

Press Release

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Klöckner & Co continues solid business performance in the second quarter of 2024 despite challenging environment

- At 2.3 million tons, shipments in the first half of 2024 were considerably higher than in the same period of the previous year (+8.1%)
- Sales in HY1 2024 reached €3.5 billion and are slightly down compared to the same period of the previous year (-2.6%) due to lower prices
- Operating income (EBITDA) before material special effects in HY1 2024 was €83 million (HY1 2023: €130 million)
- Positive cash flow from operating activities of €18 million in HY1 2024 (HY1 2023: €79 million)
- EBITDA before material special effects for full year 2024 expected to reach €120 million to €180 million

Duisburg, Germany, August 1, 2024 – Klöckner & Co continued its solid business development in the second quarter of 2024 and significantly increased shipments by 11.5% compared to the prior-year quarter, reaching 1.2 million tons (Q2 2023: 1.0 million tons). In the first half of 2024, shipments increased by 8.1% to 2.3 million tons (HY1 2023: 2.1 million tons). The increase is primarily attributable to the acquisitions in Mexico and the US completed in the second half of 2023. With €3.5 billion (HY1 2023: €3.6 billion), sales dropped slightly by 2.6% in the first half of the year due to lower prices.

The operating income (EBITDA) before material special effects in the first half of 2024 was €83 million (HY1 2023: €130 million). Despite a persistently challenging macroeconomic environment and a significant steel price correction, Klöckner & Co generated solid EBITDA before material special effects of €42 million in the second quarter of 2024 (Q2 2023: €65 million). Therefore, the figure is within the guidance range of €30 to 70 million. Earnings in the prior-year comparative periods benefited in particular from a more favorable market environment overall.

Guido Kerkhoff, CEO of Klöckner & Co SE: “Despite a challenging environment, we achieved a solid result and made further progress in implementing our strategy. With the acquisition of Amerinox Processing in North America, we further expanded our range of higher value-added products and services.”

In March 2024, Klöckner & Co successfully completed the disposal of parts of its European distribution business. The net loss from discontinued operations amounted to €5 million in Q2 2024 (Q2 2023 net loss of €3 million) and €29 million in the first half of 2024 (HY1 2023 net loss of €35 million). This result was largely attributable to negative deconsolidation effects. The net loss from continuing operations in the second quarter of 2024 amounted to €18 million (Q2 2023 net income of €15 million) and in the first half of 2024 to €26 million (HY1 2023 net income of €39 million). Overall, the net loss including discontinued operations came to €23 million in the second quarter of 2024 (Q2 2023 net income of €12 million) and €55 million in the first half of 2024 (HY1 2023 net income of €4 million). Earnings per share from continuing operations amounted to €−0.18 in Q2 2024 (Q2 2023: €0.15) and €−0.27 in HY1 2024 (HY1 2023: €0.39). Earnings per share including discontinued operations in the second quarter of 2024 amounted to €−0.23 (Q2 2023: €0.12) and in the first half year of 2024 to €−0.56 (HY1 2023: €0.04).

For the second quarter of 2024, Klöckner & Co generated a significantly positive cash flow from operating activities in the amount of €61 million (Q2 2023: €33 million). Cash flow from operating activities for the first six months of fiscal year 2024 was €18 million (HY1 2023: €79 million).

With the successful acquisition of Amerinox Processing by the US subsidiary Kloeckner Metals Corporation, Klöckner & Co has further strengthened its leading position in North America. Amerinox Processing processes stainless steel, aluminum and special carbon steel. The company is an industry leader in material polishing, including high-gloss finishing. Amerinox Processing employs roughly 60 people in Camden, New Jersey, near a major port. Klöckner & Co will use this excellent strategic location to build competitive, global supply chains. The Group will also use the acquisition to further expand its range of higher value-added products and services.

Outlook

The year-to-date demand has been weaker than originally anticipated, especially in Europe. In light of these developments, Klöckner & Co now expects a slight increase in shipments for fiscal year 2024 compared to the previous year. Due to the steel price correction over the course of the year so far, a slight year-on-year decline in sales is projected for 2024. Despite the persistently challenging macroeconomic environment, the company expects EBITDA before material special effects in the range of €20 million to €60 million in the third quarter of 2024 and €120 million to €180 million for fiscal year 2024. Klöckner & Co continues to anticipate a strong and once again significantly positive

cash flow from operating activities in the current fiscal year. However, it will likely remain below previous year's level.

Key figures

Shipments and income statement		Q2 2024	Q2 2023	Variance	HY1 2024	HY1 2023	Variance
Shipments	Tto	1,164	1,044	120	2,304	2,131	173
Sales	€ million	1,765	1,754	11	3,502	3,594	-92
Gross profit	€ million	294	296	-2	590	607	-17
Gross profit margin	%	16.6	16.9	-0.3%p	16.9	16.9	0.0%p
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	42	65	-23	79	135	-56
EBITDA before material special effects	€ million	42	65	-23	83	130	-47
EBITDA margin	%	2.4	3.7	-1.3%p	2.3	3.7	-1.4%p
EBITDA margin before material special effects	%	2.4	3.7	-1.3%p	2.4	3.6	-1.2%p
Earnings before interest and taxes (EBIT)	€ million	11	38	-27	16	81	-65
Earnings before taxes (EBT)	€ million	-5	29	-34	-16	63	-79
EBT before material special effects	€ million	-5	29	-34	-12	58	-70
Net income from continuing operations	€ million	-18	15	-33	-26	39	-65
Net income from discontinued operations	€ million	-5	-3	-2	-29	-35	6
Net income total	€ million	-23	12	-35	-55	4	-59
Net income attributable to shareholders of Klöckner & Co SE continuing operations	€ million	-23	12	-35	-56	4	-60
Earnings per share (basic) continuing operations	€	-0.18	0.15	-0.33	-0.27	0.39	-0.66
Earnings per share (diluted) continuing operations	€	-0.18	0.15	-0.33	-0.27	0.37	-0.64
Cash flow statement		Q2 2024	Q2 2023	Variance	HY1 2024	HY1 2023	Variance
Cash flow from operating activities	€ million	61	33	28	18	79	-61
Cash flow from investing activities	€ million	-21	-24	3	-44	-30	-14
Free cash flow ^{*)}	€ million	41	9	32	-26	49	-75
Balance sheet		June 30, 2024	Dec. 31, 2023	June 30, 2023	Variance June 30, 2024 vs. Dec. 31, 2023	Variance June 30, 2024 vs. June 30, 2023	
Net Working Capital ^{**)}	€ million	1,506	1,489	1,696	17	-190	
Net financial debt	€ million	779	775	596	4	183	
Gearing ^{***)}	%	46.8	45.5	31.2	1.3%p	15.6%p	
Equity	€ million	1,720	1,755	1,929	-35	-209	
Equity ratio	%	46.1	45.4	50.4	0.7%p	-4.3%p	
Total assets	€ million	3,733	3,867	3,826	-134	-93	
Employees		June 30, 2024	Dec. 31, 2023	June 30, 2023	Variance June 30, 2024 vs. Dec. 31, 2023	Variance June 30, 2024 vs. June 30, 2023	
Employees as of the end of the reporting period ^{****)}		6,396	6,375	5,710	21	686	

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

**) Net working capital = Inventories + trade receivables + contract assets + supplier bonus receivables ./ trade liabilities ./ contract liabilities ./ advance payments received.

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

****) Continuing operations.

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 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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