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Remarks

by

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at the

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at the RuhrCongress Bochum

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I. Introduction – Strategic Way Forward

[Film: corporate video, Chart 1: Title]

Good morning Ladies and Gentlemen,

on behalf of the Executive Board, welcome to the 17th Annual General Meeting of thyssenkrupp AG at the RuhrCongress Bochum.

We've greeted you today with images of thyssenkrupp.

[Chart 2: Visible change at thyssenkrupp]

Our new corporate video shows how thyssenkrupp has fundamentally changed over recent years. We have grown more diversified. We run the company on an integrated basis. We set clear, measurable targets for our business areas. And we strengthen their programs with Groupwide corporate initiatives. That makes us more efficient.

We have a new corporate culture focused on performance and values. Honesty, respect and mutual appreciation characterize the way we interact with each other and are the basis for our relations with customers, suppliers, and other market players. All this makes us stronger, more stable, and more successful in the long term.

It's not that long ago that I was standing here with very different matters to address. Back then it was a question of our existence. Today I'm glad that we can look forward together – with confidence and determination. The new brand is a visible symbol of our **transformation and our sustainability** – as you can see here at the RuhrCongress.

We've long been much more than a steel and materials group. With Industrial Solutions, Components Technology and Elevator we have other strong pillars. This diversification increases the stability of our business in a volatile environment. For us it is linked to an ambition to generate strong and stable

earnings, cash flow and value added. At the same time diversification enables us to better utilize **growth opportunities**.

[Chart 3: Our brand identity]

The new brand does not mark the end of this comprehensive change process. Quite the reverse. In terms of performance, we still have a long way to go. But we have made significant progress. We have reduced our debt substantially in recent years. Our adjusted EBIT has been climbing steadily in recent years. In the past fiscal year we achieved positive free cash flow from operating business for the first time since 2005/2006 and further increased our net income. We're moving in the right direction. However in my conversations with customers and employees I often heard them say: thyssenkrupp has changed fundamentally, but the change isn't visible. That's why now is the right time for our new brand.

Ladies and Gentlemen,

The new brand condenses what we stand for – in a new logo, a new slogan, and new colors. You can see this on the visuals in the foyer and here in the hall. Some of you will be asking: Does thyssenkrupp have the money to introduce a new brand? That's a justified question. Of course it can't be done without a certain amount of initial investment. But there will be no multi-million-euro advertising campaign. We'll be introducing the new brand in a measured way in accordance with our financial situation. That means we'll replace company signs, work clothes, office stationery, service vehicles, etc. only when they are due for renewal anyway. That was the case for this stage, for example. After ten years of use, the material had outlived its useful life, also in terms of safety requirements. Even without the new brand we would have had to replace the stage. Overall we are investing a mid single-digit million euro amount in the new brand.

But logo and colors are only the visible elements of the brand. The core is our brand promise. It describes in concrete terms how we want to advance our

customers. The new brand is designed to give a further boost to our change process both within and outside the company. The thyssenkrupp Group will use a common brand in the future. Over 180 different brand identities currently exist side-by-side within the Group. That's complex and inefficient.

The single brand will create a unified image among our customers and employees. The new brand deliberately represents an evolution. We want to carry our good traditions forward into the future. Overall our image is now fresher, more contemporary and modern – and an expression of our transformation.

[Chart 4: Our new slogan]

Our new slogan "engineering. tomorrow. together." describes in three words who we are, what we do, and how we do it. **engineering** stands for our outstanding engineering expertise, for our solutions and services. The **tomorrow** in our slogan shows we want to play a pioneering role. Customers expect us to have the vision to find solutions for the future. We work on this together. As a team within thyssenkrupp, and in a dependable partnership with our customers. That's what **together** means in our new slogan.

II. Performance in 2014/2015 shows Strategic Way Forward is working

[Chart 5: We stabilized thyssenkrupp (animated)]

Ladies and Gentlemen,

The precondition for the new brand was that we continue to make credible progress. We succeeded in this again in the past year. **We delivered what we promised. We stabilized thyssenkrupp further.**

And with that I would now like to take a brief look back. From a macroeconomic viewpoint the 2014/2015 fiscal year was very unsettled. Over the course of the

year the business outlook darkened. Uncertainty on our sales markets increased. Nevertheless we held course. We concentrated above all on increasing our efficiency. That paid off:

- With **adjusted EBIT** from continuing operations of around €1.7 billion, we achieved our target in full.
- This clear leap in earnings primarily reflects our **efficiency measures**. In our **"impact" program** we had set ourselves a target of €850 million savings. In the end we achieved €1.1 billion. Around half of this came from synergies created through integrated, cross-unit purchasing.
- In terms of **consolidated net income**, too, we took a clear step forward. With net income of €268 million, we were in the black for the second year in succession. That's a 37 percent improvement.
- The progress made on our Strategic Way Forward is shown particularly clearly in our **free cash flow**. For the first time in nine years we achieved positive free cash flow of €65 million. We finally earned more money than we spent in our operating business. This is also an important milestone in the stabilization of our finances.
- It enabled us to further reduce our **net financial debt** to €3.4 billion at the end of the fiscal year, almost 50 percent down from the high in 2011/2012.
- **Order intake** was level with the prior year at €41.3 billion. On a comparable basis, i.e. excluding exchange-rate and portfolio effects, orders declined slightly compared with the year before, which profited from a major plant engineering order.
- At €42.8 billion, the **Group's sales** were 4 percent higher year-on-year. On a comparable basis sales were down slightly from the year before. This was mainly due to low material and steel prices.

- We again increased our **equity** slightly, by €108 million to €3.3 billion. Our equity ratio rose to 9.3 percent. Gearing, i.e. the ratio of net debt to equity, decreased significantly to 103 percent. We know that we have to improve these figures further. Our goal in the medium term is to get equity to acceptable two-digit levels above 15 percent again and to reduce gearing to well below 100 percent.
- Naturally in a volatile market environment robust and forward-looking risk management is essential for our balance sheet. We've been working systematically on this since the start of our Strategic Way Forward. In the past fiscal year we improved our risk profile and further optimized the portfolio with the sale of VDM and of RIP in Brazil, thereby reducing the proportion of capital-intensive and volatile materials business in our portfolio.
- With regard to **financing measures** we have refinanced a total of €10 billion in several steps since 2011 and reduced costs.
- Our available **liquidity** at the balance sheet date was €8.3 billion. We are therefore solidly financed and will not be forced to call on banks or the capital market when financings expire.

Ladies and Gentlemen,

Efficiency and earnings gains are an important part of our transformation. They make the company weather-proof. But since the start of the transformation we have also always paid attention to our sustainability. Our maxim is to **systematically reduce risks, gradually strengthen our balance sheet, but at the same time invest responsibly** – in research & development, in new sites and also in acquisitions. Examples include Elevator's recent acquisition in the United Kingdom and the purchase of a majority shareholding in Marohn Elevator in Shanghai. In the past fiscal year we spent €735 million on **research & development**. So our R&D expenditure increased for the fourth year in

succession. It is money well invested, because innovation is the driver of our sustainability.

Dividend

The balance between strengthening the balance sheet and investing in the future is important to us. It goes without saying that we also want you, our shareholders, to profit from the continuous improvement in thyssenkrupp's key performance indicators. That's why the Supervisory Board and Executive Board are proposing to you today a dividend of **15 cents per share**. This cannot be a satisfactory dividend over the medium term for you as shareholders or for us. But it is a step in the right direction. With the proposed dividend increase we are passing on to you the improvement in our net profit. At the same time the dividend proposal takes into account our balance sheet needs. Because part of our net income is being used to strengthen equity.

Share performance

[Chart 6: Our stock performance]

As we all saw, the macroeconomic climate darkened over the past year. After being the DAX's second best performer in 2014, our stock matched the DAX and the capital goods index in the first seven months and significantly outperformed the materials index. From August economic concerns increased considerably. Dominant issues were the economic performance of China, oil and raw material prices, and above all strongly rising import pressure on the steel markets. For this reason concerns about our materials business began to dominate again on the capital market. In this climate our share price dropped from €21.16 in December 2014 to a year low of €15.25 at the end of September 2015, the level of the materials index. With a price of €18.34 at year-end we were able to decouple ourselves from the materials companies, but since then we have been unable to escape the negative trend affecting all indices. Our share price trajectory is strong evidence that our diversification strategy is right. A lower

share of materials businesses and an increasing share of capital goods and services businesses makes us more stable and our stock much more attractive than that of pure-play materials companies.

III. thyssenkrupp stable in an uncertain environment

[Chart 7: Stability through a clear plan – our Strategic Way Forward]

Ladies and Gentlemen,

The stability we have worked hard to regain is important to us. **The world around us is growing increasingly uncertain and is changing rapidly.** Just think of the emissions crisis, exchange-rate effects, market price risks from high imports, and the various impacts of the current geopolitical situation which we are all currently experiencing. For many of us the resulting uncertainty is touching our daily lives.

At times like this it's good to have a clear plan. That gives you, our shareholders, the assurance that your company is not going to be at the mercy of unfolding events. At the same time we as a board have to carefully analyze our environment and work on the sustainability of thyssenkrupp. The situation in the European steel industry is indeed worrying. For this reason I would now like to say a word about our steel business: We are leaders in the European steel industry. We are one of the very few suppliers still operating profitably in the current environment. Over the past few years our team has achieved a great deal, getting the cost structure more under control and making significant improvements to efficiency. This was clearly reflected in the doubling of earnings in the past fiscal year. But the industry as a whole is facing major risks. There are substantial overcapacities globally and in Europe itself. Currently the situation in Europe is being greatly exacerbated by high imports particularly from China. Further risks are posed by the amendment of the German Renewable Energies Act and the CO₂ trading system. If the current plans of the EU for

reforming the emissions trading system are implemented as they stand, steel from Europe will no longer be able to compete on the international markets. That has to be said quite plainly. In the period 2021 to 2030 an extra burden of €1.9 to €3 billion would be placed on thyssenkrupp alone. That's an order of magnitude we just couldn't handle. No amount of saving or restructuring would help. Under these conditions the European steel industry would be unable to survive long-term. In this situation a consolidation of European flat steel businesses would be a possible step forward. We've been saying this for some time. The current critical situation is increasing the pressure on all market players for scenarios of this kind.

Regardless of this, our Strategic Way Forward continues to define our goals and our milestones. With this plan we have worked our way step by step out of the operational crisis over the past few years and fundamentally changed our corporate culture. That this plan is working is shown by the continuous improvement in our key performance indicators. Especially in uncertain and highly volatile times it is of enormous importance to our team to have this plan and to implement it systematically. It provides security and guidance.

We cannot change our environment. That's why we're concentrating on the things that are **in our own hands**. To remain sustainable we have to think about tomorrow today.

IV. Ready for the future with solutions for tomorrow

Ladies and Gentlemen,

Our customers value our engineering. To ensure that they continue to do so in the future, we need to provide answers to the **pressing questions of our time**: How can we offer solutions that meet the growing need for more consumer and capital goods in a resource-friendly way?

So across all areas of the Group there are two main topics occupying us: Firstly we are helping our customers increase their resource and energy efficiency.

Secondly we are preparing ourselves and our customers for the age of digitization.

1. Investments pay off

[Chart 8: Investment in our business areas]

Of course this means we have to invest. In the past fiscal year we invested a total of €1.3 billion in our operations. That's around 6 percent more than the year before. In recent years we have invested more than €5 billion, strengthening our capital goods businesses in particular.

[Chart 9: Examples of projects and major orders: One World Trade Center]

These investments are paying off. We can see this in the many **new projects and major orders** that we receive because our products and solutions are resource-efficient. If you visit the new **One World Trade Center** in New York, you will use one of our 73 elevators. Modern elevator installations are increasingly energy-efficient: Regenerative drives which create energy when the cabs are slowed reduce energy requirements in buildings by up to 30 percent. This new technology offers enormous advantages: In the One World Trade Center in New York the energy generated by the thyssenkrupp elevators is used to light the entire building.

[Chart 10: Examples of projects and major orders: Electric power assisted steering systems]

Almost one in four cars worldwide already use steering components from thyssenkrupp. Our **electric power assisted steering systems** are the next step. Compared with conventional systems they save up to half a liter of fuel per 100 kilometers. They are also a technological prerequisite for electronic driver assist systems and for autonomous driving. We have worked continuously on this innovation in recent years, with the result that we have received orders for these steering systems from major auto manufacturers in Europe, the USA and

Asia – representing sales of around €7 billion in the last 12 months alone. The start of production will be staggered over the coming years. Altogether the contracts have a term of seven to ten years.

2. Shaping the future with innovation

[Chart 11: More & better: Shaping the future with innovation]

Ladies and Gentlemen,

As you can see, our people across the world are working successfully on innovative solutions. We call it our “more & better” approach. Every day they live up to our slogan “engineering. tomorrow. together.”. I’d like to give you a few examples of how we will meet future demand for resource-friendly and digital solutions.

Urbanization

[Chart 12: Example ACCEL]

According to United Nations estimates the world’s population is set to increase to 9.7 billion people by 2050. Over 2.5 billion more people will live in cities. In addition, towns and cities are expanding and merging to form major conurbations. Above all this means one thing: more people having to get from A to B faster. For this, our engineers have drawn on Transrapid linear motor technology to develop the “**Accel**” moving walk. It can get you to your gate at the airport four times faster than previously, with a top speed of up to 12km/h. As a metro feeder it shortens the path to the next station and makes rail travel more attractive. That’s not just good for the environment. Metro operators will also be pleased: There will be no need for costly underground connections and passenger numbers will increase to improve capacity utilization.

[Chart 13: Example cement plants]

Urbanization doesn't just mean getting around quickly. It also means a lot of building. Cement is an important material for this. Cement production is an energy-intensive process and the CO₂ emissions of **cement plants** are correspondingly high. Our engineers have developed technologies that cut emissions and reduce the use of fossil fuels in cement production. CO₂ emissions can be lowered by up to 40 percent this way. Alongside biomass our new cement plants use domestic and industrial waste as fuels.

Energy solutions of the future

[Chart 14: Example redox flow batteries]

Ladies and Gentlemen,

As you can see, energy-saving plays a key role in all our innovations. Germany's aim is to produce a third of its energy from renewable sources by 2030. Our engineers are working on numerous innovations such as energy storage solutions, wind turbines, converting waste gases and much more. I'd like to give you some examples.

Our energy storage technologies are aimed at a market that will grow very strongly in the future. According to analysts, global demand for energy storage systems is set to increase to 330 gigawatts by 2030. We will play an active role in this area. For example we are further developing the technology of **redox flow batteries**. Our aim is to use these batteries in large, industrial-scale applications. The key is to increase the active surface area of the battery cells. At present the active cell area of commercial redox flow batteries is roughly the size of an A4 sheet of paper. The output is only around 80 watts. This is completely inadequate for industrial-scale applications. thyssenkrupp's development goal is 20 megawatts – a whole new dimension! For this we aim to increase the active cell area of redox flow batteries to at least 2 square meters.

[Chart 15: Example Carbon2Chem]

In the **Carbon2Chem** project we want to convert steel mill gases from our steel plant in Duisburg into valuable raw materials for the chemical industry. This could significantly reduce emissions of the greenhouse gas CO₂. If the project is successful, the key industries steel, chemicals and energy will be able to integrate their value chains in the future. So it's not just our products that are contributing to the transition to renewables but also the further development of our production processes. However, Carbon2Chem will require considerable research and development effort and will not be implemented on an industrial scale before 2030. Today we need a climate policy that will allow us to remain competitive until then.

[Chart 16: Recognition as a leading DAX company in climate change]

We as a company are also saving energy. Thanks to numerous cross-Group projects we have optimized our energy consumption by 2.2 terawatt hours since fiscal year 2013/2014. By 2020 we aim to reach 3.5 terawatt hours. That's roughly the amount of energy produced by 14 offshore wind farms. We will be able to save around 1.3 million tons of CO₂ this way. In recognition of our efforts so far we have been named as a **leading DAX company in climate change** by the non-profit organization Carbon Disclosure Project (CDP). This spurs us on to get even better.

Digitization

Ladies and Gentlemen,

The future not only needs eco-friendly and sustainable solutions, it will also be digital. But when it comes to Industry 4.0, traditional industrial companies are often misjudged. It's not about *what* is produced but *how* it's produced, and also about the way a company is connected with customers and suppliers via digital platforms.

[Chart 17: Example MAX]

Our starting position for **digitization** is good, because as a diversified company we can connect competences from many different areas of the Group. Of course we're not going to become an IT company, but we are integrating digital applications into our industrial processes and products. This will allow us to increase product quality, be more flexible in production and respond to our customers' needs. And finally we will not only reduce costs but also optimize our ecological footprint. I'd like to give you some examples of this too:

Together with Microsoft our engineers have developed the maintenance system **MAX** for our elevators. MAX continuously collects elevator operating data: How is the door closing? How is the elevator accelerating? When errors are detected our service technicians get a message on their smartphone. This way we can halve down times. This has enormous economic benefits – elevators worldwide are out of service for 190 million hours a year for maintenance work alone.

[Chart 18: Example data network in hot strip mill]

Many of the processes in our steel operations, too, are already digitized. For instance at a **hot strip mill** we use a **data network** that links the mill with our suppliers and customers. Right up to the day before production, customers can change their orders directly in the system. They specify the dimensions and production sequence for their products themselves. For customers that means maximum flexibility to accommodate the needs of their end customers. That's another thing we mean by "**together**".

The examples show that digitization makes for both more efficient processes and better products. But that's not all: By integrating customers and other partners to a much greater extent than was previously possible, we are changing entire business models.

At thyssenkrupp we have a clear strategy for tackling the challenges of digitization. Firstly we are creating the conditions needed on the technical side. This means optimizing and automating our business processes and setting up

an efficient global IT infrastructure. This global restructuring will take some years to complete. In the current fiscal year we will be spending around €200 million on these measures.

We are not just exploiting the technical possibilities but also testing new business models. For this we are setting up pilot projects in all business areas. The same applies to the analysis of the huge amounts of data created by increasing digitization. The experts call it Big Data. Automated analyses mine the big data to provide transparent information. Here too, pilot projects are underway in all units aimed at converting the data into economic benefits. The key is to filter out the important and relevant information so that people can make better decisions.

V. We can only shape the future together

[Chart 19: Measurable success through integration of thyssenkrupp]

Dear Shareholders,

We have set concrete targets for each of our businesses. However some of them can be achieved faster or better if we leverage the synergies and competitive advantages of thyssenkrupp as an integrated company. We are driving progress in three core areas: performance and efficiency, integrated research and innovation, and holistic management development:

- Regarding our efficiency program “impact”: Only with a Groupwide approach were we able to achieve savings and synergies of €2.7 billion. “impact” was the precondition that now allows us to manage all our businesses according to uniform performance criteria. “impact” isn't a program with a start and a clearly defined end. It will continue to serve us in continuously improving our cost base.
- Another strength of our integrated Group is the ability to innovate. We are combining the forces of our businesses to develop future fields of

business. We believe that the innovations of the future will arise at the interfaces between different sectors. Our research and development efforts go beyond traditional sector and technology boundaries. With its diverse technologies, thyssenkrupp has a structural advantage here. The examples I've given you show the innovations this can produce.

- A third advantage of integration is that thanks to Groupwide talent management we can deploy the different skills of our experts and leaders where they are specifically needed. We promote systematic rotation of our leaders and experts. Around 150,000 people work for thyssenkrupp, a huge source of potential to connect experience and knowledge. Our aim is to deploy the best staff and managers across and beyond organizational structures. That way we learn from each other, promote exchange, and work on improvements together.

VI. Outlook

[Chart 20: Outlook for fiscal year 2015/2016]

Ladies and Gentlemen,

Let us now turn to the current fiscal year. We will continue to press ahead strongly with our transformation. However, the economic climate is characterized by major uncertainties. In addition we are witnessing very strong import and price pressure on the materials markets, above all from Asia. That's why in November when presenting last year's results we took a cautious view of fiscal year 2015/2016.

At this point I cannot yet give you a detailed view of our performance in the first quarter. The quarterly results are not yet available. What I can say generally speaking is that our cautious assessment has been shown to be realistic. The start of the current fiscal year has seen a considerable deterioration in the materials markets. This has been caused not least by high import pressure. I

have already mentioned this today. The performance of the capital goods businesses at the start of the year has been solid, as expected.

With a view to the full year we are generally still performing in line with our forecast. However, achieving our targets will require a clear recovery of the materials markets in the second fiscal half. We expect the **Group's sales** to come in level with the prior year on a comparable basis. We predict slight growth at auto components and elevators, and a largely sideways movement at Industrial Solutions. With our efficiency program "impact" we expect to achieve additional EBIT effects of €850 million. The Group's **adjusted EBIT** is expected to be between €1.6 billion and €1.9 billion. Net income will again show a significant improvement, and **free cash flow** before M&A will be level with the prior year.

VII. Summary

[Chart 21: Closing chart]

Ladies and Gentlemen,

In the past fiscal year we again made clear progress with our transformation. We further improved our key indicators. We stabilized and strengthened thyssenkrupp.

However we are still some way away from our minimum requirement. We know that we need to carry on working to improve earnings and cash generation and strengthen our balance sheet. Our efficiency program "impact" will help us with this, especially if we cannot expect any help from the economy. We are countering the risks and volatility in our markets with a forward-looking risk management strategy.

In order to meet our minimum requirement and become sustainably profitable we are investing in the future. Our engineers in all divisions will continue to work

tirelessly on innovations for tomorrow, enabling us to open up new fields of business and secure our future.

We are successful and strong as a team: as an integrated group and in close collaboration with our customers. The successes of the past fiscal year are the successes of our team. The Executive Board thanks all our employees around the world for this. Our thanks also go to you, our shareholders, for your loyalty and patience. We can do more! Our Strategic Way Forward is the right way. We are convinced that as a diversified industrial group we will meet our own high requirements and the requirements of you, our shareholders, in the medium term.

Thank you for your attention.