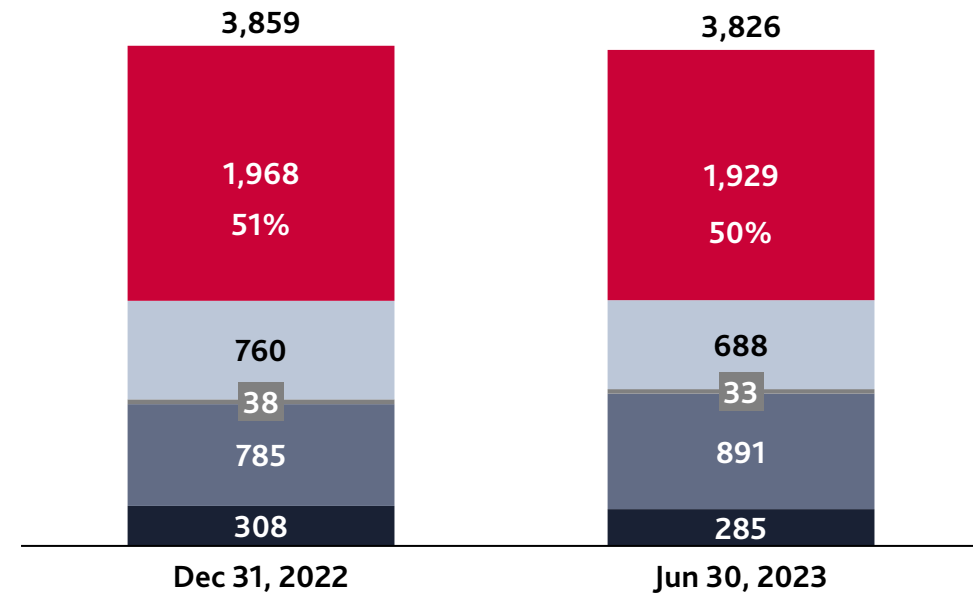
Solid equity ratio of 50%, gearing^{*)} of 31% and leverage of 4.8x

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 Jun 30, 2023	Drawn amount	
		Jun 30, 2023	Dec 31, 2022
Syndicated Loan	250	40	25
ABS Europe ¹⁾	300	160	159
ABL USA	598	18	155
Convertible 2016 ²⁾	141	141	139
Bilateral Facilities ³⁾	200	159	120
Leases	174	174	165
Total Debt	1,663	691	763
Cash		96	179
Net Debt		596	584

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.

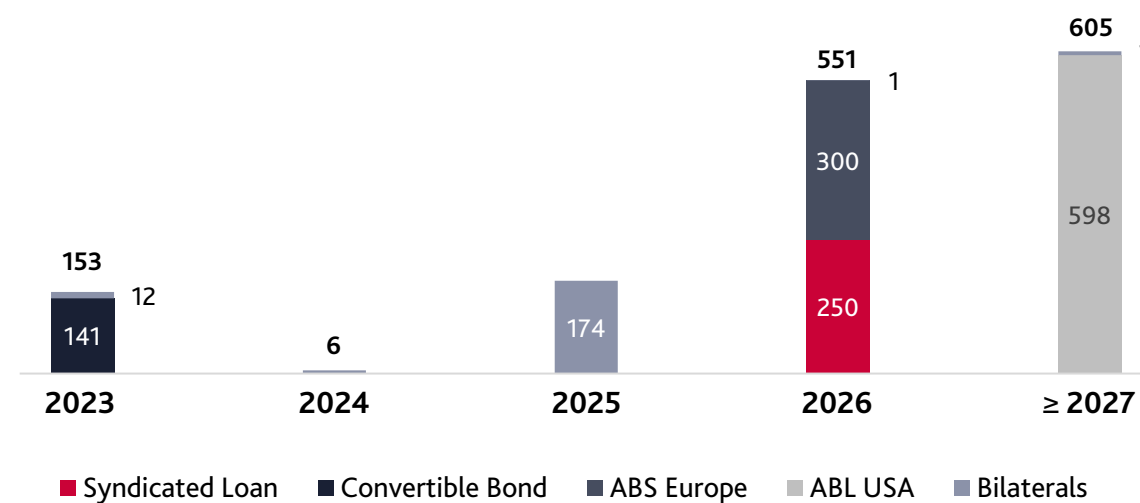
4) Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 23, 2019.

5) Net debt as reported/Adjusted equity.

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

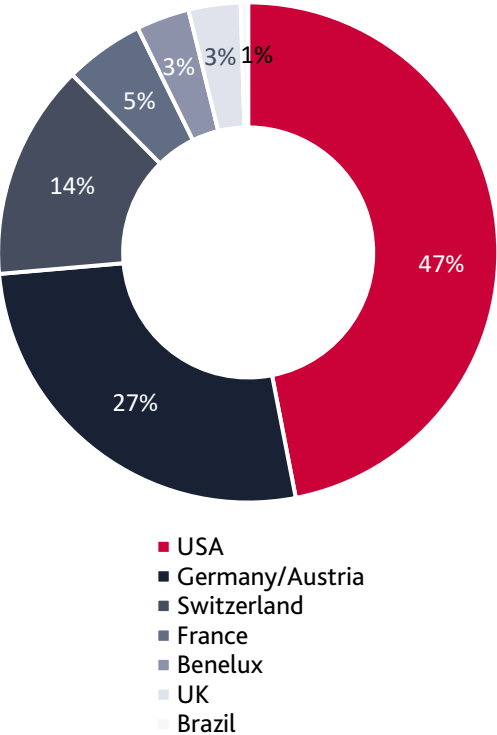
€m	Jun 30, 2023
Adjusted equity ⁴⁾	1,912
Net Debt	596
Gearing ⁵⁾	31%
Leverage ⁶⁾	4.8x

Maturity profile (excl. Leases) in €m, June 30, 2023

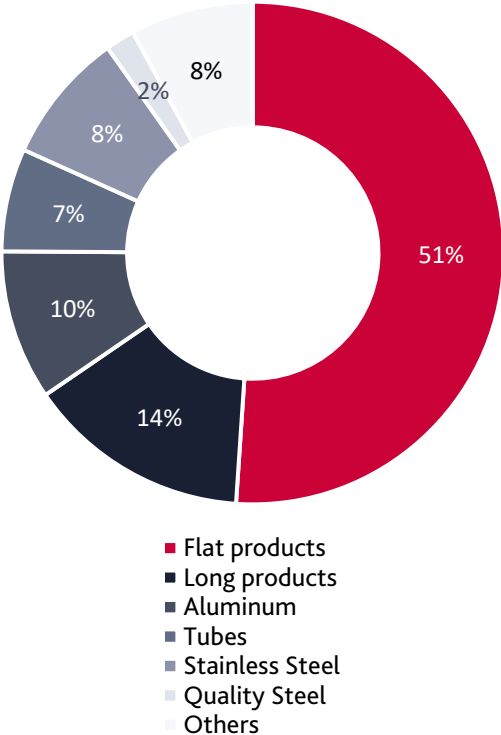


SALES BY MARKETS, PRODUCTS AND INDUSTRIES

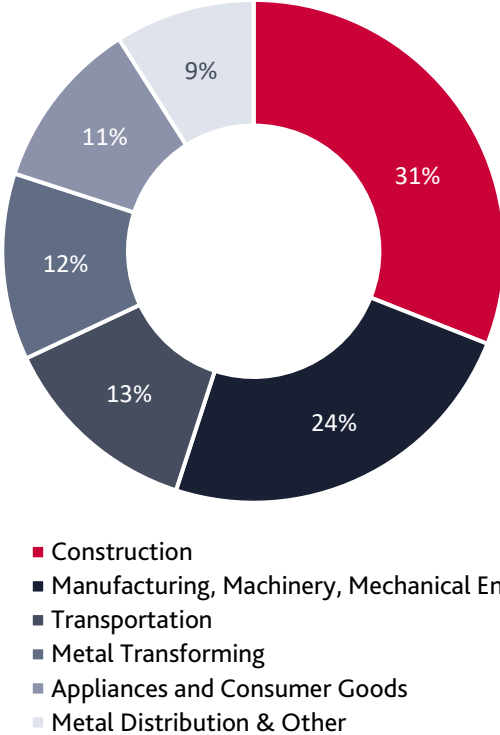
Sales by markets



Sales by products

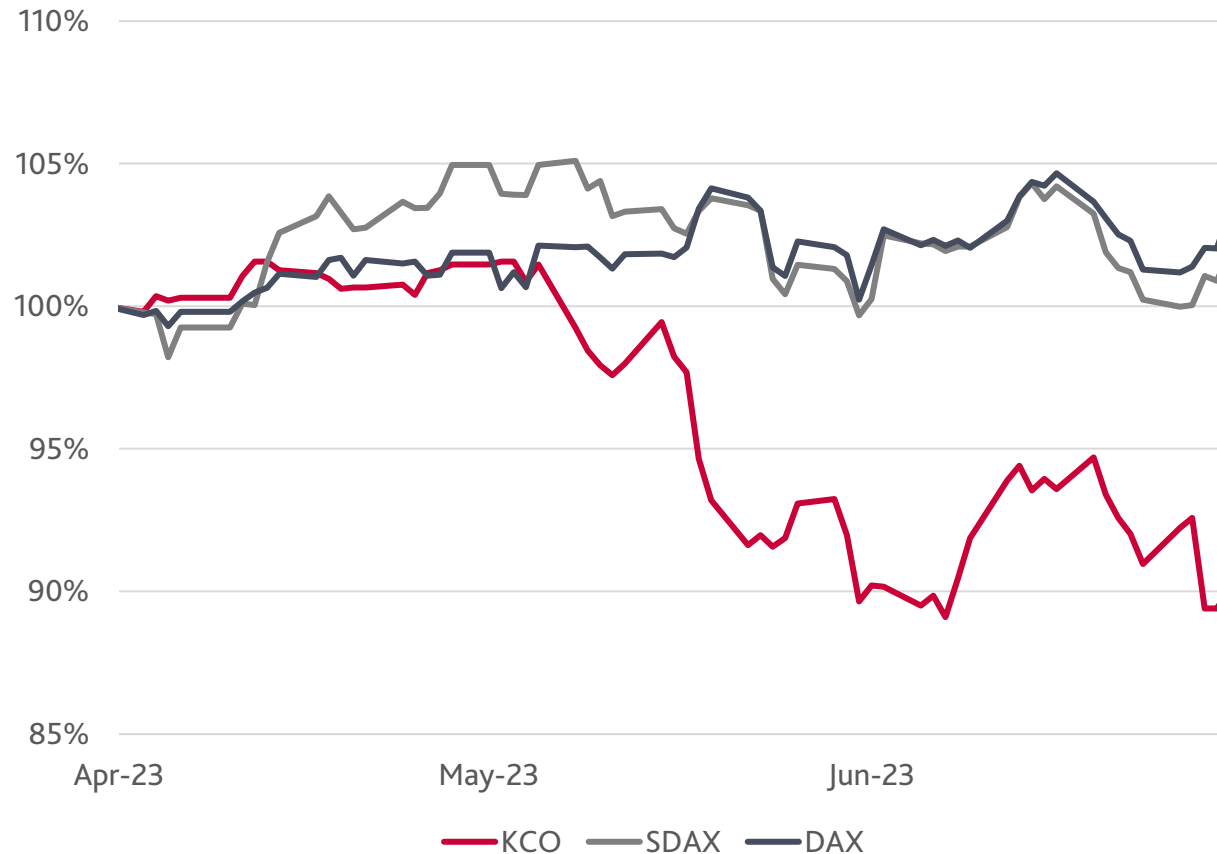


Sales by industries



As of December 31, 2022.

SHARE PRICE PERFORMANCE IN Q2 2023



- The capital market environment in Q2 2023 was characterized by the rate hikes of central banks to tame inflation and the debt-ceiling standoff in the United States
- The share price of Klöckner & Co remained mostly flat in the beginning of Q2, reaching its highest level of €10.06 on two separate occasions; the first time on April 12 and 13 as well as a second time on May 2 and 3
- In May the share price decreased sharply, reaching its lowest level of €8.83 on June 7
- The Klöckner & Co share went out of trading at €8.92 on June 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
- 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
- Dividend payment of €0.40 per share for the financial year 2022

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

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





BALANCED

START

STEP

PLUS

PRO

PRIME

1750

1400

1000

700

400

0

Emission in kg CO₂ / t Steel

LEADING THE SUSTAINABILITY TRANSFORMATION

- ✓ Methodology along international standards
- ✓ No offsetting included in CO₂ 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 CO₂-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

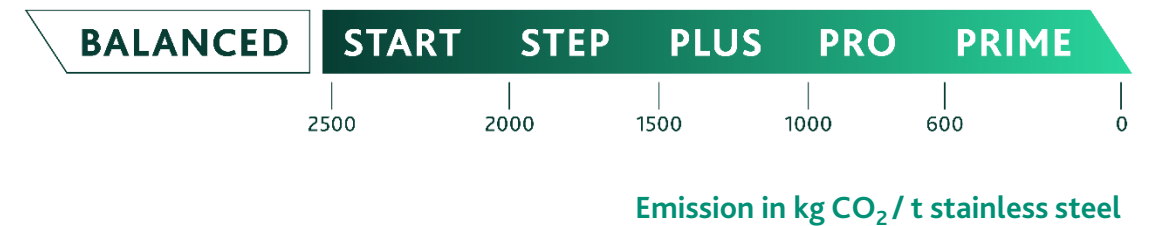
We aim at reaching savings of more than **4 million tons of CO₂** annually



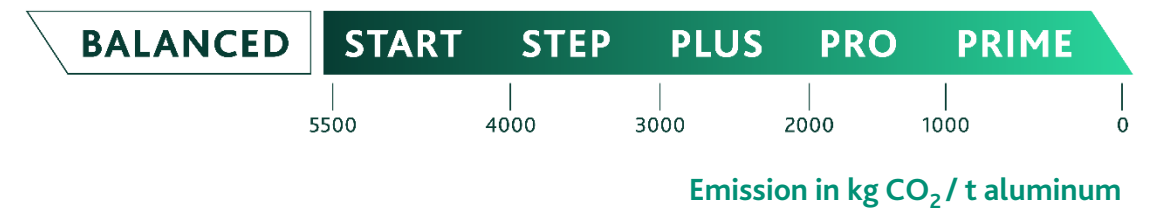
A COMPREHENSIVE APPROACH

Nexigen® categorizations for stainless steel & aluminum

Stainless Steel




Aluminum



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FINANCIAL CALENDAR

October 31, 2023

Q3 quarterly statement 2023

March 13, 2024

Annual Financial Statement 2023

May 7, 2024

Q1 quarterly statement 2024

May 23, 2024

Annual General Meeting 2024

August 1, 2024

Half-yearly financial report 2024