

## Press Release

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Date March 10, 2021

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### **Klöckner & Co expects very considerably improved income in 2021 after decline in 2020**

- Operating income (EBITDA) before material special effects at €111 million, below prior year (2019: €124 million) due to COVID-19
- Cash flow from operating activities once again strongly positive at €161 million, compared with €204 million in prior year
- Further increase in share of sales generated via digital channels to 45% in fourth quarter of 2020 (Q4 2019: 32%)
- Very considerably improved operating income (EBITDA) before material special effects expected for fiscal year 2021

**Duisburg, Germany, March 10, 2021** – The adverse effects on markets resulting from the COVID-19 pandemic led to a decline in Klöckner & Co's sales by around 19% to €5.1 billion in fiscal year 2020. The Surtsey transformation project limited the negative impact on operating income (EBITDA) before material special effects to a decrease of 10% from €124 million to €111 million. Additionally affected by €59 million in restructuring expenses, the net loss was €114 million, compared with a net loss of €55 million in the prior year. This resulted in a loss per share of €1.16 (2019: €-0.56).

By contrast, due to extremely strict net working capital management, operating cash flow was once again strongly positive at €161 million, compared with €204 million in the prior year. As a result of the strong cash flow, net financial debt was reduced from €445 million to €351 million. At 40%, the equity ratio was again very solid as of the reporting date (December 31, 2019: 41%).

Gisbert Rühl, CEO of Klöckner & Co SE: "Every crisis is also an opportunity. So we do not look back over the past year with a solely negative perspective. With the Surtsey project launched immediately after the onset of the pandemic, we gave an additional boost to our digital transformation. The resulting positive effects are now becoming

increasingly visible and will lead together with the growing demand and the high price level to a very considerably improved income in the current year.”

The Group has not only further accelerated digitalization but also implemented accompanying as well as additional restructuring measures within the framework of the Surtsey transformation project. As part of these measures, more than 80% of the planned reduction in the workforce by a total of some 1,200 positions in Europe and the USA has already been implemented.

Digital sales increased considerably to 45% in the fourth quarter (Q4 2019: 32%). A significant contribution to this large increase came from Kloeckner Assistant, an AI-driven software application for automated processing of quote requests and orders. With Kloeckner Assistant, Klöckner & Co is well on track to generate over 60% of Group sales via digital channels in 2022, thus exceeding its own target. Digitalization and further optimization measures associated with the project Surtsey should contribute over €100 million to earnings by the end of 2021.

Growth of the XOM Materials open industry platform has accelerated considerably. Gross merchandise volume (GMV) – the value of all the products sold on the platform – thus increased in 2020 by a factor of 13 to over €140 million. A key factor in this rapid growth was the XOM Materials eProcurement tool, which makes it easy for buyers to compare offers containing multiple items and featuring different terms and conditions. Since the beginning of the year, the eProcurement tool has also been available in the USA and Brazil. The Group expects a continuation of the dynamic growth and a GMV of over €1 billion this year.

For fiscal year 2021, despite the ongoing COVID-19 pandemic, Klöckner & Co expects a significant rise in real steel demand and consequently a considerable increase in sales. Additionally driven by the positive effects of the Surtsey transformation project and the positive start-of-year price trend, the Group expects very considerable growth in operating income (EBITDA) before material special effects. Substantial positive special effects are additionally expected from sales of assets as part of Surtsey. For the first quarter of 2021, an extraordinarily high operating income (EBITDA) of €110–130 million before material special effects is expected.

## Key figures

Shipments and income statement		Q4 2020	Q4 2019	Variance	Jan. 1–Dec. 31, 2020	Jan. 1–Dec. 31, 2019	Variance
Shipments	Tto	1,195	1,250	– 55	4,873	5,648	– 775
Sales	€ million	1,232	1,365	– 133	5,130	6,315	– 1,185
Gross profit	€ million	274	267	+7	1,047	1,158	– 111
Gross profit margin	%	22.2	19.6	+2.6%p	20.4	18.3	+2.1%p
Earnings before, interest, taxes, depreciation and amortization (EBITDA)	€ million	54	3	+51	52	139	– 87
EBITDA before material special effects	€ million	39	11	+28	111	124	– 13
EBITDA margin	%	4.4	0.2	+4.2%p	1.0	2.2	– 1.2%p
EBITDA margin before material special effects	%	3.2	0.8	+2.4%p	2.2	2.0	+0.2%p
Earnings before interest and taxes (EBIT)	€ million	24	– 35	+59	– 93	2	– 95
Earnings before taxes (EBT)	€ million	17	– 44	+61	– 124	– 39	– 85
Net income	€ million	22	– 51	+73	– 114	– 55	– 59
Net income attributable to shareholders of Klöckner & Co SE	€ million	21	– 51	+72	– 116	– 56	– 60
Earnings per share (basic)	€	0.21	– 0.51	+0.72	– 1.16	– 0.56	– 0.60
Earnings per share (diluted)	€	0.20	– 0.51	+0.71	– 1.16	– 0.56	– 0.60

Balance sheet		December 31, 2020	December 31, 2019	Variance
Net working capital <sup>**)</sup>	€ million	967	1,119	– 152
Net financial debt	€ million	351	445	– 94
Gearing <sup>***)</sup>	%	34	38	– 4%p
Equity	€ million	1,043	1,182	– 139
Equity ratio	%	39.9	40.5	– 0.6%p
Total assets	€ million	2,613	2,916	– 303

Cash flow statement		Q4 2020	Q4 2019	Variance	Jan. 1–Dec. 31, 2020	Jan. 1–Dec. 31, 2019	Variance
Cash flow from operating activities	€ million	93	211	– 118	161	204	– 43
Cash flow from investing activities	€ million	– 13	– 13	-	– 62	3	– 65
Free cash flow <sup>*)</sup>	€ million	80	198	– 118	99	207	– 108

Employees		December 31, 2020	December 31, 2019	Variance
Employees as of the end of the reporting period		7,274	8,253	– 979

\*) 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.

\*\*\*) 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 some 140 locations in 13 countries, Klöckner & Co supplies more than 100,000 customers. Currently, the Group has some 7,300 employees. Klöckner & Co had sales of some €5.1 billion in fiscal 2020. As a pioneer of change in the steel industry, Klöckner & Co is in the process of digitalizing its entire supply and value chain. XOM Materials, an independent venture launched by the Klöckner & Co Group, is geared to develop into the leading industry platform for steel, metal and related products.

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.

ISIN: DE000KC01000; WKN: KC0100; Common Code: 025808576.

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