# Annual Press Conference 2019

thyssenkrupp AG

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# newtk: Process to make thyssenkrupp fit for the future

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| | | |
|---|---|---|
| PERFORMANCE FIRST | Leading positions in all businesses | newtk |
| FLEXIBLE PORTFOLIO | Best ownership for each business | |
| PEOPLE-CENTRIC & EFFICIENT ORGANIZATION | Effective leadership & organizational structure | |

BRAND & VALUES

# Four clear priorities

- Business performance
- Elevator transaction
- Sustainable perspective for steel business
- Organizational development

# Fiscal year 2018/19 at a glance

## thyssenkrupp Group (vs. FY 2017/18)

| | | |
|---|---|---|
| 42.0 €bn | ORDER INTAKE | (+1%) |
| 42.0 €bn | SALES | (+1%) |
| 802 €mn | ADJUSTED EBIT | (-44%) |
| -260 €mn | NET LOSS | (-248 €mn) |
| -1.1 €bn | FREE CASH FLOW BEFORE M&A | (-1.0 €bn) |
| 3.7 €bn | NET FINANCIAL DEBT | (+57%) |
| 2.2 €bn | EQUITY | (-31%) |
| 167% | GEARING | (+93%-points) |

# Expectations towards all thyssenkrupp businesses

Positive value added for the Group

+

Performance at industry level

# Preparation of a comprehensive transformation roadmap

## Perspective of the businesses

- What is the right ambition level for each business?
- What resources and skills do we need in order to compete with the best in the respective industry?
- How long does a possible restructuring take?

**"Transformation roadmap"**

## Group perspective

- Where can existing resources be invested the best way?
- Is there a viable path to become the best in the industry?
- Is thyssenkrupp the best owner?

# Forecast fiscal year 2019/20

## KPIs year-on-year[1]

| | |
|---|---|
| **Sales** | Increase in the low single-digit percentage range |
| **Adjusted EBIT** | At previous year's level |
| **Net loss** | Significantly higher |
| **Free cash flow before M&A** | Lower year-on-year due to restructuring expenses and anticipated cartel fine[2] |

1. Forecast is based on the assumption that Elevator Technology is a fully consolidated company 2. As a result of operational improvements, depending on cash inflows from order intake and payment profiles for projects at Plant Technology and Marine Systems, significantly higher expenses for restructuring in the mid-3-digit million € range, and the payment of the anticipated fine in the cartel proceedings at Heavy Plate in the amount of the provisions recognized, we expect FCF before M & A to be lower year-on-year

# Attractiveness of elevator business creates excellent starting point for the transaction

- Continuous growth
- Economic resilience
- Profitable market
- Strong service business
- Target for fiscal year 2020/21:
  EBIT adjusted margin between 11.5 and 13%

# Priorities for the other businesses

| Components Technology | Industrial Solutions | Materials Services | Industrial Components & Marine Systems | Steel Europe |
| --- | --- | --- | --- | --- |
| Initial focus on performance & reorganization to pure Automotive business | Focus on performance improvements and discussions with interested parties | Focus on performance improvements | Detachment from former Business Area structure for more operational freedom | Preparation of steel concept for the future |

# Update on “businesses under review”

- **Springs and Stabilizers:** Full focus on performance
- **System Engineering:** Start of restructuring process
- **Heavy Plate:** Addressing within the scope of new steel strategy

# Steel business:

# Ensure competitiveness

## Presentation of concept in December

- Far-reaching measures
- Purposeful investments
- Long-term focus on climate-neutral production by usage of hydrogen

# newtk also means to establish a different culture of responsibility

- New understanding of responsibility
- Redefinition of the way we work together

# Organizational development

- More efficient and more flexible organization
- Reduction of corporate costs to <200 €mn
- Group-wide reduction of 6,000 jobs

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