Q2 2022/23 Results
Conference Call
Ticker: TKA (Share)  TKAMY (ADR) May 2023
May 2023 | Essen

engineering.tomorrow.together.
Recap: Progress along the transformation path of thyssenkrupp

1. **Portfolio clearly structured** in 2020, especially with MT segment – transparency on performance and potential for all segments
   - Crystallization point for *value uplift* (especially nucera)
   - Management focus on specific challenges and opportunities

2. **Profitability**
   - EBIT adjusted [€bn]
     - 19/20: (1.8)
     - 22/23e: Mid-high 3-digit €mn
   - FCF before M&A [€bn]
     - 19/20: (5.5)
     - 22/23e: Slightly +ve

3. **Value / development plans** for all businesses
   - tk as *enabler of green transformation* by
     - Leveraging our technological expertise
     - Shaping and evolving our businesses
Recap: Financial resilience significantly improved and footprint in green transformation expanded

Financial KPIs improved
- On the back of productivity gains by performance and restructuring initiatives

Rock solid balance sheet by having
- Turned net debt into net cash of €2.9 bn, also by accretive portfolio actions at Multi Tracks
- Boosted equity ratio to 39.8%

Decarbonisation of SE progressing, contract for 1st DRI plant signed (capacity of 2.5 mt)

MoU for capacity expansion (Unigel); large contracted capacity (>2.5 GWh)

Uhde Ammonia | MoU with Adnoc, UAE, for Ammonia Cracker

Steel Europe

Bears, Uhde

Infra-structure

Offer

Demand

nucera
“Continue on the path of transformation on the basis of the strategic lines that have been laid down”

**PERFORMANCE**
All businesses to reach benchmark performance, while achieving their mid-term targets as next step

**GREEN TRANSFORMATION**
Capture opportunities by leveraging our technological expertise/IP

**PORTFOLIO MANAGEMENT**
Developing and shaping our businesses is more important to us than the ownership structure

**ACTIVE OWNER** – enhance tk’s role/enable segment transformation
- Evaluate stand-alone options for Steel Europe
- Focus on an independent solution for Marine Systems
- Streamline portfolio to de-risk and improve performance – next portfolio actions at Multi Tracks in progress
- Execute potential IPO for nucera to crystallize value

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**Press Release**

Martina Herz intends to step down from the Executive Board of thyssenkrupp AG, Miguel Angel Lopez Borrego appointed to take over as Chief Executive Officer

Martina Herz, CEO thyssenkrupp AG, today asked the Personnel Committee of the Supervisory Board of the thyssenkrupp AG for talks to find a timely mutual agreement for stepping down from her position as CEO of thyssenkrupp AG. In accordance with the request of Martina Herz, the Personnel Committee of the Supervisory Board decided to enter into talks with her to terminate her Executive Board contract by mutual agreement.

At the same time, the Personnel Committee proposed to the Supervisory Board to appoint Miguel Angel Lopez Borrego, currently CEO of NORMA Group SE, formerly CEO of Siemens Spain and Chairman of the Board of Siemens Gamesa Renewables, S.A., as a member of the Executive Board of thyssenkrupp AG with effect from June 1, 2023 and to appoint him as Chief Executive Officer.

Prof. Dr. Siegfried Roscow, Chairman of the Supervisory Board of thyssenkrupp AG, “With Miguel Angel Lopez Borrego, we have been able to win an internationally experienced manager with broad industry experience in the areas of digitalization and Industry 4.0 as well as an experienced finance and M&A expert for the future management of thyssenkrupp. With him at the top, we will continue on the path of transformation on the basis of the strategic lines that have been laid down. This is challenging, but necessary. Because the transformation of thyssenkrupp is not yet complete.”

After graduating from secondary school in the German state Hessen, Miguel Angel Lopez Borrego studied at the Badeakademie Mannheim (degree in business administration) and at the University of Toronto (MBA). He began his professional career as a controller at VDO AG. He was subsequently CFO of VDO Instruments in Spain and of the global VDO Instruments Division. Within the Siemens Group, he was Chief Financial Officer of various business units, from 2014 Chief Financial Officer of the Digital Factory Division, later Chief Financial Officer of Siemens Gamesa Renewable Energy and 2015-2022 President & CEO of the Board of Siemens Spain and Chairman of the Board of Directors, Siemens-Gamesa Renewable Energy S.A. Until May 31, 2023, Lopez Borrego is CEO of the automotive and industrial supplier company NORMA Group SE, a role he has taken on a temporary basis delegated by the Supervisory Board of this Company in accordance with § 106 of the German Stock Corporation Act.

Roscow further: “Martina Herz has taken over a very difficult task at a challenging time and since then has initiated a fundamental change process at thyssenkrupp with great commitment and expertise. Her target definition, according to which the best possible development of the business is in doubt more important than the ownership structure, was also clearly supported by the shareholders at the Annual General Meeting in February 2023. For her achievements Martina Herz deserves my personal and all our great thanks. At the same time, we respect her decision to retire now from the management of thyssenkrupp.”
**Performance YTD fully in line with our FY 22/23 targets**

Performance highlights – effects from CO₂ certificates classified as special item, thus not included in EBIT(DA) adj.¹

<table>
<thead>
<tr>
<th>Period</th>
<th>Sales</th>
<th>EBITDA adj.</th>
<th>EBIT adj.</th>
<th>FCF bef. M&amp;A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>€10.1 bn</td>
<td>€430 mn</td>
<td>€205 mn</td>
<td>€(216) mn</td>
</tr>
<tr>
<td></td>
<td>(5)% YoY</td>
<td>(58)% YoY</td>
<td>(74)% YoY</td>
<td>+€555 mn YoY</td>
</tr>
<tr>
<td>H1</td>
<td>€19.1 bn</td>
<td>€821 mn</td>
<td>€373 mn</td>
<td>€(581) mn</td>
</tr>
<tr>
<td></td>
<td>(3)% YoY</td>
<td>(50)% YoY</td>
<td>(68)% YoY</td>
<td>+€1,049 mn YoY</td>
</tr>
</tbody>
</table>

- **Sales**
  - Q2: €10.1 bn (5)% YoY
  - H1: €19.1 bn (3)% YoY

- **EBITDA adj.**
  - Q2: €430 mn (58)% YoY
  - H1: €821 mn (50)% YoY

- **EBIT adj.**
  - Q2: €205 mn (74)% YoY
  - H1: €373 mn (68)% YoY

- **FCF bef. M&A**
  - Q2: €(216) mn
  - H1: €(581) mn

1. Respective Q1 on a restated basis with CO₂-effects in Q1 of €87 mn. CO₂-effects in Q2 of €33 mn

**Earnings for all businesses in line with forecast – further normalization of material prices offsetting volume expansion in Q2**

**Margin**

1. thyssenkrupp AG | Conference Call Q2 2022/23
Our Group transformation journey is backed by a strong balance sheet

Balance sheet highlights

<table>
<thead>
<tr>
<th><strong>Net cash</strong></th>
<th><strong>Equity ratio</strong></th>
<th><strong>Pensions</strong></th>
<th><strong>Valuable assets, e.g.:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>€2.9 bn</td>
<td>39.8 %</td>
<td>€5.7 bn</td>
<td>Elevator stake</td>
</tr>
<tr>
<td>+€0.5 bn YoY</td>
<td>+4.7%-pts. YoY</td>
<td>€(1.4) bn YoY</td>
<td>nucera</td>
</tr>
</tbody>
</table>

- Providing resilience while navigating through macro uncertainties
- Enabling us to capture strategic opportunities
- Containing sig. elements of value
FCF bef. M&A with step-up YoY and QoQ driven by strong NWC improvement

Effects from CO₂ certificates classified as special item, thus not included in EBIT(DA) adj.¹

- Normalization of material prices vs. higher demand at components businesses
  - QoQ: Increased spot-prices and sig. higher volumes at MX and SE

- Improvements at AT, MS and MT

- Price normalization from high levels at MX and SE

- Progress in restructuring (>10,500 FTE reduced²) and performance initiatives

- FCF bef. M&A sig. improved
  - Strong NWC improvement, mainly inventory release at MX and SE

¹ Respective Q1 figures on a restated basis with CO₂ effects in Q1 of €87 mn. CO₂ effects in Q2 of €33 mn.
² Since 01.10.2019

Sales

<table>
<thead>
<tr>
<th></th>
<th>€ bn</th>
<th>%</th>
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<tbody>
<tr>
<td>Q2 21/22</td>
<td>10.6</td>
<td></td>
</tr>
<tr>
<td>Q1 22/23</td>
<td>9.0</td>
<td>(5)%</td>
</tr>
<tr>
<td>Q2 22/23</td>
<td>10.1</td>
<td></td>
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EBITDA adj.

<table>
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<tr>
<th></th>
<th>€ mn; %</th>
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<tbody>
<tr>
<td>Q2 21/22</td>
<td>1,028</td>
</tr>
<tr>
<td>Q1 22/23</td>
<td>391</td>
</tr>
<tr>
<td>Q2 22/23</td>
<td>430</td>
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EBIT adj.

<table>
<thead>
<tr>
<th></th>
<th>€ mn; %</th>
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<tbody>
<tr>
<td>Q2 21/22</td>
<td>802</td>
</tr>
<tr>
<td>Q1 22/23</td>
<td>168</td>
</tr>
<tr>
<td>Q2 22/23</td>
<td>205</td>
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FCF bef. M&A

<table>
<thead>
<tr>
<th></th>
<th>€ mn</th>
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<tbody>
<tr>
<td>Q2 21/22</td>
<td>(772)</td>
</tr>
<tr>
<td>Q1 22/23</td>
<td>(365)</td>
</tr>
<tr>
<td>Q2 22/23</td>
<td>(216)</td>
</tr>
</tbody>
</table>
Improvements at AT, MS and MT; effects from price normalization at MX and SE
Q2 EBIT adj. [€ mn]

- **MX**: Lower prices and warehousing shipments especially in Europe; total shipments up
- **IC**: Higher cost base partially offset by efficiency measures and cost pass-through; continued competition (wind China) at BG; ongoing strong demand at FT
- **AT**: Step-up in customer demand as well as operational improvements and price measures to counteract surged cost base; supported by +ve one-timer
- **SE**: Higher volumes, offset by price normalization of customer contracts and cost moving-average effects (e.g. energy) from semi-finished products made in Q1
- **MS**: Focus on performance improvement; performance initiatives secure margins in new orders and stabilize profitability of order backlog
- **MT**: Clear improvements in all remaining businesses, partly compensated by omission of AST contribution

1. From a settlement with a supplier from quality issues in previous years
Outlook FY 22/23: Now even more confident to generate “slightly +ve” FCF bef. M&A

<table>
<thead>
<tr>
<th>Act FY 21/22</th>
<th>Outlook FY 22/23</th>
<th>Q2</th>
<th>Q3E</th>
</tr>
</thead>
<tbody>
<tr>
<td>€41.1 bn</td>
<td>Sig. decrease</td>
<td>€10.1 bn</td>
<td></td>
</tr>
<tr>
<td>€2.1 bn</td>
<td>Mid to high 3-digit € mn range</td>
<td>€205 mn</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Normalization of material prices at MX and SE</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Higher factor costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Improvements at AT and MT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>€3.0 bn</td>
<td>D/A of ~€1 bn to be considered(^1)</td>
<td>€430 mn</td>
<td></td>
</tr>
<tr>
<td>€(0.5) bn</td>
<td>Slightly +ve (prior: at least b/e)</td>
<td>€(216) mn</td>
<td></td>
</tr>
</tbody>
</table>

1. Referring to EBIT adj. excluding special items and impairments

Like for like, excl.+ve one-time at AT in Q2

+ve in Q3 (and Q4)
Delivery on our highest priority in FY 22/23: FCF bef. M&A improvement into black territory

- Higher YoY (incl. IFRS 16 effect of low-mid 3-digit €mn)
- Portion above D/A for strategic growth at all businesses (including 1st DRI plant at SE)
- Active mgmt. steering with potential flexibility
Mid-term target: Margin improvement and sig. +ve FCF bef. M&A

Progress EBIT adj.

Mid-term target: Margin improvement and sig. +ve FCF bef. M&A

Progress FCF bef. M&A

Upside going forward …

- Progress in performance, portfolio and transformation
- Fixing cash losses at MT
- Reduction of restructuring cash out
- Normalized (still above D/A) invest levels in the longer-term

+ve effects of transformation on financial KPIs strongly driven by performance and restructuring initiatives
Transforming to sustained value creation and crystallization

Investment highlights

- Comprehensive transformation plan with execution track record
- Full commitment to both performance on benchmark level for each segment and sustainable free cash flow
- Strong materials and engineering expertise as well as digital competence as base for profitable growth
- Enabler and profiteer from energy transition
- ESG as CEO priority and integrated at all businesses
- Dividend payment a clear target
Q&A Session
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