

## Press Release

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### **Klöckner & Co SE reports very strong earnings in first nine months of 2022 despite challenging environment**

- Nine-month operating income (EBITDA) of €439 million before material special effects (9M 2021: €678 million)
- Positive cash flow from operating activities of €164 million in first nine months due to disciplined net working capital management and active inventory reduction
- Net income of €301 million in first nine months of 2022 (9M 2021: €490 million)
- Further progress in successful strategy implementation with launch of the Nexigen® umbrella brand for sustainable customer solutions and regarding ongoing business digitalization and automation
- EBITDA of around €400 million before material special effects and exceptionally positive cash flow from operating activities expected for full year 2022

**Duisburg, Germany, November 3, 2022** – Klöckner & Co increased sales, mainly due to higher steel and metal prices, by a very considerable 36.5% to €7.4 billion in the first nine months of 2022 (9M 2021: €5.4 billion). Operating income (EBITDA) adjusted for material special effects was €439 million (9M 2021: €678 million). Including material special effects, EBITDA even totaled €493 million in the first nine months of the year (9M 2021: €691 million). Cash flow from operating activities was significantly positive, at €164 million in the first nine months (9M 2021: €76 million). This was due to disciplined net working capital management and an actively enforced reduction in inventories at the end of the reporting period. Net income was consequently 301 Mio. € (9M 2021: €490 million). Earnings per share therefore came to €2.96, compared with €4.84 in the prior-year period.

Guido Kerkhoff, CEO of Klöckner & Co SE: “Despite the challenging economic environment, we have continued to systematically pursue our strategy and achieved key milestones. With the launch of Nexigen®, our new brand for CO<sub>2</sub>-reduced products and services, we are underscoring our ambition as a pioneer of a sustainable steel industry. Having already established our role as digital pioneer for the future of our industry, this further reinforces our position as a reliable partner at our customers’ side.”

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

Establishing sustainable business models is a central component of the strategy. To group together the integrated range of sustainable customer solutions, Klöckner & Co has launched Nexigen®. Under Nexigen®, the Company has focused its range of sustainable products and services across the Group and provides transparent CO<sub>2</sub>-reduced solutions in the areas of materials, processing and logistics. Supplementary to the growing portfolio of CO<sub>2</sub>-reduced steel and metal products and of logistics and circularity solutions, Klöckner & Co provides a complete range of consulting on sustainable products and services (Sustainability Advisory Services). In this way, the company supports customers in building sustainable supply chains and enables them to have full transparency about their carbon footprint. To this end, Klöckner & Co is investing in further training of the workforce, and has already trained 700 sales staff to advise on and sell sustainable products and services.

On the launch of Nexigen®, the Company’s German subsidiary Becker Stahl-Service was able to supply initial quantities of CO<sub>2</sub>-reduced steel to longstanding customer Mercedes-Benz AG. This steel corresponds to the “Pro” category in Klöckner & Co’s own categorization for transparent CO<sub>2</sub> emissions. The launch of Nexigen® marked another important milestone for Klöckner & Co on its road to becoming a pioneer of a sustainable steel industry. The Company thus continues to establish its position as a leading digital one-stop-shop platform for steel, other materials, equipment and processing services in Europe and the Americas.

Klöckner & Co has also further advanced the Group’s transformation with regard to digitalization and automation in the direction of “zero touch”. The AI-based Kloeckner Assistant application has been extended with an additional core function and is now able to read and process text emails automatically as well as PDF files. This new feature has already been successfully introduced in the German country organization and will be gradually rolled out in other countries. Sales processed automatically using Kloeckner Assistant amounted to over €1 billion in the reporting period. This demonstrates the importance of Kloeckner Assistant in automated quotation and order processing. In total, the proportion of sales share generated via digital channels remained at a high level of 43% in the third quarter (Q3 2021: 46%).

## **Outlook**

Klöckner & Co anticipates that the fourth quarter will bring a seasonal and price-driven considerable decrease in shipments and sales relative to the preceding quarter. As a result of the significant steel price correction, the active inventory reduction in the prevailing macroeconomic environment and the inventory writedowns, the Company expects EBITDA before material special effects to be around €400 million in 2022. Klöckner & Co also forecasts an exceptionally positive cash flow from operating activities for 2022. Additionally, positive material special effects, in the amount of €54 million, have already arisen in the first nine months of the year.

## Key figures

Shipments and income statement		Q3 2022	Q3 2021	Variance	Jan. 1 - Sept. 30, 2022	Jan. 1 - Sept. 30, 2021	Variance
Shipments	Tto	1,148	1,190	- 42	3,632	3,772	- 140
Sales	€ million	2,367	2,038	329	7,385	5,411	1,974
Gross profit	€ million	305	540	- 235	1,295	1,453	- 158
Gross profit margin	%	12.9	26.5	-13.6%p	17.5	26.9	- 9.4%p
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	16	280	- 264	493	691	- 198
EBITDA before material special effects	€ million	16	277	- 261	439	678	- 239
EBITDA margin	%	0.7	13.7	-13.0%p	6.7	12.8	- 6.1%p
EBITDA margin before material special effects	%	0.7	13.6	-12.9%p	5.9	12.5	- 6.6%p
Earnings before interest and taxes (EBIT)	€ million	- 18	249	- 267	397	600	- 203
Earnings before taxes (EBT)	€ million	- 25	244	- 269	379	595	- 216
Net income	€ million	- 22	189	- 211	301	490	- 189
Net income attributable to shareholders of Klöckner & Co SE	€ million	- 22	185	- 207	295	483	- 188
Earnings per share (basic)	€	- 0.22	1.86	- 2.08	2.96	4.84	- 1.88
Earnings per share (diluted)	€	- 0.18	1.68	- 1.86	2.70	4.34	- 1.64
Cash flow statement		Q3 2022	Q3 2021	Variance	Jan. 1 - Sept. 30, 2022	Jan. 1 - Sept. 30, 2021	Variance
Cash flow from operating activities	€ million	163	- 15	178	164	76	88
Cash flow from investing activities	€ million	- 36	- 18	- 18	- 17	- 44	27
Free cash flow <sup>*)</sup>	€ million	128	- 33	161	148	32	116
Balance sheet			Sept. 30, 2022	Dec. 31, 2021	Sept. 30, 2021	Variance Sept. 30, 2022 vs. Dec. 31, 2021	Variance Sept. 30, 2022 vs. Sept. 30, 2021
Net Working Capital <sup>**)</sup>	€ million		2,185	1,813	1,559	372	626
Net financial debt	€ million		806	762	348	44	458
Gearing <sup>***)</sup>	%		38.3	42.1	21.5	- 3.8%p	16.8%p
Equity	€ million		2,126	1,827	1,627	299	499
Equity ratio	%		46.3	47.1	44.5	- 0.8%p	1.8%p
Total assets	€ million		4,592	3,878	3,657	714	935
Employees			Sept. 30, 2022	Dec. 31, 2021	Sept. 30, 2021	Variance Sept. 30, 2022 vs. Dec. 31, 2021	Variance Sept. 30, 2022 vs. Sept. 30, 2021
Employees as of the end of the reporting period			7,328	7,153	7,129	175	199

\*) Free cash flow = Cash flow from operating activities + 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 / (Consolidated 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 7,300 employees. Klöckner & Co had sales of some €7.4 billion in fiscal year 2021. With the expansion of its portfolio of CO<sub>2</sub>-reduced materials, services and logistics options under the new Nexigen® umbrella brand, the company is underscoring its ambition as a pioneer of a sustainable steel industry. At the same time, Klöckner & Co leads the way in the steel industry's digital transformation and has set itself the target of digitalizing and largely automating its supply and service chain. In this way, the Company aims to develop into the leading digital one-stop-shop platform for steel, other materials, equipment and processing services in Europe and the Americas.

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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