

# Q1 Quarterly Statement 2021

January 1, 2021 – March 31, 2021

- Operating income (EBITDA) of €130 million at the upper end of the €110 million to €130 million guidance range; EBITDA of €141 million including material special effects; strongest quarter in over twelve years
- Shipments of 1.3 million tons down by 5.7% on the prior-year period due to the pandemic, but significant recovery as the quarter progressed
- Sales increased considerably relative to the prior-year quarter due to higher prices, rising by 5.3% to €1.5 billion
- Positive net income of €86 million, compared with net loss of €21 million in the prior year
- Sales share generated via digital channels at more than 45% (Q1 2020: 35%)
- EBITDA before material special effects of €130 million to €160 million expected for the second quarter

## **SALES CONSIDERABLY HIGHER, SHIPMENTS DOWN ON PRIOR YEAR DUE TO PANDEMIC**

The exceptionally positive price trend – especially in the USA, but also in Europe – caused sales to rise from €1.4 billion to €1.5 billion. Due to the pandemic, the shipments of 1.3 million tons were still below the 1.4 million tons recorded in the prior-year quarter (– 5.7%), although there was a significant recovery across all operating segments in the course of the quarter.

## **STRONGEST QUARTER IN OVER TWELVE YEARS**

Operating income (EBITDA) adjusted for material special effects, at €130 million in the first quarter, was at the upper end of the €110 million to €130 million guidance range (Q1 2020: €21 million). This made it the strongest quarter in over twelve years. The year-on-year improvement was mainly driven by exceptionally positive price momentum and the related increase in gross profit from €285 million to €388 million (+35.8%) together with substantial effects from digitalization and restructuring as a result of the Surtsey project. Including material special effects – primarily from the sale of closed sites – EBITDA came to €141 million (Q1 2020: €21 million).

Net income was €86 million in the first quarter, compared with a net loss of €21 million in the first three months of 2020. Earnings per share consequently came to €0.85 (Q1 2020: €– 0.21).

## **EARNINGS BY OPERATING SEGMENT**

EBITDA in the Klockner Metals US segment was €75 million, compared with €9 million in the prior-year period. The increase was mainly due to the positive trend in selling prices on the basis of a smaller increase in inventory prices.

The Kloeckner Metals Switzerland segment generated EBITDA of €10 million, which was roughly level with the prior-year quarter. Following slightly weaker business – particularly of reinforcing steel – due to weather conditions early in the year, shipments and sales picked up over the remainder of the quarter. Earnings were also positively impacted by the effects of Surtsey and the resulting lower OPEX.

Although demand in the Kloeckner Metals Services Europe segment has not yet fully recovered, the segment recorded a mostly price-driven increase in earnings from €5 million in the comparable period to €13 million in the first quarter of 2021.

Adjusted operating income in the Kloeckner Metals Distribution Europe segment developed particularly well, increasing from €2 million to €43 million. In this segment, too, we benefited very strongly from rising prices and the Surtsey measures. While our biggest earnings increase was in Germany, EBITDA was also very considerably higher than in the prior year in France and the United Kingdom.

Although shipments were still below pre-crisis levels, all operating segments and country organizations generated positive income before taxes in the first quarter of 2021.

### **VERY SOLID FINANCIAL POSITION MAINTAINED AND POSITIVE CASH FLOW FROM OPERATING ACTIVITIES**

Primarily driven by prices, net working capital grew relative to the 2020 year-end by €140 million to €1,107 million. Due to the positive cash flow from operating activities, however, net financial liabilities increased only slightly from €351 million to €363 million and were thus significantly lower than at the end of the first quarter of the prior year (€563 million).

Equity went up as a result of the net income from €1,043 million as of December 31, 2020 to €1,170 million reflecting the solid balance sheet. This makes up almost all of the decrease in equity from the operating losses during the 2020 pandemic year and from the Surtsey restructuring expenses incurred in 2020. Despite higher net working capital, the equity ratio of 40.1% was slightly higher than the figure as of December 31, 2020 (39.9%).

Also despite the higher net working capital, the first quarter of 2021 saw a net cash inflow from operating activities of €18 million, compared with a net cash outflow of €97 million in the comparable prior-year period. Deducting the cash outflow from investing activities (€11 million) gives a free cash flow of €7 million (Q1 2020: €– 107 million).

### **STABLE FINANCING WITH IMPROVED MATURITY PROFILE**

In April 2021, Klöckner & Co extended the €278 million syndicated loan with its core banks by another year to May 2024. This transaction made it possible to further improve the Group's maturity profile. The core instruments used to finance working capital currently have a volume-weighted remaining term of approximately two-and-a-half years. Our financing instruments covering a total amount of some €1.1 billion (excluding leases) continue to provide us with generous financial headroom.

## KLÖCKNER & CO'S DIGITAL TRANSFORMATION

Klößner & Co continues to drive ahead its digital transformation. While the percentage of sales generated via digital channels stayed constant relative to the preceding quarter at 45%, this is a significant 10 percentage points higher than in the comparable prior-year period (Q1 2020: 35%). A major factor in this is the AI-driven Kloeckner Assistant. In just one year, this application has already processed around half a billion euros in sales, including about €200 million in the first quarter of 2021 alone. Together with the Klößner & Co Onlineshops, which now boast over 65,000 registered customers and over half a million annual log-ins, our tools have digitalized large sections of Klößner & Co's sales processes.

XOM Materials also made progress in the past quarter, notably in software-as-a-service (SaaS) solutions that provide customers with greater scope for customization to local market conditions. Starting in the first quarter, XOM Materials has now additionally rolled out its eProcurement solution in the USA and Latin America. The first quarter also saw XOM Materials already reach a gross merchandise volume of around €150 million.

The Surtsey project launched by Klößner & Co last year to accelerate its digital transformation is well advanced, with some 90% of the related measures now implemented. Digitalization and restructuring effects resulting from the Surtsey project came to around €20 million in the first quarter of 2021. In the current fiscal year, measures under this project will contribute over €100 million to operating income.

## OUTLOOK

The overall economic situation and demand for steel are increasingly recovering. The shortage of steel combined with long delivery times has led to further price increases. We therefore expect a considerable increase in sales in the second quarter, while in terms of shipments we anticipate a slight increase compared with the previous quarter due to our focus on margin optimization. In light of this, and with substantial support from the effects of the Surtsey project, we expect EBITDA before material special effects to be in the €130 million to €160 million range. In addition to this, we will see additional positive special effects in the second quarter from sales of assets as part of Surtsey.

# Klöckner & Co SE

## Financial information

for the three-month period ending March 31, 2021

Shipments and income statement		Q1 2021	Q1 2020	Variance
Shipments	Tto	1,287	1,365	- 78
Sales	€ million	1,525	1,448	77
Gross profit	€ million	388	285	102
Gross profit margin	%	25.4	19.7	5.7%p
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	141	21	120
EBITDA before material special effects	€ million	130	21	109
EBITDA margin	%	9.2	1.5	7.7%p
EBITDA margin before material special effects	%	8.5	1.5	7.0%p
Earnings before interest and taxes (EBIT)	€ million	111	- 13	123
Earnings before taxes (EBT)	€ million	105	- 22	126
EBT before material special effects	€ million	94	- 22	116
Net income	€ million	86	- 21	107
Net income attributable to shareholders of Klöckner & Co SE	€ million	85	- 21	106
Earnings per share (basic)	€	0.85	- 0.21	1.07
Earnings per share (diluted)	€	0.78	- 0.21	0.99

Cash flow statement		Q1 2021	Q1 2020	Variance
Cash flow from operating activities	€ million	18	- 97	115
Cash flow from investing activities	€ million	- 11	- 10	- 1
Free cash flow <sup>*)</sup>	€ million	7	- 107	114

Balance sheet		March 31, 2021	Dec. 31, 2020	March 31, 2020	Variance Q1 2021 vs. FY 2020	Variance Q1 2021 vs. Q1 2020
Net Working Capital <sup>**)</sup>	€ million	1,107	967	1,228	140	- 121
Net financial debt	€ million	363	351	563	11	- 201
Gearing <sup>***)</sup>	%	31.2	33.9	46.8	- 2.7%p	- 15.6%p
Equity	€ million	1,170	1,043	1,211	127	- 41
Equity ratio	%	40.1	39.9	40.7	0.2%p	- 0.6%p
Total assets	€ million	2,916	2,613	2,973	303	- 57

Employees		March 31, 2021	Dec. 31, 2020	March 31, 2020	Variance Q1 2021 vs. FY 2020	Variance Q1 2021 vs. Q1 2020
Employees as of the end of the reporting period		7,113	7,274	8,179	- 161	- 1,066

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

\*\*\*) Net Working Capital = Inventories + trade receivables (incl. contract assets) + supplier bonus receivables / trade liabilities.

\*\*\*\*) Gearing = Net financial debt / (Equity / non-controlling interests / goodwill resulting from acquisitions subsequent to May 23, 2019).

# Klöckner & Co SE

## Consolidated statement of income

for the three-month period ending March 31, 2021

(€ thousand)	Q1 2021	Q1 2020
Sales	1,525,434	1,448,199
Changes in inventory	6,627	- 5,980
Own work capitalized	398	-
Other operating income	17,342	6,519
Cost of materials	- 1,144,396	- 1,156,810
Personnel expenses	- 149,117	- 149,750
Depreciation and amortization	- 30,245	- 33,824
Other operating expenses	- 115,315	- 120,905
<b>Operating result</b>	<b>110,728</b>	<b>- 12,551</b>
Finance income	16	148
Finance expenses	- 5,985	- 9,167
<b>Financial result</b>	<b>- 5,969</b>	<b>- 9,019</b>
<b>Income before taxes</b>	<b>104,759</b>	<b>- 21,570</b>
Income taxes	- 18,581	738
<b>Net income</b>	<b>86,179</b>	<b>- 20,832</b>
<i>thereof attributable to</i>		
- shareholders of Klöckner & Co SE	85,012	- 21,193
- non-controlling interests	1,167	361
<b>Earnings per share (€/share)</b>		
- basic	<b>0.85</b>	<b>- 0.21</b>
- diluted	<b>0.78</b>	<b>- 0.21</b>

# Statement of comprehensive income

for the three-month period ending March 31, 2021

<i>(€ thousand)</i>	Q1 2021	Q1 2020
<b>Net income</b>	<b>86,179</b>	<b>- 20,832</b>
Other comprehensive income not reclassifiable		
Actuarial gains and losses (IAS 19)	43,691	31,232
Related income tax	- 7,506	164
<b>Total</b>	<b>36,185</b>	<b>31,396</b>
Other comprehensive income reclassifiable		
Foreign currency translation	4,481	18,032
<b>Total</b>	<b>4,481</b>	<b>18,032</b>
<b>Other comprehensive income</b>	<b>40,666</b>	<b>49,428</b>
<b>Total comprehensive income</b>	<b>126,845</b>	<b>28,596</b>
<i>thereof attributable to</i>		
- shareholders of Klöckner & Co SE	125,677	28,220
- non-controlling interests	1,168	376

# Consolidated statement of financial position

as of March 31, 2021

## Assets

<i>(€ thousand)</i>	March 31, 2021	December 31, 2020
<b>Non-current assets</b>		
Intangible assets	106,399	109,085
Property, plant and equipment	742,978	743,770
Other financial assets	21,368	19,448
Other non-financial assets	69,776	49,348
Current income tax receivable	1,887	1,887
Deferred tax assets	4,093	8,324
<b>Total non-current assets</b>	<b>946,501</b>	<b>931,862</b>
<b>Current assets</b>		
Inventories	947,653	855,591
Trade receivables	781,644	517,372
Contract assets	25,545	25,954
Commissions, discounts and rebate receivables	16,042	43,253
Current income tax receivable	8,419	18,927
Other financial assets	15,388	14,876
Other non-financial assets	39,449	23,542
Cash and cash equivalents	133,483	172,566
Assets held for sale	1,803	9,011
<b>Total current assets</b>	<b>1,969,426</b>	<b>1,681,092</b>
<b>Total assets</b>	<b>2,915,927</b>	<b>2,612,954</b>

## Liabilities

<i>(€ thousand)</i>	<b>March 31, 2021</b>	December 31, 2020
<b>Equity</b>		
Subscribed capital	249,375	249,375
Capital reserves	568,729	568,729
Retained earnings	320,935	235,923
Accumulated other comprehensive income	22,668	– 17,997
<b>Equity attributable to shareholders of Klöckner &amp; Co SE</b>	<b>1,161,707</b>	<b>1,036,030</b>
Non-controlling interests	8,276	7,108
<b>Total equity</b>	<b>1,169,983</b>	<b>1,043,138</b>
<b>Non-current liabilities</b>		
Provisions for pensions and similar obligations	267,034	287,542
Other provisions and accrued liabilities	15,788	15,644
Non-current financial liabilities	295,279	334,038
Other financial liabilities	2,413	2,313
Deferred tax liabilities	46,230	43,321
<b>Total non-current liabilities</b>	<b>626,744</b>	<b>682,858</b>
<b>Current liabilities</b>		
Other provisions and accrued liabilities	135,998	138,742
Income tax liabilities	13,131	7,397
Current financial liabilities	197,934	186,617
Trade payables	663,881	475,218
Other financial liabilities	37,637	37,523
Other non-financial liabilities	70,619	41,461
<b>Total current liabilities</b>	<b>1,119,200</b>	<b>886,958</b>
<b>Total liabilities</b>	<b>1,745,944</b>	<b>1,569,816</b>
<b>Total equity and liabilities</b>	<b>2,915,927</b>	<b>2,612,954</b>



# Consolidated statement of cash flows

for the three-month period ending March 31, 2021

<i>(€ thousand)</i>	<b>Q1 2021</b>	Q1 2020
Net income	86,179	– 20,832
Income taxes	18,581	– 738
Financial result	5,969	9,019
Depreciation and amortization of non-current assets	30,245	33,824
Other non-cash income/expenses	– 3	558
Gain on disposal of non-current assets	– 11,539	– 333
Change in net working capital		
Inventories	– 77,547	28,947
Trade receivables	– 223,173	– 118,577
Trade payables	174,261	– 6,297
Change in other operating assets and liabilities	21,532	– 11,043
Interest paid	– 5,234	– 7,378
Interest received	61	216
Income taxes paid	– 1,757	– 4,103
<b>Cash flow from operating activities</b>	<b>17,575</b>	<b>– 96,737</b>
Proceeds from the sale of non-current assets and assets held for sale	5,717	478
Payments for intangible assets, property, plant and equipment (incl. financial assets)	– 16,473	– 11,080
<b>Cash flow from investing activities</b>	<b>– 10,756</b>	<b>– 10,602</b>
Net change of financial liabilities	– 47,571	46,079
<b>Cash flow from financing activities</b>	<b>– 47,571</b>	<b>46,079</b>
<b>Changes in cash and cash equivalents</b>	<b>– 40,752</b>	<b>– 61,260</b>
Effect of foreign exchange rates on cash and cash equivalents	1,669	– 596
Cash and cash equivalents at the beginning of the period	172,566	182,520
<b>Cash and cash equivalents at the end of the reporting period as per statement of financial position</b>	<b>133,483</b>	<b>120,664</b>

## Segment reporting

(€ million)	KloECKner Metals US		KloECKner Metals Switzerland		KloECKner Metals Services Europe		KloECKner Metals Distribution Europe		Holding and other Group companies		Total	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020
	Shipments (Tto)	619	649	127	127	224	247	317	342	-	-	1,287
External sales	662	601	212	215	186	187	465	446	-	-	1,525	1,448
Gross profit	166	105	63	64	33	25	126	92	-	-	388	285
Gross profit margin (%)	25.1	17.5	29.5	29.6	17.6	13.4	27.2	20.5	-	-	25.4	19.7
Segment re- sult (EBITDA)	75	9	10	10	13	5	53	3	-11	-6	141	21
EBITDA be- fore material special effects	75	9	10	10	13	5	43	2	-11	-6	130	21
Earnings be- fore interest and taxes (EBIT)	63	-4	4	2	12	4	45	-7	-13	-8	111	-13
Cash flow from operat- ing activities	25	-14	-14	-24	24	13	-4	-59	-14	-13	18	-97

(€ million)	KloECKner Metals US		KloECKner Metals Switzerland		KloECKner Metals Services Europe		KloECKner Metals Distribution Europe		Holding and other Group companies		Total	
	Q1 2021	FY 2020	Q1 2021	FY 2020	Q1 2021	FY 2020	Q1 2021	FY 2020	Q1 2021	FY 2020	Q1 2021	FY 2020
	Net working capital as of closing date	407	338	227	209	149	151	333	284	-10	-15	1,107
Employees as of closing date	2,140	2,120	1,515	1,554	530	539	2,684	2,829	244	232	7,113	7,274

## Financial calendar 2021

<b>May 12, 2021</b>	Annual General Meeting 2021 (virtual)
<b>August 13, 2021</b>	Half-yearly financial report 2021 Conference call with journalists Conference call with analysts
<b>November 3, 2021</b>	Q3 quarterly statement 2021 Conference call with journalists Conference call with analysts

Subject to subsequent changes.

### Klöckner & Co SE

**Felix Schmitz**  
Head of Investor Relations,  
Internal Communications & Sustainability

Telephone: +49 203 307-2295  
Email: [ir@kloeckner.com](mailto:ir@kloeckner.com)

**Christian Pokropp**  
Head of External Communications

Telephone: +49 203 307-2050  
Email: [pr@kloeckner.com](mailto:pr@kloeckner.com)

## Disclaimer

This statement contains forward-looking statements which reflect the current views of the management of Klöckner & Co SE with respect to future events. They generally are designated by the words "expect", "assume", "presume", "intend", "estimate", "strive for", "aim for", "plan", "will", "endeavor", "outlook" and comparable expressions and generally contain information that relates to expectations or goals for economic conditions, sales proceeds or other yardsticks for the success of the enterprise. Forward-looking statements are based on currently valid plans, estimates and expectations and are therefore only valid on the day on which they are made. You therefore should consider them with caution. Such statements are subject to numerous risks and factors of uncertainty (e. g. those described in publications) most of which are difficult to assess and which generally are outside of the control of Klöckner & Co SE. The relevant factors include the effects of reasonable strategic and operational initiatives, including the acquisition or disposal of companies or other assets. If these or other risks and factors of uncertainty occur or if the assumptions on which the statements are based turn out to be incorrect, the actual results of Klöckner & Co SE can deviate significantly from those that are expressed or implied in these statements. Klöckner & Co SE cannot give any guarantee that the expectations or goals will be attained. Klöckner & Co SE – notwithstanding existing legal obligations – rejects any responsibility for updating the forward-looking statements through taking into consideration new information or future events or other things. In addition to the key figures prepared in accordance with IFRS and German-GAAP respectively, Klöckner & Co SE is presenting non-GAAP key figures such as EBITDA, EBIT, Net Working Capital and net financial liabilities that are not a component of the accounting regulations. These key figures are to be viewed as supplementary to, but not as a substitute for data prepared in accordance with IFRS. Non-GAAP key figures are not subject to IFRS or any other generally applicable accounting regulations. In assessing the net assets, financial position and results of operations of Klöckner & Co SE, these supplementary figures should not be used in isolation or as an alternative to the key figures presented in the consolidated financial statements and calculated in accordance with the relevant accounting principles. Other companies may base these concepts upon other definitions. Please refer to the definitions in the annual report. For other terms not defined in this annual report, please refer to the glossary on our website at <https://www.kloeckner.com/en/glossary.html>.

## Rounding

Rounding differences may occur with respect to percentages and figures.

## Variances for technical reasons

Variances may arise for technical reasons (e.g., conversion of electronic formats) between the accounting documents contained in this quarterly statement and the format submitted to the Federal Gazette (Bundesanzeiger). In this case, the version submitted to the Federal Gazette shall be binding.

The English translation of the annual report and the quarterly statement are also available, in case of deviations the German versions shall prevail.

Evaluating statements are unified and are presented as follows:

+/- 0-1%	+/- >1-5%	+/- >5%
constant	slight	considerable

