

Press Release

Klöckner & Co SE
Am Silberpalais 1
47057 Duisburg
Germany

Phone: +49 203 307-0
Internet: www.kloeckner.com

Date December 19, 2022

Pages 5

Klöckner & Co to acquire National Material of Mexico and strengthen its position as a leading steel distributor and processor in North America

- Expansion of Klöckner & Co's presence in North America via U.S. subsidiary Kloeckner Metals Corporation
- Acquisition will broaden Kloeckner Metals Corporation's footprint in Mexico and increase its presence where key automotive and industrial customers are located
- Purchase price of USD 340 million on a cash and debt free basis represents a highly attractive expansion of Klöckner & Co's activities
- Support of the strategic goal to expand Klöckner & Co's product portfolio and service center business

Monterrey, Mexico / Duisburg, Germany, December 19, 2022 – Klöckner & Co has agreed to acquire National Material of Mexico (“NMM”), a leading independent service center and materials supplier serving automotive and industrial end markets in North America with ten facilities throughout Mexico. The transaction is made through Klöckner & Co's U.S. subsidiary, Kloeckner Metals Corporation (“KMC”). The acquisition will significantly expand KMC's footprint in Mexico, enabling the company to increase its presence where the key automotive and industrial customers are located. The parties have agreed on a consideration of USD 340 million on a cash and debt free basis.

Guido Kerkhoff, CEO of Klöckner & Co SE: “The acquisition of National Material of Mexico is of major strategic importance for us, demonstrating our focus on sustainable growth. It will strengthen our position as a leading distributor for steel and metal products and as a steel service company in North America. Going forward, we will be able to provide our customers in the growing and attractive market of Mexico directly with a greatly extended product and service portfolio.”

John Ganem, CEO of Kloeckner Metals Corporation: “National Material of Mexico is an excellent strategic fit and the ideal partner for the future progress of Kloeckner Metals Corporation. Our customers will benefit from this transaction sustainably – for example, through better access to electrical steel to support the growing investment into renewable energy and the rising demand for e-mobility in North America. We are excited to be working with NMM to bring our product and service offering to the next level.”

NMM fits perfectly into KMC’s strategy and will provide the company with a growth platform in the market. The high complementarity of regional presence, customer segments and NMM’s significant footprint within the automotive sector make the transaction a natural step for both parties. In general, Mexico is a very attractive location for KMC, given its proximity to the USA and its well-qualified labor market. All major global automotive companies are producing in the country and the number of vehicles manufactured there is expected to grow significantly going forward. At the same time, automotive companies are rebuilding their inventories to meet pent-up consumer demand and the cyclical replacement of fleets over the coming years. These positive prospects are underpinned by the strong growth in demand for electric vehicles as a future-proof niche within the automotive segment.

KMC intends to build on these strengths in order to expand its market presence, broaden its product offering and further develop existing relationships through cross-selling. This acquisition provides a highly attractive entry point for KMC into the exclusive electrical steel market by acquiring a business with scale, management expertise and value-added capabilities. Accordingly, KMC will be able to offer its customers better access to electrical steel – a soft magnetic material needed for electric motors in cars and transformers, for example. NMM’s service center business and processing expertise will additionally strengthen the joint offering. The combined company will have a broad presence in all relevant regions in the USA and Mexico with 55 sites and around 2,600 employees.

National Material of Mexico operates ten facilities with a strong footprint in the automotive sector

Established in 1999, NMM is a leading independent service center and supplier of carbon and electrical steel, aluminum and stainless steel, serving automotive and industrial end markets in North America. Headquartered in Monterrey, NMM operates ten facilities throughout Mexico. The company offers processing capabilities that include slitting, cut-to-length, leveling, multi-blanking, configured blanking and core processing. Upon closing of the transaction, NMM will be positioned under the Kloeckner Metals brand.

The highly experienced management team of Carl Grobien, President of National Material of Mexico, and Steve Badya, Vice President National Material Electrical, will

be staying on board and will continue to drive the future growth of the combined company.

NMM in the current scope employs around 500 people and generated sales of some USD 610 million in fiscal year 2021. The acquisition shall be financed by existing liquidity. Additionally, Klöckner & Co expanded its financial headroom in the U.S. through an increase of its debt facilities to USD 650 million. With an Enterprise Value multiple of around 6.7 based on the expected 2022 EBITDA, this represents a highly attractive and directly value-accretive expansion of Klöckner & Co's activities. Klöckner & Co will maintain a strong balance sheet and continue to support its strategic goals.

Under its corporate strategy "Klöckner & Co 2025: Leveraging Strengths", Klöckner & Co is driving forward a comprehensive expansion of its product and service portfolio. The additions to the portfolio resulting from this latest transaction will enable customers to purchase carbon and electrical steel, aluminum and stainless steel directly in Mexico in the future.

Closing of the transaction requires antitrust approvals and is expected before summer 2023.

For the definition of EBITDA reference is made to our homepage (accessible via <https://www.kloeckner.com/en/glossary.html>) and/or the annual report 2021, p. 36 (accessible via <https://www.kloeckner.com/en/investors/publications.html>).

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 7,300 employees. Klöckner & Co had sales of some Euro 7.4 billion in fiscal year 2021. By expanding its portfolio of CO₂-reduced materials, services and logistics under the new umbrella brand Nexigen[®], the company is underlining its ambition as a pioneer of a sustainable steel industry. At the same time, as a pioneer of the digital transformation in the steel industry, Klöckner & Co has set the goal of digitalizing and largely automating its supply and service chain. This way, the company aims to become the leading digital one-stop shop platform for steel, other materials, equipment and processing services in Europe and America.

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.

About Kloeckner Metals Corporation:

Kloeckner Metals Corporation (KMC) is a subsidiary of Klöckner & Co headquartered in Roswell, Georgia. It is one of the largest distributors of steel and metal products and one of the leading steel service companies in North America. The company has around 2,100 employees at 45 branches across the USA and Mexico and generated sales of USD 4.1 billion in fiscal year 2021. KMC is committed to providing customers with the latest fabrication and processing technologies and the most innovative supply chain solutions.

About National Material of Mexico:

National Material of Mexico (NMM) is an independent service center and supplier of carbon and electrical steel, aluminum and stainless steel serving automotive and industrial end markets in North America, with ten facilities throughout Mexico. Headquartered in Monterrey, NMM employs in the current scope around 500 people and generated sales of some USD 610 million in fiscal year 2021. The company offers processing capabilities that include slitting, cut-to-length, leveling, multi-blanking, configured blanking and core processing.

Contact Klöckner & Co SE :

Press

Christian Pokropp – Press Spokesperson
Head of Corporate Communications |
Head of Group HR
Phone: +49 203 307-2050
Email: christian.pokropp@kloeckner.com

Investors

Felix Schmitz
Head of Investor Relations |
Head of Strategic Sustainability
Phone: +49 203 307-2295
Email: felix.schmitz@kloeckner.com