#bestforboth

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thyssenkrupp

Today's topics

- Separation of thyssenkrupp
- Status of steel joint venture
- Performance update and outlook FY 2018/19

Separation into two strong companies

thyssenkrupp Industrials

thyssenkrupp

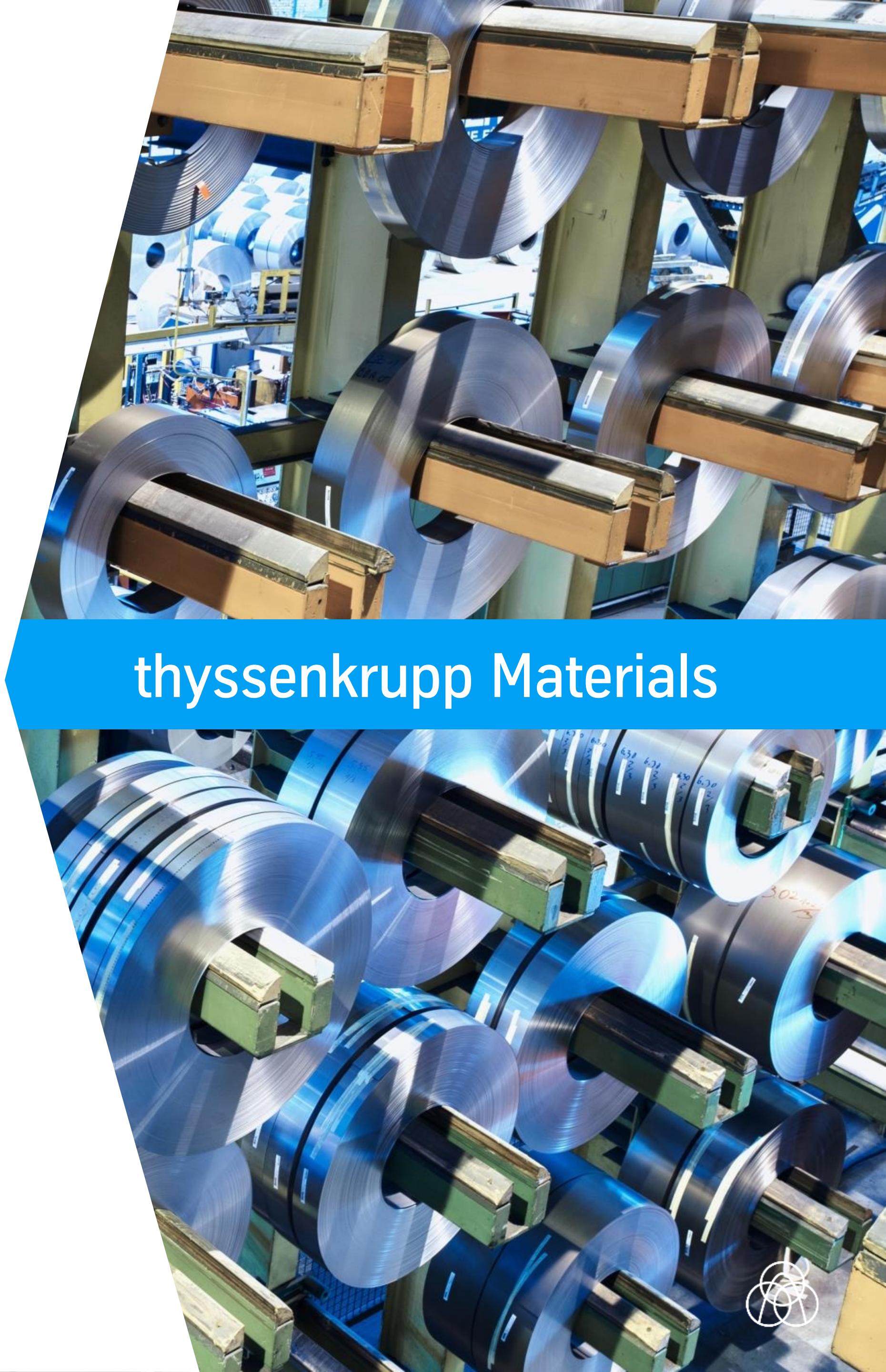
200 years of history

Commitment to performance and values

Own stock exchange listings

Strong development prospects

thyssenkrupp Materials



Requirements for success

- Unanimous mandate by the Supervisory Board
- Support by major shareholders and employee representatives
- Structured and diligent process

Performance targets for FY 2020/21 continue to apply unchanged

≥1 €bn

FCF before M&A

	Adjusted EBIT margin	Cash conversion[1]
CT	>7%[2]	~0,5x
ET	>13% (Mid-term 15%)	~1,0x
IS[3]	~6%	~Δ600 €mn cash flow improvement vs. FY 16/17
MX	~3%	0,7-1,0x[4]
Corporate	<< 400 €mn reduction by 150 €mn	

1. EBIT to BCF before cost allocation of brand 2. Including IFRS 15 application at BU Automotive Systems 3. Without Marine Systems, separate targets for Marine Systems defined 4. Across the cycle

Ambitious timeline for the separation

1/10/18	Announcement of separation
21/11/18 APC	Regular financial communication (results & outlook) and timeline of separation
12/2/19 Q1 figures	Future leadership models & organizational structures for Industrials & Materials
Spring 2019	Announcement of designated managements for Industrials & Materials
May 2019	Strategic positioning (incl. brand) & further cornerstones of transaction and financial structure
1/10/19	Operating start tk Industrials & tk Materials[1] and brand launch
November 2019	Spin-off documents with equity stories (incl. financial target), followed by Capital Market Days
31/1/20	AGM & spin-off decision; following: details about financing & listing

1. Under the umbrella of thyssenkrupp AG

Fiscal year 2017/18 at a glance

thyssenkrupp Group (vs. FY 2016/17[1])

ORDER INTAKE	42.8 €bn	(±0%)
SALES	42.7 €bn	(+3%)
ADJUSTED EBIT	1.6 €bn	(-10%)
NET INCOME	60 €mn	(-78%)
FREE CASH FLOW BEFORE M&A	-134 €mn	(+721 €mn)
DIVIDEND PROPOSAL	0.15 €	
EBIT EFFECTS „impact“	890 €mn	(+140 €mn vs. target)
CORPORATE G&A COSTS	377 €mn	(-29%)

1. Without Steel Americas

IS: Consequent turnaround program started

Performance (incl. Marine Systems)

FY 2017/18 (vs. FY 2016/17)

SALES
5.0 €bn
(-9%)

ADJUSTED EBIT MARGIN
-5.1%
(-7.1%-points)

Targets (without Marine Systems)

Core plant technology – FY 2020/21

CASH FLOW IMPROVEMENT[1]
Δ~600 €mn

ADJUSTED EBIT MARGIN
~6%

Status

- New personnel & organizational set-up
- Clear measures for turnaround
- First new large-scale orders
- Long-running large-scale projects with high losses
- Weaknesses in project execution
- Competitiveness

1. Compared to FY 16/17

CT: Growth strategy continued – quality issues addressed

Performance

FY 2017/18 (vs. FY 2016/17)

SALES

7.9 Mrd €

(+4%)

ADJUSTED EBIT MARGIN

2.5%

(-2.5%-points)

Targets

FY 2020/21

CASH CONVERSION[1]

~0.5x

ADJUSTED EBIT MARGIN

>7%[2]

Status

- Ramp-up of new plants
- High booked order volume
- Quality issues in some units
- Negative FX effects and higher material costs
- Lower demand in wind energy industry

1. EBIT to BCF before cost allocation of brand 2. Including IFRS 15 application at BU Automotive Systems

ET: Results under pressure due to FX effects and material prices

Performance

FY 2017/18 (vs. FY 2016/17)

SALES
7.6 Mrd €
(-2%)

ADJUSTED EBIT MARGIN
11.5%
(-0.5%-points)

Targets

FY 2020/21

CASH CONVERSION[1]
~1.0x

ADJUSTED EBIT MARGIN
>13%
Mid-term 15%

Status

- Growth of service business
- Extension of innovations (MULTI, MAX)
- Negative FX effects and higher material costs
- Below benchmark performance
- High administrative costs in Europe

1. EBIT to BCF before cost allocation of brand

Leadership philosophy

- Entrepreneurial freedom
- Clear performance targets
- Dealing openly with mistakes and problems
- Mutual trust & success as a team

Personnel changes

- Talks about succession of Andreas Schierenbeck in final phase; decision expected promptly
- Internal investigation on IPO rumors completed: No indications found

- Pension-related retirement of Joachim Limberg
- Successor as CEO will be Klaus Keysberg (currently CFO), from January 1, 2019[1]
- Ilse Henne (currently CEO OU Materials Germany & OU Materials Western Europe/Asía Pacific) announced as Chief Operating Officer (COO)

1. Subject to the approval of the Materials Services supervisory board of BA MX

Joint Venture with Tata Steel – Status

Internal preparations

- Announcement of designated management before Christmas
- Independent, standalone solution for 'contributed group' that will be part of the JV from Day 1 (after Closing)
  - Project progress on schedule
  - ~90% of relevant topics on the finishing line

Merger control process

- Need for clearance in 17 jurisdictions
- First approvals received, e.g. in the USA on Nov 7, 2018
- Focus of preparations on most critical merger control process with European Commission, Phase II started on Oct 30

Update on current Compliance topics

Steel Europe

- Past event: Investigations by Federal Cartel Office known for years
- Suspicion of Federal Cartel Office: Alleged price agreements relating to the product groups heavy plate and flat carbon steel
- Accruing of provisions due to >50% probability of a fine

Marine Systems

- Press reports about bribe allegations against former external sales representative in Israel
- thyssenkrupp not object of investigations
- Result of internal investigations: No concrete evidence of corruption

Outlook fiscal year 2018/19

KPIs year-o-year (continuing operations[1])

Sales[2]	Low single-digit %-growth
Adjusted EBIT	>1 €bn
Net income	Significant y-o-y improvement, >0
Free cash flow before M&A	Significant y-o-y improvement, but still negative

1. Group without discontinued steel activities (BA Steel Europe, thyssenkrupp MillServices & Systems GmbH and individual Corporate companies) 2. Adjusted for effects of IFRS 15, prior year: 33.6 €bn

What we want to achieve next year

- Closing of steel joint venture
- Visible progress towards achieving our FY 2020/21 performance targets
- Operating start of thyssenkrupp Materials & thyssenkrupp Industrials as independent companies