

klöckner & co

Your partner for a
sustainable tomorrow

FY 2022 RESULTS

Press Conference

March 9, 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 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. Financials
3. Outlook
4. Appendix



HIGHLIGHTS OF FY 2022

	FY 2022	FY 2021	Delta	
Shipments (Tto)	4,679	4,881	-4.1%	Slight decline due to disciplined margin-over-volume strategy in the beginning of 2022 and negative macroeconomic environment in H2 2022
Sales (€m)	9,379	7,441	+26.0%	Considerable increase yoy as a result of higher average price level
Gross profit (€m)	1,563	1,893	-17.4%	Decrease due to less favorable price dynamics compared to FY 2021
EBITDA ^{*)} (€m)	417	848	-432	Strong operating result due to smart NWC management and consistent margin-over-volume strategy at the beginning of 2022 despite challenging environment; EBITDA rep. of €481m
Operating Cash Flow (€m)	405	-306	+711	Exceptionally positive OCF largely due to disciplined NWC management
Net financial debt (€m)	584	762	-179	Significantly deleveraged yoy
Digital sales share in Q4	44%	46%	-2%p	Up by 1%p qoq, stable on high level; Kloeckner Assistant processed >€1.3bn in sales volume in FY 2022
Dividend per share ^{**) (€)}	0.40	1.00		Strong dividend proposed for FY 2022, after record dividend last year

^{*)} Before material special effects

^{**) Proposal to the Annual General Meeting on May 17, 2023}

SUBSTANCE AND PROFITABILITY BASIS SIGNIFICANTLY STRENGTHENED

Proof points of our strong performance over the last two years:

Generated exceptional EBITDA rep. of in total **~€1.4bn**

Increased equity by nearly **90%**

Reduced pension provisions from **€288m to €38m**

Generated OCF of **€342m** before pension funding

Dividend payments amounting to **€1.40** per share^{*)}

We've come a long way in 2022 – Building sustainable business models for our customers

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



~43% reduction in 2022
scope 1 & 2 emissions compared
to SBTi base year 2019

Introduction of our CO₂-
reduced steel categorization



First deliveries of CO₂-reduced
steel quantities to Siemens and
Mercedes-Benz

German Sustainability
Award Winner

Launch of Nexigen® and
introduction of categorizations
for CO₂-reduced stainless steel
and aluminum



First tons of CO₂-reduced
stainless steel from Outokumpu

Pioneering role in the
sustainability transformation of
the steel industry

An iceberg floating in the ocean, with the tip above water and a much larger, jagged mass submerged below the surface. The image is used as a metaphor for hidden value or potential.

Accelerating further in 2023

Launch of innovative Nexigen® PCF Algorithm

- ✓ **Individualized Product Carbon Footprints (PCF)**
Offering our customers individualized PCFs for nearly all 200,000 products; for gray and CO₂-reduced products
- ✓ **Complete emissions**
Managing high complexity; from cradle until the product reaches customers' entry gates
- ✓ **Externally certified**
TÜV SÜD validated methodology according to ISO 14067, ref. 14040 & 14044, and in line with GHG Protocol
- ✓ **Siemens and ZF as pilot customers**
Supporting industry leaders in building sustainable value chains



NEW GROWTH PLATFORM IN NORTH AMERICA – ACQUISITION OF NATIONAL MATERIAL OF MEXICO

Transaction overview

- Purchase price of USD340m on cash and debt free basis
- EV-multiple of ~6.7 based on expected 2022 EBITDA; representing a highly attractive expansion of our activities
- NMM employs around 500 people and generated sales of ~USD610m in FY 2021^{*)}
- Transaction financed by existing liquidity; benefitting from our strong operating cash flow and improved company substance
- Closing of the transaction requires antitrust approvals and is expected before summer 2023
- Opportunistic, highly selective, performance- and growth-oriented M&A approach going forward

^{*)} Pro forma figures

CREATING VALUE THROUGH LEVERAGING STRATEGIC FIT



- Acquisition immediately **value-accretive** and provides **growth platform** while capitalizing on accelerating **onshoring trend**
- Significantly increasing exposure to key **automotive** and **industrial** end markets in North America
- Strong growth prospects in demand for electric vehicles and CO₂-reduced products fully integrative into our **strategic sustainability** agenda
- Accessing the **exclusive electrical steel market** with valuable management expertise and value-add capabilities
- Benefitting from **well-qualified and attractive labor market** in Mexico
- Complementary customer base brings **significant cross-selling opportunities**, especially in automotive

Establishing the number one flat rolled player in North America

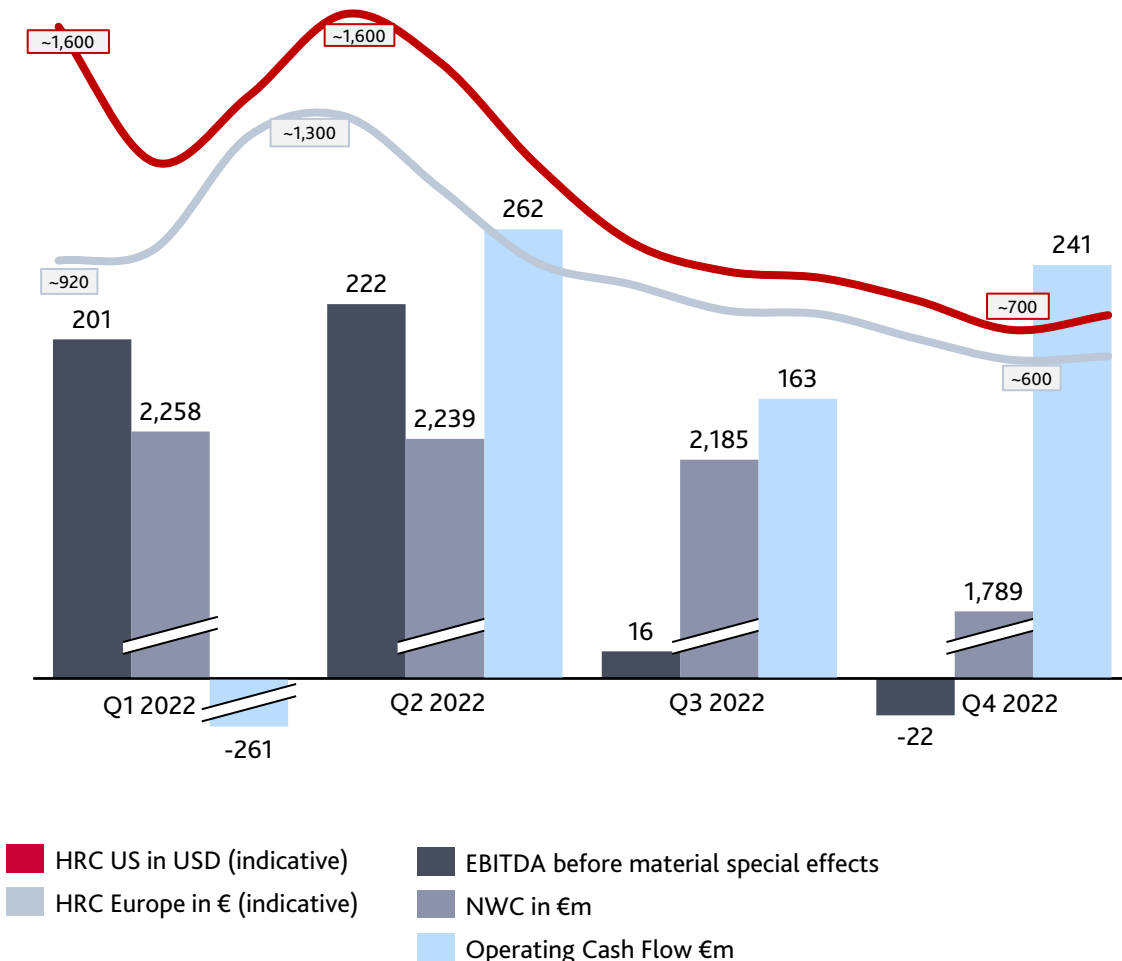
AGENDA

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



HIGHER HIGHS AND HIGHER LOWS – STRONG PERFORMANCE THROUGH THE TROUGH

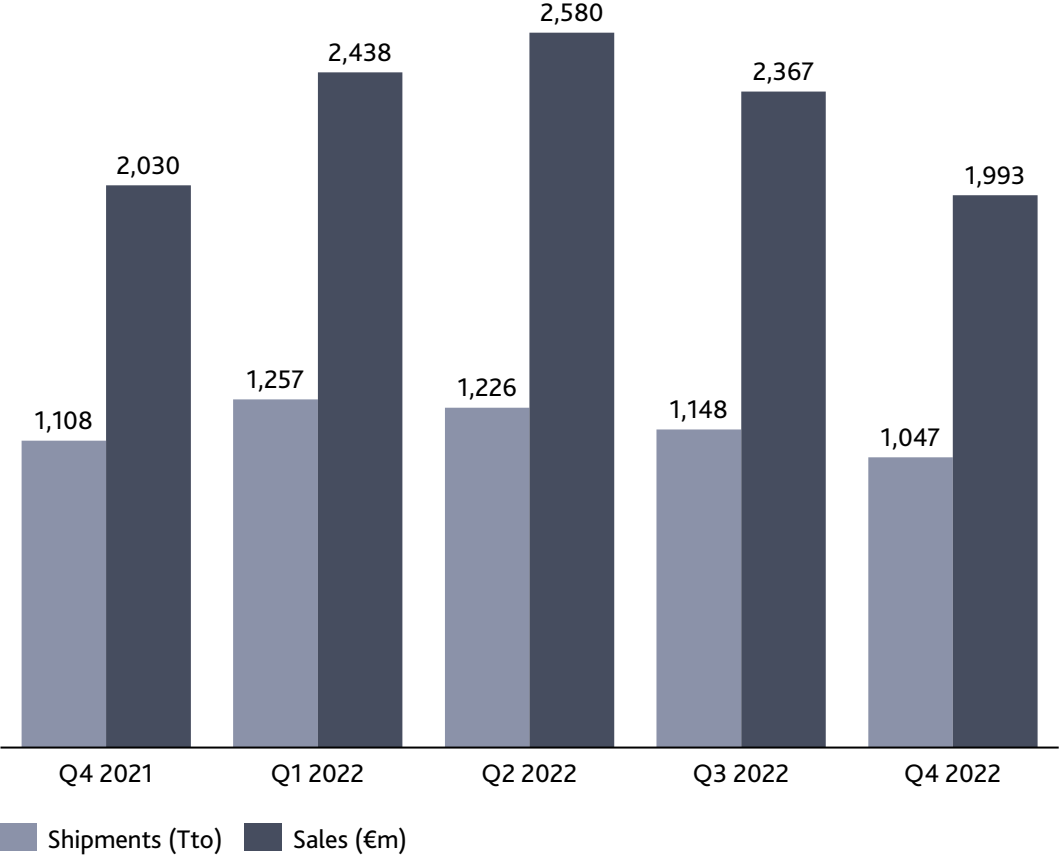
High quality net working capital management



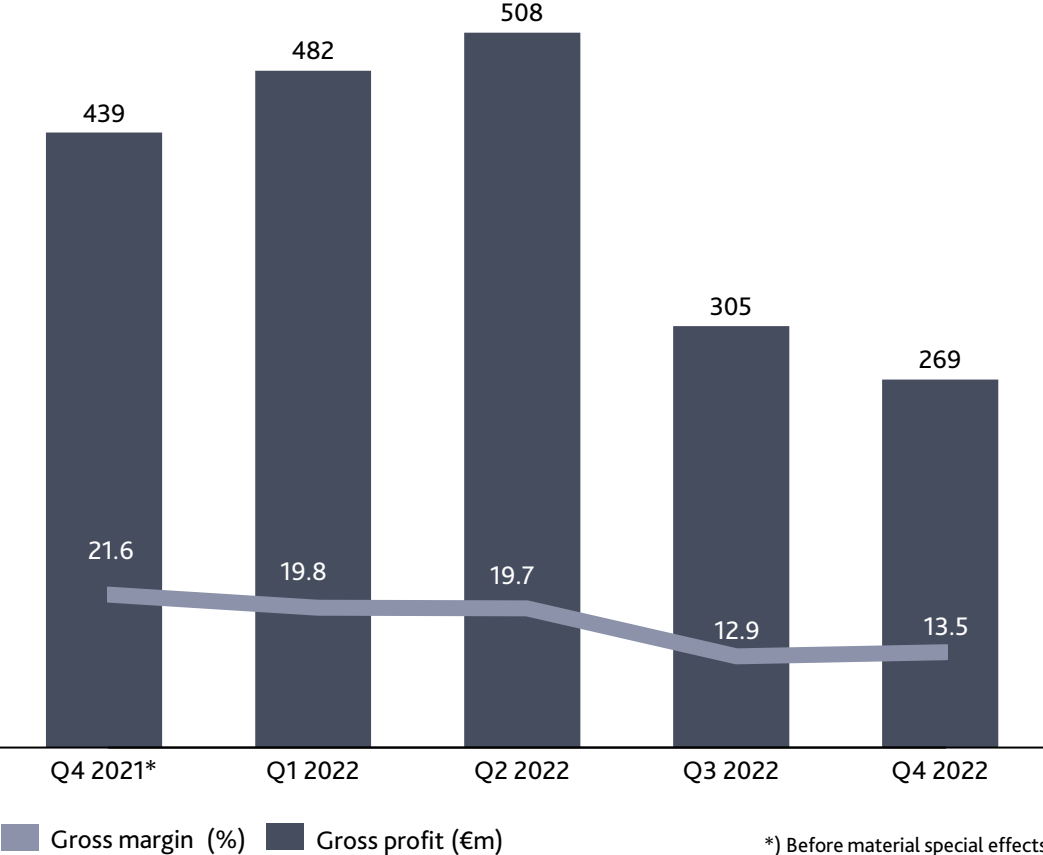
- Committed to a strong **"through the cycle performance"**
 - FY 2022 marks further proof point of smart NWC management and Kloeckner's **"Higher Highs and Higher Lows"**-performance
 - Strong operating **performance** translated into **strong operating cash flows**
- Smart NWC management during price correction over the course of the year
 - **Active drive-down** of inventory after price peak
 - **Mitigation** of large parts of negative windfall risks
 - Generation of **exceptionally positive cash flow**
 - Proactively enforced inventory reduction enables early **resetting of stock-price**
 - Now **perfectly positioned** in an environment of **improving demand** and **rising prices**

SHIPMENTS, SALES AND GROSS PROFIT

Shipments & Sales

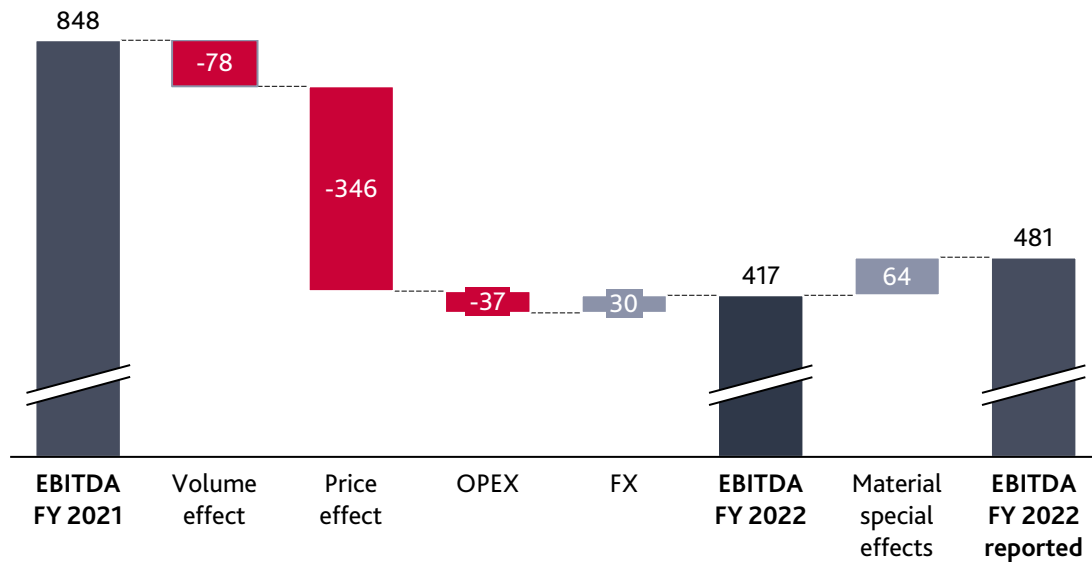
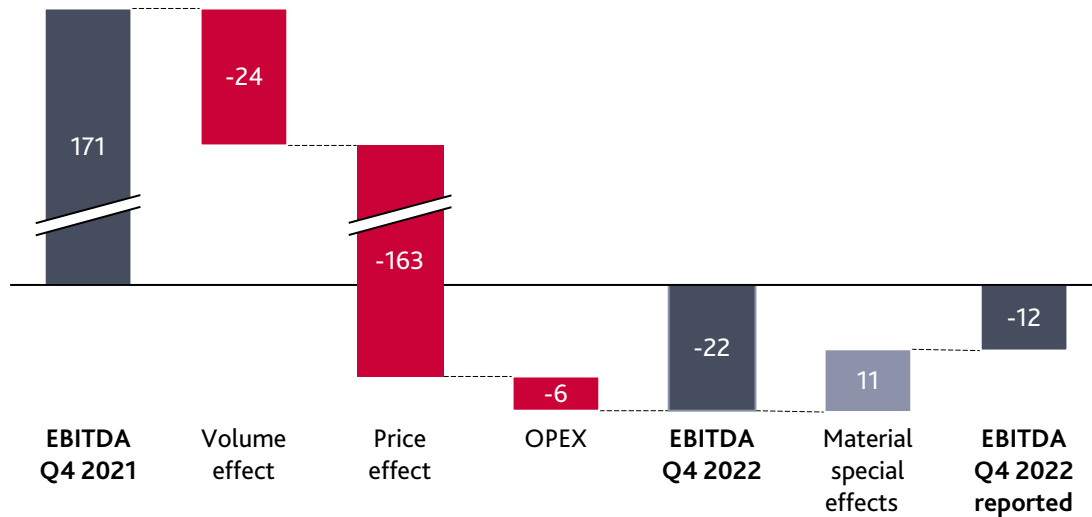


Gross profit & Gross margin



*) Before material special effects.

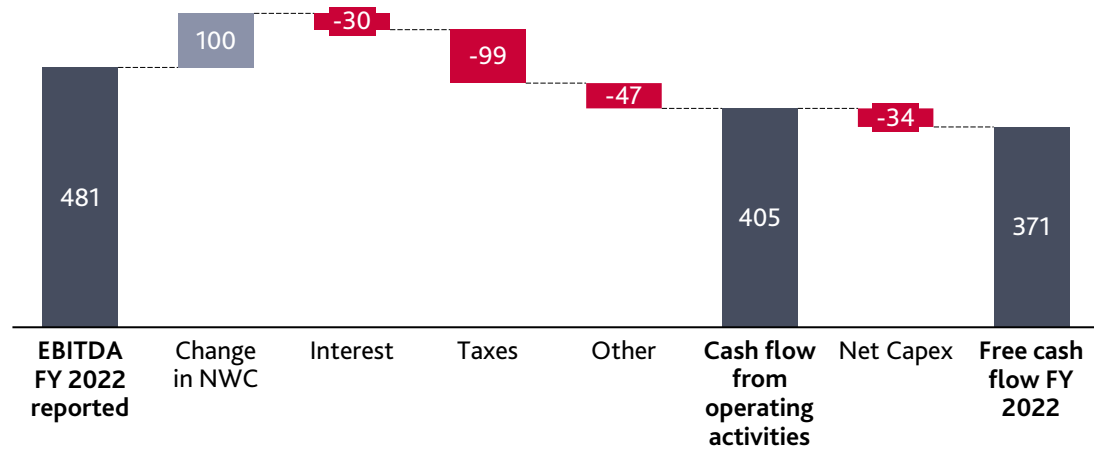
EBITDA (€M) IN Q4 AND FY 2022



- Strong operating result in FY 2022 due to smart NWC management and consistent margin-over-volume strategy at the beginning of the year despite overall challenging environment in 2022
- Negative volume effect mainly due to negative macro environment
- Negative price effect due to less favorable price dynamics
- OPEX up especially driven by shipment expenses & operating supplies; positive FX-effects
- Material special effects of €64m mainly from sale of sites in Switzerland and France

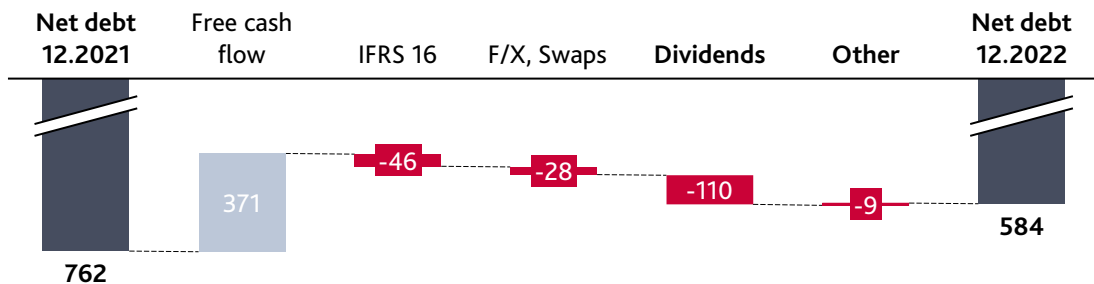
CASH FLOW AND NET DEBT DEVELOPMENT

Cash flow FY 2022 (€m)



- EBITDA of €481m
- NWC decrease of €100m; strict NWC management initiatives
- Strong and significantly positive cash flow from operating activities of €405m
- Net CAPEX of €-34m
- Free cash flow of €371m

Net financial debt 12.2021 vs. 12.2022 (€m)

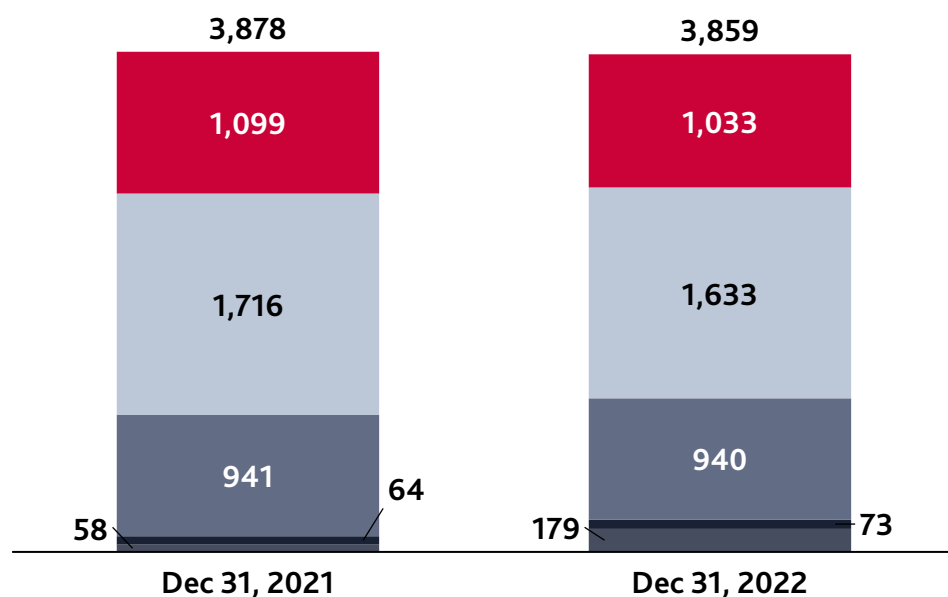


- Deleveraging of net financial debt from €762m to €584m mainly due to strict NWC management

STRONG AND SOLID BALANCE SHEET

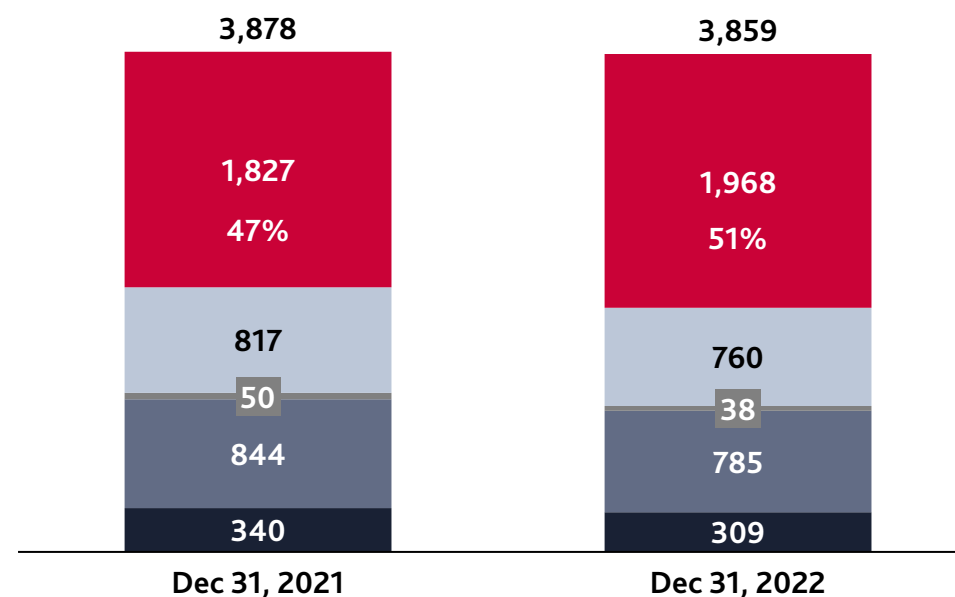
Solid equity ratio of 51%, gearing* of 30% and leverage of 1.4x

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.

AGENDA

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

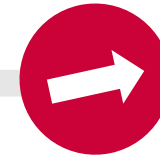
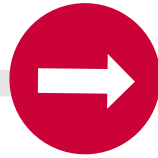


REGION SPECIFIC BUSINESS OUTLOOK 2023



Europe

+1-2%



Real steel
demand



Construction
industry



Manufacturing,
machinery & mechanical
engineering, etc.



Energy
industry



Automotive
industry

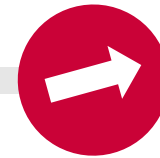


Shipbuilding



North America

+1-2%



OUTLOOK

Q1
2023

- Considerable increase of shipments and sales expected (qoq)
- EBITDA before material special effects expected to increase very considerably qoq; expectation of €40-90m before material special effects
- Low double-digit (€m) negative material special effects expected, mainly from growth-oriented hub-structure initiative in France, largely offset by medium-term gains from asset disposals

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

Fully on track to achieve our ambitious 2025 targets

AGENDA

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



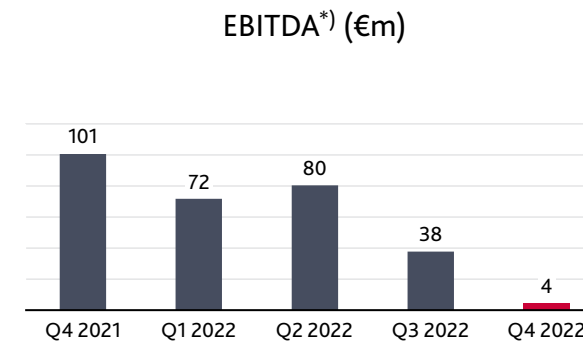
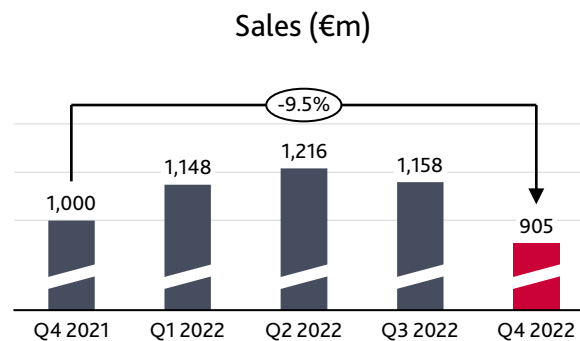
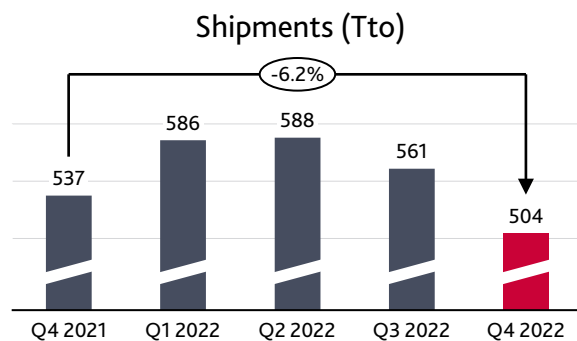
QUARTERLY AND FY RESULTS

(€m)	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)	1,047	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	1,993	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	269	305	508	482	440	540	525	388	274	262	226	285	1,563	1,893	1,047	1,158	1,328
% margin	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	-22	16	222	201	171	277	271	130	39	40	11	21	417	848	111	124	229
Material special effects	11	0	1	53	17	4	-1	11	15	-2	-72	0	-64	-30	-59	15	-2
EBITDA rep.	-12	16	223	254	188	280	270	141	54	38	-61	21	481	879	52	139	227
% margin	-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	9	12	9	7	-2	-14	-8	-1	0	2	1	31	-16	1	5	-9
EBIT	-49	-18	191	223	154	249	240	111	24	4	-109	-13	348	754	-93	2	141
Income from Investments	0	1	4	0	5	1	4	0	0	0	0	0	6	11	0	0	0
Financial result	-11	-8	-8	-7	-6	-6	2	-6	-7	-7	-7	-9	-34	-17	-30	-41	-34
EBT	-60	-25	188	216	153	244	246	105	17	-3	-116	-22	319	748	-124	-39	107
Income taxes	18	3	-37	-44	-14	-55	-31	-19	5	-2	5	1	-60	-119	9	-16	-38
Net income	-42	-22	151	172	139	189	215	86	22	-5	-111	-21	259	629	-114	-55	69
Minority interests	0	0	2	4	3	3	3	1	1	0	0	0	6	10	2	1	0
Net income KCO	-42	-22	149	168	136	185	212	85	21	-5	-111	-21	253	619	-116	-56	69
EPS basic (€)	-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 (€)	-0.39	-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 ^{*)}	1,789	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	584	806	903	999	762	348	303	363	351	427	476	563	584	762	351	445	383

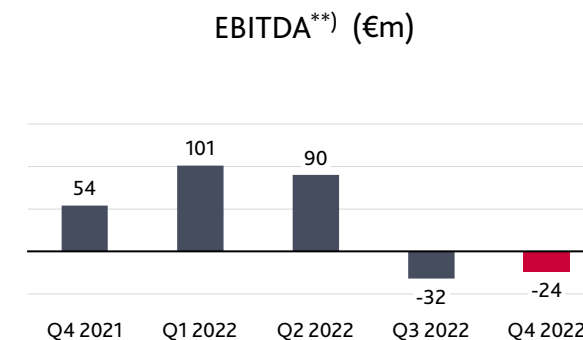
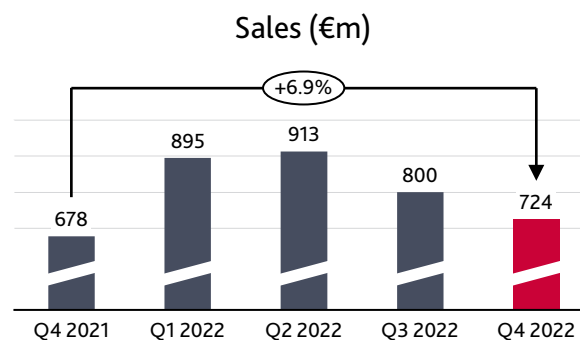
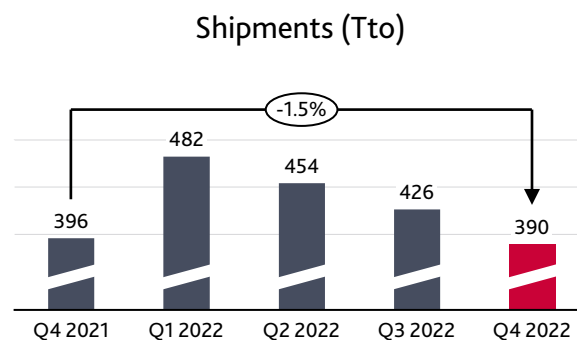
*) Since 2018 including supplier bonus receivables and contract assets.

SEGMENT PERFORMANCE

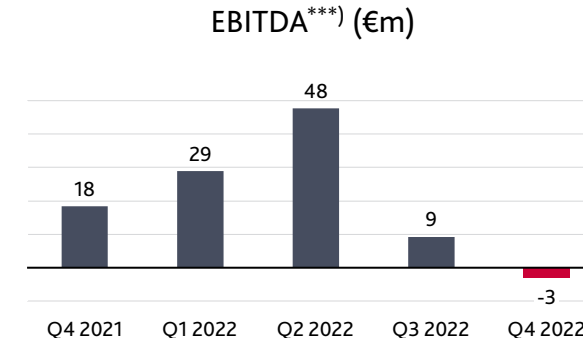
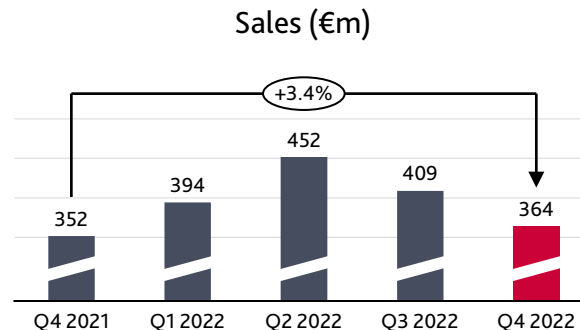
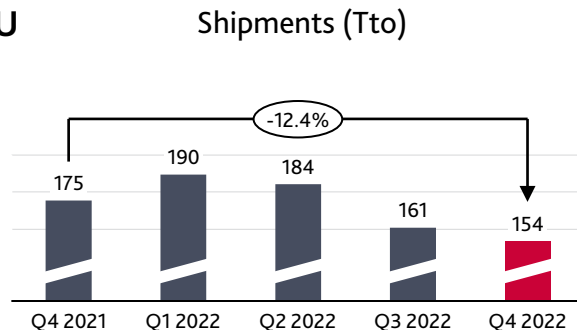
KM US



KM EU



KM Non-EU



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

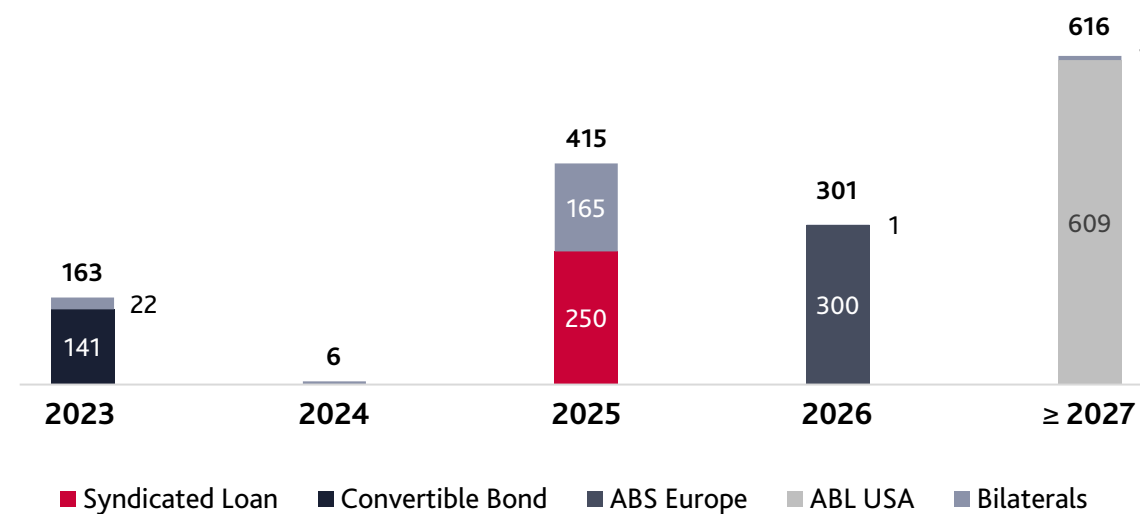
MATURITY PROFILE

Facility (€m)	Committed Dec 31, 2022	Drawn amount	
		Dec 31, 2022	Dec 31, 2021
Syndicated Loan	250	25	36
ABS Europe ¹⁾	300	159	189
ABL USA ²⁾	609	155	240
Convertible 2016 ³⁾	141	139	142
Bilateral Facilities ⁴⁾	201	120	57
Leases	165	165	156
Total Debt	1,666	763	820
Cash		179	58
Net Debt		584	762

- 1) Facility renewal in December 2022, effective date January 2023, maturity January 2026.
2) Facility increase from \$450m to \$650m in December 2022, maturity July 2027 (unchanged).
3) After repurchase of €7.1m (nominal) in July 2022.
4) Mainly Switzerland.
5) Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 23, 2019.
6) Net debt as reported/Adjusted equity.
7) Net debt as reported/LTM EBITDA before material special effects.

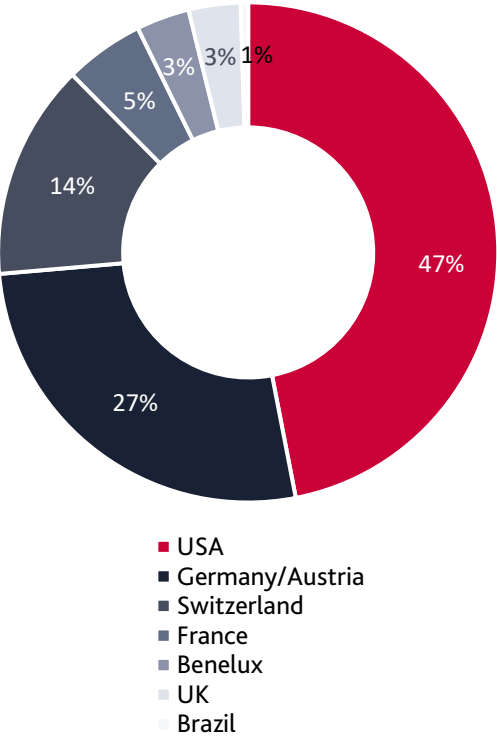
€m	Dec 31, 2022
Adjusted equity ⁵⁾	1,955
Net Debt	584
Gearing ⁶⁾	30%
Leverage ⁷⁾	1.4x

Maturity profile (excl. leasing) in €m, December 31, 2022

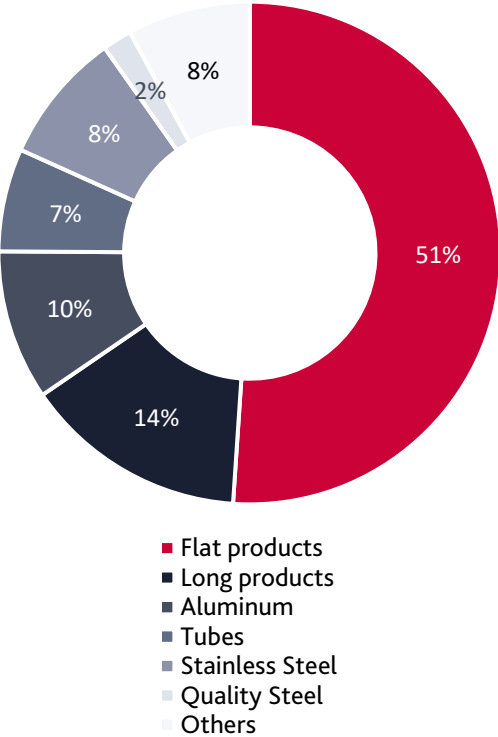


SALES BY MARKETS, PRODUCTS AND INDUSTRIES

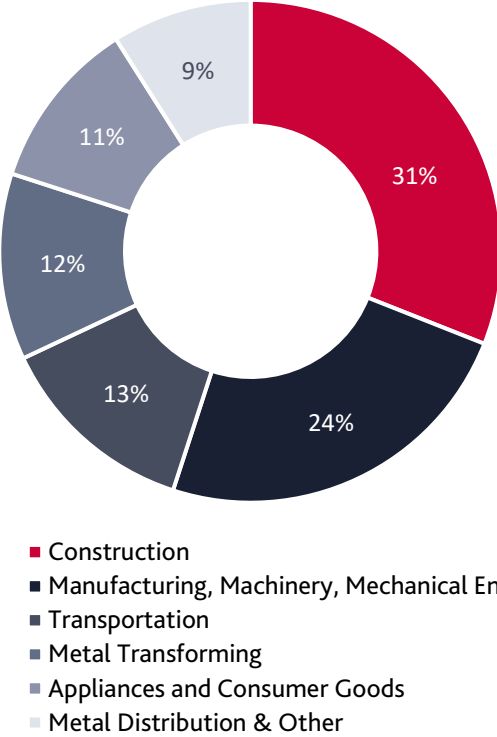
Sales by markets



Sales by products



Sales by industries



As of December 31, 2022.

SHARE PRICE PERFORMANCE IN FY 2022



- The capital market environment remained volatile throughout 2022
- The share price of Klöckner & Co reached its highest level of €13.30 on March 25
- Thereafter, the share price decreased reaching its lowest level of €6.93 on October 12
- Thereafter it recovered sharply and went out of trading at €9.24 on December 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
- 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

LEADING THE SUSTAINABILITY TRANSFORMATION: INTRODUCTION OF A CUSTOMER-CENTRIC METRIC FOR CO₂-REDUCED STEEL AND LAUNCH OF NEXIGEN® BRAND

CARBON STEEL CATEGORIZATION



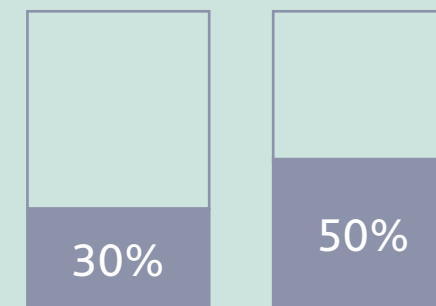
- ✓ Separate category for “balanced” CO₂-reduced steel along international standards
- ✓ Methodology along international standards
- ✓ Emissions from raw material to production
- ✓ No offsetting included in CO₂ load categorization (compensation data as add-on)



Nexigen®

- Our new brand for CO₂-reduced steel & metal solutions
- Offering CO₂-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 CO₂ annually

COMPREHENSIVE APPROACH: CATEGORIZATION FOR STAINLESS STEEL & ALUMINUM

STAINLESS STEEL CATEGORIZATION



ALUMINUM CATEGORIZATION



Values in kg CO₂e/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) and supply chain (Scope 3 Upstream)



No offsetting included in CO₂ load categorization (compensation data as add-on)

Physical production emissions determine categorization



Separate category for "balanced" CO₂-reduced steel

Emission re-balancing between steel volumes from the same mill results in a calculated instead of a physical carbon footprint – separate class acknowledges efforts of players with physical reduction

Background on "Balanced" category

All steel passing through a production pathway has the same physical carbon footprint. Accounting-wise, this footprint is sometimes converted between steel quantities in tons of steel with higher and lower carbon footprints

Christian Pokropp

Head of Corporate Communications |
Head of Group HR

 +49 203 307-2050

 christian.pokropp@kloeckner.com

 www.kloeckner.com

FINANCIAL CALENDAR

May 3, 2023

Q1 quarterly statement 2023

May 17, 2023

Annual General Meeting 2023

August 2, 2023

Half-yearly financial report 2023

October 31, 2023

Q3 quarterly statement 2023