

Press Release

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Pages 4

Klöckner & Co SE substantially boosts earnings in first nine months of 2016

- Operating income (EBITDA) of €159 million more than double that for prior-year period
- Net income once again strongly positive at €50 million, compared with €85 million loss in prior-year period
- Sales via digital channels steadily increased to 11% in third quarter
- Full-year targets confirmed; EBITDA guidance narrowed to between €180 million and €190 million

Duisburg, Germany, November 3, 2016 – Despite a restructuring and price-related fall in sales compared to last year, Klöckner & Co more than doubled its operating income (EBITDA) to €159 million (9M 2015: €76 million before restructuring expenses). This was mainly driven by a surge in gross profit from €940 million to €996 million. The gross profit margin showed a corresponding increase from 18.9% to 23.0%. The EBITDA margin improved from 1.5% to 3.7%. Net income was well back into positive figures at €50 million (9M 2015: €85 million net loss).

The year's positive trend is expected to continue in the final quarter, with an anticipated operating income once again above the prior-year figure. For the full year, EBITDA is expected to be between €180 million and €190 million with a positive net income.

Substantial progress has been made with transforming the business model under the "Klöckner & Co 2020" strategy. Further stepping up the use of digital pricing tools, for instance, was a key factor behind the tangible improvement in margins. The proportion of sales generated through digital channels steadily increased to 11% in the third quarter.

Klöckner & Co is also pushing ahead with expanding its business with higher value-added products and services. Through subsidiary Becker Stahl-Service, the Group is building a service center to process aluminum flat products at its Bönen location in North Rhine-Westphalia, Germany. The first of two machining lines – at €35 million the highest investment in BSS's corporate history – is to be completed as early as next year. The facility is expected to reach full capacity in 2018 with the ability to process a total of 80,000 tons of aluminum a year.

Under the new “One Europe” optimization program announced this summer, the activities of the country organizations in Austria, Belgium, Germany, France, the Netherlands, Spain and the United Kingdom are to be integrated further. The new organizational structure will be implemented at the beginning of 2017. “One Europe” is targeting to deliver an incremental contribution to EBITDA totaling about €30 million by 2019, of which €10 million is to be achieved as early as next year.

Gisbert Rühl, CEO of Klöckner & Co SE: “After the market- and restructuring-driven impacts of the past few years, our improved operating lineup is now increasingly visible in the results. By systematically implementing our digitalization strategy and the extension of business involving higher value-added products and services, we are working all out to ensure that the upward trend continues.”

Key figures

Shipments and income statement		Q3 2016	Q3 2015	Variance	Jan. 1 – Sept. 30, 2016	Jan. 1 – Sept. 30, 2015	Variance
Shipments	Tto	1,500	1,636	-136	4,699	4,941	-242
Sales	€ million	1,430	1,597	-167	4,333	4,988	-655
Gross profit	€ million	329	311	+18	996	940	+56
Gross profit margin	%	23.0	19.4	+3.6%p	23.0	18.9	+4.1%p
Earnings before interest, taxes, depreciation and amortization (EBITDA)	€ million	71	28	+43	159	22	+137
EBITDA before restructuring expenses	€ million	71	30	+41	159	76	+83
EBITDA margin	%	5.0	1.8	+3.2%p	3.7	0.4	+3.2%p
EBITDA margin before restructuring	%	5.0	1.9	+3.1%p	3.7	1.5	+2.1%p
Earnings before interest and taxes (EBIT)	€ million	48	5	+43	90	-54	+144
Earnings before taxes (EBT)	€ million	40	-7	+47	66	-91	+157
Net income	€ million	31	-9	+40	50	-85	+135
Net income attributable to shareholders of Klöckner & Co SE	€ million	31	-9	+40	49	-84	+133
Earnings per share (basic)	€	0.31	-0.09	+0.40	0.49	-0.84	+1.33
Earnings per share (diluted)	€	0.31	-0.09	+0.40	0.49	-0.84	+1.33
Cash flow statement/Cash flow		Q3 2016	Q3 2015	Variance	Jan. 1 – Sept. 30, 2016	Jan. 1 – Sept. 30, 2015	Variance
Cash flow from operating activities	€ million	-5	75	-80	22	60	-38
Cash flow from investing activities	€ million	0	-24	+24	-27	-18	-9
Free cash flow ^{*)}	€ million	-5	50	-55	-5	42	-47
Balance sheet		September 30, 2016	December 31, 2015	Variance	September 30, 2016	September 30, 2015	Variance
Net working capital ^{**)}	€ million	1,197	1,128	+69	1,197	1,369	-172
Net financial debt	€ million	438	385	+53	438	517	-79
Equity	€ million	1,077	1,113	-36	1,077	1,376	-299
Equity ratio	%	36.2	39.2	-3.0%p	36.2	39.3	-3.1%p
Balance sheet total	€ million	2,975	2,841	+134	2,975	3,499	-524
Employees		September 30, 2016	December 31, 2015	Variance	September 30, 2016	September 30, 2015	Variance
Employees at end of period		9,143	9,592	-449	9,143	9,560	-417

*) Free cash flow: Cash flow from operating activities plus cash flow from investing activities.

***) Net working capital: Inventories plus trade receivables less trade liabilities.

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 200 locations in 14 countries, the Group supplies more than 140,000 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 €6.4 billion in fiscal 2015.

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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