klöckner & co

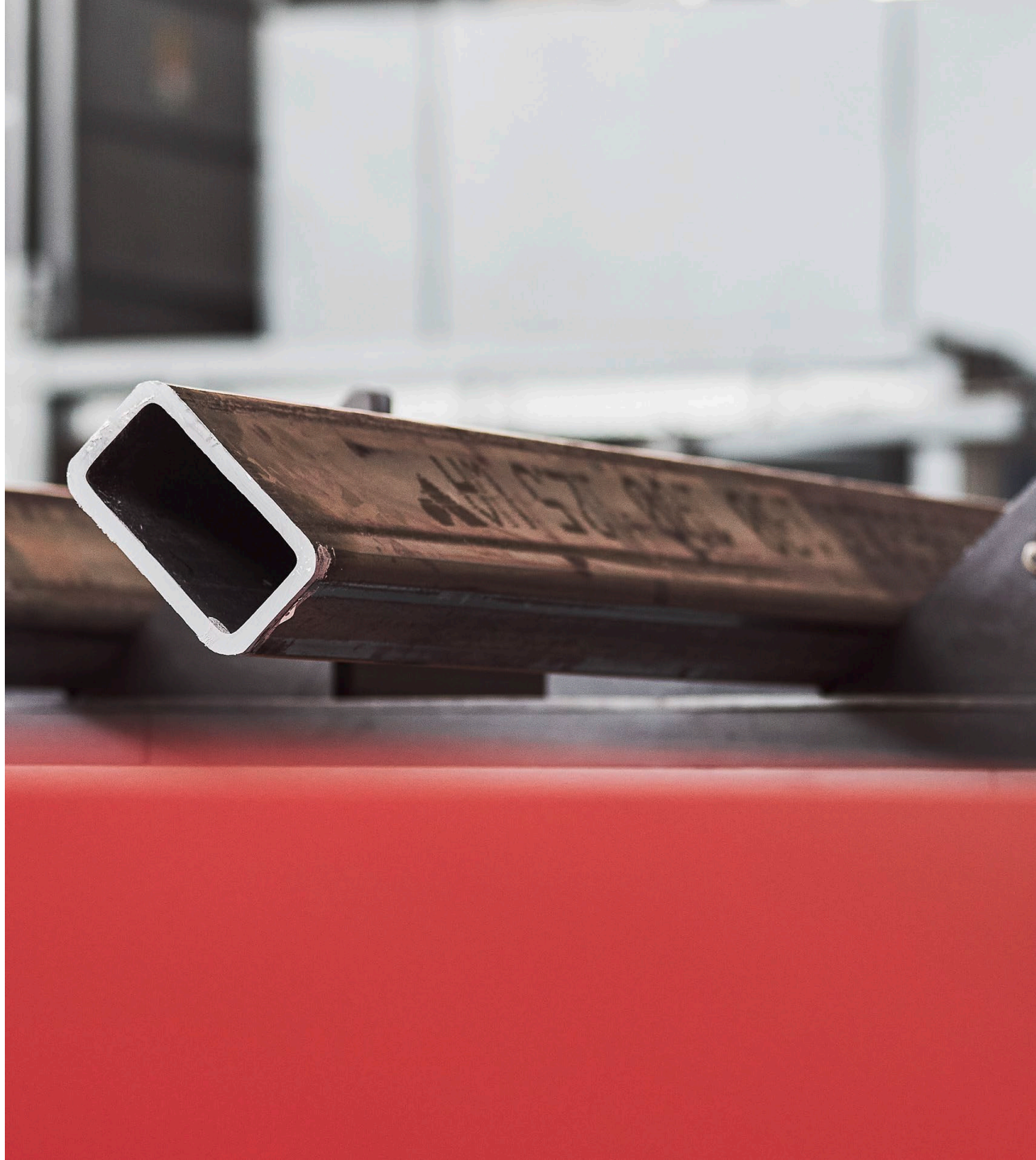
Your partner for a sustainable tomorrow

Q2 2022 RESULTS

Press Conference

August 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.

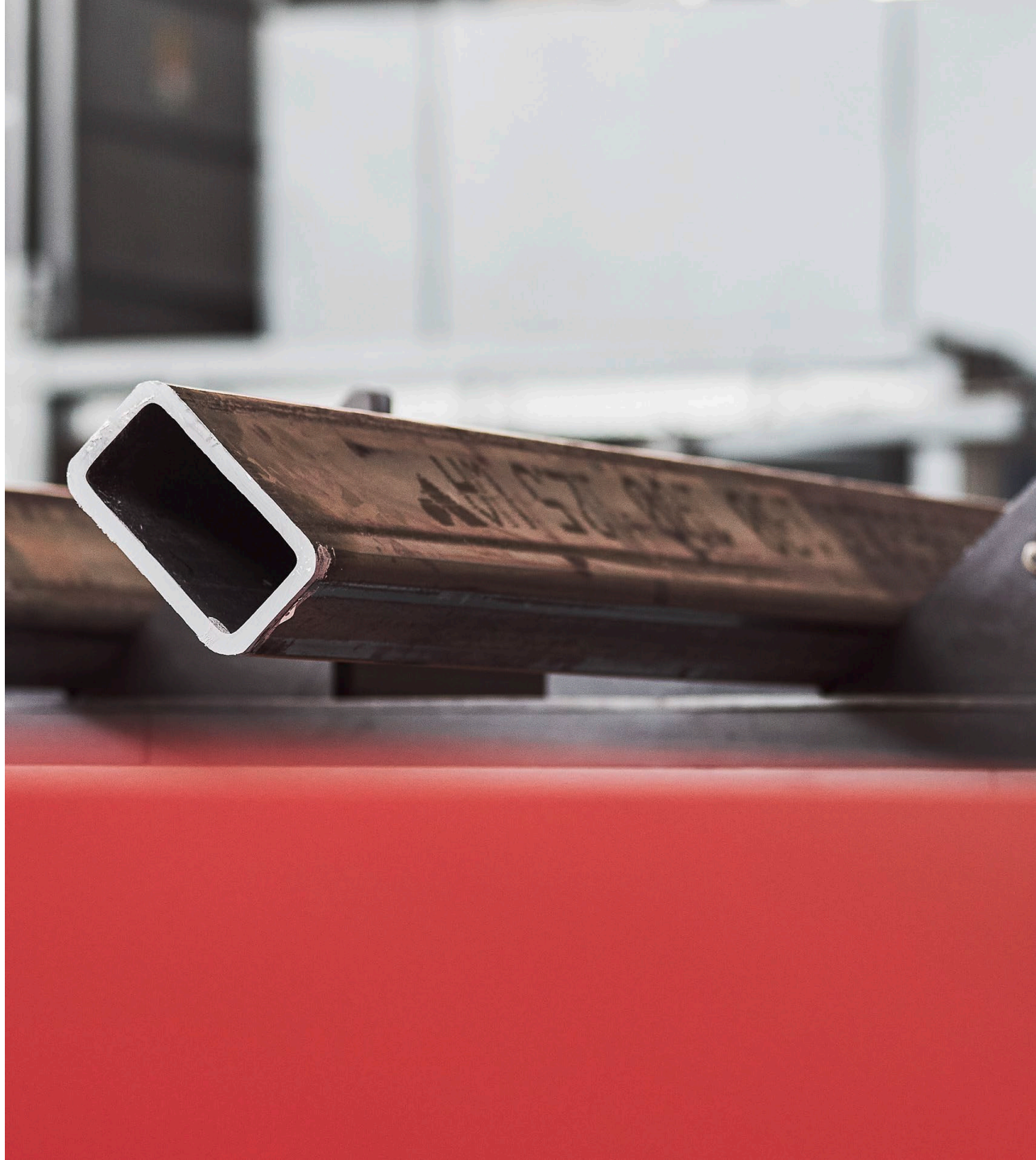
The English translation of the annual report and the interim statement are also available, in case of deviations the German versions shall prevail.

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



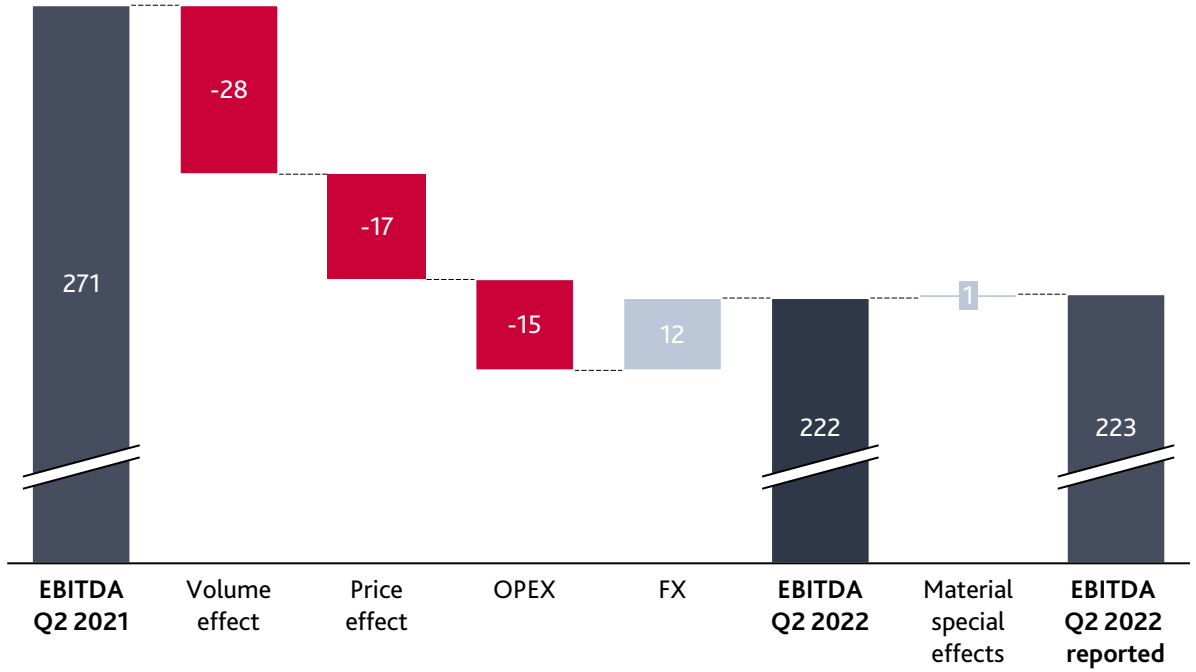
HIGHLIGHTS OF Q2 2022

	Q2 2022	Q2 2021	Delta	
Shipments (Tto)	1,226	1,295	-5.3%	Down yoy due to macro environment and margin-over-volume strategy at the beginning of the quarter; slightly down qoq (-2.5%)
Sales (€m)	2,580	1,847	+39.7%	Considerable increase due to higher price level
Gross profit (€m)	508	525	-3.2%	Slightly down due to less pronounced price dynamics yoy
EBITDA (€m)*	222	271	-49	Price driven strong operating result; supported by a strict NWC management
Oper. CF (€m)	262	74	+188	Strong and significantly positive cash flow from operating activities
Net financial debt (€m)	903	303	+600	Net debt significantly higher yoy due to price driven NWC build-up; however, already delevered qoq
Digital sales share	45%	45%	-	Flat yoy after pandemic related boost; strong Kloeckner Assistant development continues

*) Before material special effects.

EBITDA DEVELOPMENT

EBITDA (€m) in Q2 2022



- Strong operating result in Q2; down yoy due to unprecedented price dynamics in Q2 2021
- Negative volume effect mainly due to macro environment in combination with consistent margin-over-volume strategy
- Negative price effect due to less pronounced price dynamics
- OPEX up especially driven by shipment expenses & operating supplies
- Positive FX effects of €12m

NEW ON-CAMPUS FACILITY IN THE US

Leveraging our partner network

- Strengthening **partnership** with Nucor with on-campus facility at new mill in Brandenburg, KY*
- Investments are focused on developing **sustainable, innovative and complex supply chain solutions** for the end markets of
  - renewable energy infrastructure,
  - off-highway equipment,
  - and industrial machinery & equipment
- Expansion of our **industry-leading** plate processing capabilities
- Higher value-added services to include multiple plate burning centers, beveling, drilling, forming, machining, parts blasting, and fabrication
- Strong growth platform by further leveraging our core strengths and optimal timing (launch in Q3 2023) to support the **US infrastructure investments**

*Investment subject to environmental approval.

LAUNCHING BECKER STAINLESS STEEL

Leveraging our Assets

- Extended strategic positioning of **Becker Stahl-Service**, the most modern service center in Europe, as multi metals supplier
  - Entering highly attractive **stainless steel** business and significantly expanding product and service portfolio; now providing **high quality services and solutions** around carbon steel, aluminum and stainless steel
  - **Unique offering** among European service centers and logistics optimization for our customers ("everything from one truck")
- Strategic step is implemented through acquisition of **Hernandez Stainless GmbH** and **RSC Rostfrei Coil GmbH** (consolidation expected in Q3 2022)
  - Companies, both headquartered in Baden-Württemberg, generated combined sales of around €160 million in 2021 with about 70 employees
  - **Immediate synergies**
    - Bundling of procurement to leverage higher volumes, utilizing Klöckner's existing transport networks and increasing utilization by directing Group demand
    - Consolidate commercial structure and relocation of one site to KCD Mannheim along with investments in processing and automation upgrades

PIONEERING IN DIGITALIZATION AND SUSTAINABILITY

Progress on digitalization and automation

- Digital sales share at high level of 45%, flat yoy
- Kloeckner Assistant processed more than €780m of sales volume in the first six months of 2022
  - Strong growth of 72% compared to the first half of the year 2021
  - Digitalization of more than 500 customers every month

Offering and further developing extensive Sustainability Advisory Services (SAS)

- Dedicated and specially qualified Green Steel Experts across Klöckner Group
- Green Steel Experts acting as multipliers in their local entity and in addition transfer in-depth knowledge to the local workforce
- More than 700 trained sales persons are able to advise our customers on green solutions; equal expertise in Procurement departments

Digitalizing and automating core processes

First green steel sales force worldwide

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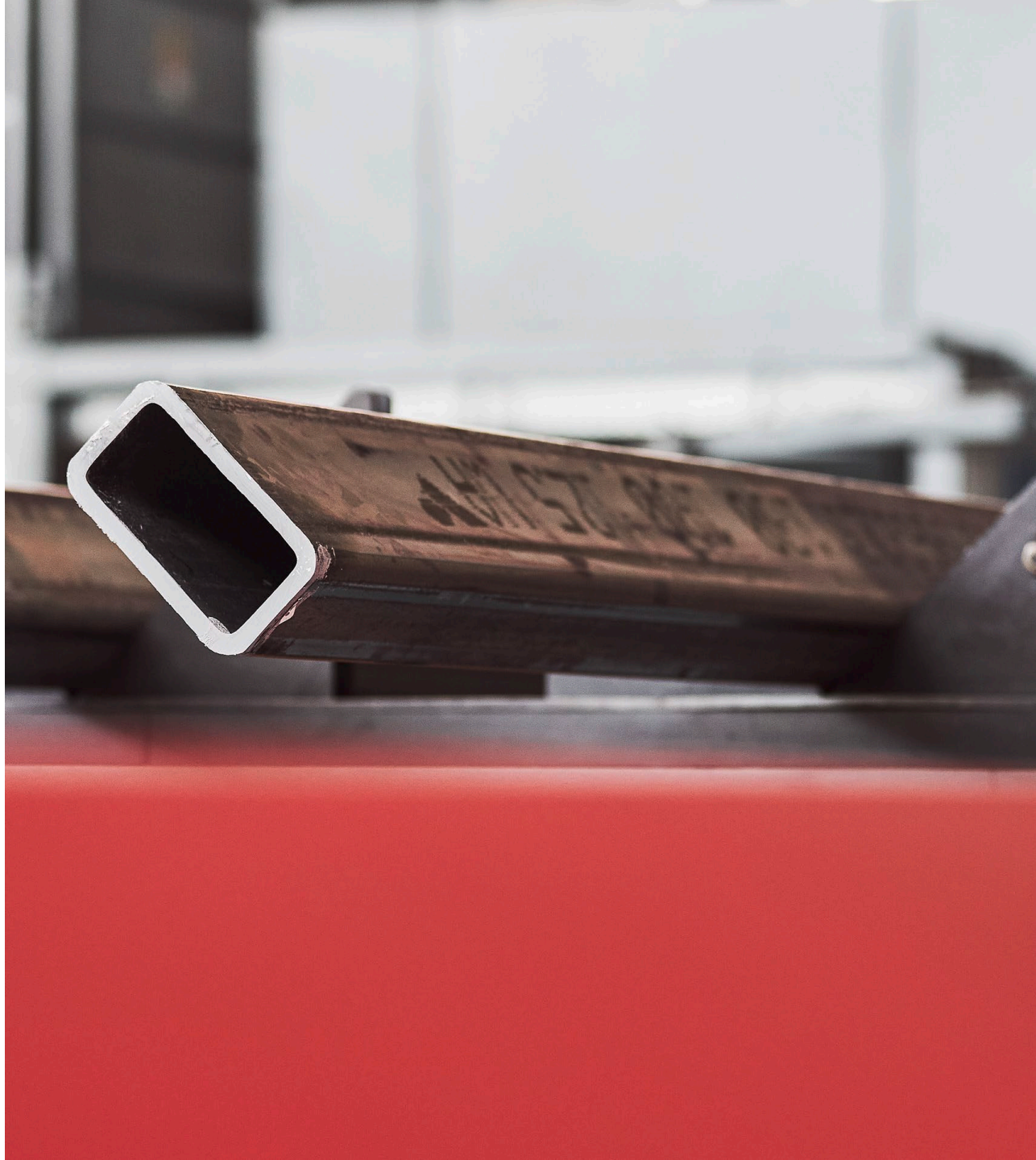
1. Highlights and update on strategy
2. **Outlook**
3. Appendix



STRONG FUNDAMENT

- **Strongest first-half-EBITDA** since IPO in 2006
- Proving **high performance through the cycle**, now translating into **strong cash flows**
- Fostering upside risks and mitigating downside risks with **smart NWC management**
- **Rock solid balance sheet** and **operating profitability improved**
- **Well prepared** for inflationary developments thanks to Surtsey project
- **Positive long-term view** on steel sector fundamentals

REGION SPECIFIC BUSINESS OUTLOOK 2022

	Real steel demand	Construction industry	Manufacturing, machinery & mechanical engineering, etc.	Energy industry	Automotive industry	Shipbuilding
Europe +1-3%	→	→	→	→	→	→
USA +1-3%	→	→	→	→	→	→

OUTLOOK

Q3 2022

- Shipments expected to slightly increase (qoq); price-driven sales decline expected (qoq);
- EBITDA before material special effects down qoq due to macro environment and negative price dynamics; expectation of €50-100m
- Strong and significantly positive cash flow from operating activities anticipated

FY 2022

- Sales considerably above prior-year level and stable shipments expected
- Strong EBITDA before material special effects of more than €500m expected
- Strong and significantly positive cash flow from operating activities anticipated

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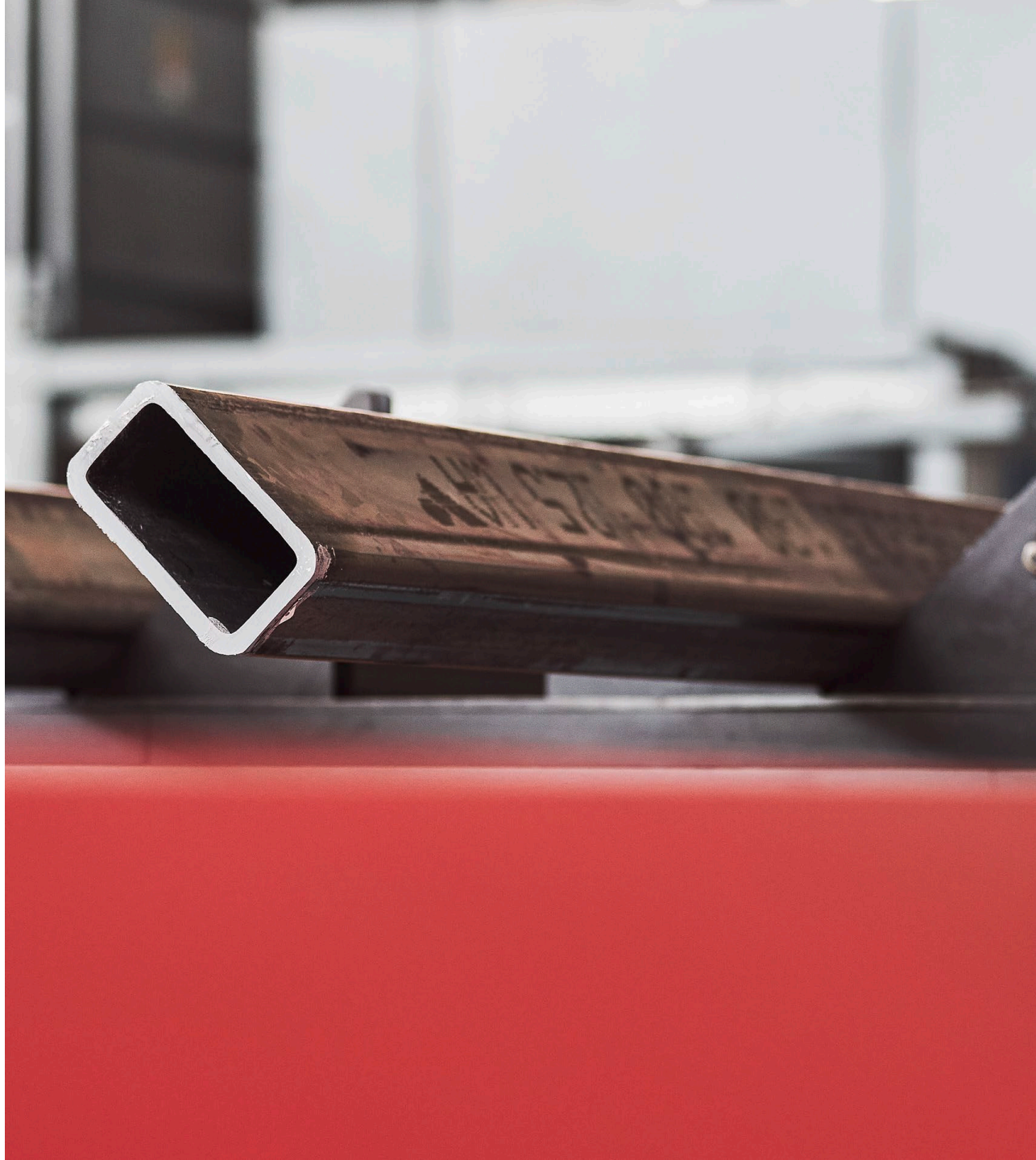
3. **Appendix**



QUARTERLY AND FY RESULTS

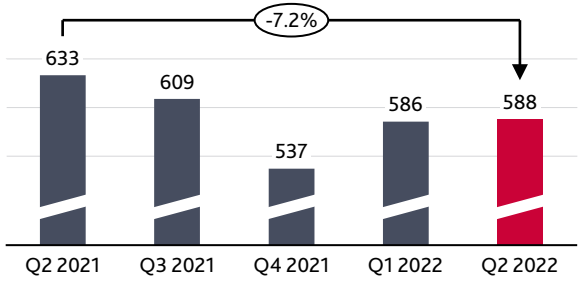
(€m)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Shipments (Tto)	**1,226**	**1,257**	**1,108**	**1,190**	**1,295**	**1,287**	**1,195**	**1,242**	**1,070**	**1,365**	**1,250**	**1,420**	**1,479**	**1,499**	**4,881**	**4,873**	**5,648**	**6,107**	**6,135**
Sales	**2,580**	**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)	166	100	45	-15	-88	-70	-42	-27	21	30	24	38	50	61	-128	-18	173	-172	-83
Gross profit	**508**	**482**	**440**	**540**	**525**	**388**	**274**	**262**	**226**	**285**	**267**	**284**	**304**	**303**	**1,893**	**1,047**	**1,158**	**1,328**	**1,316**
% margin	*19.7*	*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	-285	-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	**222**	**201**	**171**	**277**	**271**	**130**	**39**	**40**	**11**	**21**	**11**	**28**	**51**	**34**	**848**	**111**	**124**	**229**	**220**
Material special effects	1	53	17	4	-1	11	15	-2	-72	0	-8	-7	31	0	-30	-59	15	-2	0
EBITDA rep.	**223**	**254**	**188**	**280**	**270**	**141**	**54**	**38**	**-61**	**21**	**3**	**21**	**82**	**34**	**879**	**52**	**139**	**227**	**220**
% margin	*8.6*	*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.)	12	9	7	-2	-14	-8	-1	0	2	1	1	1	2	1	-16	1	5	-9	-3
EBIT	**191**	**223**	**154**	**249**	**240**	**111**	**24**	**4**	**-109**	**-13**	**-35**	**-13**	**49**	**2**	**754**	**-93**	**2**	**141**	**130**
Income from Investments	4	0	5	1	4	0	0	0	0	0	0	0	0	0	11	0	0	0	0
Financial result	-8	-7	-6	-6	2	-6	-7	-7	-7	-9	-9	-11	-11	-10	-17	-30	-41	-34	-33
EBT	**188**	**216**	**153**	**244**	**246**	**105**	**17**	**-3**	**-116**	**-22**	**-44**	**-24**	**37**	**-9**	**748**	**-124**	**-39**	**107**	**97**
Income taxes	-37	-44	-14	-55	-31	-19	5	-2	5	1	-7	1	-9	-1	-119	9	-16	-38	5
Net income	**151**	**172**	**139**	**189**	**215**	**86**	**22**	**-5**	**-111**	**-21**	**-51**	**-23**	**28**	**-10**	**629**	**-114**	**-55**	**69**	**102**
Minority interests	2	4	3	3	3	1	1	0	0	0	1	0	0	0	10	2	1	0	1
Net income KCO	**149**	**168**	**136**	**185**	**212**	**85**	**21**	**-5**	**-111**	**-21**	**-51**	**-23**	**28**	**-10**	**619**	**-116**	**-56**	**69**	**101**
EPS basic (€)	**1.50**	**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 (€)	**1.36**	**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*)	**2,239**	**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	**903**	**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.

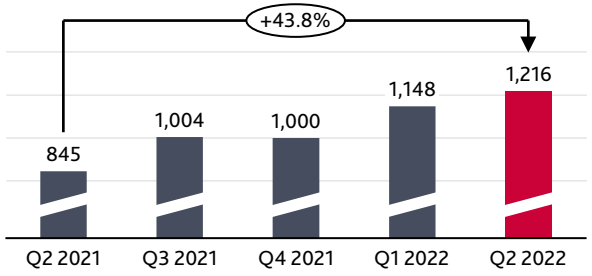
SEGMENT PERFORMANCE

KM US

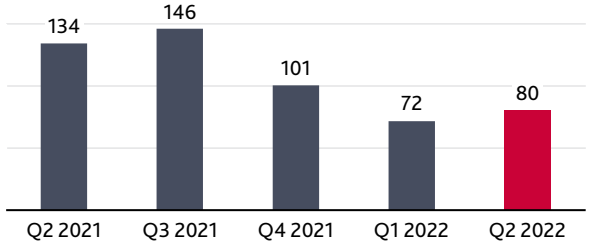
Shipments (Tto)



Sales (€m)

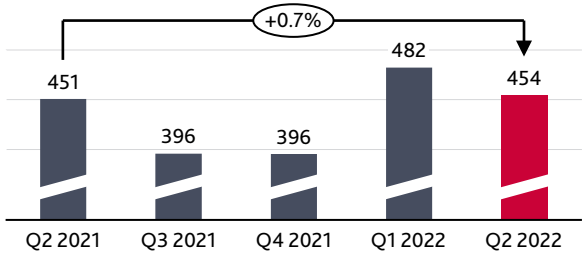


EBITDA*) (€m)

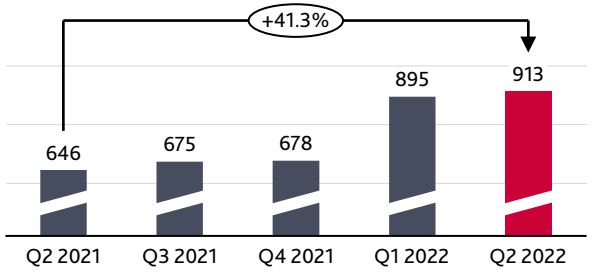


KM EU

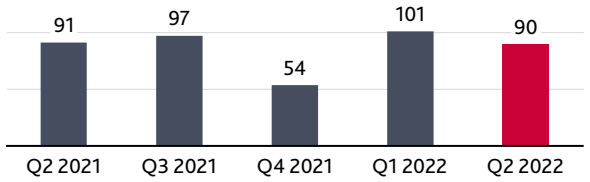
Shipments (Tto)



Sales (€m)

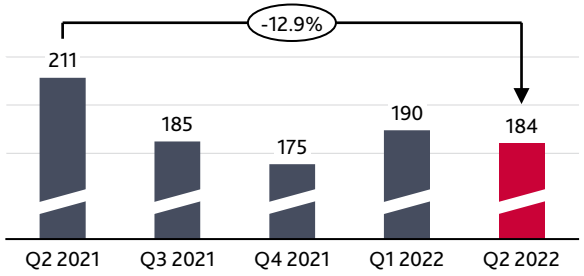


EBITDA**) (€m)

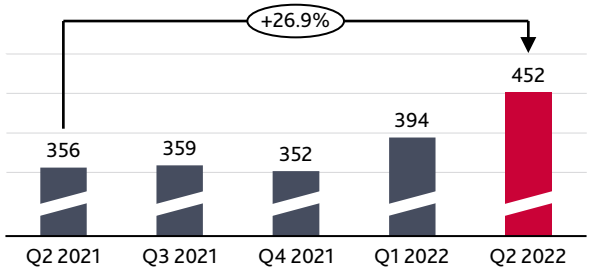


KM Non-EU

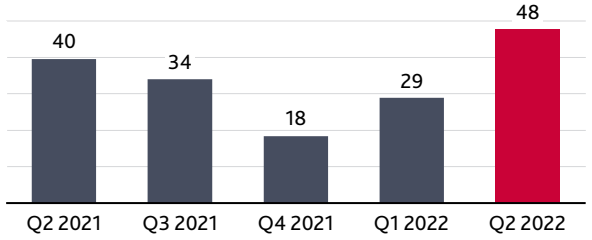
Shipments (Tto)



Sales (€m)



EBITDA***) (€m)



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

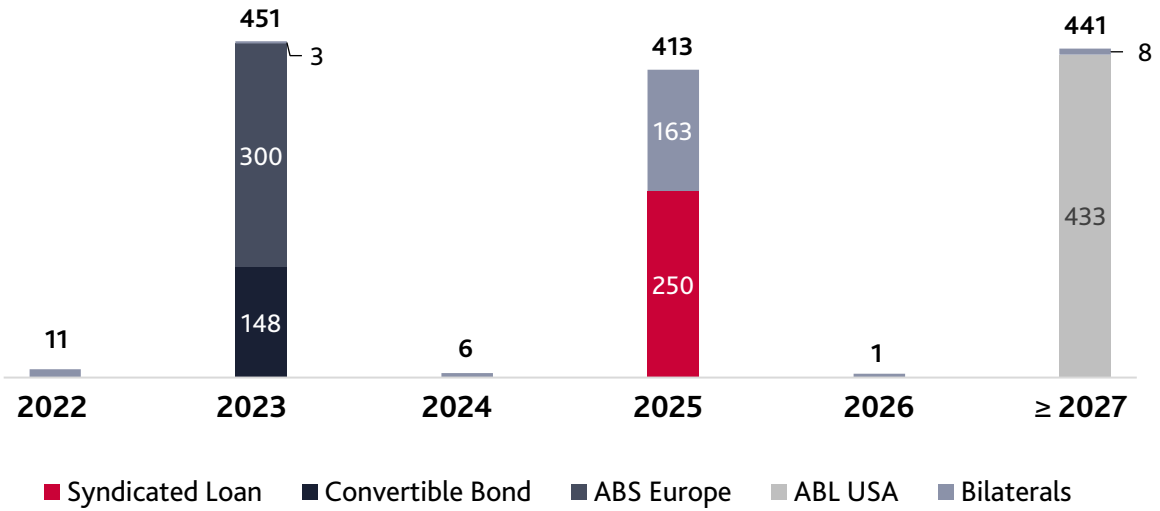
MATURITY PROFILE

Facility (€m)	Committed Jun 30, 2022	Drawn amount	
		Jun 30, 2022	Dec 31, 2021
Syndicated Loan	250	100	36
ABS Europe[1)]	300	268	189
ABL USA[2)]	433	288	240
Convertible 2016	148	144	142
Bilateral Facilities[3)]	192	157	57
Leases	171	171	156
Total Debt	**1,494**	**1,128**	**820**
Cash		225	58
Net Debt		**903**	**762**

1) Increase of facility from €220m to €300m in April 2022.
2) Renewal of facility ($450m) in July 2022, new maturity July 2027.
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.

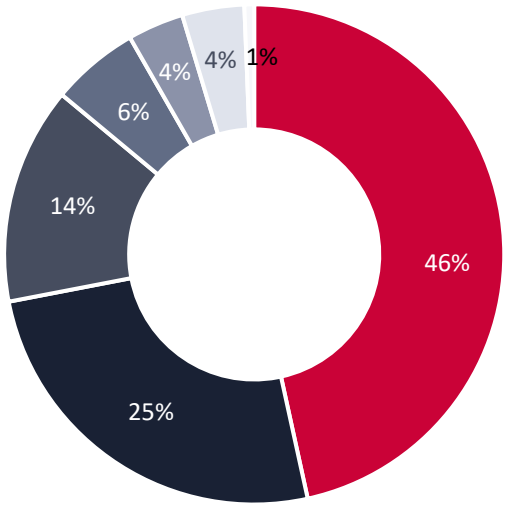
€m	June 30, 2022
Adjusted equity[4)]	2,055
Net Debt	903
Gearing[5)]	44%
Leverage[6)]	1.0x

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



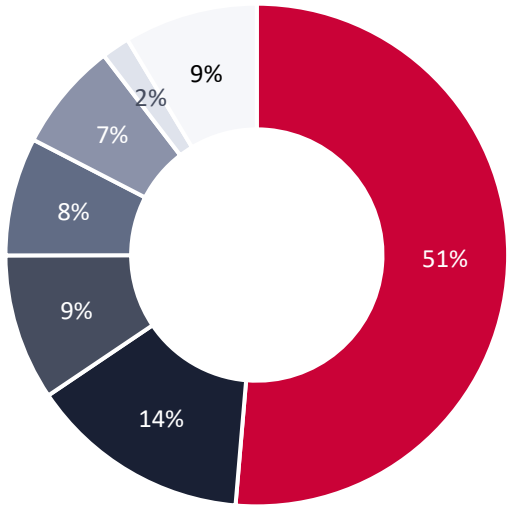
SALES BY MARKETS, PRODUCTS AND INDUSTRIES

Sales by markets



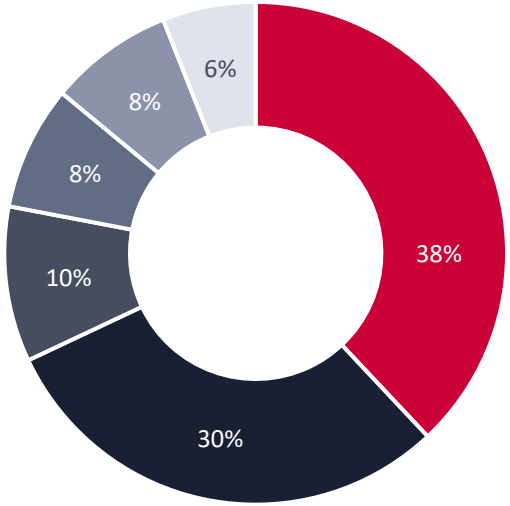
- USA
- Germany/Austria
- Switzerland
- France
- Benelux
- UK
- Brazil

Sales by products



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

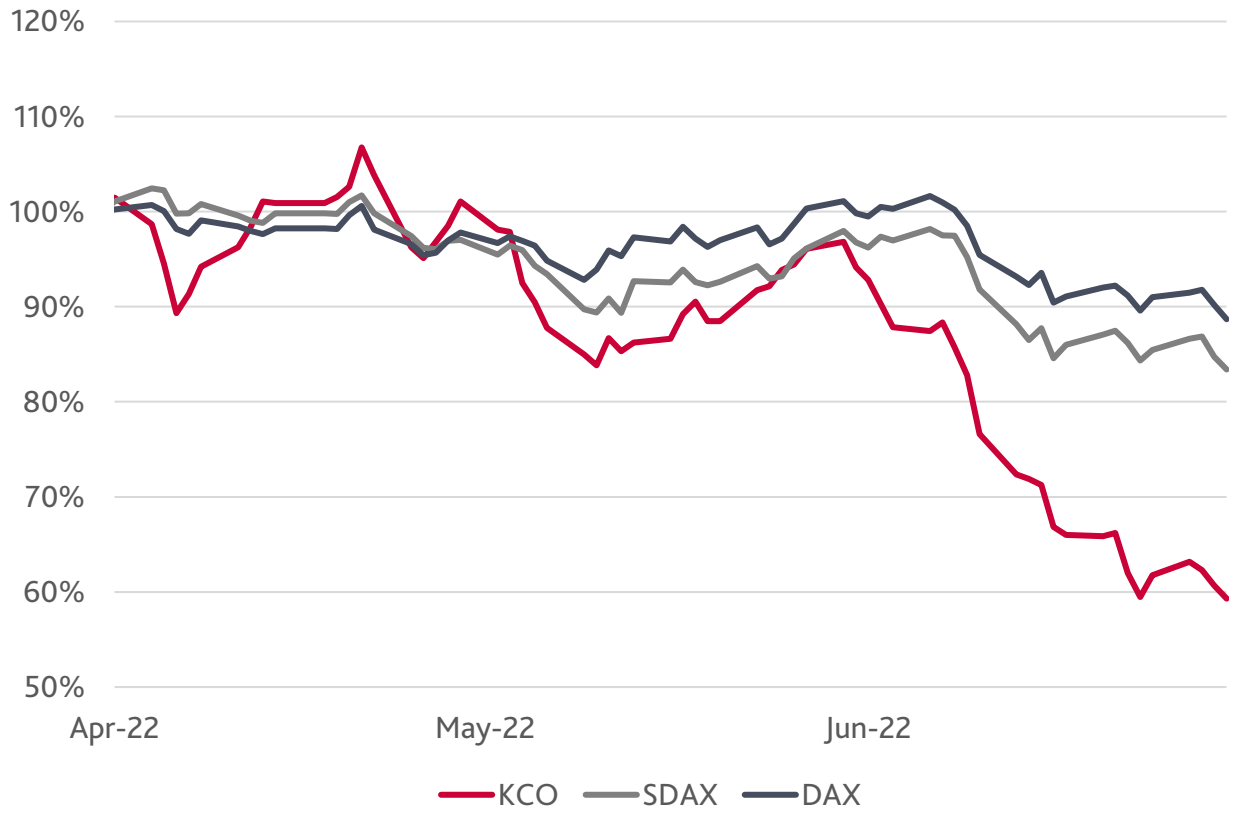
Sales by industries



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

As of December 31, 2021.

SHARE PRICE PERFORMANCE IN Q2 2022



- Due to the ongoing war in Ukraine and the monetary policy change of central banks, the capital market environment remained volatile throughout Q2 2022
- The share price of Klöckner & Co reached its highest level of €13.09 on April 24 and decreased thereafter until mid of May
- Afterwards, the share price increased again until it decreased sharply in June
- It went out of trading at €7.27 on June 30, reaching its lowest level in Q2 2022

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

LEADING THE SUSTAINABILITY TRANSFORMATION

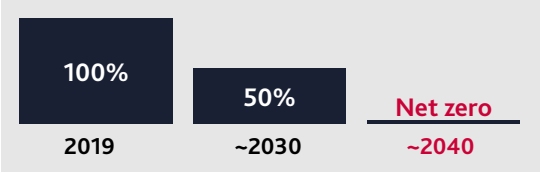
kloeckner takes action 2040

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

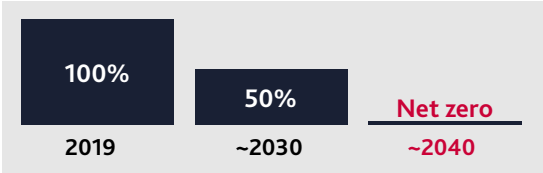
- Concrete reduction measures identified, implementation already started
- Scope 1 & 2 emissions below 1% of overall Scope 1-3 emissions
- In addition to reduction measures, compensation of Scope 1 & 2 emissions from 2022 onwards

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

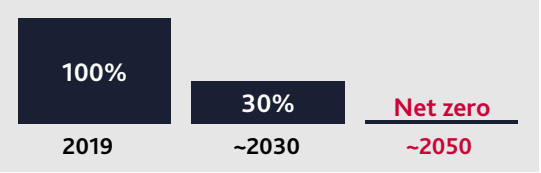
Scope 1 & 2



Scope 3 under direct influence



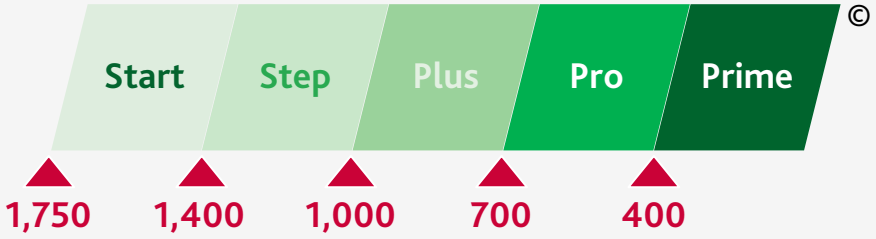
Scope 3 suppliers & customers



LEADING THE SUSTAINABILITY TRANSFORMATION - INTRODUCTION OF A CUSTOMER-CENTRIC METRIC FOR CO_2-REDUCED STEEL

Five categories differ by **carbon load**

Carbon load thresholds
(in kg CO_2e/t finished steel product)

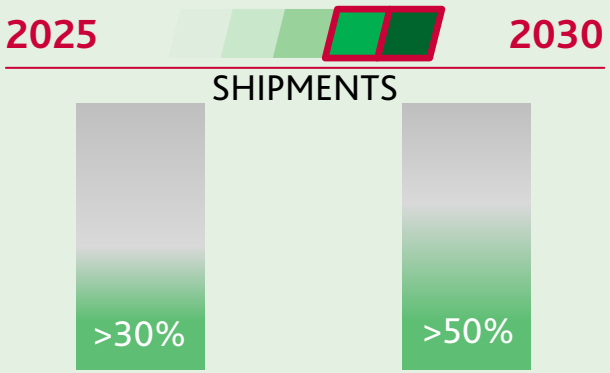


- **Methodology along international standards**
  Calculation methodology follows internationally renowned GHG Protocol
- **Emissions from raw material to production**
  Emissions include production (Scope 1), purchased power (Scope 2) & supply chain (Scope 3 Upstream)
- **No offsetting included in CO_2 load categorization (compensation data as add-on)**
  Physical production emissions determine categorization

One category differs by **method**

- **Separate category for "balanced" green steel**

Our ambition



>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 CO_2 annually

klöckner & co

Your partner for a sustainable tomorrow

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FINANCIAL CALENDAR

November 3, 2022
Q3 quarterly statement 2022

March 9, 2022
Annual financial statements 2022