

Klöckner & Co SE

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Press Releases

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KLÖCKNER & CO SE ON STRONG UPWARD TREND IN FIRST NINE MONTHS OF 2014

- Despite a 1.8% rise in shipments, sales are up by just a marginal 0.1% to around €4.9 billion due to a weaker US dollar in the first half of the year and a lower price level in Europe
- Focus on higher-margin business lifts gross profit margin from 18.4% to 19.3%
- EBITDA improves by 47% from €108 million to €160 million and EBIT more than triples from €30 million to €92 million
- Positive net income of €27 million compared with a net loss of €31 million in the prior-year period
- KCO 6.0 and KCO WIN self-help measures contribute €39 million to EBITDA
- EBITDA expected to be between €30 million and €40 million in the fourth quarter and €190 million to €200 million for the whole year 2014
- Resumption of dividend payments planned for fiscal year 2014

Figures relate to first nine months of 2014 relative to first nine months of prior year.

Duisburg, Germany, November 6, 2014 – Klöckner & Co SE's sales rose in the first nine months of 2014 by a marginal 0.1% to some €4.9 billion. Thus sales increased to a lesser degree than shipments (up 1.8% to around 5 million tons) due to the weaker US dollar in the first half year and the lower price level in Europe. The focus on higher-margin business enabled the gross profit margin to be lifted from 18.4% to 19.3%. Gross profit rose as a result by 5.3% to €952 million (previous year: €904 million). EBITDA improved by 47% from €108 million to €160 million. The contributions from the KCO 6.0 and KCO WIN restructuring and optimization programs, totaling €39 million, were the main driver behind the rise in earnings. EBIT more



than tripled, from €30 million to €92 million. Net income returned to positive figures and came to €27 million, compared with a loss of €31 million in the prior-year period. Basic earnings per share rose accordingly from a negative €0.31 to a positive €0.27.

Gisbert Rühl, CEO of Klöckner & Co SE: “It is very satisfying that we improved our results not only against previous year but also quarter by quarter throughout the year.”

Significant boost to earnings in both segments Supported by the mild winter in the first quarter and the first-time consolidation of Swiss acquisition Riedo in the second quarter, sales in the Europe segment rose by 1.4% compared with the first nine months of 2013. Mainly due to measures taken within the Group and despite the fact that market conditions remained very difficult, especially in France and Spain, EBITDA climbed by 34%, from €68 million to €91 million.

In the Americas segment, sales were 2.2% down on the prior-year period. However, on a constant exchange rate basis, this represented a slight increase in segment sales – despite the long and difficult winter in the USA, the consolidation of locations toward the end of last year, the drive to scale back low-margin business and margin-based pricing. Segment EBITDA accordingly improved by 39%, from €58 million to €81 million.

Further progress in digitalization strategy Recent months have seen Klöckner & Co push ahead with the digitalization drive that forms part of the “Klöckner & Co 2020” long-term growth strategy.

Work at the pilot facility in Regensburg on developing innovative tools in collaboration with customers has started to deliver results. A raft of solutions that significantly extend our service portfolio have already reached the implementation stage.

Gisbert Rühl: “We are pushing the digitalization of our value chain, with the focus on customer benefits, and in doing so we have shown there is still plenty of room for innovation even in a somewhat conservative industry like ours.”

Outlook

Klöckner & Co expects that European steel demand will rise by 2% in the current year. In light of the fact that economic indicators have weakened recently, the growth forecast is at the lower end of the previously predicted range of 2% to 3%. For the USA, Klöckner & Co is raising its growth forecast to 5% to 6% (previously: 4% to 5%) due to the still very robust state of the automotive industry and the upturn in commercial construction, which continues to gain momentum.



Given a seasonal decline in demand and the recent deterioration of the economic outlook for Europe, Klöckner & Co expects to see shipments down in the fourth quarter compared with the third quarter. In addition, falling steel prices in the USA are adversely affecting earnings in the Americas segment. In total, EBITDA in the final quarter is expected to be between €30 million and €40 million. Klöckner & Co is therefore fine-tuning its EBITDA guidance for the year as a whole to between €190 million and €200 million.

Gisbert Rühl: "In light of the anticipated significant improvement in earnings, we plan to resume dividend payments for fiscal year 2014."



About Klöckner & Co: Klöckner & Co is the largest producer-independent distributor of steel and metal products and one of the leading steel service center companies in the European and American markets combined. The core business of Klöckner & Co is the warehousing and distribution of steel and non-ferrous metals as well as the operation of steel service centers. Based on the Group's distribution and service network, around 150,000 customers are supplied through around 220 locations in 15 countries. Currently Klöckner & Co employs around 9,800 employees. The Group had sales of around €6.4 billion in fiscal 2013.

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 MDAX®-Index of Deutsche Börse.

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