

Press Release

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Klöckner & Co reports solid start to the year in a macroeconomic environment that remains challenging

- Shipments of 1.1 million metric tons slightly up on prior-year quarter (+5%) and considerably higher than preceding quarter (+11%)
- Sales down to €1.7 billion compared to the same quarter of the previous year due to price movements (Q1 2023: €1.8 billion)
- Operating income (EBITDA) before material special effects of €42 million considerably higher than preceding quarter (Q4 2023: €17 million) but below operating income in prior-year period (Q1 2023: €65 million)
- Sale of parts of European distribution business successfully completed in first quarter of 2024
- Guidance range of €30 million to €70 million for EBITDA before material special effects in second quarter

Duisburg, Germany, May 7, 2024 – Klöckner & Co got off to a solid start in 2024. Total shipments increased slightly by 5% in the first quarter of 2024 in year-on-year comparison and amounted to 1.1 million metric tons (Q1 2023: 1.1 million metric tons). Relative to the preceding quarter, shipments showed a considerable, largely seasonal increase by 11% (Q4 2023: 1.0 million metric tons). In a persistently challenging macroeconomic environment, the Company generated sales of €1.7 billion in the first quarter (Q1 2023: €1.8 billion), which is attributable to the price level being lower. At €42 million, the operating income (EBITDA) before material special effects in the first quarter of 2024 was considerably higher than the previous quarter's figure of €17 million. However, the result was lower than in the prior-year quarter (Q1 2023: €65 million).

In March 2024, the Company successfully completed the sale of parts of its European distribution business. The consolidated income from discontinued operations amounted to €–24 million, mainly due to negative deconsolidation effects from the aforementioned sale. The consolidated income from continuing operations amounted to €–8 million in the first quarter (Q1 2023: €24 million). Overall, the consolidated income including discontinued operations amounted to €–32 million. Accordingly, the earnings per share

from continuing operations dropped to €–0.08 (Q1 2023: €0.23) and earnings per share including discontinued operations amounted to €–0.33 (Q1 2023: €–0.08).

After a positive cash flow from operating activities of €47 million in the same quarter of the previous year, this year cash flow from operating activities amounted to €–44 million in the first quarter. After payments for capital expenditures of €23 million, free cash flow amounted to €–67 million in the first three months of the financial year compared to a positive free cash flow of €40 million in the first quarter of 2023.

At €1,727 million, the Company's equity at the end of the quarter was only slightly below the figure at the end of 2023 (December 31, 2023: €1,755 million). Conversely, the equity ratio improved considerably to 47.6% (December 31, 2023: 45.4%).

Guido Kerkhoff, CEO of Klöckner & Co SE: "We achieved a solid result at the beginning of the year and reached an important milestone when we completed the sale of parts of our European distribution business. We can now focus our resources on the profitable high-growth business operations in Europe and North America and continue to expand our position in these key markets."

Now that Klöckner & Co completed the sale of parts of the European distribution business in France, the UK, the Netherlands, and Belgium in the first quarter of 2024, the Company will focus on higher value-added business and products and services along its customers' value chain. These products and services promise higher profitability and more stable demand in the future. The completed sale reduces the Company's dependence on volatile, low-margin commodity markets even more. In 2023, the higher-value business already accounted for more than half of the operating income.

The Company also continued to scale up the digitalization and automation of its value chains. The number of digital quotes for the Group's continuing operations increased by more than 50% in the first quarter of 2024 compared to the same period of the previous year.

Outlook

For the second quarter of 2024, Klöckner & Co expects a considerable increase in shipments and sales compared to the preceding quarter. Furthermore, the Company is forecasting EBITDA before material special effects of €30 million to €70 million for this period. Additionally, Klöckner & Co expects a positive cash flow from operating activities in the first half of 2024.

Key figures

Shipments and income statement ¹⁾		Q1 2024	Q1 2023	Variance
Shipments	Tto	1,139	1,087	52
Sales	€ million	1,737	1,840	- 103
Gross profit	€ million	297	311	- 14
Gross profit margin	%	17.1	16.9	0.2%p
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	37	70	- 33
EBITDA before material special effects	€ million	42	65	- 24
EBITDA margin	%	2.2	3.8	- 1.6%p
EBITDA margin before material special effects	%	2.4	3.6	- 1.2%p
Earnings before interest and taxes (EBIT)	€ million	5	43	- 38
Earnings before taxes (EBT)	€ million	- 11	34	- 45
EBT before material special effects	€ million	- 7	29	- 36
Net income from continuing operations	€ million	- 8	24	- 32
Net income from discontinued operations	€ million	- 24	- 32	7
Net income total	€ million	- 32	- 8	- 24
Earnings per share (basic) total	€	- 0.33	- 0.08	- 0.24
Earnings per share (diluted) total	€	- 0.33	- 0.08	- 0.24
Net income attributable to shareholders of Klöckner & Co SE continuing operations	€ million	- 33	- 8	- 24
Earnings per share (basic) continuing operations	€	- 0.08	0.23	- 0.31
Earnings per share (diluted) continuing operations	€	- 0.08	0.22	- 0.30
Cash flow statement		Q1 2024	Q1 2023	Variance
Cash flow from operating activities	€ million	- 44	47	- 91
Cash flow from investing activities	€ million	- 23	- 6	- 17
Free cash flow ^{**)}	€ million	- 67	40	- 108

*) Continuing operations in accordance with IFRS 5. The deconsolidation took place with effect from February 29, 2024.

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

Balance sheet		March 31, 2024	Dec. 31, 2023	March 31, 2023	Variance Mar. 31, 2024 vs. Dec. 31, 2023	Variance Mar. 31, 2024 vs. Mar. 31, 2023
Net Working Capital ^{****)}	€ million	1,540	1,489	1,735	51	- 195
Net financial debt	€ million	790	775	539	15	251
Gearing ^{*****)}	%	47	46	28	1.6%p	19.3%p
Equity	€ million	1,727	1,755	1,945	- 27	- 217
Equity ratio	%	47.6	45.4	51.6	2.2%p	- 4.1%p
Total assets	€ million	3,631	3,867	3,766	- 236	- 135

****) 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).

Employees		March 31, 2024	Dec. 31, 2023	March 31, 2023	Variance Mar. 31, 2024 vs. Dec. 31, 2023	Variance Mar. 31, 2024 vs. Mar. 31, 2023
Employees as of the end of the reporting period ^{*****)}		6,346	6,375	5,668	- 29	678

*****) 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 6,300 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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