

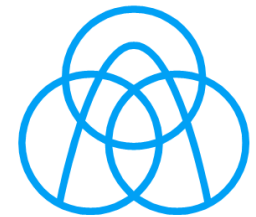
# newtk and Q4 2018/19

## Facts & Figures

Ticker: TKA (Share) TKAMY (ADR)

November 2019

engineering.tomorrow.together.



thyssenkrupp

# Content

- newtk – the new thyssenkrupp slides 02-04
- Quarterly Update (November 21<sup>st</sup>, 2019) – Q4 FY 2018/19 slides 05-12
- Group Overview slides 13-17
- Facts & Figures slides 18-58



# Update on newtk

## Performance, Portfolio, Organization

### Priorities

- **New Executive Board** in place since Oct. 1<sup>st</sup>, 2019 – clear sense of urgency
  - # Performance and transformation
  - # Efficient capital allocation
  - # Instill culture of accountability

### Actions

- **Comprehensive review** of portfolio and restructuring requirements down to business unit level until early 2020
  - # Portfolio
    - Plant Technology<sup>1</sup>: **Best-owner solution** and **turnaround concept**
    - Elevator: preparation for **IPO readiness in 2020** and evaluation of **M&A options on schedule**
  - # Restructuring
    - reduction of ~640 FTEs at **System Engineering**
    - dissolve BA structures at **Automotive Technology<sup>2</sup>** and **Plant Technology**
    - streamlining **Corporate** to costs <€200 mn with **headcount reduction** to max. 430 FTE
- Cautious view on **FY 2019/20**; mid-term targets postponed

1. Former Industrial Solutions | 2. Former Components Technology



# newtk – Performance, Portfolio, Organization

PERFORMANCE FIRST; EFFICIENT ORGANIZATION



FLEXIBLE PORTFOLIO

Value-driven exploitation of consolidation opportunities

SE, MX

- **Steel Europe**
  - Efficient repositioning with new future concept<sup>1</sup>
  - Consolidation sensible, on large scale currently not possible (EU Commission)
- **Materials Services**
  - Opportunities from digitalization
  - Consolidation options

*Majority Stake*

Value-driven development

CT-Auto, IS, MS, CT-Industry

- **CT-Auto**
  - Develop strong auto business
- **Industrial Solutions**
  - Turnaround concept
  - Best-owner solution

*Open for also partial ownerships incl. Minority Stakes*

Value realization and crystallization

ET

- **IPO process for Elevator**
  - Financial headroom for Group restructuring
  - Catalyst for additional performance improvement of ET
  - Elevator shares as “currency“

*IPO / evaluation alternative options*

1. Update in calendar Q1 2020



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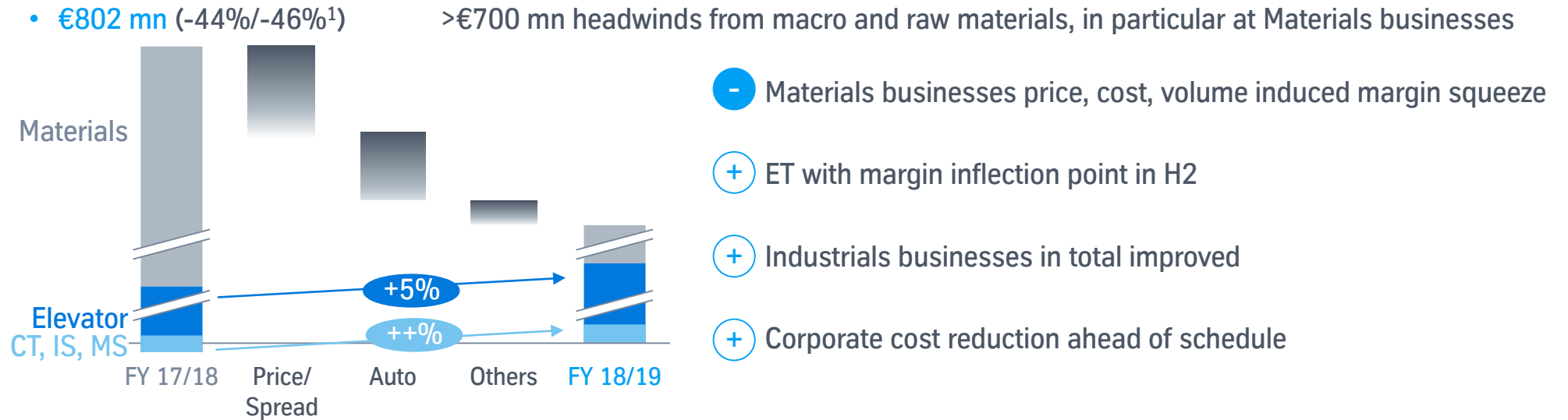


# FY 2018/19 – Headwinds from macro and raw materials outweigh improvements at Industrials

## Order intake

- €41,996 mn (+1%/+0%<sup>1</sup>) Growth at Industrials vs volume/price induced declines at Materials
  - Components Technology Higher demand for industry components and new steering technology
  - Elevator Technology NI growth in the US; positive trend in Service across all regions
  - Marine Systems Large scale order for 4 frigates from North Africa (~€1.7 bn)

## EBIT adj.



## FCF bef. M&A

- €(1,140) mn Lower earnings, higher NWC requirements at Materials and higher ramp-up cost at CT; ET and MS with improvements

1. Adjusted for FX and portfolio effects



# Order intake – Growth at Industrials vs volume/price induced declines at Materials

[€ mn]

	17/18 <sup>1</sup> Q4	18/19 Q3	18/19 Q4	yoy	yoy (ex FX <sup>2</sup> )	17/18 <sup>1</sup> FY	18/19 FY	yoy	yoy (ex FX <sup>2</sup> )
Components Technology (CT)	1,656	1,754	1,808	9%	8%	6,595	6,996	6%	5%
Elevator Technology (ET)	2,039	1,999	2,035	0%	-2%	7,853	8,171	4%	2%
Industrial Solutions (IS)	2,200	1,265	791	-64%	-64%	4,541	3,735	-18%	-18%
Marine Systems (MS)	165	145	1,807	++	++	648	2,192	++	++
Materials Services (MX)	3,587	3,336	3,340	-7%	-8%	14,544	13,868	-5%	-6%
Steel Europe (SE)	2,127	2,177	1,814	-15%	-15%	9,157	8,784	-4%	-4%
<b>Group<sup>3</sup></b>	<b>11,316</b>	<b>10,219</b>	<b>11,303</b>	<b>0%</b>	<b>-1%</b>	<b>41,486</b>	<b>41,994</b>	<b>1%</b>	<b>0%</b>

**CT:** Strong growth supported by Industry components, ramp-up of new components plants (Steering and Camshafts) and positive FX-effects; China, NAFTA and Western Europe with weaker demand

**ET:** New installation growth in the US, steady NI in China in units with normal level of major projects, tough comparative/delayed project awards for AS; positive trend in Service across all regions; most pronounced again in the US

**IS:** Lower mainly due to large scale chemical plant order and strong Mining demand in prior year quarter; Cement and System Engineering in a challenging market environment below prior year

**MS:** Strong order intake driven by large scale order for 4 frigates from North Africa

**MX:** Lower volumes esp. in Europe partly offset by higher volumes in North America

**SE:** Lowest quarterly volumes in recent years driven by macro slowdown, in particular auto

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Adjusted for FX and portfolio effects | 3. Incl. Corp./Cons Q4 17/18 (459); Q3 18/19 (457); Q4 18/19 (417); FY 17/18 (1,852); FY 18/19 (1,753)



# Sales

[€ mn]

	17/18 <sup>1</sup> Q4	18/19 Q3	18/19 Q4	yoy	yoy (ex FX <sup>2</sup> )	17/18 <sup>1</sup> FY	18/19 FY	yoy	yoy (ex FX <sup>2</sup> )
Components Technology (CT)	1,683	1,753	1,812	8%	6%	6,610	6,871	4%	2%
Elevator Technology (ET)	2,016	2,042	2,125	5%	4%	7,552	7,960	5%	4%
Industrial Solutions (IS)	1,027	996	1,216	18%	18%	3,633	4,002	10%	10%
Marine Systems (MS)	403	510	496	23%	23%	1,389	1,800	30%	30%
Materials Services (MX)	3,681	3,505	3,291	-11%	-12%	14,705	13,880	-6%	-7%
Steel Europe (SE)	2,408	2,347	2,237	-7%	-7%	9,470	9,065	-4%	-5%
<b>Group<sup>3</sup></b>	<b>10,778</b>	<b>10,779</b>	<b>10,843</b>	<b>1%</b>	<b>0%</b>	<b>41,534</b>	<b>41,996</b>	<b>1%</b>	<b>0%</b>

**CT:** Sales mirror order intake; Industry components, ramp-up new plants and positive FX-effects

**ET:** Growth driven by modernization in Europe as well as by service in all major regions; New installation in US growing, but not compensating other regions (e.g. Europe and Middle East)

**IS:** Growth mainly driven by chemical plants with progress on major projects in Hungary and Brunei

**MS:** Significantly up due to higher progress on submarine and surface vessel projects

**MX:** Further negative price trend and lower volumes esp. in auto-related service centers

**SE:** Further negative price trend and sig. lower shipments, in particular auto, partly compensated by higher portion of spot business

1. Prior-year figures have been adjusted due to the adoption of IFRS 15 | 2. Adjusted for FX and portfolio effects | 3. Incl. Corp./Cons Group Q4 17/18 (440); Q3 18/19 (373); Q4 18/19 (333); FY 17/18 (1,824); FY 18/19 (1,581)





# EBIT adj. – Macro and raw materials headwinds at Materials outweigh improvements at Industrials

[€ mn]

	17/18 <sup>1</sup> Q4	18/19 Q3	18/19 Q4	yoy	17/18 <sup>1</sup> FY	18/19 FY	yoy
Components Technology (CT)	(70)	65	50	++	197	233	18%
th. Auto (exc. SY)	(121)	(4)	(11)	++	8	3	-63%
th. Springs & Stabilizers	(123)	(27)	(64)	48%	(127)	(122)	4%
th. Industry	51	69	62	22%	189	230	22%
Elevator Technology (ET)	224	239	266	19%	865	907	5%
Industrial Solutions (IS)	(20)	(55)	(58)	--	(127)	(170)	-34%
th. System Engineering	(5)	0	(28)	--	15	(25)	--
Marine Systems (MS)	(11)	0	1	++	(128)	1	++
Materials Services (MX)	82	43	(12)	--	317	107	-66%
Steel Europe (SE)	101	1	(45)	--	687	31	-95%
th. Heavy Plate	(10)	(17)	(22)	--	(28)	(63)	--
Corporate	(140)	(70)	(87)	38%	(377)	(306)	19%
<b>Group<sup>2</sup></b>	<b>170</b>	<b>226</b>	<b>119</b>	<b>-30%</b>	<b>1,444</b>	<b>802</b>	<b>-44%</b>

**CT:** Continued good performance at Industry components; lower auto partially compensated by ramp-up of new auto plants and projects; SP strongly diluting

**ET:** Continued pricing pressure and materials cost (tariffs) in US vs. better sales prices at steady cost in China and Service in EU  
Margin inflection point reached in H2:  
Q3: 11.7% (+0.5 %p yoy), Q4: 12.5% (+1.4% yoy)

**IS:** Improved margins at chemical plants cannot compensate for earnings decline at esp. System Engineering

**MS:** Higher sales; still low margins on billed projects

**MX:** Lower shipments and margin pressure particularly in Europe esp. in auto-related business and global materials trading

**SE:** Sig. higher raw material costs, in particular higher iron ore prices; lower shipments in particular with auto OEMs

**CO:** G&A cost reduction ahead of schedule, partly supporting by positive one-offs

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Incl. Consolidation Group Q4 17/18 +4; Q3 18/19 +3; Q4 18/19 +5; FY 17/18 +10; FY 18/19 (1)



# Special Items - continued focus on restructuring and future margin upside

[€ mn]

Business Area	2017/18					2018/19					
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	
CT	Disposal effect										
	Impairment			(1)	(11)	(12)	(1)	(2)	(4)	(84)	(92)
	Restructuring	(2)		(2)	(2)	(6)			(3)	(13)	(16)
	Others		(4)	(28)	(27)	(59)	(4)	(8)	(3)	(5)	(20)
ET	Disposal effect					1					1
	Impairment		(3)		(6)	(9)				(4)	(5)
	Restructuring	(14)	(8)	(9)	(9)	(40)	(3)	(22)	(13)	(19)	(56)
	Others	(5)	(7)	(6)	(25)	(43)	(3)	(7)	(4)	(42)	(54)
IS	Disposal effect							2			2
	Impairment			(3)	(1)	(4)		(1)			(1)
	Restructuring	(2)		(1)	33	30	(2)	(1)	(2)	(10)	(17)
	Others		(20)	2	(8)	(26)	(5)	5	(8)	(2)	(9)
MS	Disposal effect										
	Impairment										
	Restructuring			(1)	16	15			(1)		(1)
	Others				(3)	(3)					
MX	Disposal effect									(1)	(1)
	Impairment			(1)	(1)	(2)			(1)	(4)	(5)
	Restructuring		(6)	(5)	(7)	(18)	(3)	(2)	(5)	(15)	(24)
	Others	(2)	(4)	(3)	(18)	(27)	2		(4)	(9)	(12)
SE	Disposal effect		11	8	19	(4)	(20)	(3)	(1)	(28)	(28)
	Impairment				(1)	(1)			(1)	(1)	(1)
	Restructuring			1	1	2	(1)	(1)		(1)	(3)
	Others				(235)	(235)	1	(134)	12		(122)
Corp.	Disposal effect	5	(10)	(37)	(9)	(51)	(12)	(26)	5	(10)	(42)
	Impairment				(1)	(1)			(3)		(3)
	Restructuring	(1)	(1)	(2)	(7)	(11)	(1)	(3)	(1)	(23)	(28)
	Others	(1)	(4)	(3)	(17)	(25)	(1)	17	(7)		10
Consolidation							(3)	(1)		(3)	
Group	(22)	(66)	(88)	(330)	(507)	(36)	(207)	(43)	(243)	(530)	

## Comments on Q4

- Subsequent costs related to plant closures and impairments
- Restructuring and Reorganization in Europe and the Americas
- Non-operating expenses in connection with a legal case in the US and with quality issues in the past
- Restructuring especially at System Engineering
- Restructuring and deconsolidation of thyssenkrupp Marine Systems Canada Inc.
- Closure of branches to streamline structures
- Costs associated with the carve-out for the originally planned steel joint venture
- Consulting in connection with the strategic realignment of the Group
- Restructuring at Business Services and Change in Board



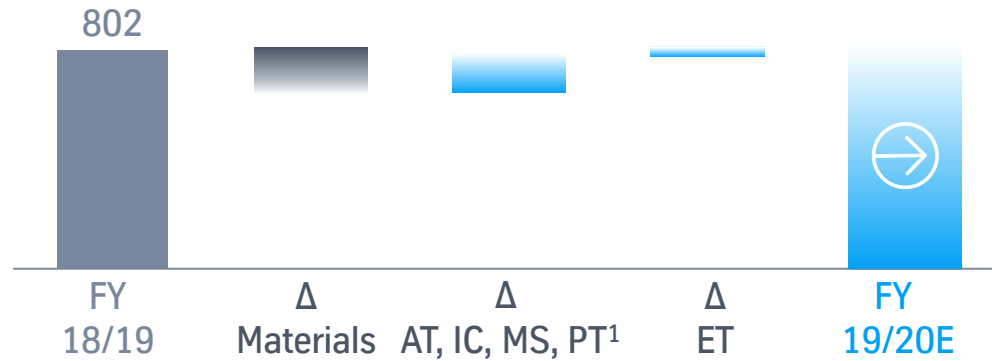
# Outlook – FY 2019/20

[€ mn]

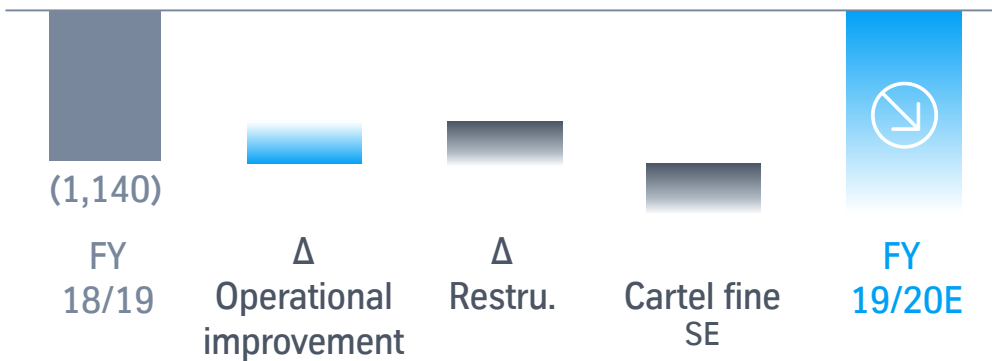
Trading conditions

- Economic and geopolitical uncertainties, limited visibility and therefore limited planning reliability for our cyclical materials and auto businesses

EBIT adj. on prior-year level



FCF bef. M&A below prior-year



1. New reporting structure as of Oct. 1<sup>st</sup>, 2019: Automotive Technology (AT), Industrial Components (IC), Marine Systems (MS), Plant Technology (PT)



# FY 19/20 Outlook – limited visibility at Materials and auto businesses

Cost reduction and earning securing measures at all businesses

	18/19 <sup>1</sup>	19/20E <sup>1</sup>	Outlook FY 19/20E	Q1 18/19 <sup>1</sup>	Q1 19/20E <sup>1</sup>
MX	107	↔	Largely <b>stable</b> ; challenging trading conditions	22	↘
SE	31	↘	<b>Negative</b> ; Heavy Plate with negative contribution; challenging trading conditions	38	↘
ET	907 (11.4%)	↗	<b>11.0% – 12.0% EBIT adj. margin – stable to higher margin on a comparable basis</b> , considering expected add. future standalone costs of €20-30 mn (on a comparable basis 11.1% in FY 18/19); <b>sales</b> with low to mid-single-digit FX adj. growth; <b>EBIT adj. margin target 20/21: 11.5%- 13%</b> , further <b>long-term upside</b>	204 (10.6%)	↗
AT	(22)	↗	Return to +ve margin; <b>sales up mid-single-digit</b> ; further ramp-up of new plants and projects; SP and SY still -ve	13	↔
IC	230	↘	<b>Moderate decline</b> ; sales bearings up vs cyclically lower sales at heavy duty and construction machinery components	43	↔
PT	(145)	↗	<b>Significant recovery</b> (however -ve); also <b>in sales</b> depending on O/I; support by improvements in project execution and growth in high-margin service business	(30)	↔
MS	1	↗	<b>Slightly +ve, stable sales</b> ; supported by cost cutting, better project execution and higher contribution by new projects	0	↔
HQ/ Cons./Others	(252) (54)	↔	On <b>prior-year level</b>	(63) (9)	↔
EBIT adj.	802	↔	On <b>prior-year level</b> ; improvements at Industrial compensate weaker earnings at Materials	217	↘
Net income	(260)	↘	<b>Significant higher net loss</b> resulting from lower EBIT and absence of positive effects in prior year	68	↘
FCF b. M&A	(1,140)	↘	<b>Below prior-year</b> ; operational improvements, depending on O/I and payment profiles for projects at PT and MS, cannot fully compensate higher restructuring payments (mid-3-digit €mn) and cartel fine	(2,477)	↔

1. FY 2018/19 figures for Automotive Technology (AT), Industrial Components (IC), Plant Technology (PT) and Corporate on pro-forma basis; the administrative units of Corporate and the regions will be presented as Corporate Headquarters as of Oct. 1<sup>st</sup>, 2019



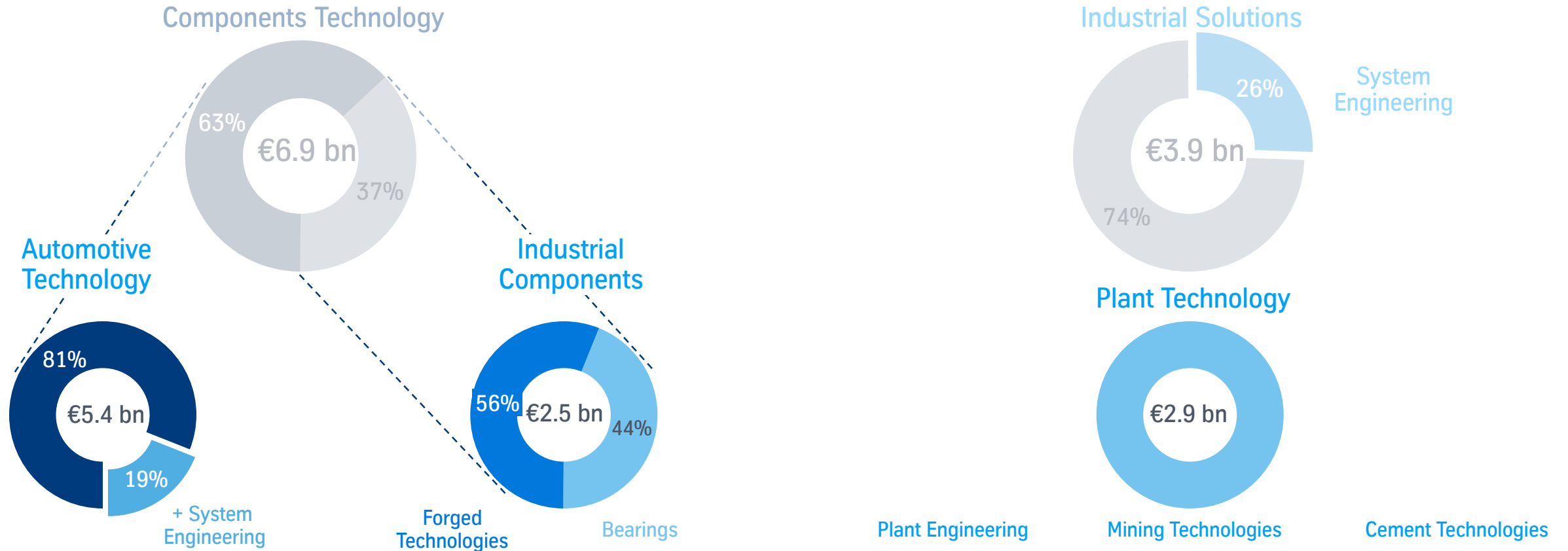
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# Adjustments of reporting structure as of Oct 1<sup>st</sup>, 2019

FY 2018/19 sales<sup>1</sup>



1. Figures on a pro-forma basis



# thyssenkrupp Group<sup>1</sup>

Sales €42.0 bn; EBIT adj. €802 mn

## Materials Services (MX)

€13.9 bn  
€107 mn

- Industrial materials distribution
- Raw materials trading
- Logistics; SCM
- Stainless steel production (AST)

## Steel Europe (SE)

€9.1 bn  
€31 mn

- Premium flat carbon steel

## Elevator Technology (ET)

€8.0 bn  
€907 mn

- Elevators, escalators, moving walks
- Passenger boarding bridges

## Automotive Technology (AT)

€5.4 bn  
€(22) mn

- Chassis/ powertrain components
- Production lines: auto/ aerospace

## Industrial Components (IC)

€2.5 bn  
€230 mn

- Bearings
- Undercarriages
- Crankshafts

## Plant Technology (PT)

€2.9 bn  
€(145) mn

- Chemical plants
- Cement plants; minerals/ mining equipment

## Marine Systems (MS)

€1.8 bn  
€1 mn

- Submarines<sup>2</sup>
- Naval surface vessels
- Naval electronic systems

1. All figures related to FY 2018/19; AT, IC and PT on pro-forma basis | 2. Non-nuclear



# At thyssenkrupp we systematically create sustainable value

## How we manage sustainability

- 1 Board-level responsibility**
  - Definition of sustainability strategy & targets
  - Monitoring of sustainability performance
- 2 Indirect financial targets**
  - Annual progress report and target redefinition
  - Performance factors into board compensation
- 3 Strategic programs**
  - Climate Action Program for Sustainable Solutions
  - Group wide Energy Efficiency Program (GEEP)
- 4 Transparency**
  - Integrated reporting approach (EU CSR directive)
  - Corresponds to TCFD<sup>1</sup> framework



## External recognition



Leader  
Outperformer  
Average Performer  
Underperformer  
Laggard

ranked  
3  
out of  
44



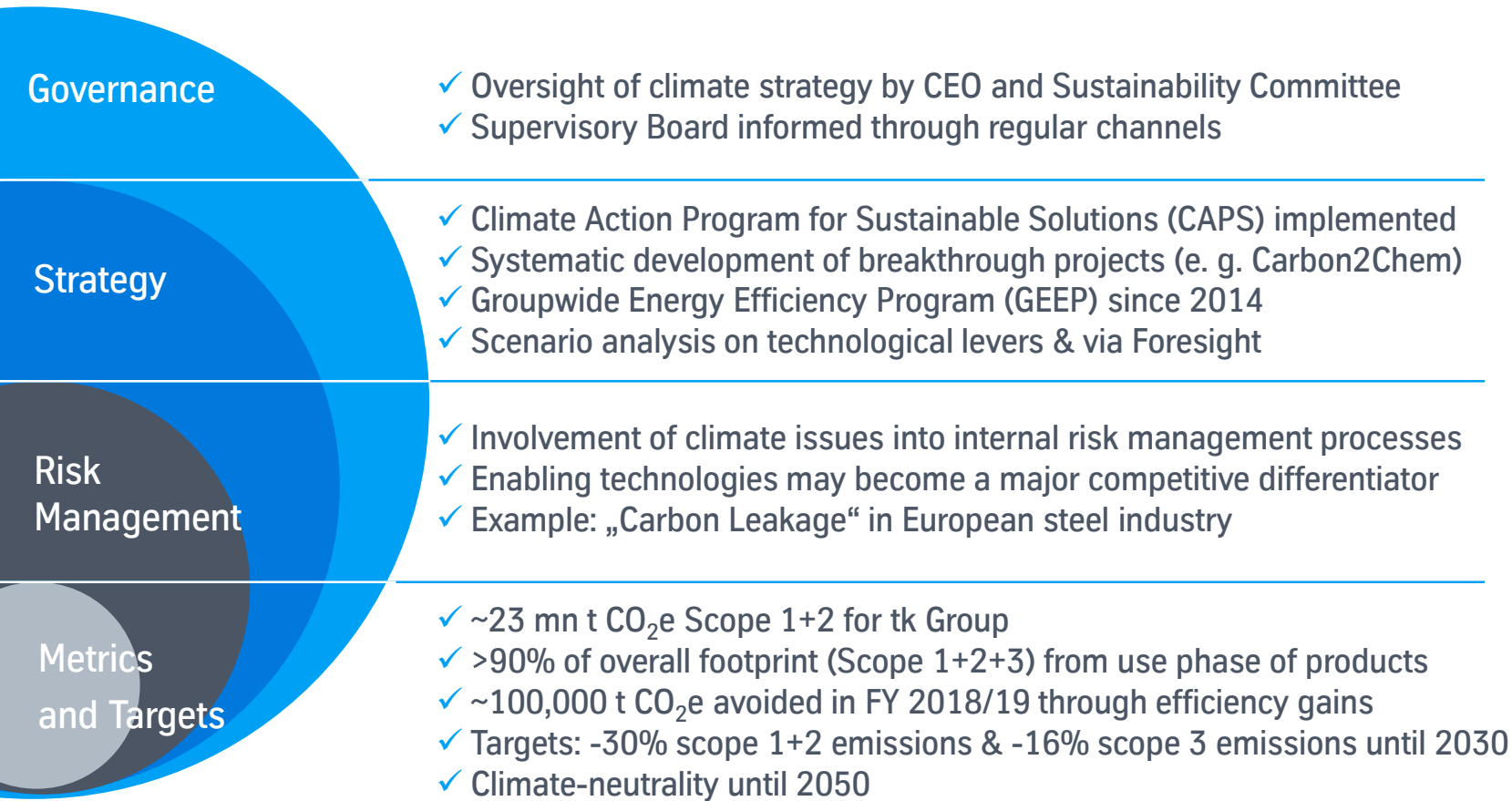
Sustainalytics ESG Report as of 01/19: tk ranked 3 out of 44 companies in industry group  
MSCI ESG Ratings assessment as of 01/19: tk ranked A on a scale of AAA-CCC, non-official logo





# thyssenkrupp with strong commitment and strategy to tackle future climate challenges

## tk actions correspond to TCFD<sup>1</sup> framework



tk ranked as a leader in climate protection for 3 years in a row



1. TCFD: Taskforce on Climate-related Financial Disclosures



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# Share and ADR Data

- Shares outstanding 622,531,741
  - Type of share No-par-value bearer shares
  - Voting One share, one vote
- 

## Share Data

- Ticker Symbol TKA
  - German Security Identification Number (WKN) 750 000
  - ISIN Number DE0007500001
  - Exchange Frankfurt, Dusseldorf
- 

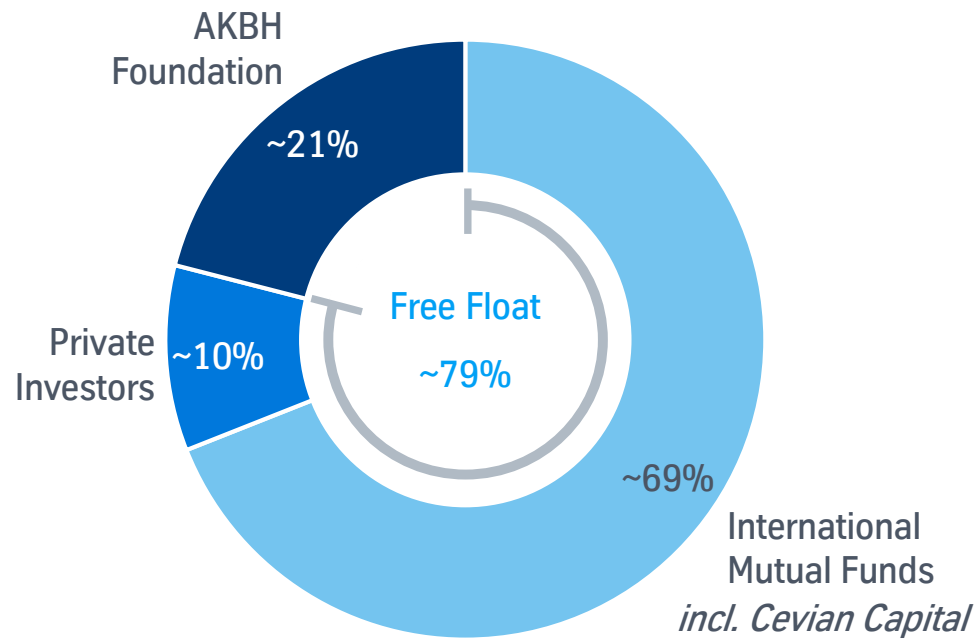
## ADR Data

- Ratio (ordinary share:ADR) 1:1
- ADR Structure Sponsored-Level-I
- Ticker Symbol TKAMY
- Cusip 88629Q 207
- ISIN Number US88629Q2075
- Exchange Over-the-Counter (OTC)
- Depository bank: Deutsche Bank Trust Company Americas E-mail: [adr@db.com](mailto:adr@db.com)
- Phone: +1 212 250 9100 (New York); +44 207 547 6500 (London) Website: [www.adr.db.com](http://www.adr.db.com)

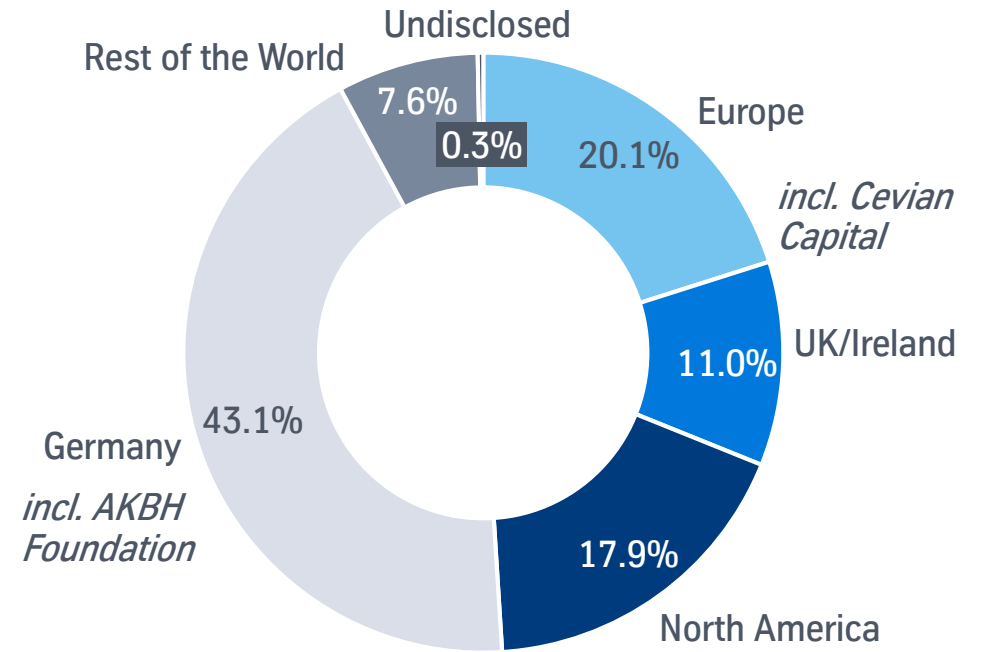


# thyssenkrupp shareholder structure

## Investors



## Regional split



Source: WpHG Announcements; thyssenkrupp Shareholder ID 09/2019



# Key financials

[€ mn]

	2017/18 <sup>1)</sup>					2018/19				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Order intake	9,398	10,219	10,554	11,316	41,486	10,111	10,360	10,219	11,303	41,994
Sales	9,543	10,442	10,771	10,779	41,534	9,736	10,638	10,779	10,843	41,996
EBITDA	691	702	517	145	2,056	465	321	483	256	1,525
EBITDA adjusted	714	765	601	456	2,537	500	526	519	413	1,958
EBIT	426	428	243	(159)	937	181	32	183	(124)	272
EBIT adjusted	448	495	331	170	1,444	217	240	226	119	802
EBT	322	333	157	(252)	561	99	(55)	80	(207)	(83)
Net income/(loss)	93	250	(114)	(240)	(12)	68	(161)	(77)	(89)	(260)
attrib. to tk AG stockh.	81	240	(131)	(251)	(62)	60	(173)	(94)	(97)	(304)
Earnings per share <sup>2)</sup> (€)	0.13	0.38	(0.21)	(0.40)	(0.10)	0.10	(0.28)	(0.15)	(0.16)	(0.49)
Operating cash flow	(1,276)	419	60	1,981	1,184	(2,245)	319	218	1,781	72
Cash flow from divestm.	30	13	34	9	87	25	27	8	49	108
Cash flow from investm.	(289)	(272)	(293)	(531)	(1,386)	(257)	(323)	(375)	(489)	(1,443)
Free cash flow	(1,535)	161	(199)	1,459	(115)	(2,477)	22	(149)	1,341	(1,263)
FCF before M&A	(1,549)	168	(211)	1,459	(134)	(2,477)	23	(92)	1,406	(1,140)
TK Value Added					(322)					(1,068)
Ø Capital Employed	15,190	15,588	15,801	15,739	15,739	16,055	16,623	16,815	16,582	16,749
Cash and cash equivalents (incl. short-term securities)	3,548	3,663	3,267	3,012	3,012	2,303	2,947	2,845	3,712	3,712
Net financial debt	3,544	3,546	3,808	2,364	2,364	4,684	4,834	5,101	3,703	3,703
Equity	3,282	3,333	3,339	3,203	3,203	3,274	2,882	2,494	2,220	2,220
Employees	159,175	159,693	159,655	161,096	161,096	161,496	161,153	161,740	162,372	162,372

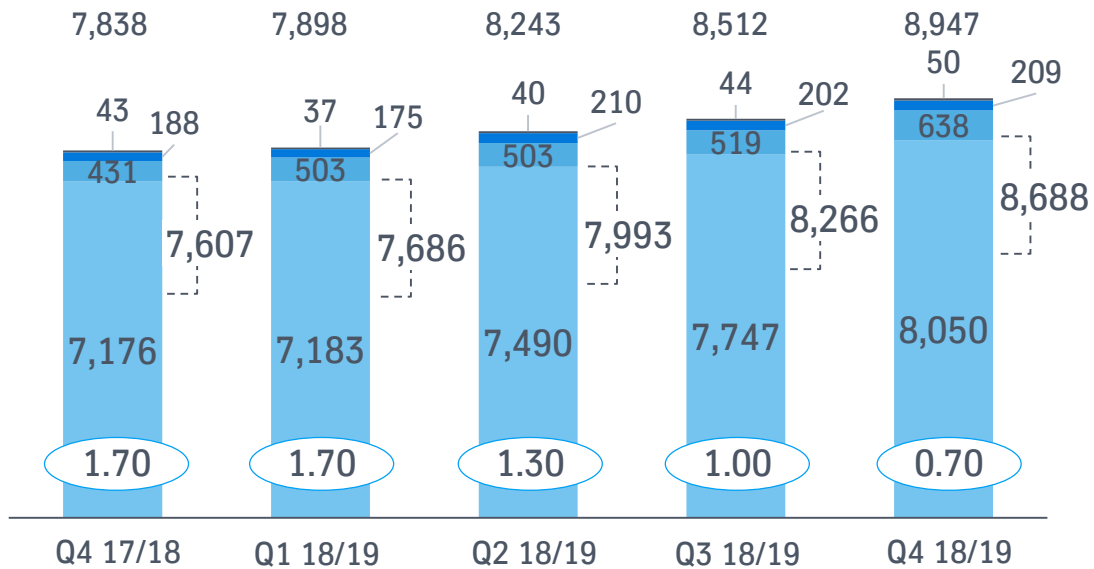
1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Attributable to tk AG's stockholders



# Pensions: “patient” long-term financial debt with gradual amortization

[€ mn]

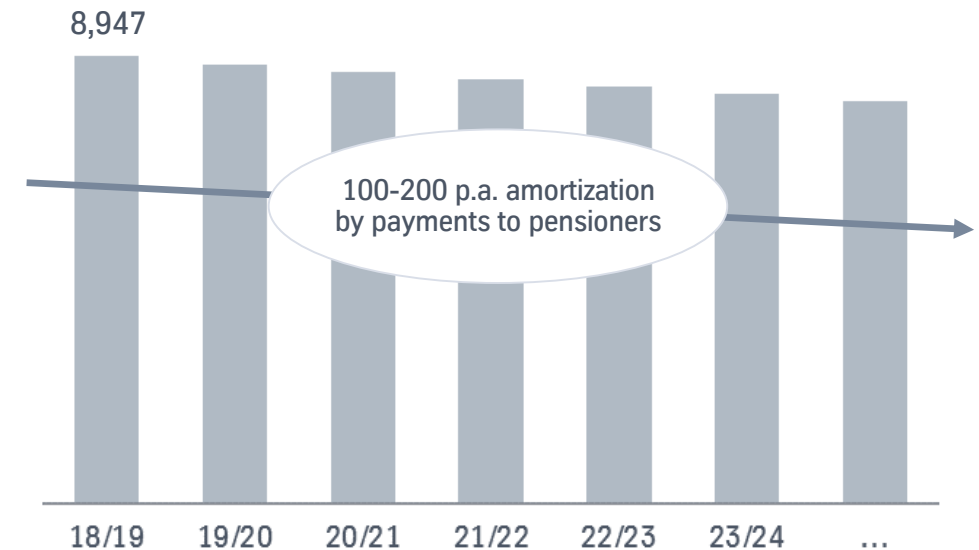
## Accrued pension and similar obligations



### Fluctuations in accrued pensions

- are mainly driven by increases / decreases in discount rates in Germany (>90% of accrued pensions in Germany)
- do not change payouts to pensioners
- do not trigger funding situation in Germany; and not necessarily funding changes outside Germany
- are recognized directly in equity via OCI

## Development at unchanged discount rate (schematic)



- IFRS requires determination of pension discount rate based on AA-rated corporate bonds
- Pension discount rate significant lower than interest rates of tk corporate bonds
- >90% of accrued pensions in Germany; thereof ~60% owed to exist. pensioners (average age ~77 years)

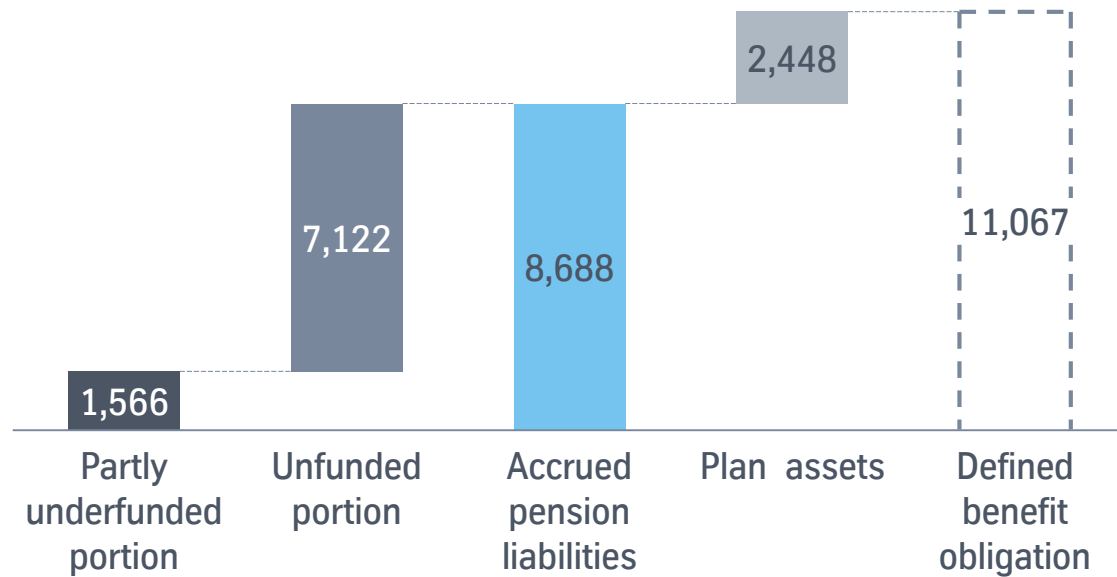
■ Accrued pension liability Germany 
 ■ Accrued pension liability outside GER 
 ■ Accruals related to partial retirement agreements 
 ■ Other accrued pension-related obligation 
 ○ German discount rate



# Germany accounts for majority of pension plans

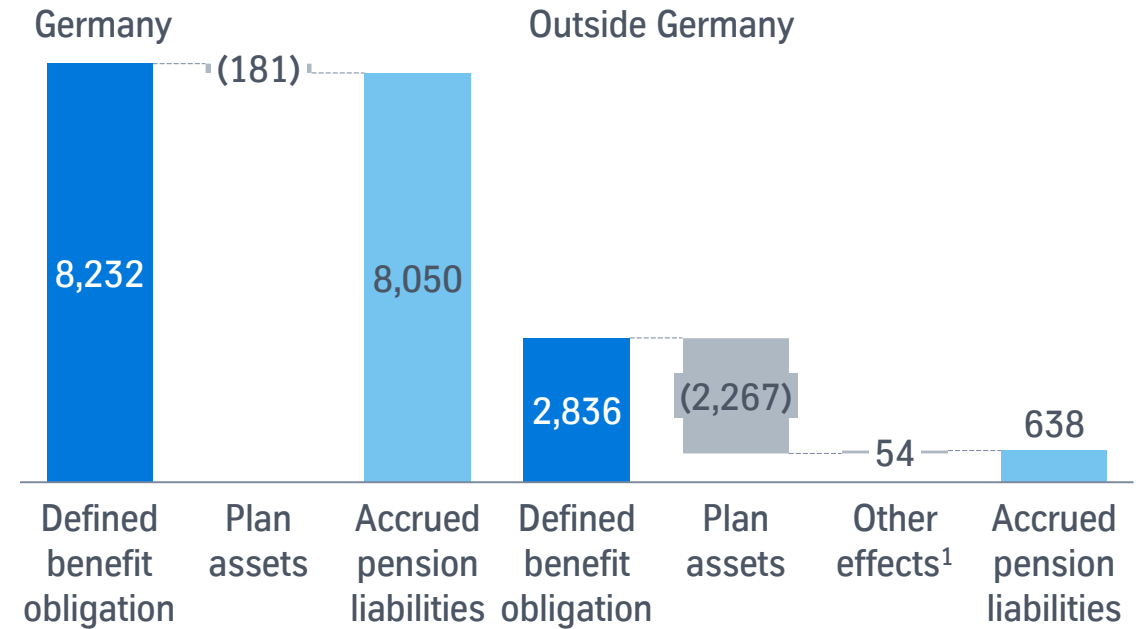
[FY 18/19; € mn]

## Funded status of defined benefit obligation



- >95% of the unfunded portion in Germany; German pension regulations do not require funding of pension obligations with plan assets; therefore funding is mainly done by tk's operating assets

## Reconciliation of accrued pension liabilities by region

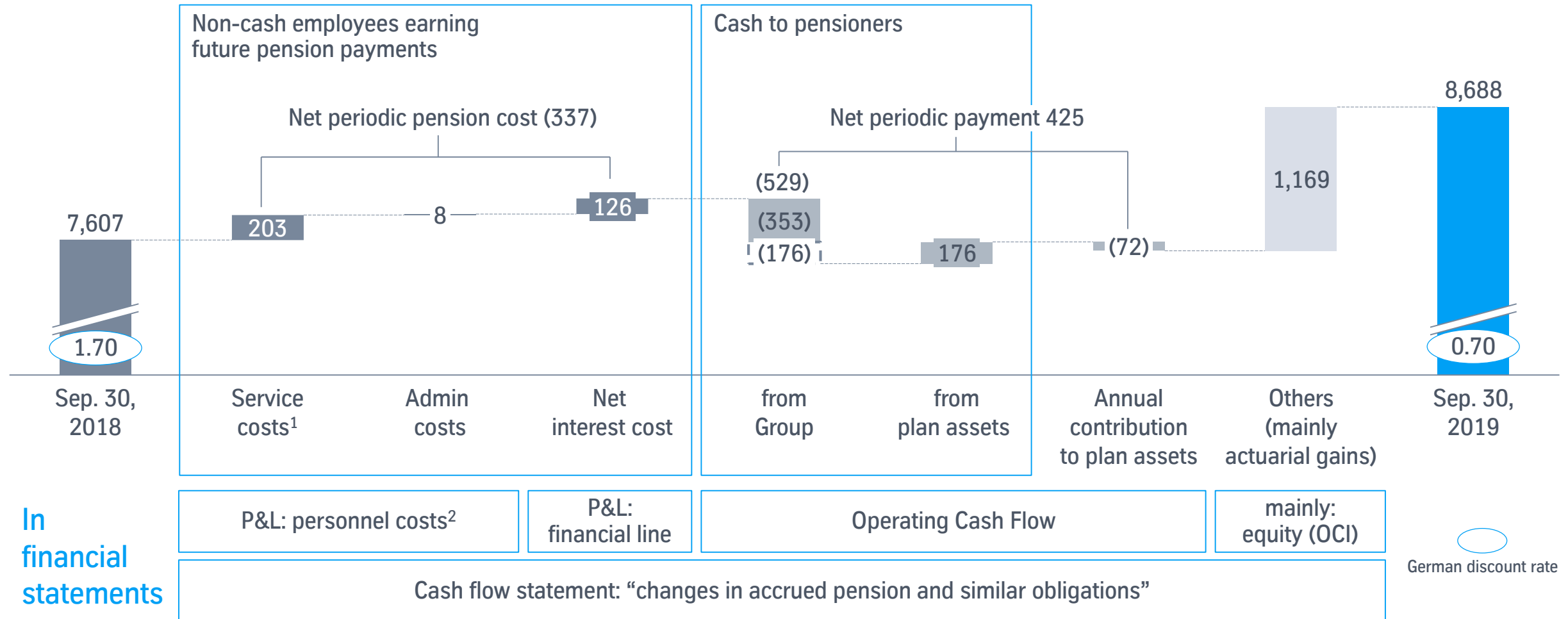


- Plan assets outside Germany mainly attributable to UK (~34%) and USA (~27%)
- Plan asset classes include national and international stocks, fixed income securities of governments and non-governmental organizations, real estate as well as highly diversified funds

1. Other non-financial assets



# Net periodic payments exceed Service costs (incl. in EBITDA) by >€200 mn (long-term ~€300 mn) and amortize pension liability by Δ of Net periodic payment vs. Net periodic pension cost [€ mn]



1. Including past service cost and curtailments

2. Additional personnel expenses include €173 mn net periodic pension cost for defined contribution plans







# IFRS 16 “Leases” is mandatory at thyssenkrupp from October 1, 2019

## Effects on balance sheet

Assets		~€1 bn
Net financial debt		~€1 bn
Balance sheet total		~€1 bn
Equity ratio		~-0.2%p

- Increase in non-current assets
- No impact on the limit for the gearing ratio
- As a result of the increase in assets and liabilities

## Effects on P&L

EBIT		<€0.1bn
Net financial income/expense		<€0.1bn

- Elimination of operating lease expenses exceeding future depreciation charges
- Impacted by interest expenses

## Effects on cash flow statement

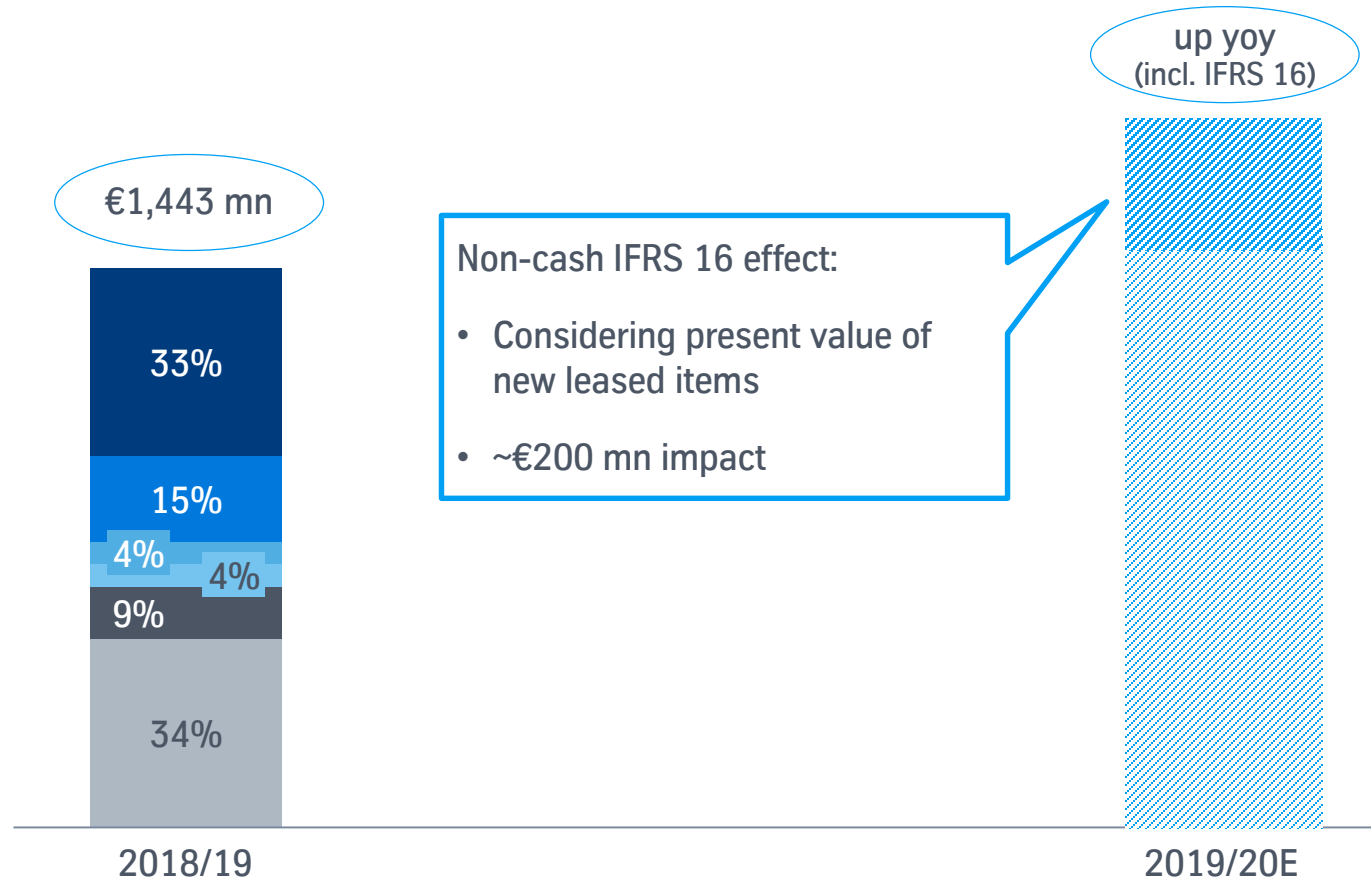
Operating Cashflow		~€0.2 bn
CAPEX (non-cash)		~€0.2 bn
Cash flow from financing activities		~€0.2 bn

- Impacted by repayment portion of further historical lease payments
- Considering present value of new leased items
- Impacted by repayment portion of further historical lease payments

FCF bef. M&A largely unchanged



# Capex increase amongst others due to IFRS 16 adoption

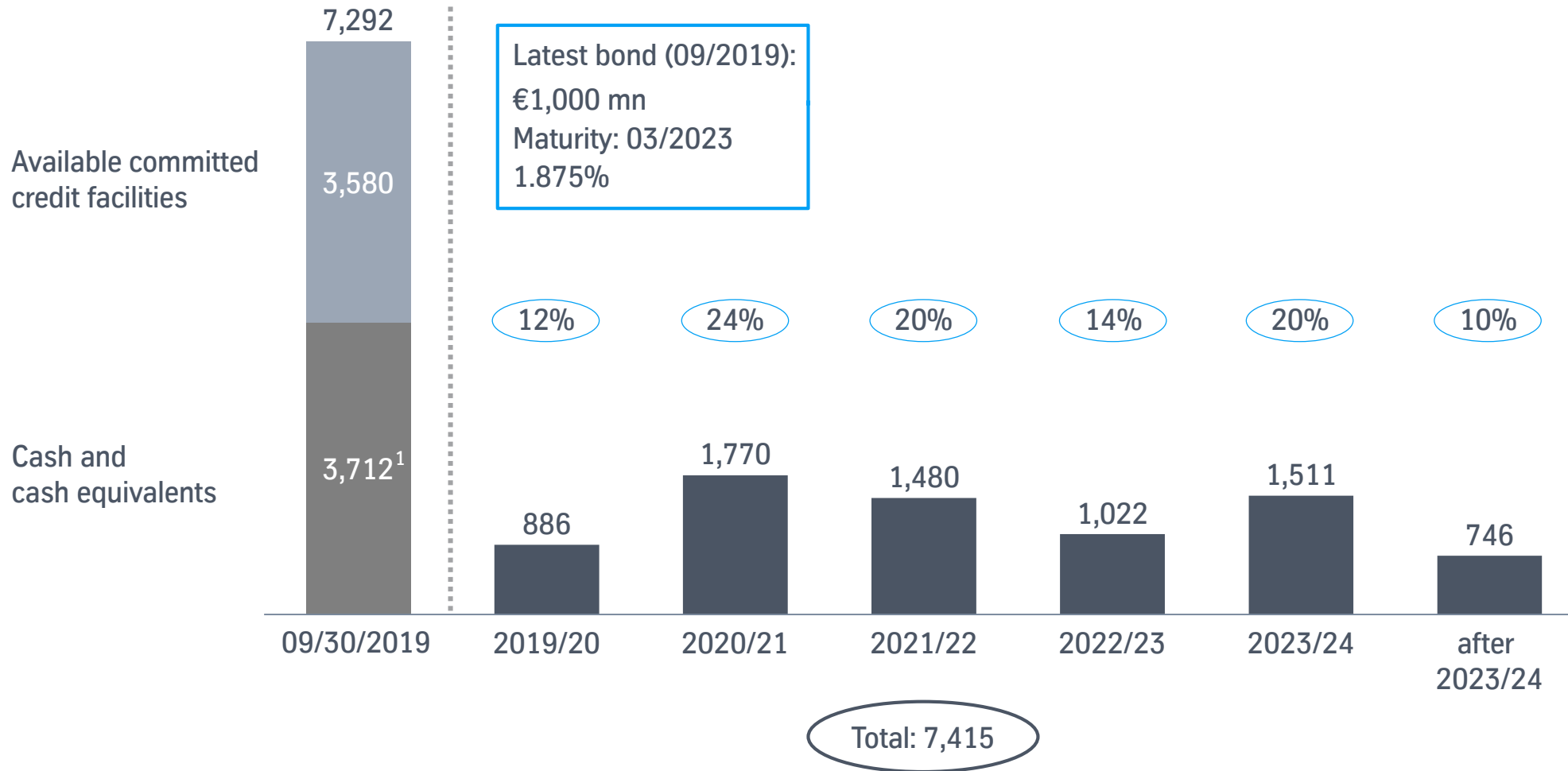


CT ET IS MS MX SE Group



# Solid financial situation

Liquidity analysis and maturity profile of gross financial debt as of September 30, 2019 [€ mn]



1. Incl. securities of €7 mn



# Systematic benchmarking aiming at best-in-class operations

## Selected peers / relevant peer segments

thyssenkrupp group

### Materials Services

- Materials Distribution:  
Klöckner<sup>1</sup>, Salzgitter Trading<sup>1</sup>, Reliance<sup>1</sup>
- Special Services:  
Glencore<sup>1</sup>, Stemcor, Reliance<sup>1</sup>, AM Castle<sup>1</sup>, Vink; Sunclear
- Special Materials:  
Acerinox<sup>1</sup>, Aperam<sup>1</sup>, Outokumpu<sup>1</sup>

### Steel Europe

- ArcelorMittal Europe<sup>1</sup>
- Salzgitter Strip Steel<sup>1</sup>
- Tata Steel Europe<sup>1</sup>
- Voestalpine Steel Division<sup>1</sup>

### Elevator Technology

- UTC/Otis<sup>1</sup>
- KONE<sup>1</sup>
- Schindler<sup>1</sup>
- Mitsubishi (Electric)<sup>1</sup>
- Fujitec<sup>1</sup>
- Toshiba<sup>1</sup>
- Hitachi<sup>1</sup>

### Automotive Technology

- Steering:  
Bosch Automotive Steering, ZF/TRW, Nexteer<sup>1</sup>, JTEKT<sup>1</sup>, NSK<sup>1</sup>, Mando<sup>1</sup>
- Damper:  
ZF/TRW, Tenneco<sup>1</sup>, KYB<sup>1</sup>, Hitachi Tokico
- Springs & Stabilizers:  
NHK Springs<sup>1</sup>, Mubea, Daewon, China Spring, Sogefi<sup>1</sup>, Chuo Spring<sup>1</sup>
- Automotive Systems:  
ZF/TRW, Benteler, Hyundai Mobis<sup>1</sup>, Rhenus Logistics
- Camshafts:  
SECO, Linamar<sup>1</sup>, Hirschvogel Automotive Group, Mahle
- System Engineering:  
Grob, Kuka<sup>1</sup>, Hirata<sup>1</sup>, FFT, Comau

### Industrial Components

- Slewing bearings and seamless rings:  
IMO, SKF<sup>1</sup>, Forgital Group
- Undercarriages and undercarriage components:  
Titan International<sup>1</sup>
- Crankshafts:  
Bharat Forge<sup>1</sup>, CIE Galfor<sup>1</sup>, Sumitomo<sup>1</sup>, Forja de Monterrey, Macimex, Forges de Courcelles, American Axle

### Plant Technology

- Chemical Plant Engineering:  
Snamprogetti/Saipem<sup>1</sup>, MaireTecnimont<sup>1</sup>, TechnipFMC<sup>1</sup>, Fluor<sup>1</sup>, Asahi Kasei<sup>1</sup>
- Cement & Mining:  
Sinoma<sup>1</sup>, FLSmidth<sup>1</sup>, KHD Humboldt Wedag, Takraf, FAM, Sandvik<sup>1</sup>, Metso<sup>1</sup>, Loesche, Outotec<sup>1</sup>

### Marine Systems

- DCNS
- Fincantieri<sup>1</sup>
- Damen
- BAE Systems<sup>1</sup>
- DSME<sup>1</sup>
- Saab Kockums<sup>1</sup>

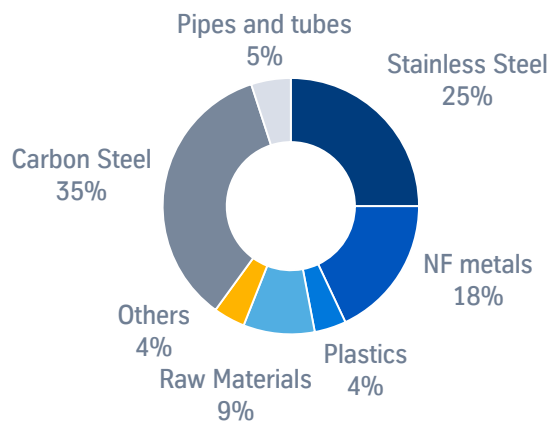


# Materials Services – Overview

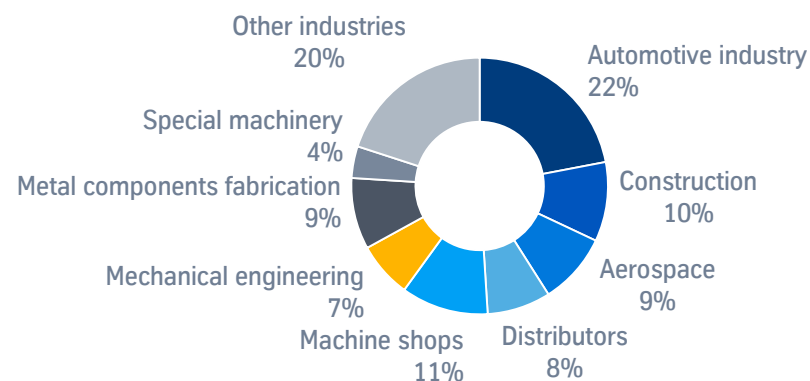
Leading market and customer positions plus unrivalled materials and services portfolio

#1 Germany	40 countries	~250,000 customers	Digitalization Leadership
#2 Europe	480 branches	150,000 multi-material products	
#4 North America			
◆----- 3-year average <sup>1</sup> -----◆			
Ø 10.6 mt Shipments	Ø €14.1 bn Sales	Ø €245 mn EBIT adj.	Ø €217 mn BCF

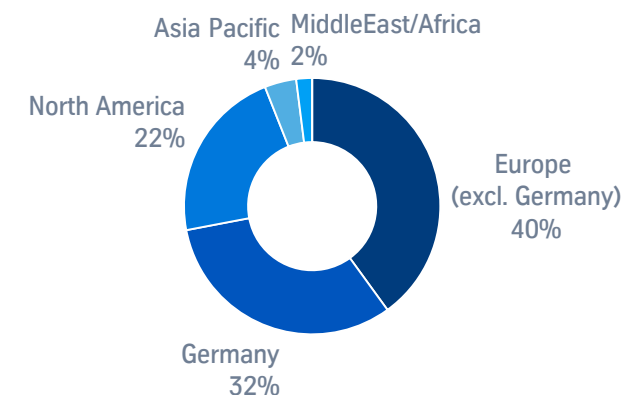
## Flexible multi-material portfolio<sup>2</sup>...



## serving diversified end-markets<sup>2,3</sup>...



## ...with global outreach<sup>2</sup>



1. Three year average: FY 2016/2017 - 2018/2019 | 2. Based on FY 18/19 | 3. Figures excl. Materials Production, Materials Trading, Technical Services



# Materials Services – Business Model

Covering the entire materials value chain and gaining unique market insight

## Increasing customer integration and value-added services

### Raw Materials & Trading



### Production



### Distribution



### Supply Chain Services



#### Products & Services

- Global trading business for metal goods and raw materials
- Logistics & supplier management
- Financing & hedging

- Production and distribution of stainless steel
- Technical sales consulting
- Processing
- Close proximity to key demand centers

- Materials Distribution incl. warehousing, logistics and value-added services
- Dense logistics network and access to broad customer base
- Broad product and industry portfolio

- Provision of supply chain services (e.g., JIS delivery, forecasting & planning)
- Higher value-add processing
- Increased integration with customers

Sales FY 18/19<sup>1</sup>

~16%

~12%

~43%

~29%

Ø-ROCE<sup>2</sup>

37.3%

8.1%

5.5%

8.6%

1. w/o consolidation | 2. . Three year average FY 2016/2017 - 2018/2019; ROCE per segment w/o allocation of corporate cost



# Materials Services

[€ mn]

	2017/18 <sup>1)</sup>					2018/19				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Order intake	3,363	3,776	3,818	3,587	14,544	3,370	3,821	3,336	3,340	13,868
thereof Special Materials	410	536	520	400	1,866	401	489	401	431	1,721
Sales	3,288	3,890	3,846	3,681	14,705	3,388	3,696	3,505	3,291	13,881
thereof Special Materials	438	511	496	426	1,870	390	463	453	430	1,736
EBITDA	76	116	102	83	377	49	79	63	(11)	180
EBITDA adjusted	78	126	111	109	424	50	81	72	17	220
thereof Special Materials	32	30	27	25	114	16	6	12	8	42
EBIT	49	90	75	56	270	22	51	34	(41)	66
EBIT adjusted	52	100	84	82	317	22	53	43	(12)	107
thereof Special Materials	23	21	18	16	79	7	(4)	3	(2)	4
EBIT adj. margin (%)	1.6	2.6	2.2	2.2	2.2	0.7	1.4	1.2	(0.4)	0.8
thereof Special Materials	5.3	4.2	3.7	3.8	4.2	1.8	(0.8)	0.6	(0.4)	0.2
tk Value Added					(19)					(244)
Ø Capital Employed	3,700	3,690	3,673	3,620	3,621	3,782	3,897	3,914	3,866	3,866
BCF <sup>2)</sup>	(259)	314	(65)	625	615	(879)	417	(186)	689	41
thereof Special Materials	(24)	66	(12)	72	101	(134)	18	(22)	144	6
CF from divestm.	16	2	17	3	39	1	17	1	13	33
CF for investm.	(15)	(25)	(26)	(47)	(113)	(18)	(36)	(30)	(51)	(135)
Employees	19,981	20,107	20,148	20,273	20,273	20,378	20,302	20,242	20,340	20,340

## Current trading conditions

**Sales in Q4** below prior year level: strong warehousing business in North America outweighing demand fall in Europe; declining volumes in auto-related SSC; volumes at AST slightly up yoy

**EBIT adj. in Q4** significantly down yoy: margin pressure from declining prices particularly in warehousing and distribution, partly offset by productivity gains from performance programs; AST with negative earnings contribution due to unfavourable price situation for stainless steel (especially low basic price level), continuing import pressure and weak market environment; BCF significantly positive

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Definition change (excl. Corporate mark)



# Steel Europe – Overview

Leading premium flat steel producer with a strong focus on Europe

#1 Germany

#2 Europe

15 countries

19 production sites

~ 1,400 customers

~ 2,000 products

Climate strategy &  
digitalization

3-year average<sup>1</sup>

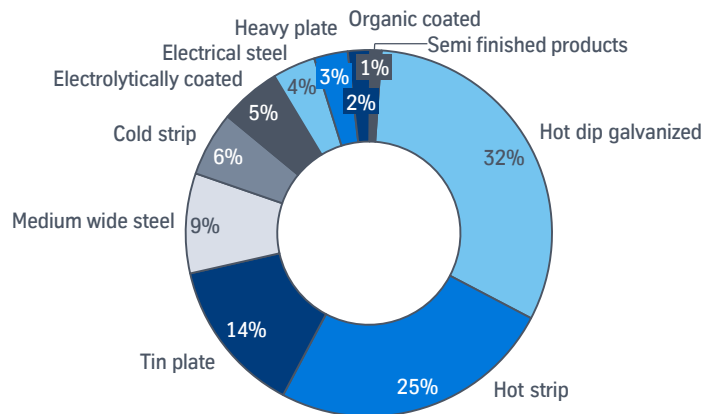
Ø 11.1 mt Shipments

Ø €9.1 bn Sales

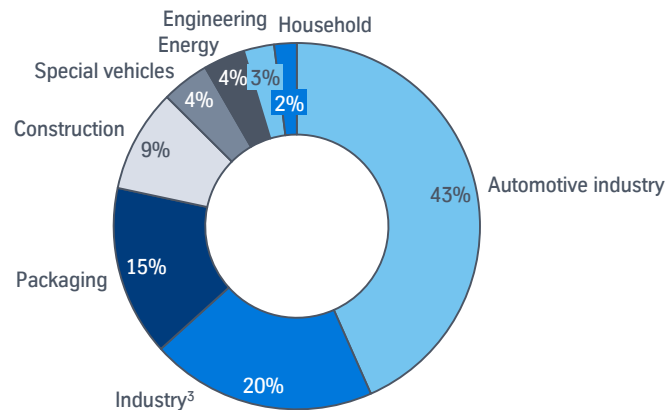
Ø €422 mn EBIT adj.

Ø €242 mn BCF

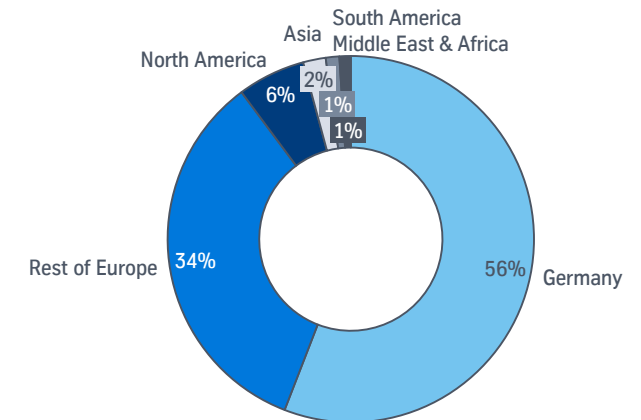
## Flexible multi portfolio [mn t]<sup>2</sup>...



## serving diversified end-markets [mn t]<sup>2</sup>...



## ...with global outreach [mn t]<sup>2</sup>



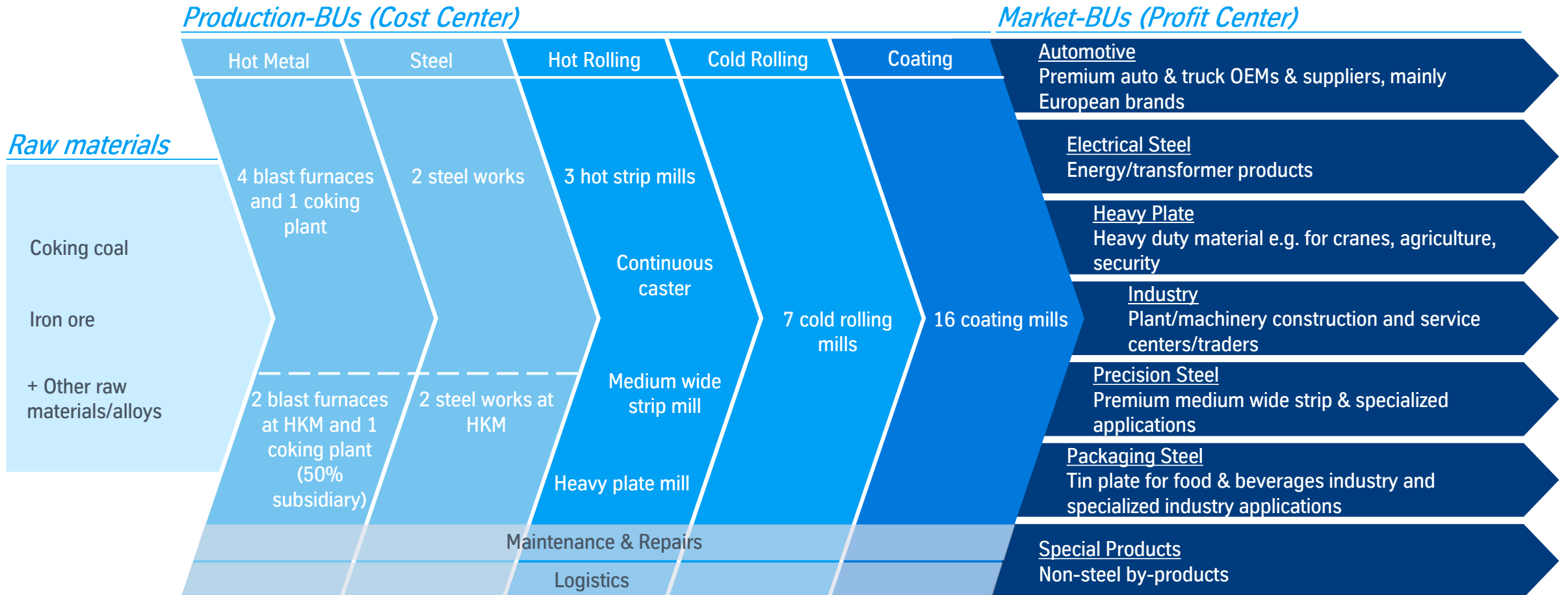
1. FY 16/17-FY 18/19 | 2. Based on shipments FY 2018/19 | 3. Supplies mainly for further processing to direct customer industries such as trade/steel service centres and cold rolling industry (without knowledge of end markets)





# Steel Europe – Business Model

Steel Europe operates an integrated value chain



# Steel Europe

[€ mn]

	2017/18 <sup>1)</sup>					2018/19				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Order intake	2,071	2,484	2,475	2,127	9,157	2,341	2,451	2,177	1,814	8,784
Sales	2,181	2,388	2,492	2,408	9,470	2,131	2,350	2,347	2,237	9,065
EBITDA	269	302	343	(20)	894	147	(6)	121	58	321
EBITDA adjusted	269	303	332	206	1,110	152	149	113	61	475
EBIT	162	196	239	(127)	470	34	(118)	9	(48)	(123)
EBIT adjusted	163	197	227	101	687	38	37	1	(45)	31
EBIT adj. margin (%)	7.5	8.2	9.1	4.2	7.3	1.8	1.6	0.0	(2.0)	0.3
tk Value Added					(1)					(586)
Ø Capital Employed	5,446	5,571	5,605	5,544	5,544	5,307	5,498	5,532	5,447	5,447
BCF <sup>2)</sup>	(396)	319	258	603	783	(832)	(52)	124	687	(72)
CF from divestm.	(1)	(1)	9	(0)	6	11	0	(0)	1	12
CF for investm.	(88)	(83)	(79)	(193)	(442)	(94)	(117)	(110)	(161)	(482)
Employees	27,478	27,255	27,090	27,764	27,764	27,613	27,882	27,934	28,278	28,278

## Current trading conditions

- EU carbon flat steel market with further economic slowdown, mainly driven by:
  - increasing geopolitical and foreign trade tensions and uncertainties
  - market environment remains extremely challenging: continuing global overcapacities, risks from trade imbalances, drastically increased iron ore prices with falling revenues
  - further sharp increase in imports (in particular Turkey, China, Russia) and safeguard measures so far had not a major limiting effect
- Sales in Q4 down yoy, mainly driven by decline in selling prices and significant reductions in shipments (2.6 mt vs prior year: 2.8 mt), in particular Automotive, but also by other industrial customers
- EBIT adj. in Q4 sig. down due to negative price cost effects with sig. lower shipments and higher costs, in particular higher iron ore prices

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Definition change (excl. Corporate mark)



# Volume KPI's of Materials Businesses

			2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18				2018/19					
			FY	FY	FY	FY	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
MX	Total shipments	kt	10,868	10,669	13,615	13,421	12,605	10,966	2,701	2,946	2,869	2,580	11,096	2,376	2,672	2,388	2,413	9,849
	Warehousing shipments <sup>1</sup>	kt	5,470	5,300	5,592	5,532	5,518	5,686	1,347	1,580	1,531	1,486	5,944	1,338	1,568	1,442	1,436	5,784
	Shipments AST <sup>2</sup>	kt	-	-	537	747	848	853	216	246	226	199	888	192	229	222	202	844
SE	Crude Steel	kt	11,860	11,646	12,249	12,392	12,021	12,060	3,076	2,930	3,010	2,823	11,839	2,821	2,902	2,750	2,813	11,286
	Steel Europe AG	kt	8,408	8,487	8,936	9,276	9,336	9,440	2,373	2,299	2,315	2,184	9,171	2,170	2,246	2,110	2,149	8,675
	HKM	kt	3,452	3,160	3,313	3,116	2,686	2,620	703	631	695	639	2,668	651	655	640	665	2,611
	Shipments	kt	12,009	11,519	11,393	11,725	11,174	11,433	2,722	2,893	2,904	2,782	11,302	2,397	2,699	2,720	2,636	10,452
	Cold-rolled	kt	7,906	7,437	7,137	7,182	7,048	7,169	1,669	1,804	1,806	1,715	6,995	1,543	1,718	1,664	1,648	6,572
	Hot-rolled	kt	4,103	4,082	4,256	4,543	4,126	4,265	1,054	1,089	1,098	1,067	4,307	854	981	1,057	989	3,880
	Average Steel revenues per ton <sup>3</sup>		139	127	119	114	107	122	127	130	135	136	132	139	137	134	132	135
	USD/EUR	Aver.	1.30	1.31	1.36	1.15	1.11	1.10	1.18	1.23	1.19	1.16	1.19	1.14	1.14	1.12	1.11	1.13
	USD/EUR	Clos.	1.29	1.35	1.26	1.12	1.12	1.18	1.20	1.23	1.17	1.16	1.16	1.15	1.12	1.14	1.09	1.09

1. Excl. AST/VDM shipments | 2. Included at MX since March '14 | 3. Indexed: Q1 2004/05 = 100



# Elevator Technology – Overview

Leading global position

## Europe Africa

26% of sales<sup>1</sup>



Elevators/Escalators new installation,  
service & modernization

## Americas

41% of sales<sup>1</sup>



Elevators/Escalators new installation,  
service & modernization

## Asia Pacific

28% of sales<sup>1</sup>



Elevators/Escalators new installation,  
service & modernization

## Access Solutions

5% of sales<sup>1</sup>



Home elevators / stair lifts



Passenger Boarding Bridges

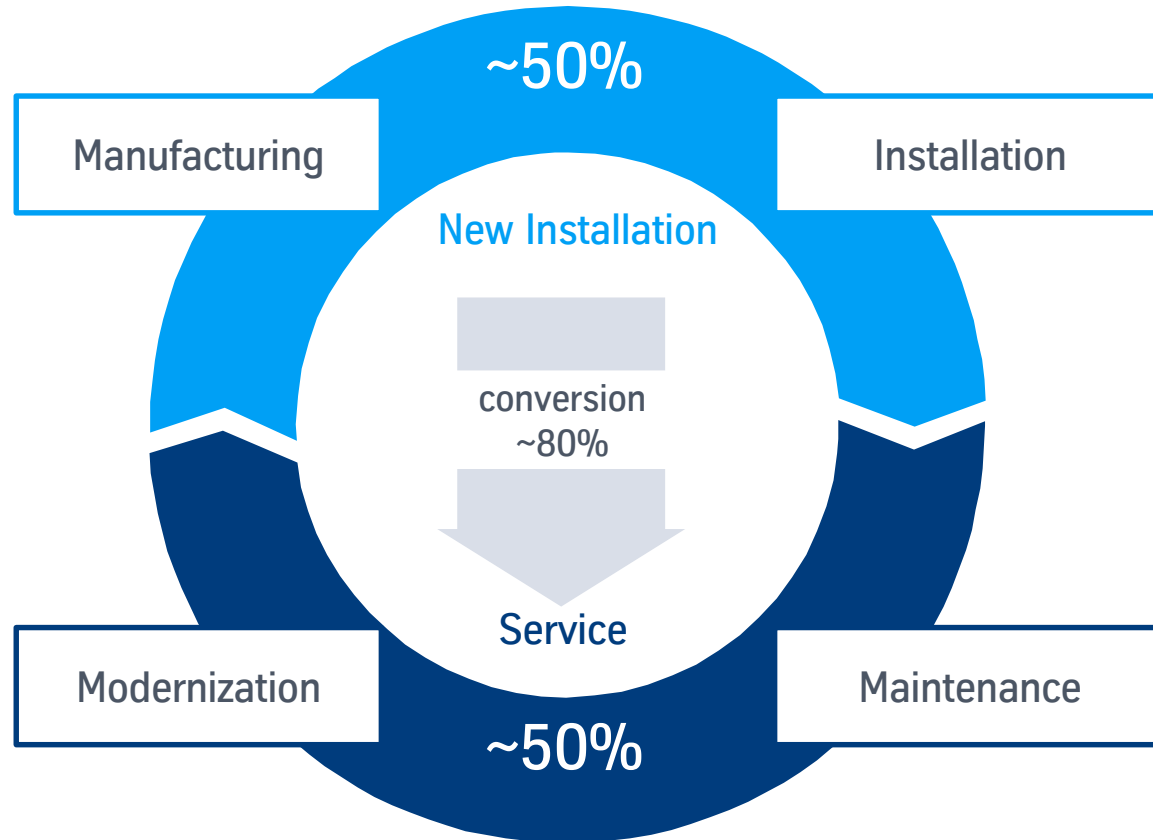
- Balanced regional footprint
- Stable topline growth
- Structural profitability upside
- High cash conversion

1. Sales: FY 2018/19 €7,960 mn



# Elevator Technology – Business model

Attractive and recurring



# Elevator Technology

[€ mn]

	2017/18 <sup>1)</sup>					2018/19				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Order intake	1,959	1,873	1,981	2,039	7,853	2,143	1,995	1,999	2,035	8,171
Order backlog	4,923	4,984	5,127	5,068	5,068	5,325	5,555	5,461	5,590	5,590
Sales	1,844	1,754	1,937	2,016	7,552	1,923	1,869	2,042	2,125	7,960
EBITDA	222	211	223	210	866	220	192	245	224	880
EBITDA adjusted	240	225	238	250	953	225	220	262	288	995
EBIT	201	186	202	185	775	199	169	222	202	791
EBIT adjusted	220	204	217	224	865	204	198	239	266	907
EBIT adj. margin (%)	11.9	11.6	11.2	11.1	11.5	10.6	10.6	11.7	12.5	11.4
tk Value Added					689					695
Ø Capital Employed	1,078	1,115	1,138	1,152	1,152	1,231	1,266	1,275	1,292	1,292
BCF <sup>2)</sup>	18	200	141	264	623	45	218	249	269	781
CF from divestm.	1	2	1	1	4	2	0	1	4	6
CF for investm.	(23)	(26)	(30)	(35)	(113)	(23)	(33)	(85)	(80)	(221)
Employees	52,909	52,779	52,683	53,013	53,013	53,282	52,915	53,010	53,081	53,081

## Current trading conditions

Order backlog (excl. Service) at €5.6 bn on new record level

Order intake in Q4 +/-0% yoy (ex FX -2%); Q4 driven by NI in the US, steady NI in China in units with normal level of major projects, tough comparative/delayed project awards for AS; positive trend in Service across all regions; most pronounced again in the US

Sales in Q4 with growth (+5% yoy; ex FX +4%) driven by modernization in Europe as well as by service in all major regions; new installation in US growing, but not compensating other regions (e.g. Europe and Middle East)

Q4 EBIT adj. burdened by continued pricing pressure and material cost/tariff development in US compensated by sales price and material cost development in China and by Service in Europe

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Definition change (excl. Corporate mark)

Stable New installation market in all major regions; China stabilizing both in prices and in units

Modernization: positive market development in Europe; China with promising market development

Maintenance: stable in all major regions; most pronounced growth in China



# Automotive Technology - Overview<sup>1</sup>

Mission critical and high-performance components and systems for leading automotive customers

## Snapshot FY 2018/19

€5,407 mn sales  
~25,800 employees

International presence including a global production network of 63 plants

Well-known brands with strong reputation and leading global market positions

## Product offering

Steering



Damper



Automotive Systems



Camshafts



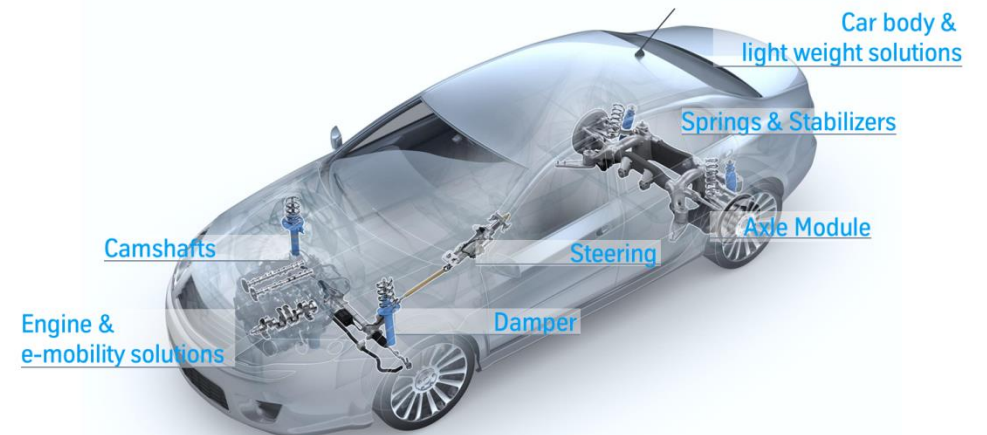
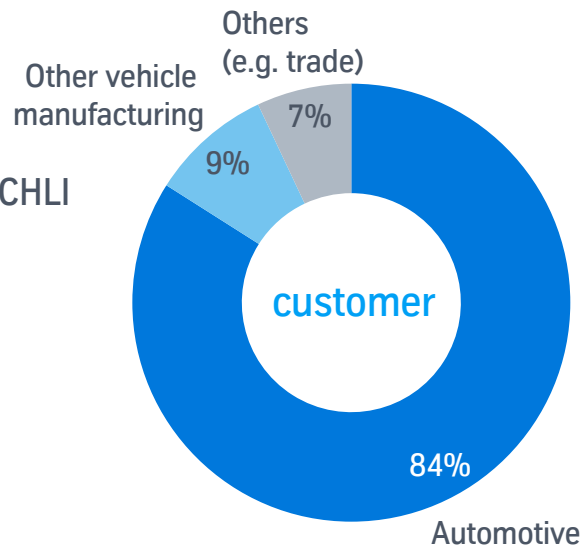
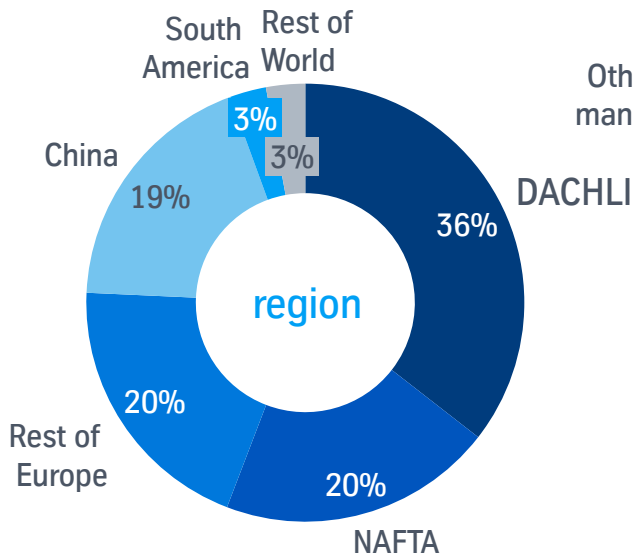
Springs & Stabilizers



System Engineering  
(in AT since FY 19/20)



## Sales breakdown FY 2018/19



1. D = Germany, A = Austria, CH = Switzerland, LI = Liechtenstein; figures on a pro-forma basis

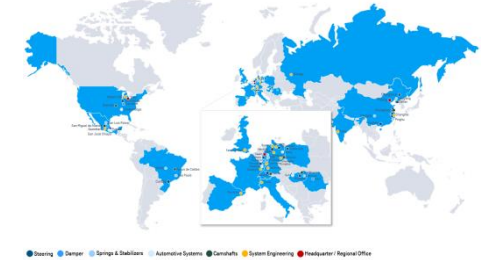


# Automotive Technology – Business Modell

Well positioned for automotive megatrends

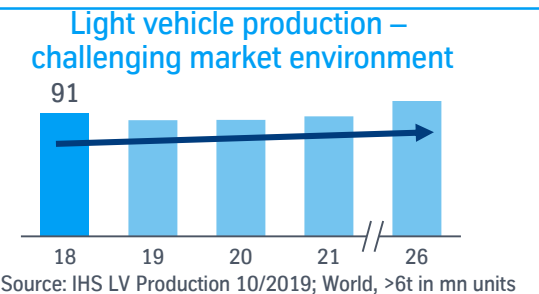
## Proximity to customers

- Global production footprint
- “Glocalisation” in growth markets to strengthen competitiveness
- New plant ramp-ups fostering growth and operational excellence



## Market attractiveness

- Growth in all segments based on new products and customers – supported by technological trends (e.g. autonomous driving) leading to Automotive Technology growing above market



## Strong technological expertise

- Strong expertise and engineering culture leading to a large IP portfolio and high R&D competence
- Prepare e-mobility shift: Independence of propulsion technology through e.g. autonomous driving technologies in product portfolio
- High quality products ranging from forging of components to digital expertise (e.g. active dampers, steer-by-wire)



## Focus on performance and growth

- Improving cost position and cash contribution in all businesses
- Striving for competitive SG&A cost structures, e.g. through smaller headquarters
- Securing profitable growth with new products



# Automotive Technology <sup>1</sup>

[€ mn]

	Q1	Q2	2018/19 Q3	Q4	FY
Order intake	1,283	1,306	1,308	1,354	5,251
Sales	1,231	1,358	1,365	1,453	5,407
EBITDA	67	61	65	16	210
EBITDA adjusted	70	68	57	29	224
EBIT	9	0	2	(136)	(126)
EBIT adjusted	13	9	(5)	(39)	(22)
EBIT adj. margin (%)	1.0	0.7	(0.3)	(2.7)	(0.4)
BCF	(313)	(134)	(75)	126	(396)
CF from divestm.	1	0	1	0	2
CF for investm.	(100)	(98)	(93)	(105)	(396)
Employees	24,712	24,984	25,513	25,834	25,834

1. Figures on a pro-forma basis



# Components Technology

[€ mn]

	2017/18 <sup>1)</sup>					2018/19				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Order intake	1,578	1,665	1,696	1,656	6,595	1,653	1,781	1,754	1,808	6,996
Sales	1,564	1,646	1,717	1,683	6,610	1,580	1,726	1,753	1,812	6,871
EBITDA	157	169	151	(11)	466	130	149	147	129	556
EBITDA adjusted	158	172	182	18	529	134	157	154	147	592
EBIT	76	86	69	(110)	121	44	59	54	(53)	105
EBIT adjusted	77	90	100	(70)	197	49	69	65	50	233
EBIT adj. margin (%)	4.9	5.5	5.8	(4.2)	3.0	3.1	4.0	3.7	2.8	3.4
tk Value Added					(210)					(247)
Ø Capital Employed	3,708	3,809	3,887	3,893	3,893	3,912	4,050	4,131	4,144	4,144
BCF <sup>2)</sup>	(231)	(69)	(33)	263	(71)	(270)	(76)	5	211	(131)
CF from divestm.	1	0	2	1	4	5	1	2	5	13
CF for investm.	(128)	(113)	(123)	(158)	(523)	(111)	(114)	(115)	(139)	(479)
Employees	33,152	33,768	34,126	34,481	34,481	34,662	34,780	35,036	34,964	34,964

## Current trading conditions

- Order Intake in Q4 at €1,808 mn (+9% yoy, ex F/X +7%); sales in Q4 at €1,812 mn (+8% yoy, ex F/X +6%)
  - Automotive: LV over previous year supported by ramp-up of new plants and projects in steering and camshafts and positive fx-effects (USD); China, NAFTA and W. Europe weaker
  - Industry: higher order intake and sales especially wind power in China and Germany; HV components and construction equipment slightly over previous year, supported by positive fx-effects, but with signs of weakening growth
- EBIT adj. in Q4 at €50 mn significantly above prior year;
  - Automotive: sign. higher mainly due to positive effects from changes in provisions; negative impact by lower demand for auto components in Western Europe and China partially cushioned by ramp-up of new plants and projects
  - Industry: higher volumes supported by cost savings increase EBIT adj.

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Definition change (excl. Corporate mark)



# Industrial Components - Overview<sup>1</sup>

Mission critical components for the wind energy, truck and construction machinery industry

## Snapshot FY 2018/19

€2,522 mn sales  
~14,000 employees

33 factories in 14 countries

Market leader  
for large slewing bearings  
up to 8 meters

Biggest steel forging group  
worldwide  
with focus on heavy  
vehicles and industry

## Product offering

rothe erde®  
slewing bearings



rothe erde® rings

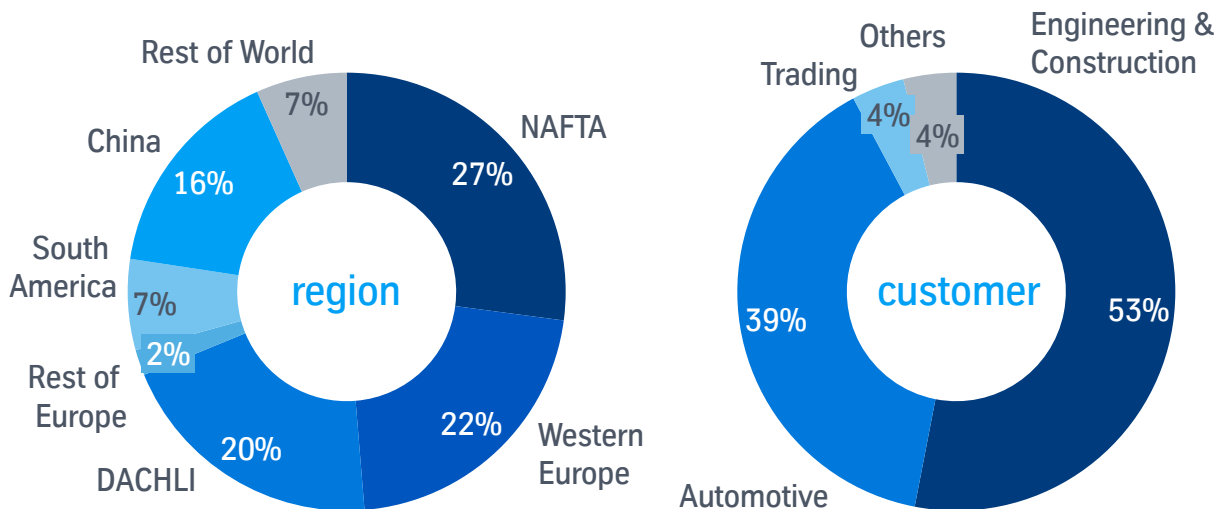


psl® rolling bearings



Selected series from  
140 mm up to 2.5 m

## Sales breakdown FY 2018/19



Engine components



Crankshafts rough  
forged & machined



Conrods rough  
forged & machined

Berco undercarriages



Undercarriage systems  
assembled



Undercarriage components  
rough forged & machined

Front axles



Truck front  
axles forged

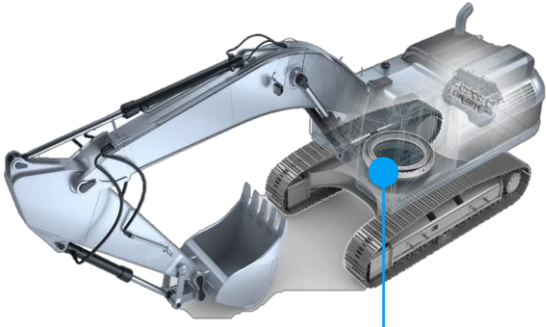
1. D = Germany, A = Austria, CH = Switzerland, LI = Liechtenstein; Figures on a pro-forma basis



# Industrial Components – Business Modell

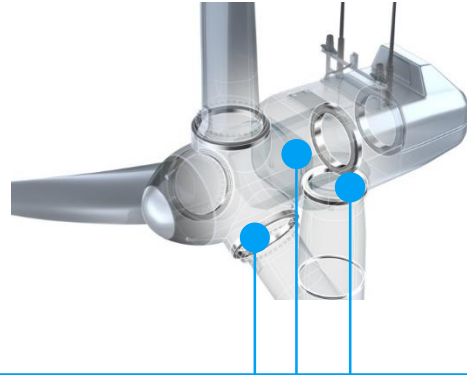
Maximum quality and functionality products tailored specifically to the needs of our customers

## Bearings



### Slewing bearing:

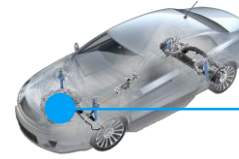
- Ready to mount connection between the superstructure and the undercarriage
- Customized design to optimal transmit forces in axial and horizontal direction



### Pitch / main / yaw bearings:

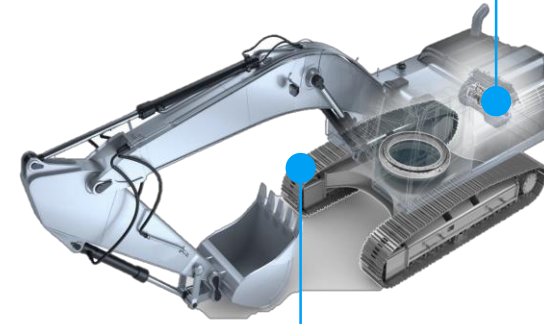
- Diameters up to 8 meters
- Excellent power-to-weight ratio
- Designed to customer requirements

## Forged Technologies



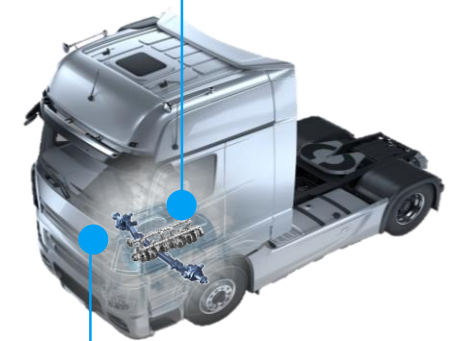
### Engine components:

- Crankshafts and conrods
- For both diesel and gasoline engines
- Translate engine speed into driving speed



### Undercarriages:

- Complete range of undercarriage systems and components including track chains, rollers, idlers, sprockets



### Front axles:

- Forged truck front axles

### Focus on local production plants:

- Quicker reaction to local market requirements and customer (R&D) needs
- Higher delivery speed and lower transportation costs
- Transfer volume series production to best and lower cost countries
- Production of technically sophisticated products in Europe

### Global partner to global costumers:

- Global footprint to offer local content to all major customers
- Industry-leading product quality and delivery performance
- Partner of choice for industry-leading OEMs trusting the reliability, durability & quality of our products



# Industrial Components<sup>1</sup>

[€ mn]

	Q1	Q2	2018/19 Q3	Q4	FY
Order intake	643	702	661	631	2,636
Sales	573	650	660	639	2,522
EBITDA	72	86	84	83	325
EBITDA adjusted	73	87	99	94	353
EBIT	42	56	52	51	201
EBIT adjusted	43	57	69	61	230
EBIT adj. margin (%)	7.5	8.7	10.5	9.6	9.1
BCF	46	26	46	113	232
CF from divestm.	5	1	1	5	12
CF for investm.	(12)	(18)	(26)	(46)	(103)
Employees	14,493	14,350	14,120	13,773	13,773

1. Figures on a pro-forma basis



# Plant Technology – Overview

FY 2018/19

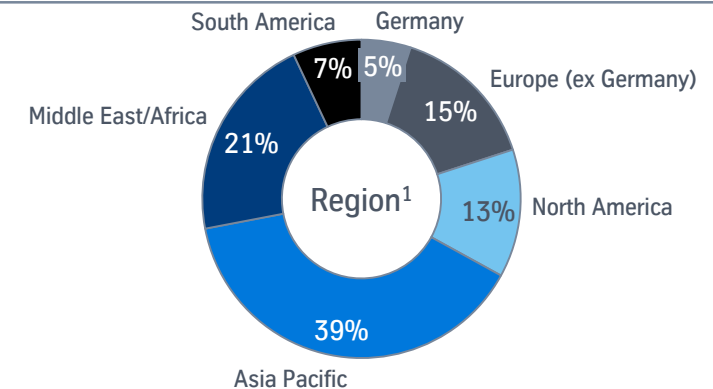
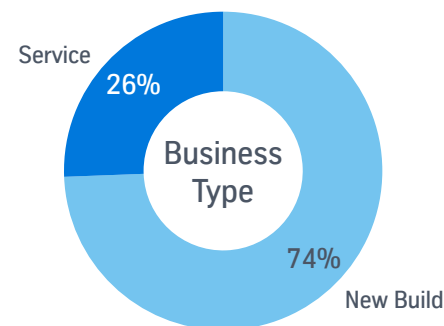
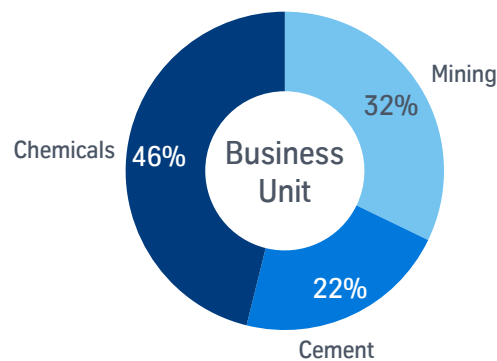
## Global plant builder and technology leader

> 30 countries (own presence)	€ 2.8 bn order intake	First positive EBIT contribution of performance measures
> 90 branches	€ 2.9 bn sales	
12,000 employees	€ -148 mn EBITDA	
> 2,500 chemical plants	€ -145 mn EBIT adjusted	
> 15,000 mining machines	€ -253 mn business CF	
> 900 cement lines	€ 35 mn Total Investments	

## What makes tk Plant Technology unique

- ✓ Strong global footprint
- ✓ Reputation as reliable partner
- ✓ Long-lasting customer relationships
- ✓ Proven technologies and large installed base
- ✓ Digital and sustainable product innovations
- ✓ Capital-light business

## Sales breakdown FY 2018/19



Technology leadership in various markets with strong growth potential in service business

1. based on country of site



# Plant Technology – Business Modell

Supporting our customers along the complete plant lifecycle

Engineering (E)



Procurement (P)



Construction<sup>1</sup> (C)



Services (S)

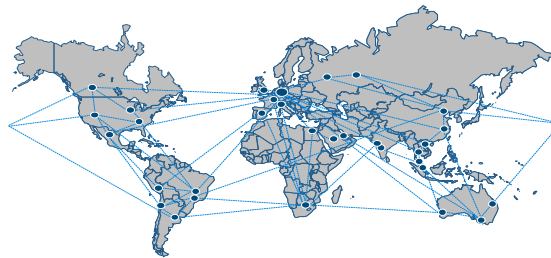


~70% engineers and technicians



~30% andere

Leading technologies and engineering excellence



Global network and efficiency



Local presence and know-how



Reliability and customer proximity

1. blue-collar activities mainly executed by subcontractors



# Plant Technology<sup>1</sup>

[€ mn]

	Q1	Q2	2018/19 Q3	Q4	FY
Order intake	668	513	1.048	614	2.844
Order backlog	5.021	4.881	5.189	4.847	4.847
Sales	615	669	725	935	2.943
EBITDA	(29)	(17)	(50)	(31)	(127)
EBITDA adjusted	(22)	(21)	(43)	(23)	(109)
EBIT	(37)	(26)	(63)	(38)	(164)
EBIT adjusted	(30)	(30)	(55)	(30)	(145)
EBIT adj. margin (%)	(5)	(4)	0,0	(3)	(5)
BCF	(31)	0	(111)	(111)	(253)
CF from divestm.	1	0	5	21	28
CF for investm.	(8)	(9)	(9)	(9)	(35)
Employees	11.113	11.107	11.423	11.419	11.419

1. Figures on a pro-forma basis





# Industrial Solutions

[€ mn]

	2017/18 <sup>1)</sup>					2018/19				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Order intake	788	670	883	2,200	4,541	940	740	1,265	791	3,735
Order backlog	5,116	4,657	4,686	5,792	5,792	5,922	5,732	5,923	5,473	5,473
Sales	835	956	815	1,027	3,633	840	950	996	1,216	4,002
EBITDA	19	(22)	(94)	18	(78)	(21)	(19)	(48)	(60)	(148)
EBITDA adjusted	21	(3)	(95)	(8)	(84)	(14)	(23)	(41)	(48)	(124)
EBIT	10	(33)	(108)	5	(126)	(31)	(30)	(64)	(70)	(194)
EBIT adjusted	13	(14)	(106)	(20)	(127)	(23)	(33)	(55)	(58)	(170)
EBIT adj. margin (%)	1.5	(1.5)	(13.0)	(1.9)	(3.5)	(2.8)	(3.5)	(5.5)	(4.8)	(4.2)
tk Value Added					(131)					(202)
Ø Capital Employed	(64)	(27)	35	67	67	172	153	112	101	101
BCF <sup>2)</sup>	(3)	(192)	(234)	150	(280)	(28)	(31)	(144)	(82)	(286)
CF from divestm.	0	2	0	4	6	1	0	5	21	28
CF for investm.	(11)	(11)	(12)	(29)	(63)	(9)	(12)	(13)	(21)	(55)
Employees	15,841	15,916	15,794	15,717	15,717	15,656	15,661	16,020	16,062	16,062

## Current trading conditions

Q4 order intake lower yoy mainly due to large scale chemical plant order and strong Mining demand in prior year quarter; Cement and System Engineering in a challenging market environment below prior year

- Chemical plants: Overall positive demand trend; however lower yoy due to large scale plant for MOL in prior year quarter
- Mining: Lower yoy vs a strong prior year quarter; amongst others system for crushing, conveying and homogenization of black coal in central asia
- Cement: current market situation marked by overcapacities built up in recent years
- System Engineering: decline in demand for production systems for the automotive industry mainly due to the emerging technological shift towards e-mobility, industry-specific economic risks and increasing uncertainties in view of the Brexit negotiations

Q4 EBIT adj. lower yoy: Improved gross margins at chemical plants cannot compensate for earnings decline at esp. System Engineering

Q4 BCF lower yoy due to higher prepayments from order intake at chemical plants and more favorable payment profile at System Engineering in prior year

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Definition change (excl. Corporate mark)



# Marine Systems – Overview

Leading supplier of non-nuclear submarines and high-end naval vessels

## Business unit overview

€1.8 bn sales

€6.3 bn order backlog

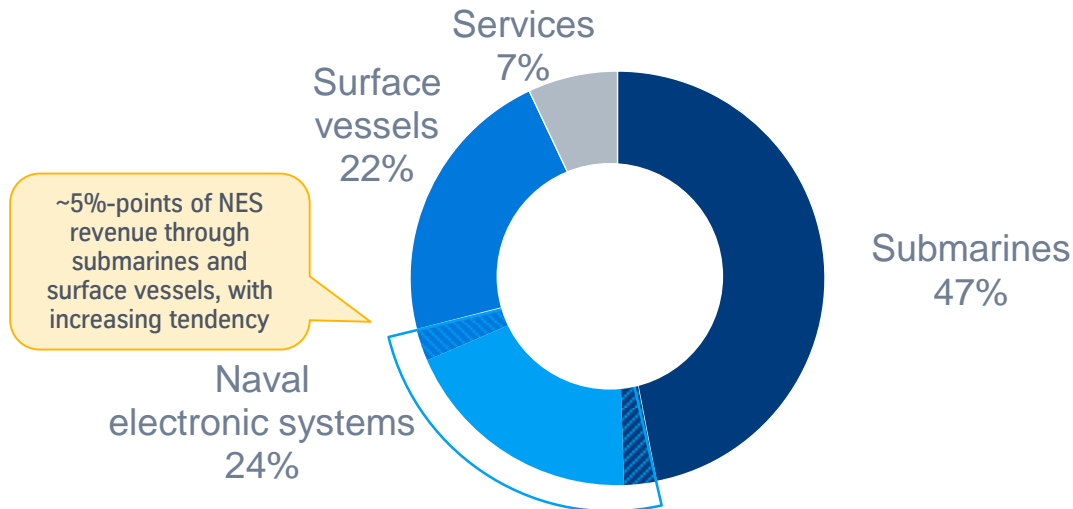
>6.000 employees

More than 160 submarines and 160 naval surface vessels contracted since 1960 with 27 navies worldwide

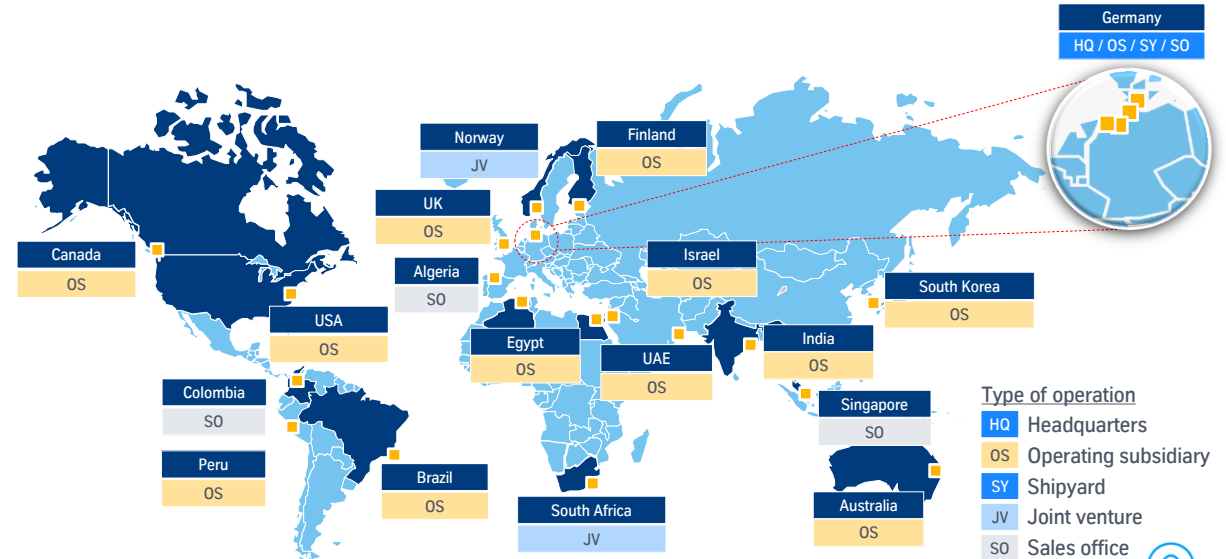
## Product offering



## Sales by product FY 2018/19



## Global footprint

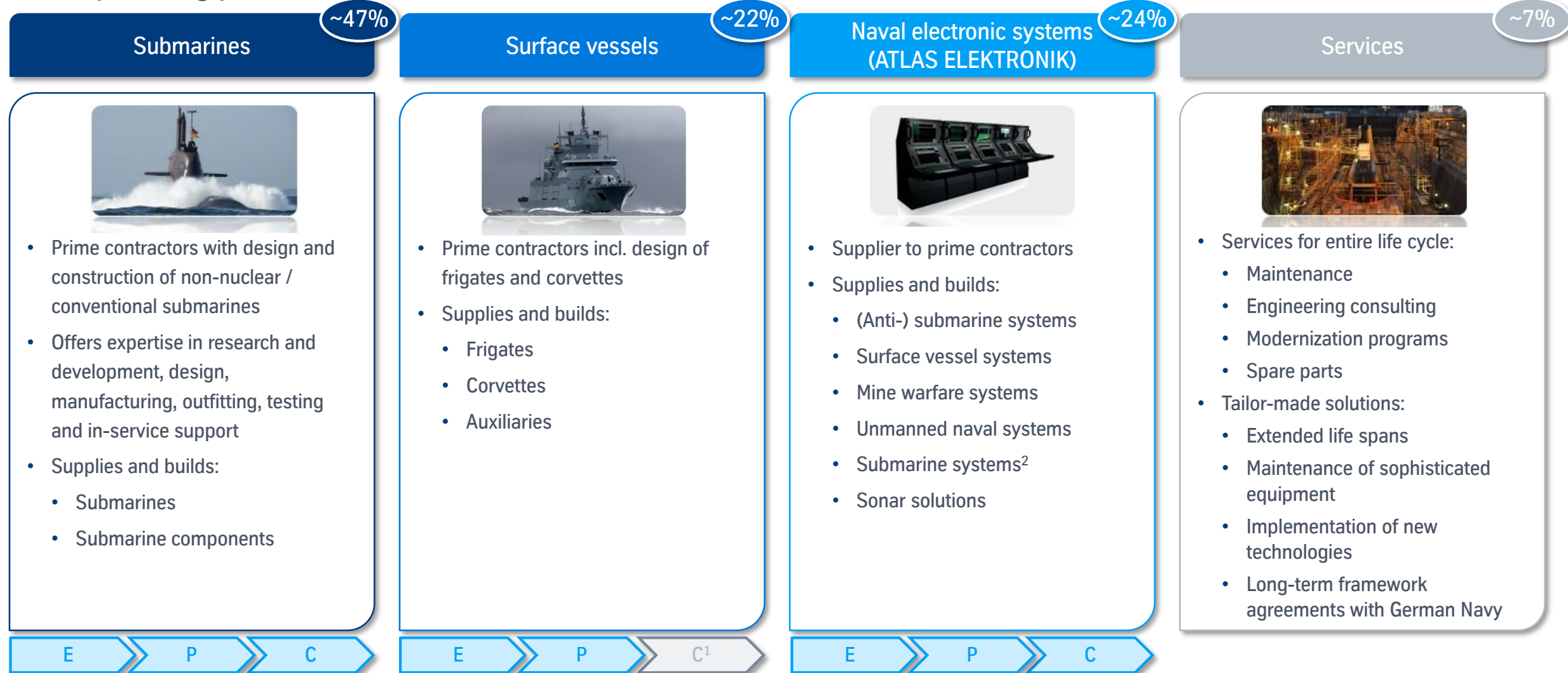


1. Non-nuclear submarines  
 Sources: Company information



# Marine Systems – Business Modell

Industry leading portfolio of submarines and surface vessels



Note: E = engineering, P = procurement, C = construction | 1. tkMS still serves as prime contractor | 2. Capabilities through Kongsberg JV  
Sources: Company information



# Marine Systems

[€ mn]

	2017/18 <sup>1)</sup>					2018/19				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Order intake	58	255	170	165	648	107	133	145	1,807	2,192
Order backlog	6,046	6,016	5,764	5,493	5,493	5,300	4,944	4,571	5,887	5,887
Sales	256	291	440	403	1,389	298	497	510	496	1,800
EBITDA	10	1	(97)	16	(71)	12	12	12	16	52
EBITDA adjusted	10	2	(96)	3	(82)	12	12	13	16	53
EBIT	(1)	(11)	(108)	3	(117)	0	(0)	(1)	1	0
EBIT adjusted	(1)	(9)	(107)	(11)	(128)	0	(0)	(0)	1	1
EBIT adj. margin (%)	(0.3)	(3.2)	(24.4)	(2.7)	(9.2)	0.0	(0.0)	(0.0)	0.2	0.0
tk Value Added					(171)					(74)
Ø Capital Employed	566	656	671	675	675	707	799	883	927	927
BCF <sup>2)</sup>	(332)	(32)	3	(109)	(470)	(148)	(131)	76	(129)	(333)
CF from divestm.	0	0	0	0	0	1	0	(0)	0	1
CF for investm.	(7)	(7)	(9)	(36)	(59)	(8)	(9)	(13)	(28)	(59)
Employees	5,853	5,820	5,789	5,818	5,818	5,868	5,859	5,870	6,013	6,013

## Current trading conditions

Q4 Order intake significantly up yoy due to major order for four frigates from North Africa

Q4 EBIT adj. up yoy mainly from higher sales; however, adjusted EBIT continues to be burdened by low margins for projects in billing

Q4 BCF lower yoy due to cash profile of backlog projects

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Definition change (excl. Corporate mark)



## Corporate

[€ mn]

	2017/18 <sup>1)</sup>					2018/19				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
EBITDA	(58)	(82)	(108)	(154)	(402)	(75)	(70)	(58)	(104)	(307)
EBITDA adjusted	(61)	(67)	(66)	(124)	(317)	(62)	(57)	(55)	(72)	(247)
EBIT	(72)	(97)	(124)	(174)	(466)	(91)	(84)	(75)	(119)	(369)
EBIT adjusted	(75)	(81)	(82)	(140)	(377)	(77)	(72)	(70)	(87)	(306)
BCF <sup>2)</sup>	(115)	(119)	(92)	(121)	(447)	(112)	(125)	(72)	(113)	(421)
Employees	3,961	4,048	4,025	4,030	4,030	4,037	3,754	3,628	3,634	3,634

## EBIT adj. includes:

- Corporate Headquarters: Corp. Functions; Executive Board tk AG; Group initiatives
- Regions: Regional headquarters; regional offices; representative offices
- Service Units: Global Shared Services “GSS”; Regional Services Germany; Corporate Services
- Special Units: Asset management of Group’s real estate; cross-business area technology projects; non-operating entities

## EBIT adj. includes:

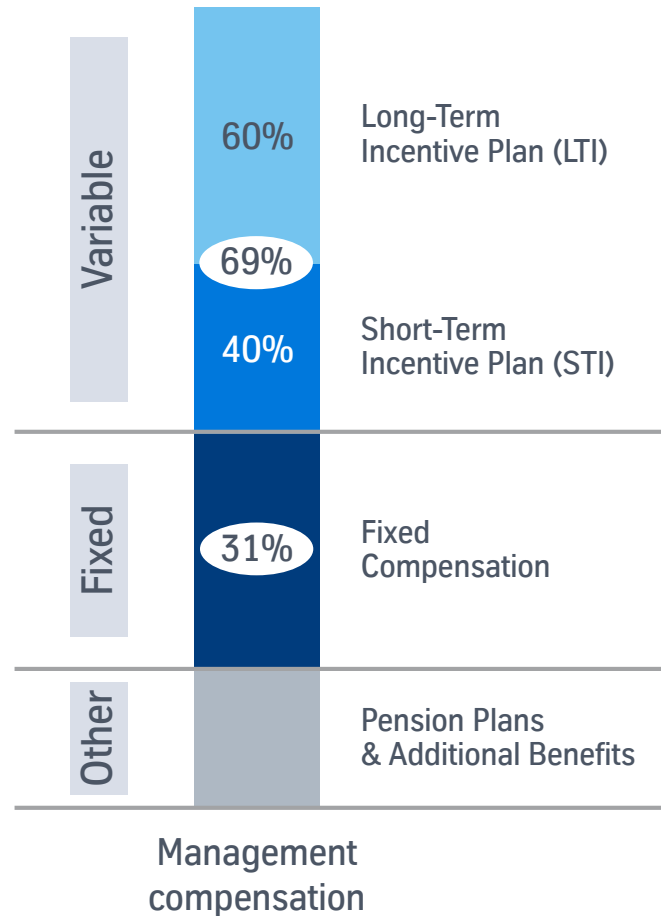
	FY 17/18	FY 18/19	FY 19/20
• CorpHQ:	(297)	(222)	Corporate HQ
• Regions:	(35)	(30)	Corporate HQ
• Service Units:	(33)	(37)	Cons./Others
• Special Units:	(14)	(18)	Cons./Others

As of FY 2019/20 the administrative units of Corporate and the regions will be presented as Corporate Headquarters. The Service Units and Special Units will be shown in Consolidation/Others line.

The improvement yoy resulted primarily from measures to reduce project costs in administration.



# Stringent alignment of management compensation with financial performance targets



**LTI:** Share price, tkVA (target tkVA = 0); payout limited to 250% of initial value

For every €20 mn Ø tkVA above target → 1% increase in number of rights  
 For every €10 mn Ø tkVA below target → 1% reduction in number of rights

**STI:** annual performance bonus

- Group Board:
  - 40% Group EBIT/20% ROCE/40% FCF before M&A
  - Payout multiplied with a sustainability and discretionary factor (0.8-1.2)
  - Payout limited to 200% of target amount
- BA Board: 20% Group EBIT, FCF before M&A, tkVA; 80% BA EBIT, BCF, tkVA
- Sustainability targets/ indirect financial targets for Group Board and BA Board

Indirect financial targets: energy efficiency gains; 100% of relevant companies covered by ISO 50001 and ISO 14001; reduce accident frequency rate; increase share of females in A-L3 positions; 100 sustainability audits of suppliers p.a.

**Fixed:** €700,000 annually for each ordinary Group Board member



# thyssenkrupp rating

	Long-term rating	Short-term rating	Outlook
Standard & Poor's	BB-	B	developing
Moody's	Ba3	not Prime	stable
Fitch	BB+	B	watch negative



# Re-conciliation of EBIT FY 2018/19 from Group P&L

Group [€ mn]

## P&L structure

Net sales	41,996
Cost of sales	(36,197)
SG&A, R&D	(5,590)
Other income/expense	13
Other gains/losses	44
<b>= Income from operations</b>	<b>266</b>

Income from companies using equity method 9

Finance income/expense (357)

**= EBT (83)**

## EBIT definition

Net sales	41,996
Cost of sales	(36,197)
SG&A, R&D	(5,590)
Other income/expense	13
Other gains/losses	44
Income from companies using equity method	9
Adjustm. for oper. items in fin. income/expense	3

**= EBIT 272**

Finance income/expense (357)

Operating items in fin. income/expense (3)

**= EBT (83)**





CAPITAL MARKET DAY  
THYSSENKRUPP ELEVATOR TECHNOLOGY  
DECEMBER 11<sup>TH</sup>, 2019  
TOBACCO DOCK, LONDON



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