

## Press Release

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Pages 6

### **Klöckner & Co progresses in expanding higher value-added business, digitalization and sustainable value chains**

- Shipments of 3.4 million tons in first nine months of 2024, considerably above the prior-year period (+6.3%), largely driven by acquisitions in Mexico and the US completed in second half of 2023
- Sales of €5.1 billion in first nine months of 2024, slightly down due to lower prices (–3.8%)
- Operating income (EBITDA) of €104 million before material special effects in first nine months of 2024 (9M 2023: €174 million)
- Progress in strategy implementation through further expansion of higher value-added business
- EBITDA before material special effects for full year 2024 still expected to reach €120 million to €180 million

**Duisburg, Germany, November 6, 2024** – In the third quarter of 2024, Klöckner & Co increased shipments to 1.1 million tons, up 2.8% on the prior-year quarter (Q3 2023: 1.1 million tons). In the first nine months of 2024, the Company increased shipments to 3.4 million tons, up 6.3% on the prior-year period (9M 2023: 3.2 million tons). The year-on-year increase is mainly due to the acquisitions in Mexico and the US. Sales fell to €1.6 billion in the third quarter of 2024 due to lower steel prices (Q3 2023: €1.8 billion). In the first nine months, sales were down from €5.4 billion to €5.1 billion, marking a slight decrease of 3.8%.

Operating income (EBITDA) adjusted for material special effects was €21 million in the third quarter of 2024 (Q3 2023: €44 million). In the first nine months of 2024, EBITDA before material special effects amounted to €104 million (9M 2023: €174 million), which is due to a slowdown in demand in Europe and the ongoing correction in steel prices. After negative material special effects of €12 million due to restructuring, Klöckner & Co generated EBITDA of €93 million in the first nine months of 2024 (9M 2023: €179 million).

In March 2024, Klöckner & Co successfully completed the disposal of parts of its European distribution business. The net loss from discontinued operations was €29 million in the first nine months (9M 2023: net loss of €43 million), mainly due to negative deconsolidation effects. The net loss from continuing operations amounted to €55 million in the first nine months (9M 2023: net income of €35 million). In total, the net loss including discontinued operations came to €84 million in the first nine months of 2024 (9M 2023: net loss of €8 million). The net loss in the third quarter of 2024 was €29 million (Q3 2023: net loss of €12 million). Earnings per share from continuing operations in the first nine months of 2024 amounted to €–0.55 (9M 2023: €0.35). Including discontinued operations, earnings per share in the first nine months of 2024 came to €–0.85 (9M 2023: €–0.09). Earnings per share in the third quarter of 2024 amounted to €–0.29 (Q3 2023: €–0.04).

In the third quarter, Klöckner & Co's cash flow from operating activities was €–62 million (Q3 2023: €40 million). Cash flow from investing activities amounted to €–31 million (Q3 2023: €–339 million), resulting in a negative free cash flow of €94 million. The free cash flow in the first nine months of 2024 was €–120 million (9M 2023: €–250 million). The large cash outflow in the prior-year period mainly related to the acquisition of National Material of Mexico.

Guido Kerkhoff, CEO of Klöckner & Co SE: "In a challenging market environment, we have made major progress in implementing our Group strategy. Through targeted investment in selected sites in the US and Germany, we have been able to expand the higher value-added processing and metalworking business. We are also making good progress with our vision of zero touch and continue to work systematically on the generation of added value with minimum manual intervention. In addition, winning the German Sustainability Award once again is a great confirmation of our success in decarbonizing the steel industry."

### **Systematic expansion of higher value-added business, digitalization and sustainability in the supply chain**

Klöckner & Co has continued to expand its higher value-added business. In the US, targeted investments have enabled the Charlotte and Dallas sites to evolve from a pure distribution operation to a higher value-added fabrication and metalworking operation. Further progress was also made in Germany, for example with the investment in a fully automated sawing and drilling system in Landsberg. These measures aim to increase Klöckner & Co's profitability and reduce its dependence on volatile commodity markets.

Digitalization and automation remain a key lever in the Group's strategy. The quantity of digital quotes thus increased by more than 27% in the first nine months of 2024 compared to the same period of the previous year. In addition, Klöckner & Co continues

to systematically pursue the vision of zero touch – i.e., adding value with a minimum of manual intervention.

Klöckner & Co has once again received recognition for its sustainability performance, winning the German Sustainability Award for the second time – Europe’s most prestigious award for environmental and social commitment. The jury picked out Klöckner & Co in the Chemicals and Materials Wholesale category and praised the Company as a “beacon” in the steel and metals sector. This award confirms Klöckner & Co’s role as a pioneer in the sustainable transformation of the industry and underlines the successful integration of sustainability into the business model.

## **Outlook**

For fiscal year 2024, despite the continued weak demand in Europe and the steel price correction during large parts of the reporting period, Klöckner & Co continues to forecast EBITDA before material special effects of between €120 million and €180 million. In addition, Klöckner & Co continues to expect a strong and significantly positive cash flow from operating activities, although this is likely to be below the prior-year level.

## Key figures

Shipments and income statement		Q3 2024	Q3 2023	Variance	Jan. 1– Sept. 30, 2024	Jan. 1– Sept. 30, 2023	Variance
Shipments	Tto	1,122	1,091	31	3,426	3,222	204
Sales	€ million	1,646	1,756	-110	5,148	5,350	-203
Gross profit	€ million	262	282	-20	852	888	-36
Gross profit margin	%	15.9	16.0	-0.1%p	16.6	16.6	-0.1%p
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	13	44	-30	93	179	-86
EBITDA before material special effects	€ million	21	44	-23	104	174	-70
EBITDA margin	%	0.8	2.5	-1.7%p	1.8	3.3	-1.4%p
EBITDA margin before material special effects	%	1.3	2.5	-1.2%p	2.0	3.2	-1.2%p
Earnings before interest and taxes (EBIT)	€ million	-17	14	-32	-1	95	-96
Earnings before taxes (EBT)	€ million	-33	-	-34	-49	63	-112
EBT before material special effects	€ million	-26	-	-26	-38	58	-96
<i>Net income from continuing operations</i>	€ million	-29	-4	-25	-55	35	-90
<i>Net income from discontinued operations</i>	€ million	-	-8	8	-29	-43	14
Net income total	€ million	-29	-12	-17	-84	-8	-76
Net income attributable to shareholders of Klöckner & Co SE continuing operations	€ million	-29	-12	-17	-85	-9	-76
Earnings per share (basic) continuing operations	€	-0.29	-0.04	-0.25	-0.55	0.35	-0.90
Earnings per share (diluted) continuing operations	€	-0.29	-0.04	-0.25	-0.55	0.35	-0.90
Cash flow statement		Q3 2024	Q3 2023	Variance	Jan. 1– Sept. 30, 2024	Jan. 1– Sept. 30, 2023	Variance
Cash flow from operating activities	€ million	-62	40	-102	-45	119	-164
Cash flow from investing activities	€ million	-31	-339	308	-76	-369	293
Free cash flow <sup>1)</sup>	€ million	-94	-299	205	-120	-250	130

Balance sheet		Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023	Variance Sept. 30, 2024 vs. Dec. 31, 2023	Variance Sept. 30, 2024 vs. Sept. 30, 2023
Net Working Capital <sup>*)</sup>	€ million	1,528	1,489	1,865	39	-337
Net financial debt	€ million	872	775	923	97	-51
Gearing <sup>***)</sup>	%	52.9	45.5	48.8	7.4	4.1
Equity	€ million	1,711	1,755	1,953	-44	-243
Equity ratio	%	47.9	45.4	46.4	2.6	1.6
Total assets	€ million	3,569	3,867	4,214	-298	-646

Employees		Sept. 30, 2024	Dec. 31, 2023	Sept. 30, 2023	Variance Sept. 30, 2024 vs. Dec. 31, 2023	Variance Sept. 30, 2024 vs. Sept. 30, 2023
Employees as of the end of the reporting period <sup>****)</sup>		6,509	6,375	6,312	134	197

\*) Free cash flow = Cash flow from operating activities + cash flow from investing activities.

\*\*) Net working capital = Inventories + trade receivables + contract assets + supplier bonus receivables /. trade liabilities /. contract liabilities /. advance payments received.

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

\*\*\*\*) Continuing operations.

## **About Klöckner & Co:**

Klöckner & Co SE is one of the largest producer-independent distributors of steel and metal products and one of the world's leading steel service center companies. With its distribution and service network of around 120 sites, primarily in North America and the "DACH" region (Germany, Austria and Switzerland), Klöckner & Co supplies more than 60,000 customers. Currently, the Group has around 6,500 employees. Klöckner & Co generated sales of some €7.0 billion in fiscal year 2023. With the expansion of its portfolio of CO<sub>2</sub>-reduced materials, services and logistics options under the Nexigen® umbrella brand, the Company is underscoring its role as a pioneer of a sustainable steel industry. At the same time, Klöckner & Co leads the way in the steel industry's digital transformation and has set itself the target of digitalizing and largely automating its supply and service chain. In this way, the Company aims to develop into the leading one-stop shop for steel, other materials, equipment and processing services in Europe and the Americas.

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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