

Annual Press Conference 2017

thyssenkrupp AG

Essen, November 23, 2017

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On growth track in an overall good operating fiscal year

thyssenkrupp Group FY 2016/17 (vs. FY 2015/16)

⬆	Order intake	44.3 bn €	(+18%)
⬆	Sales	43.0 bn €	(+9%)
⬆	Adjusted EBIT	1.9 bn €	(+30%)
⬆	EBIT effects from “impact”	930 mn €	(+80 mn € vs. target)
⬇	Net loss	-591 mn €	(-852 mn €)
⬇	Free Cash Flow before M&A	-798 mn €	(-996 mn €)



A year of important strategic decisions



Sale of Brazilian steel mill CSA to Ternium



Memorandum of understanding on
Joint Venture with Tata Steel



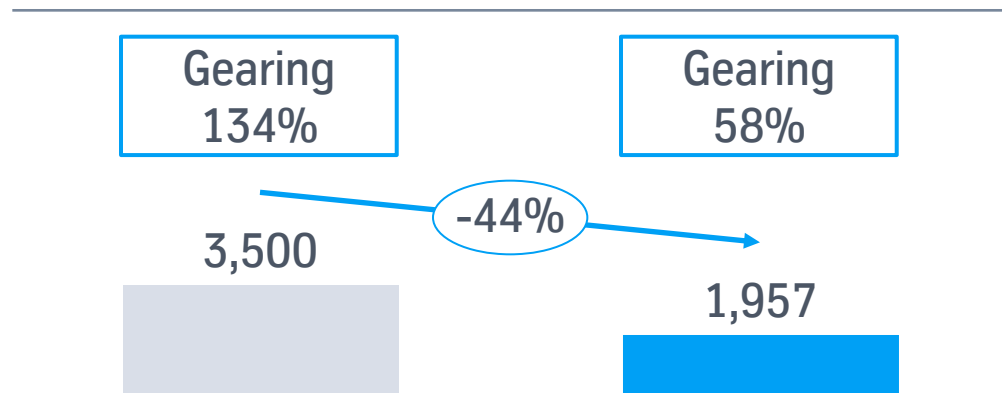
Capital increase to improve financial
flexibility for growth initiatives and
restructuring



Balance sheet significantly stronger – earnings impacted by special items

thyssenkrupp Group [in mn €]

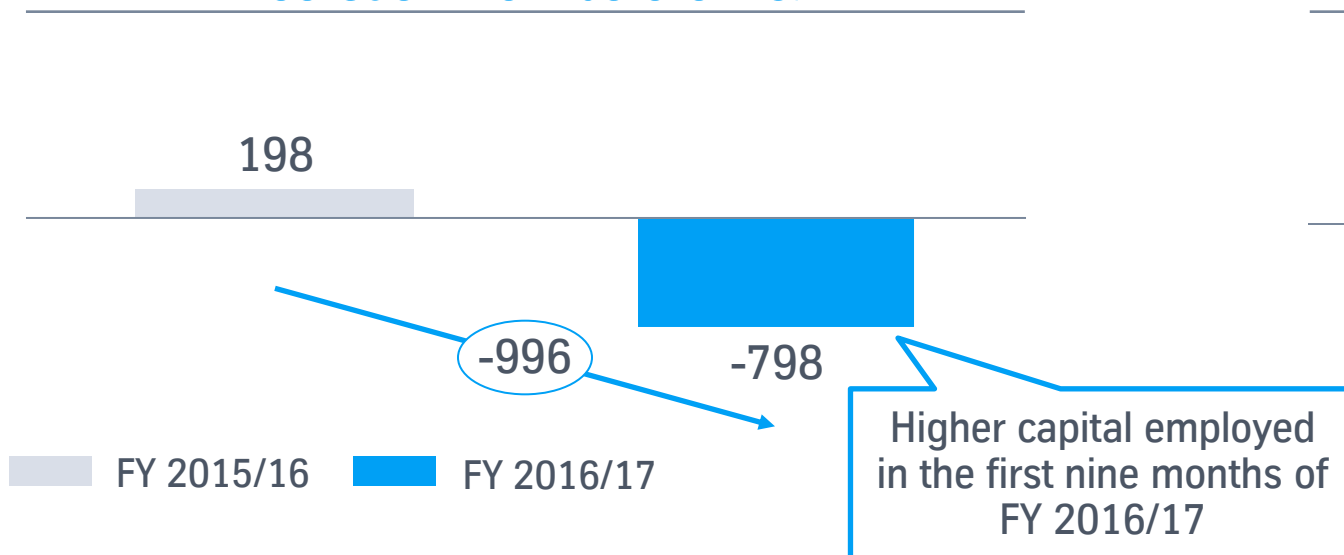
Net financial debt



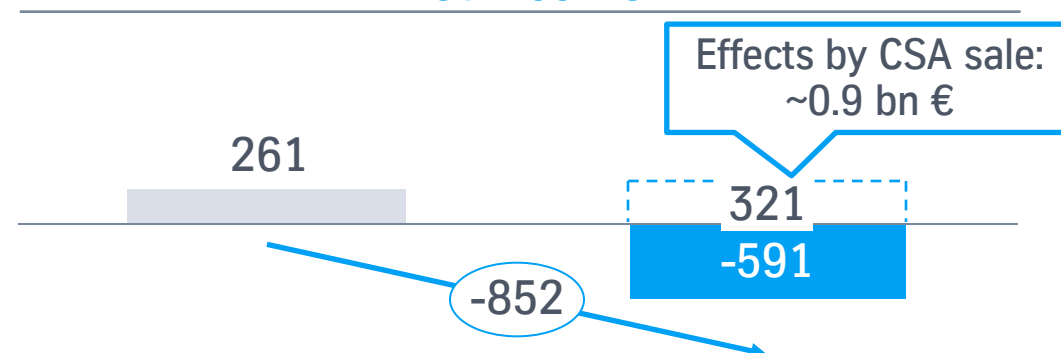
Equity



Free Cash Flow before M&A

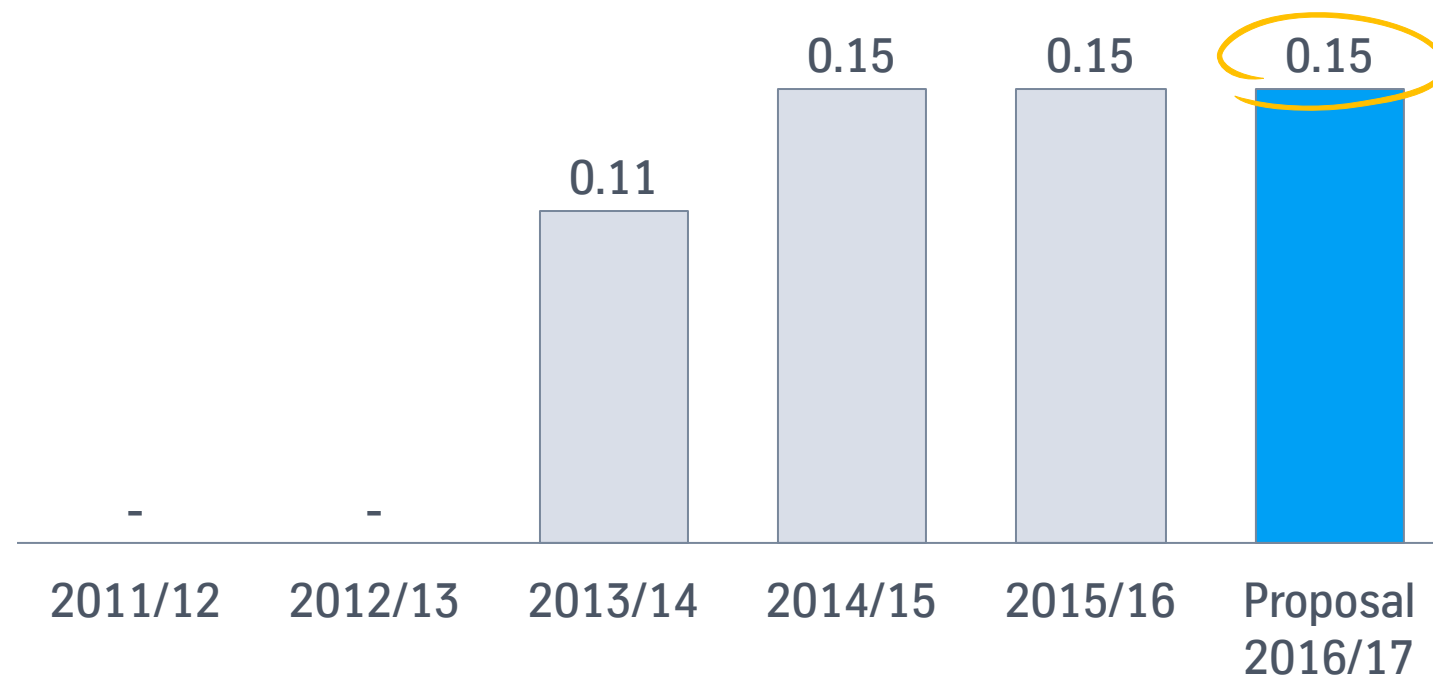


Net income



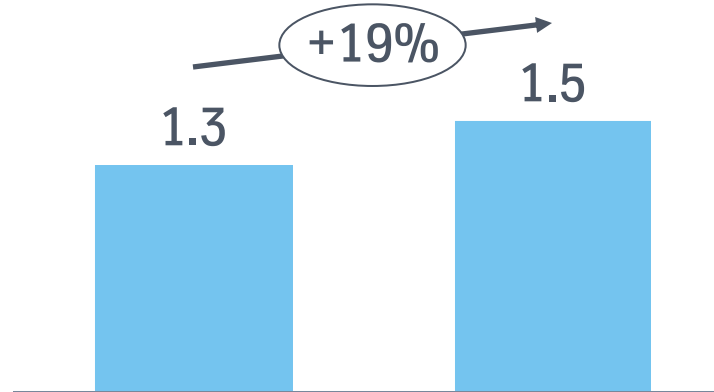
Dividend of 0.15 €

Dividend payment per share [in €]



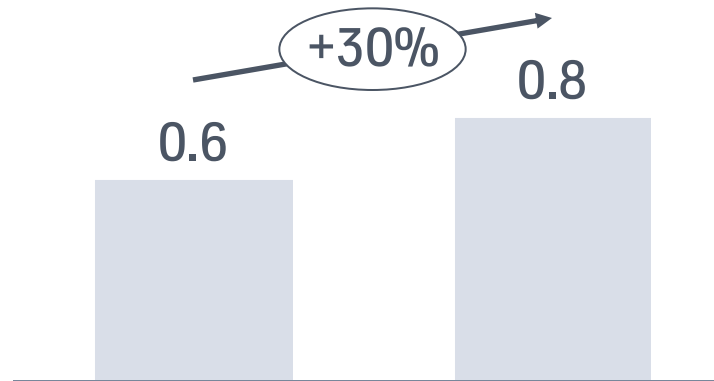
Investments for our future

Capital
expenditures
[in bn €]



Total
~8 bn €

Research &
development
costs
[in bn €]



Total
~4 bn €

2011/12

2016/17



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MULTI elevator system



tomorrow.

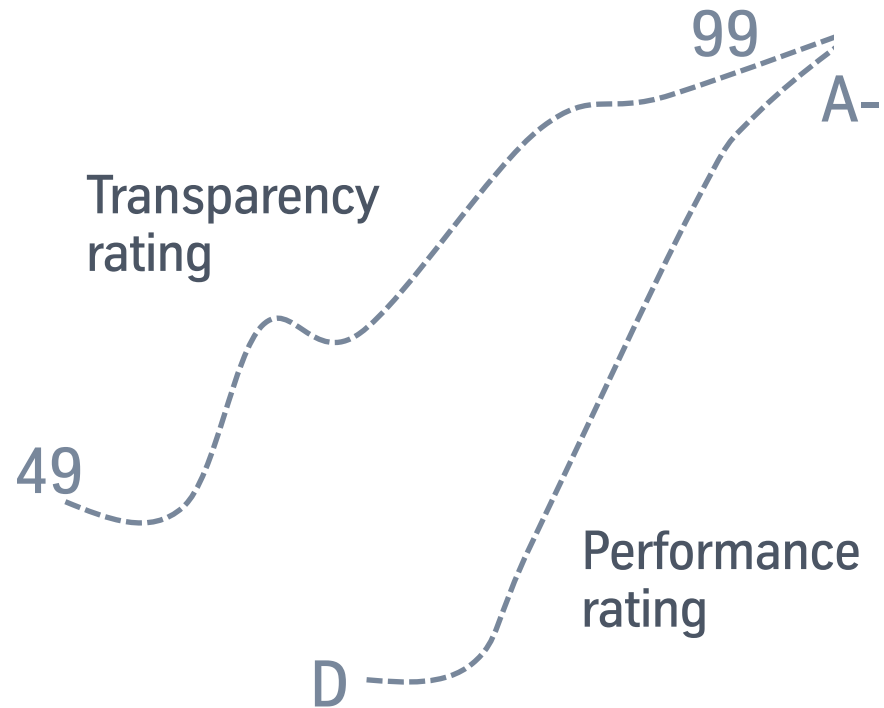
Carbon2Chem project



tomorrow.

2017: Top 5% in CDP A-List

2008 → 2015



2016



*tk in TOP 10 %
(as one of 9
German companies)*

2017



*tk in TOP 5 %
(as one of 7
German companies)*



Because we know how to make progress –
With passion, by thinking differently and
of course: through cooperation.



CT: Double-digit sales and earnings growth

KPIs

Focus

Targets

FY 2016/17 (vs. FY 2015/16)

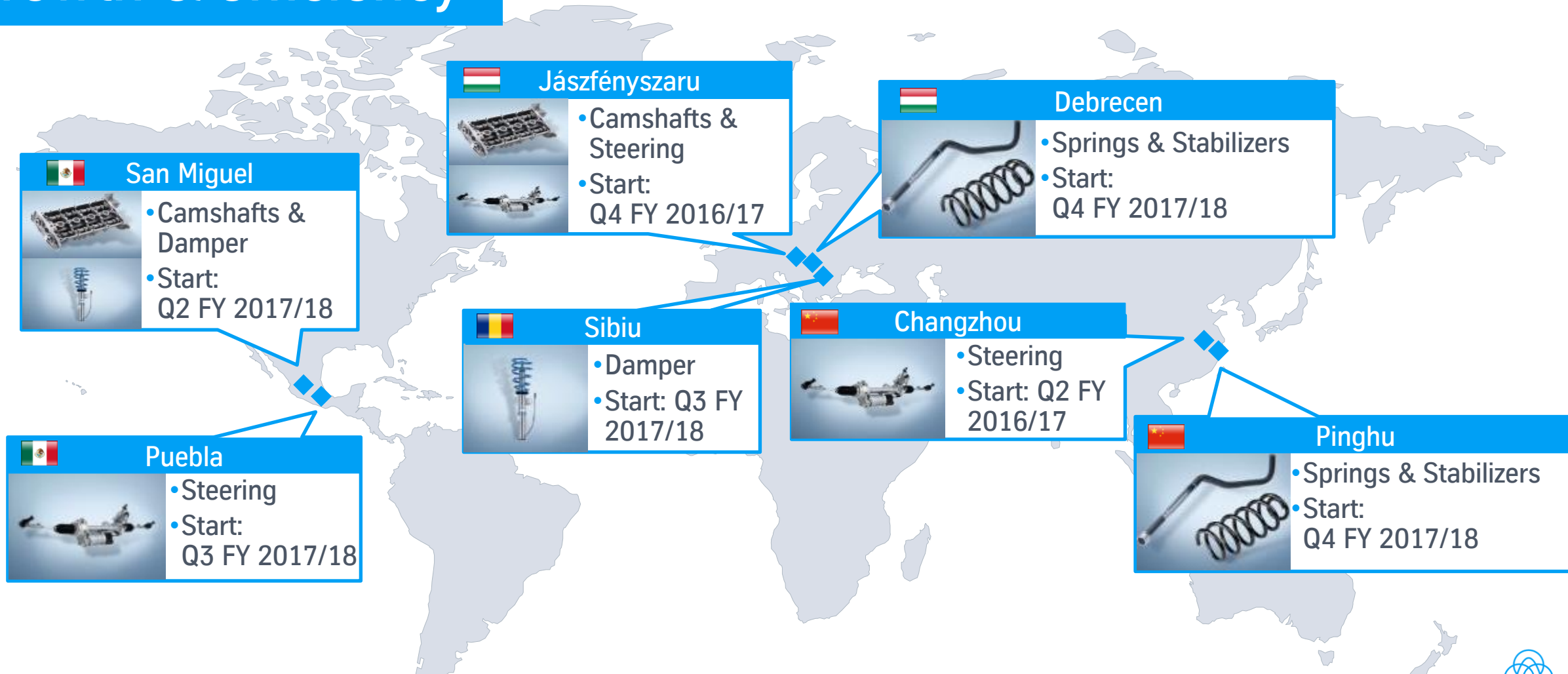
⬆️ Order intake	7.7 bn € (+14%)
⬆️ Sales	7.6 bn € (+11%)
⬆️ Adjusted EBIT	377 mn € (+12%)
⬆️ Adjusted EBIT margin	5.0% (+0.1%-points)

- Investments in new and innovative technologies (e.g. electric power steering, adaptive damper systems)
- Merger of forging activities
- Investments and production ramp-up in seven new plants

6-8%
Adjusted EBIT
margin



CT: Production ramp-up in new plants for more growth & efficiency



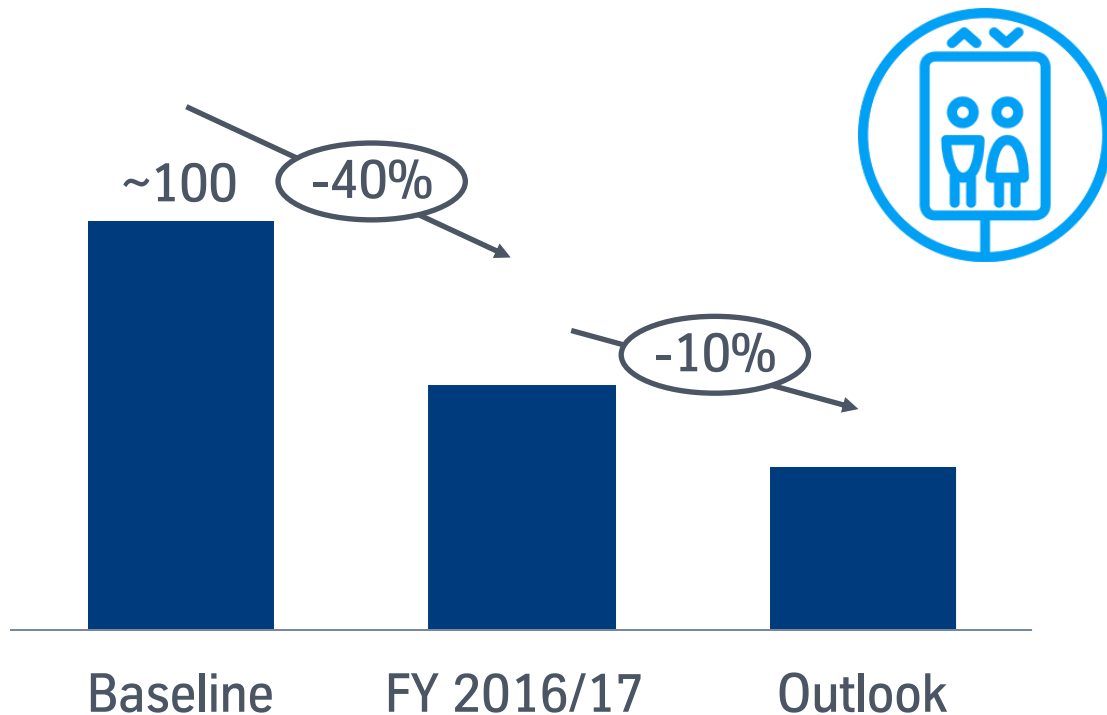
ET: Investments paying off, earnings higher

KPIs		Focus	Targets
FY 2016/17 (vs. FY 2015/16)			
⬆️ Order intake	7.8 bn € (+3%)	<ul style="list-style-type: none">• Test towers in Rottweil & in Zhongshan (China)	15% Adjusted EBIT margin
⬆️ Sales	7.7 bn € (+3%)	<ul style="list-style-type: none">• Investments in new plants, e.g. Pune (India), Zhongshan (China)	
⬆️ Adjusted EBIT	922 mn € (+7%)	<ul style="list-style-type: none">• Installation of MAX in >100,000 elevators	
⬆️ Adjusted EBIT margin	12.0% (+0.5%-points)	<ul style="list-style-type: none">• Reduction of product complexity & operative improvements	

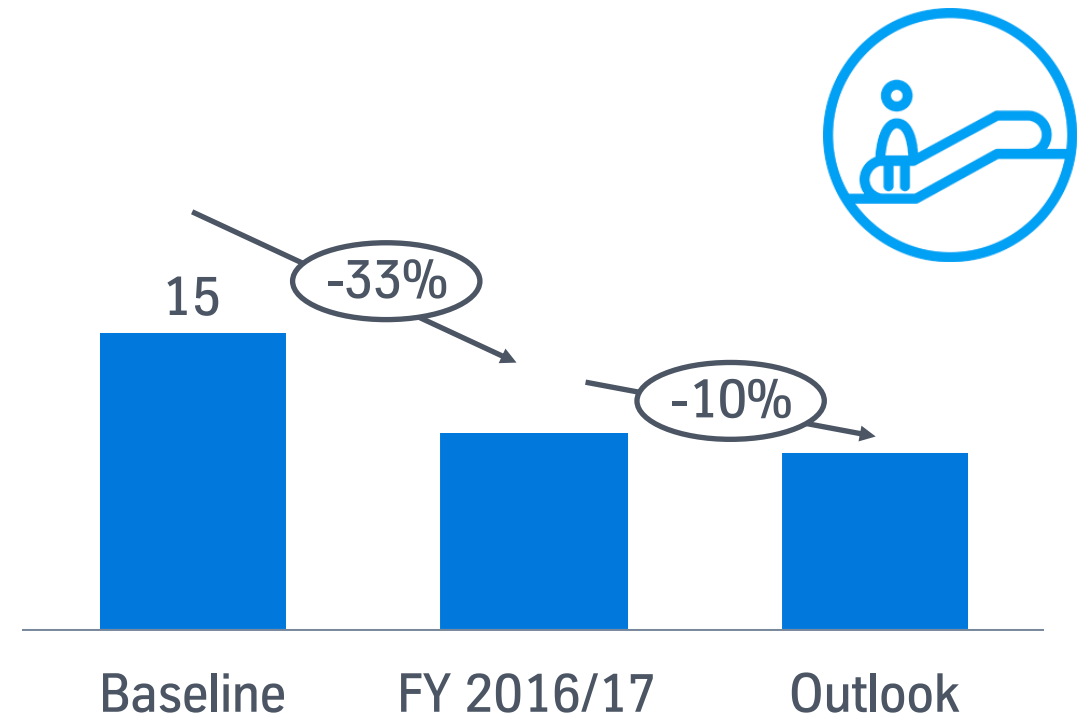


ET: Reduction of product complexity

No. of product types: Elevators



No. of product types: Escalators



IS: Turnaround in order intake

KPIs

Focus

Targets

FY 2016/17 (vs. FY 2015/16)

⬆️ Order intake	6.5 bn € (+88%)
⬇️ Sales	5.5 bn € (-4%)
⬇️ Adjusted EBIT	111 mn € (-69%)
⬇️ Adjusted EBIT margin	2.0% (-4.2%-points)

- Large orders for fertilizer (Brunei) and cement (Algerien) businesses
- Strategic partnerships and orders for Marine Systems
- Implementation of transformations program “planets”

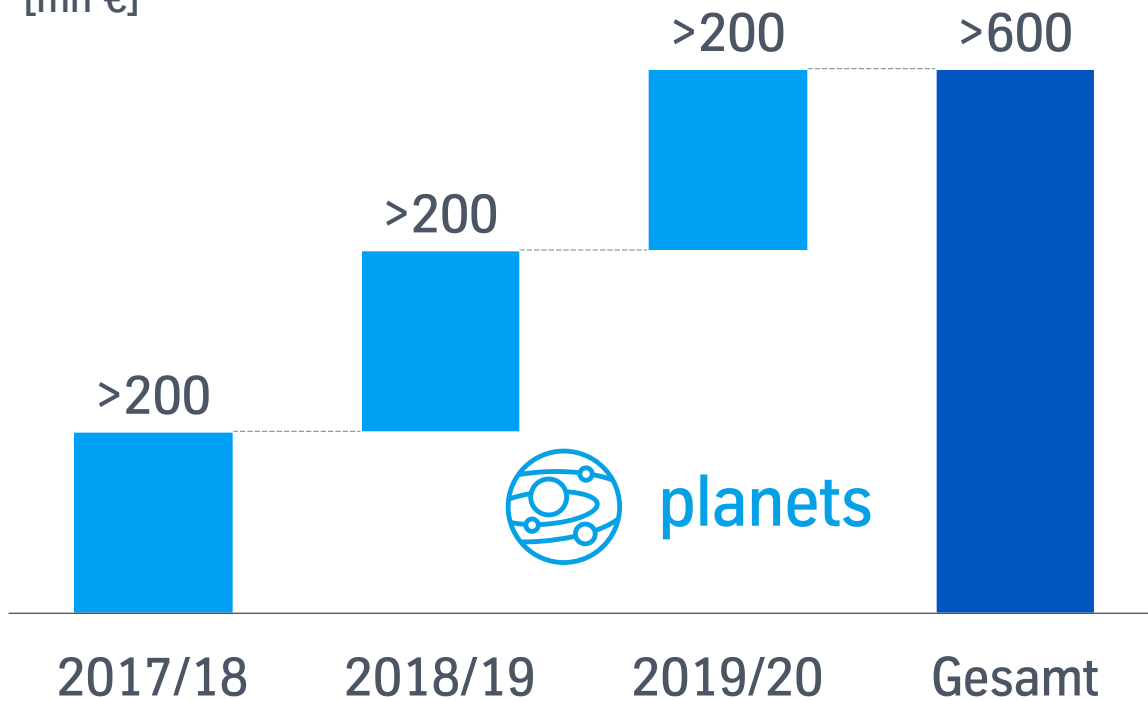
6-7%
Adjusted EBIT
margin



IS: Systematic implementation of “planets” program

Expected earnings contribution

[mn €]



Improvement levers

- Expansion of sales and **regional footprint**
- Optimization of workshare and **restructuring**
- Further development of **service business**
- **Standardization** and modularization

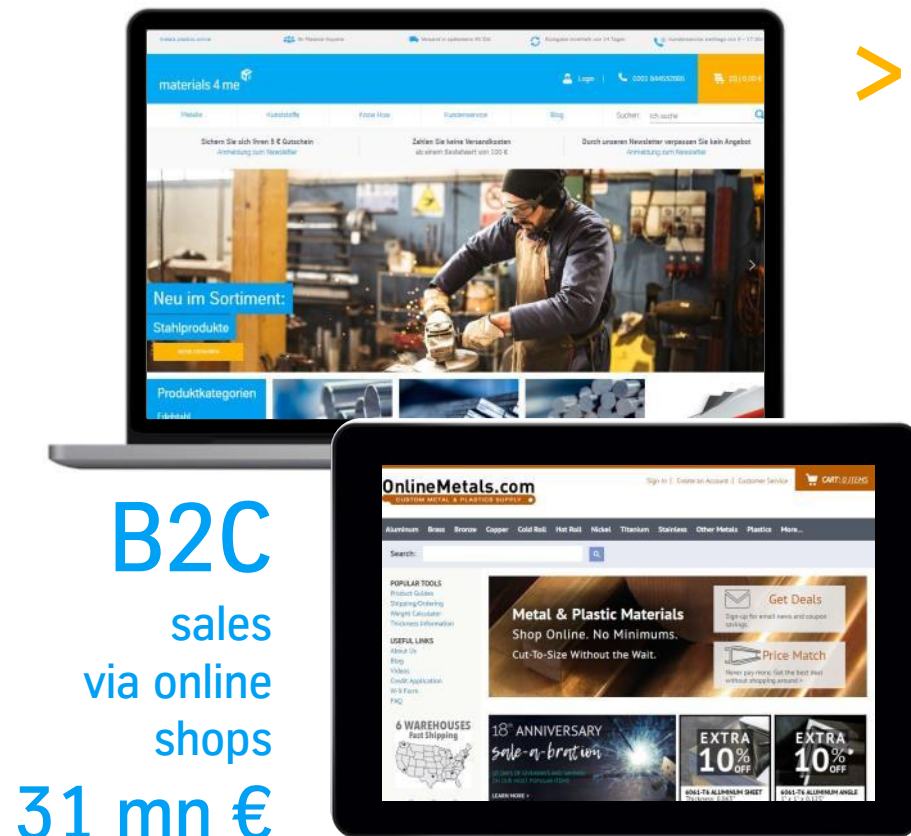


MX: Market improvements strengthen sales & margin

KPIs		Focus	Targets
FY 2016/17 (vs. FY 2015/16)			
⬆️ Order intake	13.8 bn € (+16%)	<ul style="list-style-type: none">• Further implementation of measures to improve earnings & performance	>3% Adjusted EBIT margin
⬆️ Sales	13.7 bn € (+15%)	<ul style="list-style-type: none">• Successful turnaround at AST with positive earnings contribution	
⬆️ Adjusted EBIT	312 mn € (+143%)	<ul style="list-style-type: none">• Gain of three long-term service contracts in the aerospace business	
⬆️ Adjusted EBIT margin	2.3% (+1.2%-points)	<ul style="list-style-type: none">• Digitalization of business	



MX: Strong sales via digital channels



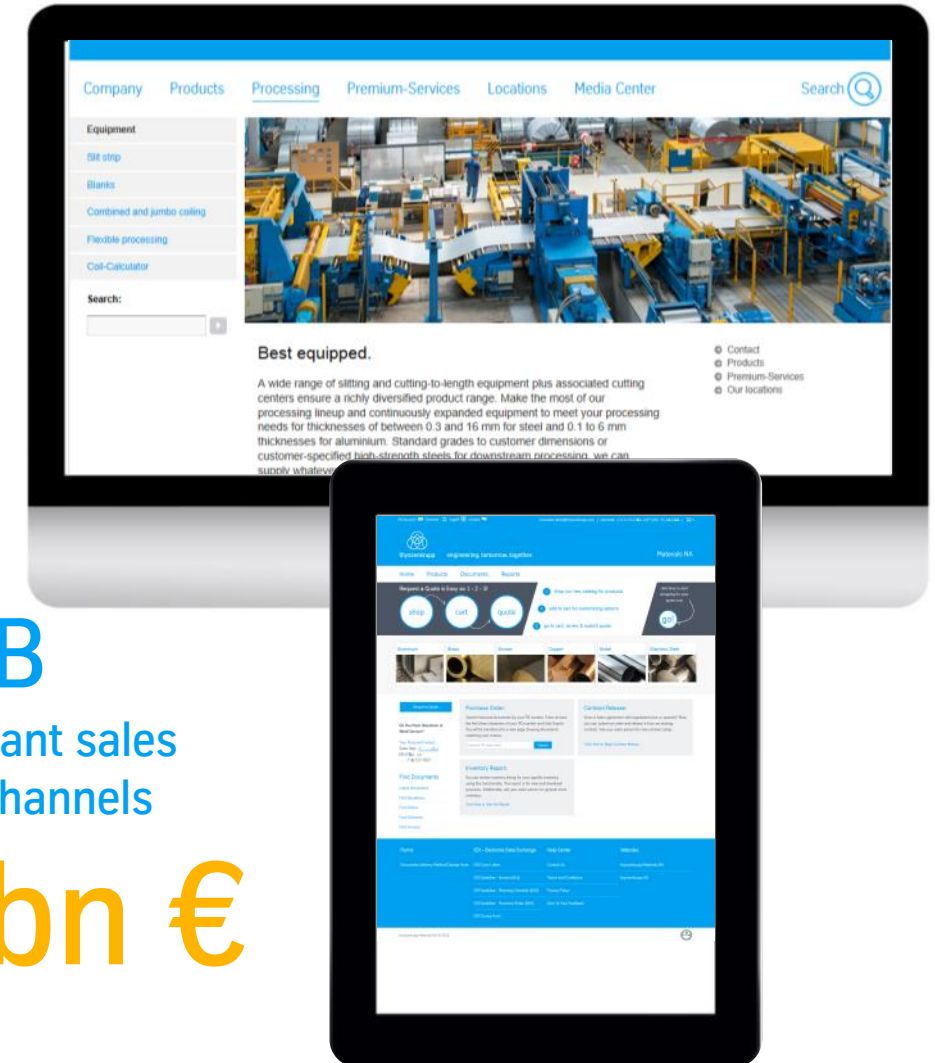
B2C

sales
via online
shops

31 mn €

> 110,000

products on
digital
platforms



B2B

17% of relevant sales
via digital channels

~ 1.3 bn €



SE: Price uptake improves earnings, but volatile environment

KPIs

FY 2016/17 (vs. FY 2015/16)

⬆️ Order intake	9.0 bn € (+10%)
⬆️ Sales	8.9 bn € (+17%)
⬆️ Adjusted EBIT	547 mn € (+74%)
⬆️ Adjusted EBIT margin	6.1% (+2.0%-points)

Focus

- Implementation of “one steel”
 - New products through R&D
 - Investments in plants for products with differentiated market chances
 - Organizational and process optimization

Targets

Ø tkVA>0
across the cycle



SE: More market and process orientation



- Start of FY 2016/17 – Introduction of new, market-oriented organization
- Start of FY 2017/18 – Introduction of **daproh Steel** for improved **transparency and controllability**:
 - Already more than 7,000 users
 - Several 10,000 automatized business transactions daily
- Investments in the **future** – and important **cornerstone for digitalization**



thyssenkrupp and Tata Steel plan to create a strong new #2 in the European flat steel market



Joint Venture best strategic option



Value creation through synergies



Reduction of structural overcapacities



Steel continues to be part of our company



Long-term security for tens of thousands of jobs,
reduction of jobs to be shared equally by JV partners



Joint Venture – Next steps



20th Sept. 2017:

Memorandum of Understanding

Dialogue in joint working group with employee representatives

Due Diligence and contract negotiations

Early 2018: Expected signing of contract

Merger control procedures

End of 2018: Expected closing





Status of the joint working group

- Up to now four information and exploratory meetings
- Declaration of 10 demands by “IG Metall”
- Clear understanding of corporate responsibility
- Willingness to negotiate by thyssenkrupp side



Outlook fiscal year 2017/18:

Further improvements in sales and earnings expected

Sales

Grow at low to medium single-digit percentage rate

EBIT effects from “impact”

750 mn €

Adjusted EBIT

Significant increase to between 1.8 and 2.0 bn €¹

Net income

Clearly positive, significant year-on-year improvement

Free Cash Flow before M&A

Clear improvements to positive figures

1. With growth and improvements in our capital goods businesses, and depending on the continuance of the favorable market environment and possible translation risks; prior year, continuing operations: 1.7 bn €



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