

Klöckner & Co SE

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Press Releases

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Datum **03/09/2022**
Seiten **4**

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Klöckner & Co SE delivers best operating income in fiscal year 2021 since IPO

- Considerable increase in operating income (EBITDA) before material special effects to €848 million (2020: €111 million)
- Record dividend proposal of €1.00 per share
- Further increase in digital sales share – Kloeckner Assistant generates annual sales exceeding €1 billion
- Development of reliable and transparent classification of “green” steel – initial products already available this year – ambitious shipment targets specified for 2025 to 2030
- Purpose statement, new claim and evolution of logo underscore ambition to be pioneer of a sustainable steel industry

Duisburg, Germany, March 9, 2022 – Klöckner & Co generated its best operating income in fiscal year 2021 since the Company’s IPO in 2006. Full-year sales in 2021 rose very substantially by 45% to €7.4 billion (2020: €5.1 billion). Assisted by the positive market environment, operating income (EBITDA) before material special effects increased from €111 million in the prior year to €848 million. Net income was likewise extremely strong at €629 million, compared with a €114 million net loss in the prior year. Earnings per share amounted as a result to €6.21 (2020: loss per share of €1.16). In light of the record earnings for fiscal year 2021, Klöckner & Co will propose an unusually high dividend of €1.00 per share to shareholders at the Annual General Meeting.

Due to the price-driven increase in net working capital throughout the fiscal year and the funding of pension obligations in the amount of €243 million in the fourth quarter, cash flow



from operating activities was negative with a cash outflow of €306 million (2020: cash inflow of €161 million). Conversely, the equity ratio improved due to the exceptionally high net income to a very solid 47% (December 31, 2020: 40%).

Guido Kerkhoff, CEO of Klöckner & Co SE: “2021 was an extremely successful year in our corporate history. With our new strategy, “Klöckner & Co 2025: Leveraging Strengths”, we have begun returning our Company to a course of sustainable growth. We have built up distinct strengths and capabilities in recent years that we are now systematically leveraging to become the leading digital one-stop-shop platform for steel, other materials, equipment and processing services in Europe and the Americas as well as a pioneer for sustainability.”

Progress in digital transformation

Implementation of the Group strategy further accelerated digitalization and automation at Klöckner & Co in the past year. Digital unit kloeckner.i was repositioned, a hub was established in the USA and the share of sales generated via digital channels increased to 46% in fourth quarter. The AI-driven Kloeckner Assistant application has been expanded and is now a key tool in the increasingly automated processing of quotes and orders. Klöckner & Co consequently generated digital sales of over €1 billion via the solution in 2021. In the tool's next development stage, it should digitalize and automate a full 80% of sales processes and soon be deployed in other parts of Klöckner & Co's value chain.

Klöckner & Co as pioneer of a sustainable steel industry: targets, partnerships and categorization metric

Klöckner & Co attained key milestones last year in establishing itself as a pioneer of a sustainable steel industry. The Company embraces its environmental responsibility under the slogan “kloeckner takes action 2040” and already signed up in 2020 – as one of only a select few players in the steel sector – to the Science Based Targets initiative (SBTi) “Business Ambition for 1.5°C” campaign, the world's most ambitious and high-profile framework for emission reduction. In a first step, Klöckner & Co aims to significantly reduce its directly controllable greenhouse gas emissions by 2030. The adopted medium-term carbon reduction targets were recognized by the SBTi in January 2022 as science-based targets. For the long term, the Company also plans to reduce directly controllable carbon emissions to net zero by 2040. In addition to the extensive reduction measures across all scopes, the Company already offsets the currently unavoidable Scope 1 and 2 emissions by investing in high-quality, certified offsetting projects. In consequence, Klöckner & Co is already carbon-neutral today.

As a pioneer on the way to a sustainable steel industry, Klöckner & Co is exploiting the strategic opportunities presented by decarbonization. In its strategy, the Company has made green solutions an integral part of its business model and is building a sustainable range of products



and services. In this connection, by partnering with the Swedish company H2 Green Steel, it has secured access to substantial quantities of virtually carbon-emission-free steel. So that customers in future can reliably, transparently and easily see the carbon footprint of a product purchased from Klöckner & Co, the Company has developed a categorization metric for green and low-carbon steel in collaboration with Boston Consulting Group. The categorization metric is rooted in international, science-based standards and categorizes low-carbon steel according to the certified emissions generated along the entire value chain from resource extraction to production. By classifying products into six categories, the Company has created an easy way to reliably assess and compare the carbon footprint of green steel. Klöckner & Co will be able to provide low-carbon steel in various categories of the scale by the end of 2022. This will enable Klöckner & Co to support customers in building sustainable value chains commencing this year. Klöckner & Co aims for the two lowest-carbon-footprint categories to account for over 30% of its entire range by 2025 and 50% by 2030. This equates to an annual reduction in carbon emissions by some four million tons.

Purpose statement, claim and logo underscore sustainability ambitions

To provide orientation in a rapidly changing environment, Klöckner & Co carried out an intensive corporate identity process in recent months, developing a purpose statement and a claim and adapting the Group's logo. The purpose statement was defined in a 360-degree process incorporating input from employees: "We partner with customers and suppliers to deliver innovative metal solutions for a sustainable tomorrow." This underscores Klöckner & Co's self-perception as a reliable partner to customers and suppliers, with innovative solutions that go beyond the supply of steel alone. At the same time, Klöckner & Co works for a sustainable future and aims to evolve from a digital pioneer in the steel industry to a pioneer of sustainability. The corporate claim formulated in this context reflects the purpose statement and encapsulates the core brand promise: "Your partner for a sustainable tomorrow." Klöckner & Co will also appear under an adapted logo in order to strengthen its brand positioning.

Outlook

Klöckner & Co expects a further increase in steel demand this year in its core markets of Europe and North America. The Company already expects to see considerable sales growth in the first quarter of 2022 compared to the prior-year quarter. The guidance for operating income (EBITDA) of €130–180 million before material special effects is confirmed (Q1 2021: €130 million). Additionally, Klöckner & Co anticipates positive material special effects in the amount of €54 million in the initial quarter of 2022 from sales of properties in Switzerland and France.



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 as well as a pioneer of sustainability – for the benefit of customers, the steel industry and society.

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.

ISIN: DE000KC01000; WKN: KC0100; Common Code: 025808576.

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