



# Klöckner & Co SE

A Leading Multi Metal Distributor



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**CEO**

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London

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This presentation 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. You therefore should view them with caution. Such statements are subject to risks and factors of uncertainty, 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 significant strategic and operational initiatives, including the acquisition or disposition of companies. 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 obligations under laws pertaining to capital markets – 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 data prepared in accordance with International Financial Reporting Standards, Klöckner & Co SE is presenting non-GAAP key data such as EBITDA, EBIT, Net Working Capital and net financial liabilities that are not a component of the accounting regulations. These key data are to be viewed as supplementary to, but not as a substitute for data prepared in accordance with International Financial Reporting Standards. Non-GAAP key data are not subject to IFRS or any other generally applicable accounting regulations. Other companies may base these concepts upon other definitions.



# Agenda

01 Overview

02 Highlights and update on strategy

03 Financials

04 Outlook

05 Appendix



## Producers



## Distributor / Service Center

**klöckner & co**

- Klöckner & Co is one of the largest producer-independent distributors of steel and metal products and one of the leading steel service center companies worldwide
- Distribution and service platform with around 220 locations
- Key figures for 2014
 

Shipments:	6.6 million tons
Sales:	€6.5 billion
EBITDA:	€191 million

## Products:



## Services:



## Customers



- Commercial/residential construction
- Infrastructure

37%



- Machinery and mechanical engineering

32%



- Automotive

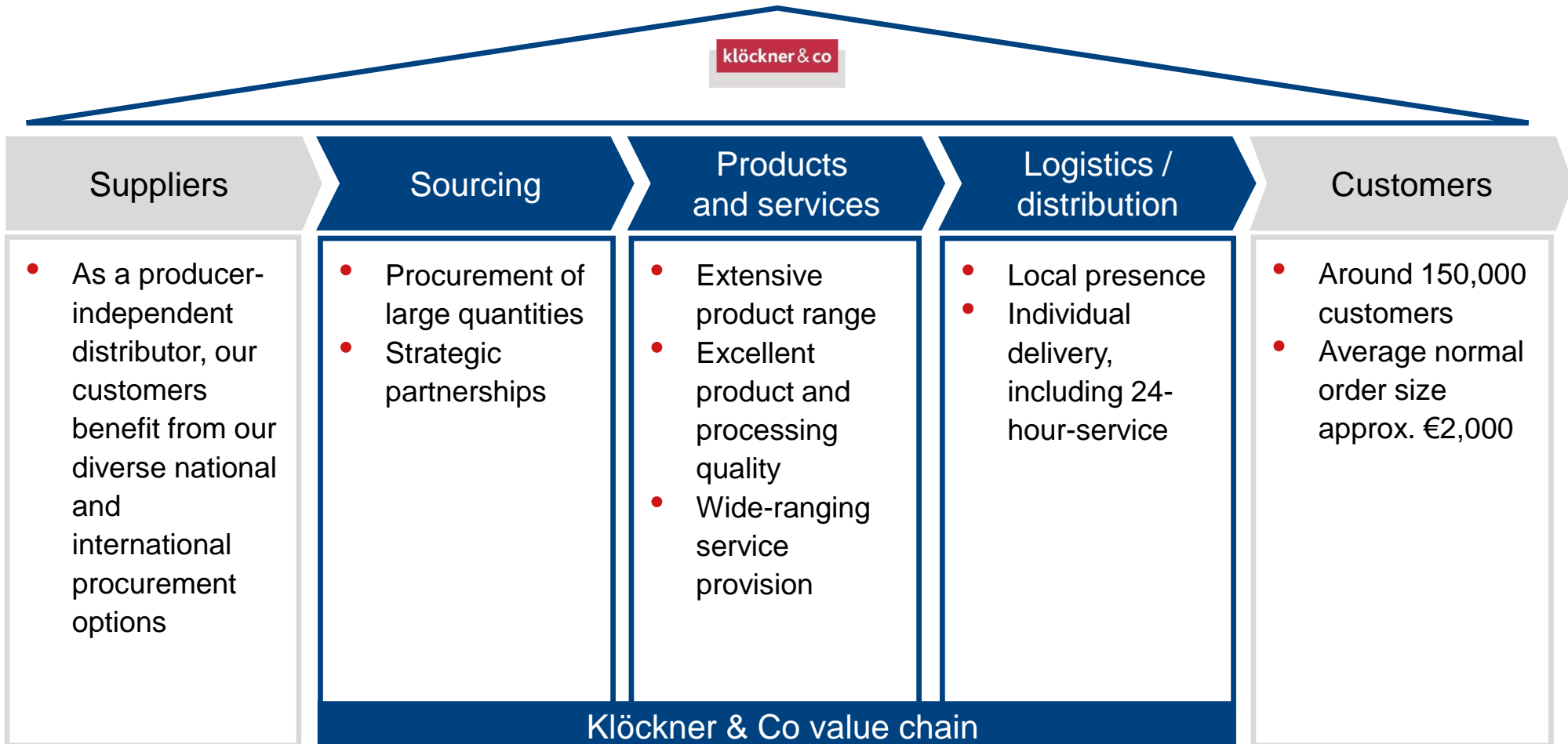
12%



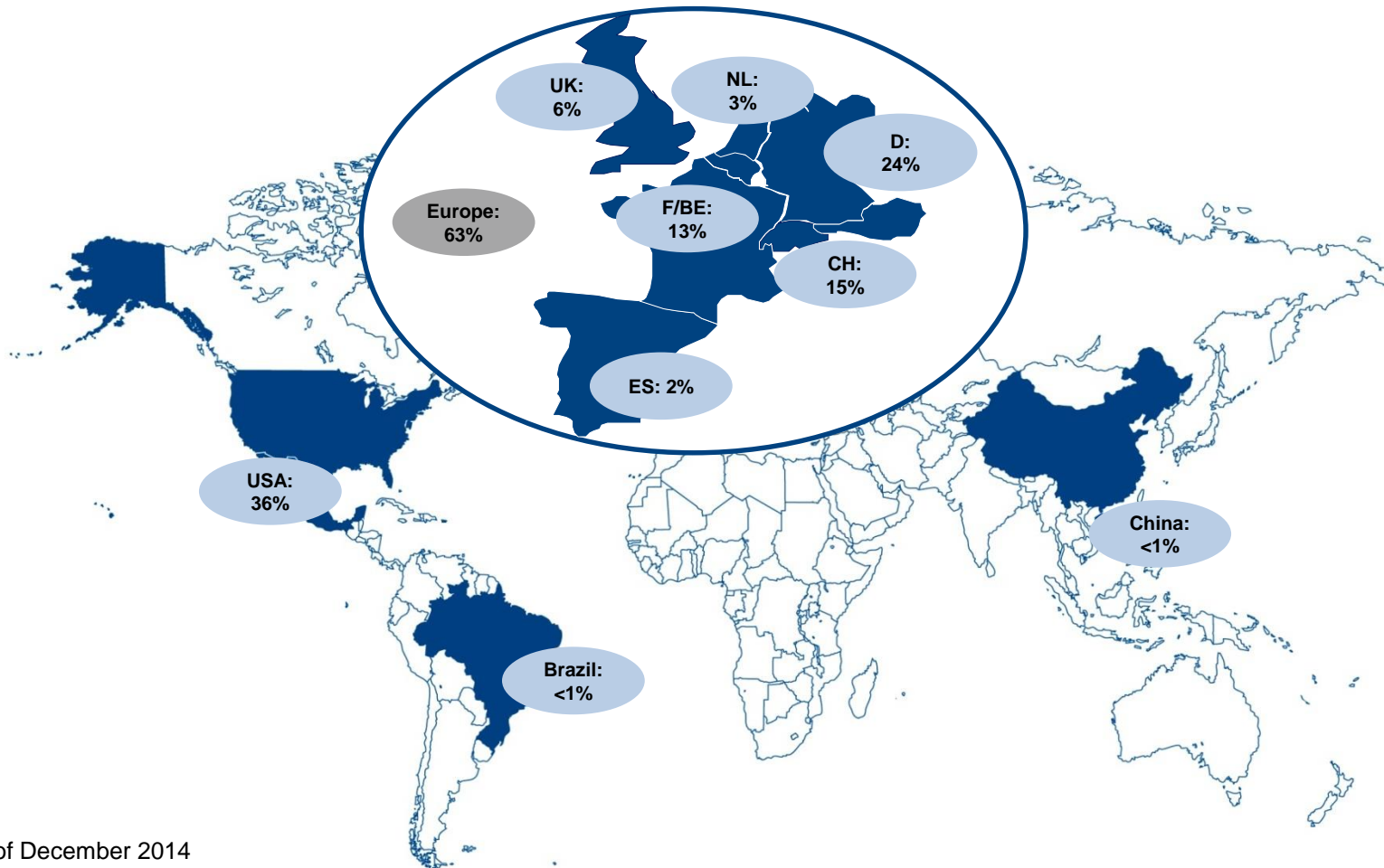
- Yellow Goods
- White Goods
- Miscellaneous

19%





- With around 220 locations in 15 countries we assure local availability for our customers

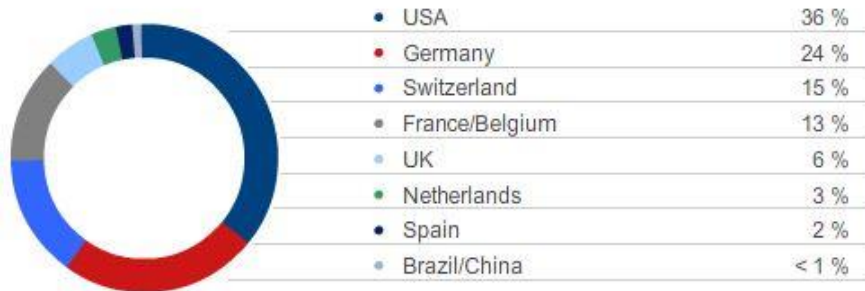


- Austria
- Belgium
- Brazil
- China
- England
- France
- Germany
- Ireland
- Mexico
- Netherlands
- Puerto Rico
- Scotland
- Spain
- Switzerland
- USA

As of December 2014



## Sales by markets



## Sales by industry



## Sales by product



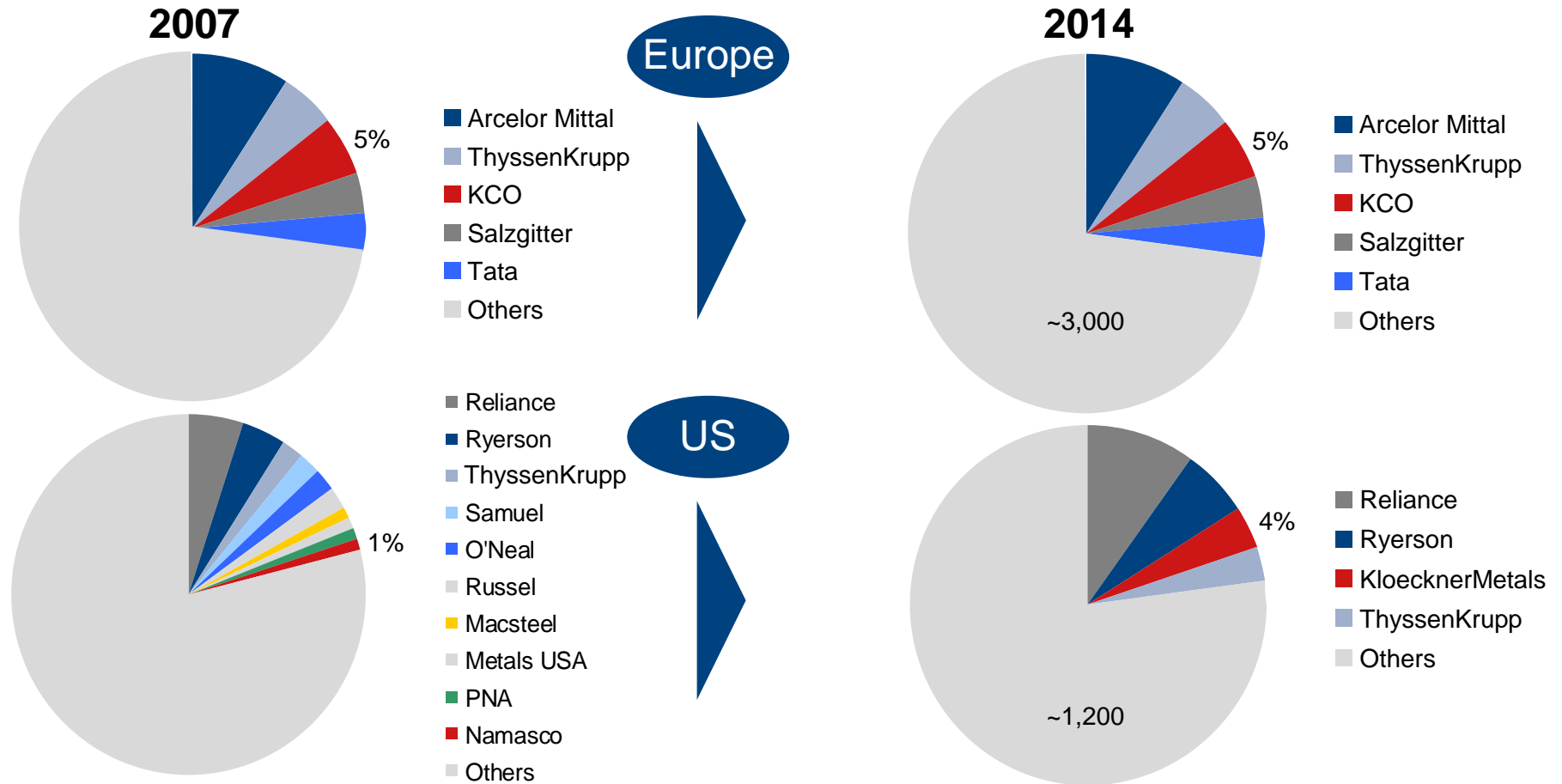
As of December 31, 2014





# Klößner is together with TK the second largest steel and metal distributor in Europe and number three in the US

- Position in the US significantly improved whereas market share in Europe is expected to remain stable despite heavy restructuring measures



Source: Eurometal, Purchasing Magazine, Service Center News





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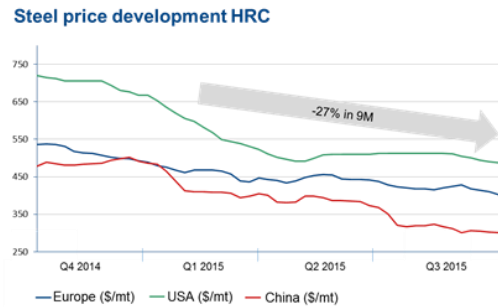
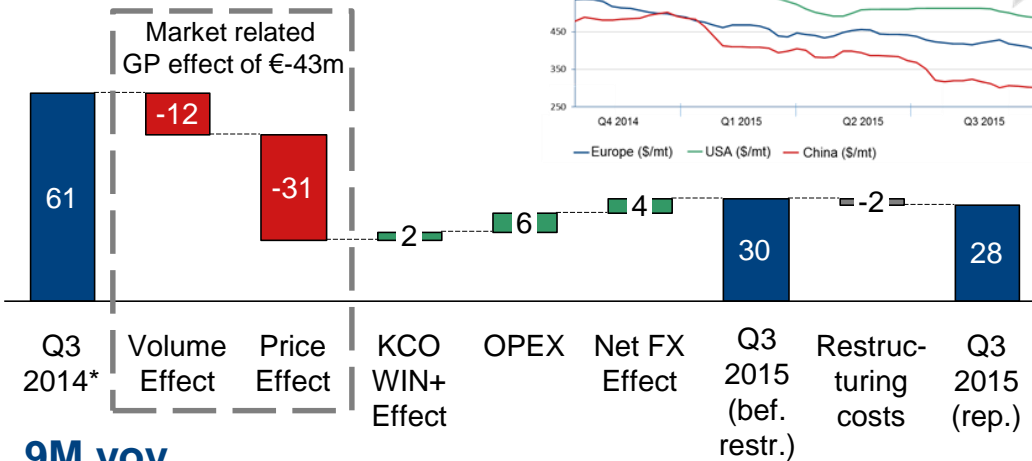


- **Sales** of Klöckner & Co decreased yoy by 4.6% despite positive currency effects due to weak market volumes and lower price level
- **Gross profit** roughly in line with sales down to €311m, **gross margin** remained stable at 19.4%
- **EBITDA** before restructuring of €30m as already preannounced on October 6 heavily impacted by adverse market conditions
- **Significant progress of digital transformation**
  - Rollout of **contract platform** far advanced in Germany; successful start in the US
  - **Online business with craftsmen and private customers** launched in Germany
  - Entry into **internet of things business** via software project with high-tech company TRUMPF
- **Higher value-added strategy** further advanced
  - Sheet metal fabricator **American Fabricators** acquired in the US
  - Significant **expansion of aluminum product offering** for automotive industry in Europe initiated
- **Q4 EBITDA before restructuring** forecasted to be in the single-digit million euro range due to ongoing adverse market conditions and the traditionally weak business period at the end of the year
- Accordingly **FY EBITDA before restructuring** expected at up to €85m

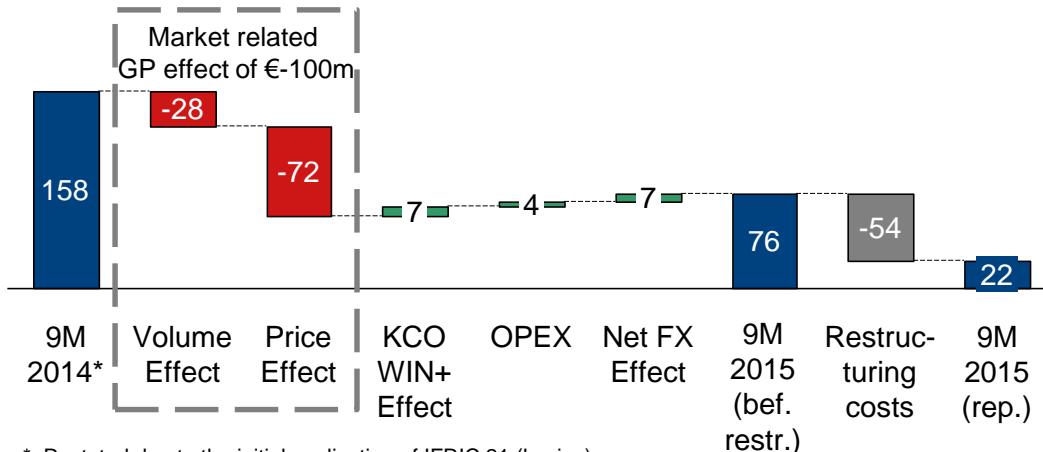
\* Figures relate to the third quarter of 2015 relative to prior-year period.



**EBITDA impact Q3 yoy**



**9M yoy**



**Comments**

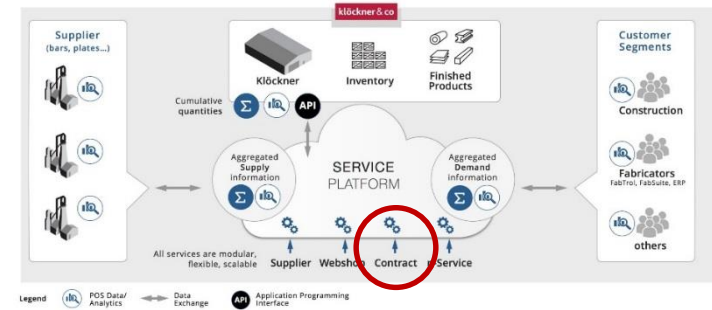
- EBITDA under pressure due to adverse market effects of -€43m in Q3 and in total -€100m in 9M
- Volume effect of -€12m in Q3 and -€28m in 9M due to continuously weak demand
- Negative price effect of -€31m in Q3 and -€72m in 9M due to deteriorating prices mainly in the US but also in Europe
- Currency effects led to skewed income statement figures

\* Restated due to the initial application of IFRIC 21 (Levies)  
 Note: Columns are calculated w/o FX effects; translational FX effects shown in column "Net FX Effect"

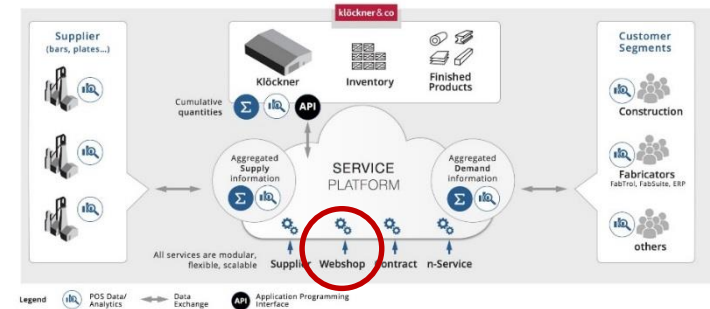


## 02 Contract platform very well received by customers

- With the new contract platform customers are able to view all relevant information about their contract position status directly online
- Customers can also view delivery contracts under way in addition to ongoing contracts
- Products can be retrieved directly from the platform and expiring contracts can be extended to ensure continuous supply
- All data can be imported in the current first version into Excel and further processed in the customers' systems
- Already **250 customers** on-boarded in Germany
- Threshold of **one million USD** sales via the platform crossed in the US
- High potential for further rollout especially in the US due to contract business sales share of 40%



- Collaboration with online specialist dealer **Contorion** to move into the attractive long tail
- More than 900 Klöckner products such as sheets, tubes and profiles online available with no minimum order value
- Expansion of product range on offer at Contorion planned
- Special processing and shipment infrastructure for small quantities built at Klöckner's location in Frechen/Germany
- Market offers far higher margins than traditional steel distribution due to lower price sensitivity of customers
- Go live of further Internet sales channels as part of a multi-channel strategy intended



klöckner & co  
Deutschland

**Wir machen den Mehrwert**

**Klöckner - Tradition meets Online Business**

Siehe mehr als 100 Jahre besten Klöckner & Co. besten Qualität in Blech-, Stahl- und Stahlrohrhandel, sowie bei der Lieferung von Material und Service. Als kundenzentrierter, leistungsstarker Partner Klöckner online. Produkte auch ganz einfach online zur Verfügung stellen. Mit nur wenigen Klicks können Sie so Ihre Produkte online kaufen. Für schnelle und unkomplizierte Lieferung wird Ihnen ebenfalls versichert.

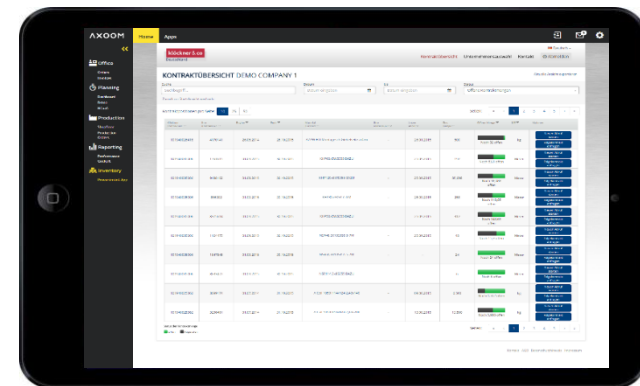
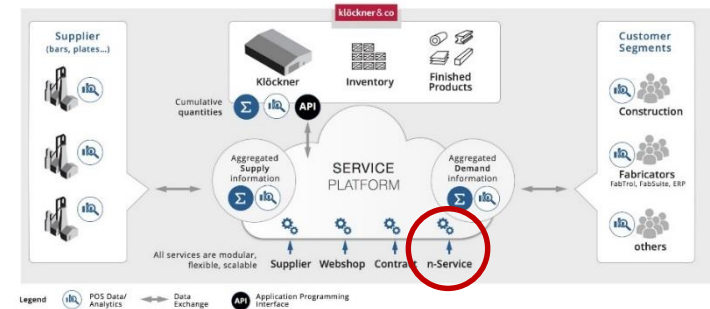
Bitte nutzen Sie die folgenden Kriterien um Ihre Auswahl zu verfeinern:

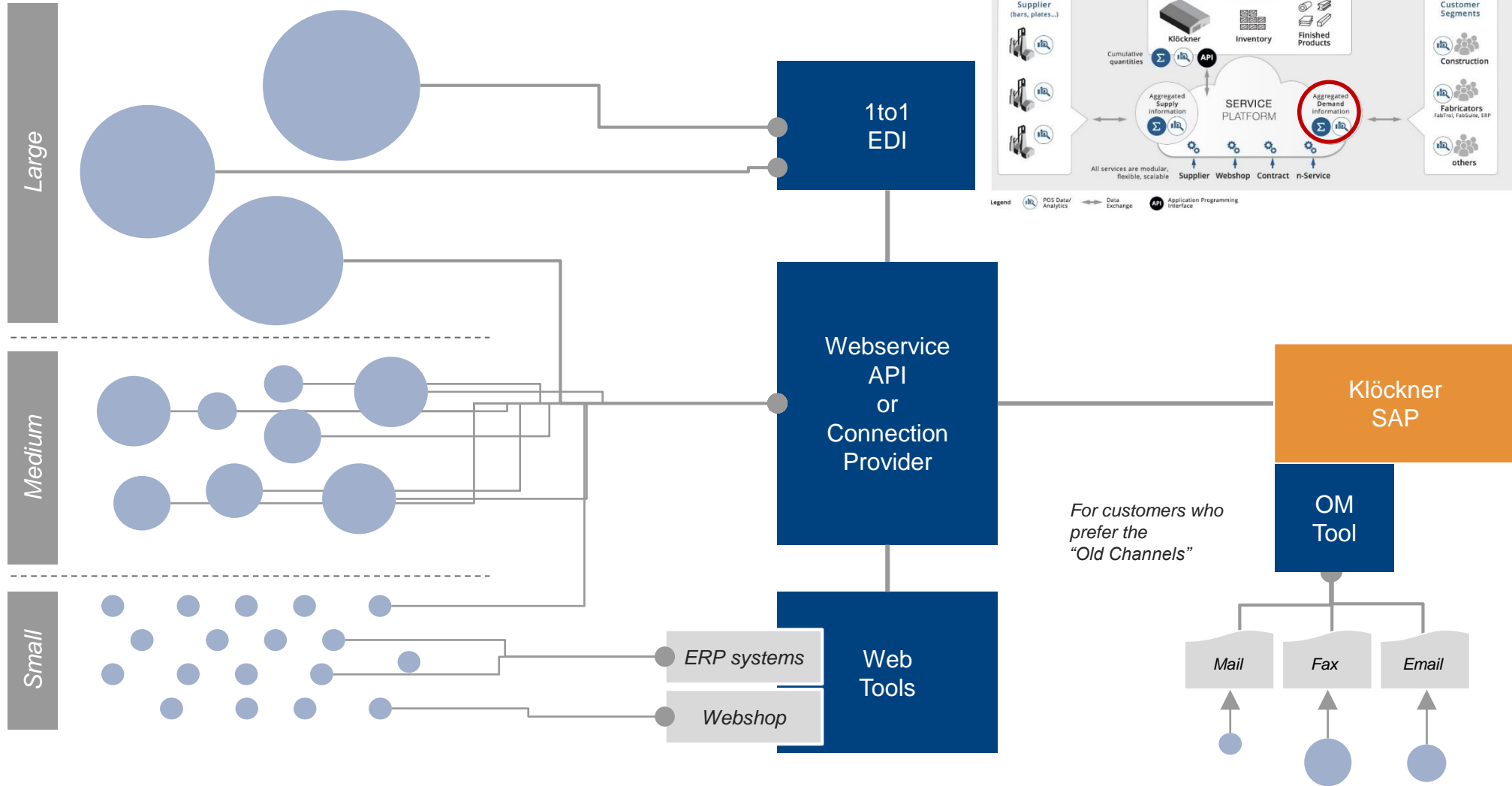
- Breite [mm]: 100, 200, 300, 400, 500, 600, 800
- Länge [mm]: 200, 400, 1000
- Stärke [mm]: 1,5, 2, 3

Aluminium Blech A199,5   EN AW-1020 O.8 x 100 x 2000 mm	1 Stück pro Packung	87,20 €
Aluminium Blech A199,5   EN AW-1020 O.8 x 100 x 1000 mm	1 Stück pro Packung	38,22 €
Aluminium Blech A199,5   EN AW-1020 O.8 x 200 x 2000 mm	1 Stück pro Packung	5,48 €
Aluminium Blech A199,5   EN AW-1020 O.8 x 400 x 2000 mm	1 Stück pro Packung	34,88 €

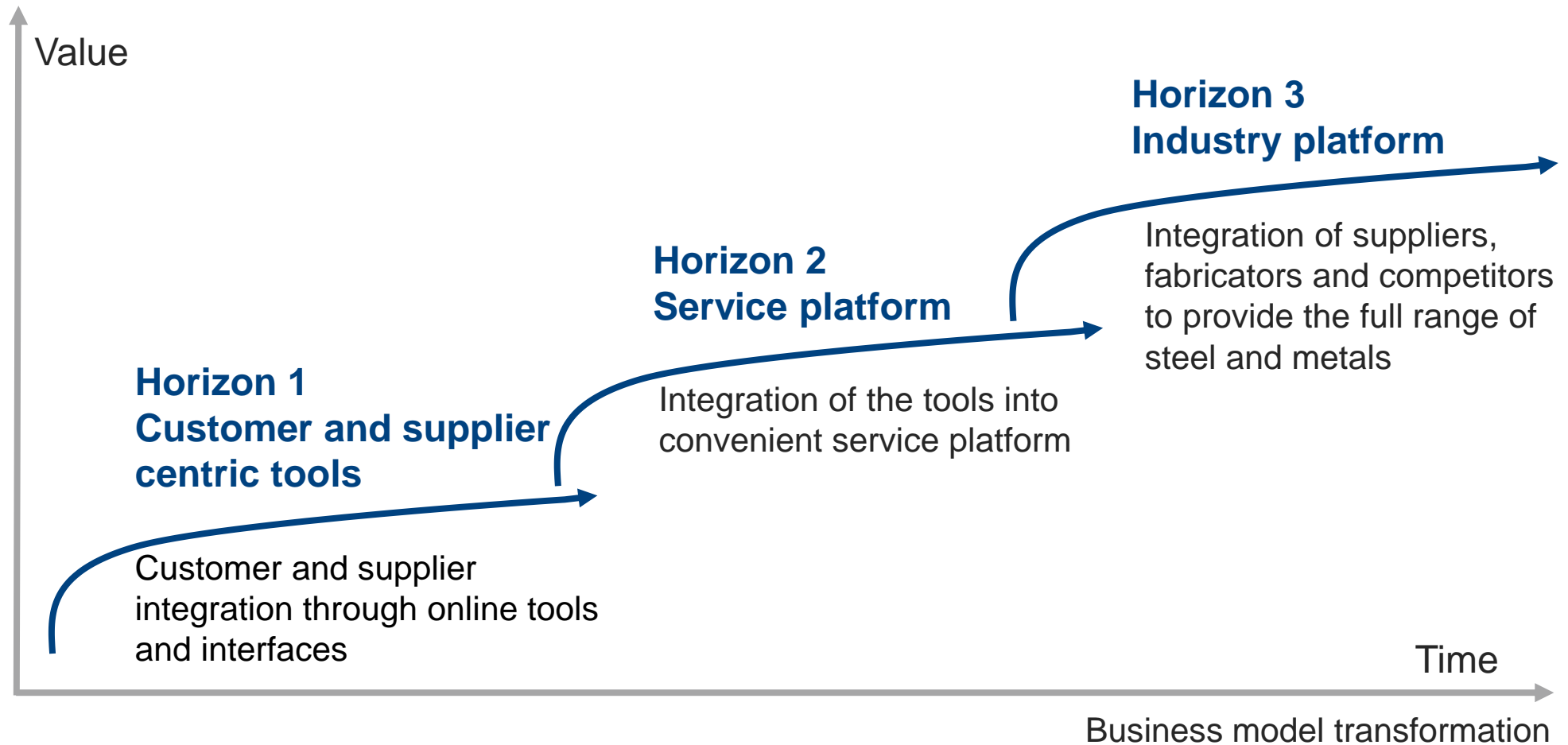


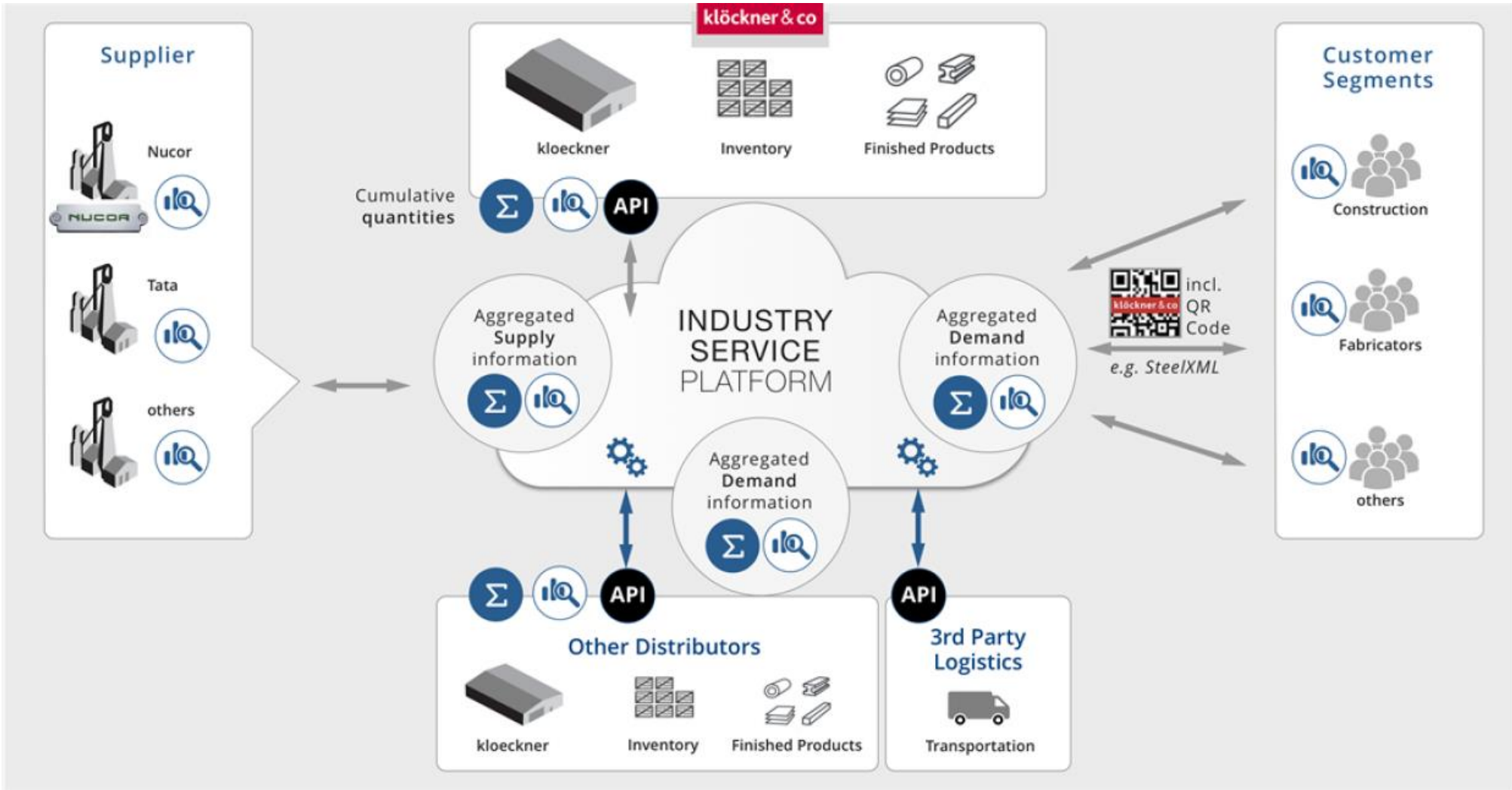
- Participation in **AXOOM** order and resource management software project initiated by **TRUMPF**
- High digital competence enables Klöckner to participate in the project as steel supplier from the very beginning
- Klöckner Contract Platform already integrated into the AXOOM interface
- Final solution allows fully automated demand recognition, order and delivery process – the machine orders at Klöckner
- Presentation of cooperation on trade fairs: Last week at Blechexpo in Stuttgart/Germany and currently at FABTECH in Chicago/USA
- First pilot customers will test the platform starting this month, launch is planned for April 2016











Legend POS Data/ Analytics Data Exchange Application Programming Interface

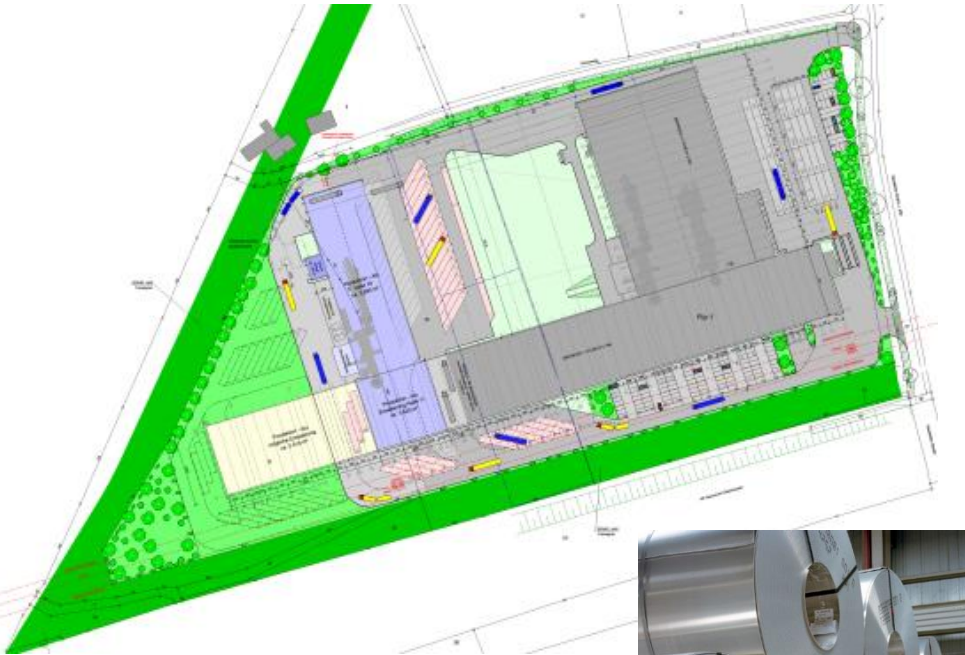




### • Acquisition of American Fabricators

- Entry into sheet metal fabrication as next strategic step following expansion of service center activities
- Fabrication business with high margins and customer loyalty
- American Fabricators with annual sales of around USD30m
- 150 employees at one location in Nashville, TN, with some 10,000 square meters of manufacturing space
- Fabrication capabilities include punching, laser cutting, brake forming, welding, metal finishing, assembly, etc.
- Production of a broad range of products from simple detail parts up to complex multi-level assemblies
- Customer from various industries such as HVAC, transportation, heavy and power distribution equipment
- Further acquisitions in the attractive fabrication segment planned





- **Expansion of business with aluminum via BSS**
  - Processing of aluminum flat products for the automotive and manufacturing industries in Europe
  - Aluminum as key growth material for the automotive industry to be used for various parts of modern cars
  - Capex in the low to middle double-digit millions of euros planned and creation of around 40 new jobs
  - High synergy potential to existing business due to erection of plant on the existing ground and usage of customer relationships of Becker Stahl-Service in marketing
  - Start of construction scheduled for spring 2016, with completion in 2017



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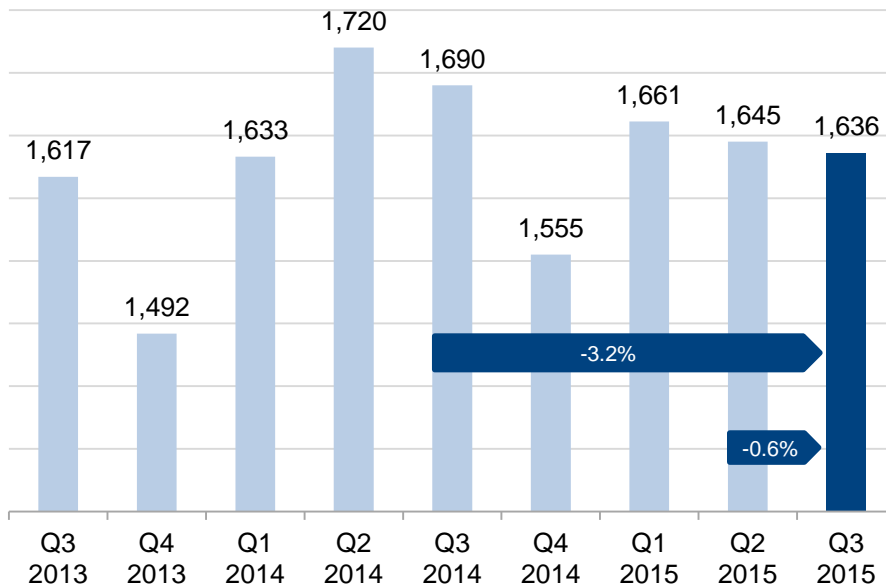
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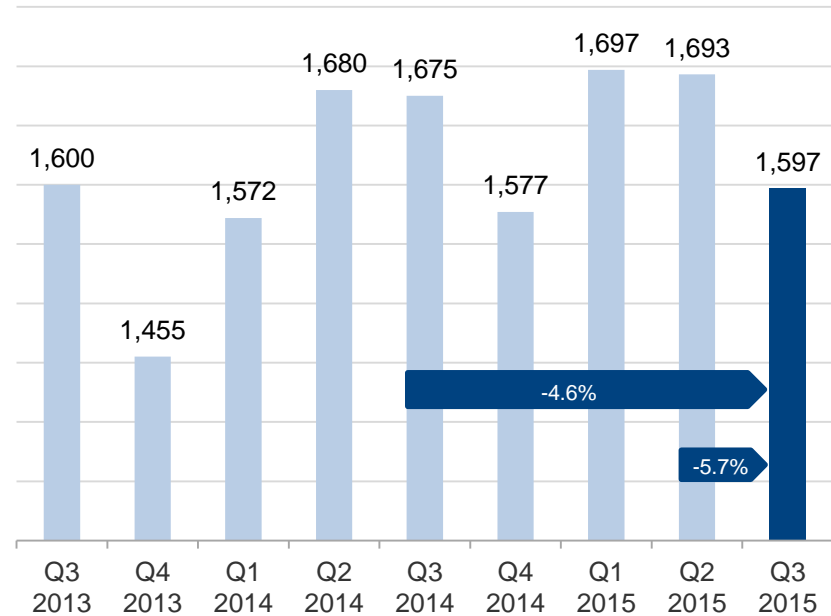


### Shipments (Tto)



- Decrease yoy and qoq driven by the further weakened market situation in Europe and Americas

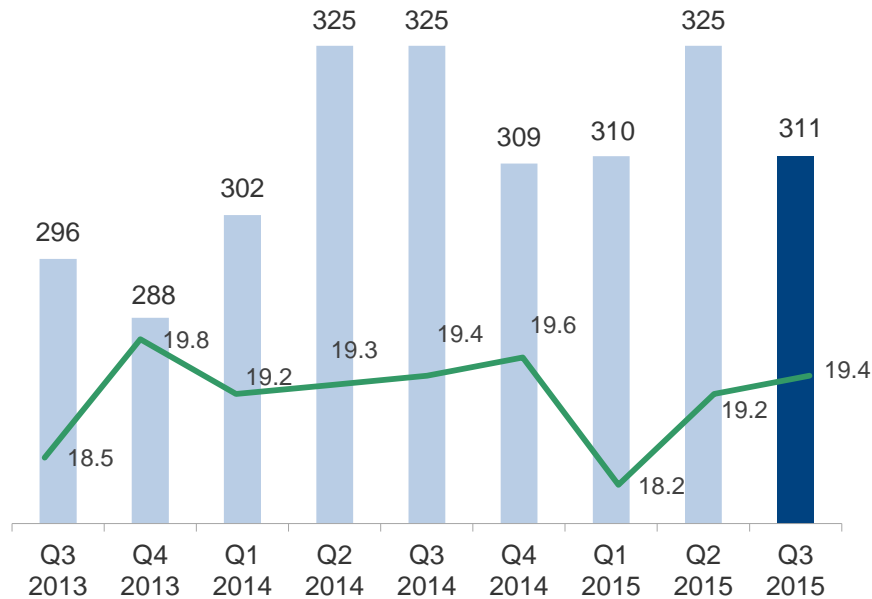
### Sales (€m)



- Sales decreased qoq and yoy more pronounced than shipments due to high pressure on prices



## Gross profit\* (€m) / Gross margin\* (%)

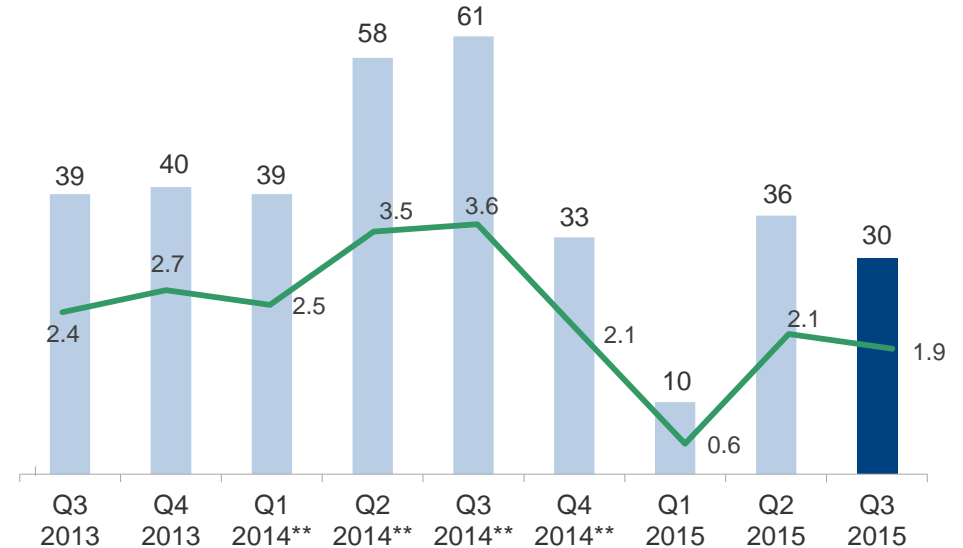


- Gross margin with 19.4% stable yoy
- qoq gross margin slightly improved from 19.2% to 19.4%

\* Before restructuring cost.

\*\* Prior year amount restated due to the initial application of IFRIC 21 (Levies).

## EBITDA\* (€m) / EBITDA margin\* (%)

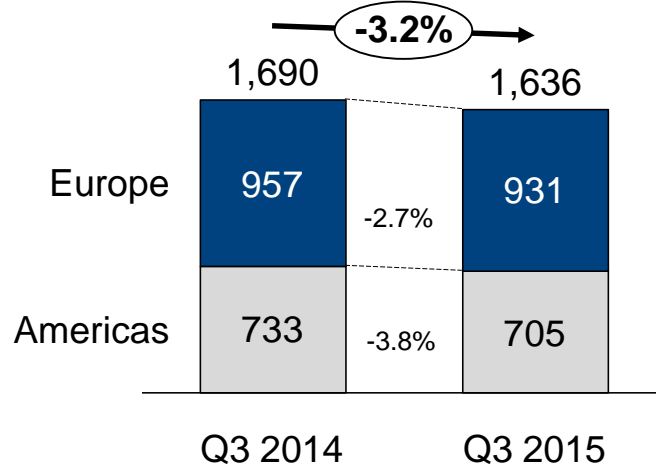


- EBITDA before restructuring in Q3 heavily burdened by weak market situation
- EBITDA margin before restructuring therefore down by 1.7%p to 1.9% yoy and down qoq by 0.2%p





## Shipments (Tto)

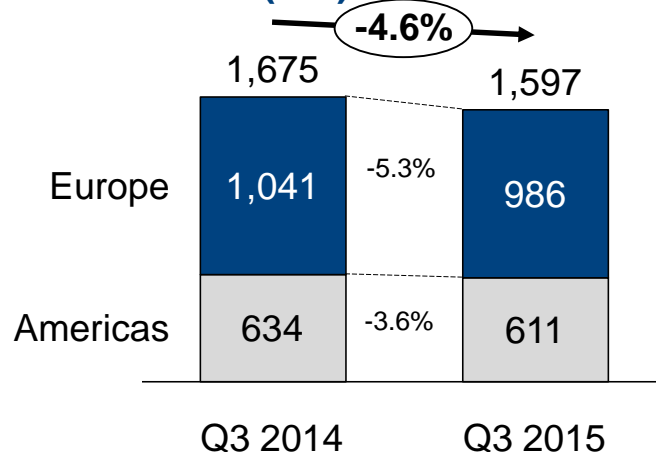


## Comments

- **Shipments**

- European shipments lower by 2.7%
- Americas is down by 3.8% due to a weak market

## Sales (€m)

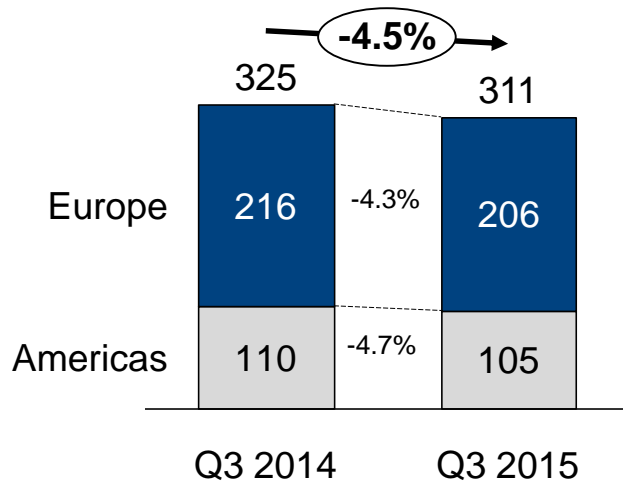


- **Sales**

- Europe sales down due to further weakening prices (-5.3%) despite strong Swiss Franc and British Pound
- Americas segment sales down also due to deteriorating prices



## Gross profit (€m)\*

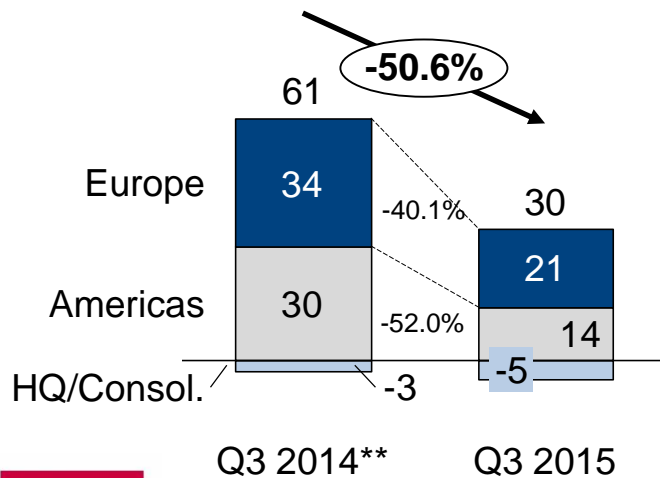


## Comments

## • Europe

- Gross margin at 20.9% compared to 20.7% in Q3 2014
- EBITDA down yoy by €13m
- EBITDA margin down yoy by 1.2%p to 2.1%

## EBITDA (€m)\*



## • Americas

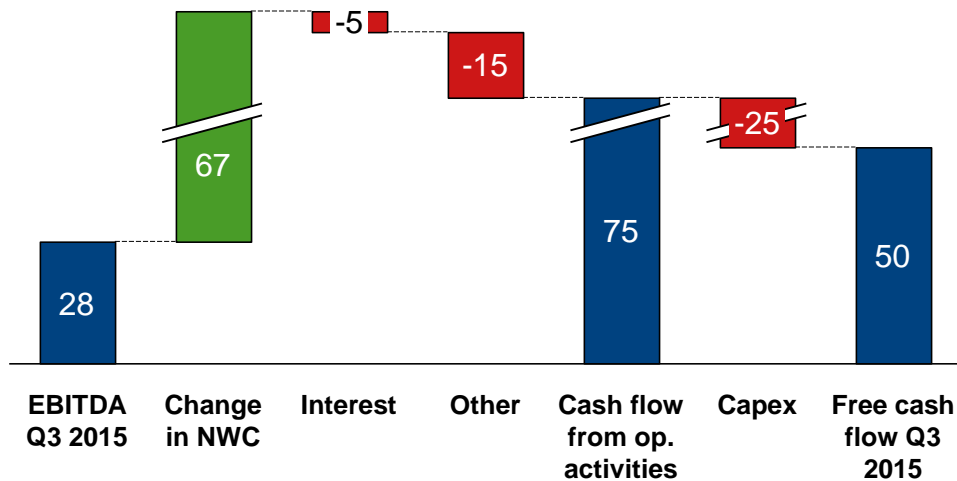
- Gross margin at 17.1% compared to 17.3% in previous year's quarter
- EBITDA down yoy by €16m
- EBITDA margin down by 2.4%p to 2.4%

\* Before restructuring costs.

\*\* Prior year amount restated due to the initial application of IFRIC 21 (Levies).



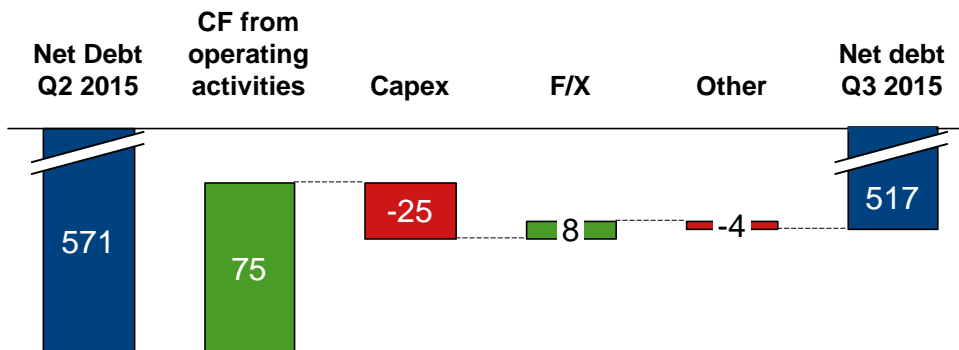
## Cash flow reconciliation in Q3 2015 (€m)



## Comments

- Strong NWC release of €67m
- “Other” include changes in other provisions and other operating assets/liabilities as well as non-cash items including gain on asset sales

## Development of net financial debt in Q3 2015 (€m)



- Net debt decreased from €571m to €517m primarily driven by NWC release
- F/X impact in Q3 2015 led to €8m decrease
- “Other” include payments under hedging derivatives and interest



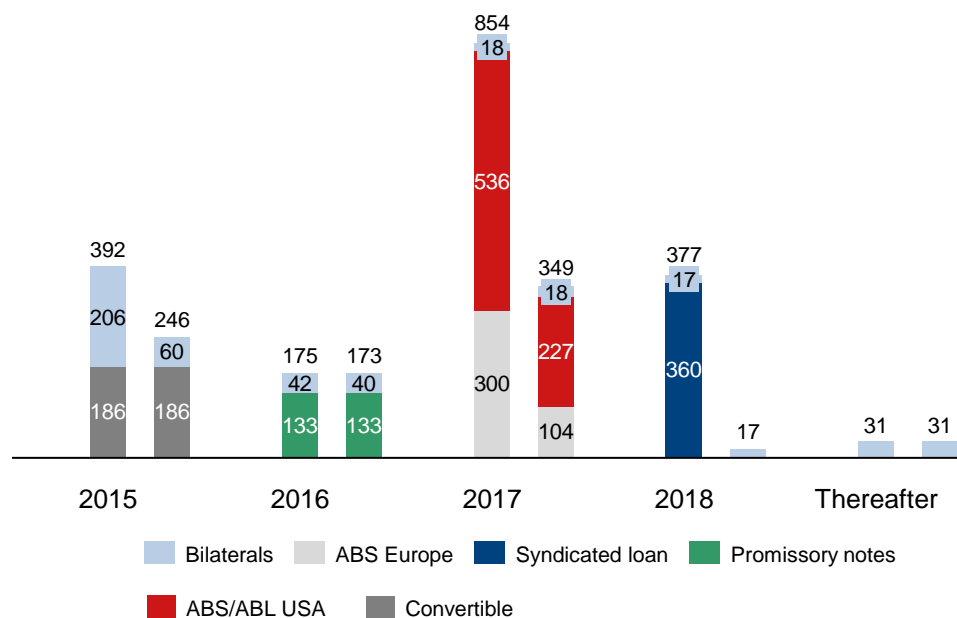
Facility	Committed (€m)	Drawn amount (€m, IFRS)	
		Q3 2015*	FY 2014*
Syndicated Loan	360	0	101
ABS Europe	300	104	72
ABS/ABL USA	536	228	150
Promissory Notes	133	135	187
Convertible 2010 <sup>1)</sup>	186	188	178
Bilateral Facilities <sup>2)</sup>	314	167	101
<b>Total Debt</b>	<b>1,829</b>	<b>822</b>	<b>788</b>
Cash		305	316
<b>Net Debt</b>		<b>517</b>	<b>472</b>

\*Including interest accrued, excluding deferred transaction costs

- 1) Drawn amount excludes equity component
- 2) Including finance lease
- 3) Net debt/Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 23, 2013

€m	Q3 2015
Adjusted equity	1,345
Net debt	517
Gearing <sup>3)</sup>	38%

Maturity profile of committed facilities & drawn amounts (€m)



Left side: committed facilities    Right side: drawn amounts (nominal amounts)



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01 Overview

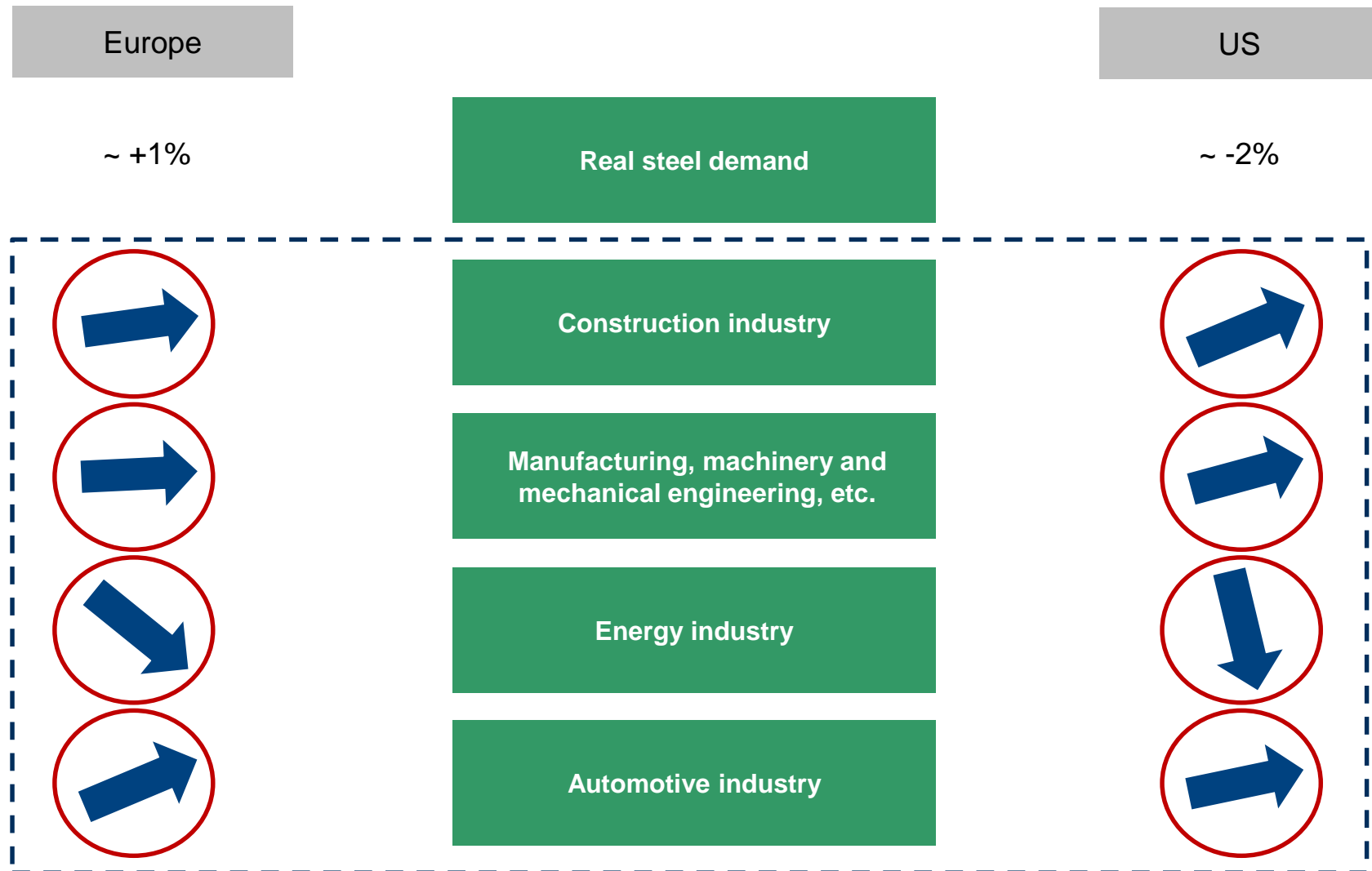
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- **Q4 2015**

- Lower sales expected compared to the previous quarter due to seasonality
- EBITDA before restructuring forecasted to be in the single-digit million euro range due to ongoing adverse market conditions and the traditionally weak business period at the end of the year

- **FY 2015**

- FY EBITDA before restructuring anticipated at up to €85m
- Slightly positive free cash flow expected

- **FY 2016**

- EBITDA expected to rise significantly compared to previous year`s figure adjusted for restructuring expenses – even if the market environment remains only stable
- Noticeably positive net income anticipated





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(€m)	Q3 2015	Q2 2015	Q1 2015	Q4 2014*	Q3 2014*	Q2 2014*	Q1 2014*	Q4 2013	Q3 2013	FY 2014	FY 2013	FY 2012**
<b>Shipments (Tto)</b>	<b>1,636</b>	<b>1,645</b>	<b>1,661</b>	<b>1,555</b>	<b>1,690</b>	<b>1,720</b>	<b>1,633</b>	<b>1,492</b>	<b>1,617</b>	<b>6,598</b>	<b>6,445</b>	<b>7,068</b>
<b>Sales</b>	<b>1,597</b>	<b>1,693</b>	<b>1,697</b>	<b>1,577</b>	<b>1,675</b>	<b>1,680</b>	<b>1,572</b>	<b>1,455</b>	<b>1,600</b>	<b>6,504</b>	<b>6,378</b>	<b>7,388</b>
<b>Gross profit</b>	<b>311</b>	<b>320</b>	<b>310</b>	<b>309</b>	<b>325</b>	<b>325</b>	<b>302</b>	<b>284</b>	<b>296</b>	<b>1,261</b>	<b>1,188</b>	<b>1,288</b>
% margin	19.4	18.9	18.2	19.6	19.4	19.3	19.2	19.5	18.5	19.4	18.6	17.4
<b>EBITDA rep.</b>	<b>28</b>	<b>-17</b>	<b>10</b>	<b>33</b>	<b>61</b>	<b>58</b>	<b>39</b>	<b>16</b>	<b>36</b>	<b>191</b>	<b>124</b>	<b>60</b>
% margin	1.8	-1.0	0.6	2.1	3.6	3.5	2.5	1.1	2.3	2.9	2.0	0.8
<b>EBIT</b>	<b>5</b>	<b>-44</b>	<b>-15</b>	<b>8</b>	<b>38</b>	<b>36</b>	<b>17</b>	<b>-36</b>	<b>10</b>	<b>98</b>	<b>-6</b>	<b>-105</b>
Financial result	-12	-13	-12	-13	-14	-16	-17	-17	-19	-59	-73	-80
<b>Income before taxes</b>	<b>-7</b>	<b>-56</b>	<b>-27</b>	<b>-4</b>	<b>24</b>	<b>19</b>	<b>0</b>	<b>-52</b>	<b>-8</b>	<b>39</b>	<b>-79</b>	<b>-185</b>
Income taxes	-2	1	6	1	-8	-7	-2	-7	-3	-17	-12	-18
Net income	-9	-55	-22	-4	16	12	-2	-59	-11	22	-90	-203
Minority interests	0	-1	0	-1	0	0	0	-5	0	0	-6	-3
<b>Net income KlöCo</b>	<b>-9</b>	<b>-54</b>	<b>-21</b>	<b>-4</b>	<b>16</b>	<b>12</b>	<b>-2</b>	<b>-54</b>	<b>-11</b>	<b>22</b>	<b>-85</b>	<b>-200</b>
<b>EPS basic (€)</b>	<b>-0.09</b>	<b>-0.54</b>	<b>-0.22</b>	<b>-0.04</b>	<b>0.16</b>	<b>0.12</b>	<b>-0.02</b>	<b>-0.54</b>	<b>-0.11</b>	<b>0.22</b>	<b>-0.85</b>	<b>-2.00</b>
<b>EPS diluted (€)</b>	<b>-0.09</b>	<b>-0.54</b>	<b>-0.22</b>	<b>-0.04</b>	<b>0.16</b>	<b>0.12</b>	<b>-0.02</b>	<b>-0.54</b>	<b>-0.11</b>	<b>0.22</b>	<b>-0.85</b>	<b>-2.00</b>

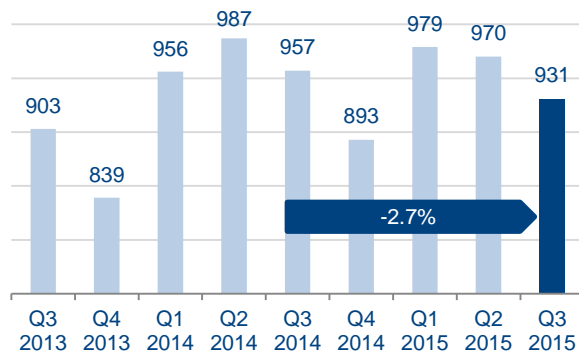
\* Restated due to initial application of IFRIC 21.

\*\* Restated due to initial application IAS 19 revised 2011.

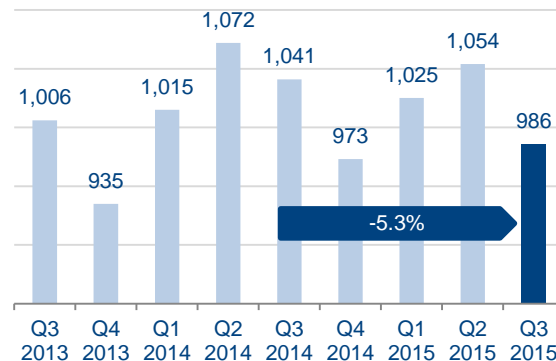


Europe

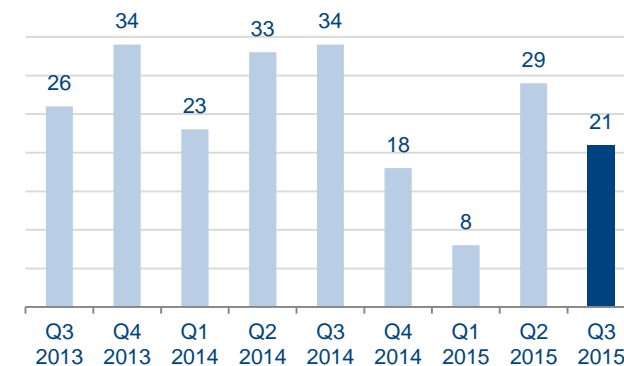
Shipments (Tto)



Sales (€m)

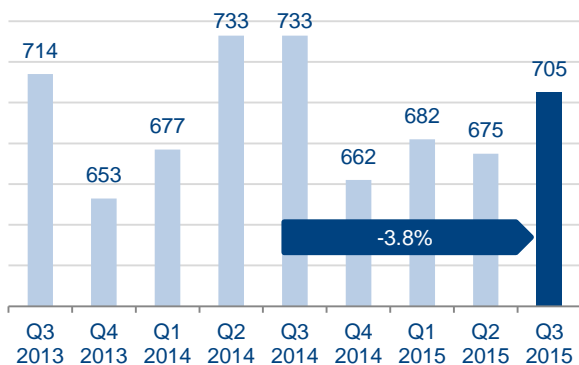


EBITDA\*, \*\* before restructuring (€m)

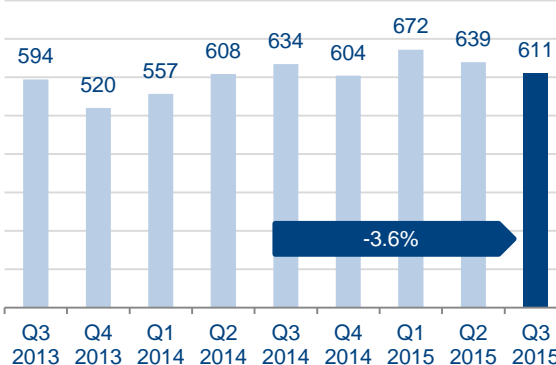


Americas

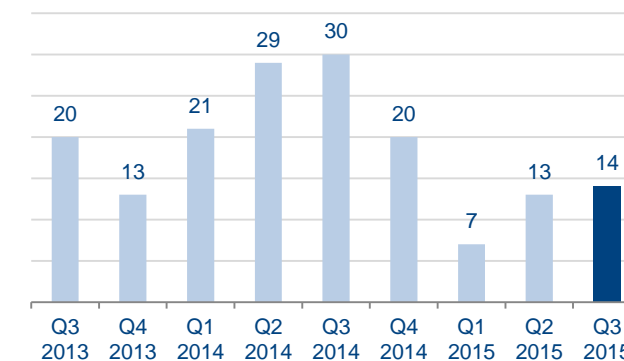
Shipments (Tto)



Sales (€m)



EBITDA\* before restructuring (€m)

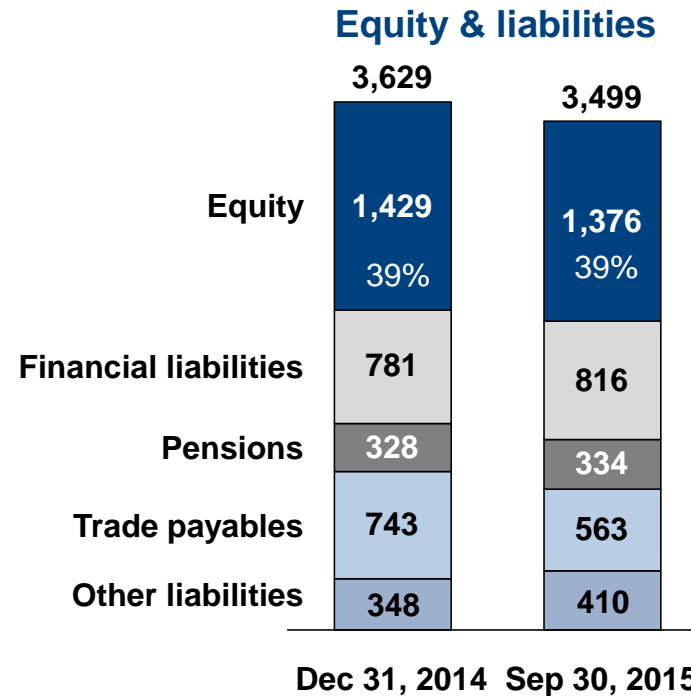
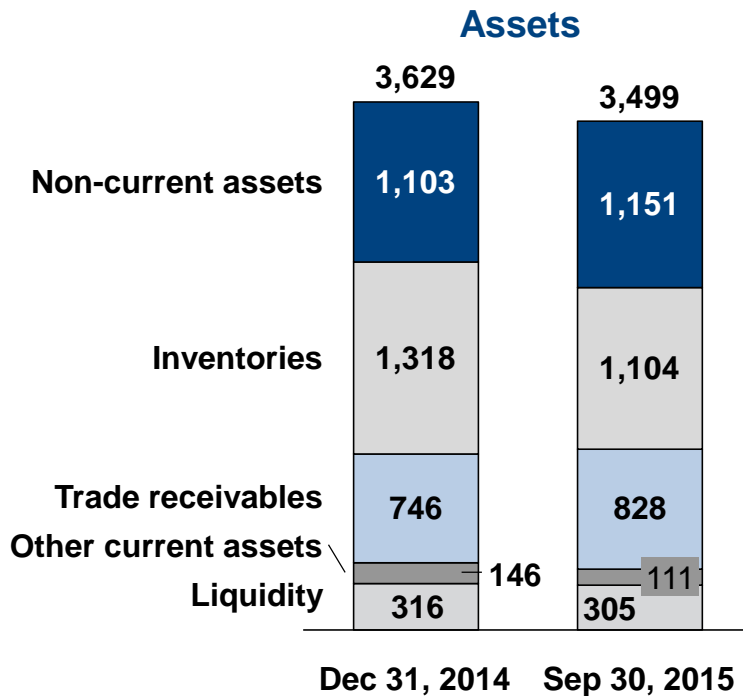


Restructuring costs (€m)	Q3 2013	Q4 2013	Q2 2015	Q3 2015
Europe		13	52	2
Americas	2	11		

\* 2014 amounts restated due to the initial application of IFRIC 21 (Levies).

\*\* Including pension release: Q3 2013 €6m and Q4 2013 €1m and sale of French La Courneuve site €13m.





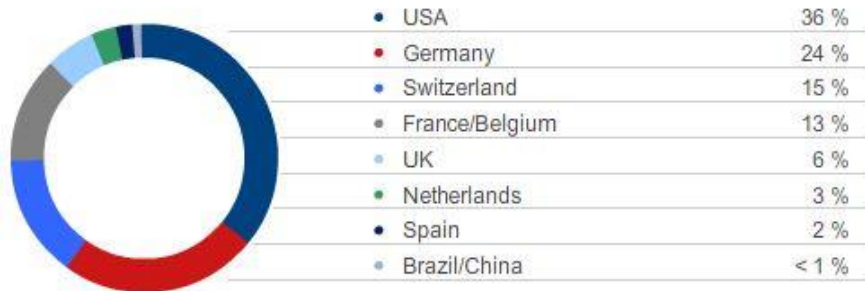
## Comments

- Equity ratio further healthy at 39%
- Net debt of €517m
- Gearing\* at 38%
- NWC increased from €1,321m to €1,369m

\* Gearing = Net debt/Equity attributable to shareholders of Klöckner & Co SE less goodwill from business combinations subsequent to May 23, 2013.



## Sales by markets



## Sales by industry



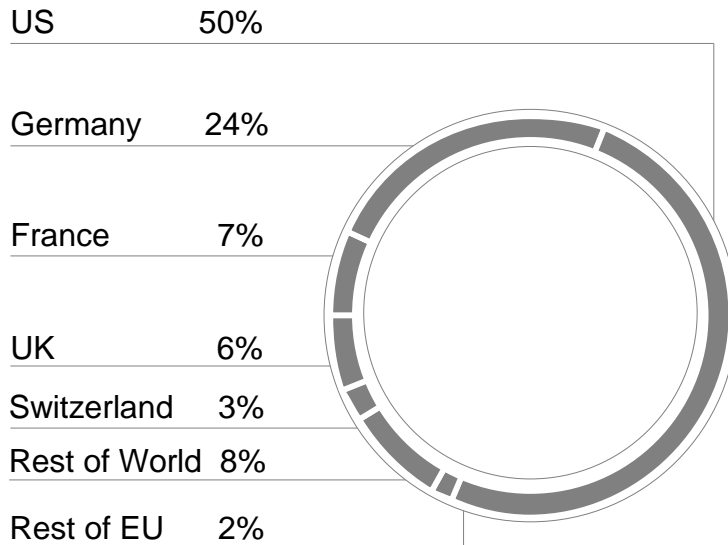
## Sales by product



As of December 31, 2014.



## Geographical breakdown of identified institutional investors



## Comments

- Identified institutional investors account for 67%
- German investors incl. retail dominate
- Top 10 shareholdings represent around 65%
- Retail shareholders represent 30%

As of October 2015.



## Voting Rights Announcements according to WpHG (Security Trading Act)\*

Date of publication	Subject to compulsory notification	Portion of voting stock
05/11/2014	Templeton Investment Counsel, LLC	4.24%
29/10/2015	UBS Group AG	3.86%
12/10/2015	Swoctem GmbH / Friedhelm Loh	15.27%
27/05/2015	Federated Global Investment Management Corp.	5.06%
04/03/2015	Franklin Mutual Series Funds	3.07%
02/06/2014	Interfer Holding GmbH	4.98%
18/03/2014	Franklin Mutual Advisors – included therein: Franklin Templeton Investment Funds (3.15%)	5.35%
02/02/2012	Dimensional Holdings Inc. / Dimensional Fund Advisors LP	3.06%

\*) The table lists all shareholders, whose Klöckner & Co SE voting shares **currently exceed** one of the notification thresholds under section 21 clause 1 WpHG, based on notification.





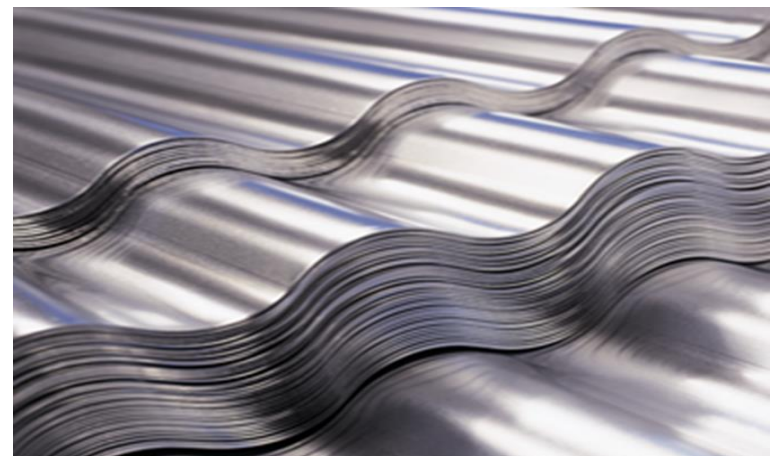
**Flat Products**



**Hollow Sections**



**Long Products**



**Stainless / Aluminium**





**Coils**



**Decoupling / Cutting / Slitting**



**Cutting to Length / Bending**



**Surface treatment**





Laser cutting / Flame cutting



3D-Laser



3D-Laser



3D-Laser

## Financial calendar 2016

March 1, 2016	Annual Financial Statements 2015
May 4, 2016	Q1 interim report 2016
May 13, 2016	Annual General Meeting 2016, Düsseldorf
August 4, 2016	Q2 interim report 2016
November 3, 2016	Q3 interim report 2016

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# Our Symbol

## the ears

attentive to customer needs

## the eyes

looking forward to new developments

## the nose

sniffing out opportunities to improve performance

## the ball

symbolic of our role to fetch and carry for our customers

## the legs

always moving fast to keep up with the demands of the customers

