Company presentation

Klöckner & Co SE

Duisburg
Disclaimer

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 and are therefore only valid on the day on which they are made. You therefore should consider them with caution. Such statements are subject to numerous risks and factors of uncertainty (e.g. those described in publications) 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 reasonable strategic and operational initiatives, including the acquisition or disposal of companies or other assets. 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 legal obligations – 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 figures prepared in accordance with IFRS and German-GAAP respectively, Klöckner & Co SE is presenting non-GAAP key figures such as EBITDA, EBIT, Net Working Capital and net financial liabilities that are not a component of the accounting regulations. These key figures are to be viewed as supplementary to, but not as a substitute for data prepared in accordance with IFRS. Non-GAAP key figures are not subject to IFRS or any other generally applicable accounting regulations. In assessing the net assets, financial position and results of operations of Klöckner & CoSE, these supplementary figures should not be used in isolation or as an alternative to the key figures presented in the consolidated financial statements and calculated in accordance with the relevant accounting principles. Other companies may base these concepts upon other definitions. Please refer to the definitions in the annual report.

Rounding differences may occur with respect to percentages and figures.

The English translation of the Annual Report and the Interim Statement are also available, in case of deviations the German versions shall prevail.
Agenda

1. Klöckner & Co SE – Overview
2. “Klöckner & Co 2022” strategy
01 Klöckner & Co SE at a glance

- 6.3 € billion
  - SALES
  - FY 2019

- 5.6 million tons
  - SHIPMENTS
  - FY 2019

- 124 € million
  - EBITDA*)
  - FY 2019

- ~160 LOCATIONS

- 13 COUNTRIES

- 200,000 PRODUCTS

- 60 SUPPLIERS

- > 100,000 CUSTOMERS

- ~8,200 EMPLOYEES

*) Before material special effects.
01 Everything from one source

Klöckner & Co value chain
01 Products

Flat Products

Stainless / Aluminum / Quality

Hollow Sections

Long Products

Tubes

Coils
01 Services

Cut to length, forming  Surface treatment  Laser and flame cutting
Rolling/ cutting/ slitting of coils  3d laser and 3d printing  Mechanical machining
01 Global reach – local presence

Sales; as of December 2019.
01 Market shares of Klöckner & Co 2019

Leading player in fragmented markets

Europe

ArcelorMittal
thyssenkrupp
Klöckner & Co
Salzgitter
Tata
Others

~3,000

7%

USA

Reliance
Worthington
Kloeckner Metals
thyssenkrupp
Others

~1,200

7%

Source: Eurometal, Purchasing Magazine, Service Center News, MSCI.
01 Sales by markets, products and industries

As of December 31, 2019.

Sales by markets
- 41% USA
- 28% Germany/Austria
- 15% Switzerland
- 7% France
- 4% Benelux
- 1% Brazil

Sales by products
- 48% Flat products
- 18% Long products
- 9% Quality steel/Stainless steel
- 9% Aluminum
- 5% Tubes
- 11% Others

Sales by industries
- 39% Construction industry
- 25% Machinery/Mechanical engineering
- 13% Automotive industry
- 7% Local dealers
- 7% Miscellaneous
- 9% Household appl./Consumer goods
01 Current shareholder structure

Geographical breakdown of identified institutional investors

- Identified institutional investors account for 62%
- German investors incl. retail dominate
- Top 10 shareholdings represent around 49%
- Retail shareholders represent 27%

As of December 2019.
01 Management

**Gisbert Rühl**
CEO / CEO Europe
- Corporate Communications
- Corporate Development / M&A
- Group HR
- Investor Relations & Sustainability
- Legal & GRC
- European Operations

**Dr. Oliver Falk**
CFO
- Corporate Accounting & Taxes
- Corporate Controlling
- Corporate Treasury
- Group IT
- Internal Audit

**John Ganem**
CEO Americas
- North and South American Operations
Agenda

1. Klöckner & Co SE – Overview
2. “Klöckner & Co 2022” strategy
02 The fundamentals of steel distribution remain challenging

- Generally not bound to any supplier because of the generic nature, especially of commodity steel (low switching costs)
- Often under price pressure, especially where steel is making up a major part of their costs

- Steel distribution markets remain fragmented
- Competition mainly on price and availability
- Mill-backed distributors in Europe have a market share strategy in order to utilize assets instead of focusing on profitability

- Global steel demand is expected to grow slowly going forward
- Overcapacity in the steel industry spread across the world, but most pronounced in China, is likely to stay for the foreseeable future
02 Current linear steel supply chain is highly inefficient and intransparent

No effective information and data exchange on available inventory, lead times etc.

Stockholding

Klöckner & Co

Other distributors

No effective information and data exchange on available inventory, lead times etc.

Long delivery times, incorrect deliveries and high inventory levels
02 Our strategy: “Klöckner & Co 2022”

Klöckner & Co 2022

- Digitalization and platforms
- Higher value-added business
- Efficiency improvement
- Supporting activities

Cultural change

Growth and value creation
Digitalization of Klöckner & Co is driven by our digital hub kloeckner.i

Klöckner & Co started their digitalization already five years ago with kloeckner.i as digital hub in Berlin.

Around 90 digital experts in innovation & product, software development, digital marketing & sales and business intelligence & analytics, User Experience & Design, KI.

Application of innovative start-up methods such as design thinking, lean startup and rapid prototyping enables accelerated implementation.

Far enough from Klöckner to act independently, yet close enough to leverage expertise as well as access to customers and suppliers.
Industry Platform

Full range of industry specific and complementary products and services

Market-place

Company specific products and services and complementary products

Online-shops

Company specific products and services

02 Very well positioned in Digital Platform Landscape
02 Digital transformation and platform business

Digital transformation of Klöckner & Co

Kloeckner Assistant

Game changing AI application
Launched to completely automate order processing regardless how an RFQ or order is received. Every customer becomes a digital customer.

eProcurement/RFQ solution
Closed platform
Many sellers – One buyer (N-1)
Strong push for digitalization of procurement on buyer side

eShop
Closed platform
One seller – Many buyers (1-N)
Entry barrier to digitizing sales processes much lower

Marketplace
Open platform
Many sellers – Many buyers (N-N)
Integrated network of sellers and buyers

Applications & platforms
Europe & USA
Onlineshops
Marketplaces
Contract Platform
Part Manager
EDI / OCI

Scale
02 Value creation through increasing returns and platform growth

The AI-driven Kloeckner Assistant and XOM eProcurement and all other new applications make up the operating core of Klöckner & Co, replacing a large part of our current organization. Based on this digital foundation Klöckner & Co will be capable of generating increasing returns and growth potential through consolidation.

XOM Materials has the potential to create significant value by connecting players from across the industry on a single digital platform. Buyers can access more sellers and products, sellers can access more buyers, and both can access value-added services ranging from financing and insurance to materials modifications and logistics.
# Klöckner People Strategy: Having best in class people

**Strategic action fields**

<table>
<thead>
<tr>
<th>Leadership- &amp; Corporate Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Management</td>
</tr>
<tr>
<td>Talent- &amp; Succession Management</td>
</tr>
<tr>
<td>Employer Branding &amp; Recruiting</td>
</tr>
<tr>
<td>Health &amp; Safety Management</td>
</tr>
</tbody>
</table>

**Overall goals**

- To **support the digitalization strategy through enabling a profound cultural shift**, which ensures an open & constructive culture to encourage more ideas & discussions
- To foster a **more open, risk-taking, fast and agile behavior** which are core digital success drivers
- For becoming an **employer of choice** with best in class management and employees
A variety of initiatives support the cultural transformation of KCO further

- **Learn and failure culture**
  - Digital enabling of employees through online courses during working hours and initiatives like “Failure Sessions”

- **Connected enterprise**
  - Hierarchy-free communication to enable horizontal and vertical communication

- **Engaged employees**
  - Many additional initiatives and events throughout the company to engage employees
02 Sustainability strategy

A qualified and motivated workforce is vital to our success.

Our working environment is characterized by long-term security, supportive-ness, professionalism and mutual respect.

**Compliance** constitutes the basis of corporate responsibility:
Integral part of our corporate culture is compliance on the part of our employees and business partners.

We contribute to protecting the environment:
We consider it our duty to counter climate change and its related risks.

We are advancing the internal cultural change:
Our measures aim at anchoring modern, digital ways of working and thinking in the company.

We prioritize high levels of customer satisfaction and enhancement of our customer focus.

We contribute to protecting the environment:
We are advancing the internal cultural change:
We prioritize high levels of customer satisfaction and enhancement of our customer focus.

As one of the very first companies in Germany, Klöckner & Co stepped up to the global frontrunners of climate change engagement and aligns its business to the UN Global Compact “Business Ambition for 1.5°C”. We intend to act even more responsibly and take appropriate measures helping to limit the global temperature rise to 1.5°C by reducing its greenhouse gas emissions.
Contact details

Christian Pokropp
Head of External Communications
Phone:  +49 203 307-2050
Email:  christian.pokropp@kloeckner.com
Internet: www.kloeckner.com