

# Q1 Quarterly Statement 2024

January 1, 2024 – March 31, 2024

- Operating income (EBITDA) before material special effects of €42 million considerably higher than preceding quarter (Q4 2023: €17 million) but below operating income in prior-year period (Q1 2023: €65 million)
- Shipments of 1.1 million tons slightly up on prior-year quarter (5%) and significantly higher than preceding quarter (11%)
- Sales down on prior-year quarter to €1.7 billion due to price movements (Q1 2023: €1.8 billion) leading to a lower gross profit by €14 million
- Sale of parts of distribution business in Europe successfully completed in first quarter of 2024
- EBITDA before material special effects of €30 million to €70 million in second quarter of 2024 expected

## SUCCESSFUL COMPLETION OF SALE OF PARTS OF DISTRIBUTION BUSINESS IN EUROPE

The sale of our distribution business in France, the United Kingdom, the Netherlands and Belgium was successfully completed in the reporting period. In accordance with IFRS 5, the disposal group is presented in this Interim Management Statement as "discontinued operations". Under IFRS 5, for discontinued operations, all income and expenses are presented separately in the income statement and all cash flows are presented separately in the statement of cash flows in the reporting period until disposal. The prior-period presentation has been restated accordingly. Deconsolidation took place effective February 29, 2024.

## DEVELOPMENT OF SHIPMENTS AND SALES

Total shipments were slightly increased in the first quarter of 2024 relative to the prior year and amounted to 1.1 million tons (Q1 2023: 1.1 million tons; + 5%). Relative to the preceding quarter, shipments showed a considerable, largely seasonal increase (Q4 2023: 1.0 million tons; +11%). The sales of €1.7 billion in the first quarter of 2024 were lower than the sales of €1.8 billion in the first quarter of 2023, mainly due to the lower overall price level. The decline in prices led to a lower gross profit of €14 million in the reporting period.

## SOLID OPERATING INCOME

Despite the challenging environment, solid operating income (EBITDA) of €42 million before material special effects was generated in the first quarter, considerably higher than operating income in the preceding quarter (Q4 2023: €17 million) but below the figure for the prior-year comparative period (Q1 2023: €65 million).

Including negative material special effects of €4 million, EBITDA amounted to €37 million (Q1 2023: €70 million). Net income from continuing operations was €– 8 million and consequently down on the net income of €24 million in the prior-year quarter. After a marked €– 24 million net loss from discontinued activities, mainly due to negative deconsolidation effects from the sale of parts of the distribution business in Europe, the net loss including discontinued activities was €– 32 million. The loss per share from continuing operations consequently amounted to €– 0.08 (Q1 2023: earnings per share of €0.23); the loss per share including discontinued operations was €– 0.33 (Q1 2023: €– 0.08).

## EARNINGS BY OPERATING SEGMENT

The Kloeckner Metals Americas segment continued the positive development, generating operating income of €43 million before material special effects in the first quarter of 2024 compared to €46 million in the prior-year period. Shipments totaled 0.7 million tons in the first quarter of 2024, which corresponds to a considerable increase of 19% compared to the prior-year quarter (Q1 2023: 0.6 million tons) and was mainly driven by the acquisitions made in 2023. Despite the sharp decline in prices in the USA during the quarter, the gross profit margin over the quarter was only slightly lower than in the prior-year quarter. In total, due to the higher shipments, sales increased by 11% relative to the first quarter of 2023.

In the Kloeckner Metals Europe segment, the persistently challenging macroeconomic environment led to a decline in operating income before material special effects to a €- 1 million in the first quarter of 2024, compared to a €23 million in the first quarter of 2023. Mainly lower shipments and slight price corrections with higher average inventory prices in the first quarter of 2024 led to a considerably lower gross profit compared to the prior year period. Despite the challenging environment, the gross profit margin increased slightly in the first quarter of 2024 compared to the prior-year period.

## VERY SOLID FINANCIAL POSITION SUSTAINED

Relative to March 31, 2023 net working capital decreased from €1.7 billion to €1.5 billion. Cash flow from operating activities was negative at €- 44 million in the first quarter of 2024, compared to a positive cash flow from operating activities of €47 million in the previous quarter. After €23 million in payments for capital expenditure, free cash flow was a €- 67 million in the first three months of the year, compared to a positive free cash flow of €40 million in the prior-year period.

Net financial debt increased from €775 million (as of December 31, 2023) to €790 million and thus remained at a moderate level. Net financial debt has already been reduced considerably from its level in the third quarter of 2023 (€923 million) when the acquisition of National Material of Mexico was completed. Mainly due to the forementioned acquisition, net financial debt was higher in the reporting period than in the prior-year period (Q1 2023: €539 million).

Equity with €1,727 million was slightly down on the end of 2023 (€1,755 million). By contrast, the equity ratio of 47.6% was above the level as of December 31, 2023 (45.4%), mainly due to the deconsolidation of the European distribution business sold.

## STABLE FINANCING PORTFOLIO

The Klöckner & Co Group has a diversified financing portfolio with a total volume of €1.5 billion (excluding leases). In February 2024, Klöckner & Co increased the facility amount of the syndicated loan from €250 million to €400 million. All other contract provisions, including the conditions and term, remain unchanged. This serves to strengthen our financial flexibility. The core Group financing instruments have a volume-weighted remaining term of around 2.5 years.

## **STRATEGIC PROGRESS: MARKET POSITION FURTHER STRENGTHENED**

We have made major progress in the reporting period in the implementation of the corporate strategy, "Klöckner & Co 2025: Leveraging Strengths." With the sale of our distribution business in France, the United Kingdom, the Netherlands and Belgium, which was announced in December 2023 and completed in the first quarter of this year, we are able to further optimize our portfolio. It enables us to reduce the volume of low-margin distribution business and strong dependence on volatile commodity markets. Conversely, the acquisitions made in 2023 enable us to expand our volume of higher value-added business and thus increase our share of higher value-added business overall. In 2023, already over half of operating income was generated from higher value-added business. Looking ahead, we will continue to systematically expand this business through strategic initiatives. Higher value-added business has higher profitability and more stable demand, and is usually accompanied by long-term contractual relationships and greater customer specialization. Overall, we are focusing on our largest market of North America and our attractive European activities in Germany, Austria and Switzerland (the "DACH" region).

A further focus of the Group strategy consists of digitalizing and automating our value chains. As a result, in the Group's continuing operations, the number of digital quotes was increased by more than 50% in the first quarter of 2024 compared to the prior-year period.

## **OUTLOOK**

For the second quarter of 2024, we expect a considerable increase in shipments and in sales compared to the preceding quarter. In addition, we expect EBITDA before material special effects to be between €30 million and €70 million in the second quarter of 2024. Furthermore, we expect a positive overall cash flow from operating activities in the first half of 2024.

# Klöckner & Co SE

## Financial information

for the three-month period ending March 31, 2024

Shipments and income statement		Q1 2024	Q1 2023	Variance
Shipments	Tto	1,139	1,087	52
Sales	€ million	1,737	1,840	-103
Gross profit	€ million	297	311	-14
Gross profit margin	%	17.1	16.9	0.2%p
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	37	70	-33
EBITDA before material special effects	€ million	42	65	-24
EBITDA margin	%	2.2	3.8	-1.6%p
EBITDA margin before material special effects	%	2.4	3.6	-1.2%p
Earnings before interest and taxes (EBIT)	€ million	5	43	-38
Earnings before taxes (EBT)	€ million	-11	34	-45
EBT before material special effects	€ million	-7	29	-36
Net income from continuing operations	€ million	-8	24	-32
Net income from discontinued operations	€ million	-24	-32	7
Net income total	€ million	-32	-8	-24
Earnings per share (basic) total	€	-0.33	-0.08	-0.24
Earnings per share (diluted) total	€	-0.33	-0.08	-0.24
Net income attributable to shareholders of Klöckner & Co SE continuing operations	€ million	-33	-8	-24
Earnings per share (basic) continuing operations	€	-0.08	0.23	-0.31
Earnings per share (diluted) continuing operations	€	-0.08	0.22	-0.30
Cash flow statement		Q1 2024	Q1 2023	Variance
Cash flow from operating activities	€ million	-44	47	-91
Cash flow from investing activities	€ million	-23	-6	-17
Free cash flow <sup>*)</sup>	€ million	-67	40	-108

<sup>\*)</sup> Free cash flow = Cash flow from operating activities plus cash flow from investing activities.

		March 31, 2024	Dec. 31, 2023	March 31, 2023	Variance Mar. 31, 2024 vs. Dec. 31, 2023	Variance Mar. 31, 2024 vs. Mar. 31, 2023
<b>Balance sheet</b>						
Net Working Capital <sup>**)</sup>	€ million	1,540	1,489	1,735	51	- 195
Net financial debt	€ million	790	775	539	15	251
Gearing <sup>***)</sup>	%	47	46	28	1.6%p	19.3%p
Equity	€ million	1,727	1,755	1,945	- 27	- 217
Equity ratio	%	47.6	45.4	51.6	2.2%p	- 4.1%p
Total assets	€ million	3,631	3,867	3,766	- 236	- 135
<b>Employees</b>						
Employees as of the end of the reporting period <sup>****)</sup>		6,346	6,375	5,668	- 29	678

<sup>\*\*)</sup> Net Working Capital = Inventories + trade receivables (incl. contract assets) + supplier bonus receivables / trade liabilities (incl. contract liabilities and advance payments received).

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

<sup>\*\*\*\*)</sup> Continuing operations.

# Klöckner & Co SE

## Consolidated statement of income

for the three-month period ending March 31, 2024

(€ thousand)	Q1 2024	Q1 2023
Sales	1,737,126	1,839,698
Changes in inventory	– 2,189	– 722
Other operating income	7,718	10,439
Cost of materials	– 1,438,030	– 1,528,074
Personnel expenses	– 139,345	– 129,384
Depreciation and amortization	– 32,150	– 26,792
Other operating expenses	– 127,816	– 121,789
<b>Operating result</b>	<b>5,314</b>	<b>43,376</b>
<b>Income from investments</b>	<b>749</b>	<b>– 1,521</b>
Finance income	626	1,191
Finance expenses	– 17,519	– 9,021
<b>Financial result</b>	<b>– 16,893</b>	<b>– 7,830</b>
<b>Income before taxes</b>	<b>– 10,830</b>	<b>34,025</b>
Income taxes	2,716	– 10,202
Net income from continued operations (net of tax)	– 8,113	23,824
Net income from discontinued operations (net of tax)	– 24,348	– 31,814
<b>Net income</b>	<b>– 32,462</b>	<b>– 7,990</b>
<i>thereof attributable to</i>		
– <i>shareholders of Klöckner &amp; Co SE</i>	– 32,631	– 8,326
– <i>non-controlling interests</i>	169	336
Earnings per share from continuing operations (€/share)		
– basic	– 0.08	0.23
– diluted	– 0.08	0.22
<b>Earnings per share attributable to the ordinary equity holders of the company (€/share)</b>		
– basic	<b>– 0.33</b>	<b>– 0.08</b>
– diluted	<b>– 0.33</b>	<b>– 0.08</b>

# Statement of comprehensive income

for the three-month period ending March 31, 2024

(€ thousand)	Q1 2024	Q1 2023
<b>Net income</b>	<b>- 32,462</b>	<b>- 7,990</b>
Other comprehensive income not reclassifiable		
Actuarial gains and losses (IAS 19)	2,607	3,894
<b>Total</b>	<b>2,607</b>	<b>3,894</b>
Other comprehensive income reclassifiable		
Foreign currency translation	- 8,917	- 20,342
Gain/loss from cashflow hedges	-	1,050
Reclassification of currency differences from discontinued operations	12,552	-
<b>Total</b>	<b>3,635</b>	<b>- 19,292</b>
Deferred taxes on other comprehensive income	291	- 317
<b>Other comprehensive income</b>	<b>6,533</b>	<b>- 15,715</b>
<b>Total comprehensive income</b>	<b>- 25,929</b>	<b>- 23,705</b>
<i>thereof attributable to</i>		
- <i>shareholders of Klöckner &amp; Co SE</i>	- 26,110	- 24,034
- <i>non-controlling interests</i>	181	329
<i>Total comprehensive income attributable to Klöckner &amp; Co SE stockholders refers to</i>		
- <i>continuing operations</i>	- 14,503	5,481
- <i>discontinued operations</i>	- 11,606	- 29,515

# Consolidated statement of financial position

as of March 31, 2024

## Assets

<i>(€ thousand)</i>	<b>March 31, 2024</b>	December 31, 2023
<b>Non-current assets</b>		
Intangible assets	200,825	207,403
Property, plant and equipment	764,995	760,495
Other financial assets	35,592	35,401
Other non-financial assets	76,567	73,549
Deferred tax assets	63,792	54,852
<b>Total non-current assets</b>	<b>1,141,770</b>	<b>1,131,700</b>
<b>Current assets</b>		
Inventories	1,385,441	1,399,869
Trade receivables	841,546	659,904
Contract assets	60,385	59,112
Commissions, discounts and rebate receivables	17,855	53,694
Current income tax receivable	25,827	29,341
Other financial assets	12,954	13,373
Other non-financial assets	61,371	44,707
Cash and cash equivalents	83,969	154,903
Assets held for sale	-	320,638
<b>Total current assets</b>	<b>2,489,348</b>	<b>2,735,541</b>
<b>Total assets</b>	<b>3,631,118</b>	<b>3,867,241</b>



## Liabilities

<i>(€ thousand)</i>	<b>March 31, 2024</b>	December 31, 2023
<b>Equity</b>		
Subscribed capital	249,375	249,375
Capital reserves	569,107	570,420
Retained earnings	698,221	777,890
Accumulated other comprehensive income	203,567	150,011
<b>Equity attributable to shareholders of Klöckner &amp; Co SE</b>	<b>1,720,269</b>	<b>1,747,695</b>
Non-controlling interests	7,127	7,010
<b>Total equity</b>	<b>1,727,396</b>	<b>1,754,705</b>
<b>Non-current liabilities</b>		
Provisions for pensions and similar obligations	26,681	24,849
Other provisions and accrued liabilities	10,100	10,336
Non-current financial liabilities	700,226	742,050
Other financial liabilities	1,315	1,649
Deferred tax liabilities	68,164	68,726
<b>Total non-current liabilities</b>	<b>806,485</b>	<b>847,610</b>
<b>Current liabilities</b>		
Other provisions and accrued liabilities	90,344	99,048
Income tax liabilities	12,305	18,095
Current financial liabilities	170,664	185,537
Trade payables	757,057	676,440
Other financial liabilities	29,732	18,152
Non-financial contract liabilities	5,579	4,903
Advance payments received	2,498	2,199
Other non-financial liabilities	29,058	15,786
Liabilities directly associated with assets classified as held for sale	0	244,764
<b>Total current liabilities</b>	<b>1,097,237</b>	<b>1,264,926</b>
<b>Total liabilities</b>	<b>1,903,722</b>	<b>2,112,536</b>
<b>Total equity and liabilities</b>	<b>3,631,118</b>	<b>3,867,241</b>

# Consolidated statement of cash flows

for the three-month period ending March 31, 2024

<i>(€ thousand)</i>	<b>Q1 2024</b>	Q1 2023
Net income	- 32,462	- 7,990
Result from discontinued operations	24,348	31,814
Income taxes	- 2,716	10,202
Financial result	16,893	7,830
Income from investments	- 749	1,521
Depreciation, amortization, (reversal of) impairment losses of non-current assets	32,150	26,792
Other non-cash income/expenses	- 405	194
Gain on disposal of non-current assets	- 556	- 4,906
Change in net working capital		
Inventories	18,499	111,045
Trade receivables <sup>*)</sup>	- 142,566	- 140,432
Trade payables <sup>**)</sup>	74,286	44,475
Change in other operating assets and liabilities	- 10,894	- 17,056
Interest paid	- 13,641	- 7,925
Interest received	215	783
Income taxes paid	- 7,380	- 12,099
Income taxes received	982	2,465
<b>Cash flow from operating activities - continuing operations</b>	<b>- 43,996</b>	<b>46,712</b>
Cash flow from operating activities - discontinued operations	- 45,504	17,650
<b>Cash flow from operating activities</b>	<b>- 89,500</b>	<b>64,362</b>
Proceeds from the sale of non-current assets	484	247
Proceeds from the sale of other business operations	-	7,429
Proceeds from the sale of financial assets	447	-
Payments for intangible assets, property, plant and equipment	- 23,700	- 12,216
Payments for financial assets	- 281	- 1,419
Payments for investments in consolidated subsidiaries	- 421	- 302
<b>Cash flow from investing activities - continuing operations</b>	<b>- 23,472</b>	<b>- 6,261</b>
Cash flow from investing activities - discontinued operations	124,107	- 2,115
<b>Cash flow from investing activities</b>	<b>100,636</b>	<b>- 8,376</b>
Payments for own investment Management Board members	- 1,314	-
Borrowings	56,141	5,416
Repayment of financial liabilities	- 126,139	- 121,838
Repayment of leasing liabilities	- 8,113	- 7,230
Proceeds from derivatives of financing activities	- 1,680	- 200
<b>Cash flow from financing activities - continuing operations</b>	<b>- 81,105</b>	<b>- 123,853</b>
Cash flow from financing activities - discontinued operations	- 2,753	- 3,686
<b>Cash flow from financing activities</b>	<b>- 83,858</b>	<b>- 127,539</b>
<b>Changes in cash and cash equivalents</b>	<b>- 72,723</b>	<b>- 71,553</b>
Effect of foreign exchange rates on cash and cash equivalents	1,789	- 1,285
Cash and cash equivalents at the beginning of the period	154,903	179,068
<b>Cash and cash equivalents at the end of the reporting period as per statement of financial position</b>	<b>83,969</b>	<b>106,230</b>

\*) Incl. contract assets and commissions, discounts and rebates receivables.

\*\*\*) Incl. contract liabilities and advance payments.

## Segment reporting

Following the allocation of our Mexican subsidiary National Material of Mexico ("NMM"), which was acquired in the 2023 financial year, to the Kloeckner Metals US segment, this segment was renamed Kloeckner Metals Americas. Since the first quarter of 2024, all continuing European operations have been combined in the Kloeckner Metals Europe segment. As a result, the Group has been divided into two operating segments since the first quarter of 2024: Kloeckner Metals Americas and Kloeckner Metals Europe. Central functions that are not allocated to a segment and consolidation measures continue to be reported separately under Holding and other Group companies.

	Kloeckner Metals Americas		Kloeckner Metals Europe		Holding and other Group companies*)		Total	
	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023
(€ million)								
Shipments (Tto)	714	599	425	488	-	-	1,139	1,087
External sales	1,030	929	707	910	-	-	1,737	1,840
Gross profit	178	164	119	147	-	-	297	311
Gross profit margin (%)	17.3	17.7	16.8	16.1	-	-	17.1	16.9
Segment result (EBITDA)**)	43	46	-2	28	-4	-3	37	70
EBITDA before material special effects	43	46	-1	23	-	-3	42	65
Earnings before interest and taxes (EBIT)	25	32	-15	16	-5	-4	5	43
Cash flow from operating activities from continuing operations	-43	47	6	-2	-7	2	-44	47
Cash flow from operating activities from discontinued operations	-	-	-46	18	-	-	-46	18

\*) Including consolidation.

\*\*\*) EBITDA = Earnings before interest, taxes, depreciation and amortization and reversals of impairments on intangible assets and property, plant and equipment.

	Kloeckner Metals Americas		Kloeckner Metals Europe		Holding and other Group companies*)		Total	
	Q1 2024	FY 2023	Q1 2024	FY 2023	Q1 2024	FY 2023	Q1 2024	FY 2023
(€ million)								
Net working capital as of closing date**)	779	703	759	785	2	1	1,540	1,489
Employees as of closing date	2,966	2,918	3,151	3,196	229	261	6,346	6,375

\*) Including consolidation.

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

## Financial calendar 2024

<b>May 23, 2024</b>	Annual General Meeting 2024, Düsseldorf
<b>August 1, 2024</b>	Half-yearly financial report 2024 Conference call with journalists Conference call with analysts
<b>November 6, 2024</b>	Q3 quarterly statement 2024 Conference call with journalists Conference call with analysts

Subject to subsequent changes.

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## 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 2023. For other terms not defined in the annual report 2023, 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 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

