Charts on Q2 FY 2021/22
Facts & Figures

Ticker: TKA (Share) TKAMY (ADR)

May 2022

engineering. tomorrow. together.

thyssenkrupp

Status update on current trading and geopolitical conditions

External factors

- Russia exposure: Sig. less than 1% of sales in FY 20/21[1]
- Procurement from RUS to be substituted step-by-step
- Increased raw material prices with high volatility
- Higher costs for energy, natural gas, freight
- Less predictable call-offs by customers from auto industry due to supply chain shortages (e.g. SEMI, cable harnesses) and Covid-19 related lockdowns (China)
- Uncertainty of reliable fossil fuel supply

Management Action

- Utilization of our diversified supplier base incl. North/South America
- Capitalize on favorable market conditions for Material Services and Steel Europe
- Adjust contracts to pass on higher costs in components businesses
- Contingency actions: e.g. temporary short time work, stringent management of capex
- Awareness raising for maintaining gas supply (to avoid serious economic damages)

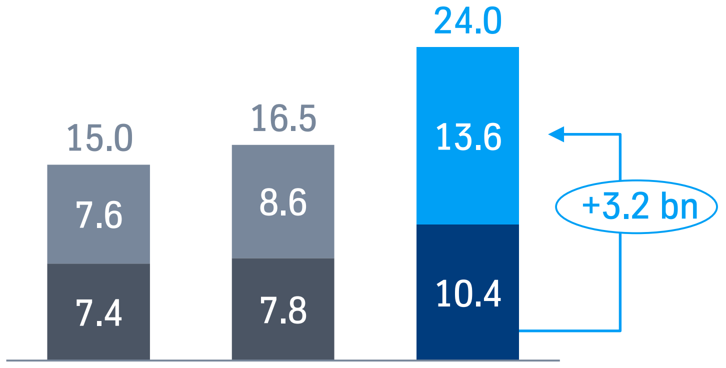
Potential push for multiple (incl. green) market transformation trends

1. Based on Group sales FY 20/21

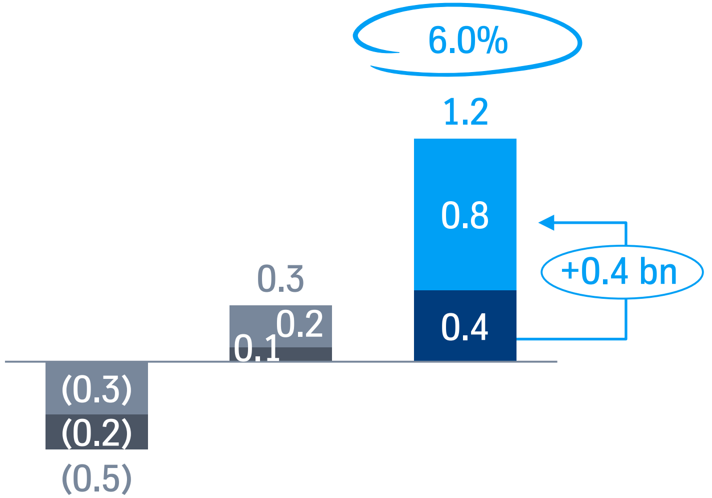
H1: Performance progressing and above expectations

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

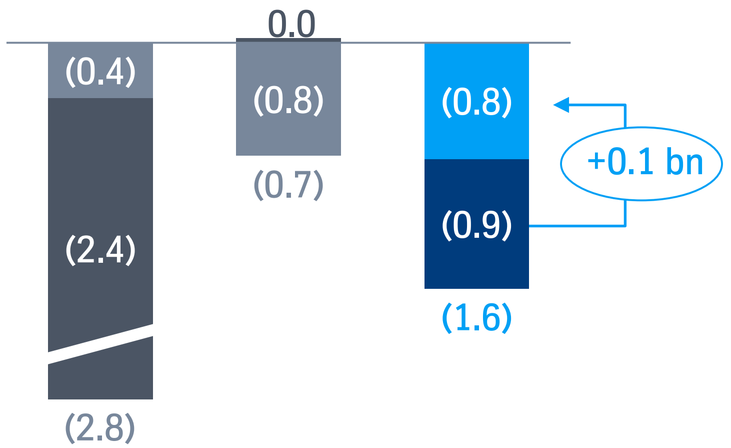
Order intake
[€ bn]



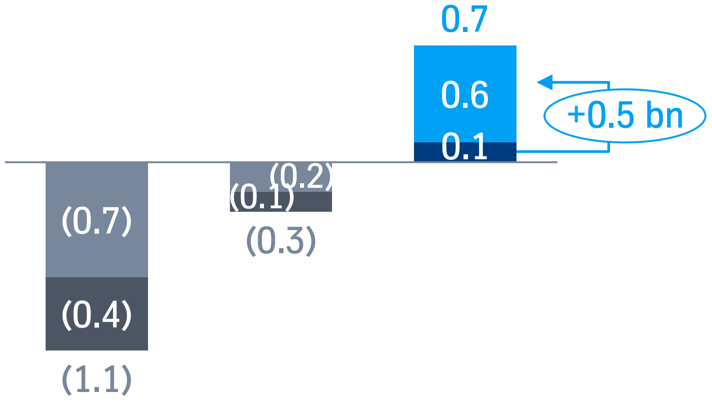
EBIT adj.
[€ bn]



FCF bef. M&A
[€ bn]



Net Income
[€ bn]

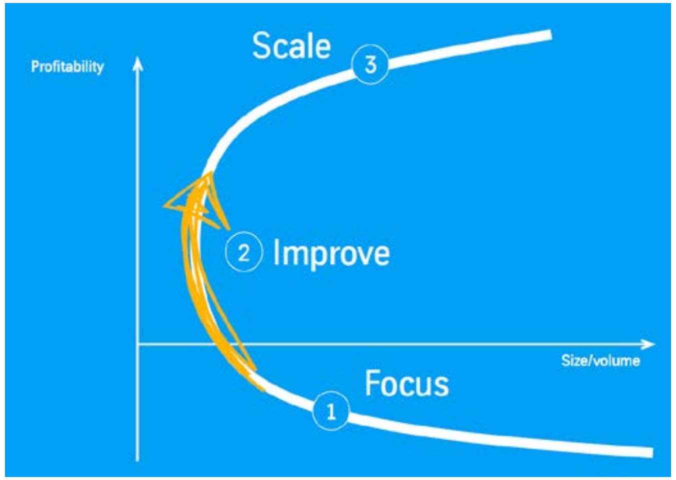


H1 19/20 H1 20/21 H1 21/22

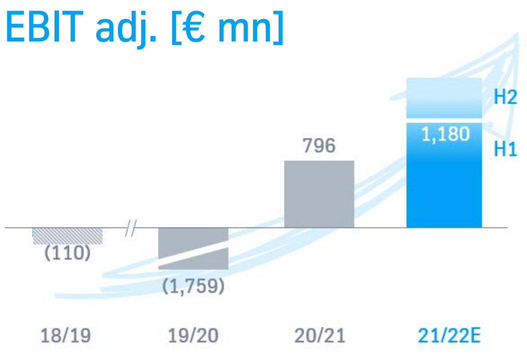
H1 19/20 H1 20/21 H1 21/22

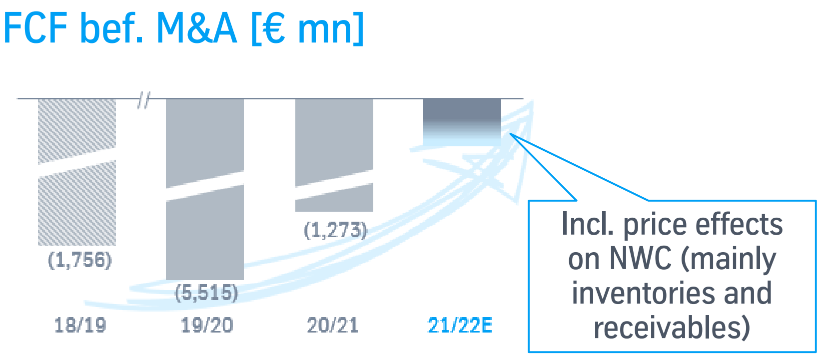
Q1 Q2 FY 19/20 FY 20/21 | Q1 Q2 FY 21/22 | Margin

thyssenkrupp driving performance, portfolio management and transformation…



… and gaining in resilience





- Strong focus on customers and most competitive quality of our technology and service offerings to support price adjustments and market position
- Relentless restructuring, while pushing performance and selective growth
- Portfolio management and crystallization of value (e.g. nucera)
- Keep balance sheet in shape
- Further enhance structural fundamentals for profitable growth of the businesses and thus generate value perspectives
- Meet decarbonisation targets

Note: New reporting structure as of FY 20/21; FY 19/20 retrospectively adjusted

tk in a solid position to capture opportunities and cope with market uncertainties

Strong balance sheet

- Equity ratio >30%; Net Cash >€2 bn; total liquidity[1] of >€8 bn as of 31.03.
- Signed/Closed M&A transactions w/ sig. +ve effect on Net Cash and pensions
- Stake in tk Elevator as valuable asset

Value options

- IPO as preferred option for our hydrogen businesses (tk nucera)
- Further portfolio streamlining and enhancing structural fundamentals
- Decision for spin-off SE not possible due to current economic conditions and political framework

Performance, Portfolio Management, Restructuring

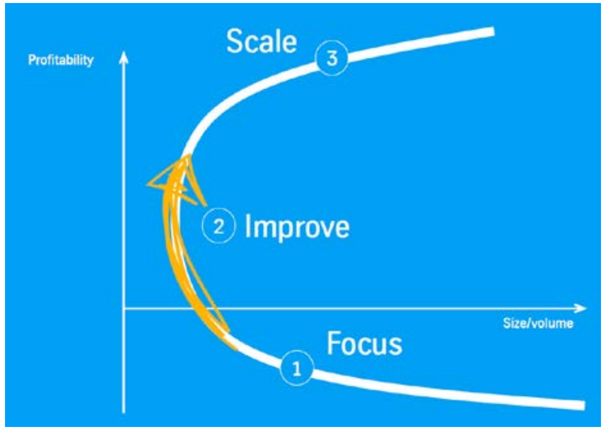
- Largest restructuring program (>12,700 FTEs) ever in execution
- Progress at Multi Tracks: >50%[2] of businesses signed (M&A) or exited

Leading Technologies

- >200 year of engineering excellence
- Ready to enable and capitalize on multiple transformational trends
- Enabler of green transformation

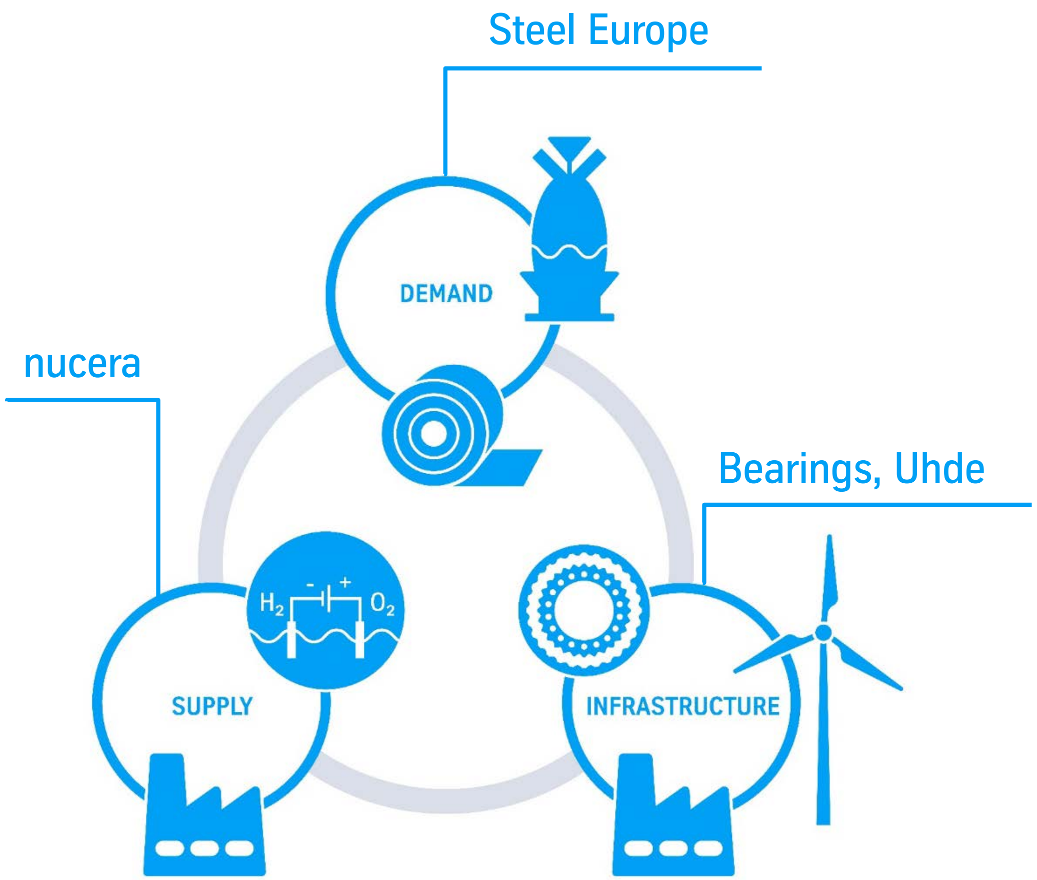
ESG

- Sustainability and transparency a clear CEO priority
- Clear roadmap to SBTi approved targets defined



1. Incl. cash, cash equivalents, available committed credit facilities I 2. Based on sales FY 20/21

thyssenkrupp with high impact on three decisive factors of the Green Transformation



Demand

- Green steel production by using large quantities of hydrogen will significantly reduce climate-harming emissions

Supply

- nucera: Electrolysis business is one of the few suppliers worldwide to offer already today technologies in giga scale for the production of hydrogen

Infrastructure

- Bearings: Enabling further expansion for wind energy
- Uhde: Expert in the construction of ammonia and methanol plants – the transport media for green hydrogen from other regions of the world to Europe

Businesses well positioned to enable and capitalize on multiple transformational trends (excerpt)

tk with more than 200 years expertise in engineering and technology

Green Energy and Decarbonization

- **Hydrogen Electrolysis (nucera)**

  Technology leader in industrial scale (GW) plants
  - Alkaline Water Electrolysis
- **Green Ammonia, H_2/energy carrier, fertilizer**

  Technology leader
  - NH_3 plants (up to 5,000 mtpd)
- **Renewable Energy (IC)**

  Leading position in bearings for e.g. wind turbines
  - On-/off-shore technology
- **CO_2 reduced steel (SE)**

  Green steel roadmap defined
  - Started: CO_2 reduction measures (e.g. substitution of PCI by H_2)
  - 1st DRI plant planned for 2025
  - Climate neutrality by 2045

  bluemint® Steel since 2021
  - up to 70% lower CO_2 intensity
- **Materials Distribution (MX)**

  First mover in
  - supplying CO_2 reduced materials
  - CO_2 optimized supply chains




Advanced Mobility

- **E-mobility / automated driving (AT, SE)**

  Leading positions in
  - Electrical steering
  - Rotor shafts
  - Electrical Steel for e-engines
- **Lightweight Solutions (AT, SE)**

  Quality leader in
  - High-strength steel for car bodies and safety critical parts


Digitalization

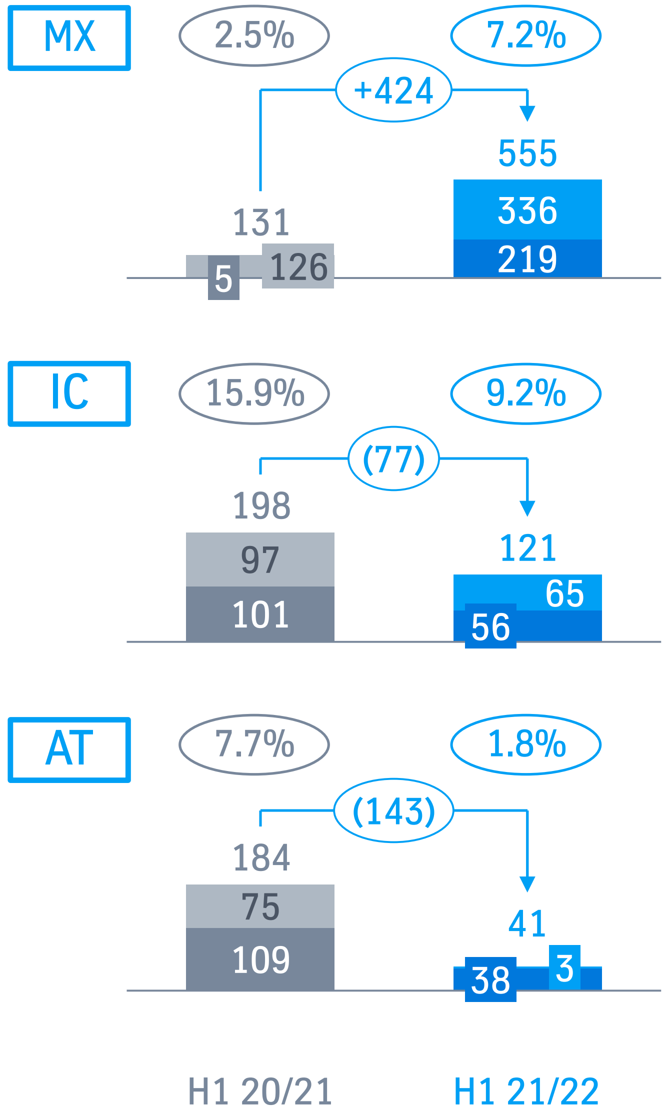
- **Digital Services (MX, AT, CPT)**

  State-of-the-art
  - Dig. offerings for resilient supply chain solutions
  - Remote condition monitoring
- **Digital Products (AT)**

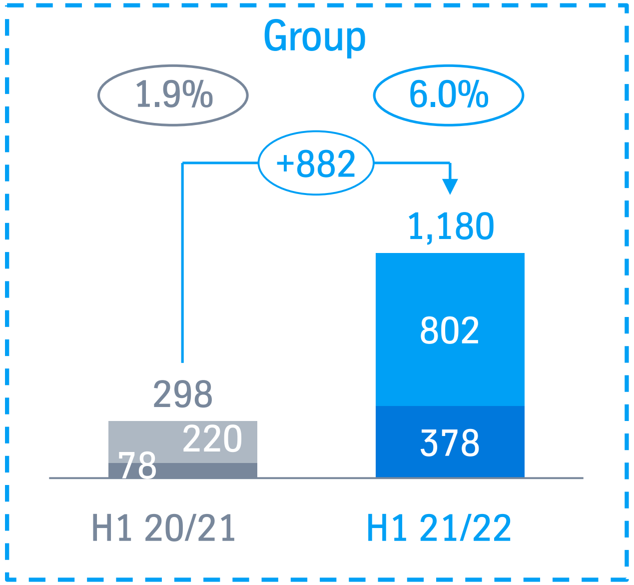
  Inhouse software expertise
  - Vehicle Motion Control (i.a. EP Steering and Fully Active Damper)


H1: Best EBIT adj. in > 10 years – high contribution from MX and SE

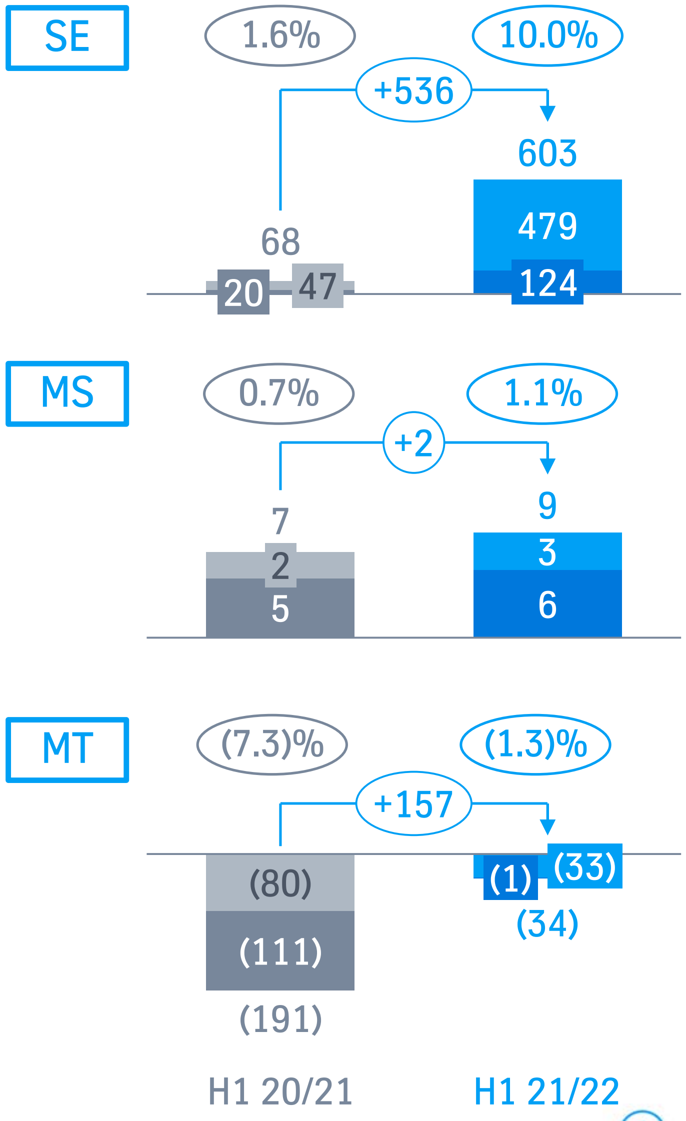
[€ mn]



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



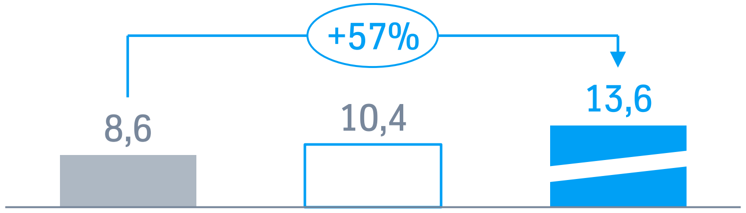
- Effects from s/c constraints and higher factor costs (e.g. logistics, materials, energy) – partially reinforced by the war in UKR – on auto related businesses



Q1 Q2 FY 20/21 | Q1 Q2 FY 21/22 | EBIT adj. margin H1

Q2 with strong momentum at the top- and bottom line

Order intake [€ bn]



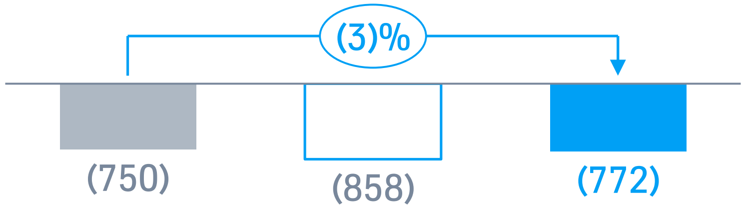
- Strong price dynamics at MX and SE
- Big-ticket submarine order of €3.0 bn; Marine Systems order backlog at record high

EBITDA adj. [€ mn]

EBIT adj. [€ mn]

- 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

FCF bef. M&A [€ mn]

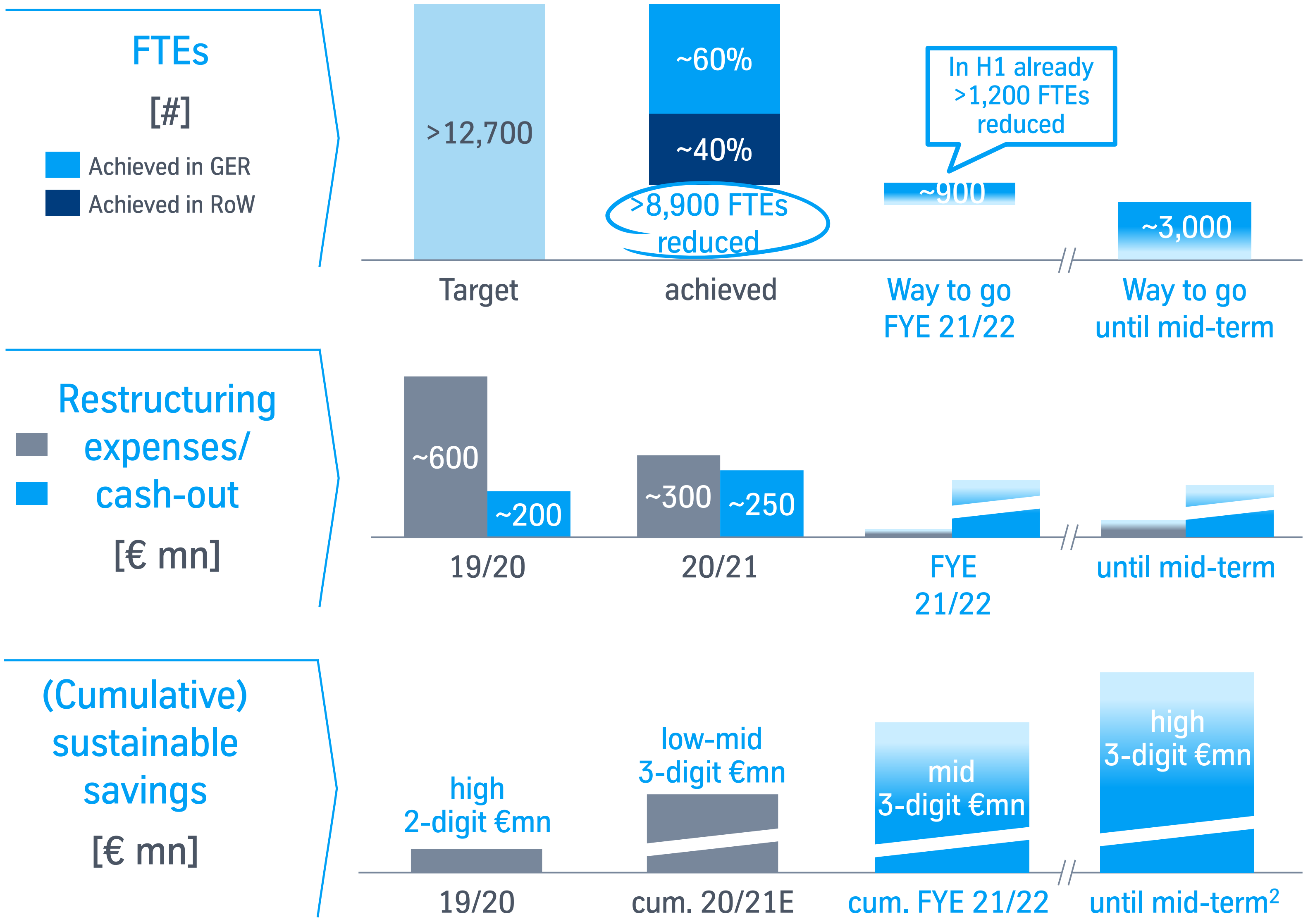


- Affected by price effects on NWC (mainly inventories and receivables)
- Conversion of NWC in earnings and cash flow ahead

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

Strong progress on clear restructuring plan

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



- Restructuring initiatives extended to >12,700 FTEs
- ~70% already achieved[1]

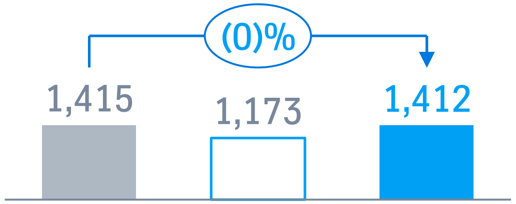
- Almost all provisions made (in total ~€900 mn)
- Cash-out expected broadly on PY-level for FY 21/22

- Sizable savings already realized until FY 20/21
- Total sustainable cost benefit from restructuring in high 3-digit €mn range in mid-term horizon

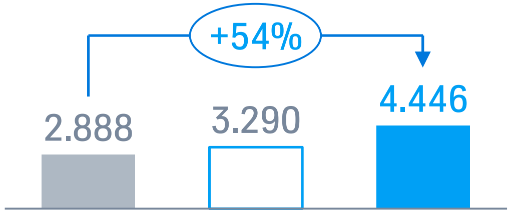
1. Since 01.10.2019 I 2. Cumulative target

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

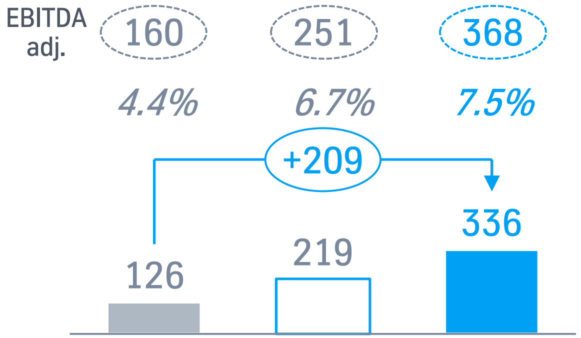
Shipments[1] [kt]



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[2]

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[3] (~15% of sales)	+2.3%	+2.9%

Economic development

	Europe	North America
Manufacturing PMI[4]	↗ 55.5	↗ 58.5

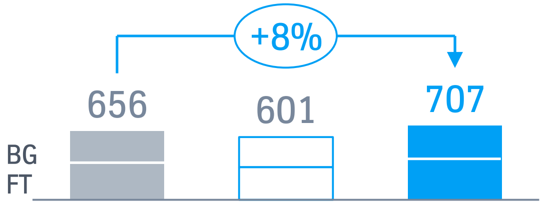
Trends in industrial materials supply

- Increasing demand for supply chain and processing services

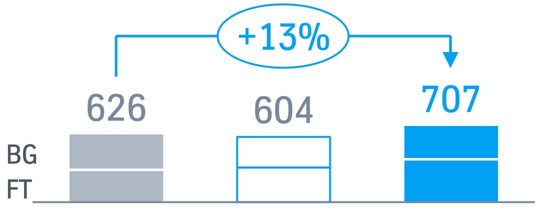
1. Materials Stockholding and Processing (excl. direct-to-customer and Aerospace business) I 2 Sources: S&P Global (03/2022) and CRU (Q1 2022 / Q2 2022) I 3 Based on Stainless Steel Flat | 4 As of April 2022

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

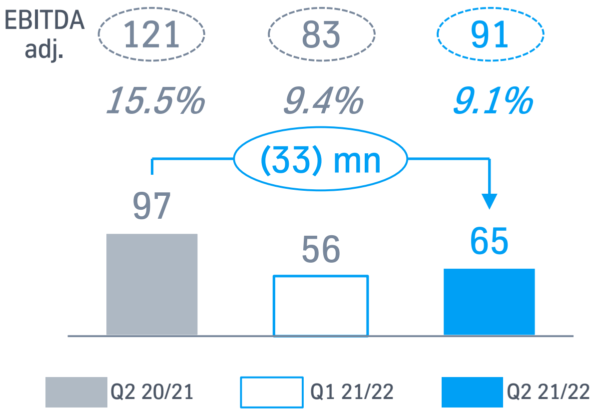
Order intake [€ mn]



Sales [€ mn]



EBIT adj. [€ mn; %]



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

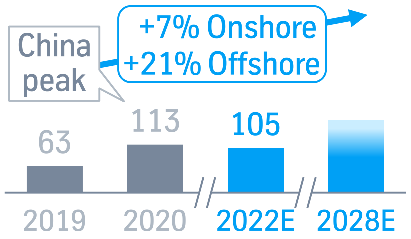
Fundamental market trends[1]

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

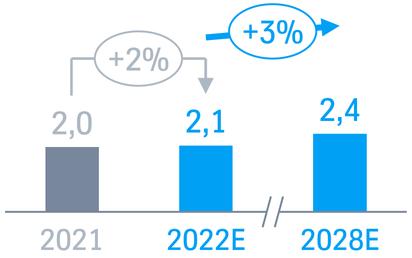
Newly grid-connected wind capacity (~30% of IC sales[2])

Global [in GW]



Medium & heavy vehicle production (~30% of IC sales[2])

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

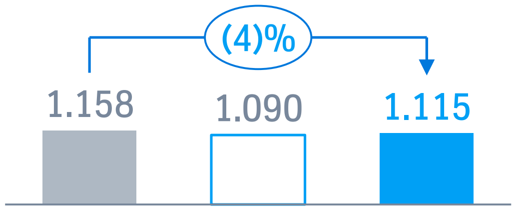
FT: Logistics; construction

- Heavy duty engines, construction machinery grow with GDP

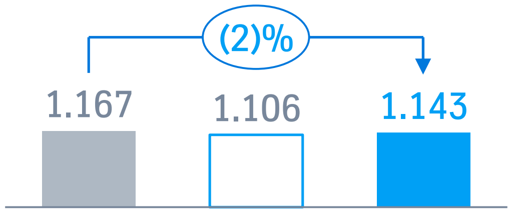
1. Source: Wood Mackenzie Wind Power Market Outlook Update (Q1 2022), IRENA Transition Energy Scenario 2°C, S&P Global (05/2022) I 2. Based on FY 20/21 IC sales

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

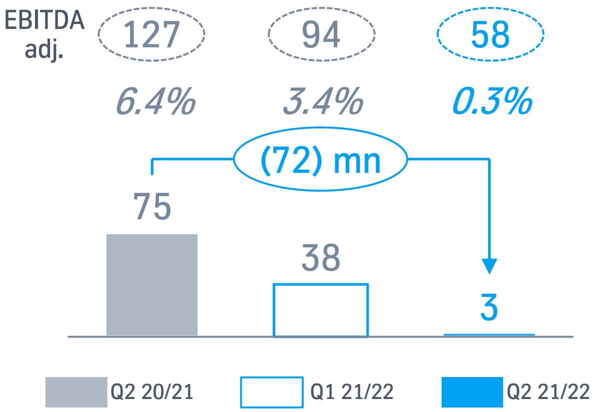
Order intake [€ mn]



Sales [€ mn]



EBIT adj. [€ mn; %]

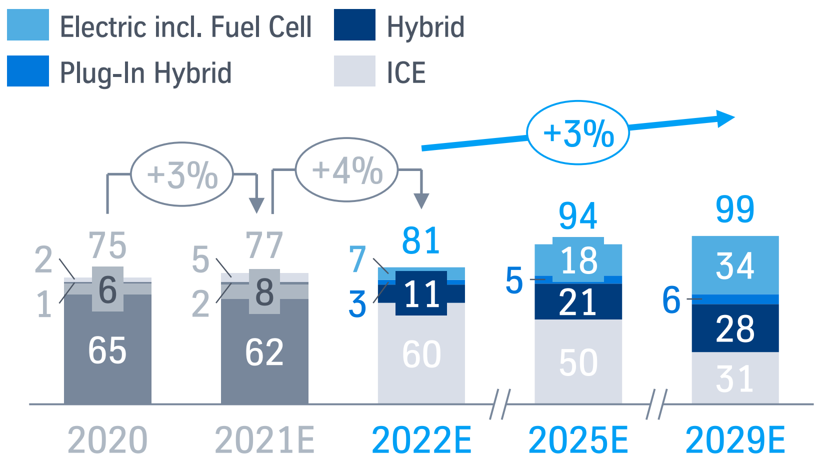


Comments YoY

- 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[1]

Light vehicle production [mn units]



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

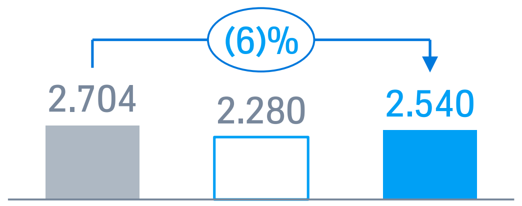
Positioning for transformational trends

- 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)

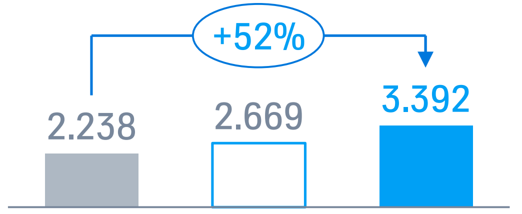
1. S&P Global Light vehicle model production <6t (04/2022), assembly type: CBU + CKD

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

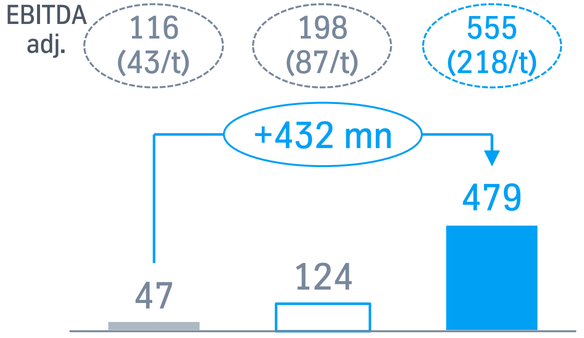
Shipments [kt]



Sales [€ mn]



EBIT 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[4]

Fundamental market trends[1]

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[2])		(21)%	+4%	+5%
Industry YoY (~40% of sales[3])	Construction	(5)%	+6%	+2%
	Engineering	(11)%	+15%	+1%
	Domestic app.	(3)%	+7%	(3)%

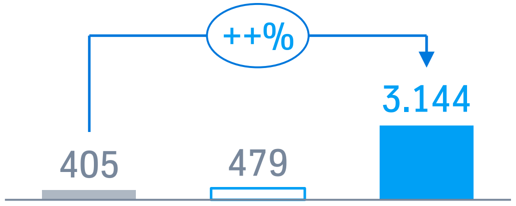
Trends for premium flat steel

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

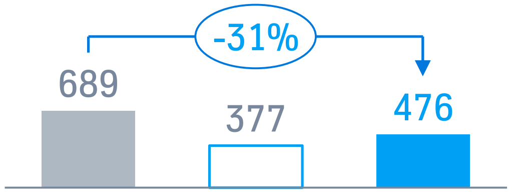
1. Source: EU apparent steel consumption (Eurofer - 05/2022) I 2. Automotive and trucks I 3. Mainly Engineering, energy, construction, domestic appliances/packaging I 4. Since 01.10.2019, incl. Heavy Plate

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

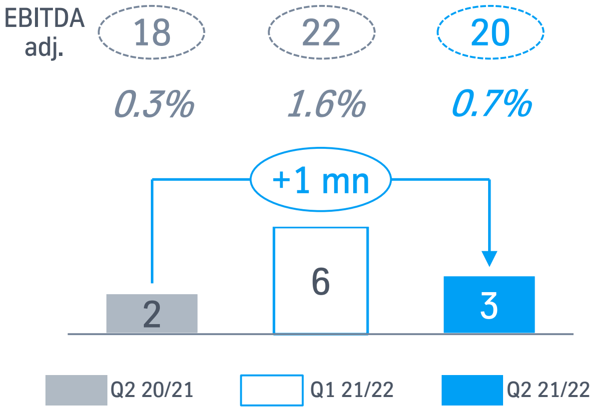
Order intake [€ mn]



Sales [€ mn]



EBIT adj. [€ mn; %]



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[1]

CY 2022E

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

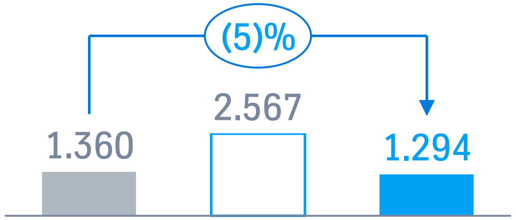
Long-term trends in naval defense

- 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

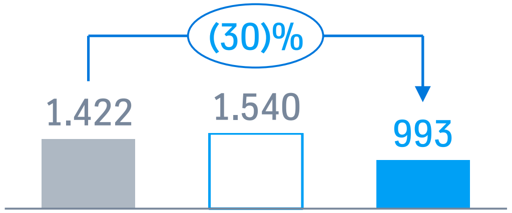
1. 2014 NATO Defence Investment Pledge (Annual Report 2020)

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

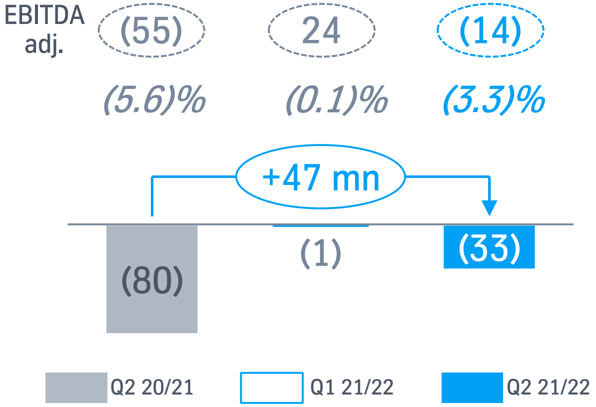
Order intake [€ mn]



Sales [€ mn]



EBIT adj. [€ mn; %]



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[1]

Portfolio updates

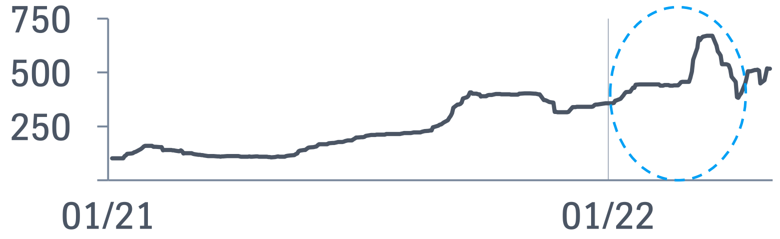
- nucera (hydrogen electrolysis business)
  - Order funnel expanding
  - IPO as preferred option
- Plant engineering (Uhde, Cement, Mining)
  - MIN: sale to FLSmidth signed on Jul 29, 2021; important regulatory clearances have been received
- Springs & Stabilizers and Automation Engineering
  - Restructuring 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

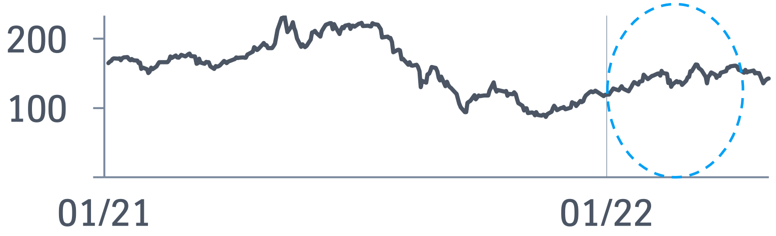
1. Since 01.10.2019, excl. Heavy Plate

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

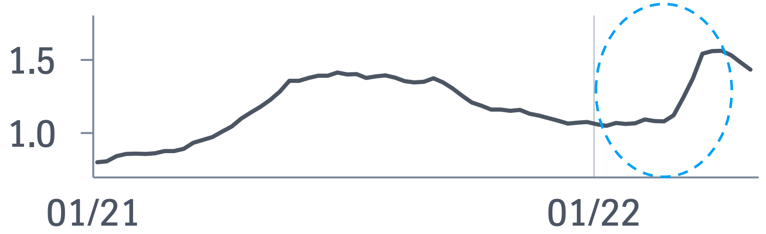
Coking (Prem. low vol FOB Australia in $/t)



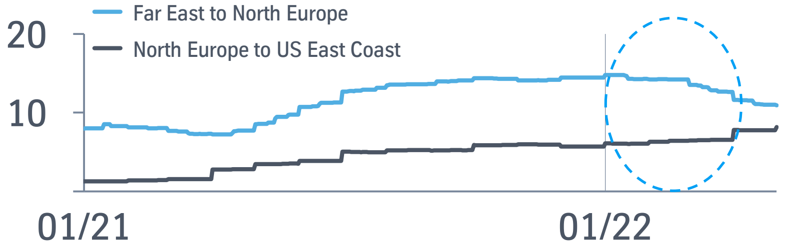
Iron ore (IODEX 62%, CFR N.China in $/dmt)



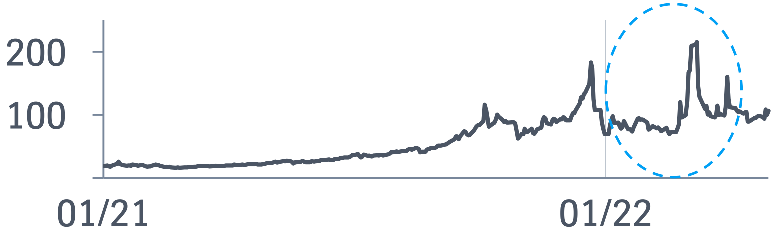
Hot rolled coil GER ($k/t)



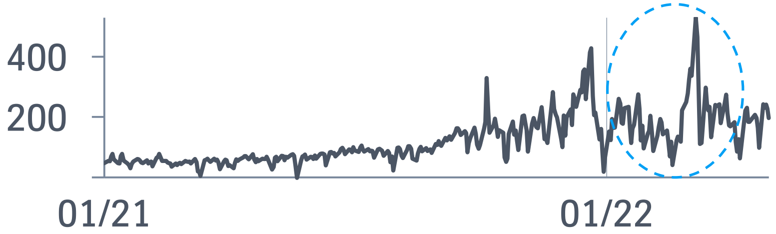
Market average freight rates ($k, 40ft container)



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



Power spot price GER (€/MWh, indexed)



Q2 FY 21/22

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

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

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)

Wrap-up

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[1]
- 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

Q&A Session

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