

**klöckner & co**

Your partner for a  
sustainable tomorrow

# Q3 2022 RESULTS

Press Conference

November 3, 2022

Guido Kerkhoff | CEO



# 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.

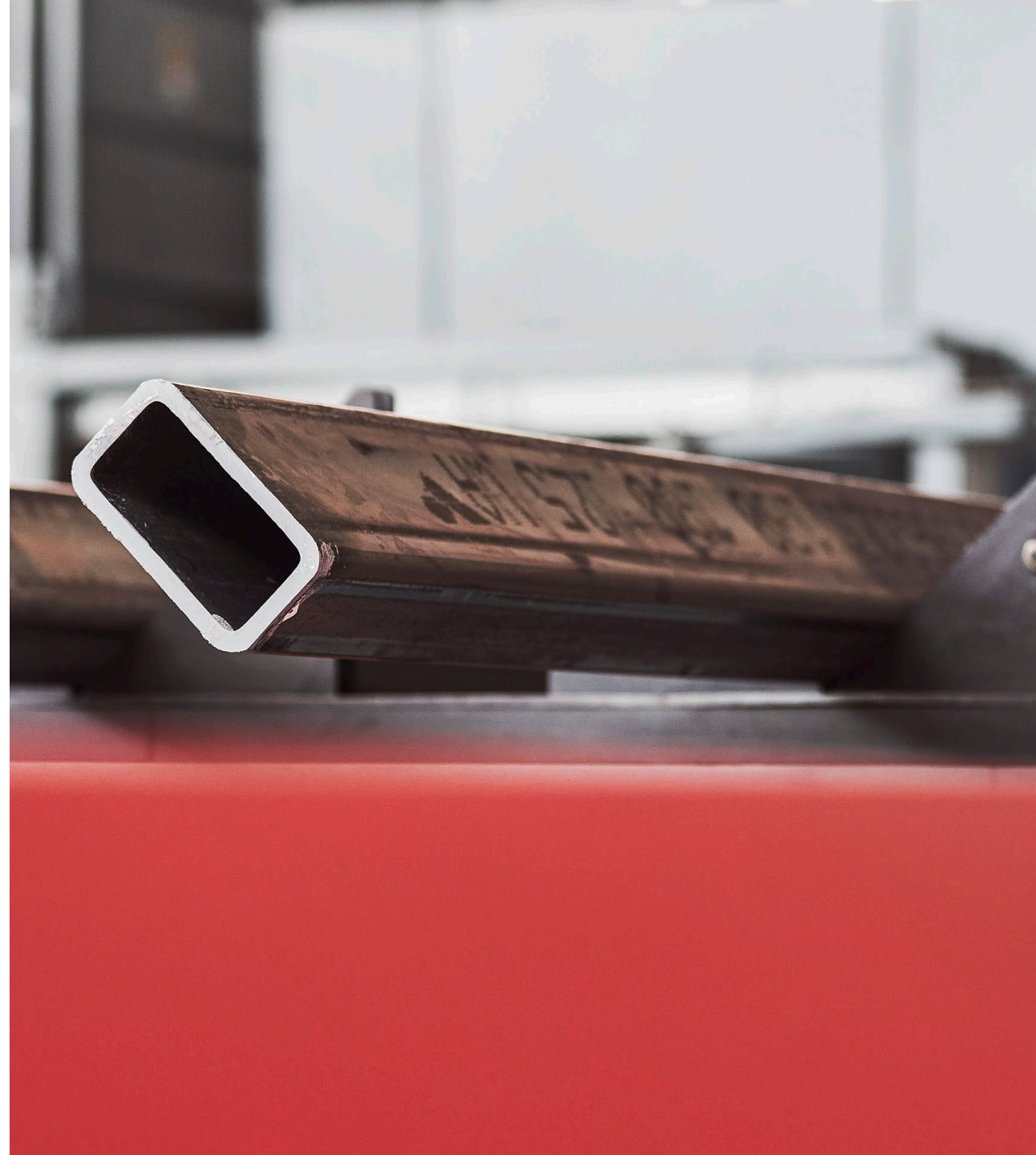
Evaluating statements are unified and are presented as follows:

+/- 0-1%	constant
+/- >1-5%	slight
+/- >5%	considerable



# AGENDA

1. Highlights and update on strategy
2. Outlook
3. Appendix



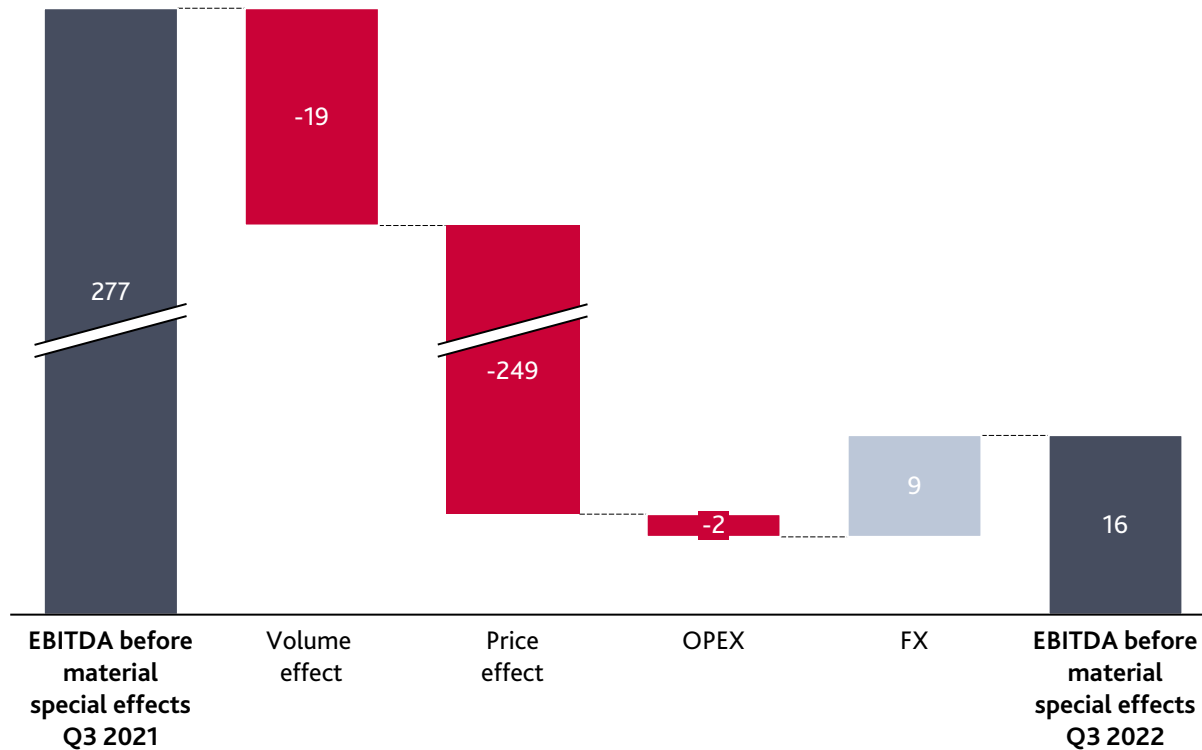
# HIGHLIGHTS OF Q3 2022

	Q3 2022	Q3 2021	Delta	
Shipments (Tto)	1,148	1,190	-3.5%	Slight decline yoy due to negative macroeconomic environment and weaker volumes during summer months
Sales (€m)	2,367	2,038	+16.1%	Considerable increase due to higher average price level yoy
Gross profit (€m)	305	540	-43.5%	Down due to exceptionally high steel price declines
EBITDA (€m)*	16	277	-261	Down yoy due to inventory writedown as a result of the significant steel price correction and actively enforced inventory reduction to mitigate risk exposure
Oper. CF (€m)	163	-15	+178	Strong and significantly positive cash flow from operating activities; inventory level already substantially reduced
Net financial debt (€m)	806	348	+458	Net debt up yoy due to a higher average price level; delevered qoq as a result of smart NWC management initiatives
Digital sales share	43%	46%	-3%p	At high level, however, down yoy; Kloeckner Assistant with new core feature

\*) Before material special effects.

# EBITDA DEVELOPMENT

## EBITDA (€m) in Q3 2022



- Positive operating result despite exceptionally negative macro environment, significant price correction and weak demand
- Considerably down yoy due to inventory writedown as a result of the significant steel price declines and actively enforced inventory reduction to mitigate risk exposure
- Negative volume effect mainly due to negative macro environment and weak demand
- Negative price effect due to significant price declines
- OPEX up especially driven by shipment expenses & operating supplies; positive FX-effects



The background of the slide features a close-up, artistic view of a large roll of steel. The steel's surface is covered in fine, concentric circular ridges. A circular logo is prominently displayed on the left side of the coil. The logo consists of a teal circle containing a stylized, light blue 'N' shape. Above the 'N', the word 'Nexigen' is written in a white, sans-serif font, followed by a registered trademark symbol (®).

## LAUNCH OF NEXIGEN® AND FIRST DELIVERY OF CO<sub>2</sub>-REDUCED STEEL

- **Nexigen®** bundles all **sustainable business solutions** within the Klöckner-Group
  - Sustainable products together with green logistics, circularity solutions and Sustainability Advisory Services (SAS)
- Offering CO<sub>2</sub>-reduced steel and metal products **already today**
  - Full transparency on carbon footprint, from raw material extraction to production to delivery (cradle-to-gate)
  - Supporting customers to compare using our categorization for CO<sub>2</sub>-reduced products
- **First delivery** of CO<sub>2</sub>-reduced quantities ('Pro' category) to Mercedes-Benz Group
  - Emissions of less than 500kg of CO<sub>2</sub> per ton of steel
  - Over 80% less than the average of around 2.5 tons of CO<sub>2</sub> per ton of steel via the blast furnace route



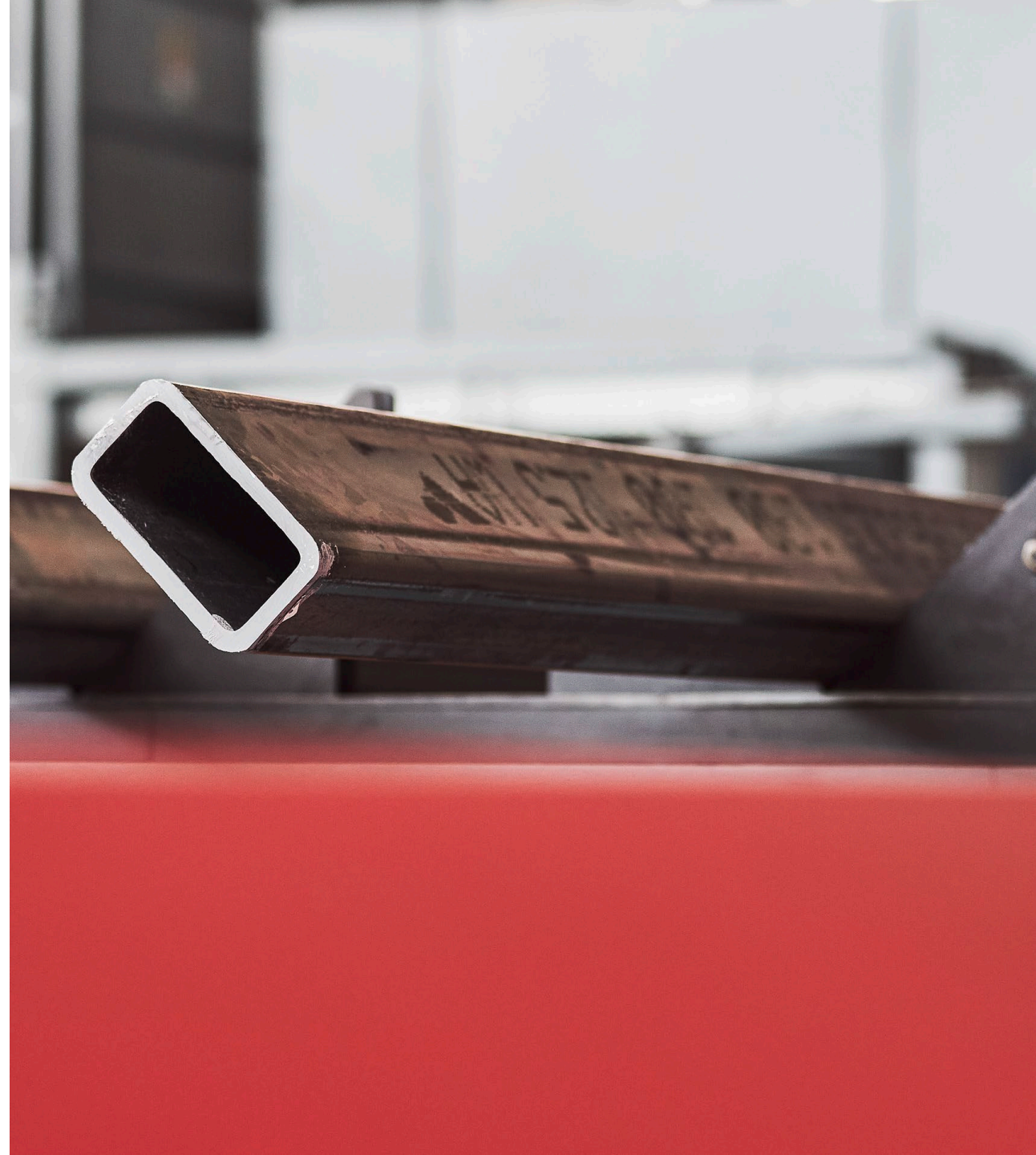


# PROGRESS IN DIGITALIZATION AND AUTOMATION

- **Kloeckner Assistant** processed >€1bn of sales volume in 2022
- New **core feature** successfully implemented
  - Kloeckner Assistant now able to automatically extract relevant information from unstructured text emails in addition to PDF files
  - Replacing time-consuming processes and increasing efficiency
  - Roll-out already started in Germany; other country organizations will follow successively
- **Digital sales** share with 43% at high level
  - Slightly down by 3%p yoy after pandemic related boost
  - Mainly driven by relatively stronger processing business particularly in the US

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- 2. Outlook**
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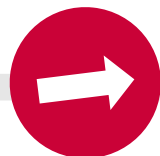


# REGION SPECIFIC BUSINESS OUTLOOK 2022



## Europe

+1-2%



Real steel  
demand



Construction  
industry



Manufacturing,  
machinery & mechanical  
engineering, etc.



Energy  
industry



Automotive  
industry

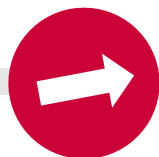


Shipbuilding



## USA

+1-2%



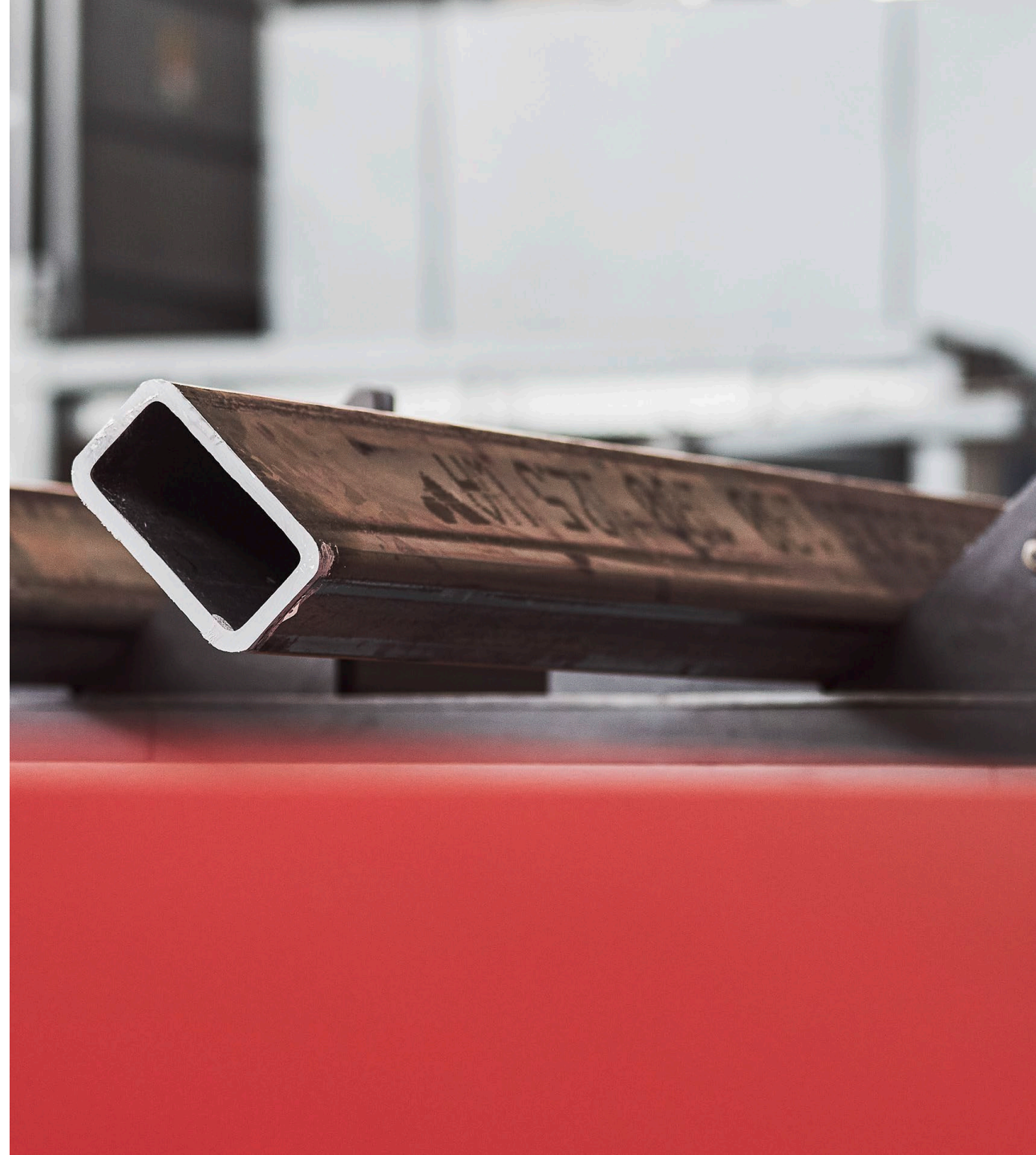
# OUTLOOK

**FY**  
2022

- Sales significantly above and shipments slightly below prior-year level expected
- EBITDA before material special effects expected to be around €400m
- Exceptionally positive cash flow from operating activities expected

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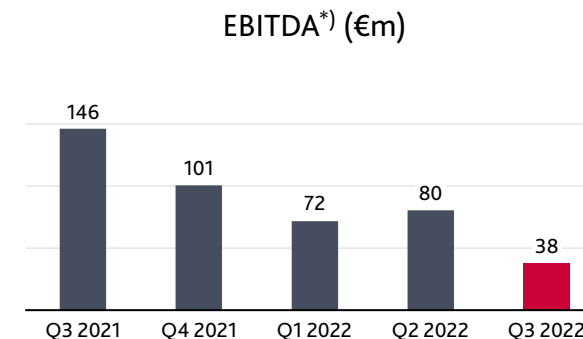
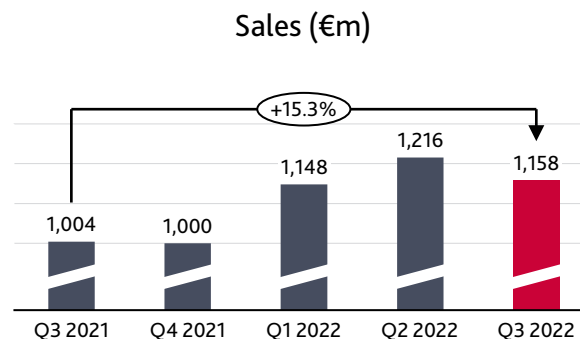
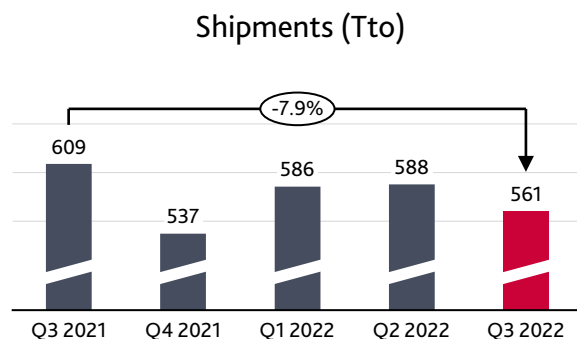
# QUARTERLY AND FY RESULTS

(€m)	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Shipments (Tto)	1,148	1,226	1,257	1,108	1,190	1,295	1,287	1,195	1,242	1,070	1,365	4,881	4,873	5,648	6,107	6,135
Sales	2,367	2,580	2,438	2,030	2,038	1,847	1,525	1,232	1,279	1,171	1,448	7,441	5,130	6,315	6,790	6,292
Gross profit	305	508	482	440	540	525	388	274	262	226	285	1,893	1,047	1,158	1,328	1,316
% margin	12.9	19.7	19.8	21.7	26.5	28.4	25.4	22.2	20.5	19.3	19.7	25.4	20.4	18.3	19.6	20.9
EBITDA bef. material special effects	16	222	201	171	277	271	130	39	40	11	21	848	111	124	229	220
Material special effects	0	1	53	17	4	-1	11	15	-2	-72	0	-30	-59	15	-2	0
EBITDA rep.	16	223	254	188	280	270	141	54	38	-61	21	879	52	139	227	220
% margin	0.7	8.6	10.4	9.3	13.7	14.6	9.2	4.4	3.0	-5.2	1.5	11.8	1.0	2.2	3.3	3.5
EBITDA rep. (curr. eff.)	9	12	9	7	-2	-14	-8	-1	0	1	1	-16	1	5	-9	-3
EBIT	-18	191	223	154	249	240	111	24	4	-109	-13	754	-93	2	141	130
Income from Investments	1	4	0	5	1	4	0	0	0	0	0	11	0	0	0	0
Financial result	-8	-8	-7	-6	-6	2	-6	-7	-7	-7	-9	-17	-30	-41	-34	-33
EBT	-25	188	216	153	244	246	105	17	-3	-116	-22	748	-124	-39	107	97
Income taxes	3	-37	-44	-14	-55	-31	-19	5	-2	5	1	-119	9	-16	-38	5
Net income	-22	151	172	139	189	215	86	22	-5	-111	-21	629	-114	-55	69	102
Minority interests	0	2	4	3	3	3	1	1	0	0	0	10	2	1	0	1
Net income KCO	-22	149	168	136	185	212	85	21	-5	-111	-21	619	-116	-56	69	101
EPS basic (€)	-0.22	1.50	1.68	1.37	1.86	2.13	0.85	0.21	-0.05	-1.11	-0.21	6.21	-1.16	-0.56	0.68	1.01
EPS diluted (€)	-0.18	1.36	1.53	1.24	1.68	1.88	0.78	0.20	-0.05	-1.11	-0.21	5.58	-1.16	-0.56	0.66	0.96
NWC <sup>*)</sup>	2,185	2,239	2,258	1,813	1,559	1,282	1,107	967	1,062	1,135	1,228	1,813	967	1,119	1,277	1,132
Net debt	806	903	999	762	348	303	363	351	427	476	563	762	351	445	383	330

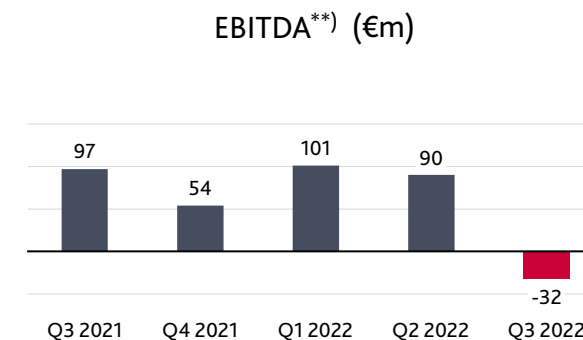
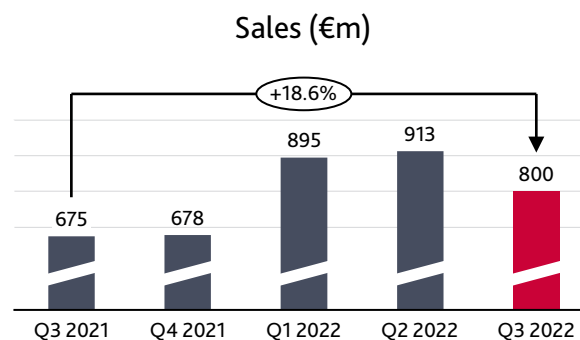
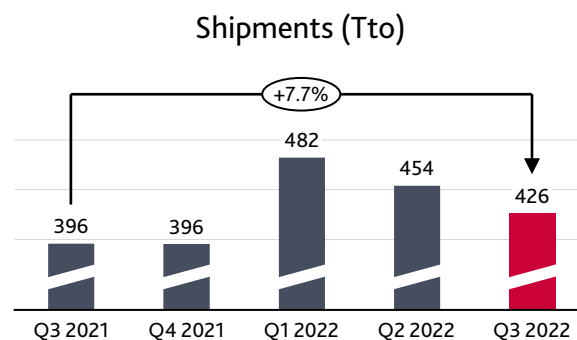
\*) Since 2018 including supplier bonus receivables and contract assets.

# SEGMENT PERFORMANCE

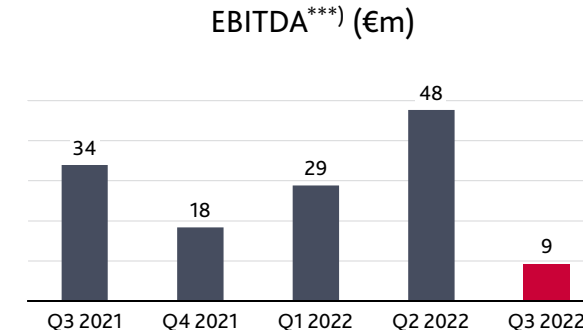
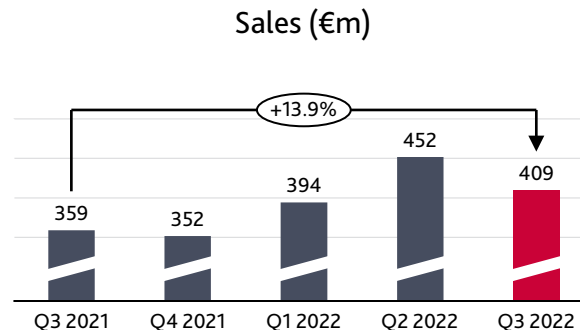
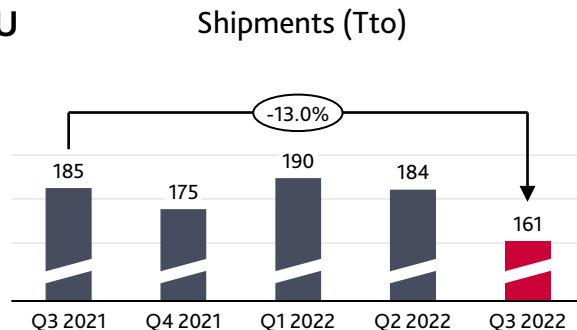
## KM US



## KM EU



## KM Non-EU



<sup>\*)</sup> Adjusted for material special effects in Q1 2022. <sup>\*\*) Adjusted for material special effects in Q3, Q4 2021, Q1 2022 and Q2 2022. <sup>\*\*\*) Adjusted for material special effects in Q4 2021, Q1 2022 and Q2 2022.</sup></sup>

# MATURITY PROFILE

Facility (€m)	Committed Sep 30, 2022	Drawn amount	
		Sep 30, 2022	Dec 31, 2021
Syndicated Loan	250	25	36
ABS Europe	300	225	189
ABL USA <sup>1)</sup>	462	282	240
Convertible 2016 <sup>2)</sup>	141	137	142
Bilateral Facilities <sup>3)</sup>	198	163	57
Leases	174	174	156
<b>Total Debt</b>	<b>1,525</b>	<b>1,006</b>	<b>820</b>
Cash		199	58
<b>Net Debt</b>		<b>806</b>	<b>762</b>

1) Renewal of facility (\$450m) in July 2022, new maturity July 2027.

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

3) Mainly Switzerland.

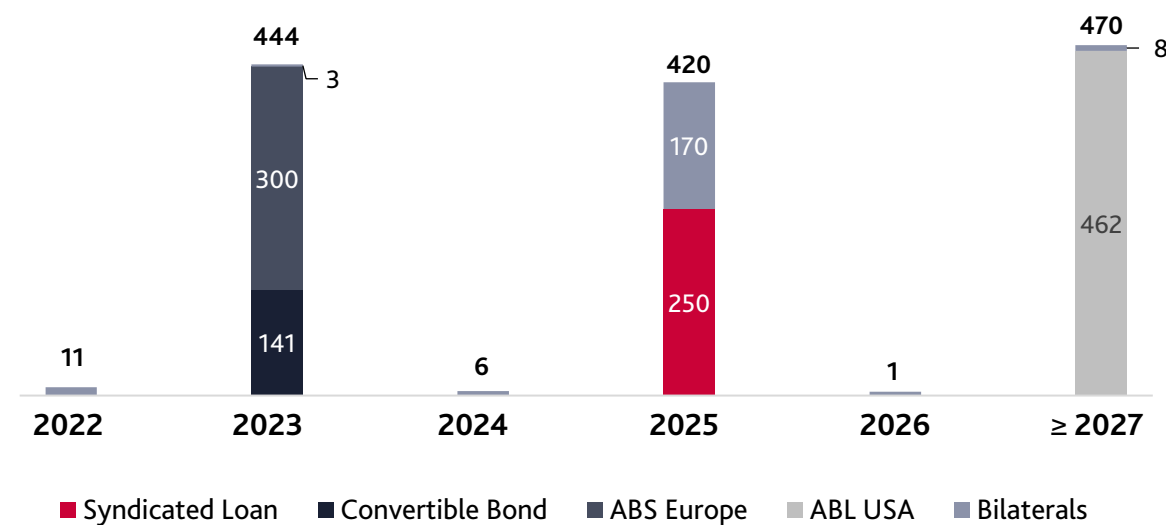
4) Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 23, 2019.

5) Net debt as reported/Adjusted equity.

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

€m	Sep 30, 2022
Adjusted equity <sup>4)</sup>	2,103
Net Debt	806
Gearing <sup>5)</sup>	38%
Leverage <sup>6)</sup>	1.3x

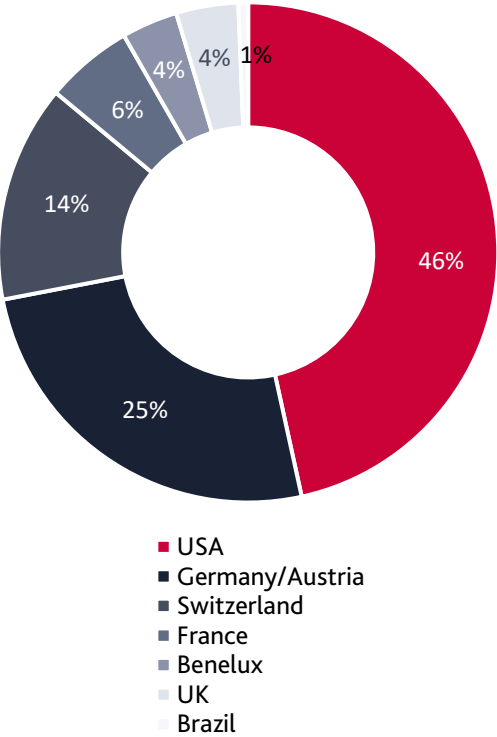
## Maturity profile (excl. leasing) in €m, September 30, 2022



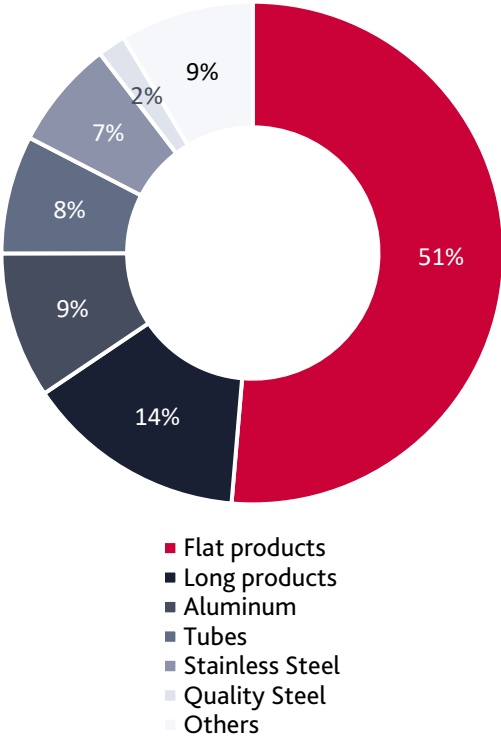


# SALES BY MARKETS, PRODUCTS AND INDUSTRIES

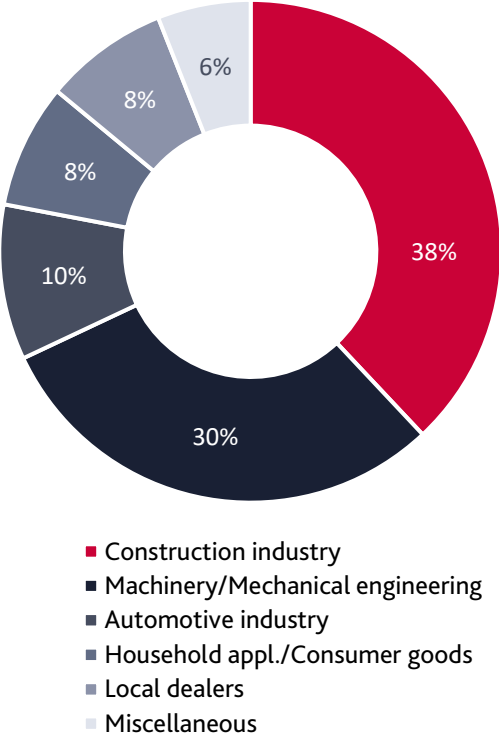
Sales by markets



Sales by products

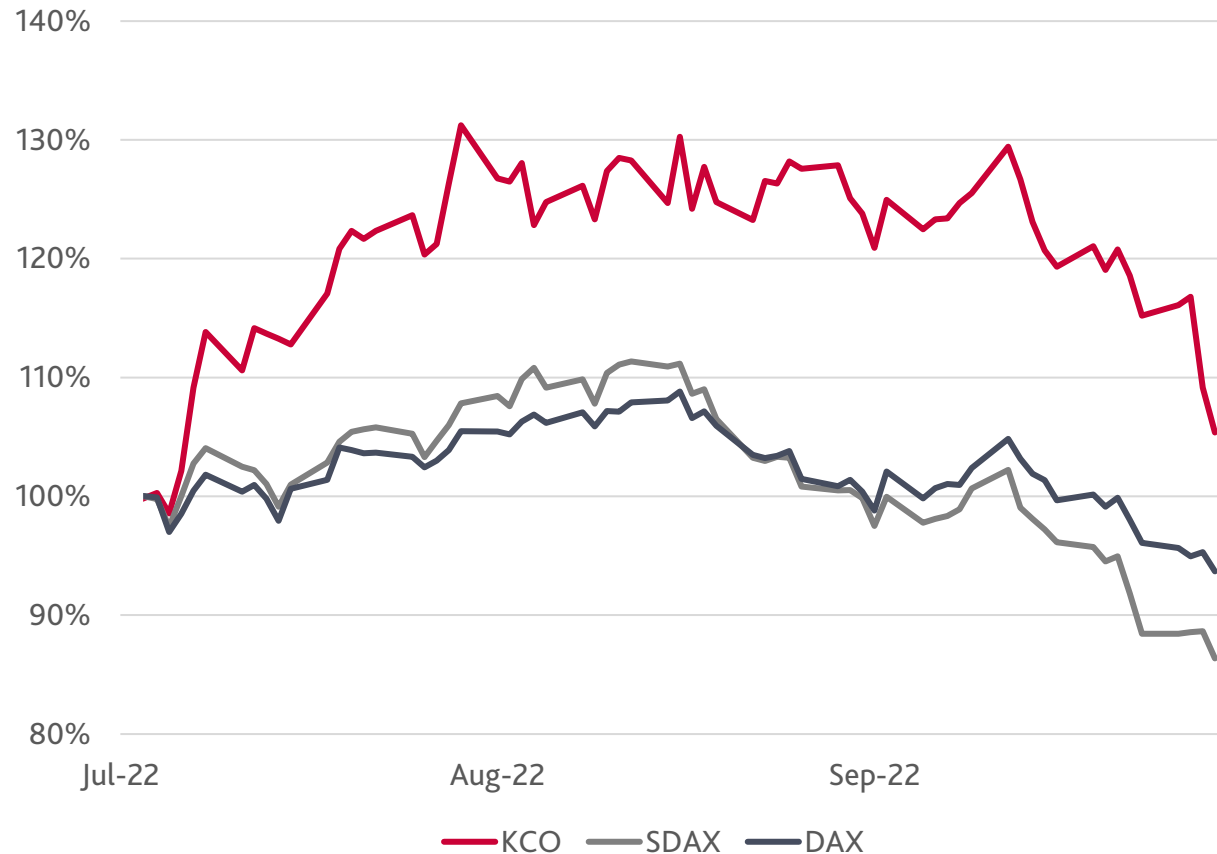


Sales by industries



As of December 31, 2021.

# SHARE PRICE PERFORMANCE IN Q3 2022



- The market environment in Q3 was characterized by high inflation and the corresponding measures taken by central banks, as well as concerns about possible supply constraints in the already tight energy markets
- The share price of Klöckner & Co reached its lowest level of €7.20 on the first trading day of Q3 on July 1 and increased strongly thereafter
- It peaked at €9.54 on July 29 and remained broadly flat until mid September
- Afterwards, the share price decreased until the end of September and went out of trading at €7.88

# 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
- Record dividend of €1.00 per share for the financial year 2021

## 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



# 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 SUPPLIERS AND CUSTOMERS

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

# LEADING THE SUSTAINABILITY TRANSFORMATION: INTRODUCTION OF A CUSTOMER-CENTRIC METRIC FOR CO<sub>2</sub>-REDUCED STEEL AND LAUNCH OF NEXIGEN® BRAND

## CARBON STEEL CATEGORIZATION

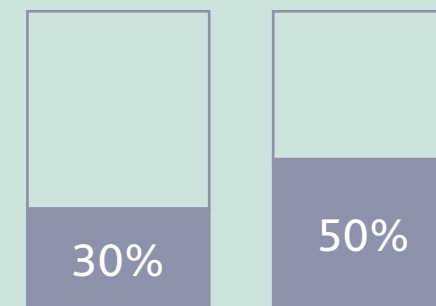


- ✓ Separate category for “balanced” green steel along international standards
- ✓ Methodology along international standards
- ✓ Emissions from raw material to production
- ✓ No offsetting included in CO<sub>2</sub> load categorization (compensation data as add-on)

**Nexigen®**

- Our new brand for green steel & metal solutions
- Offering CO<sub>2</sub>-reduced steel and metal products already today

## 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

## Christian Pokropp

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## FINANCIAL CALENDAR

March 9, 2023

Annual financial statements 2022