

Signing of Joint Venture with Tata Steel

Ticker: TKA (Share) TKAMY (ADR)

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thyssenkrupp

Signing with Tata Steel

to create European steel champion



- 50/50 joint venture: thyssenkrupp Tata Steel
- Milestone for the European steel industry
- Strong new #2 in European flat steel market
Pro forma¹:
 - ~17 €bn sales
 - >21 mn tons shipments
 - ~48,000 employees at 34 sites
- Important milestone in our transformation to an industrials & service group – significant value upside

1. Indicative figures as of March 2018



Sustainable business case: Integrated leadership model

Key principle

one company
one balance sheet
one cash-flow

- Name: thyssenkrupp Tata Steel B.V.
- Headquarter in the Amsterdam region of the Netherlands
- Two-tier board structure (Management Board & Supervisory Board) – with equal representation by thyssenkrupp and Tata; designated Boards to be announced at later stage
- Governance aspects: Functional leadership, centralized financing on holding level, capital allocation across JV
- Employee representation structures will be retained; Employee Executive Committee (EEC) to be established at JV-Holding level



JV with Tata Steel creates maximum value for

Steel Europe

Industrial rationale for the structural challenges of the European steel industry



Strong new #2 in European flat steel business

Sustainable business case



Integrated leadership model & favorable solutions for critical topics

Partners with strong cultural fit



Strong heritage and shared values

Significant value creation and increased competitiveness due to substantial synergies

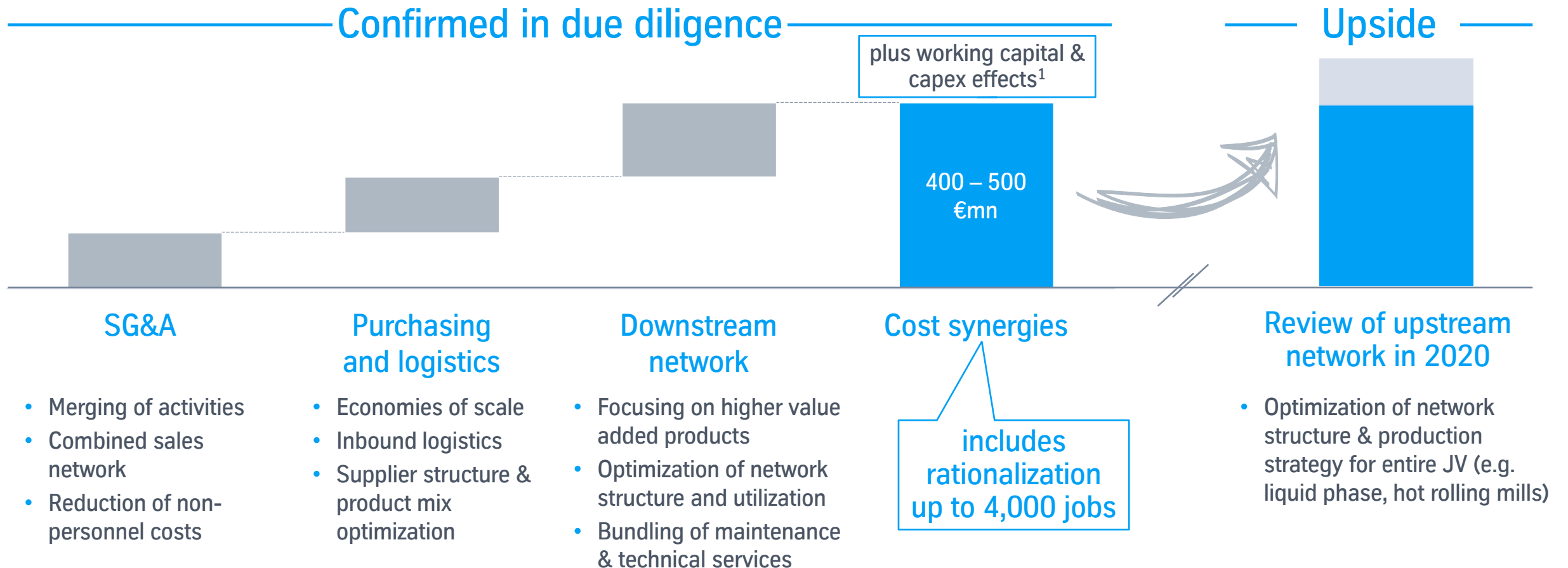


400-500 €mn p.a. plus capex & working capital effects



Synergies of 400-500 €mn p.a. confirmed

plus synergies in capex and working capital

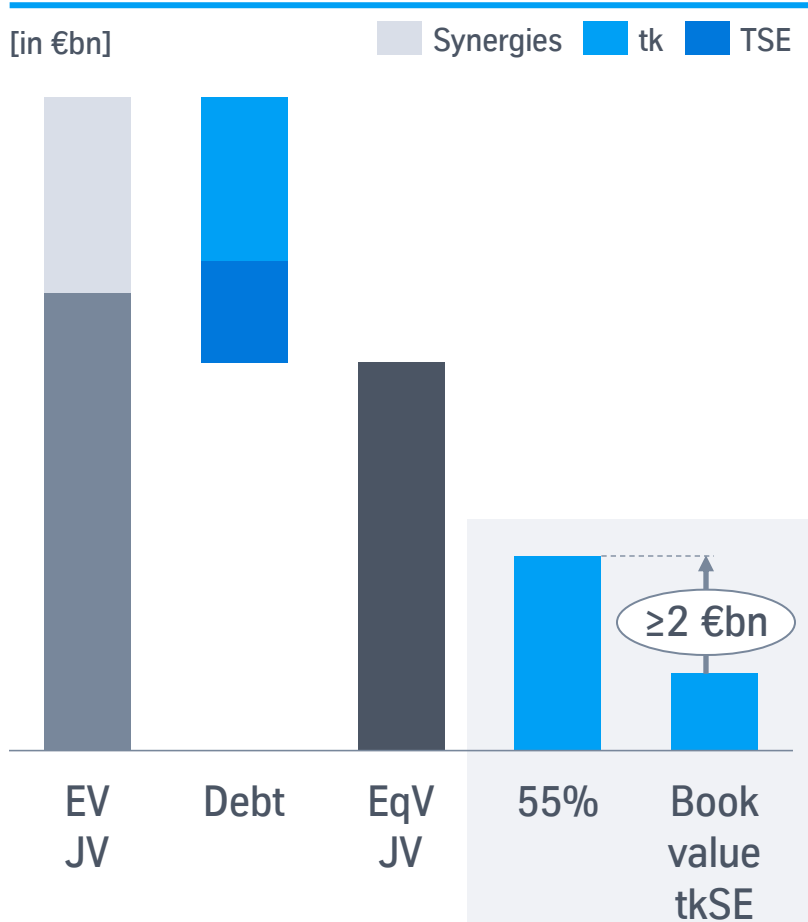


1. Low-3-digit-mn €



JV creates strong value perspective for thyssenkrupp

Significant book value uplift¹



1. Illustrative; dependent on final JV valuation with Closing | 2. Equal voting rights

- Significant value creation day 1 of Closing reflecting value upside of around 5 €bn for both JV partners from confirmed synergies
- Value compensation (mid-3-digit-mn €) for tk via higher share of proceeds in case of an IPO, reflecting an economic ratio of 55/45²
 - tk with exclusive right to decide timing of potential IPO
- EPS and cashflow accretive with ramp-up of synergies
 - complemented by attractive JV dividend commitment (ramp-up to low-to-mid 3-digit €m) as well as reduced annual Group payouts for pensions and similar (>0.2 €bn)
 - more than compensating for deconsolidated earnings and cashflow of Steel Europe
- Reporting of Steel Europe until Closing as discontinued operations, after Closing at-equity with additional positive impact on B/S



Major improvement of B/S ratios¹ with Closing providing stable platform for our way ahead

- Improved equity ratio to >15%
- Reduced Capital Employed by 1/3 to around 10 €bn²
- Reduced pensions to around 4 €bn

1. Dependent on final JV valuation with Closing | 2. At equity investment in JV will not be included in Capital Employed



Important milestone in our transformation to an engineering-based industrials & service group

Our transformation since 2011



- Streamlining of portfolio
- 6x increase of EBIT adjusted
- >12 €bn investments
- Value-based leadership
- Reduction of compliance & business risks

Milestone: Signing of JV



Signing of joint venture with Tata Steel:

Closing of the transaction
after obtaining merger control
clearances and completion of
carve-out process

Our way ahead

Strategy refinement:

Update after next
Supervisory Board
meeting in calendar
week 28



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- (i) market risks: principally economic price and volume developments,
- (ii) dependence on performance of major customers and industries,
- (iii) our level of debt, management of interest rate risk and hedging against commodity price risks;
- (iv) costs associated with, and regulation relating to, our pension liabilities and healthcare measures,
- (v) environmental protection and remediation of real estate and associated with rising standards for real estate environmental protection,
- (vi) volatility of steel prices and dependence on the automotive industry,
- (vii) availability of raw materials;
- (viii) inflation, interest rate levels and fluctuations in exchange rates;
- (ix) general economic, political and business conditions and existing and future governmental regulation; and
- (x) the effects of competition.

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