new tk and Q2 2018/19
Facts & Figures

Ticker: TKA (Share) TKAMY (ADR)

June 2019

engineering.tomorrow.together.

thyssenkrupp

Content

Group separation no longer the best option

Financials

- Weaker economic fundamentals
  with effects on current business development
- Share price also under pressure
  reflecting doubts on rational for separation
- Tight B/S further burdened
  by payment for cartel investigation settlement

Portfolio

- Expected veto of Steel JV
  and reintegration of Steel Europe
  lead to reassessment of Group portfolio

Fundamental revision of strategy

newtk

FLEXIBLE PORTFOLIO to maximize performance and value by business-specific ownership structures

PERFORMANCE FIRST

Value-driven exploitation of consolidation opportunites	Value-driven development	Value realization and cristallization
SE and MX	CT (auto), IS, MS, BG & FT	ET

SE and MX

- Steel Europe:
  – Focus on efficient repositioning
  – Consolidation still sensible, but on a large scale currently not possible (EU Commission)
- Materials Services: Assessing consolidation options

Majority Stake

CT (auto), IS, MS, BG & FT

- CT (auto): Development of a strong automotive business
- Industrial Solutions: Focus on turnaround
- Open to new, value creating options: partnerships and combinations in respective markets (also for business units)

Open for different ownership structures incl. Minority Stakes

ET

- Start of IPO process for Elevator:
  – Financial headroom for Group restructuring
  – Catalyst for additional performance improvement of ET
  – Elevator shares as „currency“ for further development of ET

IPO

newtk - the new thyssenkrupp

PERFORMANCE FIRST

- Leverage business USP into a leading market position and benchmark profitability
- FCF bef. M&A target of ≥ €1 bn in FY 20/21 confirmed
- Reduction of 6,000 jobs over the next 3 years to support performance targets
- Performance driven culture with respective incentive schemes

FLEXIBLE PORTFOLIO

- Majority-owned Materials businesses (SE and MX); consolidation opportunities
- Open for different ownership structures;
  value-driven development of CT-Auto, IS, MS, Bearings & Forged
- IPO of ET – value realization and cristallization, faster performance improvement

PEOPLE-CENTRIC & EFFICIENT ORGANIZATION

- Comprehensive definition of a new leadership structure and development of employees
- Stronger entrepreneurial spirit in our businesses in accordance with our values
- Leadership through lean Corporate center with costs <€200 mn

Content

Highlights of new Group strategy and financials

newtk - disruptive approach for the new thyssenkrupp

- Performance First – rigorous performance focus; FCF bef. M&A of ≥€1 bn for FY 20/21
- Flexible Portfolio – stringent value focus; next step: Elevator IPO
- Efficient Organization – Corporate center cost reduction to <€200 mn;
  6,000 FTE reduction – agreement with IGM and employee representatives achieved

Q2 Financials

- Order intake growth at CT, ET and IS underlining FY growth ambitions – ET with new record high in order backlog[1]
- EBIT adj. with macro headwinds for CT (auto) and Materials, not fully offset by management initiatives
- FCF bef. M&A – positive, driven by NWC release at MX and improvements in ET

FY Outlook Group

- Revision of Group outlook, driven by
  - reintegration of Steel Europe as of Q3
  - macro headwinds, in particular at auto and materials businesses related

1. Order backlog excluding Service

Order intake[1] growth yoy at CT, ET and IS underlining FY growth ambitions
[€ mn]

	17/18 Q2	18/19 Q1	18/19 Q2	yoy	yoy (ex FX[2])
Components Technology (CT)	1,665	1,653	1,781	7%	5%
Elevator Technology (ET)	1,873	2,143	1,995	7%	4%
Industrial Solutions (IS)	670	940	740	10%	11%
Marine Systems (MS)	255	107	133	-48%	-49%
Materials Services (MX)	3,776	3,370	3,821	1%	0%
Steel Europe (SE)	2,484	2,341	2,451	-1%	-2%
Group[3]	10,219	10,111	10,360	1%	0%
Discontinued Steel Operations[4]	2,062	1,980	1,998	-3%	n.a.
Continuing Operations	8,156	8,131	8,363	3%	1%

- CT: Industry components higher; automotive components stable, new orders by ramp-up of new plants compensate overall slowdown
- ET: Positive trend in Modernization & Service across all regions; NI growth in China
- IS: Continued good demand at Mining and recovery at Chemical plants (fertilizer orders from Egypt and Poland to become effective in Q3)
- MS: Service & Maintenance contracts; strong order funnel for FY 18/19 (frigates for N. Africa – in advanced status) and beyond[5]
- MX: Sig. lower volumes esp. in Europe nearly compensated by higher average prices
- SE: Significantly lower volumes nearly compensated by higher average steel prices in contract business

1. Prior-year figures have been adjusted due to the adoption of IFRS 15 I 2. Adjusted for FX and portfolio effects I 3. Incl. Corp./Cons Q2 17/18: (505); Q1 18/19 (444); Q2 18/19 (561) | 4. Including Steel Europe, thyssenkrupp MillServices & Systems GmbH from Materials Services and in the prior year individual Corporate companies | 5. Preferred bidder for 4 corvettes for Brazil (in consortium with Embraer Defense & Security and Atech) as well as 6 submarines for Norway/Germany

Sales[1]

[€ mn]

	17/18 Q2	18/19 Q1	18/19 Q2	yoy	yoy (ex FX[2])
Components Technology (CT)	1.646	1.580	1.726	5%	3%
Elevator Technology (ET)	1.754	1.923	1.869	7%	4%
Industrial Solutions (IS)	956	840	950	-1%	-1%
Marine Systems (MS)	291	298	497	70%	70%
Materials Services (MX)	3.890	3.388	3.696	-5%	-6%
Steel Europe (SE)	2.388	2.131	2.350	-2%	-2%
Group[3]	10.442	9.736	10.638	2%	0%
Discontinued Steel Operations[4]	1.999	1.794	1.984	-1%	n.a.
Continuing Operations	8.443	7.942	8.654	2%	1%

- CT: Sales mirror order intake; China and Western Europe with weaker demand for auto components
- ET: Growth driven by new installation in USA, modernization in Europe as well as by service in all major regions
- IS: Chemical plant construction with progress on major projects in Hungary and Brunei, offset by decrease at Cement
- MS: Significantly up due to higher progress on especially submarine projects
- MX: Down due to sig. lower volumes esp. in auto-related service centers and global materials trading
- SE: Higher average selling prices in all products and end user sectors more than compensated by significant lower volumes

1. Prior-year figures have been adjusted due to the adoption of IFRS 15 | 2. Adjusted for FX and portfolio effects | 3. Incl. Corp./Cons Group Q2 17/18: (484); Q1 18/19 (424); Q2 18/19 (451) | 4. Including Steel Europe, thyssenkrupp MillServices & Systems GmbH from Materials Services and in the prior year individual Corporate companies

EBIT adj.[1] – with headwinds in particular for CT (auto) and Materials

[€ mn]

	17/18 Q2	18/19 Q1	18/19 Q2	yoy
Components Technology (CT)	90	49	69	-23%
Elevator Technology (ET)	204	204	198	-3%
Industrial Solutions (IS)	(14)	(23)	(33)	--
Marine Systems (MS)	(9)	0	0	++
Materials Services (MX)[2]	100	22	53	-47%
Steel Europe (SE)	197	38	37	-81%
Corporate	(81)	(77)	(72)	11%
Consolidation	9	119	100	++
Group	495	333	353	-29%
Discontinued Steel Operations[3]	211	165	141	-33%
Continuing Operations	283	168	212	-25%

Incl. reversal of regular depreciation charges at SE[4]:
Q2 18/19 ~€113 mn
Q1 18/19 ~€115 mn

- CT: Weaker demand for auto components in China and Western Europe; Springs & Stabilizers still negative (low 2-digit € mn)
- ET: Continued pricing pressure and material cost/tariff development mainly in US
- IS: Lower margin projects, slight improvement in H2 expected; turnaround program implemented: new org. structure up and running, SG&A cost reduction, improved project execution underway
- MS: Improvement due to higher sales; still low margins on billed projects
- MX: Lower shipments and margin pressure particularly in Europe esp. in warehousing in Germany and auto-related service centers; positive one-offs
- SE: Higher personnel expenses (after new collective agreement); higher raw material cost; lower shipments in particular with auto OEMs
- Corp.: Further reduction of G&A costs and positive one-offs

1. Prior-year figures have been adjusted due to the adoption of IFRS 15 | 2. Adj. EBIT of Continuing Operations of MX in Q2 17/18 €97 mn, Q1 18/19 €21 mn, in Q2 18/19 €52 mn | 3. Including Steel Europe, reversal of regular depreciation charges at SE, thyssenkrupp MillServices & Systems GmbH from Materials Services and in the prior year individual Corporate companies I 4. Following discontinued operations classification since July 1st, 2018

Special Items - continued focus on restructuring and future margin upside

[€ mn]

Business Area		2017/18 Q1	2017/18 Q2	2017/18 Q3	2017/18 Q4	2017/18 FY	2018/19 Q1	2018/19 Q2
CT	Disposal effect							
	Impairment			(1)	(11)	(12)	(1)	(2)
	Restructuring	(2)		(2)	(2)	(6)		
	Others		(4)	(28)	(27)	(59)	(4)	(8)
ET	Disposal effect						1	
	Impairment		(3)		(6)	(9)		
	Restructuring	(14)	(8)	(9)	(9)	(40)	(3)	(22)
	Others	(5)	(7)	(6)	(25)	(43)	(3)	(7)
IS	Disposal effect							
	Impairment			(3)	(1)	(4)		
	Restructuring	(2)		(1)	33	30	(2)	(1)
	Others		(20)	2	(8)	(26)	(5)	5
MS	Disposal effect							
	Impairment							
	Restructuring			(1)	16	15		
	Others				(3)	(3)		
MX	Disposal effect							
	Impairment			(1)	(1)	(2)		
	Restructuring		(6)	(5)	(7)	(18)	(3)	(2)
	Others	(2)	(4)	(3)	(18)	(27)	2	
SE	Disposal effect			11	8	19	(4)	(20)
	Impairment				(1)	(1)		
	Restructuring			1	1	2	(1)	(1)
	Others				(235)	(235)	1	(134)
Corp.	Disposal effect	5	(10)	(37)	(9)	(51)	(12)	(26)
	Impairment				(1)	(1)		
	Restructuring	(1)	(1)	(2)	(7)	(11)	(1)	(3)
	Others	(1)	(4)	(3)	(17)	(25)	(1)	17
Consolidation								(3)
Group		(22)	(66)	(88)	(330)	(507)	(36)	(207)

Comments on Q2

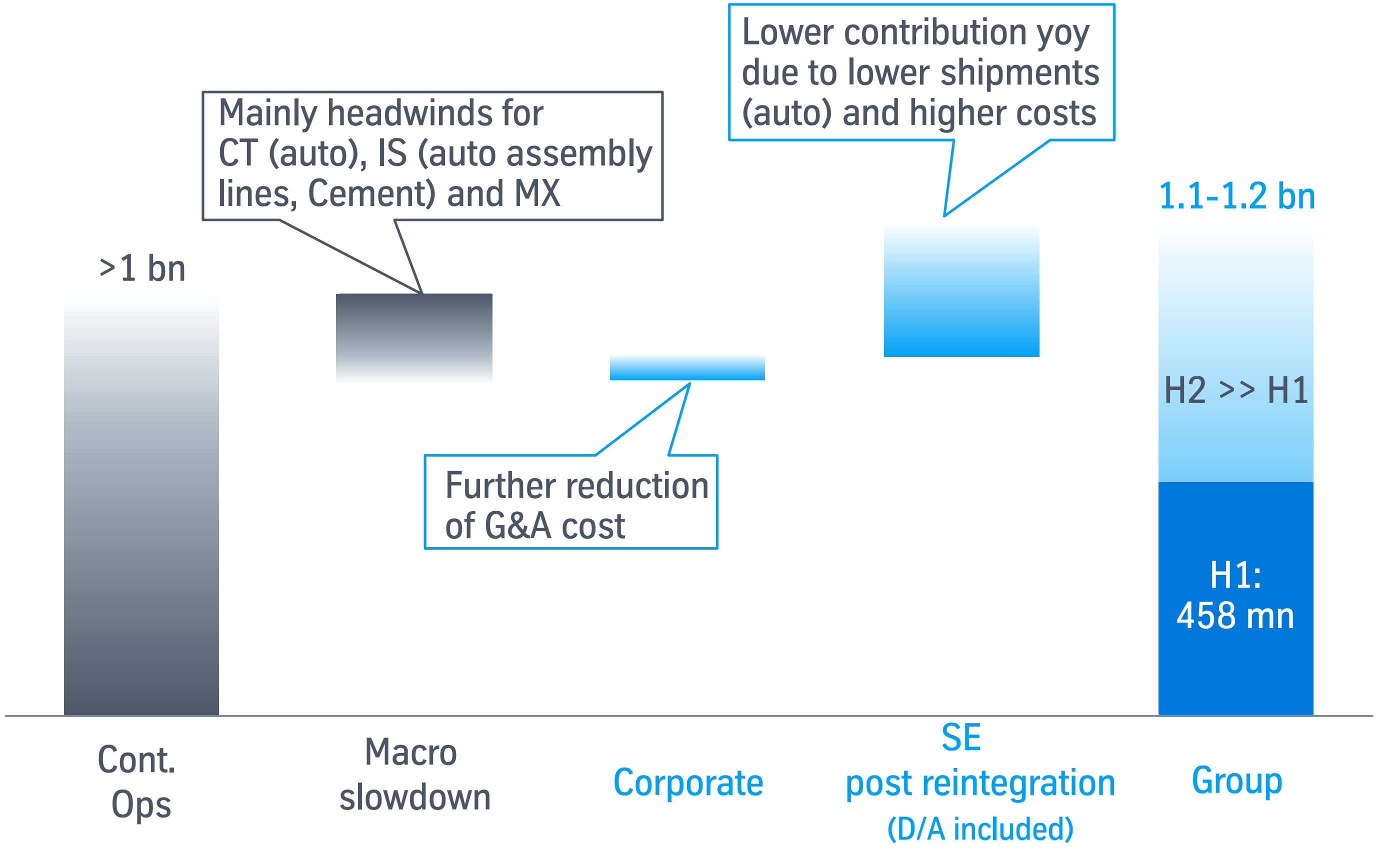
- Expenses for repairs after flooding in Brazil and subsequent closure costs
- Restructuring & Reorganization in Europe and the Americas
- Income from liquidation of a company

- Acquisition of IT infrastructure from Corporate
- Costs in connection with carve-out
- Provisions for cartel proceedings

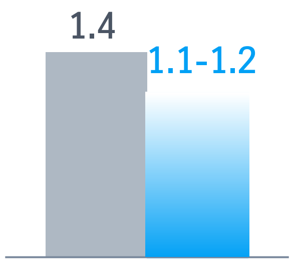
- Mainly project expenses in connection with the planned steel joint venture and the repositioning of the Group
- Transfer of IT infrastructure to Steel Europe

Group Outlook now incl. Steel Europe – macro slowdown with effects on operational performance

[in €]

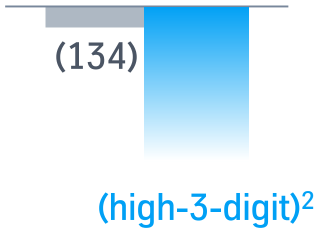


EBIT adj. [€ bn][1]



- Lower contribution from Materials

FCF bef. M&A [€ mn]



- Lower EBIT
- NWC at Materials and CT
- Also depending on order intake and cash profile (big tickets) at MS

1. Like-for-like EBIT adj. FY 17/18 (post regular depreciation charges at SE in Q4) I 2. Potential cash out for cartel proceedings at Steel Europe not yet considered

2017/18 2018/19E

Revision of FY outlook incl. reintegration of SE

[€ mn]

	Q3 17/18	Q3E 18/19	FYE 18/19 – EBIT adj.[1]
CT	100	↘	Despite weakening auto sector, sales up low single-digit and slight improvement in margin, reflecting in particular the absence of additional expenses for quality-related risk provisions and the further ramp-up of new plants, supported by efficiency and restructuring programs
ET	217	↗	Sales up mid-single digit and EBIT adj. margin stable; affected by effects of materials price movements – particularly in China – and scale of impact from tariffs on imports of materials to the USA
IS	(106)	↗	Depending on order intake – sig. recovery in sales (despite difficult market conditions, in particular at System Engineering (Auto) and Cement; EBIT adj. slightly better with further improvements in H2, supported by extensive turnaround and restructuring measures
MS	(107)	↗	Sig. recovery in order intake due to big tickets in final negotiation, in particular frigates from North Africa; EBIT adj. sig. improving towards break-even, supported by extensive performance program
MX	84	↘	Slowing economy as well as declining prices and volumes lead to a sig. lower adjusted EBIT
SE	227	↘	Slowing economy and declining prices and volumes, in particular in the auto sector leads to sig. lower adjusted EBIT
Corp.	(82)	→	Stable on prior year driven by continuing cost reductions; prior year impacted by positive one-timers
EBIT adj.	331	→	€1.1–1.2 bn driven by macro slowdown with effects on operational performance; supported by efficiency and restructuring programs
FCF b. M&A	(211)	→	Negative (high-3-digit), driven by lower EBIT and NWC build up at Materials and CT; also depending on order intake and cash profile (big tickets) at MS

1. Compared to FY 2017/18

Content

thyssenkrupp Group[1]

Sales €41.5 bn; EBIT adj. €1.4 bn

Components Technology (CT)
€6.6 bn
€197 mn

- Auto: chassis/ powertrain components
- Industry: bearings; undercarriages

Elevator Technology (ET)
€7.6 bn
€865 mn

- Elevators, escalators, moving walks
- Passenger boarding bridges

Industrial Solutions (IS)
€3.6 bn
€(126) mn

- Chemical plants
- Cement plants; minerals/ mining equipment
- Production lines: auto/ aerospace

Marine Systems (MS)
€1.4 bn
€(128) mn

- Submarines[2]
- Naval surface vessels
- Naval electronic systems

Materials Services (MX)
€14.7 bn
€317 mn

- Industrial materials distribution
- Raw materials trading
- Logistics; SCM
- Stainless steel production (AST)

Steel Europe (SE)
€9.5 bn
€687 mn

- Premium flat carbon steel

1. All figures related to FY 2017/18; figures have been adjusted due to the adoption of IFRS 15; EBIT adj. Group post regular depreciation charges at SE in Q4 I 2. Non-nuclear

Sales by region FY 2017/18
[%]

	Components Technology	Elevator Technology	Industrial Solutions[2]	Materials Services	Steel Europe	thyssenkrupp Group
Worldwide (€mn)	7,875	7,554	5,020	14,652	9,470	42,745
DACHLI[1]	31.4	9.5	19.1	34.2	57.1	31.7
Germany	29.9	7.6	18.8	31.2	54.7	29.6
Central/ Eastern Europe	4.3	0.4	2.2	12.4	5.8	6.4
Western Europe	12.9	16.4	10.4	25.8	22.3	19.0
North America	28.5	34.9	8.1	20.0	6.9	20.5
USA	18.1	29.8	4.2	16.4	4.7	15.7
South America	3.6	5.2	5.9	0.4	1.0	2.7
Asia/Pacific	1.6	9.7	14.1	3.0	0.6	4.8
CIS	0.3	0.8	2.4	0.4	0.6	0.7
Greater China	16.0	17.2	8.0	0.7	1.7	7.5
China	15.9	16.2	7.1	0.5	1.6	7.1
India	0.7	1.3	3.9	0.2	0.6	1.0
Middle East & Africa	0.6	4.5	26.0	2.8	3.5	5.6

Note: Figures have not been adjusted due to the adoption of IFRS 15
1. D = Germany, A = Austria, CH = Switzerland, LI = Liechtenstein I 2. Incl. Marine Systems

Sales by customer group FY 2017/18

[%]

	Components Technology	Elevator Technology	Industrial[2] Solutions	Materials Services	Steel Europe	thyssenkrupp Group
Worldwide (€mn)	7,875	7,554	5,020	14,652	9,470	42,745
Automotive	78.0	0.0	20.2	17.1	29.4	28.4
Steel and related processing	0.1	0.1	1.0	21.1	23.7	11.6
Trading	3.5	24.0	0.7	14.6	22.4	12.7
Construction	0.3	46.2	0.0	5.3	0.4	10.1
Engineering	15.5	7.0	30.3	9.8	4.0	11.6
Public sector	0.1	3.7	15.1	1.1	0.0	2.8
Energy and utilities	0.4	0.4	2.5	2.7	2.7	2.0
Packaging	0.0	0.0	0.0	0.5	12.7	3.0
Other customer groups	2.1	18.7	30.2	27.9	4.6	17.9

Note: Figures have not been adjusted due to the adoption of IFRS 15
1. D = Germany, A = Austria, CH = Switzerland, LI = Liechtenstein I 2. Incl. Marine Systems

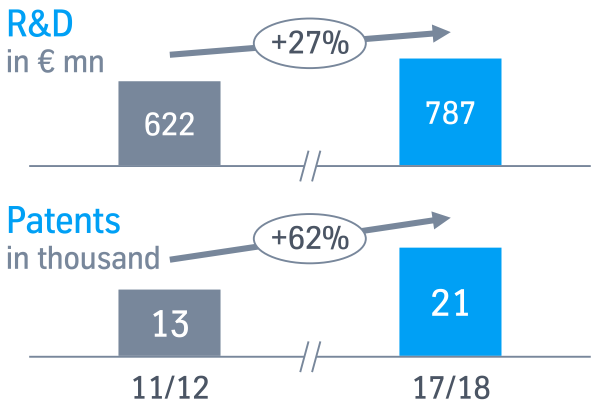
Technology, Innovation & Sustainability
Create growth opportunities, strengthen competitiveness

Key areas

- Digitization
- Smart & Renewable Energy
- Sustainable Mobility
- Resource-efficiency
- Long-term Greenhouse Gas Neutrality
- Cross-sector innovation

Levers

- Sustainability commitment
- Mechanical Engineering + Digital Transformation
- Leadership in Engineering for chemical processes & plants
- Strong position in car assembly lines at major OEMs
- Governance resp. on C-level



Results

- Ranked a **leader in climate protection** for the 2nd time
- **Electrical Powered Steering**
  >€8 bn customer orders
  motion control specialist
- **MULTI:** Rope free elevator. 1st customer
- **Renewable energy storage:**
  Redox Flow battery
  Green H_2 / water electrolysis
- **Carbon2Chem:** Recycling of CO_2 for chemical value chains
- **Digital sales channels:**~€1.3 bn Sales with industrial materials in FY 17/18
- **Lithium-Ion battery assembly** for e-mobility

Growth
Value
Cash

thyssenkrupp with strong commitment and strategy to tackle future climate challenges

tk actions correspond to TCFD[1] framework

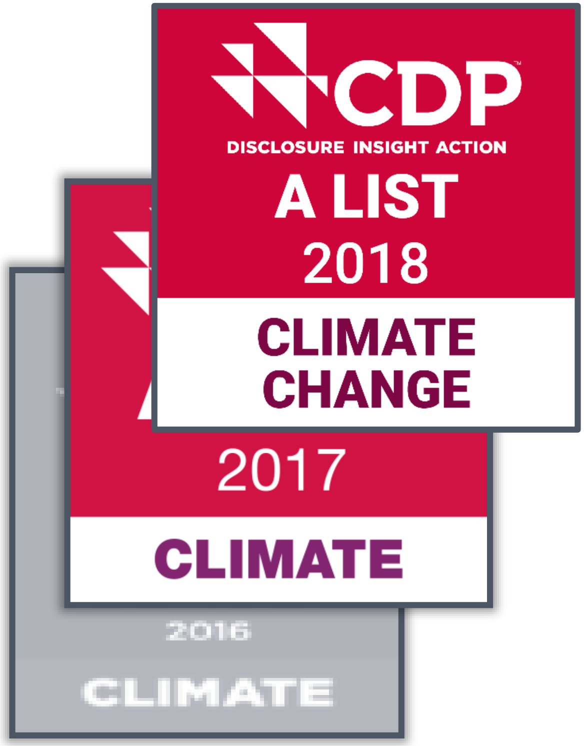
Governance
- ✓ Oversight of climate strategy by CEO and Sustainability Committee
- ✓ Supervisory Board informed through regular channels

Strategy
- ✓ Climate Action Program for Sustainable Solutions (CAPS) implemented
- ✓ Systematic development of breakthrough projects (e. g. Carbon2Chem)
- ✓ Groupwide Energy Efficiency Program (GEEP) since 2014
- ✓ Scenario analysis on technological levers & via Foresight

Risk Management
- ✓ Involvement of climate issues into internal risk management processes
- ✓ Enabling technologies may become a major competitive differentiator
- ✓ Example: „Carbon Leakage“ in European steel industry

Metrics and Targets
- ✓ ~24 mn t CO_2e Scope 1+2 tk Group, ~6 mn t CO_2e for cont. operations
- ✓ >80,000 t CO_2e avoided in FY 2017/18 through efficiency gains
- ✓ >90% of overall footprint (Scope 1+2+3) from use phase of products
- ✓ Concrete climate targets within CAPS

tk ranked as a leader in climate protection for 3 years in a row



1. TCFD: Taskforce on Climate-related Financial Disclosures

Content

Share and ADR Data

• Shares outstanding	622,531,741
• Type of share	No-par-value bearer shares
• Voting	One share, one vote

Share Data

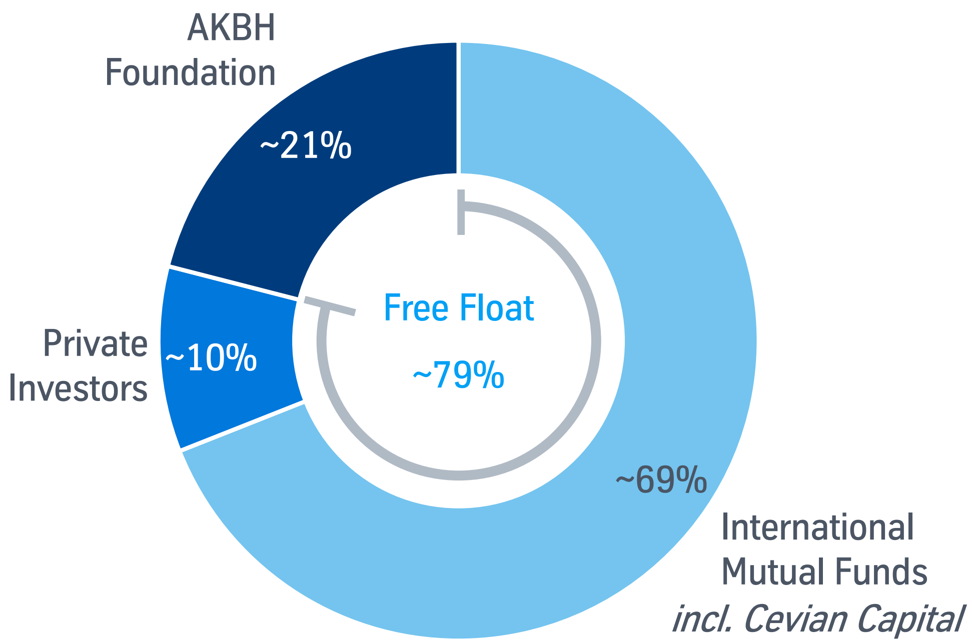
• Ticker Symbol	TKA
• German Security Identification Number (WKN)	750 000
• ISIN Number	DE0007500001
• Exchange	Frankfurt, Dusseldorf

ADR Data

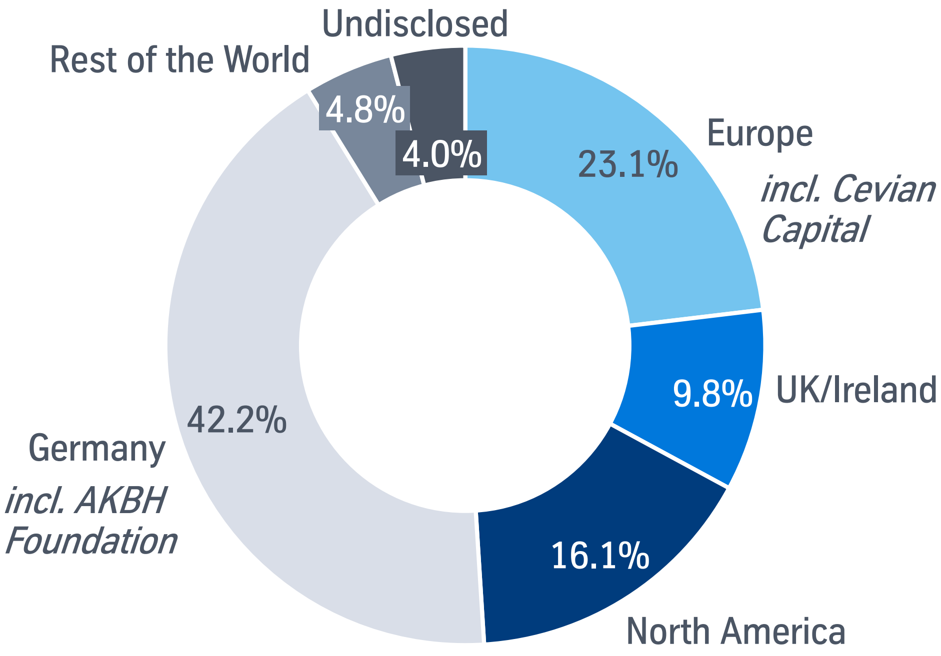
• Ratio (ordinary share:ADR)	1:1
• ADR Structure	Sponsored-Level-I
• Ticker Symbol	TKAMY
• Cusip	88629Q 207
• ISIN Number	US88629Q2075
• Exchange	Over-the-Counter (OTC)
• Depositary bank: Deutsche Bank Trust Company Americas	E-mail: adr@db.com
• Phone: +1 212 250 9100 (New York); +44 207 547 6500 (London)	Website: www.adr.db.com

thyssenkrupp shareholder structure

Investors



Regional split



Source: WpHG Announcements; thyssenkrupp Shareholder ID 03/2019

Financial Calendar

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June

- dbAccess Conference, Berlin (5th)
- db Global Industrials & Materials Summit, Chicago (5th)
- Jefferies Annual Steel & Metals Industry Summit, New York (17th)

Key financials (I)
[€ mn]

Full Group

	2017/18[1]					2018/19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Order intake	9,398	10,219	10,554	11,316	41,486	10,111	10,360
Sales	9,543	10,442	10,771	10,779	41,534	9,736	10,638
EBITDA	691	702	517	145	2,056	465	321
EBITDA adjusted	714	765	601	456	2,537	500	526
EBIT	426	428	243	(52)	1,045	296	145
EBIT adjusted	448	495	331	277	1,551	333	353
EBT	322	333	157	(144)	668	215	58
Net income/(loss)	93	250	(114)	(169)	60	145	(86)
attrib. to tk AG stockh.	81	240	(131)	(180)	8	136	(99)
Earnings per share[2] (€)	0.13	0.38	(0.21)	(0.29)	0.01	0.22	(0.16)
Free cash flow	(1,535)	161	(199)	1,459	(115)	(2,477)	22
FCF before M&A	(1,549)	168	(211)	1,459	(134)	(2,477)	23
TK Value Added					(215)		
Ø Capital Employed	15,177	15,574	15,786	15,740	15,740	16,210	16,835
Cash and cash equivalents (incl. short-term securities)	3,548	3,663	3,267	3,012	3,012	2,303	2,947
Net financial debt	3,544	3,546	3,808	2,364	2,364	4,684	4,834
Equity	3,282	3,333	3,339	3,274	3,274	3,422	3,106

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Attributable to tk AG's stockholders

Key financials (II)

[€ mn]

Continuing Operations

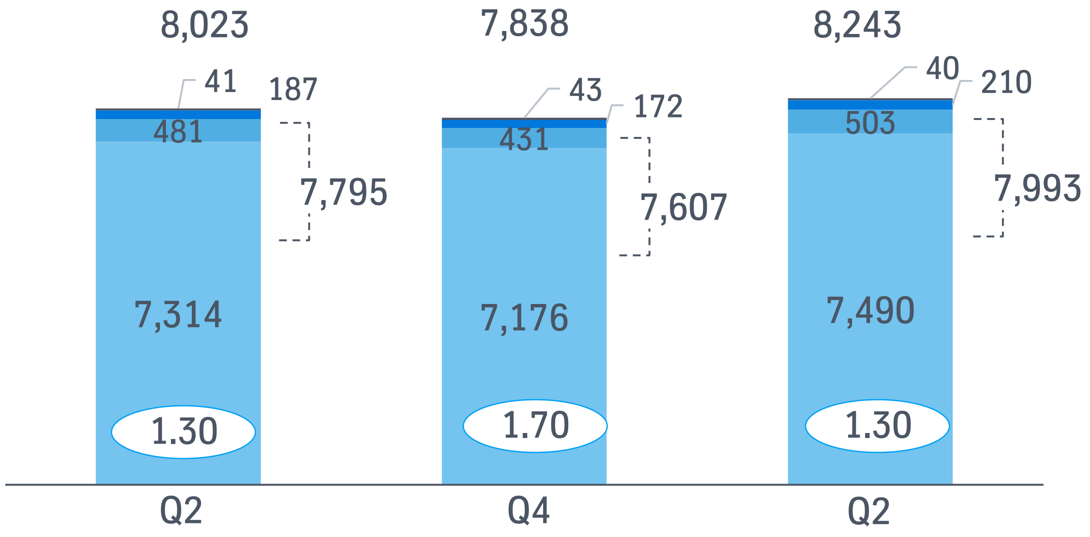
	2017/18[1]					2018/19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Order intake	7,690	8,156	8,465	9,554	33,865	8,131	8,363
Sales	7,725	8,443	8,666	8,729	33,563	7,942	8,654
EBITDA	394	393	203	163	1,152	310	350
EBITDA adjusted	531	554	368	239	1,691	335	385
EBIT	236	226	36	(34)	465	142	174
EBIT adjusted	265	283	98	59	706	168	212
EBT	151	150	(30)	(107)	164	77	103
Net income/(loss) (net of tax)	(24)	125	(240)	(60)	(198)	58	(12)
attrib. to tk AG stockh.	(37)	117	(254)	(71)	(245)	51	(23)
Earnings per share[2] (€)	(0.06)	0.19	(0.41)	(0.11)	(0.39)	0.08	(0.04)
Operating cash flow[3]	(902)	48	(227)	1,271	190	(1,485)	271
Cash flow from divestm.	18	14	23	11	66	14	26
Cash flow from investm.	(199)	(187)	(209)	(340)	(935)	(170)	(201)
Free cash flow[3]	(1,083)	(125)	(413)	942	(679)	(1,641)	96
FCF before M&A[3]	(1,097)	(118)	(425)	967	(673)	(1,641)	97
Employees	130,031	130,780	130,907	131,606	131,606	132,142	131,515

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Attributable to tk AG's stockholders | 3. Adjustment due to a change in the assessment of the allocation of cash flows between continuing and discontinued operations in Q2 & Q4 2017/18

Pensions: “patient” long-term financial debt with gradual amortization

[€ mn]

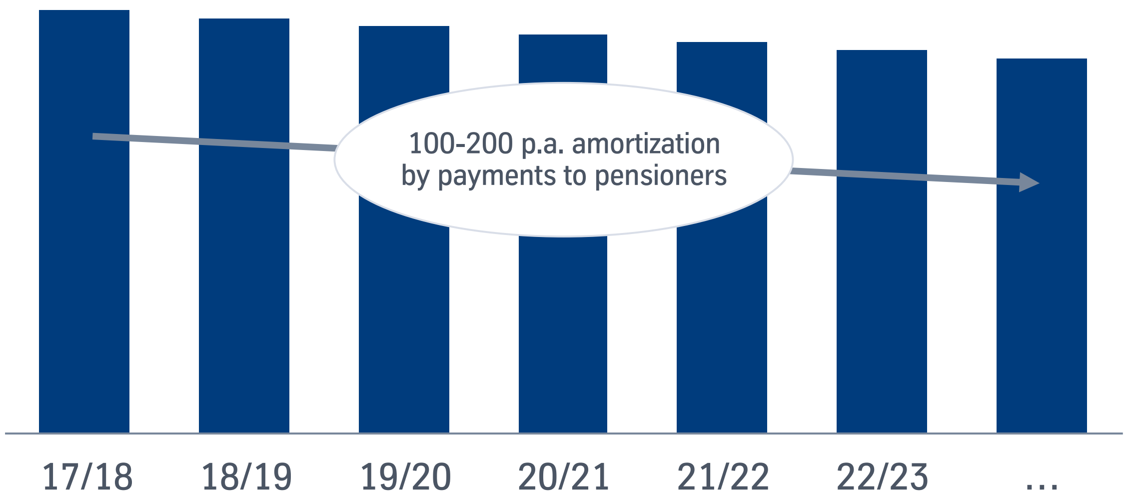
Accrued pension and similar obligations



Fluctuations in accrued pensions

- are mainly driven by increases / decreases in discount rates in Germany (>90% of accrued pensions in Germany)
- do not change payouts to pensioners
- do not trigger funding situation in Germany; and not necessarily funding changes outside Germany
- are recognized directly in equity via OCI

Development at unchanged discount rate (schematic)



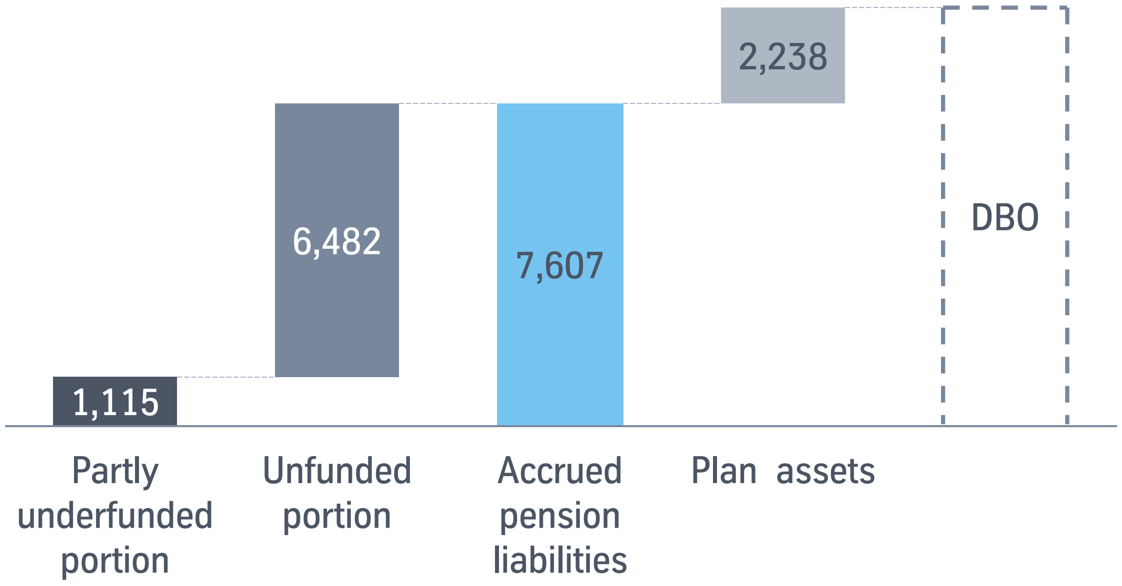
- IFRS requires determination of pension discount rate based on AA-rated corporate bonds
- Pension discount rate significant lower than interest rates of tk corporate bonds
- >90% of accrued pensions in Germany; thereof ~63% owed to exist. pensioners (average age ~76 years)

Accrued pension liability Germany | Accrued pension liability outside GER | Accruals related to partial retirement agreements | Other accrued pension-related obligation | German discount rate

Germany accounts for majority of pension plans

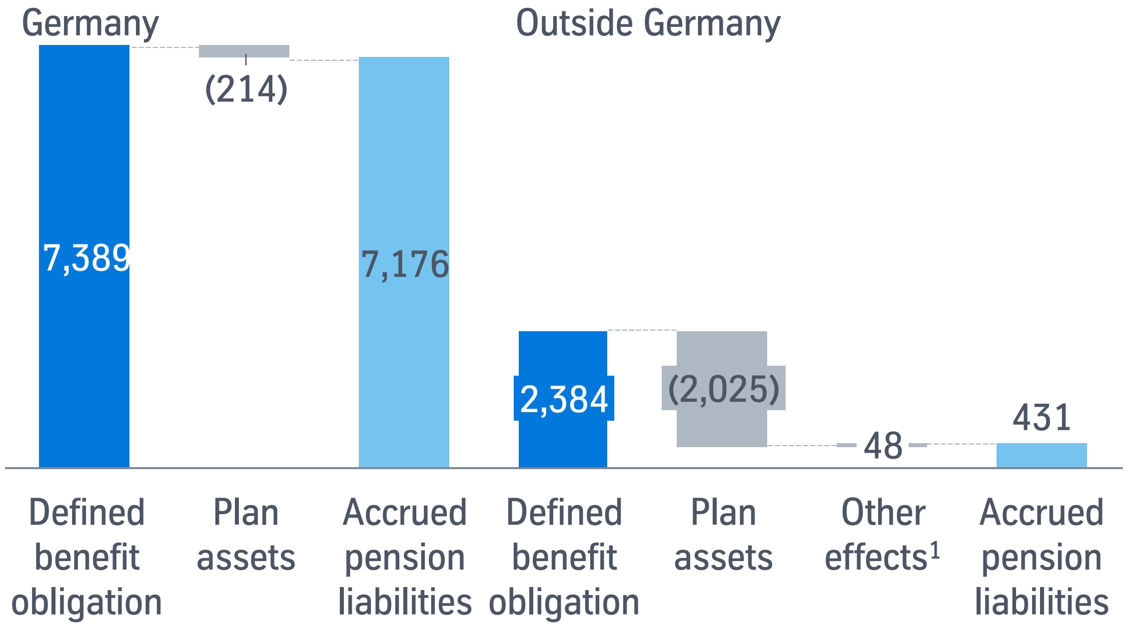
[FY 17/18; € mn]

Funded status of defined benefit obligation



- >95% of the unfunded portion in Germany;
  German pension regulations do not require funding of pension obligations with plan assets;
  therefore funding is mainly done by tk's operating assets

Reconciliation of accrued pension liabilities by region

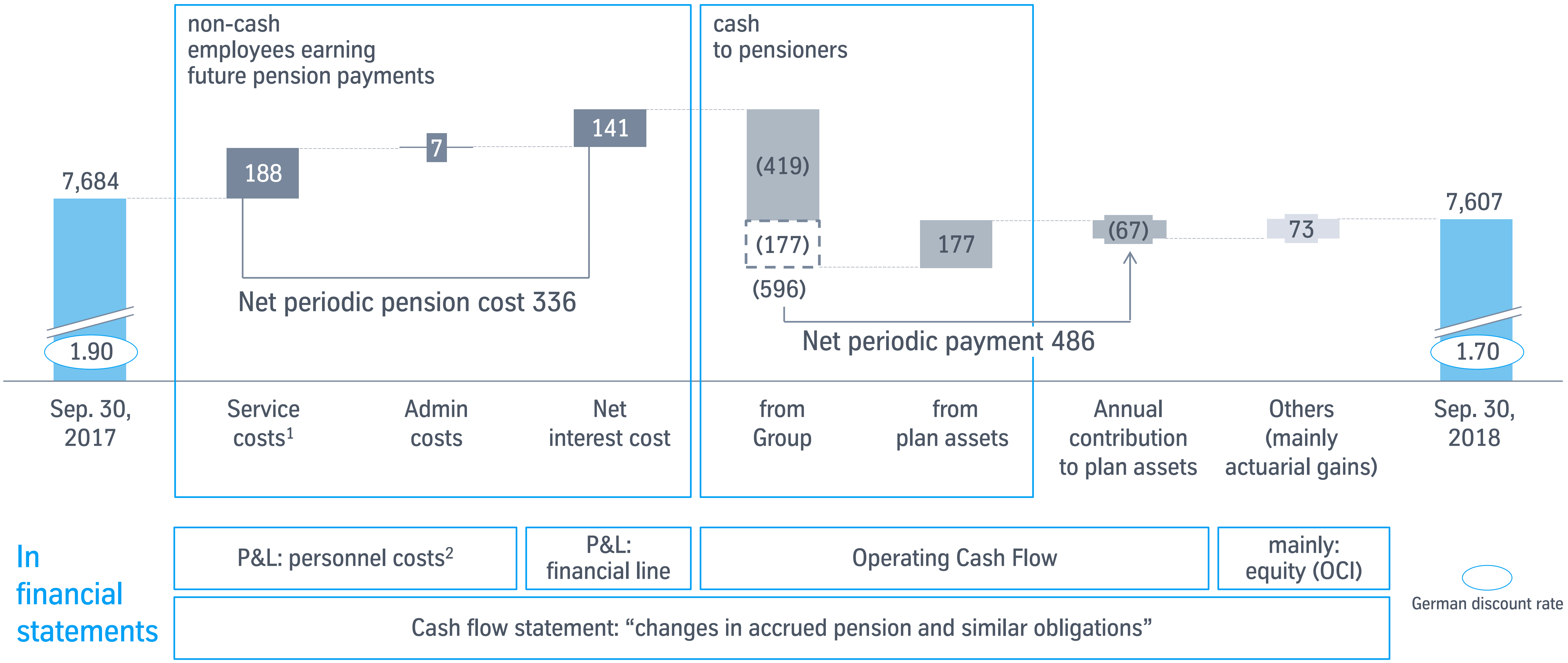


- Plan assets outside Germany mainly attributable to UK (~33%) and USA (~28%)
- Plan asset classes include national and international stocks, fixed income securities of governments and non-governmental organizations, real estate as well as highly diversified funds

1. Other non-financial assets

Mature pension scheme: payments amortize liability by ~ €150 mn (p.a.)

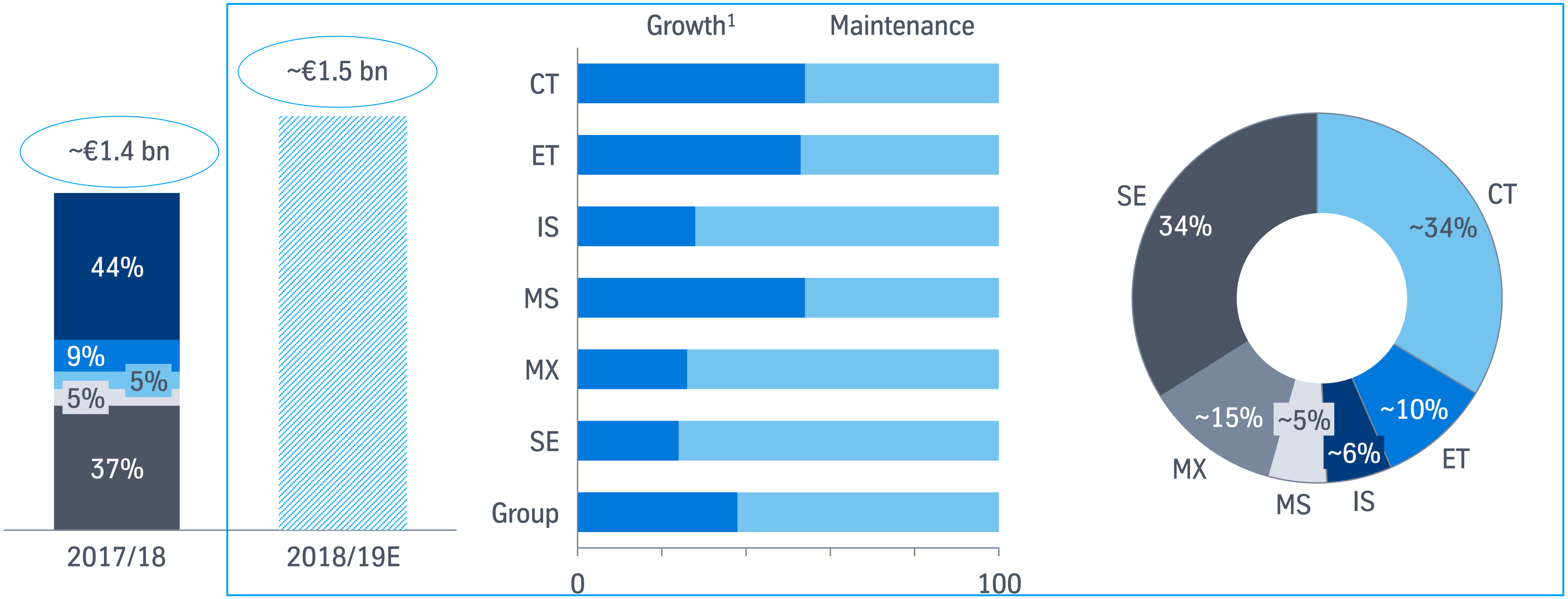
Reconciliation of accrued pension [€ mn]



1.) Including past service cost and curtailments
2.) Additional personnel expenses include €160 mn net periodic pension cost for defined contribution plans

Capex allocation

Cash flows from investing activities

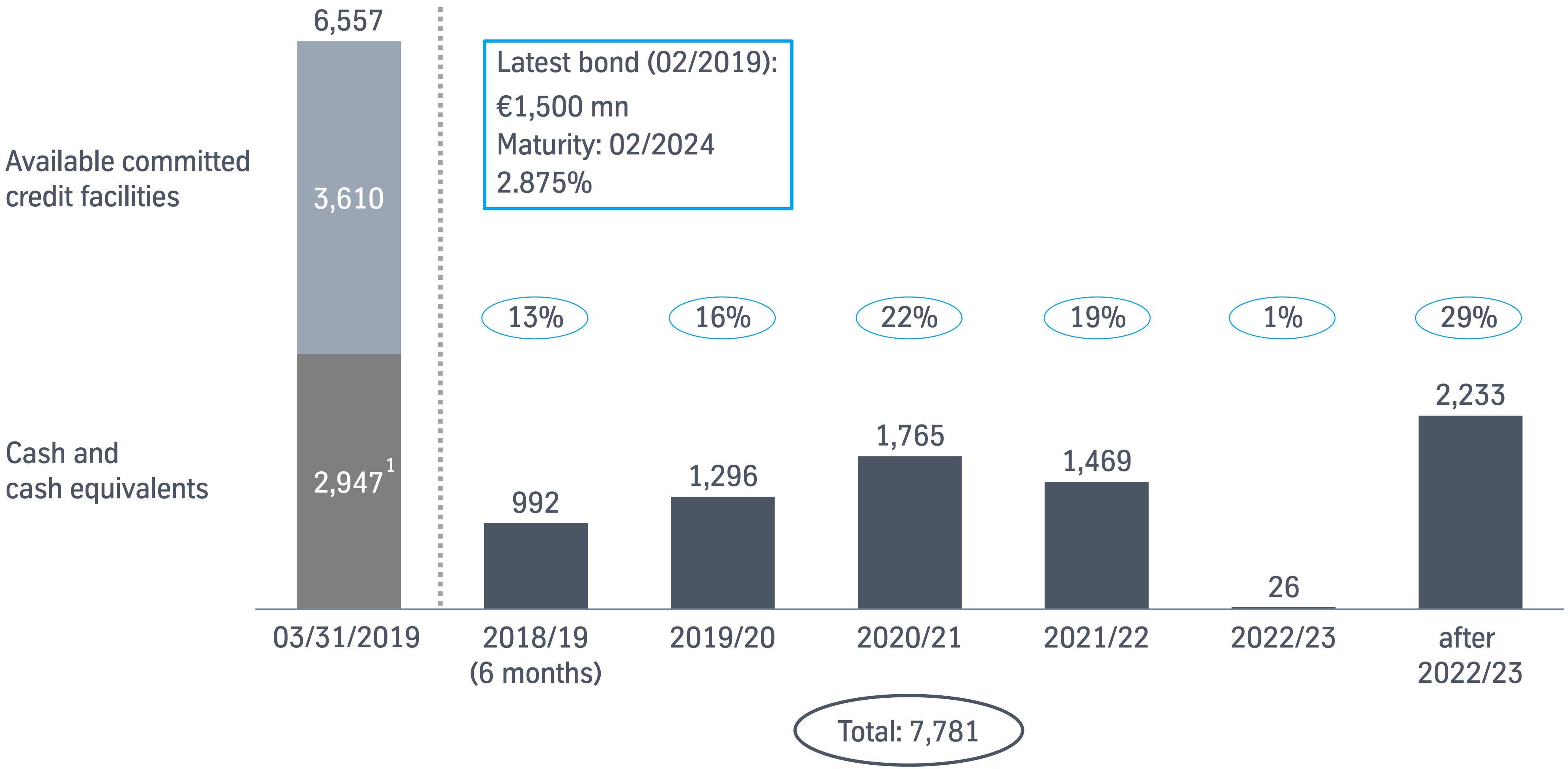


CT IS MX
ET MS SE
Group

Note: Business Area shares referring to capex excl. Corporate; figures incl. rounding differences

Solid financial situation

Liquidity analysis and maturity profile of gross financial debt as of March 31, 2019 [€ mn]



1. Incl. securities of €6 mn

Systematic benchmarking aiming at best-in-class operations

Selected peers / relevant peer segments

Continuing Operations

Components Technology

- Automotive
  - Steering: Bosch Automotive Steering; ZF/TRW; Nexteer[1], JTEKT[1], NSK[1]
  - Axle, damper & suspension systems: ZF/TRW; Tenneco[1]; Mubea, NHK Springs[1], Benteler
  - Camshafts: Seojin Cam, Linamar[1]
  - Crankshafts: Bharat Forge[1]; Tianrun; CIE Galfor[1]; Sumitomo[1]
- Industry
  - Slewing bearings and seamless rings: IMO; SKF[1]; Forgital Group
  - Undercarriages and undercarriage components: Titan International[1]

Elevator Technology

- UTC/Otis[1]
- KONE[1]
- Schindler[1]
- Mitsubishi (Electric)[1]
- Fujitec[1]
- Toshiba[1]
- Hitachi[1]

Industrial Solutions

- Chemical Plant Engineering: Snamprogetti/Saipem[1]; MaireTecnimont[1]; TechnipFMC[1]; Fluor[1]; Asahi Kasei[1]
- Cement & Mining: Sinoma[1]; FLSmidth[1]; KHD Humboldt Wedag; Takraf; FAM; Sandvik[1] Metso[1]; Loesche; Outotec[1]
- System Engineering: KUKA[1] EDAG[1]; Comau; FFT; ABB[1]

Marine Systems

- Marine Systems: DCNS; Fincantieri[1]; Damen; BAE Systems[1]; DSME[1]; Saab Kockums[1]

Materials Services

- Materials Distribution:
  - Klöckner[1]; Salzgitter Trading[1]; Reliance[1]
- Special Services:
  - Glencore[1]; Stemcor; Reliance[1]; AM Castle[1]; Vink; Sunclear
- Special Materials
  - Acerinox[1]; Aperam[1]; Outokumpu[1]

Steel Europe

- ArcelorMittal Europe[1]
- Salzgitter Strip Steel[1]
- Tata Steel Europe[1]
- Voestalpine Steel Division[1]

1. Listed peers

Components Technology – overview

Sales €6.6 bn - Mission critical components for leading automotive and industry customers

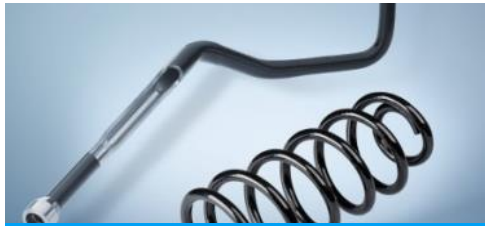
Automotive ~70% of sales


Steering


Damper


Automotive Systems


Camshafts


Springs & Stabilizers

Industry ~30% of sales[1]


Bearings


Forged Technologies

- Growth prospects from technology shifts and expansion of global production network
- Strong customer portfolio and steady stream of innovations for tomorrow's mobility trends
- Profitability upside from increased competitiveness and best-in-class engineering and operations
- Good business predictability due to long-term customer contracts and close customer proximity

More than 1 million parts/systems per day

1. Forged Technologies still partially also addressing the automotive industry

Components Technology: Reach benchmark level in FY 20/21 based on past years' investments

Achievements

- Repositioned from opportunistic portfolio player to acknowledged tier-1 supplier based on tk commitment to automotive industry
- Made significant investments of €2.2 bn and on average ~7% uptake in order-related R&D over last 5 years
- Internationalized operations beyond Western Europe and US to access growth markets (e.g. China, Eastern Europe, Mexico)
- Generated contractual orders of >€8 bn including next generation EPS[1] systems

CT baseline FY 16/17

5%	5%	~0.2x
Sales growth	EBIT adj. margin	Cash conversion[3]

CT targets FY 20/21

Mid-single digit	>7%	~0.5x
Sales growth[2] (above market)	EBIT adj. margin[4]	Cash conversion[3]

Priorities

- Execute strong pipeline of customer contracts with sales growth towards >€8 bn
- Focus on ramp-up Steering business (EBIT swing of ≥€100 mn over next 3 years)
- Standardize product and process landscape and reduce organizational complexity
- Foster digitalization to improve performance
- Expand chassis competence towards autonomous driving

1. EPS: Electrical Power Steering I 2. On comparable basis (FX, IFRS 15) I 3. EBIT into BCF before fee for corporate brand I 4. Including IFRS 15 application at BU Automotive Systems (EBIT adj. margin ~+Δ1.0 % for CT)
Note: CAGR FY 11/12 - 16/17 for sales growth in baseline FY 16/17

Components Technology

[€ mn]

	2017/18[1]					2018/19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Order intake	1,578	1,665	1,696	1,656	6,595	1,653	1,781
Sales	1,564	1,646	1,717	1,683	6,610	1,580	1,726
EBITDA	157	169	151	(11)	466	130	149
EBITDA adjusted	158	172	182	18	529	134	157
EBIT	76	86	69	(110)	121	44	59
EBIT adjusted	77	90	100	(70)	197	49	69
EBIT adj. margin (%)	4.9	5.5	5.8	(4.2)	3.0	3.1	4.0
tk Value Added					(210)		
Ø Capital Employed	3,708	3,809	3,887	3,893	3,893	3,912	4,050
BCF[2]	(231)	(69)	(33)	263	(71)	(270)	(76)
CF from divestm.	1	0	2	1	4	5	1
CF for investm.	(128)	(113)	(123)	(158)	(523)	(111)	(114)
Employees	33,152	33,768	34,126	34,481	34,481	34,662	34,780

Current trading conditions

- Order intake at €1,781 mn (7% yoy, ex F/X +5%); sales at €1,726 mn (+5% yoy, ex F/X +3%)
  - Automotive: LV slightly higher yoy, mainly driven by ramp up new plants; China and Western Europe weaker, impacted by WLTP and customer uncertainties regarding Brexit
  - Industry: higher order intake and sales especially wind power; ongoing positive development heavy vehicles components in USA and Western Europe, but declining growth China and USA expected; construction equipment market remains positive

- EBIT adj. at €69 mn below prior year; higher ramp-up costs of new customer projects, softer demand for automotive components in China and Western Europe with flatter ramp-up curve of new plants and continued underperformance at Springs & Stabilizers

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Definition change (excl. Corporate mark)

Elevator Technology – overview

Leading position in a stable growing industry

Europe Africa
~30% of sales[1]

Elevators/Escalators new installation, service & modernization

Americas
~40% of sales[1]

Elevators/Escalators new installation, service & modernization

Asia Pacific
~30% of sales[1]

Elevators/Escalators new installation, service & modernization

Access Solutions
~2% of sales (in regions)[1]

Home elevators / stair lifts

Passenger Boarding Bridges

- Leading position in a stable growing industry
- Long-term growth perspective by lasting urbanization and urban mobility trends
- Low volatility and high visibility by high share of service revenues
- High profitability, strong cash conversion and low capital intensity
- Differentiation by strong innovation funnel

1. Sales: FY 2017/18 €7,554 mn

Elevator Technology: Margin improvement and growth of service & modernization business above market

Achievements

- Reduced complexity by ~30% in elevator and escalator portfolio
- Positioned as innovation leader
- Implemented performance program "elevate" globally
- Optimized production with roll-out of tk production system and network streamlining
- Restructured underperforming entities
- Realized increase in sales (30%), EBIT adj. (80%) and Business Cash Flow (155%) versus FY 11/12

ET baseline FY 16/17

5%	12%	~0.9x
Sales growth	EBIT adj. margin	Cash conversion[1]

ET targets FY 20/21

Low-to-mid single digit	>13%	~1.0x
Sales growth[2] (above market)	EBIT adj. margin	Cash conversion[1]

Long-term targets:
15% EBIT adj. margin
>€1 bn EBIT adj.[3]

Priorities

- Reduce complexity to drive down admin cost by €100 mn
- Streamline product portfolio by further 40% (60% in total)
- Lift-up European business by €80 mn EBIT adj.[4]
- Push service & modernization business above market growth (~55% sales share, >4% sales growth p.a.)
- MAX: Further digitalization
- MULTI: Industrialization

1. EBIT into BCF before fee for corporate brand I 2. On comparable basis (FX) I 3. Long-term target for EBIT adj. likely to be reached already in FY 20/21; corresponding to 1 €bn BCF I 4. Includes partially admin cost reduction
Note: CAGR FY 11/12 - 16/17 for sales growth in baseline FY 16/17

Elevator Technology

[€ mn]

	2017/18[1]					2018/19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Order intake	1,959	1,873	1,981	2,039	7,853	2,143	1,995
Order backlog	4,923	4,984	5,127	5,068	5,068	5,325	5,555
Sales	1,844	1,754	1,937	2,016	7,552	1,923	1,869
EBITDA	222	211	223	210	866	220	192
EBITDA adjusted	240	225	238	250	953	225	220
EBIT	201	186	202	185	775	199	169
EBIT adjusted	220	204	217	224	865	204	198
EBIT adj. margin (%)	11.9	11.6	11.2	11.1	11.5	10.6	10.6
tk Value Added					689		
Ø Capital Employed	1,066	1,103	1,127	1,141	1,141	1,219	1,254
BCF[2]	18	200	141	264	623	45	218
CF from divestm.	1	2	1	1	4	2	0
CF for investm.	(23)	(26)	(30)	(35)	(113)	(23)	(33)
Employees	52,909	52,779	52,683	53,013	53,013	53,282	52,915

Current trading conditions

Order backlog (excl. Service) at c.€5.6 bn on new record level

Order intake in Q2 +7% yoy (ex FX +4%); Q2 growth driven by modernization and service across all regions and NI growth from China;

Sales in Q2 with growth (+7% yoy; ex FX +4%) driven by new installation in North America, modernization in Europe as well as by service in all major regions

Q2 EBIT adj. burdened by continued pricing pressure and material cost/tariff development mainly in Americas

Stable New installation market in all major regions; China with stable units and prices

Modernization: positive market development in Europe

Maintenance: stable in all major regions; most pronounced growth in China and India

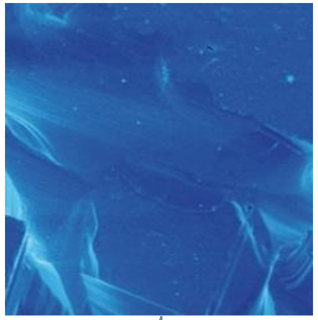
1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Definition change (excl. Corporate mark)

Industrial Solutions – overview

Global EP/EPC & Service Provider with Strong Technological Expertise [€ mn]

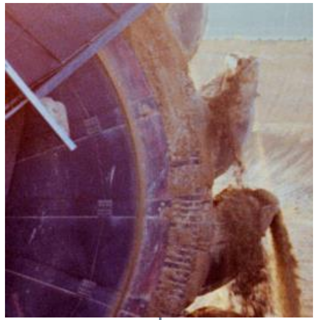
Fertilizer & Syngas

Electrolysis & Polymers



Industrial Specialties[2]

Mining



Cement

System Engineering

~900 of sales (Fertilizer & Syngas, Electrolysis & Polymers, Industrial Specialties)

~1,600 of sales (Mining, Cement)

~1,100 of sales (System Engineering)

Service[1]

Network of Excellence - worldwide project implementation - pooling and combined competencies

Regional Clusters - enhanced customer proximity

Increased market focus, leveraged resources and a new service setup

Sales of €3,633 mn referring to FY 17/18 | 1. Service share included in Business Units | 2. Coking Plants, Oil & Gas, Refining, 3rd party contracting

Industrial Solutions – Plant Technology[1]: Turnaround including restructuring necessary

Achievements

- Attractive portfolio & leading engineering capabilities around proprietary technologies (e.g. electrolysis, syngas technology, etc.)
- Engineering stronghold for tk (70% of engineering employees, thereof increasing share – ~60% – outside of Germany)

But

- External effects (recent uncertainty in fertilizer investments, cement overcapacities) negatively influence business development (reduction of large scale projects)
- Performance issues during execution of (large scale) projects
- Countermeasures so far not sufficient – Need for turnaround with full management attention

IS baseline FY 16/17

1%	~€(400) mn
EBIT adj. margin	Cash Flow

IS targets FY 20/21

~6%	Δ~€600 mn
EBIT adj. margin	Cash Flow improvement[2]

Priorities

- Increase order intake by increasing sales effectiveness and extending regional sales
- Push service growth (10-12% p.a.)
- Simplify structure and processes, e.g. streamlining and partially restructuring of BU and OU structures, adjustment of set-up for optimal execution of small- & medium-sized projects
- Deliver on the performance target of minimum €200 mn annually[3]
- Shape & industrialize technology portfolio (e.g. PET recycling, Carbon2Chem) and drive digitalization potential, especially in service

1. Includes all plant technologies for resources (mining, cement), processes (e.g. fertilizer) and system engineering I 2. Compared to FY 16/17 I 3. Referring to Plant Technology and Marine Systems

Industrial Solutions

[€ mn]

	2017/18[1]					2018/19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Order intake	788	670	883	2,200	4,541	940	740
Order backlog	5,116	4,657	4,686	5,792	5,792	5,922	5,732
Sales	835	956	815	1,027	3,633	840	950
EBITDA	19	(22)	(93)	18	(78)	(21)	(19)
EBITDA adjusted	21	(3)	(94)	(7)	(84)	(14)	(23)
EBIT	10	(33)	(107)	5	(125)	(31)	(30)
EBIT adjusted	13	(14)	(105)	(20)	(126)	(23)	(33)
EBIT adj. margin (%)	1.5	(1.4)	(12.9)	(1.9)	(3.5)	(2.8)	(3.5)
tk Value Added					(131)		
Ø Capital Employed	(64)	(28)	32	67	67	172	153
BCF[2]	(3)	(192)	(234)	150	(280)	(28)	(31)
CF from divestm.	0	2	0	4	6	1	
CF for investm.	(11)	(11)	(12)	(29)	(63)	(9)	(12)
Employees	15,841	15,916	15,794	15,717	15,717	15,656	15,661

Current trading conditions

Q2 order intake up from prior year mainly due to orders in chemical plant construction and mining

- Chemical plants: Improved market environment; further fertilizer plant orders in Egypt and Poland after reporting date confirm positive trend
- Mining: higher demand; extension for conveyor, stacker and reclaimer in Central Asia and power plant construction in India
- Cement: current market situation marked by overcapacities built up in recent years; smaller material packages
- System Engineering: stable demand for production systems for the auto industry, mainly in Europe and Asia, but with increasing uncertainties caused by Brexit, sector-specific economic risks and technology shift towards e-mobility

Q2 EBIT adj. lower yoy, mainly due to lower margins on projects billed; slight improvement expected for H2

Q2 BCF improved yoy from low base, however still negative due to negative earnings

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Definition change (excl. Corporate mark)

Marine Systems – overview

Technology leadership and strong track record
[€ mn]

Submarines

Surface vessels

Naval Electronic Systems[1]

~1,389 of sales

- Strong track record for non-nuclear submarines and surface vessels
  - >160 submarines / material packages delivered since 1960
  - >130 surface vessels / material packages delivered since 1960
- Integrated system provider through Atlas Elektronik
- Further upside potential from increasing services business
- Strong project pipeline with an excellent positioning in key campaigns (Norway/Germany)

Sales of €1,389 mn referring to FY 17/18 | 1. ATLAS ELEKTRONIK GmbH

Marine Systems: Focus on project execution and order intake

Achievements

- Increase of global defense expenditures drives market growth
- Submarine business defined as key technology by German federal government
- Market leading position especially in submarine business with promising project funnel

But

- Exclusion from tender process for MKS 180[1], possible sub-contracting
- Transnational tenders increase competition
- Low margin order backlog (e.g. Turkey) with high execution challenges

MS baseline FY 16/17

4%	~€40 mn
EBIT adj. margin	Cash Flow

MS targets FY 20/21

>0%	Δ~€200 mn
EBIT adj. margin	Cash Flow improvement[2]

Priorities

- Ensure successful execution of projects at risk
- Secure future of surface vessel business with new orders
- Successfully implement already started transformation process (e.g. integration of sites, introduction of modern engineering methods/organization)

1. Consortium of tkMS and Fr. Lürssen Werft (DMKS) I 2. Compared to FY 16/17

Marine Systems

[€ mn]

	2017/18[1]					2018/19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Order intake	58	255	170	165	648	107	133
Order backlog	6,046	6,016	5,764	5,493	5,493	5,300	4,944
Sales	256	291	440	403	1,389	298	497
EBITDA	10	1	(97)	16	(71)	12	12
EBITDA adjusted	10	2	(96)	3	(82)	12	12
EBIT	(1)	(10)	(108)	2	(117)	0	(0)
EBIT adjusted	(1)	(9)	(107)	(11)	(128)	0	(0)
EBIT adj. margin (%)	(0.3)	(3.2)	(24.4)	(2.7)	(9.2)	0.0	(0.0)
tk Value Added					(171)		
Ø Capital Employed	566	656	671	675	675	710	802
BCF[2]	(332)	(32)	3	(109)	(470)	(148)	(131)
CF from divestm.	0	0	0	0	0	1	0
CF for investm.	(7)	(7)	(9)	(36)	(59)	(8)	(9)
Employees	5,853	5,820	5,789	5,818	5,818	5,868	5,859

Current trading conditions

Q2 order intake with smaller maintenance and service contracts (amongst others for Atlas Elektronik)

Q2 EBIT slightly up yoy due to higher sales from progress in submarine projects

Q2 BCF burdened from unfavorable cash profile of backlog projects

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Definition change (excl. Corporate mark)

Volume KPI's of Materials Businesses

			2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18					2018/19	
			FY	FY	FY	FY	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
MX	Total shipments	kt	10,868	10,669	13,615	13,421	12,605	10,966	2,701	2,946	2,869	2,580	11,096	2,376	2,672
MX	Warehousing shipments[1]	kt	5,470	5,300	5,592	5,532	5,518	5,686	1,347	1,580	1,531	1,486	5,944	1,338	1,568
MX	Shipments AST[2]	kt	-	-	537	747	848	853	217	247	227	199	890	192	229
SE	Crude Steel	kt	11,860	11,646	12,249	12,392	12,021	12,060	3,076	2,930	3,010	2,823	11,839	2,821	2,902
SE	Steel Europe AG	kt	8,408	8,487	8,936	9,276	9,336	9,440	2,373	2,299	2,315	2,184	9,171	2,170	2,246
SE	HKM	kt	3,452	3,160	3,313	3,116	2,686	2,620	703	631	695	639	2,668	651	655
SE	Shipments	kt	12,009	11,519	11,393	11,725	11,174	11,433	2,722	2,893	2,904	2,782	11,302	2,401	2,699
SE	Cold-rolled	kt	7,906	7,437	7,137	7,182	7,048	7,169	1,669	1,804	1,806	1,715	6,995	1,543	1,718
SE	Hot-rolled	kt	4,103	4,082	4,256	4,543	4,126	4,265	1,054	1,089	1,098	1,067	4,307	859	981
SE	Average Steel revenues per ton[3]		139	127	119	114	107	122	127	130	135	136	132	139	137
	USD/EUR	Aver.	1.30	1.31	1.36	1.15	1.11	1.10	1.18	1.23	1.19	1.16	1.19	1.14	1.14
	USD/EUR	Clos.	1.29	1.35	1.26	1.12	1.12	1.18	1.20	1.23	1.17	1.16	1.16	1.15	1.12

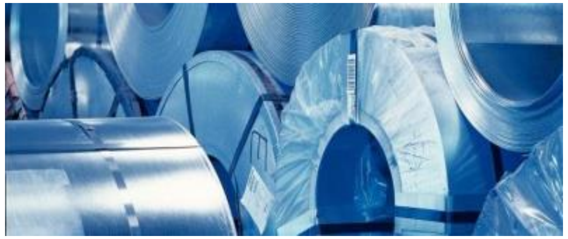
1. Excl. AST/VDM shipments | 2. Included at MX since March '14 | 3. Indexed: Q1 2004/05 = 100

Materials Services – overview

Sales driven customer service organization; Sales €14.7 bn[1]

Warehousing | Services

68% of sales



- Materials distribution (just-in-time)
- Supply Chain Management
- Processing
- Inventory/Warehouse Management

Trading

19% of sales

- Materials
- Raw materials

Production

13% of sales

- Stainless steel AST since March 1, 2014

- One-stop shop concept for broad range of industries and customer groups
- Accelerate competitiveness by digital transformation targeting leading market position in omni channel materials distribution
- Highly efficient and capital light business model with powerful IT and logistic systems
- Reduction of income volatility by continuous expansion into supply change management businesses
- Relentless focus on market, innovation and efficiency

1. FY 2017/18 Figures incl. disc. op. tk MillServices & Systems GmbH

Materials Services: Focus on performance and growth from a position of strength

Achievements

- Attractive, scalable business model (service, omnichannel sales, logistics)
- Leading market position in key markets based on sales
- Long-term customer relationships with excellent feedback
- Productivity improvement by 10% since FY 12/13
- ~€1.3 bn sales via digital sales channels
- Ramp-up of own IoT platform toii® for automatization
- Successful turnaround of AST

MX baseline FY 16/17

~2%	0.7x
EBIT adj. margin[1]	Cash conversion[2]

MX targets FY 20/21

~3%	0.7-1.0x
EBIT adj. margin[1]	Cash conversion[3]

Priorities

- Significant growth of value-added services
- Extend digital sales via own portals/ shops and external market places
- Participate in sustainable market growth
- Digitalization as efficiency driver along the entire value chain
- Continuous productivity improvements by Operational Excellence
- G&A cost reduction and further levers to compensate cost inflation

1. Incl. AST I 2. EBIT adj. into BCF before fee for corporate brand, average 2011/12 – 2016/17 I 3. EBIT into BCF before fee for corporate brand, across the cycle

Materials Services[1)]

[€ mn]

	2017/18[2)]					2018/19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Order intake	3,363	3,776	3,818	3,587	14,544	3,370	3,821
thereof Special Materials	410	536	520	400	1,866	401	489
Sales	3,288	3,890	3,846	3,681	14,705	3,388	3,696
thereof Special Materials	438	511	496	426	1,870	390	463
EBITDA	76	116	102	83	377	49	79
EBITDA adjusted	78	126	111	109	424	50	81
thereof Special Materials	32	30	27	25	114	16	6
EBIT	49	90	75	56	270	22	51
EBIT adjusted	52	100	84	82	317	22	53
thereof Special Materials	23	21	18	16	79	7	(4)
EBIT adj. margin (%)	1.6	2.6	2.2	2.2	2.2	0.7	1.4
thereof Special Materials	5.3	4.2	3.7	3.8	4.2	1.8	(0.8)
tk Value Added					(19)		
Ø Capital Employed	3,700	3,690	3,673	3,620	3,620	3,782	3,897
BCF[3)]	(259)	314	(65)	625	615	(879)	417
thereof Special Materials	(24)	66	(12)	72	101	(134)	18
CF from divestm.	16	2	17	3	39	1	17
CF for investm.	(15)	(25)	(26)	(47)	(113)	(18)	(36)
Employees	19,981	20,107	20,148	20,273	20,273	20,378	20,302

Current trading conditions

Sales in Q2 below prior year level: positive trend in North America outweighing demand fall in Europe; declining volumes in auto-related SSC and global materials trading; volumes at AST significantly down yoy

EBIT adj. in Q2 significantly down yoy: margin pressure from declining prices particularly in warehousing and distribution, partly compensated from real estate disposal and partial transfer of direct-to-customer business to BA Steel Europe; AST with negative earnings contribution due to price trend in stainless steel and continuing import pressure; extensive package of measures under way to stabilize earnings

1. Figures incl. disc. op. tk MillServices & Systems GmbH | 2. Figures have been adjusted due to the adoption of IFRS 15 | 3. Definition change (excl. Corporate mark)

Steel Europe

[€ mn]

	2017/18[1]					2018/19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Order intake	2,071	2,484	2,475	2,127	9,157	2,341	2,451
Sales	2,181	2,388	2,492	2,408	9,470	2,131	2,350
EBITDA	269	302	343	(20)	894	147	(6)
EBITDA adjusted	269	303	332	206	1,110	152	149
EBIT	162	196	239	(127)	470	34	(118)
EBIT adjusted	163	197	227	101	687	38	37
EBIT adj. margin (%)	7.5	8.2	9.1	4.2	7.3	1.8	1.6
tk Value Added					(1)		
Ø Capital Employed	5,446	5,571	5,605	5,544	5,544	5,307	5,498
BCF[2]	(396)	319	258	603	783	(832)	(52)
CF from divestm.	(1)	(1)	9	(0)	6	11	0
CF for investm.	(88)	(83)	(79)	(193)	(442)	(94)	(117)
Employees	27,478	27,255	27,090	27,764	27,764	27,613	27,882

Excl. reversal of regular depreciation charges at SE[3]:
Q2 18/19 ~€113 mn
Q1 18/19 ~€115 mn
Q4 17/18 ~€107 mn

Current trading conditions

- EU carbon flat steel market with economic slowdown yoy in first three months of 2019, mainly driven by:
  - increasing geopolitical and foreign trade tensions and uncertainties
  - market environment remains extremely challenging (continuing global overcapacities, risks from trade imbalances, highly volatile raw material prices)
  - further sharp increase in imports (especially up excl. other 3rd countries particularly Turkey, Russia, Ukraine)
- Sales down yoy, higher average selling prices in all products and end user sectors more than compensated by significant reductions in shipments (2.7 mt vs prior year: 2.9 mt), affecting practically all end customer groups, in particular Automotive
- EBIT adj.: sig. lower yoy; higher personnel expenses (after new collective bargaining agreement); increased raw material cost and lower shipments; de-risking by settlement of German cartel investigations due to increase of existing provision by slightly more than €100 mn

1. Figures have been adjusted due to the adoption of IFRS 15 I 2. Definition change (excl. Corporate mark) I 3. Following discontinued operations classification since July 1st, 2018

Corporate[1]

[€ mn]

	2017/18[2)]					2018/19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
EBITDA	(58)	(82)	(108)	(154)	(402)	(75)	(70)
EBITDA adjusted	(61)	(67)	(66)	(124)	(317)	(62)	(57)
EBIT	(72)	(97)	(124)	(174)	(466)	(91)	(84)
EBIT adjusted	(75)	(81)	(82)	(140)	(377)	(77)	(72)
BCF[3)]	(115)	(119)	(92)	(121)	(447)	(112)	(125)
Employees	3,961	4,048	4,025	4,030	4,030	4,037	3,754

EBIT adj. includes:
- Corporate Headquarters: Corp. Functions; Executive Board tk AG; Group initiatives
- Regions: Regional headquarters; regional offices; representative offices
- Service Units: Global Shared Services “GSS”; Regional Services Germany; Corporate Services
- Special Units: Asset management of Group’s real estate; cross-business area technology projects; non-operating entities

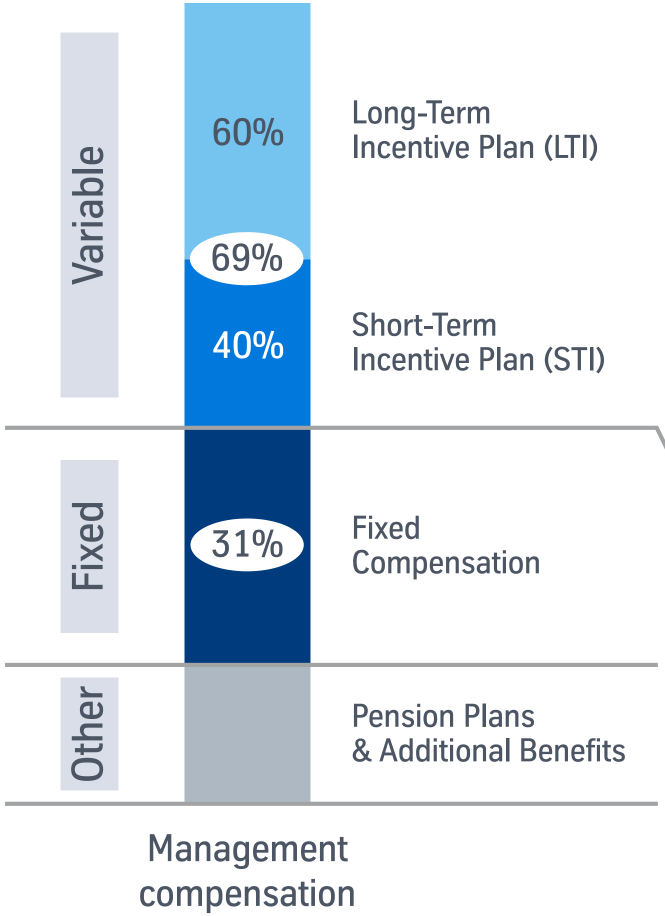
EBIT adj. includes:

	Q2 17/18	vs. Q2 18/19
• CorpHQ:	(61)	(51)
• Regions:	(11)	(5)
• Service Units:	(7)	(7)
• Special Units:	(2)	(7)

With continued cost reductions adjusted EBIT, which benefited in the prior year from positive nonrecurring items, expected to be level with the prior year.

1. Figures incl. disc. op. of individual Corporate companies | 2. Figures have been adjusted due to the adoption of IFRS 15 | 3. Definition change (excl. Corporate mark)

Stringent alignment of management compensation with financial performance targets



LTI: Share price, tkVA (target tkVA = 0); payout limited to 250% of initial value

> For every €20 mn Ø tkVA above target → 1% increase in number of rights
> For every €10 mn Ø tkVA below target → 1% reduction in number of rights

STI: annual performance bonus

- Group Board:
  - 40% Group EBIT/20% ROCE/40% FCF before M&A
  - Payout multiplied with a sustainability and discretionary factor (0.8-1.2)
  - Payout limited to 200% of target amount
- BA Board: 20% Group EBIT, FCF before M&A, tkVA; 80% BA EBIT, BCF, tkVA
- Sustainability targets/ indirect financial targets for Group Board and BA Board

Indirect financial targets: energy efficiency gains; 100% of relevant companies covered by ISO 50001 and ISO 14001; reduce accident frequency rate; increase share of females in A-L3 positions; 100 sustainability audits of suppliers p.a.

Fixed: €700,000 annually for each ordinary Group Board member

Valid as of FY 2016/17

thyssenkrupp rating

	Long-term rating	Short-term rating	Outlook
Standard & Poor's	BB	B	developing
Moody's	Ba2	not Prime	review for downgrade
Fitch	BB+	B	watch negative

Re-conciliation of EBIT Q2 2018/19 from Group p&l

Continuing operations [€ mn]

P&L structure

Net sales	8,654
Cost of sales	(7,396)
SG&A, R&D	(1,134)
Other income/expense	24
Other gains/losses	28
= Income from operations	175
Income from companies using equity method	1
Finance income/expense	(73)
= EBT	103

EBIT definition

Net sales	8,654
Cost of sales	(7,396)
SG&A, R&D	(1,134)
Other income/expense	24
Other gains/losses	28
Income from companies using equity method	1
Adjustm. for oper. items in fin. income/expense	(2)
= EBIT	174
Finance income/expense	(73)
Operating items in fin. income/expense	2
= EBT	103

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