

Transforming to sustained value creation

Martina Merz, CEO
thyssenkrupp Capital Market Day 2021



It is time for an update!

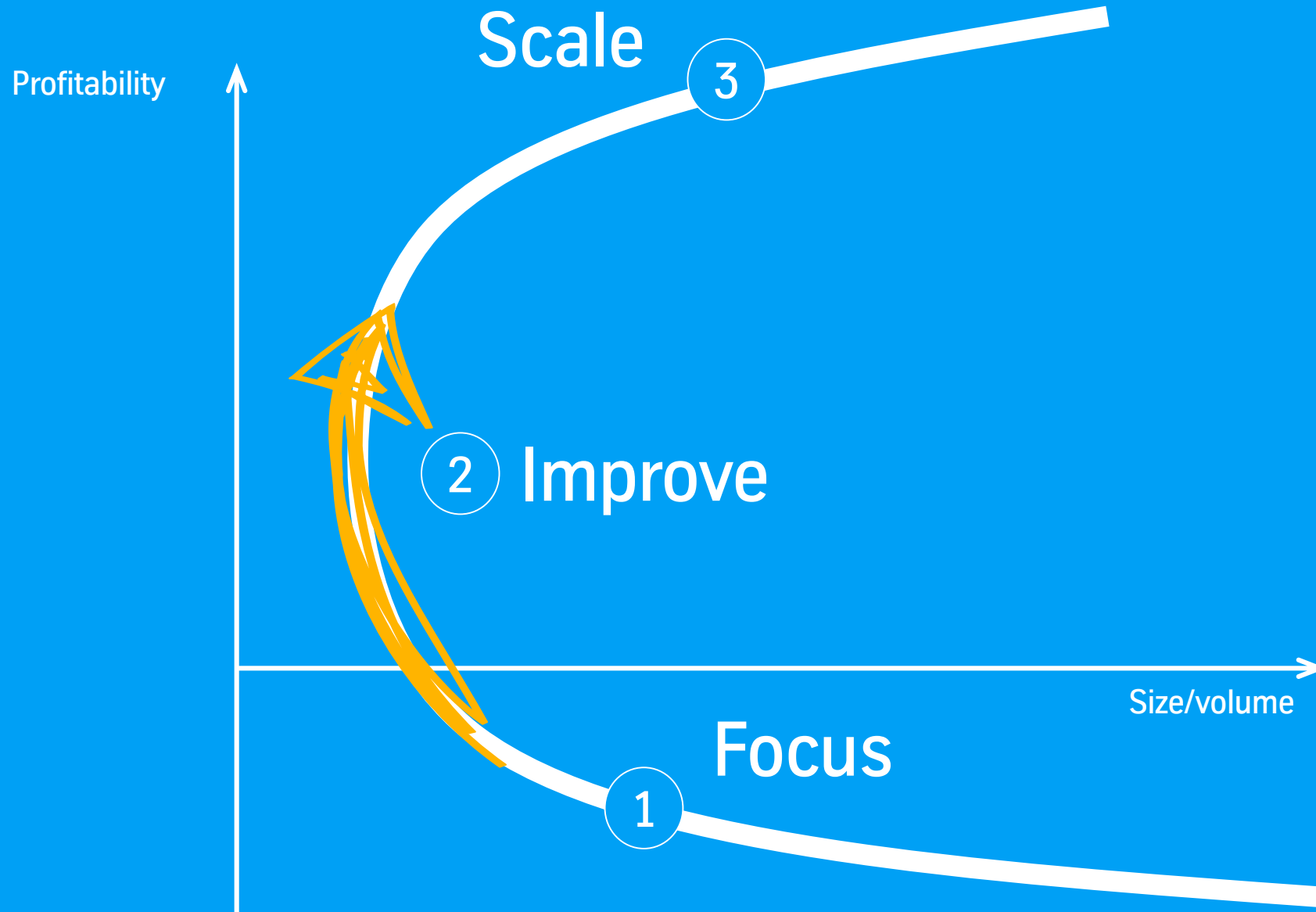
- ~2 years ago: transformation started
- Clear target: value creation by topline growth and cash flow focus
- Disruption: Covid-19 and chip shortage



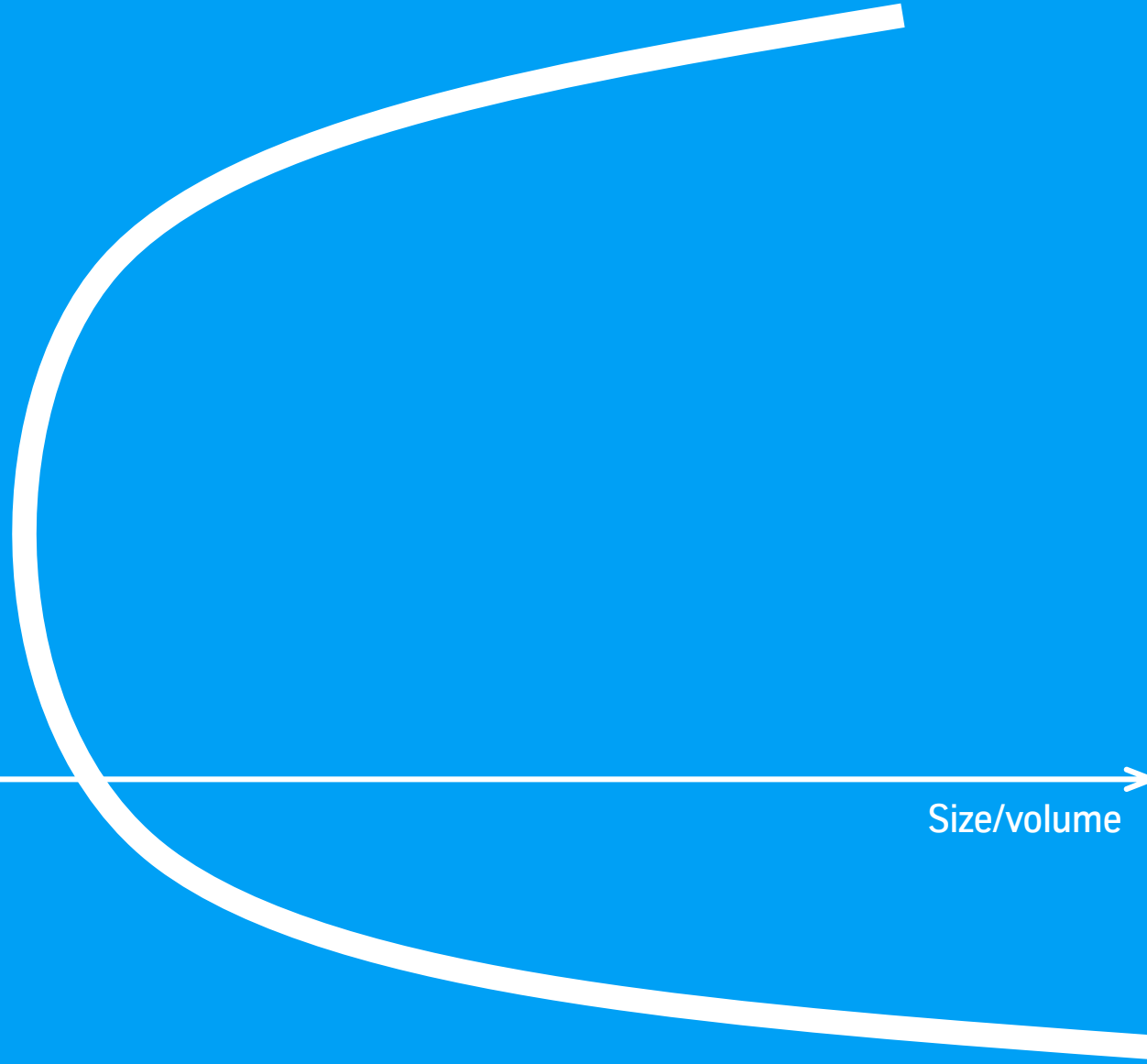
Time for an update

- Structural changes in portfolio and organization
- Operational improvements – latest view on our businesses





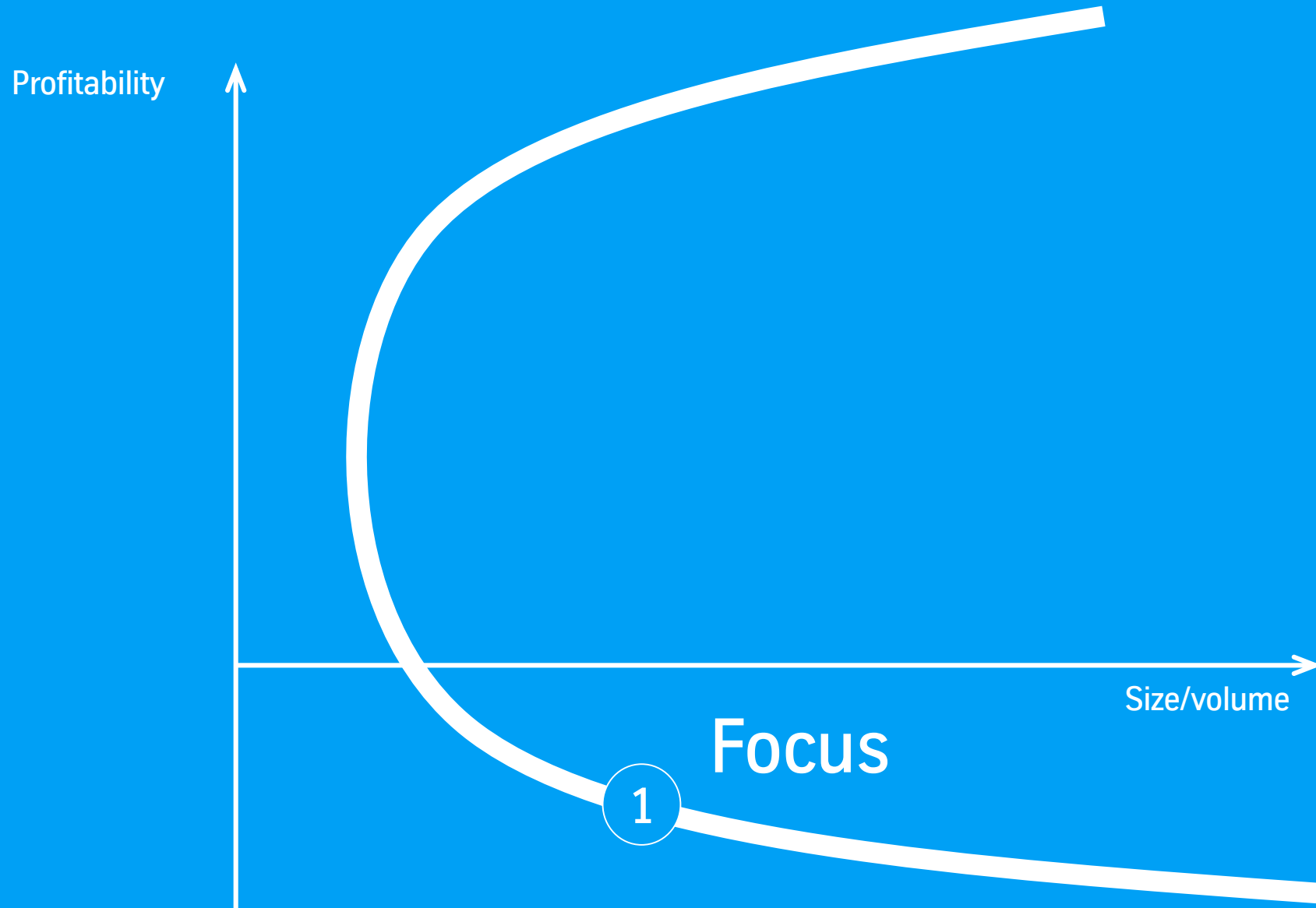
Profitability

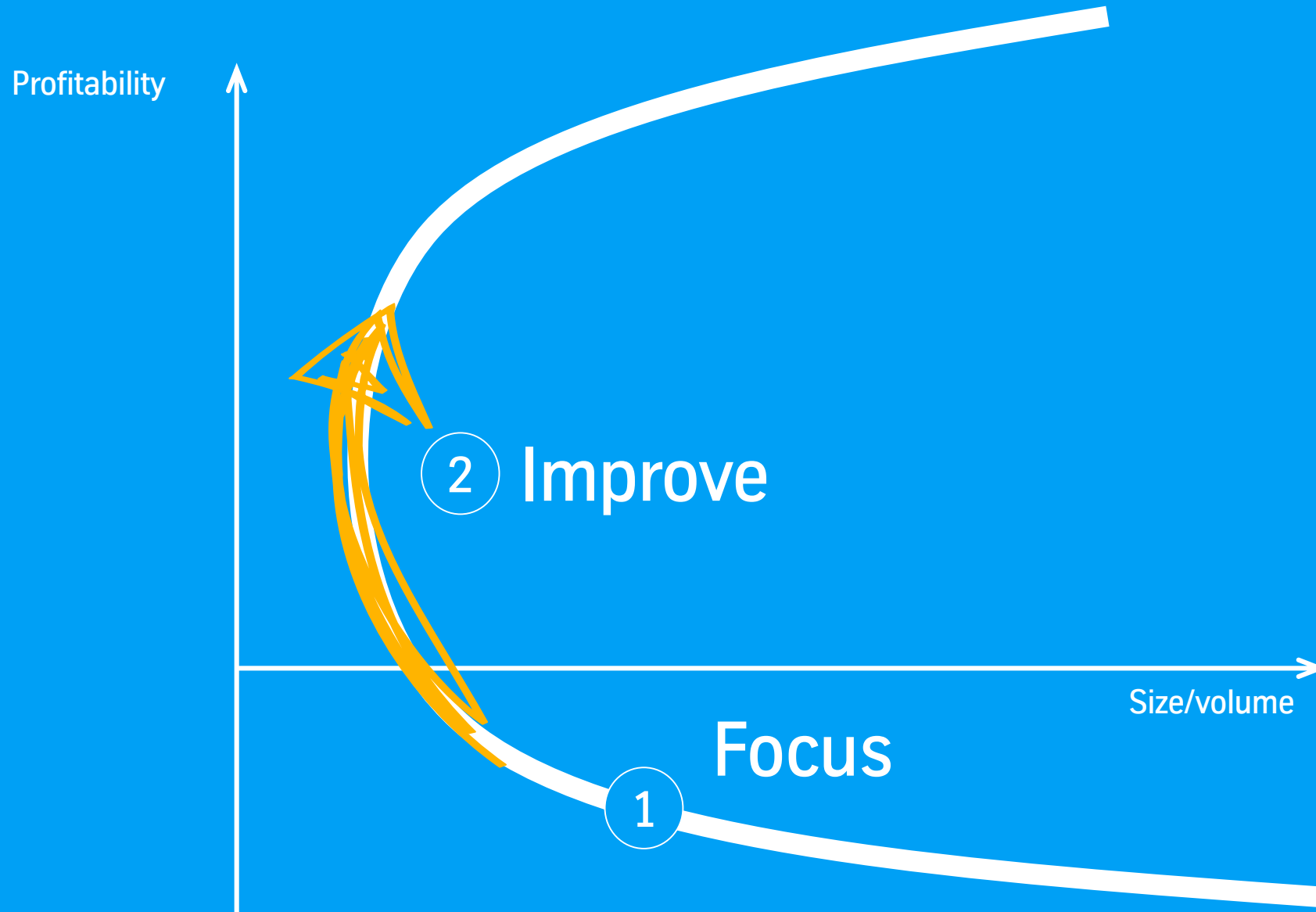


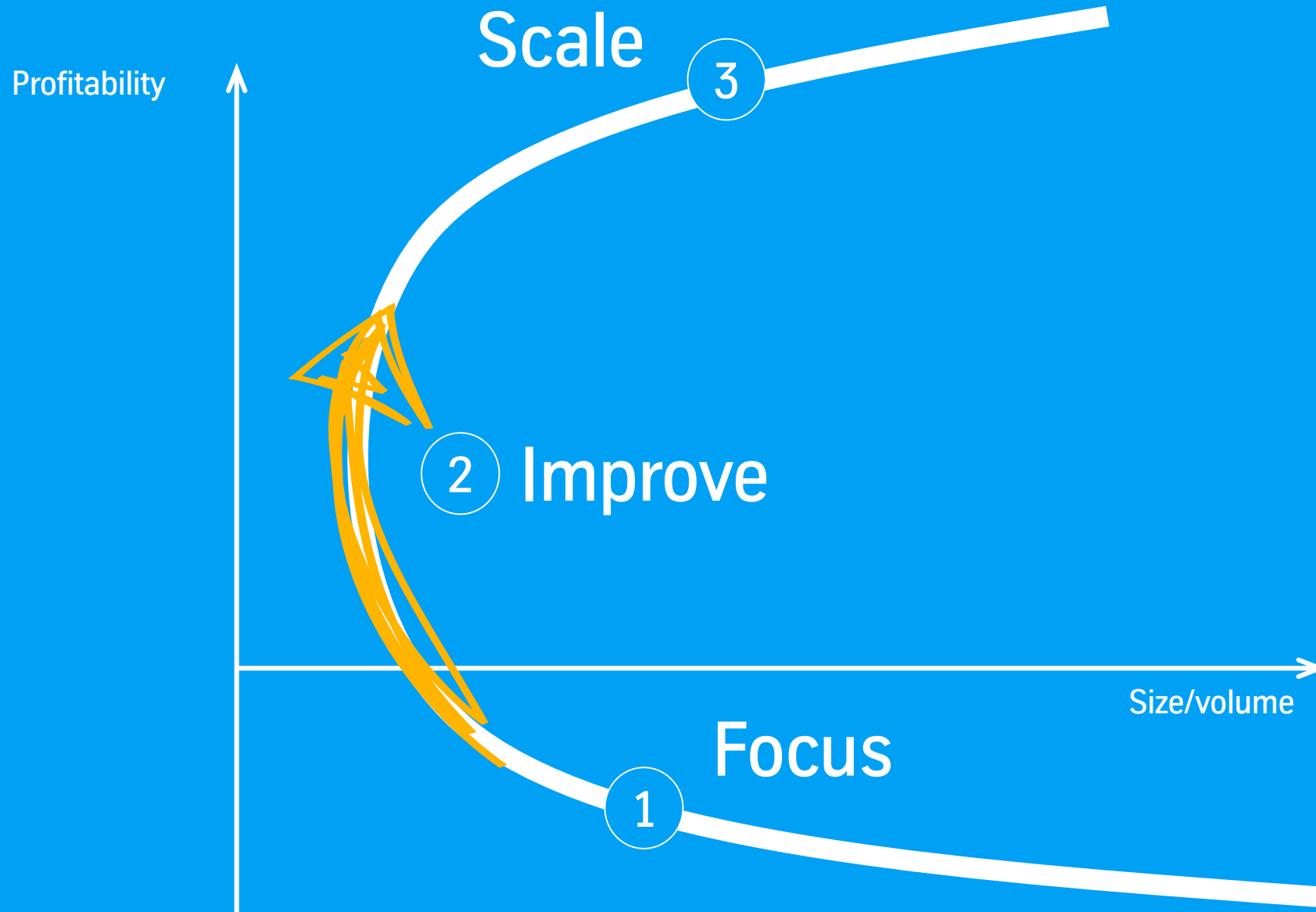
Size/volume

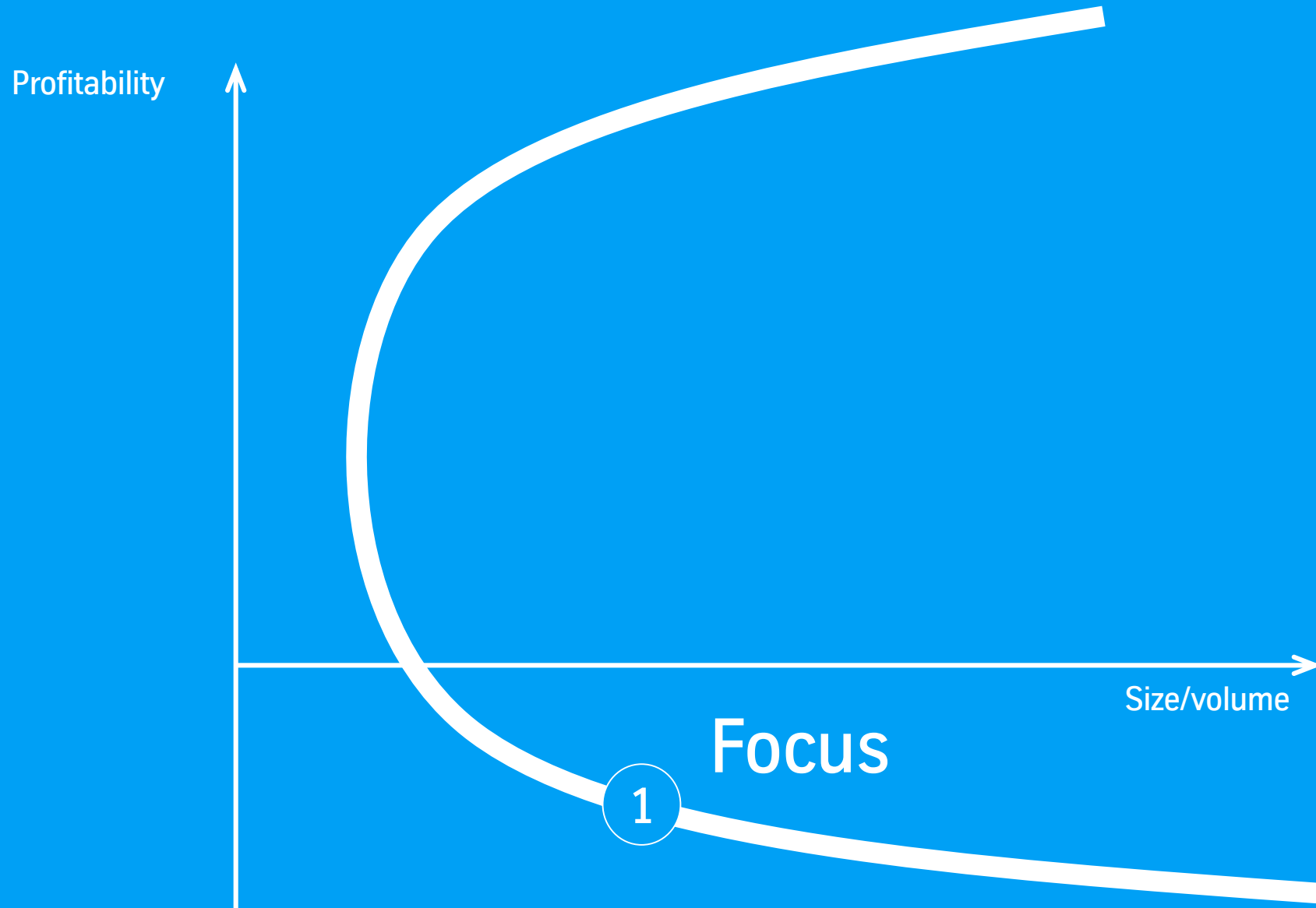
Enabler
ET sale



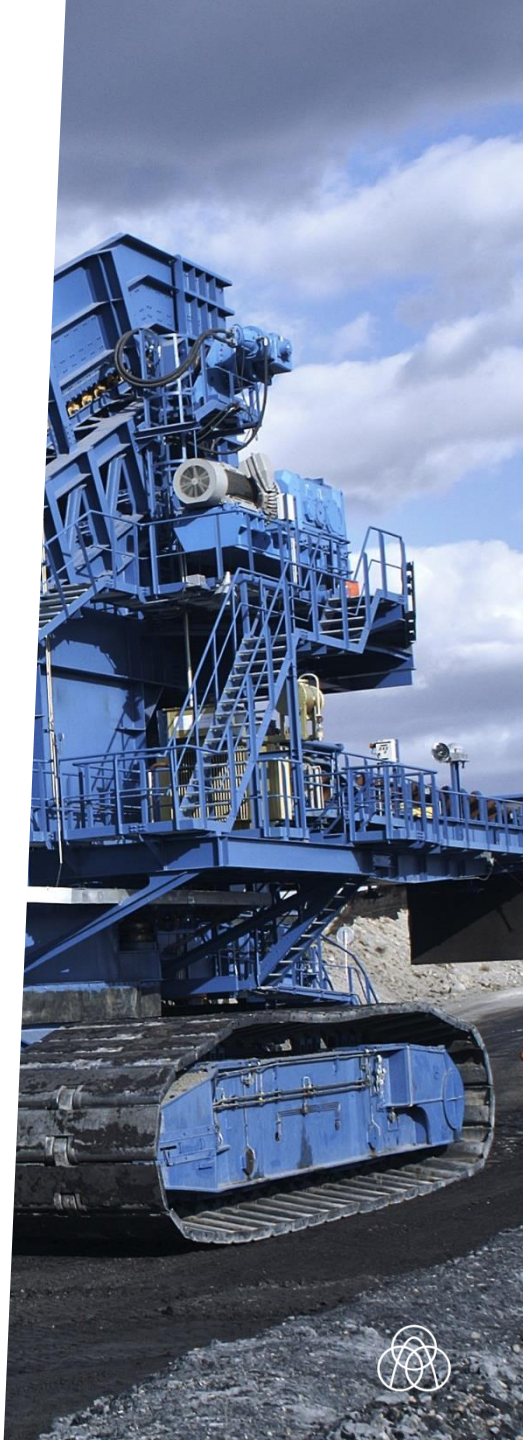




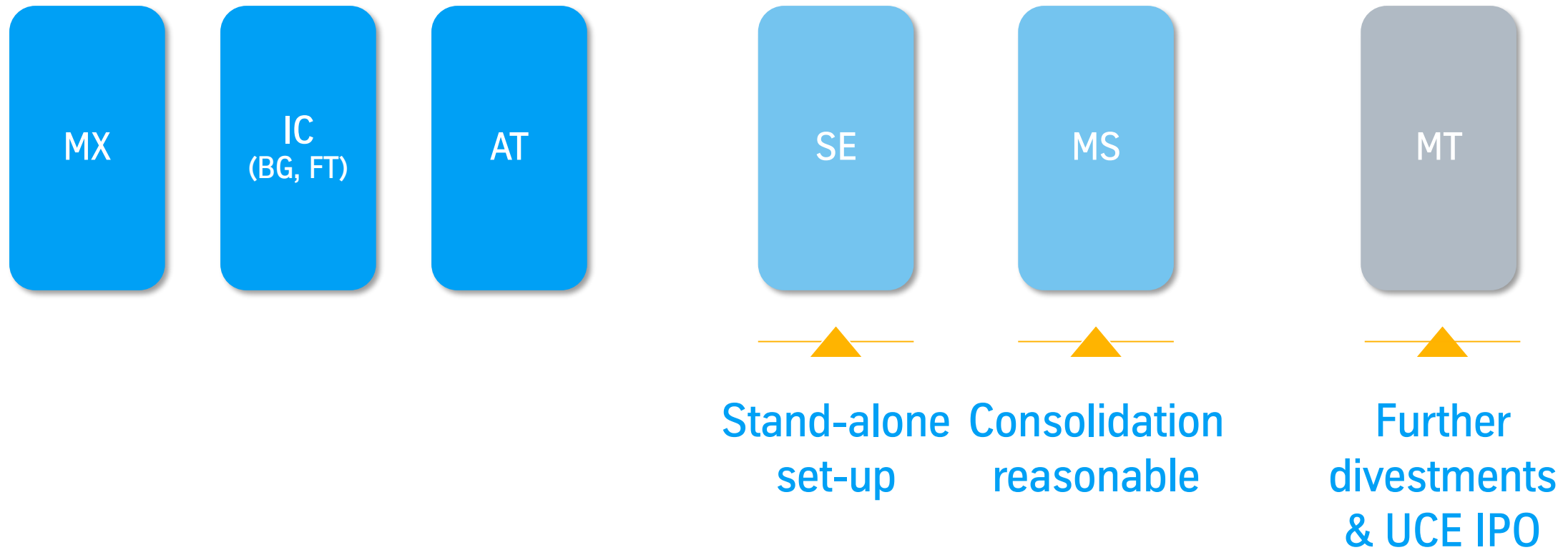




Focus – what has been achieved



Focus – what is yet to come



Profitability



② Improve

Size/volume



Improve – what has been achieved

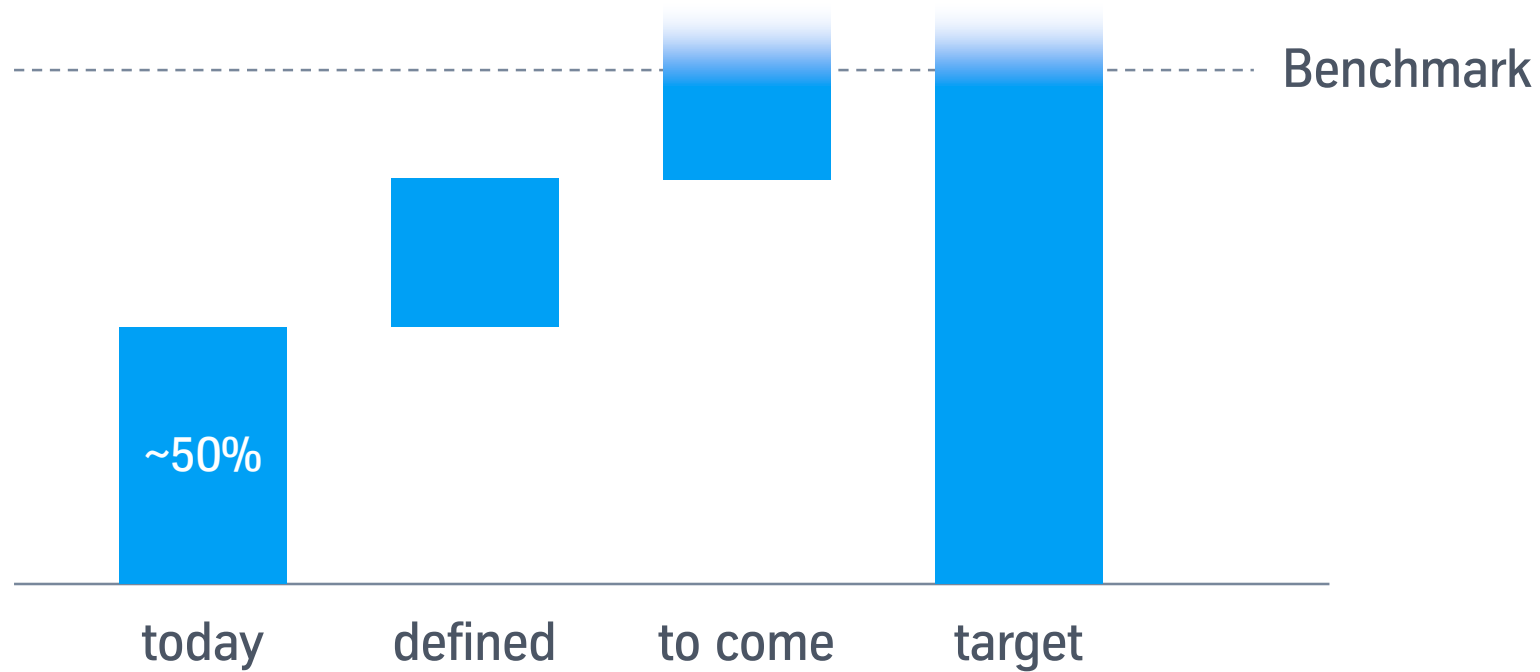
- Performance orientation increased
- Value lever approach established
- Financial planning substantiated
- Restructuring program launched



2020/21:
delivered as
promised



Improve – what is yet to come



Benchmark performance as entry-ticket for scale for all businesses!



Improve needs to and will happen in the business!

Benchmark
performance
sine qua non
for all our
businesses



- ⓂX Digital and MaaS
- ⓉT Transformation to non-ICE
- ⓅG Wind, wind, wind and more
- ⒶT Expand position, esp. ST & E/E
- ⓈE Performance and green transformation
- ⓂS Project excellence

Solid basis
for scale



Improving in ESG is an integral part of our journey

CO₂ targets as already announced in 2019



SBTi approved in 2019

-30%

scope 1 & 2
until 2030

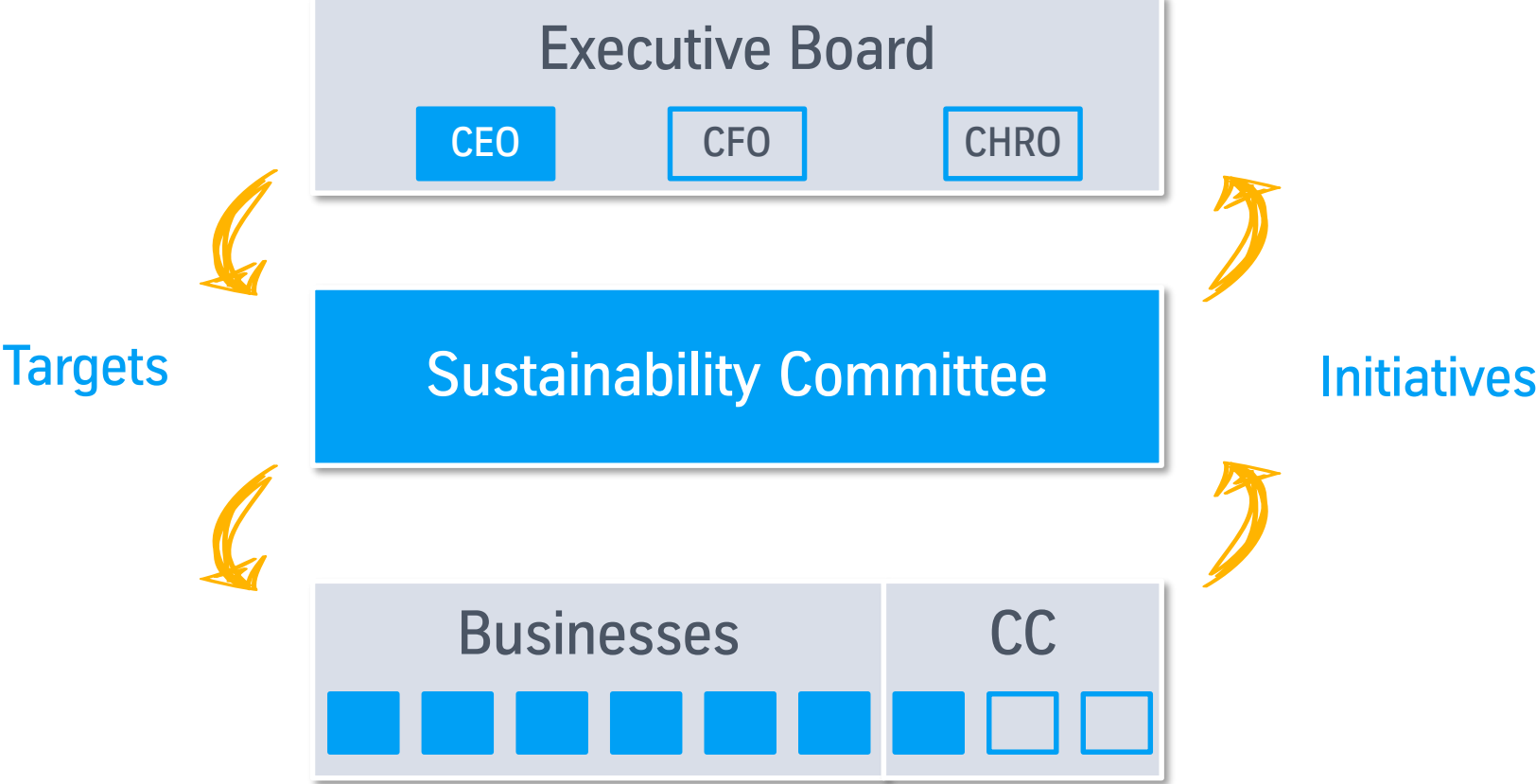
-16%

scope 3
until 2030

**Climate
neutral**
until 2050



Sustainability targets anchored in governance and linked to initiatives



Continuous improvement in ESG in last two fiscal years

Environment

-4.5%

CO₂ emission
intensity¹

-48%

Waste
for disposal

Social

+25%

Female share in
Supervisory Board

-10%

Accident
frequency rate

Governance

+3

Sustainability
targets in LTI²

+7%

Compliance
employees

1. CO₂ emissions in tons per million € sales without steel activities (SE+AST) 2. Diversity, OSH, climate targets in Long Term Incentive for Top Management incl. Executive Board



Ratings underline leading ESG position of thyssenkrupp

CDP A-Rating

Among the top 5% of companies for the last 5 years



MSCI rating "AA"

Among the top 20% of companies in 2021



Ecovadis Silver-Status

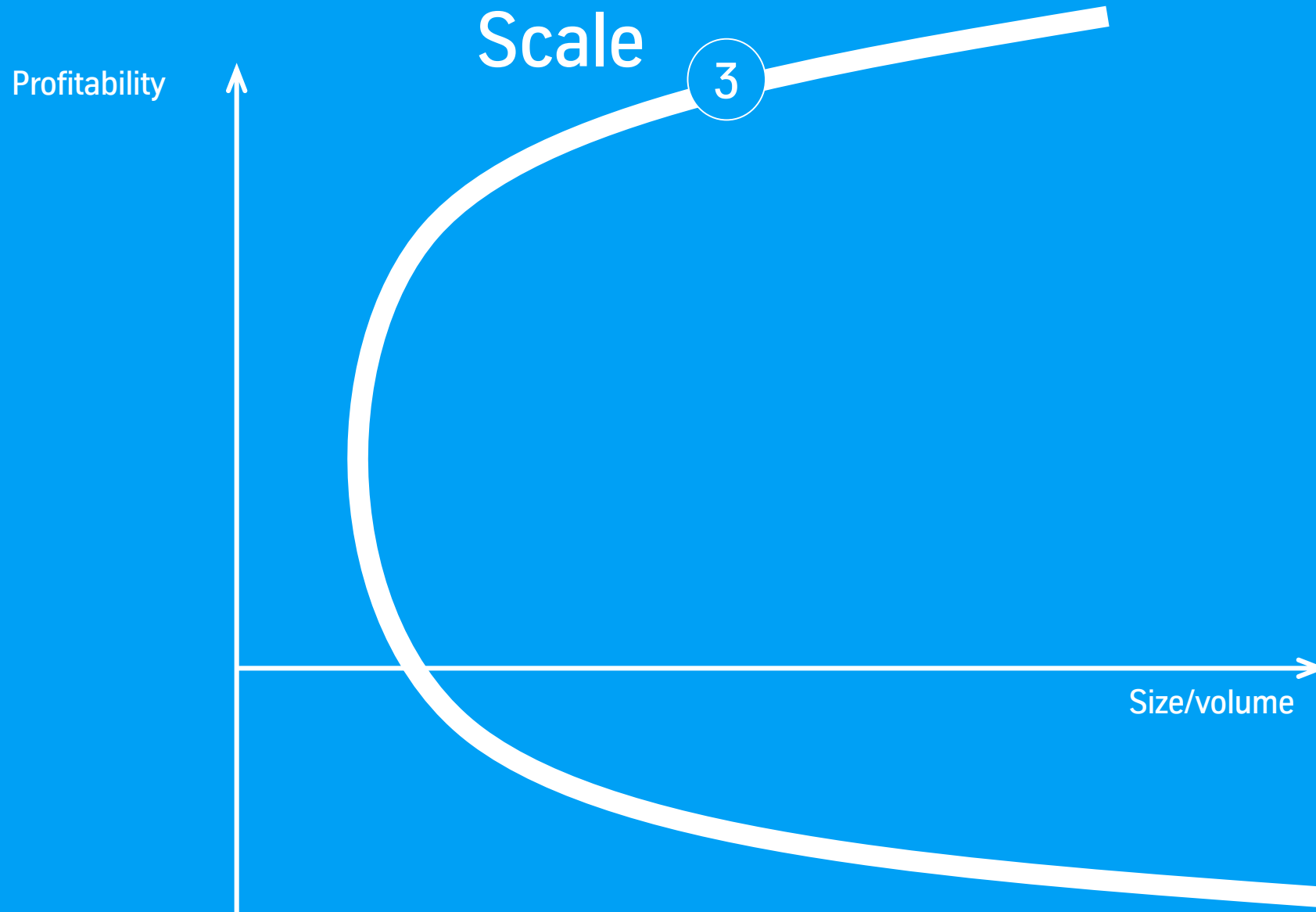
Among the top 25% of companies since 2019



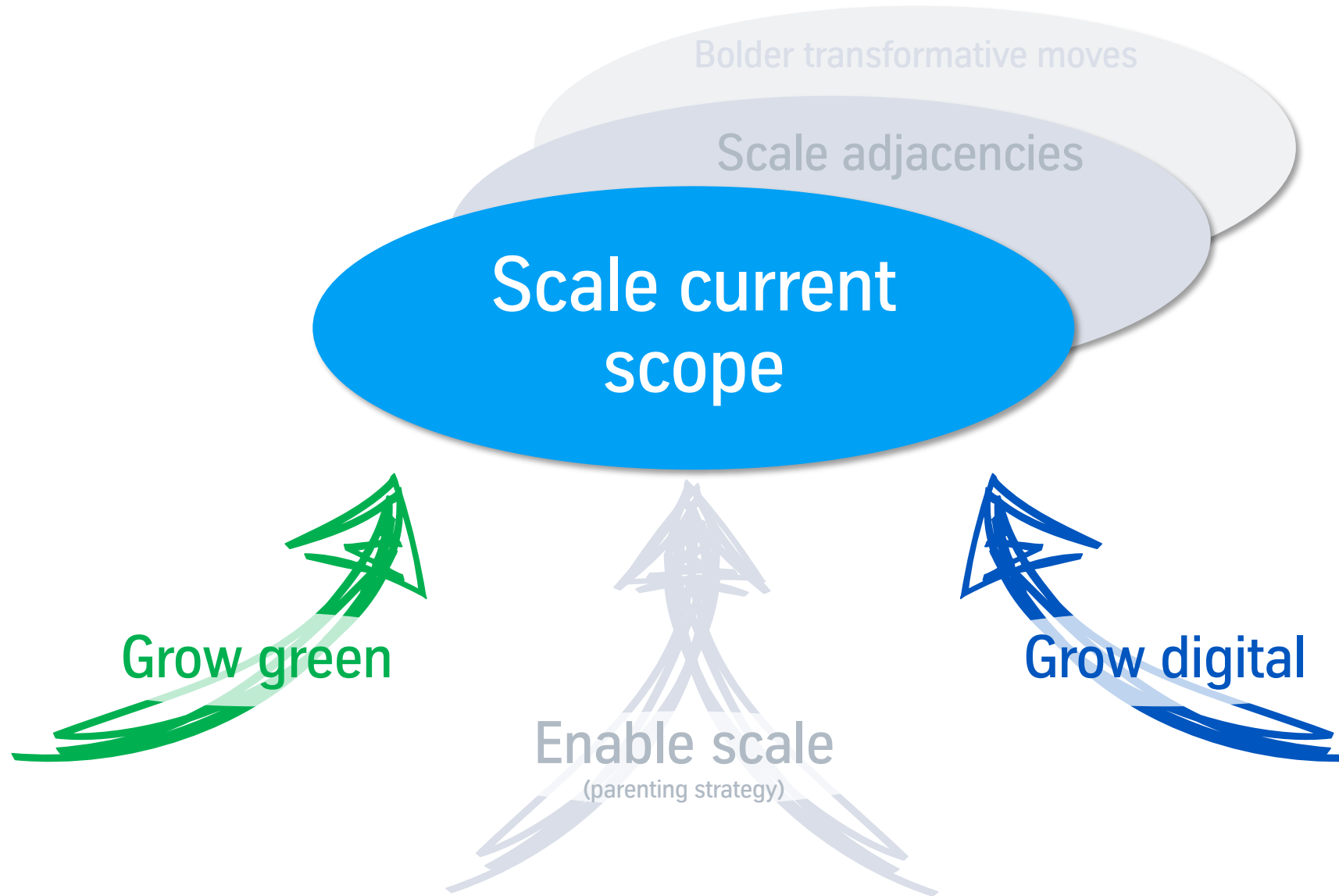
Sustainalytics

In the top 30% of the "Industrial Conglomerates" sector in 2021





Scale – capture attractive growth close to current scope



Many scale opportunities already in our current portfolio



Hydrogen / UCE



Automotive Technology



Bearings / tk Rothe Erde



Materials Services

UCE – one attractive scale business



A **technology leader** in water electrolysis – set to benefit from strong demand for green hydrogen production technology



Promising pipeline of several large-scale projects



Examining strategic options how to optimally develop tkUCE going forward – **IPO preferred route** to crystallize value



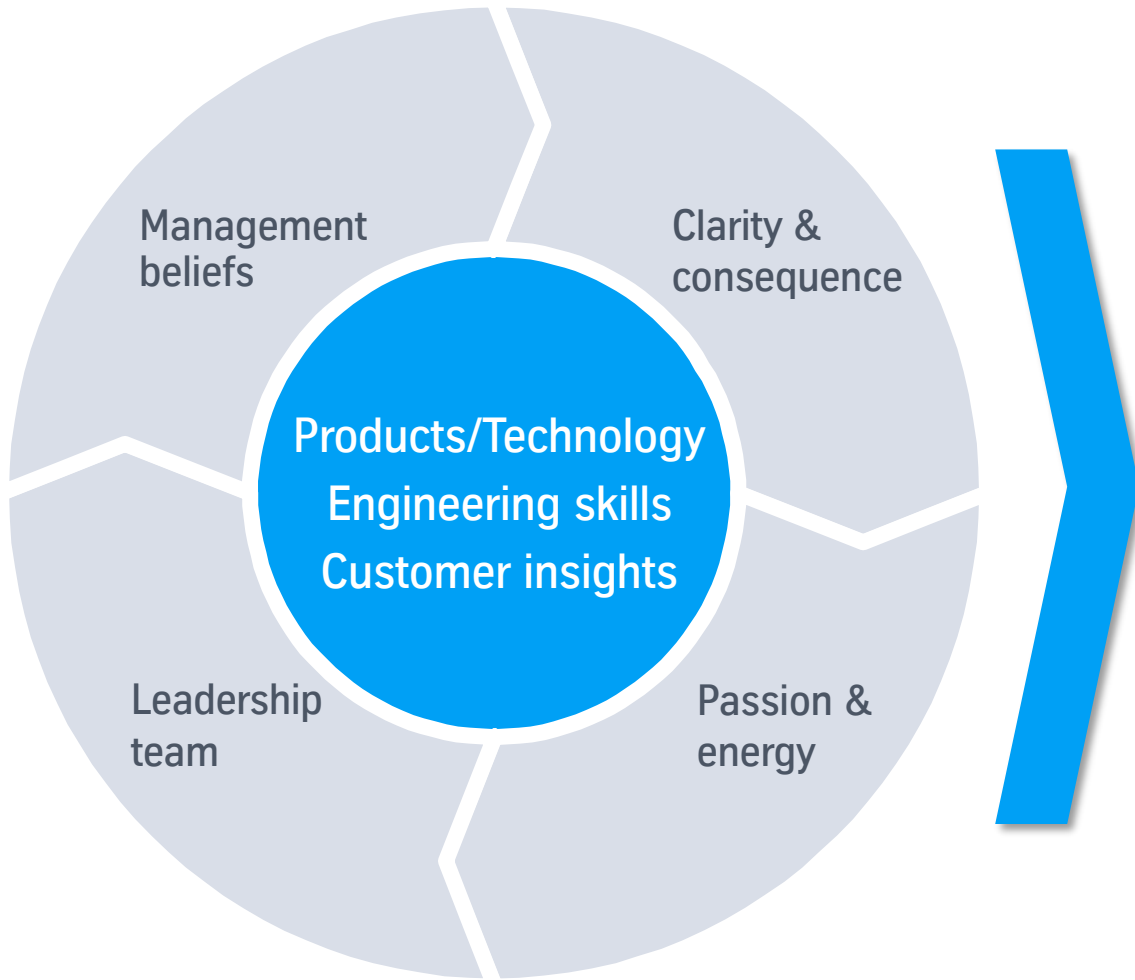
tkUCE to remain key to tk's investment case – **tk will continue to hold a majority** shareholding



Dedicated **tkUCE Capital Markets Day** on January 13, 2022



Enabling Scale is more than access to financial capital

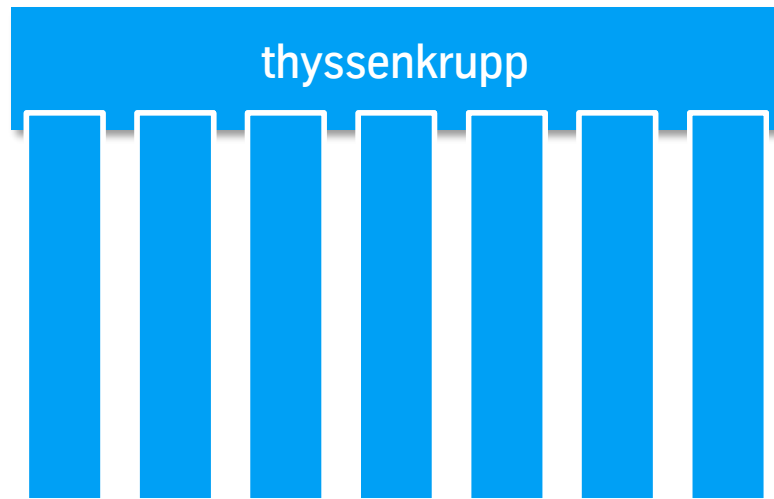


Benchmark
performance
+
sustainable
competitive
market
positions



Organization will be developed further towards GoC

From ...



To ...

Group of companies
with flexible
ownership models
for maximum value
creation



To wrap it up – our commitments

Full transformation to group of companies

- Lean holding – clear value orientation
- Independent businesses with industrial vision and margin and growth orientation

Execution, execution, execution

- Ongoing divestments in MT – stand-alone solution for SE
- Continuation of performance measures and ESG upgrades

$FCF > 0$

Resumption of
reliable
dividend
as clear target





engineering.
tomorrow.
together.



Transforming to sustained value creation

Dr. Klaus Keysberg, CFO
thyssenkrupp Capital Market Day 2021



Improve – What has been achieved


	18/19	19/20	20/21	YoY	
Order intake [€ bn]	33.8	28.2	39.6	+41%	• Incl. “Big Ticket” of ~€5.5 bn at MS
Sales [€ bn]	34.0	28.9	34.0	+18%	• All segments up, also by post-pandemic market tailwinds
EBIT adj. [€ mn]	(110)	(1,759)	796	+2.6 bn	• All segments up; incl. loss of MT €(298) mn ytd
FCF bef. M&A [€ mn]	(1,756)	(5,515)	(1,273)	+4.2 bn	<ul style="list-style-type: none"> • Price driven NWC build-up • High cashout for restructuring and invest (~70% above D/A) for performance and value generation • Incl. -ve BCF of MT €(284) mn

Note: Continuing operations

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FYE 21/22: Underlying assumptions


 GDP growth¹ in EU (+4.4%), US (+4.4%) and China (+5.2%)

 Supportive fundamentals for steel and industrial materials

 Continued strong end customer demand for cars, trucks

 Green energy trend a tailwind for water electrolysis

 Favorable underlying trading conditions ...

 ... however, effects from temp. supply chain constraints (e.g. SEMI) and higher factor costs have to be monitored

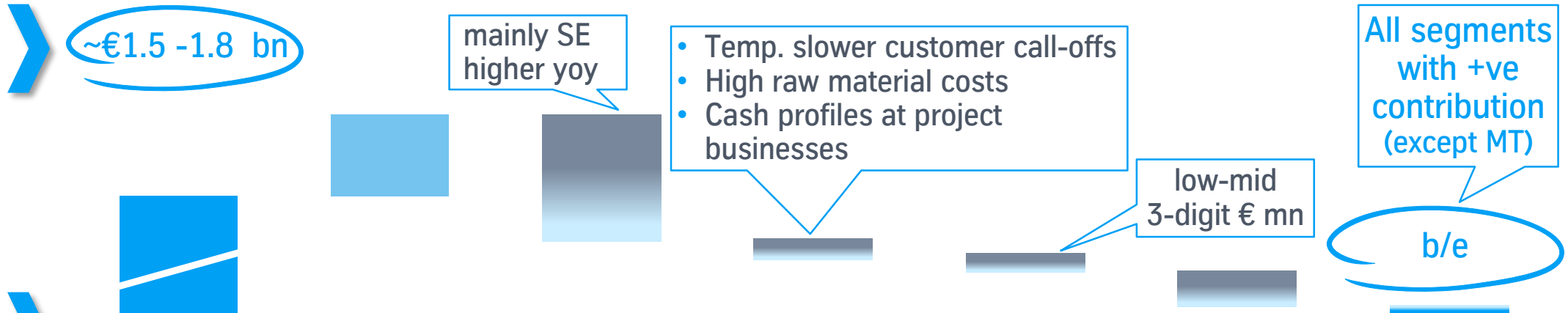


Outlook FYE 21/22 – Next step towards sustainable +ve FCF

Sales

➤ Up by mid 1-digit %-range YoY [PY: €34.0 bn]

EBIT adj.



FCF bef. M&A



Net Income

➤ At least €1 bn [PY: €(19) mn]







Dividend

➤ Resumption of reliable dividend payments a clear target

1. Mainly pensions, taxes, interest



Outlook Q1: Up YoY and in line with expectations

		Q1 FY 19/20	Q1 FY 20/21	Q1E FY 21/22	YoY
Sales [€ bn]		7.6	7.3		<ul style="list-style-type: none"> Higher prices at Materials businesses First effects from contract renewals at SE Slow call-offs by auto producers (SEMI)
EBIT adj. [€ mn]		(185)	78		<ul style="list-style-type: none"> SE, MX up – margin expansion AT lower – slow call-offs by auto producers, higher factor costs IC lower – temp. dip in demand for wind energy (mainly caused by China) MT up - structural improvements
FCF bef. M&A [€ mn]		(2,407)	32	 sig -ve	<ul style="list-style-type: none"> Temp. sig. NWC build-up (inventories): <ul style="list-style-type: none"> slow and not reliably predictable customer (auto) call-offs at Materials businesses with higher prices

Note: Continuing operations

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Mid-term targets: Milestones on our performance journey

EBIT adj. %



Increase to a range of 4-6%

FCF bef. M&A



Sig. +ve by progress in performance and transformation

Dividend



Resumption of reliable dividend payments a clear target

Note: Mid-term targets related to actual Group portfolio; starting point FY 20/21; depending on actual market challenges (e.g. CoVid-19 development, supply chain issues and factor cost increases) and cyclicity in businesses

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Mid-term targets: each segment with clear commitment

		MX	IC (BG, FT)	AT	SE	MS	MT	HQ
Top line		▼	▼	▼	▼	▼	▼	▼
		Shipments ¹ >6 mt	Sales growth 3-5% ^{2,3}	Sales growth > market	Shipments ~11 mt	Sales growth ~6% ²	Portfolio streamlining and structural improvement; scaling of UCE business	Adjustment of costs, aligned with portfolio development
Bottom line	EBIT adj. %	2-3%	≥10%	7-8%	6-7%	6-7%		
	CCR	~0.8	0.6-0.8	≥0.5	>0.4 ⁴	~1.0		
		ROCE >9%			Adj. EBITDA/t ~€100			

Note: Starting point FY 20/21; depending on actual market challenges (e.g. CoVid-19 development, supply chain issues and factor cost increases) and cyclicity in businesses; ROCE = EBIT / Ø Capital Employed; CCR = BCF / EBIT

1. Only Materials Stockholding and Processing; excl. mainly direct-to-customer business | 2. CAGR | 3. Excl. compressed passenger car segment | 4. Excl. Green transformation

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engineering.
tomorrow.
together.



Transforming to sustained value creation

Wrap-up – Martina Merz, CEO
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Transforming to sustained value creation: investment case

- 1 Comprehensive transformation plan and execution track record
- 2 Ownership and management fully aligned and focused
- 3 Full commitment to transformation as well as benchmark performance & returns
- 4 Future proof portfolio, strong technology core, and digital competence as base for profitable growth



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