Remarks

by

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Chief Executive Officer

of thyssenkrupp AG

at the

Annual General Meeting

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at the RuhrCongress Bochum

Check against delivery

Good morning Ladies and Gentlemen,

On behalf of the Executive Board of thyssenkrupp AG I would like to welcome you to this year's Annual General Meeting here in Bochum.

Operationally and strategically 2016/17 was a good and important year for thyssenkrupp, but also an intense year. Looking back, the past fiscal year was dominated by three main topics:

Operationally we are back on track. Earnings at €1.9 billion were the highest since the start of our transformation. Adjusted EBIT was not just better than our forecast, we also made up the decline from the prior year. And it is within touching distance of the 2 billion mark we set ourselves as a medium-term target. We reported record orders and record sales. One area we are not yet satisfied with is our cash flow, which needs to be permanently positive going forward.

The sale of our Brazilian steel mill CSA brought the Group's Steel Americas chapter to an end once and for all and provided a suitable new owner for the plant and its employees. Although we took an impairment, €1.5 billion was a good purchase price for a plant that has never made a profit. It enabled us to reduce our debt and significantly lower thyssenkrupp's risk exposure going forward.

We also found a good solution for our European steel business. The planned joint venture with Tata Steel is an active step towards the necessary consolidation of the European steel industry. We will create a strong European no. 2 for flat steel and thus provide a better future for the business and our employees. We signed a memorandum of understanding with Tata Steel in September.

These milestones stand for important operating progress and strategic decisions. And they were only made possible by the impressive efforts of our employees in working towards our goals. So I would like to express my sincere thanks to all thyssenkrupp employees around the world.

Ladies and Gentlemen, we set out on our Strategic Way Forward to make thyssenkrupp's businesses fit for the future. At the same time we want to leverage the size and advantages of the Group to make each individual business more profitable.

Our strategic maxim from the very outset was: If we can improve a business ourselves within the Group, we will do it. Wherever we see a better future for a business outside the Group, we pursue this solution consistently. That is demonstrated both by the sale of CSA and the targeted joint venture with Tata.

As you can see we are implementing our strategy step by step. We are taking a long view and we are developing sustainable and viable solutions. And we are doing this in the best interests of our customers, our employees and our shareholders. This is what we understand by responsible business management.

Our clear objective in this is to build a strong industrial group; an industrial group managed in accordance with clear criteria and based on engineering expertise. We express this in our brand promise: engineering. tomorrow. together. In this way we advance our customers and create value for you, our shareholders.

Ladies and Gentlemen, we have already changed thyssenkrupp significantly and measurably and we continue to press on with the transformation. I would like to explain where we are on this path by reference to three key areas:

First: Our operating progress,
Second: The concentration of our portfolio,
Third: Our innovation and digitalization efforts.

1. Operating progress

The fact that we have made clear progress at operating level is reflected in our adjusted EBIT for the past fiscal year. At the start of our Strategic Way Forward in 2011/12, our operating earnings were just €318 million. We have now increased this six-fold to €1.9 billion. Our efficiency program “impact” again made a major contribution to this last year. We once again achieved savings of almost a billion euros, significantly more than the planned figure of €850 million. Since 2011 we have improved our cost base by around €5 billion overall.

But our earnings increase is not just the result of systematic savings; we also achieved significant growth: Sales in the past fiscal year were up by 9 percent to €43 billion, and orders improved by as much as 18 percent to €44 billion. That was our highest order intake since 2011, so I would like to say a big thank you to our customers.

Free cash flow from operating business is our weak point. Despite clear progress in the preceding years, our cash flow was negative again in the past fiscal year. What are the reasons for this? On the one hand, the sharp rise in raw material prices means that at present we have significantly more capital tied up in the inventories of our materials businesses than before. On the other hand, working down the high order backlog at Industrial Solutions is resulting in high cash outflows due to payments for personnel and materials. But our record order intake will help us initiate a turnaround in the current fiscal year, which will also result in positive cash flow for the Group as a whole.

The one-time impairment charge from the sale of the Brazilian steel mill CSA had a negative impact on our net income, resulting in a loss of €591 million. Without this charge we would have achieved a net profit of €321 million, 23 percent higher than the year before and thus in line with our original forecast. But: CSA is now confined to the past and will no longer impact our earnings in the future.

We are once again proposing a dividend of 15 cents, which we consider to be appropriate and financially justifiable. It takes into account our financial situation. At the same time our dividend proposal is an expression of our strong operating performance and the clear expectation that this will continue in the current fiscal year and be reflected in a strong net profit.

But it is also clear that we, the Executive Board, and especially you as shareholders have higher ambitions for the future. In the medium-term we will achieve significantly higher earnings, cash flows and value growth, which will then enable us to pay a higher dividend again.

At this point I would like to comment on our share price: The performance of our stock over the past fiscal year reflected the continuous progress of our company. On September 30, 2017 our share price was 18 percent higher than a year earlier. In the same period the DAX and STOXX indexes improved by 22 and 13 percent respectively. After publication of our forecast for the current fiscal year at November 23 our stock resumed the positive trend of the past fiscal year. Since then our share increased by approximately 15 % until yesterdays close, while the DAX increased by 2 % over the same period. That shows that the capital market has confidence in our company and is supporting our transformation. Numerous analysts see significant upside potential for our stock.

We also made pleasing progress on reducing our debt: Our net financial debt has fallen from a peak of €6.5 billion to below €2 billion, a reduction by two-thirds. The fact that we also took writedowns of €9 billion in the same period underlines just what an accomplishment this has been.

Just keeping the Group going was a major challenge from 2011. Our goal from day one was to transform thyssenkrupp into a strong industrial group. And to this end we made targeted use of the roughly €5 billion savings: One third went towards improving earnings. Another part was used to reduce risks. But above all we invested in the future, because at the start our innovation pipeline was pretty dry.

In concrete terms this means that despite tight resources we increased our spending on research and development year by year, bringing our total R&D spend in recent years to more than €4 billion. Over the same period we invested as much as €8 billion in new plants and facilities. For years now we have also been investing substantial amounts in our IT systems. The aim is to create a modern and efficient infrastructure that will enable our businesses to better exploit the opportunities of digitization.

Without question, we could have achieved significantly higher EBIT by now, but only at the expense of thyssenkrupp's future viability. We deliberately chose the future. With innovative products, new plants, and efficient structures we are building the basis for profitable growth, for the competitiveness of our businesses, and thus for long-term value creation for you, our shareholders.

The capital increase in September gives us additional flexibility. In just a few hours we placed shares worth around €1.4 billion with institutional investors. Against the stock market price at the time of €24.70, the placement price of €24.30 contained only a small discount of just 1.6%. That's a good sign that the capital market believes in our company's performance. Further details can be found in the report on our website.

When we presented our strategy we also set targets for the individual business areas. For each business area we set a target based on comparisons with their best competitors. Today we'd like to explain to you where the individual business areas currently stand.

Let's look first at our automotive business, Components Technology, which developed very successfully in the past fiscal year. Order intake, sales, and adjusted EBIT each grew at doubledigit rates. The central performance indicator here is EBIT margin. On an adjusted basis it was 5.0 percent, compared with 4.9 percent a year earlier. Our goal is 6 to 8 percent. We expect a boost for returns above all from the revenues from new, high-margin orders for which we are currently ramping up our plants worldwide.

Elevator Technology once again had a very good year. Order intake and sales increased steeply, as did adjusted EBIT to €922 million. This business area thus delivered the highest earnings contribution in the Group. Adjusted EBIT margin again increased by 0.5 points to 12 percent. Our goal is 15 percent. Alongside global growth we are also working systematically on our efficiency. For example we will be reducing the number of our elevator types by almost half to less than 50.

We are not yet quite as far on at Industrial Solutions, the only business area reporting a year-on-year decline. However the figures for the past fiscal year show clearly that we have achieved a turnaround in order intake. We almost doubled our orders year-on-year to €6.5 billion, the highest level in five years. But in operating terms we are seeing the effects of weaker order intake in prior years. Adjusted EBIT margin was 2 percent, down from just over 6 percent the year before. In the medium term we want to get it back to 6 to 7 percent. With our “planets” program we have a clear plan to reach this target. We speeded up the program again in the past fiscal year. The aim is to increase the earning power of Industrial Solutions by an annual €200 million in the coming three years and with increasing sales to achieve our target margin again.

Materials Services also performed positively. The business area profited in particular from rising market prices. Adjusted EBIT increased to €312 million. Adjusted EBIT margin more than doubled to 2.3 percent, taking us significantly closer to our target margin of over 3 percent. Here too, the direction of travel is clear. We are reducing the volume of low-margin business and instead concentrating on more attractive long-term service contracts. In the aerospace industry we won three such contracts in the past fiscal year – including one with Boeing. Materials Services is also systematically expanding its digital offering for customers and already generates around €1.3 billion in sales via digital channels.

Our Steel team also took a great step forward in the past year. You can see this particularly in adjusted EBIT, which increased by 74 percent to €547 million. We were helped by the recovery in steel prices. But the good performance is the reward above all for our efforts over the past years during which we have worked intensely to improve the competitiveness of our steel business.

Further improving our performance in all business areas will be the main task in the current fiscal year. This naturally also includes the administrative functions. We announced last summer that we would be making total Groupwide savings of €400 million in these areas over the next three years.

Ladies and Gentlemen, what is important to me is that with our forecast each year we give you a transparent promise on earnings. And that is the earnings target we on the Executive Board measure ourselves against. Every year with only one exception in fiscal 15/16 – when we were stymied by the steel market – we have met or surpassed these targets.

All our business areas are also on the way to achieving their long-term goals, as the six-fold increase in EBIT since 2011 impressively verifies. Each business area works on this in its market and competitive environment. The strong development in new orders, the sales growth and all our investments are essential prerequisites for the long-term and sustainable continuation of this positive performance.

Ladies and Gentlemen, in the current fiscal year we expect to further improve our key financials. In concrete terms we aim to increase sales in the low- to mid-single-digit percentage range. Our forecast for this year includes our European steel business in its current structure. But Steel Americas is no longer included following the sale.

We are targeting a significant increase in adjusted EBIT from continuing operations from the current level of €1.7 billion to €1.8 to €2.0 billion. This is based on our expectation that our capital goods businesses will continue to grow and improve. The fact that we are giving a range is mainly due to the volatility of the materials businesses. Nobody can reliably predict how raw material and steel prices will move over the course of a year. In the future when the steel business is reported as an equity investment, the accuracy of our forecasting should increase.

Regardless of this we aim to achieve clearly positive net income. This will also further strengthen our equity. We expect to bring our free cash flow before M&A back to a positive figure.

It's still too early to look in detail at our business performance in the first quarter. But I can tell you: We're heading in the right direction. Income in the first quarter will be in line with our guidance. This confirms our full-year targets.

That's about it on our operational progress. To sum up: We have consistently improved our performance indicators, reduced risks, and cleaned up our balance sheet. And we have invested early in the Group's future. This will benefit thyssenkrupp now and in the future.

2. Concentration of the portfolio

Now you may be thinking this is all well and good, but does the Group have the right basic configuration with its businesses? It's a question currently being asked at many companies. We too ask ourselves this at regular intervals.

Our decisions are based on a clear principle which leads to different results for each division: Wherever we can drive our businesses forward on our own, that is what we do. Where we see better prospects for a business outside the Group, we take that route, for the benefit of the business but also of the employees. As a result our portfolio has changed fundamentally over recent years. We sold our shipyards Nordseewerke and Blohm+Voss. In 2012 we combined our stainless steel division with Outokumpu. And based on the same logic we sold our US and Brazilian steel businesses.

Not divestment, but a strong partnership with Tata is the right solution for our European steel business. We were in a situation for which we on our own could provide no satisfactory answer. That's because of the structural overcapacities around the world, and also in Europe. Cost savings can only provide short-term respite. Because in a market with overcapacities the positive effect from restructuring is passed back to the market. As a result we are in a restructuring spiral that demands a lot of sacrifices from employees without really solving the problem. With the joint venture we are addressing these structural problems. We are creating a quality and technology leader, a strong company with sales of €15 billion and 48,000 employees. Together we can achieve competitive advantages which neither of us would create on our own. We want to realize annual synergies of €400 to €600 million. For you, our shareholders, that means the prospect of value growth and for our employees, long-term security.

I'm pleased that just before Christmas we also reached a settlement with the employees on this step. We did so in a way that is in line with our corporate culture: Together with the employee representatives we developed a collective agreement. The agreement will come into force at the start of the joint venture and apply for around eight years. In this period there should be no compulsory redundancies. We have also settled agreements on sites and future investments.

This settlement gives people security and will allow us to implement the strategic and operational goals of the joint venture, including the planned synergies.

You can see from this that we combine long-term value growth for our company with corporate responsibility by providing our employees and thus the new joint venture with good prospects for the future.

We believe in the future of Steel. That's why we and Tata together are retaining a 50 percent stake in the company for six years. If the joint venture performs positively, we could also initiate an IPO before then.

Before the joint venture is launched, we have a number of milestones to pass: The employees at our steel sites in Germany are currently voting on the negotiation result. IG Metall's collective bargaining committee recommends that they accept. Tata has to reach comparable agreements in the Netherlands and the United Kingdom. In parallel with this we are working together with Tata on the due diligence, i.e. we're carrying out a detailed review of each other's books. We remain on schedule and aim to sign the contract at the beginning of 2018. After that we need clearance from the regulatory authorities. We aim to start the joint venture by the end of this year.

Ladies and Gentlemen, one of our goals with the Strategic Way Forward was to reduce our dependence on the highly volatile materials businesses. We have kept our promise. In 2011 the steelmaking businesses accounted for around 40 percent of consolidated sales, but after the start of the joint venture with Tata it will be only around 5 percent.

We run thyssenkrupp as an integrated group, because this results in measurable advantages. But it doesn't exclude changes in the composition of the group. Far from it: Six years ago thyssenkrupp had eight business areas, now we have five, with the establishment of the joint venture we will have four. So we don't just talk about transforming thyssenkrupp, we do it. And we do it with a clear strategic goal: We are actively focusing our portfolio on profitable, high-growth capital goods and services businesses.

3. Innovation and digitalization

But all the businesses we pursue as thyssenkrupp have to work constantly on their future. Innovation and digitization are key to this. Innovations require stamina and a long view. An innovation cycle in the capital goods businesses takes on average six to eight years. This means the successes of our increased R&D efforts are now becoming more and more visible. We have new products and solutions that are being very well received by our customers. We will notice this clearly in sales and earnings in the coming years.

Electric steering systems are a good example of this. They form the basis for many modern driver assistance systems, right through to autonomous driving. We have invested in new steering systems since 2012. We won the first major orders from carmakers in 2015. Today we have orders worth a total of around €8 billion. Now we are ramping up the new plants built for them in Asia, the Americas and Europe. They will greatly support the planned sales growth of our automotive business from fiscal year 2018/19 onwards. The good earnings quality of these orders will be a key lever in achieving the business's targets. Thanks in part to this new product line the order situation for our automotive division is very good: Customers have already committed for over 90 percent of our planned sales up to 2020.

We need similar stamina for our new elevator MULTI. It is so revolutionary that TIME Magazine named it among the 25 most important inventions of 2017. The first ropeless elevator can move sideways as well as up and down. It has the potential to change the entire elevator industry and on top of that the way high-rise buildings are built. Imagine how you could build if you no longer needed a central vertical elevator shaft! Here too, the innovation cycle is long: We announced it in 2014, we have been running three MULTIs in our test tower in Rottweil since 2017, the first order will be realized in 2020 in Berlin.

Another innovation from our elevator business is already being very well received worldwide today: Over 100,000 elevators have now been fitted with MAX, our cloud-based predictive maintenance solution. Long before an elevator breaks down, possibly trapping people inside, the elevator itself has called a technician. The technology is already in use in a number of world-famous buildings, including the One World Trade Center in New York.

In addition we are developing technologies that are completely new to the Group. 3D printing is one example. We opened a new TechCenter for 3D printing in Mülheim an der Ruhr in September. There we produce bespoke metal and plastic parts to customer specifications. For example, intricately shaped spare parts required only in low quantities for industrial plants can be produced faster and cheaper with a 3D printer. Freely designable geometries frequently make it possible to use plastic instead of metal and achieve comparable strength levels while reducing weight.

We’re also taking new approaches to innovation, an area of huge importance to us. Our businesses are also working together on new ideas and learning from each other in our “Innovation Garage”. Colleagues from our Chassis unit are working for example on a solution that could be of interest to car rental companies. Sensor data can be read out to tell whether a car has been driven carefully or “hard”. Car rental prices could be set individually.

For the “Innovation Garage” format we were named one of Germany’s best digital laboratories last year.

At Industrial Solutions we are further developing so-called redox flow batteries to increase their power output to around 20 megawatts. These batteries are needed as flexible storage systems for large amounts of energy, for example from renewable sources. The new cell design for the batteries has been patented for thyssenkrupp. The costs of energy storage will be significantly reduced by the new technology.

These examples are just a small selection from our innovation pipeline. They show that we are addressing the major questions of the future: How will we move about in the future? How will we live together in the future? And how can we operate sustainably without using up our planet’s finite resources? Mobility, urbanization and sustainability are the key words. With innovative solutions to these questions of the future we are advancing our customers and opening up growth opportunities for our capital goods businesses. That is the strong industrial group that we are building.

But the examples also show what matters today:

1. Most innovations are created by cross-cutting collaboration and by the diversity of ideas in a company. The new elevator MULTI would never have been created without the development of Transrapid technology in a quite different area of the Group.
2. For many innovations, partnerships with external parties are important. One example of this is our MAX system for predictive elevator maintenance. It was developed in partnership with Microsoft. This partnership is being expanded. For example numerous businesses already use Hololens headsets for a diverse range of applications.
3. But cross-sector partnerships are also increasingly important: In our Carbon2Chem project we are converting the CO_2 from steelmaking into a feedstock for the chemical industry. The basic idea came from our steel and plant engineering experts. But we are implementing it

together with 16 partners from the energy and chemical sectors and from research. The pilot plant is currently being built in Duisburg.

The advantages of working together can therefore be very useful. But this requires new forms of collaboration, new ways of learning, and a culture of experimenting.

Ladies and Gentlemen: None of us here in this room knows exactly what the future will be like. The only thing that's clear is that technologies and markets will remain extremely dynamic. Take cars for example: No manufacturer can say with any certainty what the shares of the different drive systems – electric, internal combustion engine, hybrid or even a completely different technology – will look like in ten years. Nor can we say with any certainty what digitization will bring in the next ten years. In situations like these the opportunities and risks increase for all market players. I am convinced: In situations like these it is good not to be positioned too narrowly. Instead the aim must be to exploit diverse opportunities with courage and confidence.

Ladies and Gentlemen, I said at the beginning: We are building a strong industrial group. What makes is strong is firstly the increased performance of our businesses, which have a clear roadmap to their growth and margin targets. Secondly it's our focus on the businesses that we ourselves can move forward best. And thirdly it's the constant further development of our engineering competence, creating innovative solutions for the world of tomorrow.

The precise way we approach this will be part of the annual strategy dialogue between the Executive Board and Supervisory Board in May. Naturally thyssenkrupp will look different with the establishment of the joint venture in the steel area. We will hone our strategic vision and also adapt our financial targets accordingly. But first we will bring the negotiations with Tata to a successful conclusion. And while that is happening, everyone in the Group will work consistently to achieve our performance targets, so that at the next Annual General Meeting we will be able to present you not just with excellent operating earnings but also a convincing bottom line net profit. We on the Executive Board are convinced that thyssenkrupp is a sustainable and long-term attractive investment. I look forward to you continuing to support us on this path.

Until then I wish us all a peaceful and successful 2018. Thank you.