

Klöckner & Co SE

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Press Releases

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KLÖCKNER & CO SE RETURNS TO PROFIT IN FISCAL YEAR 2016

- Operating income (EBITDA) at five-year high of €196 million
- Net income once again positive at €38 million after loss in previous year
- Resumption of dividends of €0.20 per share planned
- Significant progress made in digital transformation of the Company
- Further growth in operating income forecast for current year

Duisburg, Germany, March 1, 2017 – Klöckner & Co significantly increased its EBITDA and net income in 2016 to €196 million (2015: €86 million before restructuring expenses) and €38 million (2015: loss of €349 million), respectively. By contrast, sales declined by 11.1%, from €6,444 million to €5,730 million. Steel prices were lower on average but rose over the course of the year. This had a negative effect on sales but a positive effect on earnings. Sales were also adversely impacted by restructuring-related declines in shipments, while this benefited earnings.

Operating cash flow declined but was once again significantly positive at €73 million (2015: €276 million). Net financial debt rose from €385 million to €444 million, mainly due to exchange rate effects, but remained at a low level. At 40%, the equity ratio was again very solid.

“In view of our return to profit and the improved operating environment, the Management Board and Supervisory Board will be proposing to the Annual General Meeting a dividend distribution of €0.20 per share,” said Gisbert Rühl, CEO of Klöckner & Co SE.

Digital transformation driven forward Significant progress was made in the digitalization of the supply and value chain under the “Klöckner & Co 2020” strategy. The digital solutions



developed by internal start-up kloeckner.i were rolled out for a wider group of customers. The “Kloeckner Connect” service platform also went live. This gives customers central access to Klöckner & Co’s comprehensive range of digital tools. As a result, the proportion of sales generated through digital channels rose successively from 9% in the first quarter to 12% in the final quarter of 2016. The plan for the current year is to create an industry platform by gradually integrating competitors into Klöckner & Co’s online offering.

Expansion of higher-margin business ahead of schedule The business in higher value-added products and services was further expanded, accounting for 46% of sales compared with 39% in the prior year. This means that the target of over 50% originally announced for 2020 should be reached as early as 2018. Growth drivers will include the new service center to process aluminum flat products that Klöckner & Co is building in Bönen, North Rhine-Westphalia, through its subsidiary Becker Stahl-Service (BSS). The €35 million investment – the largest in BSS’s corporate history – is to be completed next year, although the first production line is scheduled to start operation before the end of this year.

“One Europe” program launched The new organizational structure under the “One Europe” optimization program was rolled out at the beginning of 2017. This program will bring the activities of the European country organizations in Belgium, Germany, France, the United Kingdom, the Netherlands and Austria even closer together. It aims to cut costs, generate synergies – notably in logistics and procurement – and enable even faster implementation of the “Klöckner & Co 2020” strategy. Plans are for “One Europe” to deliver an incremental contribution to EBITDA totaling some €30 million by 2019, €10 million of which is to be contributed in the current year.

Further earnings growth expected For the current fiscal year, Klöckner & Co expects a slight rise in real steel demand in both primary sales markets, Europe and the USA. Additionally driven by an anticipated increase in the price level, sales in the Klöckner & Co Group are projected to grow slightly more strongly than demand. Operating income (EBITDA) is also forecast to increase slightly, buoyed by further optimization measures. Higher steel prices at the beginning of the year should lead to very substantial growth in the first quarter of 2017, with EBITDA between €65 million and €75 million (Q1 2016: €16 million).



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 center companies worldwide. Based on its distribution and service network of around 190 locations in 13 countries, the Group supplies more than 130,000 customers. In addition to companies in the construction industry as well as machinery and mechanical engineering, Klöckner & Co serves customers in the automotive and chemical industry, in shipbuilding and in fields of household appliances, consumer goods and energy. Currently Klöckner & Co has around 9,100 employees. The Group had sales of around €5.7 billion in fiscal 2016.

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.

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