Press release

Further milestone reached on Strategic Way Forward:
thyssenkrupp sells Brazilian steel mill CSA to Ternium

- Purchase price €1.5 billion
- Significant reduction in net financial debt
- Focus on profitable capital goods and services businesses

The industrial and technology group thyssenkrupp has taken another big step on its Strategic Way Forward. The company has reached agreement with Ternium on the sale of the CSA Siderúrgica do Atlântico (CSA) steel plant in Brazil. The purchase price (enterprise value) is €1.5 billion.

"With the sale of CSA we are parting fully with Steel Americas. This is an important milestone in the transformation of thyssenkrupp into a strong industrial group," says Dr. Heinrich Hiesinger, CEO of thyssenkrupp AG. "We now generate over 75 percent of our sales with our profitable capital goods and services businesses."

With the closing of the transaction thyssenkrupp will receive a clear cash inflow which will significantly reduce the Group's net financial debt. Although a writedown of around €0.9 billion on CSA will be necessary with the signing, the Group's gearing, i.e. the ratio of net financial debt to equity, will improve on completion of the transaction. The sale is subject to the approval of the competition authorities. The two parties aim to close the transaction by September 30, 2017.

With the sale of CSA, thyssenkrupp is bringing its loss-making chapter of Steel in the Americas to an end: In 2005 the Group decided to expand its steel business into the Americas. The original plan was to produce slabs at low cost in Brazil and process and sell them in the USA and Europe. The plan didn't work out. Following a significant increase in construction costs for the facilities in Brazil and Alabama in the USA as well as technical problems with the ramp-up of the plants and high start-up losses, thyssenkrupp placed the entire project under review immediately after Heinrich Hiesinger took over as CEO. "We found that an integrated link-up of the two plants no longer made strategic sense. The economic parameters had changed too significantly. So as part of the realignment of thyssenkrupp we drew the necessary and correct conclusions and decided to sell both plants," says Hiesinger. To date Steel Americas has cost the Group over €12 billion in capital expenditures and start-up losses. Even after deducting the proceeds from the divestment of the plants in the USA and Brazil and Vale's share in the financing, a net loss of around €8 billion remains. The impact is visible on the balance sheet to this day. Redressing it completely will take thyssenkrupp a few more years.

thyssenkrupp AG, thyssenkrupp Allee 1, 45143 Essen, Germany, P: +49 201 844 - 536464, ir@thyssenkrupp.com, www.thyssenkrupp.com

thyssenkrupp succeeded in selling the processing plant in the USA to a consortium of ArcelorMittal and Nippon Steel back in 2014. At that time it was not possible to divest CSA. Complex contractual ties existed with the former co-shareholder Vale. In May 2016 the Group succeeded in ending these ties and has been the sole owner of CSA since then. Over recent years thyssenkrupp has worked continuously on optimizing the plant's facilities and operational performance. "As promised, we succeeded in moving the plant into operational profit. Also, after intense discussions with the authorities we finally obtained the operating license in September 2016. Our stamina and tenacity have paid off," says Hiesinger. CFO Guido Kerkhoff: "Step by step we created the conditions for a good solution in Brazil, making CSA attractive to a buyer. This is also reflected in the purchase price."

Ternium is a leading Latin American steel producer with production facilities in Mexico, Argentina, Colombia, the southern United States and Guatemala. With shipments of 9.8 million metric tons of finished steel products, Ternium purchased approximately 3.7 million tons of steel slabs from third parties in 2016. With the purchase of CSA, Ternium will acquire additional production capacities of up to 5 million metric tons of slabs per year. Under a slab supply contract agreed up to 2019, CSA will continue to deliver an annual 2 million tons to the ArcelorMittal/Nippon Steel plant in the USA.

The sale of CSA will take economic effect retrospectively at September 30, 2016. Until the closing of the transaction thyssenkrupp's Steel Americas business area will be reported as a discontinued operation.

The sale will have corresponding effects on the Group's net income. Beyond this thyssenkrupp does not expect the transaction to have any impact on the adjusted EBIT and free cash flow before M&A targets of its continuing operations for the current fiscal year 2016/2017.

Contact Investor Relations:
Dr. Claus Ehrenbeck
Investor Relations
Phone +49 (201) 844-536464
Fax +49 (201) 844-536467
E-mail: claus.ehrenbeck@thyssenkrupp.com

www.thyssenkrupp.com/en
Twitter: @thyssenkrupp_en
Company blog: https://engineered.thyssenkrupp.com