Company presentation

Klöckner & Co SE

Duisburg
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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.
Agenda

1. Klöckner & Co SE – Overview
2. “Klöckner & Co 2022” strategy
01 Klöckner & Co SE at a glance

- **SALES** FY 2019: €6.3 billion
- **SHIPMENTS** FY 2019: 5.6 million tons
- **EBITDA*** FY 2019: €124 million
- **LOCATIONS**: ~160
- **COUNTRIES**: 13
- **PRODUCTS**: 200,000
- **CUSTOMERS**: >100,000
- **SUPPLIERS**: 60
- **EMPLOYEES**: ~7,900

*Before material special effects.
01 Everything from one source

Klöckner & Co value chain

Suppliers

Customers
01 Products

Flat Products
Stainless / Aluminum / Quality
Hollow Sections

Long Products
Tubes
Coils
01 Services

Cut to length, forming
Surface treatment
Laser and flame cutting
Rolling/ cutting/ slitting of coils
3d laser and 3d printing
Mechanical machining
01 Global reach – local presence

Sales; as of December 2019.
01 Market shares of Klöckner & Co 2019

Leading player in fragmented markets

Source: Eurometal, Purchasing Magazine, Service Center News, MSCI.
01 Sales by markets, products and industries

Sales by markets
- 41% USA
- 28% Germany/Austria
- 15% Switzerland
- 7% France
- 4% UK
- 4% Benelux
- 1% Brazil

Sales by industries
- 39% Construction industry
- 25% Machinery/Mechanical engineering
- 18% Long products
- 11% Others
- 9% Flat products
- 9% Quality steel/Stainless steel
- 9% Aluminum
- 5% Tubes
- 7% Local dealers
- 7% Miscellaneous
- 13% Automotive industry
- 9% Household appl./Consumer goods

Sales by products
- 48% Flat products
- 18% Long products
- 9% Quality steel/Stainless steel
- 9% Aluminum
- 5% Tubes
- 11% Others
- 4% Benelux
- 1% Brazil
- 7% Benelux
- 15% Switzerland
- 7% France
- 4% UK

As of December 31, 2019.
Geographical breakdown of identified institutional investors

- Identified institutional investors account for 62%
- German investors incl. retail dominate
- Top 10 shareholdings represent around 49%
- Retail shareholders represent 27%

As of December 2019.
01 Management

**Gisbert Rühl**  
CEO  
- Corporate Communications  
- Corporate Development / M&A  
- Group HR  
- Investor Relations & Sustainability  
- Legal & GRC

**Guido Kerkhoff**  
Deputy CEO / CEO Europa  
- European Operations  
- Strategic Procurement

**Dr. Oliver Falk**  
CFO  
- Corporate Accounting & Taxes  
- Corporate Controlling  
- Corporate Treasury  
- Group IT  
- Internal Audit

**John Ganem**  
CEO Americas  
- North and South American Operations
Agenda

1. Klöckner & Co SE – Overview
2. “Klöckner & Co 2022” strategy
The fundamentals of steel distribution remain challenging

- Generally **not bound to any supplier** because of the generic nature, especially of commodity steel (low switching costs)
- Often **under price pressure**, especially where steel is making up a major part of their costs

- **Steel distribution markets remain fragmented**
- Competition mainly on **price and availability**
- **Mill-backed distributors** in Europe have a market share strategy in order to utilize **assets** instead of focusing on profitability
- **Global steel demand is expected to grow slowly** going forward
- **Overcapacity** in the steel industry spread across the world, but most pronounced in China, is **likely to stay** for the foreseeable future
02 Current linear steel supply chain is highly inefficient and intransparent

Long delivery times, incorrect deliveries and high inventory levels
02 Our strategy: “Klöckner & Co 2022”

Klöckner & Co 2022

- Digitalization and platforms
- Higher value-added business
- Efficiency improvement
- Supporting activities

Cultural change

Growth and value creation
02 Digitalization of Klöckner & Co is driven by our digital hub kloeckner.i

Klöckner & Co started their digitalization already five years ago with kloeckner.i as digital hub in Berlin.

Around 90 digital experts in innovation & product, software development, digital marketing & sales and business intelligence & analytics, User Experience & Design, KI

Application of innovative start-up methods such as design thinking, lean startup and rapid prototyping enables accelerated implementation.

Far enough from Klöckner to act independently, yet close enough to leverage expertise as well as access to customers and suppliers.
02 Very well positioned in Digital Platform Landscape

- Standard products
- Vertical platform
- Industry Platform: Full range of industry specific and complementary products and services
- Market-place: Company specific products and services and complementary products
- Online-shops: Company specific products and services
- Horizontal platform

Very well positioned in Digital Platform Landscape
## Digital transformation and platform business

### Digital transformation of Klöckner & Co

**Kloeckner Assistant**
- **Game changing AI application**
  - Launched to completely automate order processing regardless how an RFQ or order is received → Every customer becomes a digital customer

### Industry platform

#### eProcurement/RFQ solution
- **Closed platform**
  - Many sellers – One buyer (N-1)
  - Strong push for digitalization of procurement on buyer side

#### eShop
- **Closed platform**
  - One seller – Many buyers (1-N)
  - Entry barrier to digitizing sales processes much lower

#### Marketplace
- **Open platform**
  - Many sellers – Many buyers (N-N)
  - Integrated network of sellers and buyers

### Applications & platforms

- **Europe & USA**
  - Onlineshops
  - Marketplaces
  - Contract Platform
  - Part Manager
  - EDI / OCI

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Scale
The AI-driven Kloeckner Assistant and XOM eProcurement and all other new applications make up the operating core of Klöckner & Co, replacing a large part of our current organization. Based on this digital foundation Klöckner & Co will be capable of generating increasing returns and growth potential through consolidation.

XOM Materials has the potential to create significant value by connecting players from across the industry on a single digital platform. Buyers can access more sellers and products, sellers can access more buyers, and both can access value-added services ranging from financing and insurance to materials modifications and logistics.
02 Klöckner People Strategy: Having best in class people

Strategic action fields

- Leadership- & Corporate Culture
- Performance Management
- Talent- & Succession Management
- Employer Branding & Recruiting
- Health & Safety Management

Overall goals

- To support the digitalization strategy through enabling a profound cultural shift, which ensures an open & constructive culture to encourage more ideas & discussions
- To foster a more open, risk-taking, fast and agile behavior which are core digital success drivers
- For becoming an employer of choice with best in class management and employees
A variety of initiatives support the cultural transformation of KCO further.

- **Learn and failure culture**
  - Digital enabling of employees through online courses during working hours and initiatives like “Failure Sessions”

- **Connected enterprise**
  - Hierarchy-free communication to enable horizontal and vertical communication

- **Engaged employees**
  - Many additional initiatives and events throughout the company to engage employees
As one of the very first companies in Germany, Klöckner & Co stepped up to the global frontrunners of climate change engagement and aligns its business to the UN Global Compact “Business Ambition for 1.5°C”. We intend to act even more responsibly and take appropriate measures helping to limit the global temperature rise to 1.5°C by reducing its greenhouse gas emissions.
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