

## Press Release

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### **Klöckner & Co reports strongest first half-year since IPO in 2006**

- Operating income (EBITDA) before material special effects significantly increased to €423 million (H1 2021: €401 million)
- Very strong net income of €323 million (H1 2021: €301 million)
- Progress in implementation of strategy by comprehensive expansion of in-house product and service portfolio and further automation of the business
- Partnership with US steel producer Nucor for heavy plate processing
- EBITDA of more than €500 million before material special effects and significantly positive cash flow from operating activities expected for full year 2022

**Duisburg, Germany, August 3, 2022** – Klöckner & Co increased sales, mainly due to the significant temporary rise in steel and metal prices, by 48.8% to €5.0 billion in the first half of 2022 (H1 2021: €3.4 billion). Operating income (EBITDA) before material special effects, at €423 million, was considerably higher than in the same period of the previous year (H1 2021: €401 million). Including material special effects, EBITDA came to €477 million in the first six months of the year (H1 2021: €411 million). Net income increased to €323 million (H1 2021: €301 million). This resulted in earnings per share of €3.18 (H1 2021: €2.98).

Guido Kerkhoff, CEO of Klöckner & Co SE: “Due to at times significantly higher prices in the market, we are able to look back on an outstanding first half-year. At the same time, we have continued implementing our Group strategy, laying the foundation for an even more successful Klöckner & Co in the future. We have strengthened our partnership with Nucor in the USA, added to our stainless steel product and service portfolio by relevant acquisitions through our subsidiary Becker Stahl-Service and expanded our advisory capabilities for green products and services. As this shows, even in economically challenging times, we continue to work systematically on our strategic priorities. In this way, we are strengthening our position as a reliable partner at the side of our customers and suppliers, and as a pioneer for a sustainable future.”

## **Further progress in implementation of the “Klöckner & Co 2025: Leveraging Strengths” Group strategy**

As part of its efforts to expand its partner network and its footprint in the American market, Klöckner & Co has further strengthened its partnership with the US steel producer Nucor and is investing in a facility for plate processing on the campus of the new Nucor steel mill in Brandenburg, Kentucky. Nucor Steel Brandenburg will be a state-of-the-art electric arc furnace mill that will recycle scrap metal into new heavy plate steel for offshore wind towers and other infrastructure projects. With the partnership, Klöckner & Co aims to profit more strongly from the planned investments in renewable energy and infrastructure by the US-Government. The investment of Klöckner & Co is designed to drive the development of sustainable, innovative and complex solutions for the entire supply chain and extend the range of higher-value-added services. The new heavy plate processing facility is scheduled to start operations in the third quarter of 2023 and is subject to environmental approvals.

Under its “Klöckner & Co 2025: Leveraging Strengths” strategy, the Company is driving forward a comprehensive expansion of its in-house product and service portfolio. As part of this, through its German subsidiary Becker Stahl-Service (“Becker”), Klöckner & Co has acquired the two companies Hernandez Stainless GmbH (“Hernandez”) and RSC Rostfrei Coilcenter GmbH (“RSC”). The acquisitions mark Becker’s entry into stainless steel processing in a significant extension to its product and service portfolio. With the aid of these strategic acquisitions, Klöckner & Co is strengthening its position as a leading digital one-stop shop platform for steel, stainless steel and aluminum, and as a pioneer in sustainability.

Klöckner & Co is rigorously pursuing the goal of zero touch and, using digital tools, is increasing process speed and efficiency along the entire value chain. Sales processed automatically using Kloeckner Assistant, the Company’s in-house AI solution, increased to over €780 million in the reporting period (H1 2021: €454 million). This demonstrates the tool’s importance in automated quotation and order processing. Digital sales remained at 45% of Group sales in the second quarter (Q2 2021: 45%), thus continuing at a high level after the pandemic-related increase.

The Company continues to work on creating a comprehensive portfolio of sustainable products and services. In addition to introducing “green” and thus carbon-reduced steel product categories, Klöckner & Co has further developed its comprehensive Sustainability Advisory Services (SAS). Alongside specially qualified Green Steel Experts, over 700 sales employees throughout the Group have now been trained also to advise customers on green products and services together with related topics. As a result, Klöckner & Co has a worldwide unique Green Steel sales force and will increasingly position itself as the first point of contact for a sustainable steel industry going forward.

## **Outlook**

Due to the anticipated higher average steel price level, Klöckner & Co expects significant sales growth in the full year 2022. After a significant intervening rise in the first half-year, prices have recently corrected. In light of this and of the challenging macroeconomic environment, the Company forecasts operating income (EBITDA) of €50 million to €100 million before material special effects in the third quarter. A figure of more than €500 million is expected for the full year, which would be the second-best result since the IPO in 2006. After generating cash flow from operating activities of €262 million in the second quarter as a result of consistent net working capital management, Klöckner & Co also expects a significantly positive figure for the second half of the year and for the full year.

## Key figures

Shipments and income statement		Q2 2022	Q2 2021	Variance	H1 2022	H1 2021	Variance
Shipments	Tto	1,226	1,295	-69	2,484	2,582	-98
Sales	€ million	2,580	1,847	733	5,018	3,373	1,645
Gross profit	€ million	508	525	-17	990	913	77
Gross profit margin	%	19.7	28.4	-8.7%p	19.7	27.1	-7.4%p
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	223	270	-47	477	411	66
EBITDA before material special effects	€ million	222	271	-49	423	401	22
EBITDA margin	%	8.6	14.6	-6.0%p	9.5	12.2	-2.7%p
EBITDA margin before material special effects	%	8.6	14.7	-6.1%p	8.4	11.9	-3.5%p
Earnings before interest and taxes (EBIT)	€ million	191	240	-49	415	351	64
Earnings before taxes (EBT)	€ million	188	246	-58	404	351	53
EBT before material special effects	€ million	187	246	-59	350	340	10
Net income	€ million	151	215	-64	323	301	22
Net income attributable to shareholders of Klöckner & Co SE	€ million	149	212	-63	317	297	20
Earnings per share (basic)	€	1.50	2.13	-0.63	3.18	2.98	0.20
Earnings per share (diluted)	€	1.36	1.88	-0.52	2.88	2.66	0.22

  

Cash flow statement		Q2 2022	Q2 2021	Variance	H1 2022	H1 2021	Variance
Cash flow from operating activities	€ million	262	74	188	1	91	-90
Cash flow from investing activities	€ million	-20	-16	-4	19	-27	46
Free cash flow <sup>*)</sup>	€ million	242	58	184	20	65	-45

  

Balance sheet		June 30, 2022	Dec. 31, 2021	June 30, 2021	Variance June 30, 2022 vs. Dec. 31, 2021	Variance June 30, 2022 vs. June 30, 2021
Net Working Capital <sup>**)</sup>	€ million	2,239	1,813	1,282	426	957
Net financial debt	€ million	903	762	303	141	600
Gearing <sup>***)</sup>	%	43.9	42.1	21.7	1.9%p	22.3%p
Equity	€ million	2,078	1,827	1,410	251	668
Equity ratio	%	44.5	47.1	43.5	-2.6%p	1.1%p
Total assets	€ million	4,665	3,878	3,244	787	1,421

  

Employees		June 30, 2022	Dec. 31, 2021	June 30, 2021	Variance June 30, 2022 vs. Dec. 31, 2021	Variance June 30, 2022 vs. June 30, 2021
Employees as of the end of the reporting period		7,228	7,153	7,083	75	145

\*) 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. At the same time, the Company aims to become the pioneer for sustainability – to the benefit of customers, the steel industry and society as a whole.

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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