

Press Release

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Klöckner & Co makes very good start to 2023 despite ongoing challenging environment

- Operating income (EBITDA) of €69 million before material special effects considerably higher in first quarter of 2023 than in preceding quarter (Q4 2022: €– 22 million)
- Significant positive cash flow from operating activities of €64 million (Q1 2022: €– 261 million)
- Progress in strategy implementation with introduction of Nexigen® PCF Algorithm and first all-electric truck brought into service
- EBITDA before material special effects of €60 million to €110 million in second quarter expected

Duisburg, Germany, May 3, 2023 – Klöckner & Co's sales in the first quarter of 2023 were €2.1 billion as a result of the lower overall price level (Q1 2022: €2.4 billion). Operating income (EBITDA) before material special effects, at €69 million, was considerably higher than in the preceding quarter (Q4 2022: €– 22 million). In the prior-year comparative period, operating income notably benefited from significant positive price effects (Q1 2022: €201 million). Including negative material special effects of €21 million, mainly relating to the implementation of a hub structure in France to support further growth, EBITDA came to €48 million (Q1 2022: €254 million). Due to the material special effects, net income was €– 8 million (Q1 2022: €172 million). Earnings per share consequently came to €– 0.08 (Q1 2022: €1.68).

In the first quarter of 2023, proactive net working capital management resulted in a significant positive cash flow from operating activities of €64 million (Q1 2022: €– 261 million). Net working capital decreased relative to March 31, 2022, from €2.3 billion to €1.7 billion. After €8 million in payments for capital expenditure, free cash flow amounted to €56 million in the first three months of the year, compared to a negative free cash flow of €222 million in the first quarter of 2022.

Guido Kerkhoff, CEO of Klöckner & Co SE: “We made a very good start to the new year, despite the ongoing challenging environment, and have made continuous progress in the implementation of our Group strategy over the first few months. With the introduction of the Nexigen® PCF Algorithm, we are now able to calculate the product carbon footprint for nearly all of our products. In this way, we are tangibly helping our customers to achieve their decarbonization goals.”

Progress in implementation of the “Klöckner & Co 2025: Leveraging Strengths” Group strategy

With the introduction of its proprietary “Nexigen® PCF Algorithm”, based on a calculation method that is certified by TÜV SÜD and complies with internationally recognized standards, Klöckner & Co is now able to calculate the Product Carbon Footprint (PCF) for almost all of its approximately 200,000 products. This enables customers to make informed purchase decisions based on scientifically established emissions data that is comparable across producers. The new service is part of Klöckner & Co’s response to increasing demand for CO₂-reduced solutions and transparent information on the carbon footprint of its products. In the first quarter of 2023, the first PCF declarations were successfully provided to Klöckner & Co customers in conjunction with product deliveries, among others for the two major partners Siemens Smart Infrastructure and ZF. In addition to the growing range of CO₂-reduced solutions for customers, Klöckner & Co also continued over the past three months to work on reducing its own emissions. For example, the Company added the first all-electric truck to its logistics fleet. The vehicle was supplied by Daimler Trucks.

A further focus of the Group strategy consists of digitalizing and automating Klöckner & Co’s value chains. Sales handled by Kloeckner Assistant, the Group’s proprietary AI solution, remained at a strong level at over €280 million in the first quarter of 2023.

Outlook

Klöckner & Co achieved a strong operating income and a significantly positive cash flow from operating activities in the first quarter, despite the challenging environment. Although the economic environment is expected to remain challenging, macroeconomic conditions have further improved compared to the second half of 2022. Against this background, and significantly supported by the proactive and disciplined net working capital management, the Company forecasts an EBITDA before material special effects of €60 million to €110 million and a positive cash flow from operating activities for the second quarter.

Key figures

Shipments and income statement		Q1 2023	Q1 2022	Variance		
Shipments	Tto	1,213	1,257	– 45		
Sales	€ million	2,076	2,438	– 361		
Gross profit	€ million	357	482	– 125		
Gross profit margin	%	17.2	19.8	– 2.6%p		
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	48	254	– 206		
EBITDA before material special effects	€ million	69	201	– 132		
EBITDA margin	%	2.3	10.4	– 8.1%p		
EBITDA margin before material special effects	%	3.3	8.2	– 4.9%p		
Earnings before interest and taxes (EBIT)	€ million	13	223	– 211		
Earnings before taxes (EBT)	€ million	3	216	– 213		
EBT before material special effects	€ million	27	163	– 136		
Net income	€ million	– 8	172	– 180		
Net income attributable to shareholders of Klöckner & Co SE	€ million	– 8	168	– 176		
Earnings per share (basic)	€	– 0.08	1.68	– 1.77		
Earnings per share (diluted)	€	– 0.08	1.53	– 1.61		
Cash flow statement		Q1 2023	Q1 2022	Variance		
Cash flow from operating activities	€ million	64	– 261	325		
Cash flow from investing activities	€ million	– 8	39	– 48		
Free cash flow ^{*)}	€ million	56	– 222	278		
Balance sheet		March 31, 2023	Dec. 31, 2022	March 31, 2022	Variance Mar. 31, 2023 vs. Dec. 31, 2022	Variance Mar. 31, 2023 vs. Mar. 31, 2022
Net Working Capital ^{**)}	€ million	1,735	1,789	2,258	– 54	– 523
Net financial debt	€ million	539	584	999	– 45	– 460
Gearing ^{***)}	%	27.9	29.8	51.4	– 2.0%p	– 23.6%p
Equity	€ million	1,945	1,968	1,963	– 24	– 19
Equity ratio	%	51.6	51.0	44.4	0.6%p	7.3%p
Total assets	€ million	3,766	3,859	4,426	– 94	– 660
Employees		March 31, 2023	Dec. 31, 2022	March 31, 2022	Variance Mar. 31, 2023 vs. Dec. 31, 2022	Variance Mar. 31, 2023 vs. Mar. 31, 2022
Employees as of the end of the reporting period		7,209	7,304	7,180	– 95	29

*) Free cash flow = Cash flow from operating activities plus cash flow from investing activities.

**) Net Working Capital = Inventories + trade receivables (incl. contract assets) + supplier bonus receivables / trade liabilities (incl. contract liabilities and advance payments received).

***) Gearing = Net financial debt / (Equity / non-controlling interests / goodwill resulting from acquisitions subsequent to May 23, 2019).

About Klöckner & Co:

Klöckner & Co is one of the largest producer-independent distributors of steel and metal products and one of the leading steel service companies worldwide. Based on its distribution and service network of around 150 sites in 13 countries, Klöckner & Co supplies more than 90,000 customers. Currently, the Group has around 7,200 employees. Klöckner & Co had sales of some €9.4 billion in fiscal year 2022. With the expansion of its portfolio of CO₂-reduced materials, services and logistics options under the new Nexigen® umbrella brand, the company is underscoring its role as a pioneer of a sustainable steel industry. At the same time, Klöckner & Co leads the way in the steel industry's digital transformation and has set itself the target of digitalizing and largely automating its supply and service chain. In this way, the Company aims to develop into the leading one-stop shop for steel, other materials, equipment and processing services in Europe and the Americas.

The shares of Klöckner & Co SE are admitted to trading on the regulated market segment (Regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) with further post-admission obligations (Prime Standard). Klöckner & Co shares are listed in the SDAX® index of Deutsche Börse.

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