

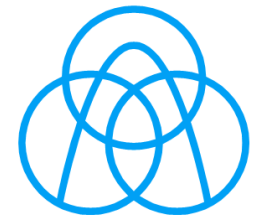
# Charts on Q2 FY 2021/22

## Facts & Figures

Ticker: TKA (Share) TKAMY (ADR)

May 2022

engineering.tomorrow.together.



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# Highlights Q2 FY 2021/22

## Performance, Portfolio Management, Restructuring

- Best EBIT adj. H1 in >10 years
- Strong contribution from MX and SE outweighing softness in Components businesses
- Restructuring program on track: >8,900 FTE reduced (+500 QoQ); ~70% already achieved<sup>1</sup>
- IPO as preferred option for our hydrogen businesses (tk nucera)

## Strong balance sheet

- Net Cash position >€3 bn at end of FYE 21/22 due to +ve effects from M&A transactions
- Pensions liabilities lower YoY due to rising interest rates
- Equity ratio of >30%

## Guidance FY updated

- EBIT adj. raised to ≥€2 bn
- FCF bef. M&A of ~mid 3-digit €mn -ve



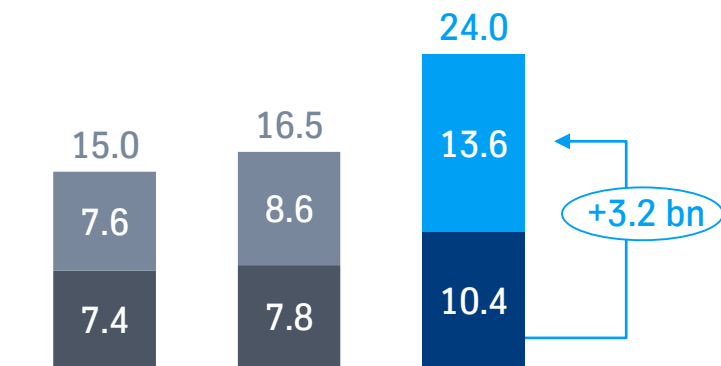
1. Since 01.10.2019; total FTE reduction of >12,700



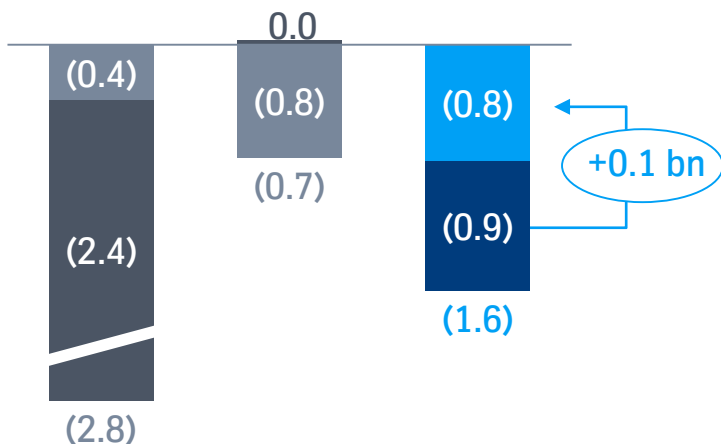
# H1: Performance progressing and above expectations

Q2 FCF bef. M&A below prior expectations due to price effects on NWC

Order intake  
[€ bn]

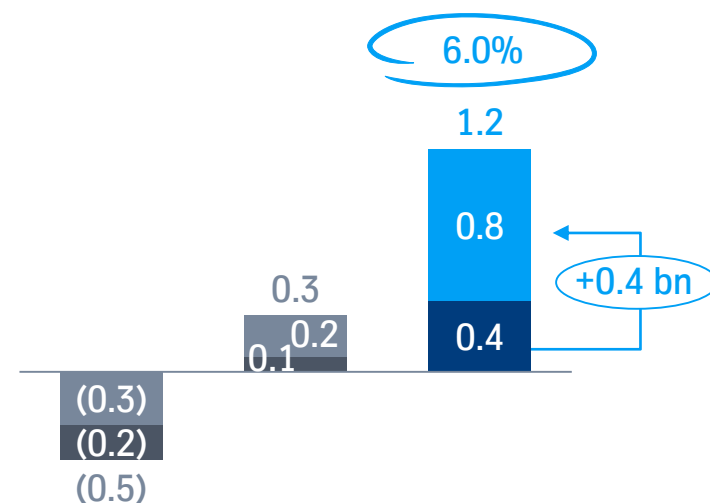


FCF bef. M&A  
[€ bn]

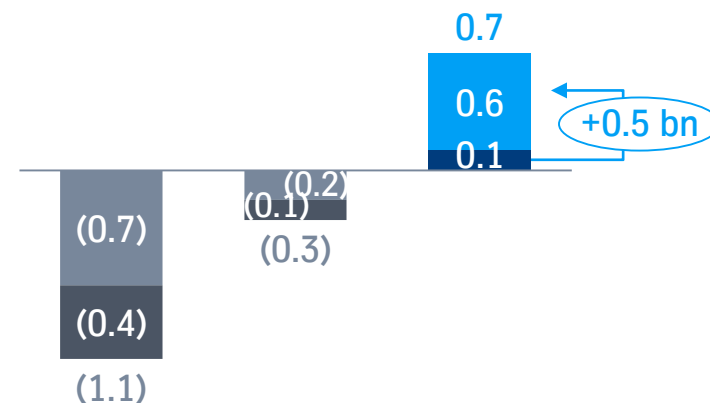


H1 19/20 H1 20/21 H1 21/22

EBIT adj.  
[€ bn]



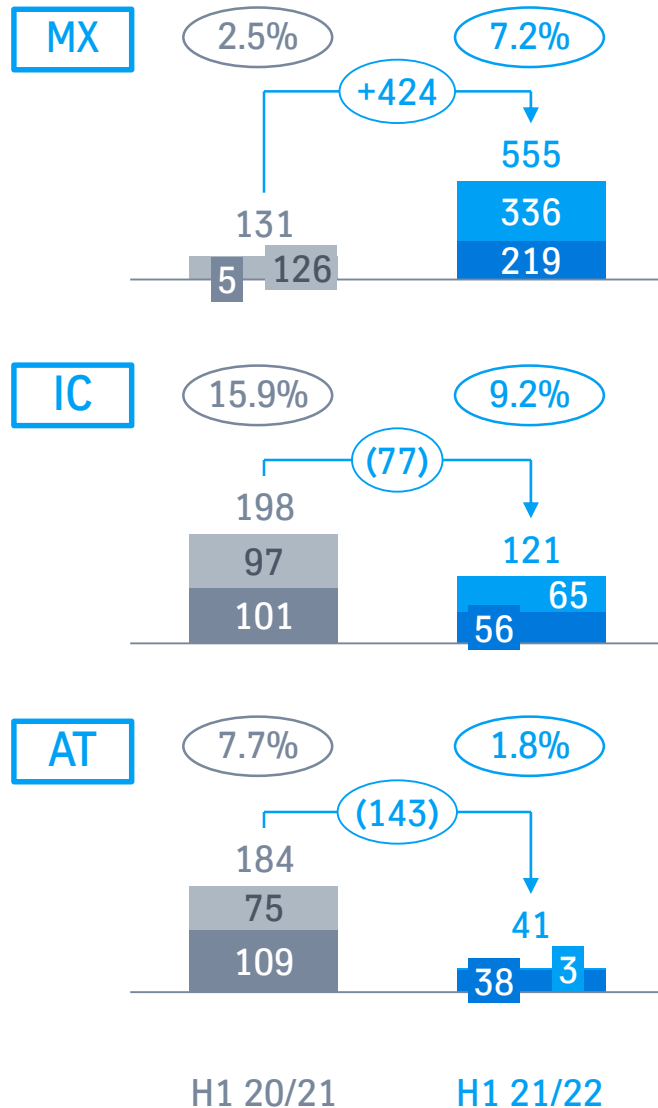
Net Income  
[€ bn]



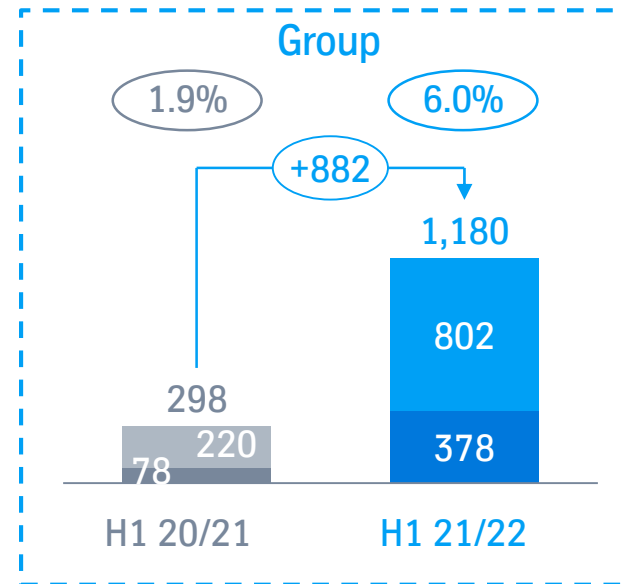
H1 19/20 H1 20/21 H1 21/22



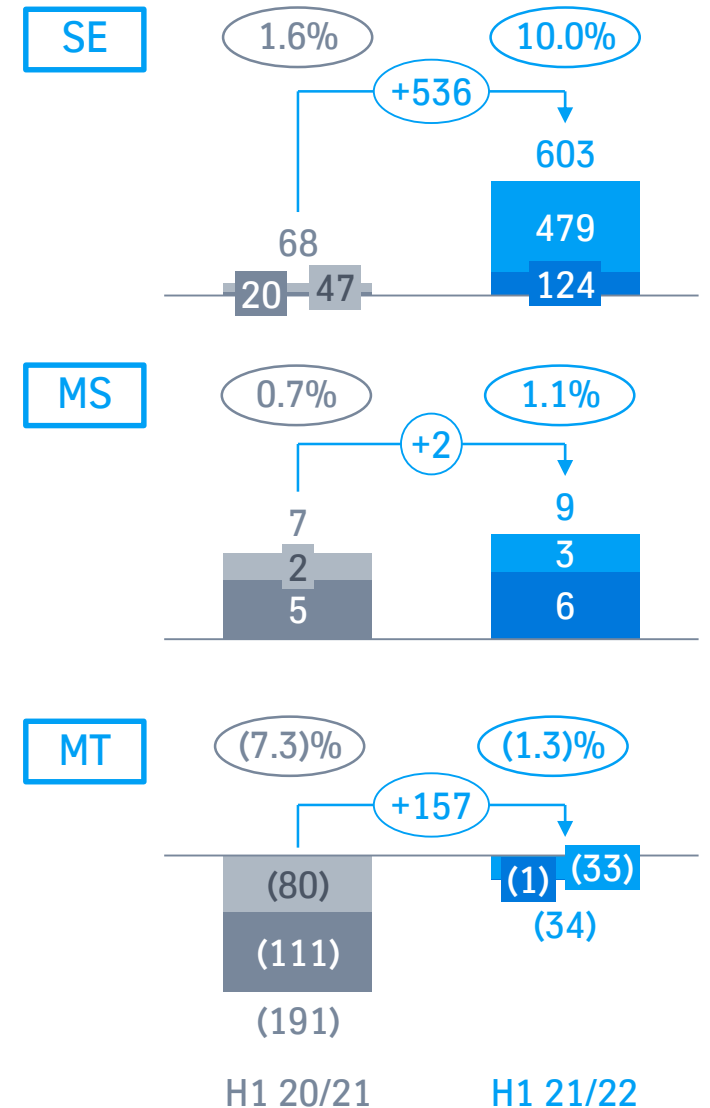
# H1: Best EBIT adj. in > 10 years – high contribution from MX and SE [€ mn]



- MX and SE leveraging their strong market position in favourable trading conditions

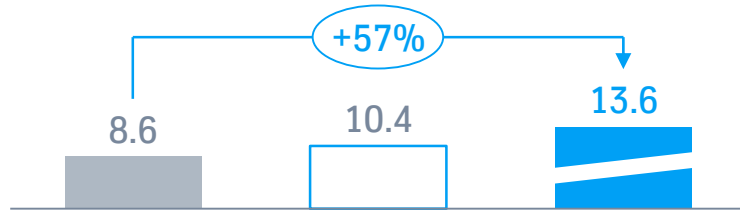


- Effects from s/c constraints and higher factor costs (e.g. logistics, materials, energy) – partially reinforced by the war in UKR – on auto related businesses



# Q2 with strong momentum at the top- and bottom line

Order intake [€ bn]



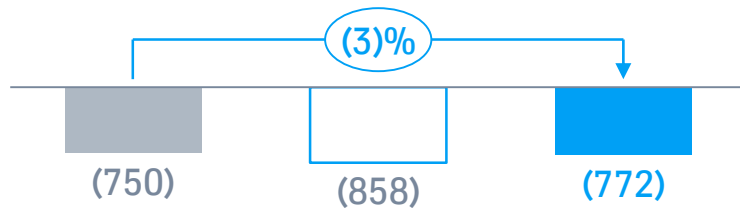
EBITDA adj. [€ mn]



EBIT adj. [€ mn]



FCF bef. M&A [€ mn]

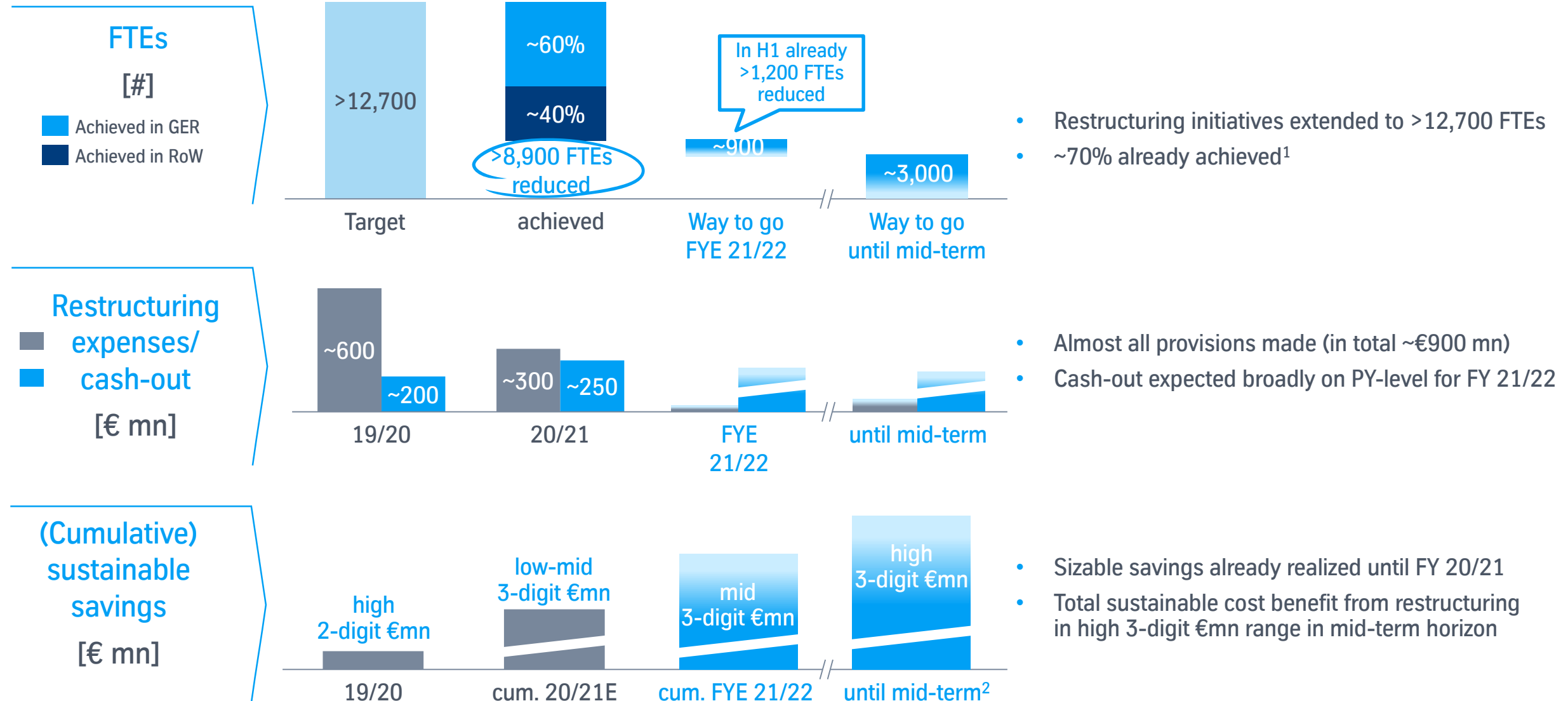


- Strong price dynamics at MX and SE
- Big-ticket submarine order of €3.0 bn; Marine Systems order backlog at record high
- Significant margin expansion at
  - SE with meaningful step-up in adj. EBITDA/t to €218/t (+€132/t QoQ, +€176/t YoY)
  - MX with record EBITDA adj. of €368 mn (+€117 mn QoQ, +€208 mn YoY)
- Effects from supply chain constraints and rising factor costs at components businesses
- Restructuring progressing and contingencies in place
- Affected by price effects on NWC (mainly inventories and receivables)
- Conversion of NWC in earnings and cash flow ahead



# Strong progress on clear restructuring plan

Target within defined programs of >12,700 FTEs until mid-term horizon

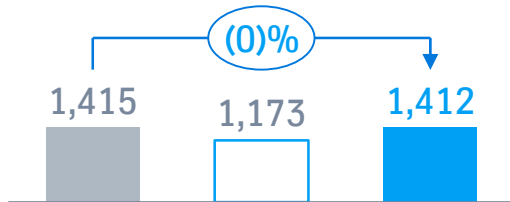


1. Since 01.10.2019 | 2. Cumulative target

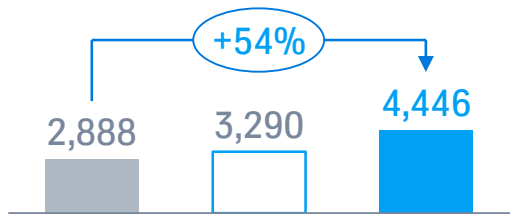


# MX: Record result due to positive price dynamics and continued strategy execution

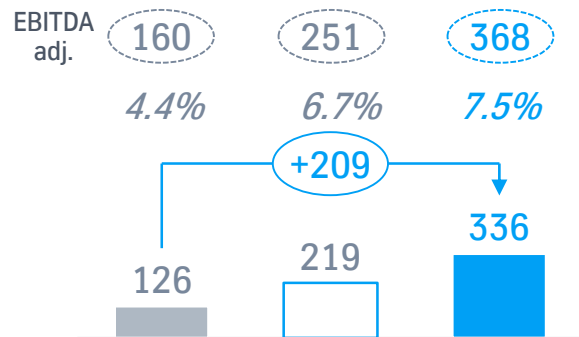
## Shipments<sup>1</sup> [kt]



## Sales [€ mn]



## EBIT adj. [€ mn; %]



■ Q2 20/21 □ Q1 21/22 ■ Q2 21/22

## Comments YoY

- Shipments unchanged mainly due to materials shortage and supply chain constraints mainly in Europe
- Significantly higher prices in all product groups and regions
- Favorable price dynamics pushing record margin
- Continuation of restructuring efforts with closure of four additional sites
- Efficiency gains partly offset by high cost inflation (esp. in freight)

## Fundamental market trends<sup>2</sup>

### CY 2022E

- Ongoing favorable market environment
- Volumes in NA stable in Q2
- Volumes in EU decreasing in Q2 after strong Q1

### Real steel demand CY 2022E (Δ YoY)

	Europe	North America
Carbon Steel (~45% of sales)	(0.2)%	+6.0%
Stainless Steel <sup>3</sup> (~15% of sales)	+2.3%	+2.9%

### Economic development

Manufacturing PMI <sup>4</sup>	55.5	58.5
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### Trends in industrial materials supply

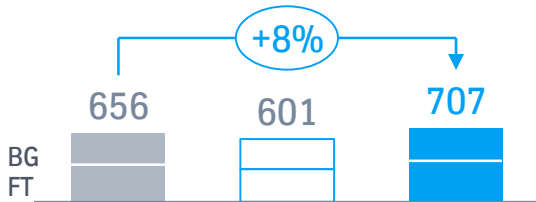
- Increasing demand for supply chain and processing services

1. Materials Stockholding and Processing (excl. direct-to-customer and Aerospace business) | 2 Sources: S&P Global (03/2022) and CRU (Q1 2022 / Q2 2022) | 3 Based on Stainless Steel Flat | 4 As of April 2022

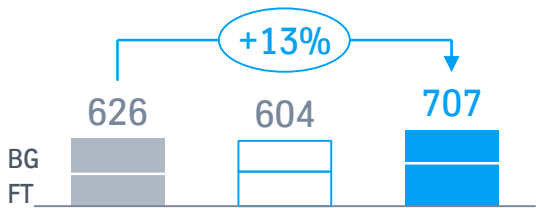


# IC: Continued growth in industry businesses offsets temp. flattened wind energy demand in China

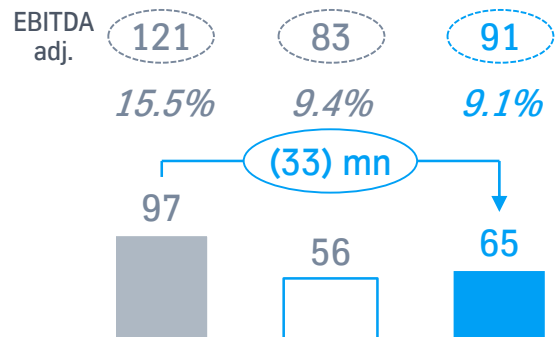
## Order intake [€ mn]



## Sales [€ mn]



## EBIT adj. [€ mn; %]



■ Q2 20/21 □ Q1 21/22 ■ Q2 21/22

## Comments YoY

### Bearings (BG)

- Temp. lower wind energy demand (China), largely offset by continued growth in industry businesses
- Increased factor costs and higher competition, partly compensated by operational efficiency measures

### Forged Technologies (FT)

- Growth in industry business and partial cost pass through; cont. high demand at truck components vs. passenger car components softening
- Increased factor costs with deferred pass through, partially compensated by continued cost-cutting measures

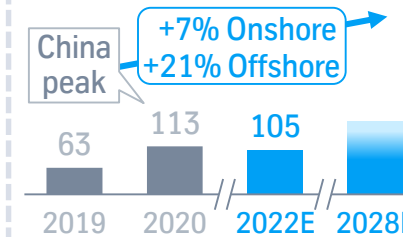
## Fundamental market trends<sup>1</sup>

### CY 2022E

- BG: Wind energy market temp. lower (“China peak”), but energy independence discussions in EU to pot. accel. trend towards renewables
- FT: Ongoing high demand for construction machinery and heavy duty engines

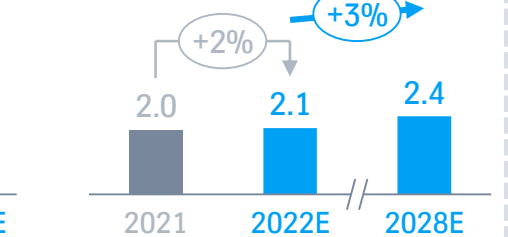
### Newly grid-connected wind capacity (~30% of IC sales<sup>2</sup>)

Global [in GW]



### Medium & heavy vehicle production (~30% of IC sales<sup>2</sup>)

Global (ex Greater China) [in mn #]



### Trends and demand drivers

#### BG: Wind turbine capacity; energy transition; size

- Outlook with upside potential based e.g. on 2°C scen.
- Larger turbines esp. offshore key growth driver

#### FT: Logistics; construction

- Heavy duty engines, construction machinery grow with GDP

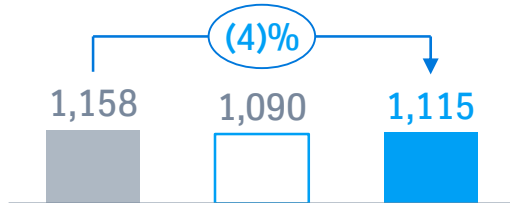
1. Source: Wood Mackenzie Wind Power Market Outlook Update (Q1 2022), IRENA Transition Energy Scenario 2°C, S&P Global (05/2022) | 2. Based on FY 20/21 IC sales



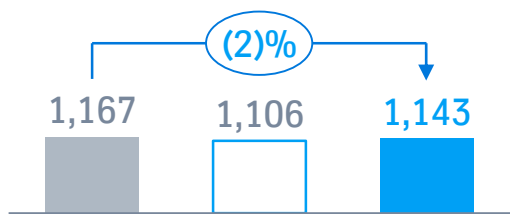


# AT: Supply chain disruption and volatile customer demand weighing on performance

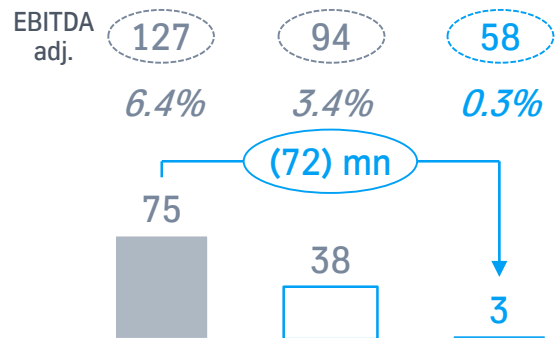
## Order intake [€ mn]



## Sales [€ mn]



## EBIT adj. [€ mn; %]



■ Q2 20/21 ■ Q1 21/22 ■ Q2 21/22

1. S&P Global Light vehicle model production <6t (04/2022), assembly type: CBU + CKD

## Comments YoY

- Ongoing supply chain disruption reinforced by production stops at customer side (war in Ukraine and lockdowns in China), partially compensated by +ve FX effects

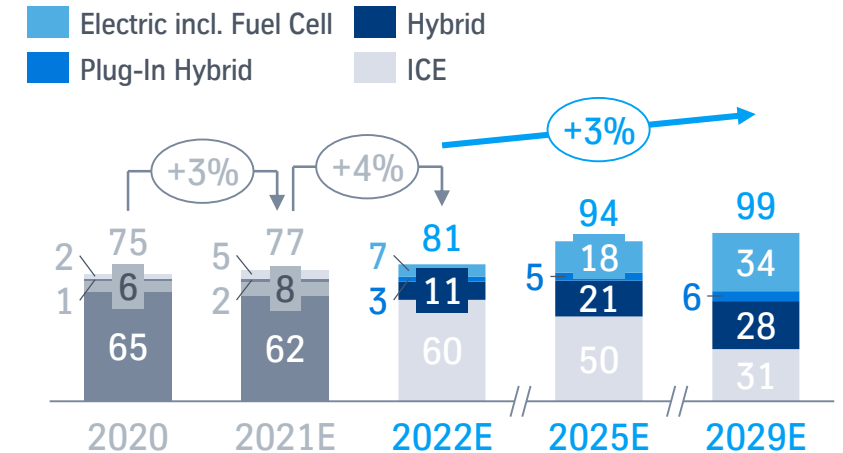
— QoQ: Slightly up, but ongoing volatile customer demand due to supply chain / SEMI shortage

- Higher factor costs (esp. logistics and material) with deferred pass through and lower capacity utilization, partially compensated by performance and price measures

— QoQ: Sharp increase in factor costs, Q1 supported by +ve one-timer (pension adjustment)

## Fundamental market trends<sup>1</sup>

### Light vehicle production [mn units]



- SEMI shortage ongoing, sig. recovery not expected before 2023

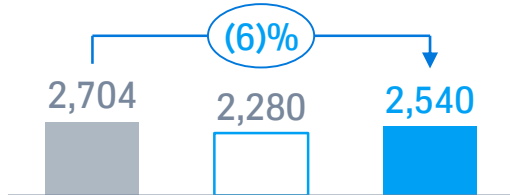
### Positioning for transformational trends

- E-mobility / Automated Driving (e.g. electrical steering, rotor shafts)
- Lightweight Solutions (car bodies and safety critical parts)
- Digital Services (e.g. remote condition monitoring)
- Digital Products (e.g. Vehicle Motion Control)

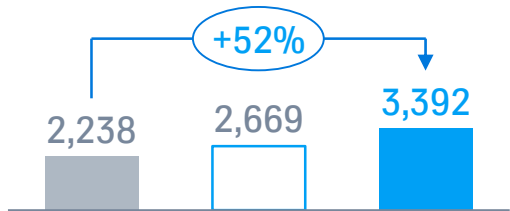


# SE: +ve effects from higher selling prices partly offset by lower volumes due to s/c constraints

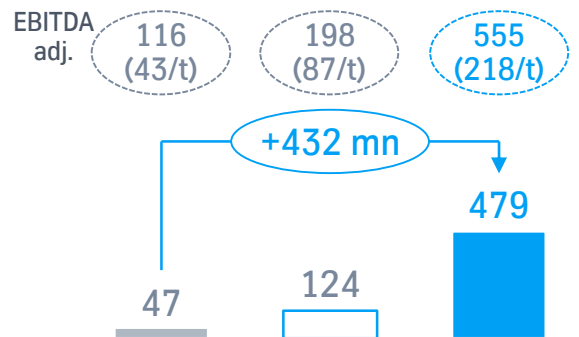
Shipments [kt]



Sales [€ mn]



EBITDA adj. [€ mn; €/t]



■ Q2 20/21 □ Q1 21/22 ■ Q2 21/22

Comments YoY

- Lower call-offs in particular from auto customers (SEMI shortage, s/c constraints)
  - QoQ up, higher call-offs driven by seasonality (mainly auto) until start of the war in UKR
- Sig. higher selling prices, also from renewed contracts (reflecting risen spot prices), partly offset by lower shipments
- Higher spreads partly offset by lower volumes (auto), higher energy and raw material costs
- Margin uplift supported by additional efficiency gains and restructuring process ahead of schedule; in total already reduction of ~1,600 FTE<sup>4</sup>

Fundamental market trends<sup>1</sup>

## CY 2022E

- EU steel demand slightly lower (-2% YoY), due to ongoing supply chain issues (e.g. SEMI), reinforced by the war in UKR, lockdowns in China
- High volatility in raw materials (in particular coking coal) and higher energy costs expected

	2020	2021	2022E
EU steel consumption	129 mt	149 mt	146 mt
Automotive YoY (~50% of sales <sup>2</sup> )	(21)%	+4%	+5%
Industry YoY (~40% of sales <sup>3</sup> )	Construction	(5)%	+6%
	Engineering	(11)%	+15%
	Domestic app.	(3)%	+7%

## Trends for premium flat steel

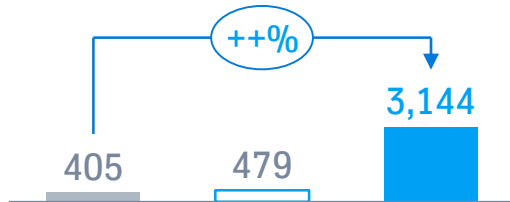
- Light-weight solutions for body and chassis
- E-mobility
- Demand for premium flat steel to be more robust vs. commodity grades

1. Source: EU apparent steel consumption (Eurofer - 05/2022) | 2. Automotive and trucks | 3. Mainly Engineering, energy, construction, domestic appliances/packaging | 4. Since 01.10.2019, incl. Heavy Plate

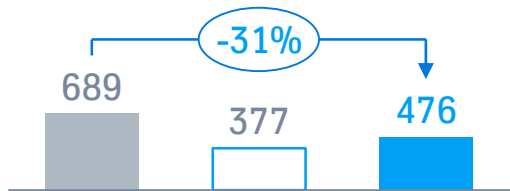


# MS: Order intake progressing as planned – next “Big Ticket” in Q2

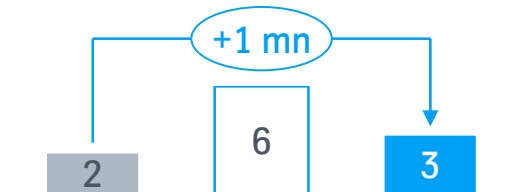
Order intake [€ mn]



Sales [€ mn]



EBITDA adj. [€ mn; %]



■ Q2 20/21    □ Q1 21/22    ■ Q2 21/22

1. 2014 NATO Defence Investment Pledge (Annual Report 2020)

Comments YoY

- Significantly up based on large submarine order
- Extension of existing surface vessel contracts
- Further larger orders in Maintenance, Service and Marine Electronics
- Order backlog on record high (~€14 bn)
- Sales performance well on track
- Prior year quarter higher due to handover of a surface vessel for German navy
- Focus on performance improvement; margins in backlog stabilized
- Optimization of administrative cost

Fundamental market trends<sup>1</sup>

## CY 2022E

- Norwegian / German submarine order as potential trigger of additional orders from further navies in Europe

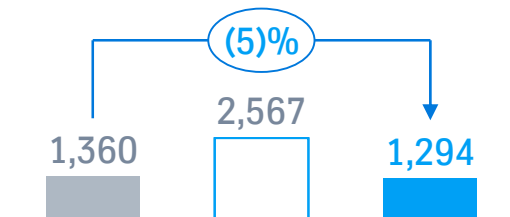
## Long-term trends in naval defense

- National security spendings (2% of GDP in NATO)
- National security worldwide more in focus again due to current war in UKR
- Securing trade routes / anti-piracy
- Modernization

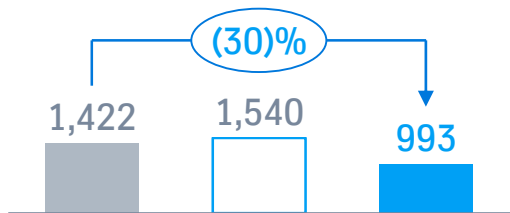


# MT: Loss sig. narrowed due to +ve contribution by AST; nucera with higher order intake

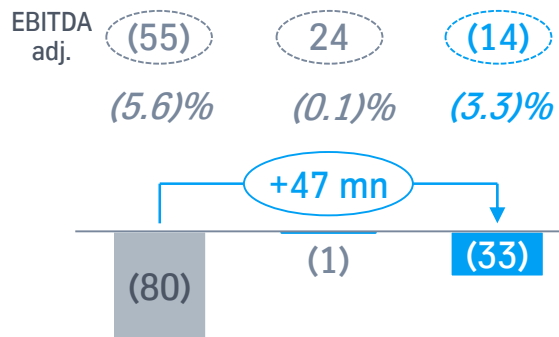
Order intake [€ mn]



Sales [€ mn]



EBIT adj. [€ mn; %]



Q2 20/21 Q1 21/22 Q2 21/22

1. Since 01.10.2019, excl. Heavy Plate

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Comments YoY

- Overall slightly down due to Closing of AST
- Plant engineering (MIN and Uhde), nucera and Automation Engineering with sig. increase in order intake

- Down due to Closing of AST and decrease at plant engineering (MIN and Uhde)

- Sig. up mainly driven by AST and the closure of HP, partly offset by plant engineering (Uhde and CEM) and Springs & Stabilizers

- QoQ down due to Closing AST in January

- Ongoing restructuring and cost cutting measures; in total already reduction of ~2,600 FTE<sup>1</sup>

Portfolio updates

- **nucera (hydrogen electrolysis business)**
  - Order funnel expanding
  - IPO as preferred option
- **Plant engineering (Uhde, Cement, Mining)**
  - MIN: sale to FLSmidth signed on Jul 29, 2021; important regulatory clearances have been received
- **Springs & Stabilizers and Automation Engineering**
  - Restructuring ongoing; M&A processes in preparation
- **AST (Stainless steel) ✓**
  - Sale to Arvedi closed on Jan 31, 2022
- **Infrastructure ✓**
  - Sale to FMC Beteiligungs KG closed on Nov 30, 2021
- **Heavy Plate ✓**
  - Business activity closed in Sep 2021
- **Carbon Components ✓**
  - Sale to Action Composites closed on Aug 31, 2021



## Business cash flow (BCF) and Free cash flow before M&A [€ mn]

		2020/21	2021/22		Δ
		Q2	Q1	Q2	yoy
BCF	Materials Services (MX)	(9)	(391)	(282)	--
BCF	Industrial Components (IC)	26	42	(26)	--
BCF	Automotive Technology (AT)	27	136	(4)	--
BCF	Steel Europe (SE)	(71)	(499)	56	++
BCF	Marine Systems (MS)	(247)	250	(165)	33%
BCF	Multi Tracks (MT)	(188)	(206)	21	++
BCF	Corporate Headquarters (HQ)	(52)	(57)	(65)	(25%)
BCF	Reconciliation	(72)	(56)	(136)	(90%)
<b>BCF</b>	<b>Group continuing operations</b>	<b>(586)</b>	<b>(780)</b>	<b>(601)</b>	<b>(2%)</b>
	Interest payments	(112)	(18)	(85)	25%
	Tax payments	(52)	(59)	(87)	(66%)
<b>FCF b. M&amp;A</b>	<b>Group continuing operations</b>	<b>(750)</b>	<b>(858)</b>	<b>(772)</b>	<b>(3%)</b>

### Q2 YoY

- MX:** Record earnings offset by significant higher NWC-level due to extraordinary price dynamics
- IC:** Lower earnings and NWC built-up, i.a. driven by higher prices and sales increase
- AT:** Sig. lower earnings partially compensated by NWC improvement and lower investments
- SE:** Higher earnings largely offset by price effects on NWC due to higher prices (mainly inventories and receivables)
- MS:** Improving and in principle positive due to business model, but determined by milestone payment profile and order intake related down payment, respectively
- MT:** Driven by NWC release (mainly receivables) with regard to AST closing as well as down payments and periodic shifts causing lower cash-outs for major projects

FCF bef. M&A affected by temporary price effects on NWC (mainly inventories and receivables)



# Special items

[€ mn]

		2020/21				2021/22	
		Q1	Q2	Q3	Q4	FY	
MX	Disposal effect	5	8	42		55	(1)
	Impairment			(4)	(34)	(37)	
	Restructuring	1	(2)	(3)	(8)	(11)	(3)
IC	Disposal effect		1	2		3	2
	Impairment		(2)		(1)	(3)	
	Restructuring	(3)	(7)	(11)	(4)	(24)	
AT	Disposal effect			(1)		(1)	
	Impairment			5	(39)	(34)	(7)
	Restructuring	7			(2)	4	
SE	Disposal effect	3		1		4	1
	Impairment						(13)
	Restructuring	(1)	(208)	35	(4)	(178)	(1) 17
MS	Disposal effect				(1)		
	Impairment						(7)
	Restructuring				(1)	(1)	(1)
MT	Disposal effect			(9)	(5)	(14)	(9) (12)
	Impairment	(1)	(10)	(24)	9	(25)	(39) (3)
	Restructuring	(73)	(43)	40	26	(50)	(1) (2)
Corp. HQ	Disposal effect		(7)	(9)	(28)	(43)	(10) (10)
	Impairment						
	Restructuring						
Consolidation/Others		7	(8)	3	15	16	(1)
tk cont. ops.		(54)	(277)	68	(76)	(340)	(79) (19)

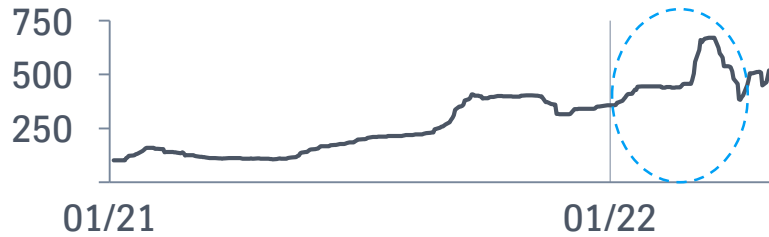
## Comments on Q2

- Mainly impairment losses on non-current assets in the steering business
- Reversal of restructuring provisions
- Mainly deconsolidation effects (AST) and project expenses related to the potential nucera IPO
- Project expenses related to M&A transactions

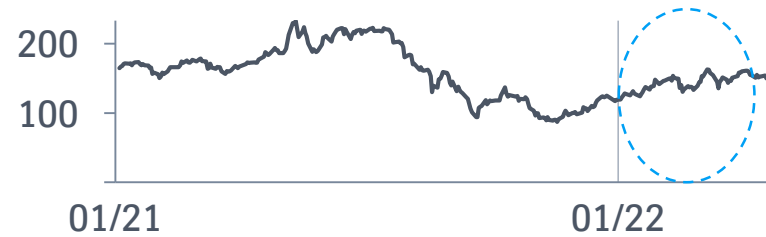


# High uncertainties and volatility in (raw) material and factor costs

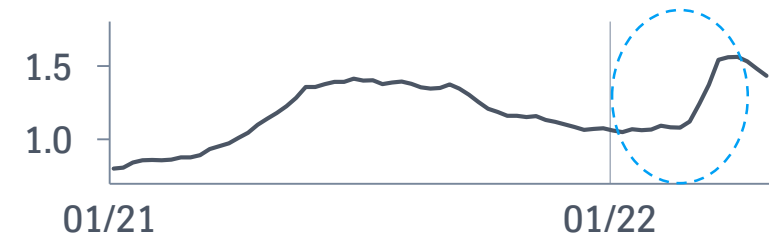
Coking (Prem. low vol FOB Australia in \$/t)



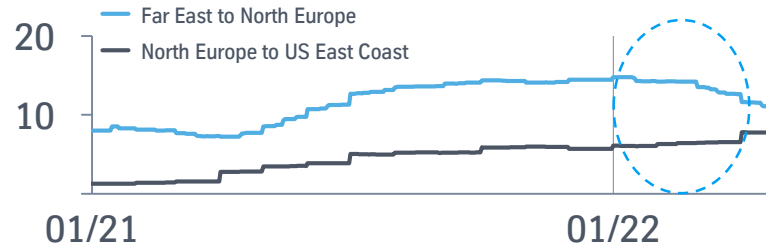
Iron ore (IODEX 62%, CFR N.China in \$/dmt)



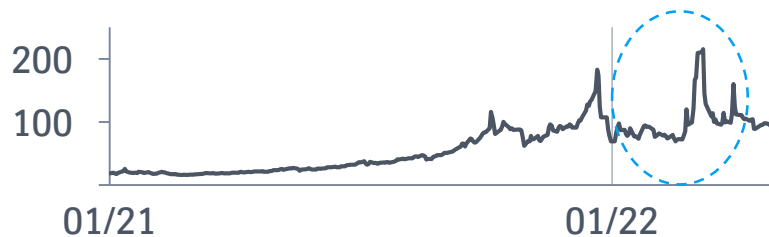
Hot rolled coil GER (\$/t)



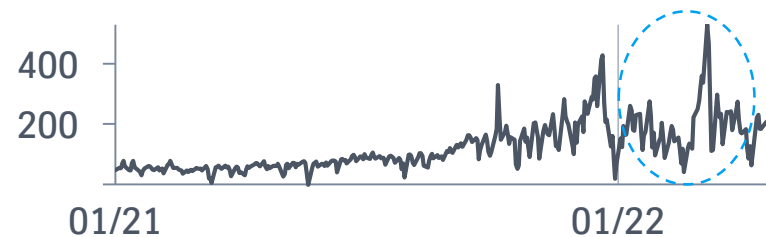
Market average freight rates (\$k, 40ft container)



Natural gas spot price GER (€/MWh, indexed)



Power spot price GER (€/MWh, indexed)



## Base assumptions for outlook FYE 21/22

- Overall, market conditions may remain extremely volatile with low visibility going forward
- Energy prices will stay high, mainly driven by European gas and electricity
- Raw materials and factor costs (incl. energy, freight) assumed to remain on broadly averaged Q2 levels
- Unrestricted availability of fossil fuels assumed

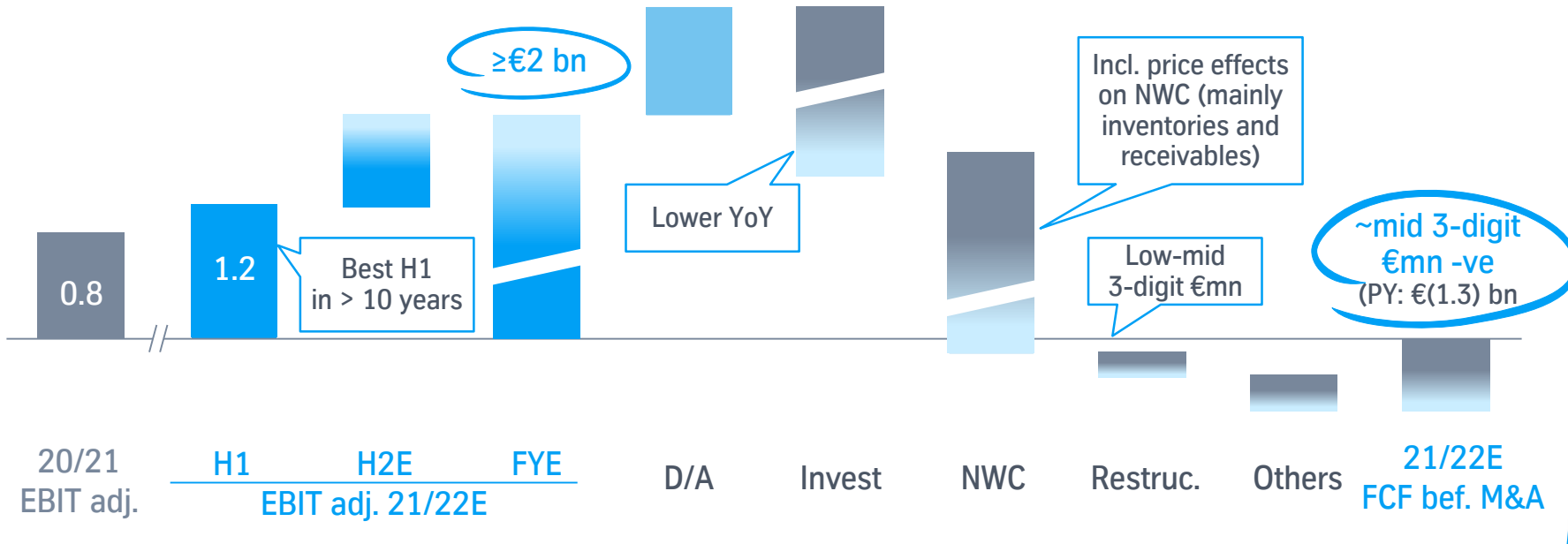
Q2 FY 21/22

Sources: Platts, CRU, European Energy Exchange (EEX), Xeneta



# FYE 21/22: Significant improvements across all KPIs, despite challenging market conditions

- Sales expected to grow by a low 2-digit percentage range (PY: €34 bn)
- Strong contribution from MX and SE
- For H2: Low visibility for potential relieves in (auto) calls-offs and s/c disruptions (e.g. SEMI); close monitoring of ongoing geopolitical disruptions and Covid-19 related lockdowns (China)



- NI ≥ €1 bn (PY: €(25) mn)
- tkVA sig. +ve (PY: €(622) mn)
- Net Cash position >€3 bn at y/e due to +ve effects from M&A transactions (AST, MIN)





# Forecast for FY 21/22E adjusted

Full group [€ mn]

	20/21	21/22E	Outlook FY 21/22E	Q2 21/22	Q3 21/22E
MX	587	↗	EBIT adj. to reach up to €1.0 bn mainly driven by dynamic price movements remaining supportive	336	→
IC	322	↘	Sales roughly at previous years level & a lower EBIT adj. in the low 3-digit €mn range due to a temporary regional slowdown in the wind energy business, supply chain bottlenecks for car & truck components and higher factor costs	65	↘
AT	264	↘	Largely stable sales & EBIT adj. significantly below previous years level due to increased uncertainties, ongoing supply chain bottlenecks and rising factor costs – partially compensated by continuing efficiency measures	3	→
SE	116	↗	Significantly improved EBIT adj. of at least €1 bn as a result of a significant margin increase amid stable volumes and structural improvements from implementing the Steel Strategy 20–30	479	→
MS	26	↗	Slightly higher sales & EBIT adj. from improvements in project execution	3	↗
MT <sup>1</sup>	(298)	↗ (i.a. excl. AST)	Significant decline in sales after sale of AST and Infrastructure and significant EBIT adj. improvement mainly resulting from the closure of HP, improved project execution in plant engineering and ongoing restructuring measures	(33)	↘ (i.a. excl. AST)
HQ/ Cons./Others	(194) (26)	↗	Slightly higher EBIT adj.	(36) (14)	→
EBIT adj.	796	↗	Significant improvement to at least € 2.0 bn	802	broadly stable
Net income	(25)	↗	Significant improvement to at least €1.0 bn	587	broadly stable
FCF b. M&A (1,273)		↗	Significant increase to a negative figure in mid three-digit million euro range mainly driven by higher EBIT adj. vs. temporary increase in net working capital (esp. due to higher prices); high volatility (raw material and energy prices as well as customer call-offs) and existing turmoil (geopolitical and economic) cause uncertainties going forward	(772)	sig. up, but still -ve

1. FYE 21/22 excluding sold Disposal Group with Closing Infrastructure on Nov 30, 2021 and Closing AST on January 31, 2022



# Key financials

[€ mn]

## Full Group

	Q1	Q2	2020/21 Q3	Q4	FY	2021/22 Q1	Q2
Order intake	7,845	8,646	8,770	14,311	39,571	10,398	13,562
Sales	7,321	8,577	8,676	9,441	34,015	9,023	10,599
EBITDA	250	172	584	410	1,416	554	1,026
EBITDA adjusted	306	450	495	468	1,719	602	1,028
EBIT	20	(69)	332	167	451	298	792
EBIT adjusted	78	220	266	232	796	378	802
EBT	(93)	(124)	223	89	95	203	718
Net income/(loss)	(125)	(187)	145	143	(25)	122	587
attrib. to tk AG stockh.	(145)	(211)	125	116	(115)	106	565
Earnings per share <sup>1</sup> (€)	(0.23)	(0.34)	0.20	0.19	(0.18)	0.17	0.91
Operating cash flow	265	(476)	(10)	314	92	(599)	(483)
Cash flow from divestm.	873	35	65	2	975	25	553
Cash flow from investm.	(274)	(328)	(259)	(624)	(1,485)	(253)	(303)
Free cash flow	864	(769)	(204)	(308)	(418)	(827)	(233)
FCF before M&A	32	(750)	(235)	(321)	(1,273)	(858)	(772)
TK Value Added					(622)		
Ø Capital Employed	13,073	13,058	13,228	13,410	13,410	14,333	14,897
Cash and cash equivalents (incl. short-term securities)	10,619	9,751	9,417	9,026	9,026	6,774	6,508
Net financial debt	(5,062)	(4,229)	(3,986)	(3,586)	(3,586)	(2,701)	(2,446)
Equity	9,929	10,414	10,756	10,845	10,845	11,425	12,754
Employees	103,128	102,306	101,592	101,275	101,275	100,386	97,542

1. Attributable to tk AG's stockholders



# Key financials

[€ mn]

## Continuing operations

	Q1	Q2	2020/21 Q3	Q4	FY	2021/22 Q1	Q2
Order intake	7,845	8,646	8,770	14,311	39,571	10,398	13,562
Sales	7,321	8,577	8,676	9,441	34,015	9,023	10,599
EBITDA	254	184	585	398	1,422	554	1,018
EBITDA adjusted	306	450	495	468	1,719	602	1,028
EBIT	24	(57)	334	156	457	298	783
EBIT adjusted	78	220	266	232	796	378	802
EBT	(89)	(112)	224	78	101	203	710
Net income/(loss)	(121)	(175)	146	132	(19)	122	579
attrib. to tk AG stockh.	(141)	(199)	126	105	(109)	106	556
Earnings per share <sup>1</sup> (€)	(0.23)	(0.32)	0.20	0.17	(0.17)	0.17	0.89
Operating cash flow	265	(474)	(10)	314	94	(599)	(483)
Cash flow from divestm.	873	35	65	2	975	25	553
Cash flow from investm.	(274)	(328)	(259)	(624)	(1,485)	(253)	(303)
Free cash flow	864	(767)	(204)	(308)	(416)	(827)	(233)
FCF before M&A	32	(750)	(235)	(321)	(1,273)	(858)	(772)
Employees	103,128	102,306	101,592	101,275	101,275	100,386	97,542

1. Attributable to tk AG's stockholders



# Sales by region FY 2020/21

[Continuing Operations, %]

	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	thyssenkrupp Cont. Ops.
Worldwide (€mn)	12,315	2,512	4,522	8,932	2,022	5,651	34,015
DACHLI <sup>1</sup>	39.7	18.0	31.7	57.4	18.4	17.5	34.9
Germany	37.1	15.6	30.1	54.7	18.3	16.6	32.7
Central/ Eastern Europe	14.9	1.9	5.1	7.2	0.0	7.4	9.0
Western Europe	15.7	16.5	14.6	20.4	8.8	30.6	18.9
North America	22.9	22.0	23.5	7.5	0.6	7.6	16.1
USA	18.7	19.2	18.8	4.8	0.6	4.4	12.7
South America	0.3	6.5	1.4	1.0	5.7	5.0	2.2
Asia/Pacific	4.0	2.2	1.1	0.5	24.9	7.2	4.6
CIS	0.4	1.1	0.3	0.7	0.0	2.5	0.8
Greater China	0.7	29.2	19.6	1.5	0.3	6.8	6.6
China	0.4	29.1	19.5	1.5	0.3	5.9	6.2
India	0.4	1.5	0.2	0.6	1.2	4.4	1.3
Middle East & Africa	0.9	1.0	2.6	3.0	40.1	11.0	5.7

1. D = Germany, A = Austria, CH = Switzerland, LI = Liechtenstein



# Sales by customer group FY 2020/21

[Continuing Operations, %]

	Materials Services	Industrial Components	Automotive Technology	Steel Europe	Marine Systems	Multi Tracks	thyssenkrupp Cont. Ops.
Overall (€mn)	12,315	2,512	4,522	8,932	2,022	5,651	34,015
Automotive	11.7	33.2	94.3	27.2	0.0	19.6	29.5
Steel and related processing	19.0	0.9	0.0	24.1	0.0	21.4	14.2
Trading	15.8	4.1	4.9	23.1	0.8	8.4	11.4
Construction	5.6	0.9	0.0	0.3	0.0	2.2	2.5
Engineering	10.7	57.0	0.4	2.5	4.0	1.2	9.2
Public sector	0.6	0.2	0.0	0.0	92.8	0.2	5.8
Energy and utilities	0.7	1.0	0.0	3.4	0.0	0.6	1.3
Packaging	1.0	0.0	0.0	13.9	0.0	0.0	4.0
Other customer groups	34.9	2.7	0.3	5.6	2.4	46.4	22.1



# Volume KPI's of Materials Businesses<sup>1</sup>

			2016/17	2017/18	2018/19	2019/20	2020/21				2021/22		
			FY	FY	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
MX	Total shipments	kt	10,966	11,096	9,849	8,138	2,158	2,263	2,439	2,253	9,114	2,086	2,301
	Materials Stockholding and Processing	kt	5,686	5,944	5,784	5,087	1,293	1,415	1,360	1,206	5,275	1,173	1,412
SE	Crude Steel	kt	12,060	11,839	11,286	9,859	2,883	2,913	2,846	2,223	10,866	3,059	2,460
	Steel Europe AG	kt	9,440	9,171	8,675	7,568	2,138	2,154	2,086	1,475	7,853	2,350	1,837
	HKM	kt	2,620	2,668	2,611	2,291	745	759	760	749	3,013	709	623
	Shipments	kt	11,433	11,302	10,452	8,838	2,413	2,704	2,664	2,208	9,990	2,280	2,540
	Cold-rolled	kt	7,169	6,995	6,572	5,964	1,628	1,731	1,696	1,464	6,519	1,484	1,609
	Hot-rolled	kt	4,265	4,307	3,880	2,832	783	970	965	741	3,460	794	928
	Average Steel revenues per ton <sup>2</sup>		122	132	135	125	122	129	140	166	138	179	213
	USD/EUR	Aver.	1.10	1.19	1.13	1.12	1.19	1.21	1.20	1.18	1.20	1.14	1.12
	USD/EUR	Clos.	1.18	1.16	1.09	1.17	1.23	1.17	1.19	1.16	1.16	1.13	1.11

1. FY 2019/20 adjusted for new organizational structure as of 01.10.2020 | 2. Indexed: Q1 2004/05 = 100



# Materials Services

[€ mn]

	Q1	Q2	2020/21 Q3	Q4	FY	2021/22 Q1	Q2
Order intake	2,482	3,096	3,612	3,519	12,710	3,722	4,533
Sales	2,368	2,888	3,289	3,770	12,315	3,290	4,446
EBITDA	44	166	304	244	758	251	364
EBITDA adjusted	37	160	265	260	722	251	368
EBIT	11	132	268	183	594	219	331
EBIT adjusted	5	126	232	225	587	219	336
EBIT adj. margin (%)	0.2	4.4	7.1	6.0	4.8	6.7	7.5
tk Value Added					387		
Ø Capital Employed	2,401	2,410	2,478	2,587	2,587	3,322	3,624
BCF	134	(9)	(39)	20	106	(391)	(282)
CF from divestm.	11	18	49	7	85	1	1
CF for investm.	(26)	(16)	(14)	(41)	(97)	(15)	(16)
Employees	15,804	15,495	15,454	15,296	15,296	15,454	15,657



# Industrial Components

[€ mn]

	Q1	Q2	2020/21 Q3	Q4	FY	2021/22 Q1	Q2
Order intake	662	656	606	633	2,556	601	707
Order backlog	966	1,012	994	995	995	1,000	1,016
Sales	621	626	630	635	2,512	604	707
EBITDA	122	115	84	79	400	84	93
EBITDA adjusted	125	121	93	83	421	83	91
EBIT	98	90	59	50	297	57	67
EBIT adjusted	101	97	68	56	322	56	65
EBIT adj. margin (%)	16.2	15.5	10.8	8.8	12.8	9.4	9.1
tk Value Added					180		
Ø Capital Employed	1,316	1,322	1,346	1,376	1,376	1,536	1,579
BCF	149	26	19	(34)	160	42	(26)
CF from divestm.	0	3	2	1	7	2	2
CF for investm.	(32)	(49)	(52)	(92)	(225)	(30)	(34)
Employees	12,842	13,005	12,937	12,812	12,812	12,591	12,384





# Automotive Technology

[€ mn]

	Q1	Q2	2020/21 Q3	Q4	FY	2021/22 Q1	Q2
Order intake	1,183	1,158	1,076	1,090	4,506	1,090	1,115
Sales	1,215	1,167	1,077	1,063	4,522	1,106	1,143
EBITDA	169	127	104	82	482	94	57
EBITDA adjusted	162	127	106	86	481	94	58
EBIT	116	74	55	(11)	234	38	(4)
EBIT adjusted	109	75	51	30	264	38	3
EBIT adj. margin (%)	9.0	6.4	4.7	2.8	5.8	3.4	0.3
tk Value Added					28		
Ø Capital Employed	2,340	2,356	2,384	2,421	2,421	2,566	2,562
BCF	140	27	3	(111)	59	136	(4)
CF from divestm.	0	1	1	0	2	4	0
CF for investm.	(50)	(54)	(54)	(110)	(268)	(47)	(40)
Employees	19,672	20,719	19,764	19,723	19,723	19,695	19,880



## Steel Europe

[€ mn]

	Q1	Q2	2020/21 Q3	Q4	FY	2021/22 Q1	Q2
Order intake	2,408	2,437	2,488	1,951	9,283	2,481	3,389
Sales	1,917	2,238	2,416	2,361	8,932	2,669	3,392
EBITDA	92	(92)	123	92	214	198	571
EBITDA adjusted	89	116	88	96	389	198	555
EBIT	22	(161)	55	24	(59)	112	495
EBIT adjusted	20	47	19	29	116	124	479
EBIT adj. margin (%)	1.1	2.1	0.8	1.2	1.3	4.7	14.1
tk Value Added					(404)		
Ø Capital Employed	3,815	3,858	3,939	4,062	4,062	4,725	5,042
BCF	(131)	(71)	(181)	(297)	(680)	(499)	56
CF from divestm.	(2)	(2)	(5)	(7)	(16)	(5)	(7)
CF for investm.	(101)	(174)	(114)	(292)	(681)	(124)	(185)
Employees	26,336	25,912	26,015	26,303	26,303	26,247	25,945



# Marine Systems

[€ mn]

	Q1	Q2	2020/21 Q3	Q4	FY	2021/22 Q1	Q2
Order intake	258	405	153	5,846	6,662	479	3,144
Order backlog	6,008	5,656	5,607	10,789	10,789	10,880	13,860
Sales	364	689	396	572	2,022	377	476
EBITDA	21	19	6	43	88	15	20
EBITDA adjusted	21	18	6	44	90	22	20
EBIT	5	3	(9)	25	24	(2)	3
EBIT adjusted	5	2	(9)	27	26	6	3
EBIT adj. margin (%)	1.4	0.3	(2.3)	4.7	1.3	1.6	0.7
tk Value Added					(111)		
Ø Capital Employed	1,519	1,651	1,723	1,686	1,686	1,227	1,211
BCF	(137)	(247)	6	412	35	250	(165)
CF from divestm.	0	3	0	0	4	0	(0)
CF for investm.	(37)	(10)	(8)	(47)	(101)	(20)	(13)
Employees	6,441	6,466	6,472	6,534	6,534	6,555	6,619



# Multi Tracks

[€ mn]

	Q1	Q2	2020/21 Q3	Q4	FY	2021/22 Q1	Q2
Order intake	1,425	1,360	1,488	1,610	5,883	2,567	1,294
Sales	1,200	1,422	1,421	1,608	5,651	1,540	993
EBITDA	(159)	(98)	11	(39)	(285)	(7)	(29)
EBITDA adjusted	(86)	(55)	(20)	(38)	(199)	24	(14)
EBIT	(184)	(133)	(38)	(33)	(387)	(50)	(49)
EBIT adjusted	(111)	(80)	(45)	(63)	(298)	(1)	(33)
EBIT adj. margin (%)	(9.2)	(5.6)	(3.1)	(3.9)	(5.3)	(0.1)	(3.3)
tk Value Added					(454)		
Ø Capital Employed	863	821	820	830	830	974	857
BCF	56	(188)	(35)	(118)	(284)	(206)	21
CF from divestm.	2	14	4	5	24	23	552
CF for investm.	(26)	(24)	(16)	(41)	(107)	(16)	(9)
Employees	19,538	18,305	18,652	18,360	18,360	17,661	14,878

Sale of AST in  
Jan 2022



# Corporate Headquarters

[€ mn]

	Q1	Q2	2020/21 Q3	Q4	FY	2021/22 Q1	Q2
EBITDA	(53)	(55)	(52)	(74)	(234)	(61)	(46)
EBITDA adjusted	(53)	(48)	(43)	(47)	(191)	(51)	(36)
EBIT	(54)	(56)	(52)	(75)	(237)	(61)	(47)
EBIT adjusted	(54)	(49)	(44)	(47)	(194)	(51)	(36)
BCF	(64)	(52)	(83)	(26)	(225)	(57)	(65)
Employees	648	642	637	634	634	622	618
thereof GER / tk AG	397	393	388	392	392	392	391
thereof Regions	251	249	249	242	242	230	227



# Business Area Overview – Quarterly Order Intake

[Continuing operations - € mn]

	Q1	Q2	2020/21 Q3	Q4	FY	2021/22 Q1	Q2	Δ Q2 yoy	yoy (ex FX) <sup>1</sup>
Materials Services	2,482	3,096	3,612	3,519	12,710	3,722	4,533	46%	44%
Industrial Components	662	656	606	633	2,556	601	707	8%	4%
Automotive Technology	1,183	1,158	1,076	1,090	4,506	1,090	1,115	(4%)	(8%)
Steel Europe	2,408	2,437	2,488	1,951	9,283	2,481	3,389	39%	39%
Marine Systems	258	405	153	5,846	6,662	479	3,144	++	++
Multi Tracks	1,425	1,360	1,488	1,610	5,883	2,567	1,294	(5%)	30%
Corporate Headquarters	2	0	2	1	5	1	2	++	++
Reconciliation	(574)	(468)	(655)	(338)	(2,035)	(543)	(622)	—	—
<b>Group continuing operations</b>	<b>7,845</b>	<b>8,646</b>	<b>8,770</b>	<b>14,311</b>	<b>39,571</b>	<b>10,398</b>	<b>13,562</b>	<b>57%</b>	<b>60%</b>

1. Adjusted for FX and portfolio effects



# Business Area Overview – Quarterly Sales

[Continuing operations - € mn]

	Q1	Q2	2020/21 Q3	Q4	FY	2021/22 Q1	Q2	Δ Q2	
								yoy	yoy (ex FX) <sup>1</sup>
Materials Services	2,368	2,888	3,289	3,770	12,315	3,290	4,446	54%	51%
Industrial Components	621	626	630	635	2,512	604	707	13%	8%
Automotive Technology	1,215	1,167	1,077	1,063	4,522	1,106	1,143	(2%)	(6%)
Steel Europe	1,917	2,238	2,416	2,361	8,932	2,669	3,392	52%	51%
Marine Systems	364	689	396	572	2,022	377	476	(31%)	(31%)
Multi Tracks	1,200	1,422	1,421	1,608	5,651	1,540	993	(30%)	(5%)
Corporate Headquarters	5	5	2	2	13	2	2	(63%)	(63%)
Reconciliation	(370)	(457)	(555)	(571)	(1,953)	(565)	(560)	—	—
<b>Group continuing operations</b>	<b>7,321</b>	<b>8,577</b>	<b>8,676</b>	<b>9,441</b>	<b>34,015</b>	<b>9,023</b>	<b>10,599</b>	<b>24%</b>	<b>26%</b>

1. Adjusted for FX and portfolio effects



# Business Area Overview – Quarterly EBIT and Margin

[Continuing operations - € mn]

	Q1	Q2	2020/21 Q3	Q4	FY	2021/22 Q1	Q2
Materials Services	11	132	268	183	594	219	331
%	0.5	4.6	8.1	4.9	4.8	6.7	7.5
Industrial Components	98	90	59	50	297	57	67
%	15.8	14.3	9.4	7.9	11.8	9.5	9.4
Automotive Technology	116	74	55	(11)	234	38	(4)
%	9.5	6.4	5.1	(1.1)	5.2	3.4	(0.3)
Steel Europe	22	(161)	55	24	(59)	112	495
%	1.2	(7.2)	2.3	1.0	(0.7)	4.2	14.6
Marine Systems	5	3	(9)	25	24	(2)	3
%	1.4	0.4	(2.4)	4.5	1.2	(0.4)	0.7
Multi Tracks	(184)	(133)	(38)	(33)	(387)	(50)	(49)
%	(15.4)	(9.3)	(2.6)	(2.0)	(6.9)	(3.3)	(4.9)
Corporate Headquarters	(54)	(56)	(52)	(75)	(237)	(61)	(47)
Reconciliation	9	(7)	(3)	(9)	(9)	(15)	(14)
<b>Group continuing operations</b>	<b>24</b>	<b>(57)</b>	<b>334</b>	<b>156</b>	<b>457</b>	<b>298</b>	<b>783</b>
<b>%</b>	<b>0.3</b>	<b>(0.7)</b>	<b>3.8</b>	<b>1.7</b>	<b>1.3</b>	<b>3.3</b>	<b>7.4</b>





# Business Area Overview – Quarterly EBIT adj. and Margin

[Continuing operations - € mn]

	Q1	Q2	2020/21 Q3	Q4	FY	2021/22 Q1	Q2
Materials Services	5	126	232	225	587	219	336
%	0.2	4.4	7.1	6.0	4.8	6.7	7.5
Industrial Components	101	97	68	56	322	56	65
%	16.2	15.5	10.8	8.8	12.8	9.4	9.1
Automotive Technology	109	75	51	30	264	38	3
%	9.0	6.4	4.7	2.8	5.8	3.4	0.3
Steel Europe	20	47	19	29	116	124	479
%	1.1	2.1	0.8	1.2	1.3	4.7	14.1
Marine Systems	5	2	(9)	27	26	6	3
%	1.4	0.3	(2.3)	4.7	1.3	1.6	0.7
Multi Tracks	(111)	(80)	(45)	(63)	(298)	(1)	(33)
%	(9.2)	(5.6)	(3.1)	(3.9)	(5.3)	(0.1)	(3.3)
Corporate Headquarters	(54)	(49)	(44)	(47)	(194)	(51)	(36)
Reconciliation	3	1	(6)	(23)	(26)	(14)	(14)
<b>Group continuing operations</b>	<b>78</b>	<b>220</b>	<b>266</b>	<b>232</b>	<b>796</b>	<b>378</b>	<b>802</b>
<b>%</b>	<b>1.1</b>	<b>2.6</b>	<b>3.1</b>	<b>2.5</b>	<b>2.3</b>	<b>4.2</b>	<b>7.6</b>



# Business Area Overview – Quarterly Business Cash Flow (BCF) and Free Cash Flow before M&A

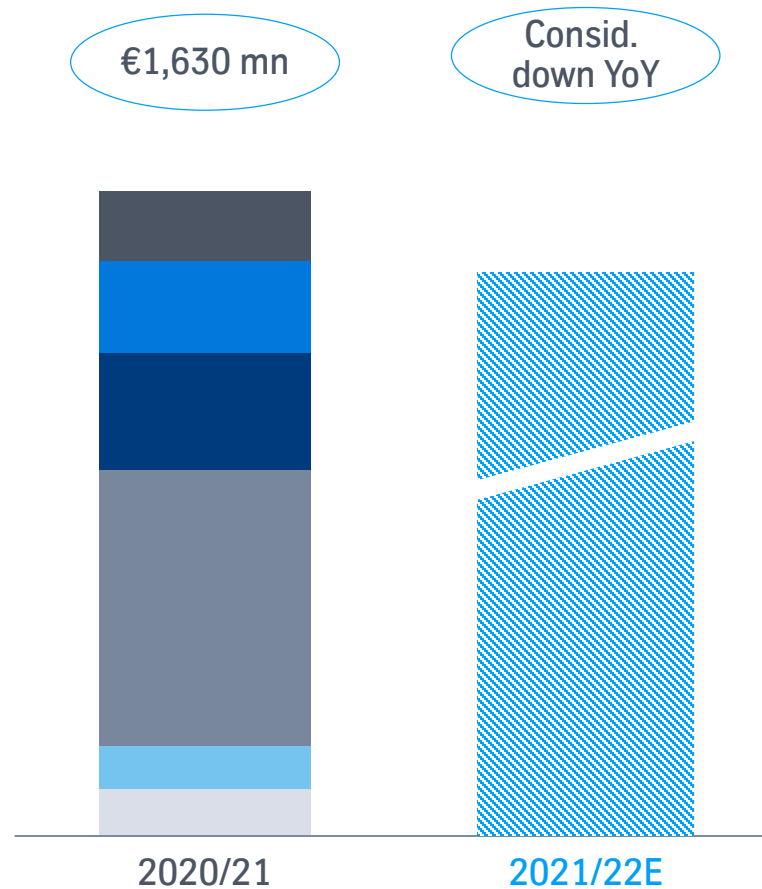
[Continuing operations - € mn]

		Q1	Q2	2020/21 Q3	Q4	FY	2021/22 Q1	Q2
BCF	Materials Services	134	(9)	(39)	20	106	(391)	(282)
BCF	Industrial Components	149	26	19	(34)	160	42	(26)
BCF	Automotive Technology	140	27	3	(111)	59	136	(4)
BCF	Steel Europe	(131)	(71)	(181)	(297)	(680)	(499)	56
BCF	Marine Systems	(137)	(247)	6	412	35	250	(165)
BCF	Multi Tracks	56	(188)	(35)	(118)	(284)	(206)	21
BCF	Corporate Headquarters	(64)	(52)	(83)	(26)	(225)	(57)	(65)
BCF	Reconciliation	(67)	(72)	132	(108)	(114)	(56)	(136)
<b>BCF</b>	<b>Group continuing operations</b>	<b>81</b>	<b>(586)</b>	<b>(176)</b>	<b>(262)</b>	<b>(943)</b>	<b>(780)</b>	<b>(601)</b>
	Interest payments	(28)	(112)	(11)	(2)	(153)	(18)	(85)
	Tax payments	(20)	(52)	(48)	(57)	(177)	(59)	(87)
<b>FCF b. M&amp;A</b>	<b>Group continuing operations</b>	<b>32</b>	<b>(750)</b>	<b>(235)</b>	<b>(321)</b>	<b>(1,273)</b>	<b>(858)</b>	<b>(772)</b>



# Capex<sup>1</sup> is expected to be down considerably YoY

[Continuing operations]

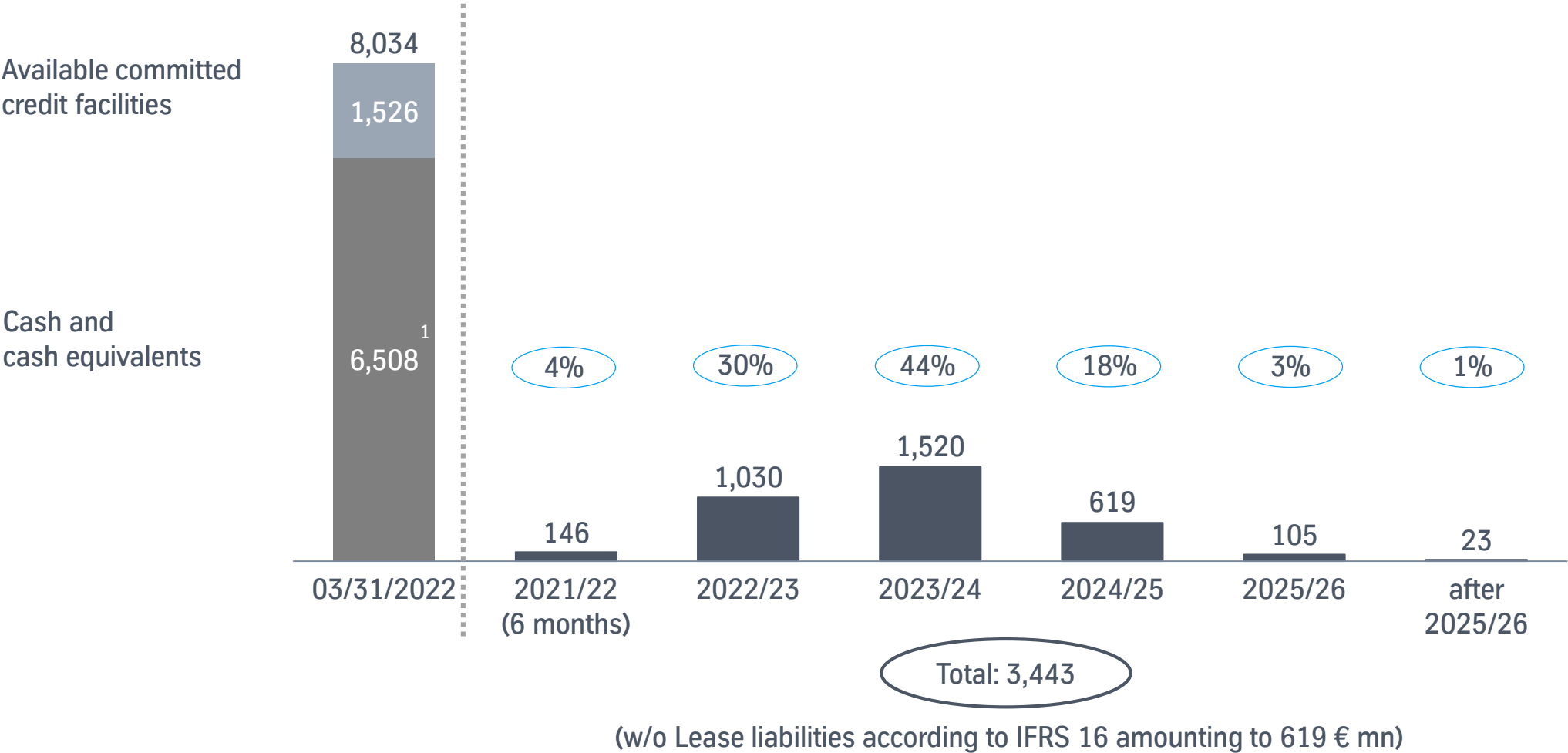


- Investments will be approved on a restrictive basis, especially in light of the increased uncertainties at present, and depending on business performance
- Focus of the investments at Steel Europe will be in conjunction with the Steel Strategy 20-30; investments for targeted growth initiatives will continue to be made in the other businesses



# Liquidity analysis and maturity profile of gross financial debt

as of March 31, 2022 [€ mn]



1. Incl. securities of €10 mn



## thyssenkrupp rating

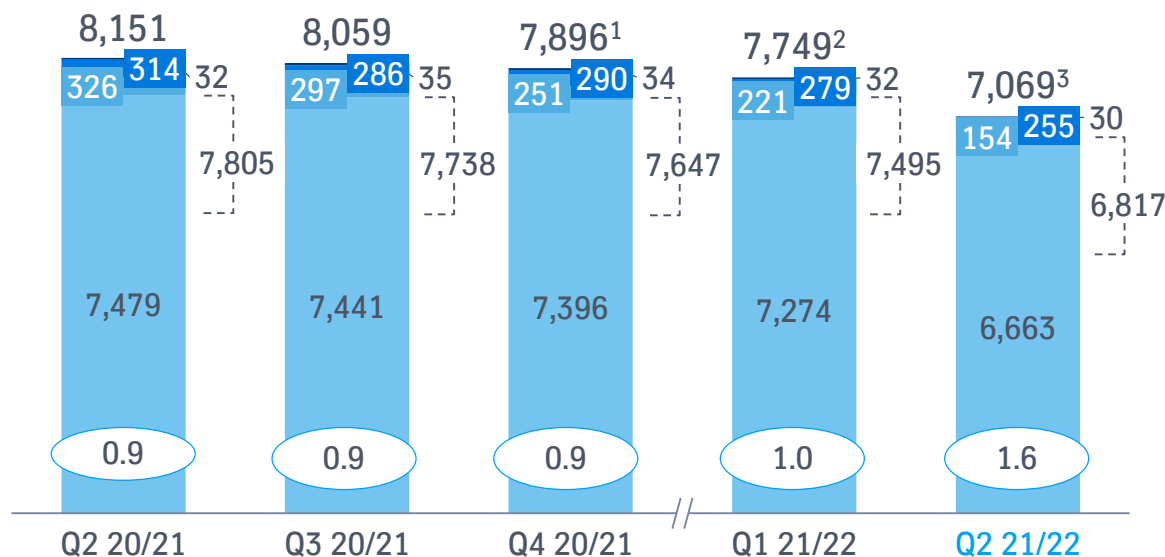
	Long-term rating	Short-term rating	Outlook
Standard & Poor's	BB-	B	stable
Moody's	B1	not Prime	positive
Fitch	BB-	B	stable



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

[Group, € mn]

## Accrued pension and similar obligations



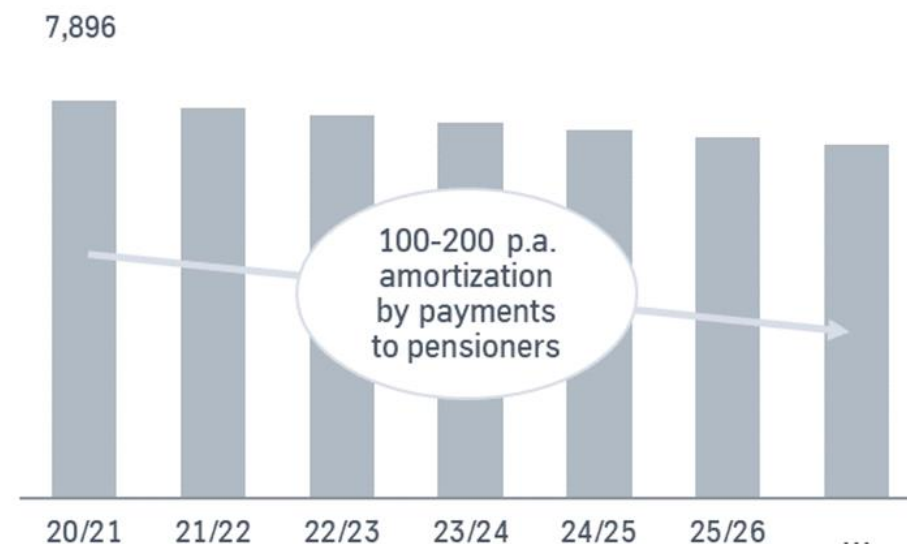
### Fluctuations in accrued pensions

- are mainly driven by increases / decreases in discount rates in Germany (>95% 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

■ Accrued pension liability Germany 
 ■ Accrued pension liability outside GER 
 ■ Accruals related to partial retirement agreements 
 ■ Other accrued pension-related obligation 
 ○ German discount rate  
■ Reclassification due to the presentation as liabilities associated with assets held for sale

1. Include minus €75 mn reclassification disposal group | 2 Include minus €57 mn reclassification disposal group | 3 Include minus €34 mn reclassification disposal group

## Development at unchanged discount rate (schematic)



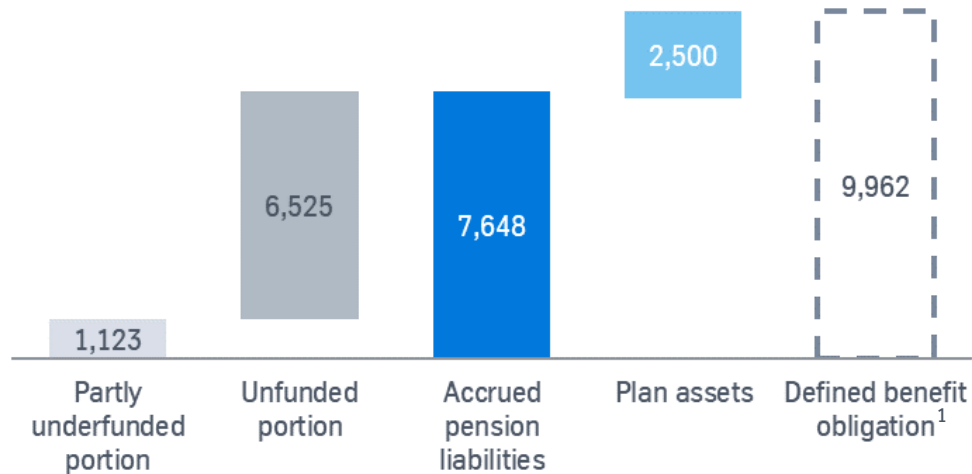
- IFRS requires determination of pension discount rate based on AA-rated corporate bonds
- Pension discount rate significant lower than interest rates of tk corporate bonds
- >95% of accrued pensions in Germany; thereof ~60% owed to exist. pensioners (average age ~77 years)



# Germany accounts for majority of pension plans

[Group, FY 20/21; € mn]

## Funded status of defined benefit obligation

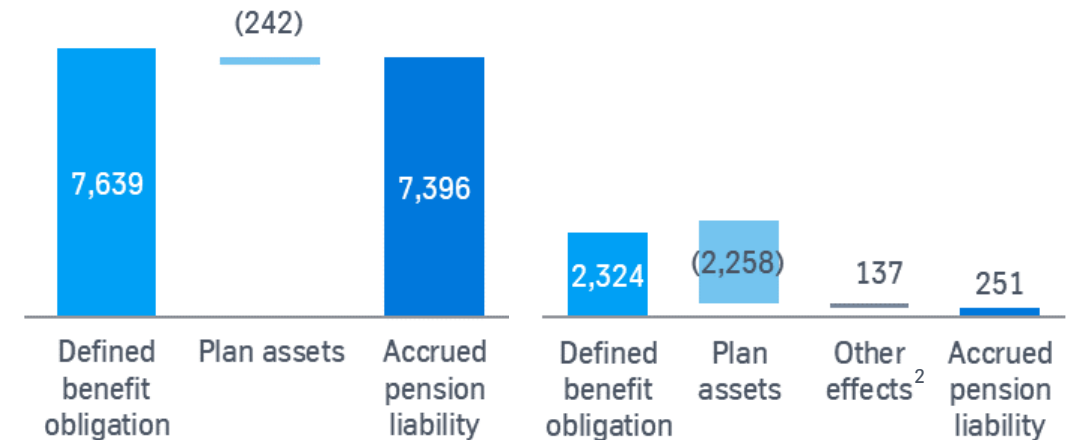


- >95% of the unfunded portion in Germany; German pension regulations do not require funding of pension obligations with plan assets; therefore funding is mainly done by tk's operating assets

## Reconciliation of accrued pension liabilities by region

Germany

Outside Germany



- Plan assets outside Germany mainly attributable to UK (~33%), USA (~23%) and Liechtenstein (~24%)
- 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

<sup>1</sup> Incl. effects from IAS 19 in UK (pension asset and asset ceiling) of €186 mn | <sup>2</sup> Incl. effects from asset ceiling UK of €49 mn



[Group, € mn]



3. Incl. in position "changes in accrued pensions and similar obligations" (Cash Flow Statement); further details please see Annual Report Note Pensions; smaller deviations due to indirect cash flow reconciliation method



# Reconciliation of EBIT Q2 2021/22 from P&L

[Continuing Operations, € mn]

## P&L structure

Net sales	10,599
Cost of sales	(8,789)
SG&A, R&D	(1,045)
Other income/expense	25
Other gains/losses	(10)
<b>= Income from operations</b>	<b>779</b>

Income from companies using equity method (28)

Finance income/expense (42)

**= EBT 710**

## EBIT definition

Net sales	10,599
Cost of sales	(8,789)
SG&A, R&D	(1,045)
Other income/expense	25
Other gains/losses	(10)
Income from companies using equity method	(28)
Adjustm. for oper. items in fin. income/expense	31

**= EBIT 783**

Finance income/expense (42)

Operating items in fin. income/expense (31)

**= EBT 710**

1. Income recognized in the reporting period from the subsequent measurement of the interest-free loan acquired in connection with the Elevator reinvestment



# Reconciliation of EBIT H1 2021/22 from P&L

[Continuing Operations, € mn]

## P&L structure

Net sales	19,622
Cost of sales	(16,618)
SG&A, R&D	(2,026)
Other income/expense	121
Other gains/losses	(17)
<b>= Income from operations</b>	<b>1,081</b>

Income from companies using equity method (70)

Finance income/expense (98)

**= EBT 913**

## EBIT definition

Net sales	19,622
Cost of sales	(16,618)
SG&A, R&D	(2,026)
Other income/expense	121
Other gains/losses	(17)
Income from companies using equity method	(70)
Adjustm. for oper. items in fin. income/expense	70 <sup>1</sup>

**= EBIT 1,082**

Finance income/expense (98)

Operating items in fin. income/expense (70)

**= EBT 913**

1. Income recognized in the reporting period from the subsequent measurement of the interest-free loan acquired in connection with the Elevator reinvestment



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