

Press Release

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Pages 4

Klöckner & Co SE reports market-related impacts on earnings in second quarter of 2019

- Operating income (EBITDA) before material special effects, at €51 million (Q2 2018: €85 million), within the projected range of €50 million to €60 million
- Proportion of Group sales generated via digital channels further raised to 29% (Q2 2018: 20%)
- EBITDA guidance of €25 million to €35 million for third quarter of 2019

Duisburg, Germany, July 31, 2019 – In the second quarter of 2019, operating income (EBITDA), at €51 million before material special effects, was below the prior-year figure of €85 million. While Klöckner & Co benefited from a very positive market environment in the second quarter of 2018, earnings in the reporting quarter were impacted by negative price and volume effects. Including material special effects, EBITDA was €82 million as in the prior-year quarter. The sale of a property in the United Kingdom had a positive one-off effect of €36 million. Conversely, personnel-related measures at the Group holding company in Germany and in France reduced EBITDA by about €5 million in total. Net income was €28 million, compared with €33 million in the prior-year quarter. Earnings per share consequently came to €0.28 (Q2 2018: €0.33).

Klöckner & Co has continued to make good progress in its digital transformation. Accordingly, the proportion of sales generated via digital channels increased in the second quarter of 2019 to 29% (Q2 2018: 20%). After its entry into the consulting business, digital unit kloeckner.i successfully completed its first sizable consulting project with a DAX 30 company. XOM Materials, the independent industry platform launched by Klöckner & Co, likewise continued its successful development. The platform has already recruited 34 distributors and over 300 customers, including another major international steel producer.

For the remaining course of the year, Klöckner & Co expects negative impacts from a fall in demand, principally from the European automotive and mechanical engineering sectors. Negative price effects in the USA are also likely to be larger than originally expected. The net outcome is guidance of €25 million to €35 million for EBITDA in the third quarter. For the full year, Klöckner & Co now expects EBITDA of €140 million to €160 million before and €170 million to €190 million including material special effects.

Key figures

Shipments and income statement		Q2 2019	Q2 2018	Variance	HY1 2019	HY1 2018	Variance
Shipments	Tto	1,479	1,605	-126	2,978	3,189	-211
Sales	€ million	1,682	1,789	-107	3,384	3,417	-33
Gross profit	€ million	304	364	-60	606	695	-89
Gross profit margin	%	18.1	20.3	-2.2%p	17.9	20.3	-2.4%p
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	82	82	-	115	137	-22
EBITDA before material special effects	€ million	51	85	-34	85	140	-55
EBITDA margin	%	4.9	4.6	+0.3%p	3.4	4.0	-0.6%p
EBITDA margin before material special effects	%	3.0	4.7	-1.7%p	2.5	4.1	-1.6%p
Earnings before interest and taxes (EBIT)	€ million	49	60	-11	51	95	-44
Earnings before taxes (EBT)	€ million	37	51	-14	29	79	-50
Net income	€ million	28	33	-5	19	54	-35
Net income attributable to shareholders of Klöckner & Co SE	€ million	28	33	-5	18	54	-36
Earnings per share (basic)	€	0.28	0.33	-0.05	0.18	0.54	-0.36
Earnings per share (diluted)	€	0.27	0.31	-0.04	0.18	0.51	-0.33
Cash flow statement		Q2 2019	Q2 2018	Variance	HY1 2019	HY1 2018	Variance
Cash flow from operating activities	€ million	140	-12	+152	-88	-155	+67
Cash flow from investing activities	€ million	33	-12	+45	27	-24	+51
Free cash flow ^{*)}	€ million	173	-24	+197	-61	-179	+118
Balance sheet		June 30, 2019	December 31, 2018	Variance	June 30, 2019	June 30, 2018	Variance
Net working capital ^{**)}	€ million	1,386	1,229	+157	1,386	1,428	-42
Net financial debt	€ million	684	383	+301	684	552	+132
Gearing ^{***)}	%	55	31	+24%p	55	44	+11%p
Equity	€ million	1,244	1,282	-38	1,244	1,267	-23
Equity ratio	%	37.4	41.9	-4.5%p	37.4	39.7	-2.3%p
Total assets	€ million	3,330	3,061	+269	3,330	3,194	+136
Employees		June 30, 2019	December 31, 2018	Variance	June 30, 2019	June 30, 2018	Variance
Employees as of the end of the reporting period		8,461	8,579	-118	8,461	8,610	-149

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

***) Net working capital = Inventories plus trade receivables less trade liabilities.

***) Gearing = Net financial debt / (Equity ./. non-controlling interests ./. goodwill resulting from acquisitions subsequent to May 23, 2019 resp. until December 31, 2018; May 23, 2013).

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 160 locations in 13 countries, Klöckner & Co supplies more than 100,000 customers. Currently, the Group has around 8,500 employees. Klöckner & Co had sales of some €6.8 billion in fiscal 2018. As a pioneer of change in the steel industry, Klöckner & Co is in the process of digitalizing its entire supply and value chain. In addition, its digital unit, kloeckner.i, is increasingly providing consulting services for external business clients. 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.

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