# FY 23/24
# Solid performance in challenging markets

Miguel López, CEO thyssenkrupp AG
Dr. Jens Schulte, CFO thyssenkrupp AG

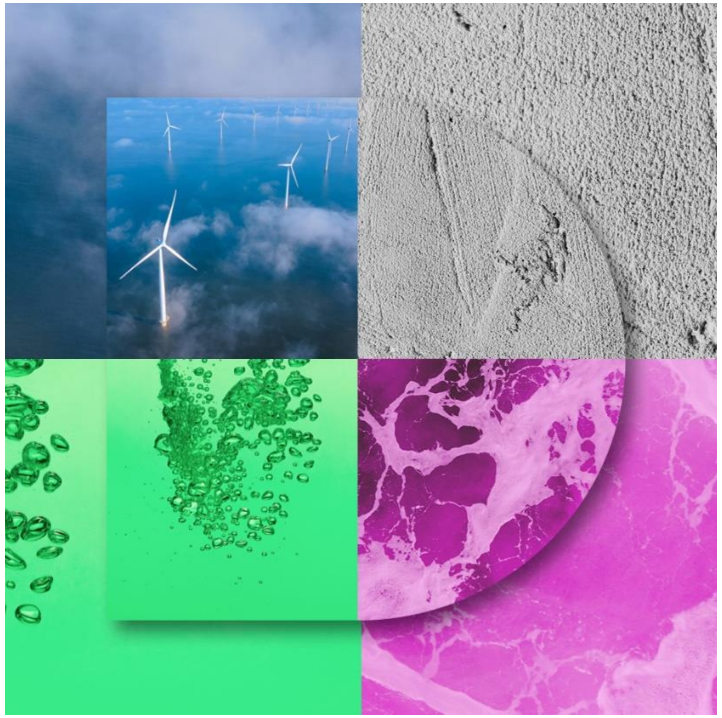
November 2024

engineering. tomorrow. together.

thyssenkrupp

# Three reasons for a successful and profitable future

thyssenkrupp has world-leading technologies to reduce $CO_2$ emissions



thyssenkrupp has the right people to successfully shape the green transformation


thyssenkrupp also has no alternative to a sustainable future – that's why we are acting

# Consistent focus on the new future


**Green Transformation**
Investment in research & development (23/24: €690 mn)

**Performance**
Establishment of competitive cost structures

**Portfolio**
Portfolio development independent of previous ownership structures

# Key financial aspects FY 23/24

## Highlights ⊕

- Adjusted guidance FY 23/24 on sales, EBIT, FCF achieved
- Another year with positive FCF bef. M&A (€110 mn)
- Successful start of APEX driving resilient underlying performance
- Further restructuring initiatives (€270 mn costs in FY 23/24)
- Ongoing strong balance sheet with €4.4 bn Net Cash position
- Reliable dividend payment (€0.15/sh proposed)
- Non-financial targets for diversity, innovation and energy efficiency achieved

## Challenges ⊖

- Further impairments at SE reflecting macro headwinds and necessity to finalize the new business plan
- Muted demand across many customer groups (esp. auto), also due to geopolitical uncertainties
- Legacy project clean-up work @ DT (esp. Polysius)
- Cash flow volatility within project / ship businesses
- Tight investment policy vs. future growth investments (incl. ongoing DRI plant construction)

# Financial overview

## Solid performance in challenging markets, MS cash profile driving positive FCF bef. M&A in Q4

### Sales (€ bn)

Q4: 8.8 (0% YoY)

FY: 35.0 (-7% YoY)

### EBIT adj. (€ mn)

| | | Margin |
|---|---|---|
| Q4: | 151 (+72% YoY) | 1.7% |
| FY: | 567 (-19% YoY) | 1.6% |

### Net income (€ bn)

| | | EPS |
|---|---|---|
| Q4: | -1.0 (+0.9 YoY) | €-1.70 |
| FY: | -1.4 (+0.5 YoY) | €-2.42 |

Incl. impairments at SE (€-1.0 bn) in FY 23/24

### FCF bef. M&A (€ mn)

Q4: 1,093 (+495 YoY)

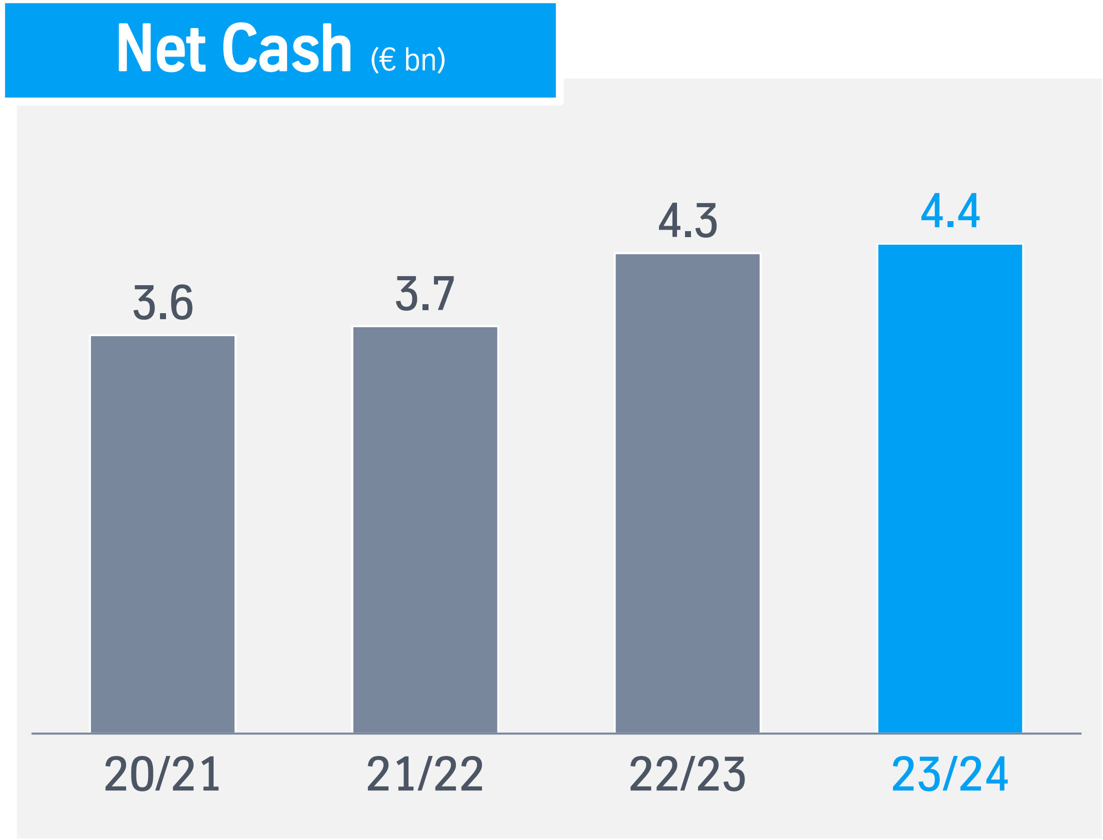
FY: 110 (-253 YoY)

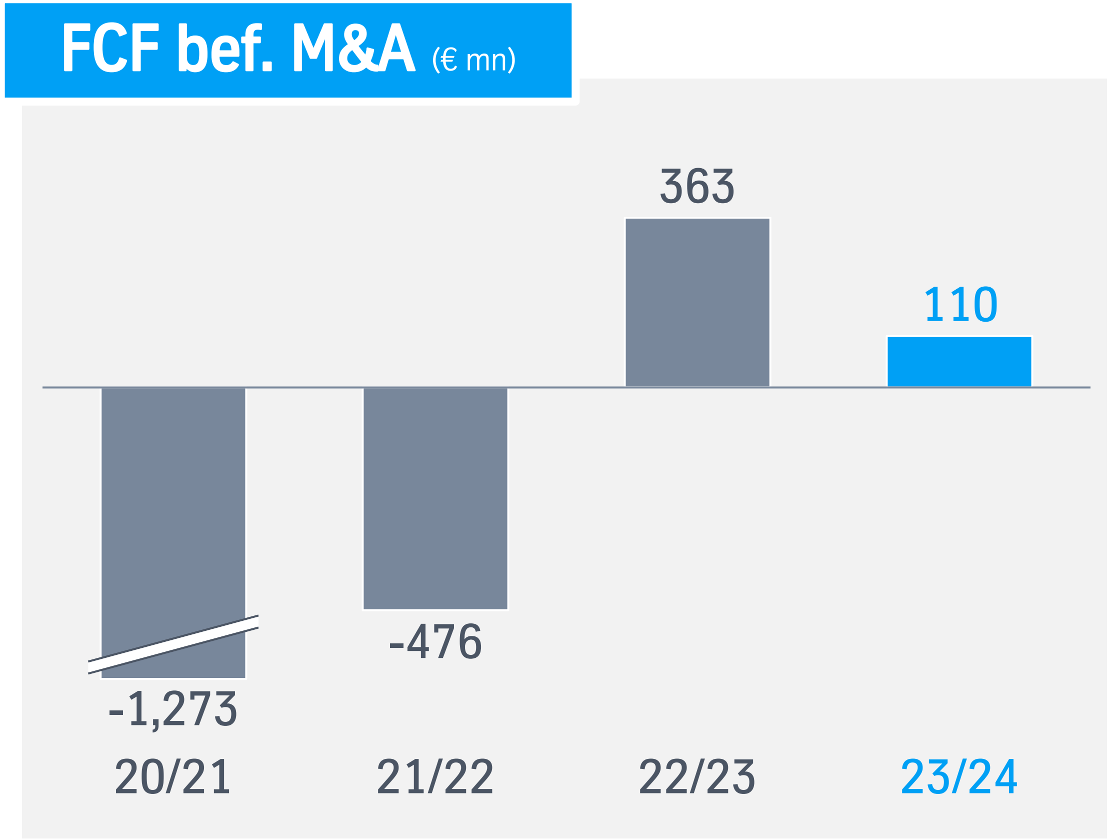
Incl. early payments MS (€~200 mn) in Q4

### Balance Sheet highlights

| Net Cash (€ bn) | Pensions (€ bn) | Equity Ratio |
|---|---|---|
| 4.4 (+0.1 YTD) | 5.8 (+0.3 YTD) | 35.3% (-3.6%pts.) |

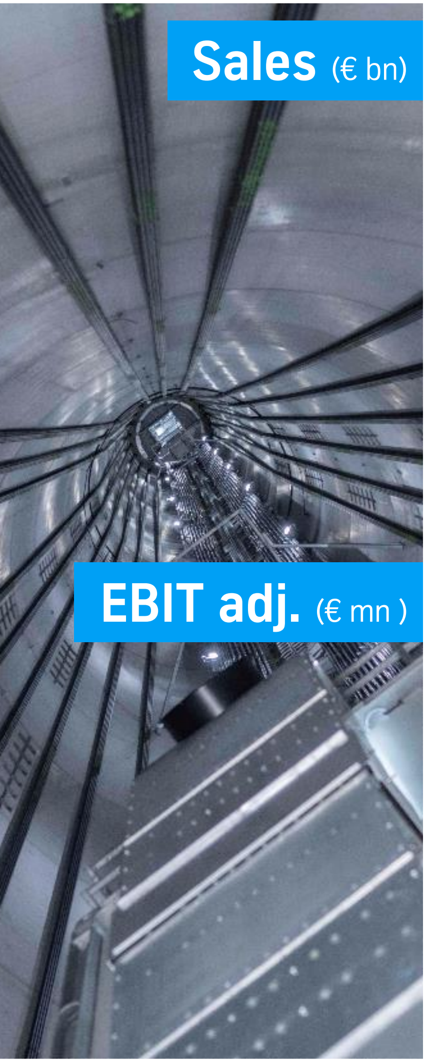
# Multi-year Net Cash and FCF bef. M&A development

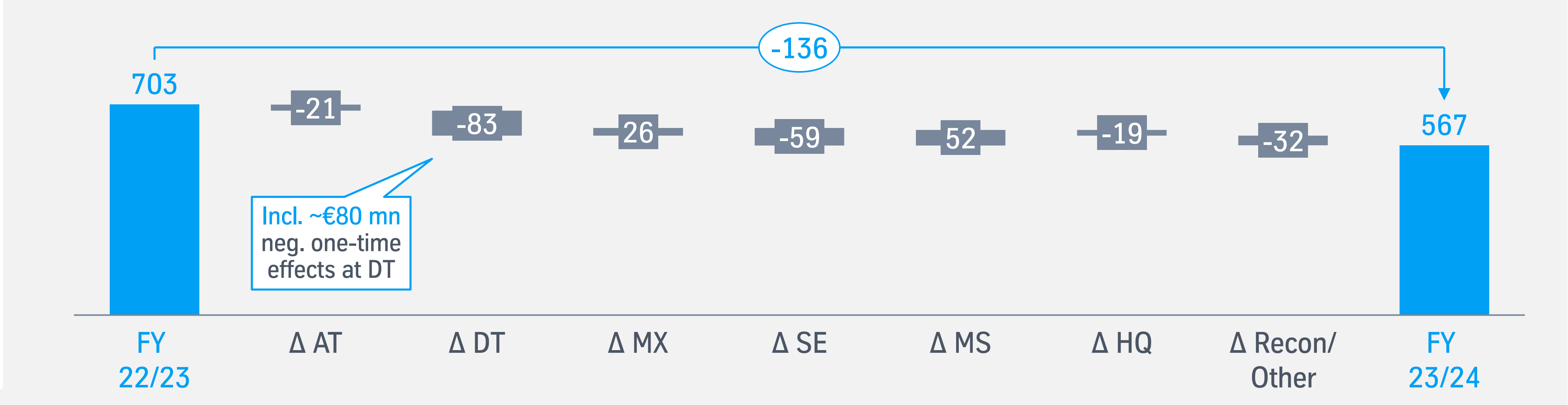


# FY 23/24 Sales and EBIT adj. development at a glance

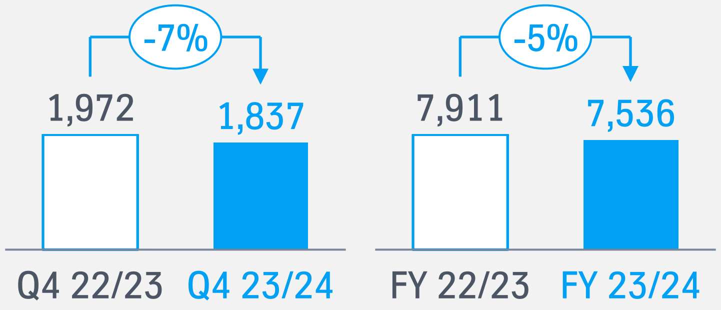
## Proof point for performance management: €2.5 bn drop in sales largely compensated in EBIT adj.



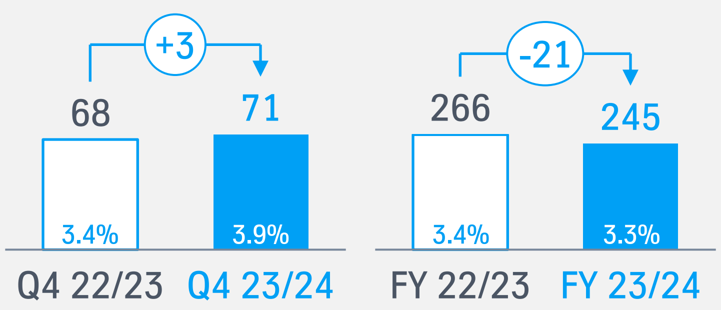
# Robust performance in challenging environment with focus on cash generation

## Sales (€ mn)



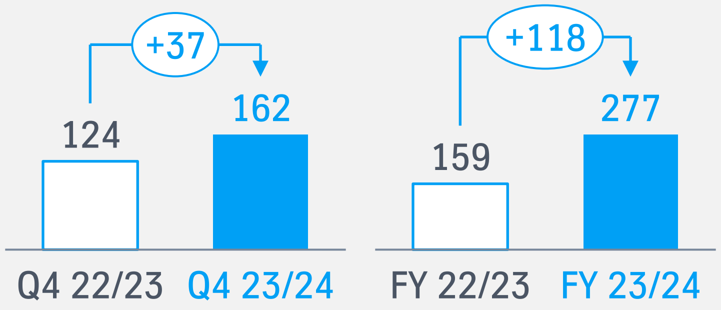

- Challenging environment with softened demand and political uncertainties

## EBIT adj. (€ mn)




- Resilience in performance: Rather stable earnings and margin despite declining sales
- Lower material and transport costs vs. increased personnel expenses

## BCF (€ mn)




- NWC improvements and lower investments

### APEX segment highlights

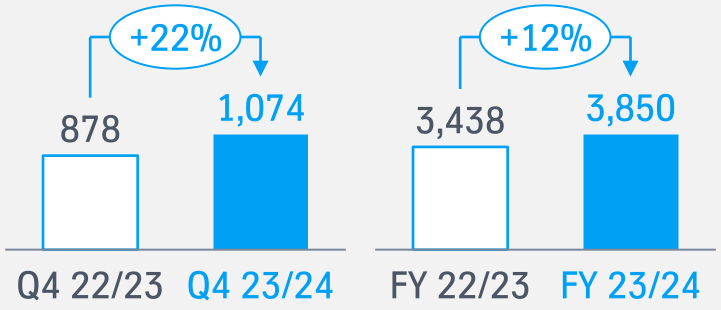
- Counter measures for revised volume expectations
- Procurement initiative on all major commodities
- Profitable growth with new products and/or aftermarket activities

### Upcoming APEX initiatives

1. AT: Foster restructuring across the segment
2. AT: Cross-BU commodity teams to support ongoing realization of purchasing synergies
3. Bilstein: Ramp up of Mexican plant for specific customer growth

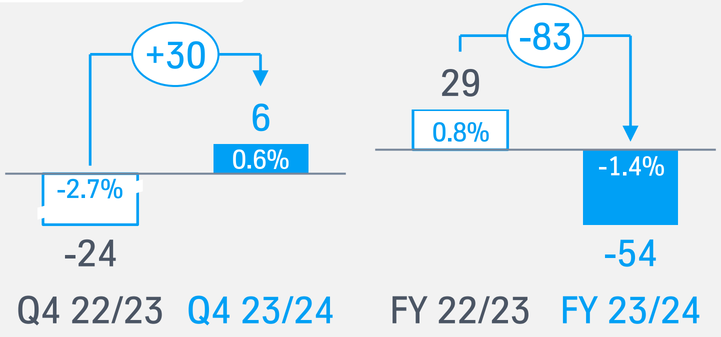
# Higher sales due to good order book – bottom line hit by additional cost for legacy projects

**Sales** (€ mn)



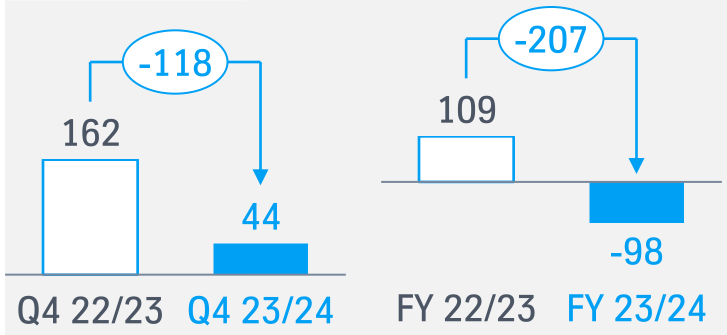

- Significantly higher sales resulting from high order intake in prior years and mainly supported by current large-scale projects for chemical plants and growth in water electrolysis at tk nucera

**EBIT adj.** (€ mn)




- DT negative mainly due to higher costs for individual (legacy) projects
- Rothe Erde affected by lower demand and price pressure, particularly in China
- Uhde with increase into positive territory caused by higher sales and pos. one-timer
- tk nucera with higher costs due to business growth

**BCF** (€ mn)




- Declining earnings as well as lower prepayments (from drop in order intake)

## APEX segment highlights

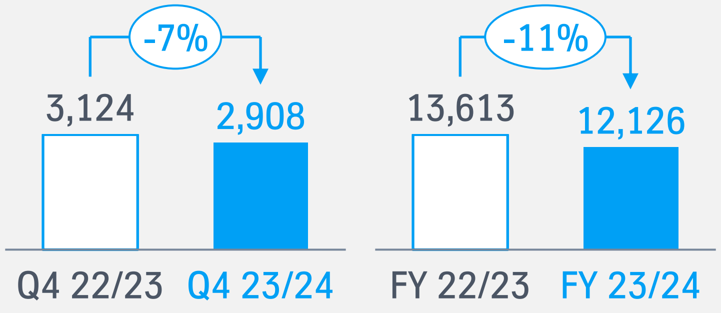
- Expanding topline growth e.g. for aftermarket and services
- Operational excellence and purchase measures strengthened
- Restructuring measures initiated to increase profitability

## Upcoming APEX initiatives

1. RTE: Push sales aftermarket to improve margin mix
2. UHD: Standardization & modularization of blue & green ammonia plants to reduce complexity and costs
3. POL: Boost4Services and restructuring effects to improve margin
4. NCA: Grow green hydrogen sales and gross margin

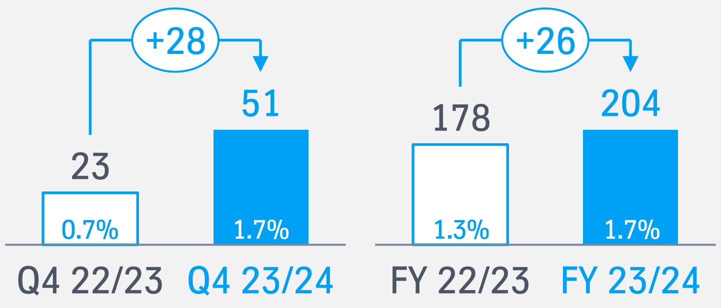
# Higher earnings and cash flow despite challenging market environment especially in Europe

## Sales (€ mn)



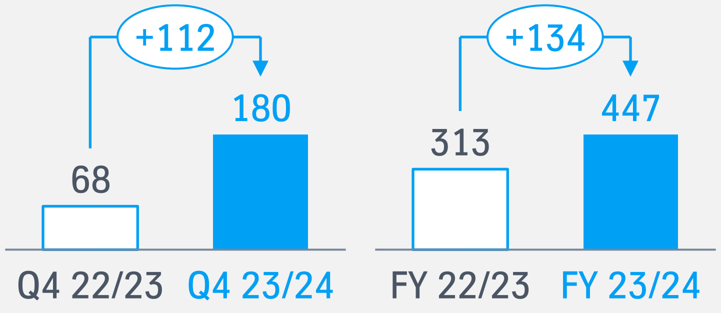

- Lower price levels in almost all product groups
- Very solid development in Supply Chain Solutions business
- Shipments down by -8% YoY due to low demand in distribution business mainly in Europe

## EBIT adj. (€ mn)




- Positive contributions in almost all business units esp. international supply chain business

## BCF (€ mn)




- Lower investments and continued NWC improvements

### APEX segment highlights

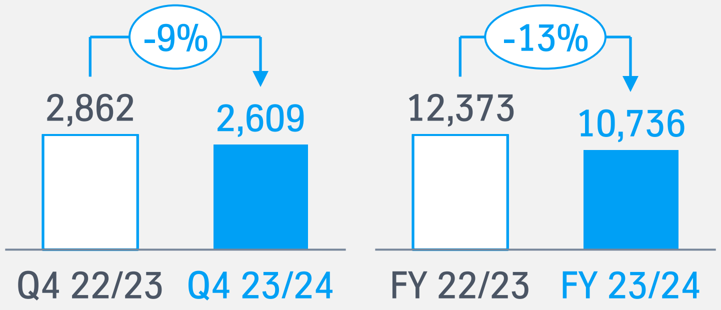
- Restructuring in Europe
- Investments in NA to leverage profitable growth opportunities
- Accelerated profitable growth within the business units via existing and new customer solutions

### Upcoming APEX initiatives

1. Restructuring and rightsizing of tk Schulte
2. Further leveraging investments in NA
3. Increase contribution from service business

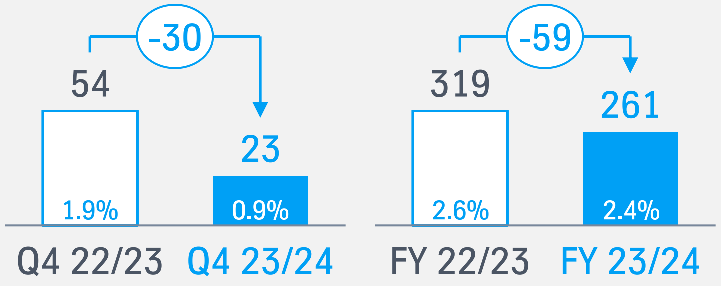
# Lower spot-market price levels and shipments partly offset by improved cost base

## **Sales** (€ mn)



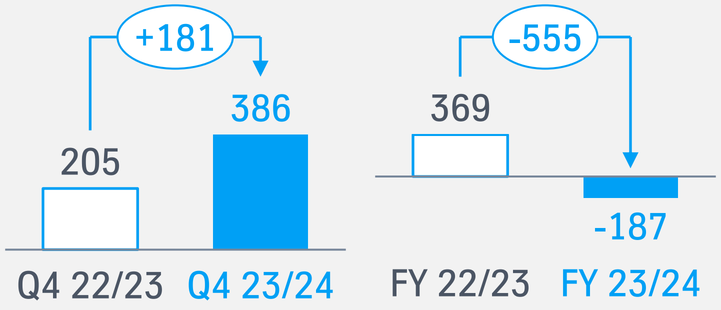

- Lower spot-market price levels
- Shipments down by -5% YoY, mainly driven by industrial businesses and non-grain oriented electrical steel
- Declining orders from auto industry, solid development in packaging

## **EBIT adj.** (€ mn)




- Lower spot-market price levels and shipments, partly offset by cost improvements (e.g. energy and raw materials)
- EBITDA adj./t at €40/t (down by €-23/t YoY)

## **BCF** (€ mn)




- Decrease in earnings and lower NWC release only partially compensated by less investments

### APEX segment highlights

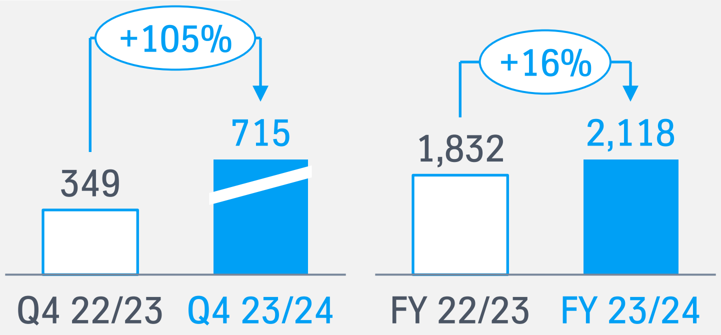
- Sales initiatives with partly market share gains in overall low market
- Efficiency improvements in production and logistics
- Contingency and cost cutting measures

### Upcoming APEX initiatives

1. Enhanced industrial concept incl. restructurings towards lower operating point
2. Further performance initiatives supported by Strategy 2030 investments

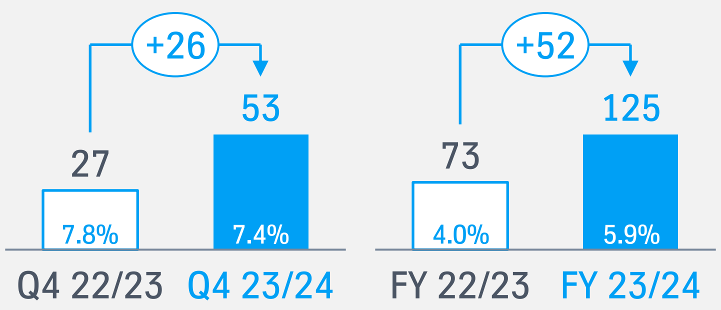
# Performance of key metrics well on track – EBIT adj. mid-term target reached

## **Sales** (€ mn)



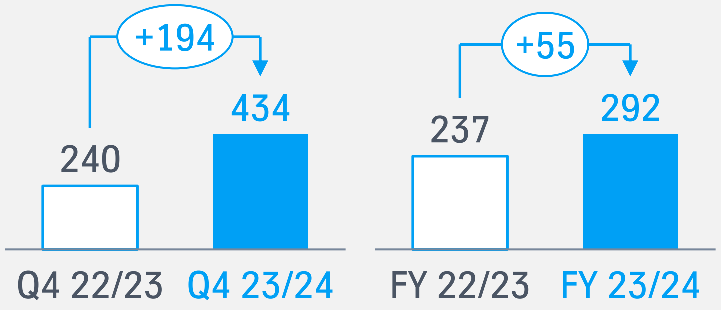

- Progress in execution of projects; Q4 with handover of a submarine
- High visibility in order backlog (€11.7 bn)
- Order intake (+53% YoY) driven by marine electronics and extension of two existing submarine contracts

## **EBIT adj.** (€ mn)




- Profitable growth driving performance
- Performance initiatives secure margins in new orders and stabilize profitability of older low-margin orders

## **BCF** (€ mn)




- Supportive cash profile of order portfolio
- Q4 with early customer payments (€~200 mn)

## APEX segment highlights

- Optimization of order backlog and price escalation in project-phase
- Freeze in permanent positions in workforce
- Consequent claim management

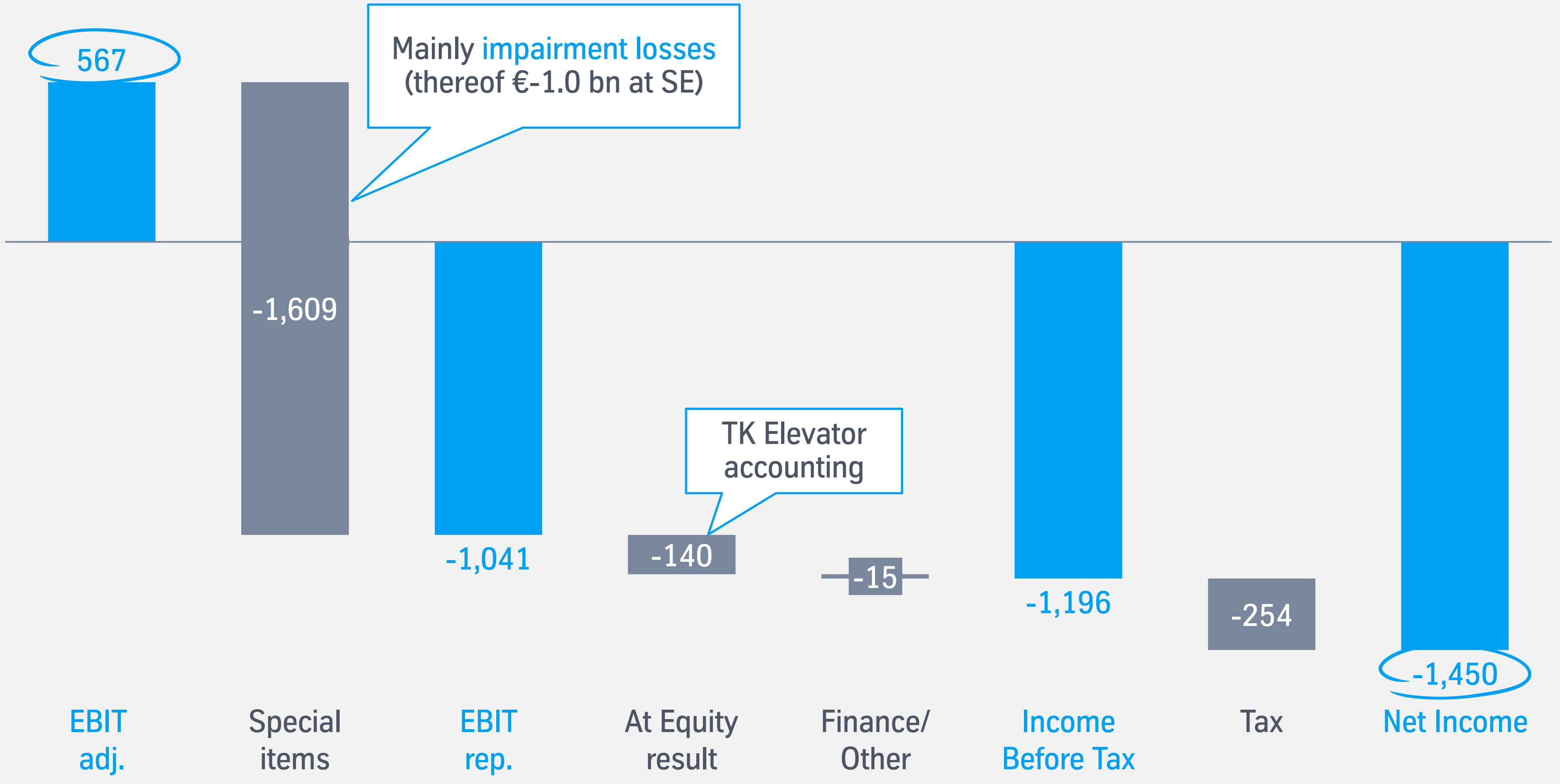
## Upcoming APEX initiatives

1. Target Operating Model to further improve project efficiency
2. NXTGEN: Growth of civil maritime and offshore business
3. Realize synergies in direct materials costs between diff. projects

# FY 23/24 EBIT adj. to Net Income bridge

## Further impairment losses at Steel Europe weigh on Net Income and overshadow operational performance

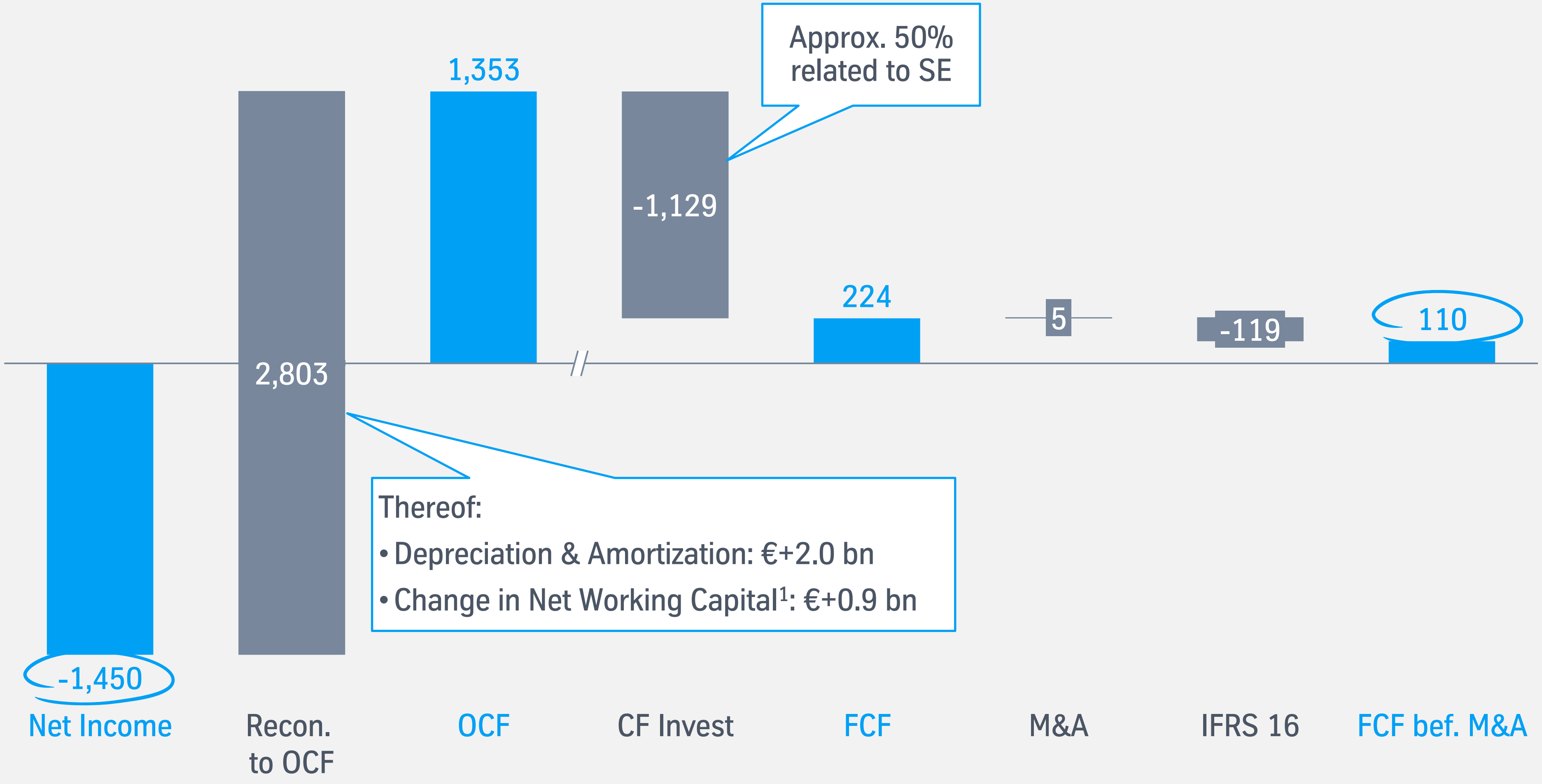
**EBIT adj. to Net Income**
(€ mn )



# FY 23/24 reconciliation to FCF bef. M&A

## Positive FCF driven by capital discipline; Steel Europe with significant share of Group investments

**Net Income to FCF bef. M&A**
(€ mn )




1. Including following deltas: Inventories, trade payables, trade receivables, contract assets, contract liabilities

# Outlook FY 24/25

## thyssenkrupp Group

**Sales**

Our current market scenario builds on stabilization in H2/25

+0% to +3%

FY 23/24: €35.0 bn

**EBIT adj.**

€600 to 1,000 mn [1.7% to 2.8% margin[1]]

FY 23/24: €567 mn

**FCF bef. M&A**

Including approx. €-250 mn restructuring

€-400 to -200 mn

FY 23/24: €110 mn

## thyssenkrupp segments

| Segment | | |
|---|---|---|
| AT | Sales | +1% to +4% <br> FY 23/24: €7.5 bn |
| | EBIT adj. | €200 to 300 mn [2.6% to 3.8% margin[1]] |
| DT | Sales | -3% to 0% <br> FY 23/24: €3.8 bn |
| | EBIT adj. | €0 to 100 mn [0.0% to 2.6% margin[1]] |
| MX | Sales | +2% to +5% <br> FY 23/24: €12.1 bn |
| | EBIT adj. | €150 to 250 mn [1.2% to 2.0% margin[1]] |
| SE | Sales | +0% to +3% <br> FY 23/24: €10.7 bn |
| | EBIT adj. | €250 to 500 mn [2.3% to 4.5% margin[1]] |
| MS | Sales | -7% to -4% <br> FY 23/24: €2.1 bn |
| | EBIT adj. | €100 to 150 mn [5.1% to 7.4% margin[1]] |

1. Margin indication based on EBIT adj. / sales ratio (lower / lower and higher / higher end of respective outlook ranges)

# Enhanced APEX performance program to ensure financial targets

## From APEX 1.0 …

- Mobilization and refocus of the organization on capital market targets
- Central approach built on chapters and initiatives
- Build-up of an inventory of contingency measures to counter negative effects: €2.1 bn EBIT measures, of which €1.2 bn with impact in 23/24

## … to APEX 2.0

- From centralized to decentral approach: segment-driven, integrated into regular performance reviews
- Strong focus on the top structural performance improvement projects required to drive margin uplift
- Accompanied by playbook and focused culture processes
- No separate new APEX targets, goal is to secure guidance achievement

# Mid-term targets confirmed, MX and MS approaching corridors


| | AT (excl. SP/AE) | DT | MX | SE | MS |
|---|---|---|---|---|---|
| EBIT adj. margin | 7-8% | >5% | 2-3% | 6-7% Under review | 6-7% |

**Group: EBIT adj. in the range of 4-6%, sig. positive FCF bef. M&A and reliable dividend payments**

# Strategic outlook – FY 24/25 to be a year of milestone decisions

- Finalize the business plan at Steel Europe
- 50/50 JV with EPCG as logical next step into independence of Steel Europe
- Push ahead for stand-alone solution of Marine System by spin-off
- Leverage opportunities of the Green Transformation
- Consequent growth investments and necessary restructuring

# Q&A Session

Miguel Ángel López Borrego, CEO

Dr. Jens Schulte, CFO

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