

## Press Release

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### **Klöckner & Co starts fiscal year 2022 with strong quarterly earnings**

- Operating income (EBITDA) before material special effects very considerably higher than prior year at €201 million (Q1 2021: €130 million)
- Net income doubled to €172 million (Q1 2021: €86 million)
- Kloeckner Assistant sales volume almost doubled to around €390 million (Q1 2021: €200 million)
- Progress in strategy implementation with SBTi recognition of net zero targets and introduction of green steel categorization metric
- EBITDA before material special effects of €180 million to €240 million and strong and significantly positive cash flow from operating activities expected for the second quarter

**Duisburg, Germany, May 4, 2022** – Klöckner & Co increased sales due to the positive price trend by around 60% to €2.4 billion in the first quarter of 2022 (Q1 2021: €1.5 billion). Operating income (EBITDA) before material special effects, at €201 million, was very considerably higher than the prior-year figure (Q1 2021: €130 million). Including material special effects – primarily from the sale of closed sites – EBITDA came to €254 million (Q1 2021: €141 million). Net income increased to €172 million (Q1 2021: €86 million). Earnings per share consequently came to €1.68 (Q1 2021: €0.85).

Primarily driven by prices, net working capital grew relative to the 2021 year-end by €445 million to €2,258 million. This resulted in a net cash outflow from operating activities of €261 million, compared to a net cash inflow of €18 million in the prior-year quarter.

Guido Kerkhoff, CEO of Klöckner & Co SE: “We once again generated strong earnings in the first quarter of the year. At the same time, we have made great progress over the initial months of the year in the implementation of our Group strategy. With the recognition of our net zero targets by the Science Based Targets initiative (SBTi), our new green steel categorization metric and a further acceleration of our digital transformation, we have put in place the key building blocks for the years ahead to lead Klöckner & Co into a sustainable and digital future.”

### **Progress in implementation of the Group’s “Klöckner & Co 2025: Leveraging Strengths” strategy**

Klöckner & Co has become the first company in the world to have all net zero carbon targets recognized as science-based targets in the standard validation process in accordance with the latest SBTi standards. In addition, Klöckner & Co is seizing the major opportunities arising from the sustainable transformation of the steel industry. To this end, the Company has presented its own green categorization metric with six categories to provide a reliable means of assessing and comparing the carbon footprint of products. By entering into numerous partnerships, Klöckner & Co will already be able to offer quantities of green steel for purchase by customers this year and thus support them in building sustainable value chains.

Sales processed automatically by Kloeckner Assistant almost doubled in the first quarter to some €390 million (Q1 2021: €200 million). The digital sales share increased slightly to around 46% (Q1 2021: 45%). On May 1, 2022, Dr. Khaled Bagban took over the global management of all IT and digital activities as Chief Digital and Information Officer (CDIO) in order to further accelerate Klöckner & Co’s digital transformation. As the CEO of kloeckner.i, Bagban will drive ahead the further development of the digital hub in Berlin and Duisburg and in these capacities, in the management level below the Management Board, will report directly to Guido Kerkhoff.

Klöckner & Co optimized its corporate network and asset utilization by the sale of properties in the first quarter of 2022. Primarily as a result of sales of sites in Switzerland and France, material special effects were generated in a total amount of €53 million.

## **Outlook**

Despite the challenging economic environment, Klöckner & Co is optimistic about the operating business. The Company expects stable to slightly increasing shipments in the second quarter compared with the first quarter of 2022. Based on the steel price dynamics and significantly supported by the consistently executed margin-over-volume strategy and the disciplined inventory management, Klöckner & Co anticipates a considerable increase in sales in the second quarter of 2022 compared with the previous quarter. In addition, the Company forecasts EBITDA of €180 to €240 million before material special effects for the current second quarter as well as a strong and significantly positive cash flow from operating activities.

## Key figures

| Shipments and income statement  |           | Q1 2022       | Q1 2021       | Variance      |  |  |
|---|-----------|---------------|---------------|---------------|--|--|
| Shipments   | Tto       | 1,257         | 1,287         | – 30          |  |  |
| Sales   | € million | 2,438         | 1,525         | 912           |  |  |
| Gross profit  | € million | 482           | 388           | 94            |  |  |
| Gross profit margin   | %         | 19.8          | 25.4          | – 5.6%p       |  |  |
| Earnings before interest, taxes, depreciation and amortization (EBITDA) | € million | 254           | 141           | 113           |  |  |
| EBITDA before material special effects                                  | € million | 201           | 130           | 71            |  |  |
| EBITDA margin   | %         | 10.4          | 9.2           | 1.2%p         |  |  |
| EBITDA margin before material special effects                           | %         | 8.2           | 8.5           | – 0.3%p       |  |  |
| Earnings before interest and taxes (EBIT)                               | € million | 223           | 111           | 113           |  |  |
| Earnings before taxes (EBT)   | € million | 216           | 105           | 111           |  |  |
| EBT before material special effects                                     | € million | 163           | 94            | 69            |  |  |
| Net income  | € million | 172           | 86            | 86            |  |  |
| Net income attributable to shareholders of Klöckner & Co SE             | € million | 168           | 85            | 83            |  |  |
| Earnings per share (basic)  | €         | 1.68          | 0.85          | 0.83          |  |  |
| Earnings per share (diluted)  | €         | 1.53          | 0.78          | 0.75          |  |  |
| Cash flow statement   |           | Q1 2022       | Q1 2021       | Variance      |  |  |
| Cash flow from operating activities                                     | € million | – 261         | 18            | – 278         |  |  |
| Cash flow from investing activities                                     | € million | 39            | – 11          | 50            |  |  |
| Free cash flow <sup>*)</sup>  | € million | – 222         | 7             | – 228         |  |  |
| Balance sheet   |           | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2021 | Variance Mar. 31, 2022 vs. Dec. 31, 2021 | Variance Mar. 31, 2022 vs. Mar. 31, 2021 |
| Net Working Capital <sup>**)</sup>                                      | € million | 2,258         | 1,813         | 1,107         | 445                                      | 1,151                                    |
| Net financial debt  | € million | 999           | 762           | 363           | 237                                      | 636                                      |
| Gearing <sup>***)</sup>   | %         | 51.4          | 42.1          | 31.2          | 9.3%p                                    | 20.2%p                                   |
| Equity  | € million | 1,963         | 1,827         | 1,170         | 136                                      | 793                                      |
| Equity ratio  | %         | 44.4          | 47.1          | 40.1          | – 2.8%p                                  | 4.2%p                                    |
| Total assets  | € million | 4,426         | 3,878         | 2,916         | 548                                      | 1,510                                    |
| Employees   |           | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2021 | Variance Mar. 31, 2022 vs. Dec. 31, 2021 | Variance Mar. 31, 2022 vs. Mar. 31, 2021 |
| Employees as of the end of the reporting period                         |           | 7,180         | 7,153         | 7,113         | 27                                       | 67                                       |

\*) Free cash flow = Cash flow from operating activities plus 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 / (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 around 140 locations in 13 countries, Klöckner & Co supplies more than 100,000 customers. Currently, the Group has around 7,200 employees. Klöckner & Co had sales of some €7.4 billion in fiscal year 2021. As a pioneer of the digital transformation in the steel industry, Klöckner & Co's target is to digitalize and largely automate its supply and service chain and to become the leading digital one-stop-shop platform for steel, other materials, equipment and processing services in Europe and the Americas as well as a pioneer of sustainability – for the benefit of customers, the steel industry and society.

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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