

Press Release

Klöckner & Co SE
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Klöckner & Co intends to sell four European country organizations to strengthen focus on higher value-added business and streamline portfolio

- Company has received an irrevocable offer by Hierros Añon S.A. regarding the acquisition of the country organizations in France, the United Kingdom, the Netherlands, and Belgium
- Strengthening focus on higher value-added business while reducing exposure to volatile and low-margin commodity distribution business
- Regional focus on North America and DACH region going forward

Duisburg, Germany, December 22, 2023 – Klöckner & Co intends to sell parts of its European commodity distribution business. In this regard, the company has received an irrevocable offer by the Spanish Hierros Añon S.A. today that comprises all relevant terms and conditions regarding an acquisition of the country organizations in France, the United Kingdom, the Netherlands, and Belgium.

With the proposed transaction, the Management Board of Klöckner & Co would continue to prioritize businesses with higher value-added products and services along the value chain of its customers like processing and fabrication services. These offers have higher profitability and more stable demand due to the long-term contractual relationships and strong customization associated with the higher value-added business. The proposed sale would significantly reduce the company's dependence on volatile commodity markets. Going forward, Klöckner & Co will continue to concentrate on the growth of its biggest market in North America and its attractive European activities in Germany, Austria, and Switzerland (DACH).

Guido Kerkhoff, CEO of Klöckner & Co SE: "Selling parts of our European commodity distribution business would be a major milestone to focus on the less volatile higher value-added business. This is in line with previous achievements such as our recent acquisitions which significantly contribute to this business model and portfolio optimization. In addition, the proposed sale would instantly and sustainably improve our profitability and thus enable further growth in the future."

The country organizations in France, the United Kingdom, the Netherlands, and Belgium employ around 1,500 people as of September 30, 2023. In the first nine months of 2023, these businesses collectively contributed €621 million in sales, representing about 10% of Klöckner & Co's total sales volume. In the same reporting period, EBITDA before material special effects reached a negative €19 million and total assets of around €552 million.

The proposed transaction is expected to have a considerably positive impact on the Group EBITDA before material special effects from the financial year 2024 onwards. In addition, the company expects a one-time negative effect on the Group equity of around €210 million based on the current equity of the organizations and further deconsolidation effects. However, the equity ratio of the remaining Group is expected to increase to approximately 51%. In addition, Klöckner & Co would generate over 50% of its sales in North America after a closing.

The proposed transaction is subject to information and consultation procedures with the relevant employee representative bodies, as well as the customary regulatory approvals and closing conditions. Closing, after an acceptance of the irrevocable offer, is expected to take place in the first half of 2024.

Key performance indicators^{*)}

		Jan. 1 - Sept. 30, 2023 excl. businesses intended to be sold	Jan. 1 - Sept. 30, 2023 (as reported)	Variance
Shipments	Tto	3,222	3,562	-340
Sales	€ million	5,350	5,972	-621
EBITDA before material special effects	€ million	191	172	+19
EBITDA margin before material special effects	%	3.6%	2.9%	+0.7%p
Net Working Capital ^{**)}	€ million	1,683	1,865	-182

^{*)} simplified approach: before potential consolidation effects.

^{**)} Net Working Capital = Inventories + trade receivables + contract assets + supplier bonus receivables ./. trade payables ./. contract liabilities ./. advance payments received.

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 160 sites in 13 countries, Klöckner & Co supplies more than 90,000 customers. Currently, the Group has around 7,800 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 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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