

## Press Release

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### **Klöckner & Co presents solid operating income for 2023 and strengthens focus on attractive business areas and core markets**

- Solid operating income (EBITDA) before material special effects of €190 million (2022: €355 million)
- Strong and significantly positive operating cash flow of €287 million (2022: €360 million) due to consistent net working capital management
- Price-driven year-on-year decline in sales to €7.0 billion (2022: €8.3 billion)
- Leading position in North America expanded with successful acquisitions
- Successful completion of sale of country organizations in France, the United Kingdom, the Netherlands and Belgium to Hierros Añon S.A.
- Consolidation of role as pioneer of a sustainable steel and metal industry with significant additions to the Nexigen® product and service portfolio
- Dividend of €0.20 per share (2022: €0.40) to be proposed to Annual General Meeting
- EBITDA before material special effects in Q1 2024 expected to be considerably higher than in the preceding quarter at €30 million to €70 million; positive outlook for fiscal year 2024

**Duisburg, Germany, March 13, 2024** – Despite the persistently challenging economic environment, Klöckner & Co generated solid operating income (EBITDA) before material special effects of €190 million in fiscal year 2023 (2022: €355 million). As forecast, Group sales showed a considerable decrease due to the lower steel price level compared to the prior year and amounted to €7.0 billion (2022: €8.3 billion). The net result from continuing operations was close to break-even, with a net loss of €0.3 million. Mainly due to impairment losses recognized in connection with the sale of the four European country organizations in France, the United Kingdom, the Netherlands and Belgium, the Group recorded a net loss of €190 million including discontinued operations. This resulted in negative earnings per share of €1.91. Conversely, through consistent net working capital management, the Company generated a very strong and significantly positive cash flow from operating activities of €287 million (2022: €360 million). Considering this

background and the fact that only a small portion of the very strong prior-year earnings was distributed, a dividend of €0.20 per share will be proposed at the Annual General Meeting. Klöckner & Co is therefore set to pay a dividend for the third year in a row. The equity ratio was a very solid 45% at the year end, albeit below the prior-year level (December 31, 2022: 51%).

### **Additions to sustainable product portfolio and partnerships**

Klöckner & Co significantly expanded its Nexigen<sup>®</sup> product and service portfolio in fiscal year 2023, which marks another major step contributing to the transparency and management of carbon emissions. With Nexigen<sup>®</sup> Data Services, the Company has set new standards for CO<sub>2</sub> emission tracking in the steel industry. This solution provides an overview of the CO<sub>2</sub> emission history of products that a customer has purchased from Klöckner & Co, suggests environment-friendly alternatives and displays the associated reduction potential. The services are based on the Nexigen<sup>®</sup> PCF Algorithm, which was also introduced last year. It can be used to calculate and state the individual product carbon footprint (PCF) for each of the approximately 190,000 Klöckner products. In order to significantly increase the availability of CO<sub>2</sub>-reduced steel for customers, Klöckner & Co has also expanded its strategic partnerships with Salzgitter and the GMH Group.

The Company already scored a major success in reducing its own carbon emissions during the reporting year: With a 52% reduction in directly controllable carbon emissions (Scopes 1 and 2) compared to the 2019 baseline, Klöckner & Co has already achieved one reduction target for 2030 ahead of schedule. This underscores the effectiveness of the “kloeckner takes action 2040” sustainability initiative.

### **Stronger focus on attractive business areas and core markets**

With the successful completion of the acquisition of National Material of Mexico by the US subsidiary Kloeckner Metals Corporation, Klöckner & Co has strengthened its leading position in steel and metals distribution and the steel service business in North America. Since the acquisition was completed, automotive and industrial customers have requested significantly larger volumes as a result of the expanded product and service portfolio. The acquisition of the US metal components manufacturer Industrial Manufacturing Services further supplemented the product and service portfolio along the customer value chain, particularly in welding and parts production.

Following the successful completion of the sale of the country organizations in France, the United Kingdom, the Netherlands and Belgium in March 2024, Klöckner & Co will focus even more strongly in the future on the lucrative processing and metalworking business. This business is characterized by long-term contracts and a high degree of customer specialization, while offering higher profitability and more stable demand.

Klöckner & Co is thus focusing on its largest market of North America and its attractive European activities in Germany, Austria and Switzerland.

## **Outlook**

For 2024, with conditions increasingly returning to normal – and in particular given the declining overall inflationary trend – Klöckner & Co expects considerably stronger demand in its key European and North American markets. Accordingly, the Company is forecasting a considerable increase in shipments and sales. Based on this trend and the Company's significantly improved operational positioning, Klöckner & Co also expects a considerable year-on-year increase in EBITDA before material special effects. A very considerable increase over the preceding quarter is already expected for Q1 2024, with EBITDA before material special effects of €30 million to 70 million.

## Key Figures

Shipments and income statement <sup>1)</sup>		Q4 2023	Q4 2022	Variance	Jan. 1 - Dec. 31, 2023	Jan. 1 - Dec. 31, 2022	Variance
Shipments	Tto	1,026	941	85	4,248	4,193	55
Sales	€ million	1,606	1,775	-169	6,957	8,337	-1,380
Gross profit	€ million	269	232	37	1,157	1,328	-171
Gross profit margin	%	16.7	13.1	3.6%p	16.6	15.9	0.7%p
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	12	-16	28	190	407	-217
EBITDA before material special effects	€ million	17	-19	36	190	355	-165
EBITDA margin	%	0.7	-0.9	1.6%p	2.7	4.9	-2.2%p
EBITDA margin before material special effects	%	1.0	-1.0	2.0%p	2.7	4.3	-1.6%p
Earnings before interest and taxes (EBIT)	€ million	-29	-45	16	66	299	-233
Earnings before taxes (EBT)	€ million	-47	-55	8	16	270	-254
Net income from continuing operations	€ million	-35	-42	7	0	213	-213
Net income from discontinued operations	€ million	-146	1	-147	-190	46	-236
Net income total	€ million	-182	-42	-140	-190	259	-449
Earnings per share (basic) total	€	-1.82	-0.42	-1.40	-1.91	2.54	-4.45
Earnings per share (diluted) total	€	-1.82	-0.39	-1.43	-1.91	2.32	-4.23
Net income attributable to shareholders of Klöckner & Co SE continuing operations	€ million	-35	-42	7	-1	207	-208
Earnings per share (basic) continuing operations	€	-0.35	-0.42	0.07	-0.01	2.08	-2.09
Earnings per share (diluted) continuing operations	€	-0.35	-0.39	0.07	-0.01	1.90	-1.91
Cash flow statement <sup>1)</sup>		Q4 2023	Q4 2022	Variance	Jan. 1 - Dec. 31, 2023	Jan. 1 - Dec. 31, 2022	Variance
Cash flow from operating activities	€ million	168	211	-43	287	360	-73
Cash flow from investing activities	€ million	-63	-23	-40	-432	-34	-398
Free cash flow <sup>**1)</sup>	€ million	105	188	-83	-145	326	-471

Balance sheet		December 31, 2023	December 31, 2022	Variance
Net working capital <sup>***)</sup>	€ million	1,489	1,789	- 300
Net financial debt	€ million	775	584	191
Gearing <sup>****)</sup>	%	46	30	16%p
Equity	€ million	1,755	1,968	- 213
Equity ratio	%	45.4	51.0	- 5.6%p
Total assets	€ million	3,867	3,859	8

Employees <sup>1)</sup>		December 31, 2023	December 31, 2022	Variance
Employees as of the end of the reporting period		6,375	5,713	662

\*) Previous year's figures comparable in accordance with IFRS 5 (continuing operations).

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

\*\*\*) Net Working Capital = Inventories plus trade receivables including contract assets and supplier bonus receivables less trade payables including 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 SE is one of the largest producer-independent distributors of steel and metal products and one of the world's leading steel service center companies. With its distribution and service network of around 120 sites, primarily in North America and the "DACH" region (Germany, Austria and Switzerland), Klöckner & Co supplies more than 60,000 customers. Currently, the Group has around 6,400 employees. Klöckner & Co generated sales of some €7.0 billion in fiscal year 2023. With the expansion of its portfolio of CO<sub>2</sub>-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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