



Q3 2022/23 Results

Conference Call

Ticker: TKA (Share) TKAMY (ADR)
August 2023 | Essen

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thyssenkrupp

Strong foundation to build on to tackle identified challenges

CEO's observations after ~10 weeks at thyssenkrupp

Strengths to build on



World-famous brand



Leading technology positions



Strong ties with long-standing customer base



Highly motivated workforce



Enabler of the green transformation



Solid balance sheet incl. a net cash position



Challenges to tackle

Portfolio complexity



Speed of execution



(Partial) lack of transparency on segment level



Cash generation



Gap to financial targets



Shareholder returns



Our management priorities – holistic concept for tk in progress



- Continue with portfolio streamlining
 - Focus on Steel Europe and Marine Systems
 - Speed-up in execution
-
- Improve performance and generate sustainable positive Free Cash Flow bef. M&A by
 - Leveraging strong USPs of the businesses and raising margins to benchmark profitability
 - Improving NWC
 - Reward shareholders – reliable dividend payment a clear target
-
- Execute the “tkH₂Steel” strategy of Steel Europe
 - Capitalize on leading green technology positions
 - Bearings: Mission critical components for wind energy turbines
 - nucera: Technology leader in industrial scale hydrogen plants
 - Uhde: Experts in ammonia plants for hydrogen economy
 - Polysius: Pathfinder for the cement industry to reduce carbon emissions



Highlights Q3: Delivering on management priorities



- Successful IPO of nucera completed – one of the largest IPOs in Europe in 2023
 - Initial market cap of ~€2.5 bn, total proceeds of €605 mn (t/o €578 mn to tk incl. €52 mn greenshoe)
 - tk retains stake of 50.2%
- Q3 financials fully in line with guidance, despite softening macro conditions
 - Positive FCF bef. M&A of €347 mn
- FY outlook confirmed – specified for EBIT adj.
- Steel Europe:
 - German government's approval for funding of “tkH₂Steel” decarbonization project of around €2 bn
 - Further MoUs for CO₂-reduced steel signed with Mercedes-Benz and BENTELER
- nucera: Next reservation of electrolyzer (green hydrogen) production capacity by a customer in NA
- Uhde: Cooperation with BASF for our proprietary EnviNOx technology (catalytic reduction of N₂O/NO_x emissions)



Another confirming quarter for our FY 22/23 financial targets

Performance highlight Q3: FCF bef. M&A positive



	Sales	EBITDA adj.	EBIT adj.	FCF bef. M&A
Q3	€9.6 bn (12)% YoY	€464 mn (51)% YoY 4.8%	€243 mn (66)% YoY 2.5%	€347 mn +€758 mn YoY
9M	€28.7 bn (6)% YoY	€1,285 mn (50)% YoY 4.5%	€615 mn (68)% YoY 2.1%	€(234) mn +€1,807 mn YoY



FCF bef. M&A positive in Q3 –
heading towards our target of being slightly positive



Earnings development of all businesses as expected –
materials businesses with ongoing normalization of price levels

Our Group transformation journey is backed by a strong balance sheet

Balance sheet highlights – effects from nucera IPO not yet reflected



Net cash

€3.2 bn

+€1.3 bn YoY

Equity ratio

39.9 %

+1.2%-pts. YoY

Pensions

€5.7 bn

€(0.3) bn YoY

Valuable stakes, e.g.



Elevator



nucera [Ticker: NCH2]



Providing resilience while navigating through macro uncertainties



Enabling us to capture strategic opportunities



Containing sig. elements of value

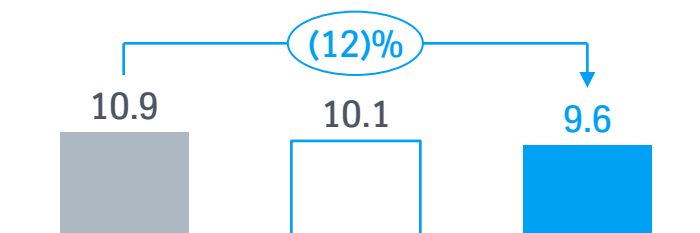


Q3 financials delivered as promised

FCF bef. M&A positive

Sales

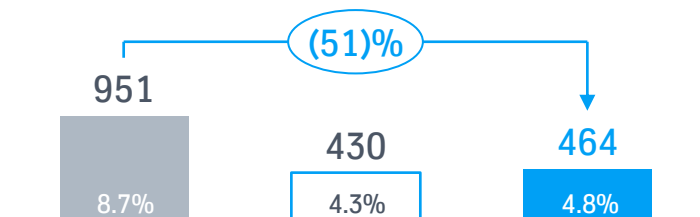
€ bn



- Price normalization at materials businesses
- Ongoing robust demand at auto related businesses

EBITDA adj.

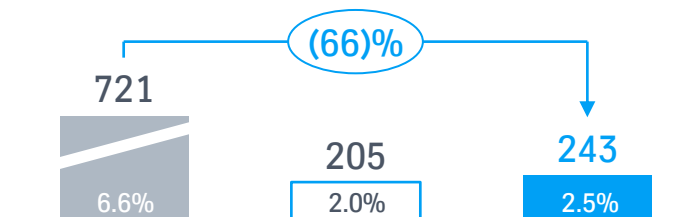
€ mn; %



- MX and SE affected by price normalization from last year's high levels
- IC, AT and MS with step-up from low levels
- Progress in restructuring (~11,000 FTE reduced¹) and performance initiatives

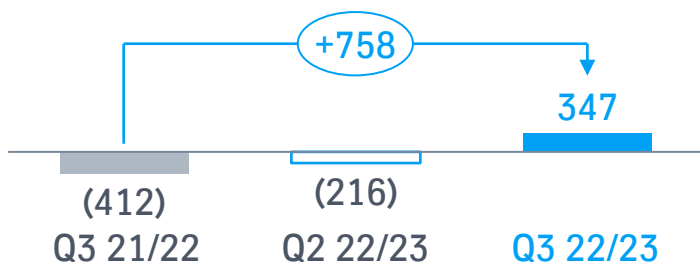
EBIT adj.

€ mn; %



FCF bef. M&A

€ mn



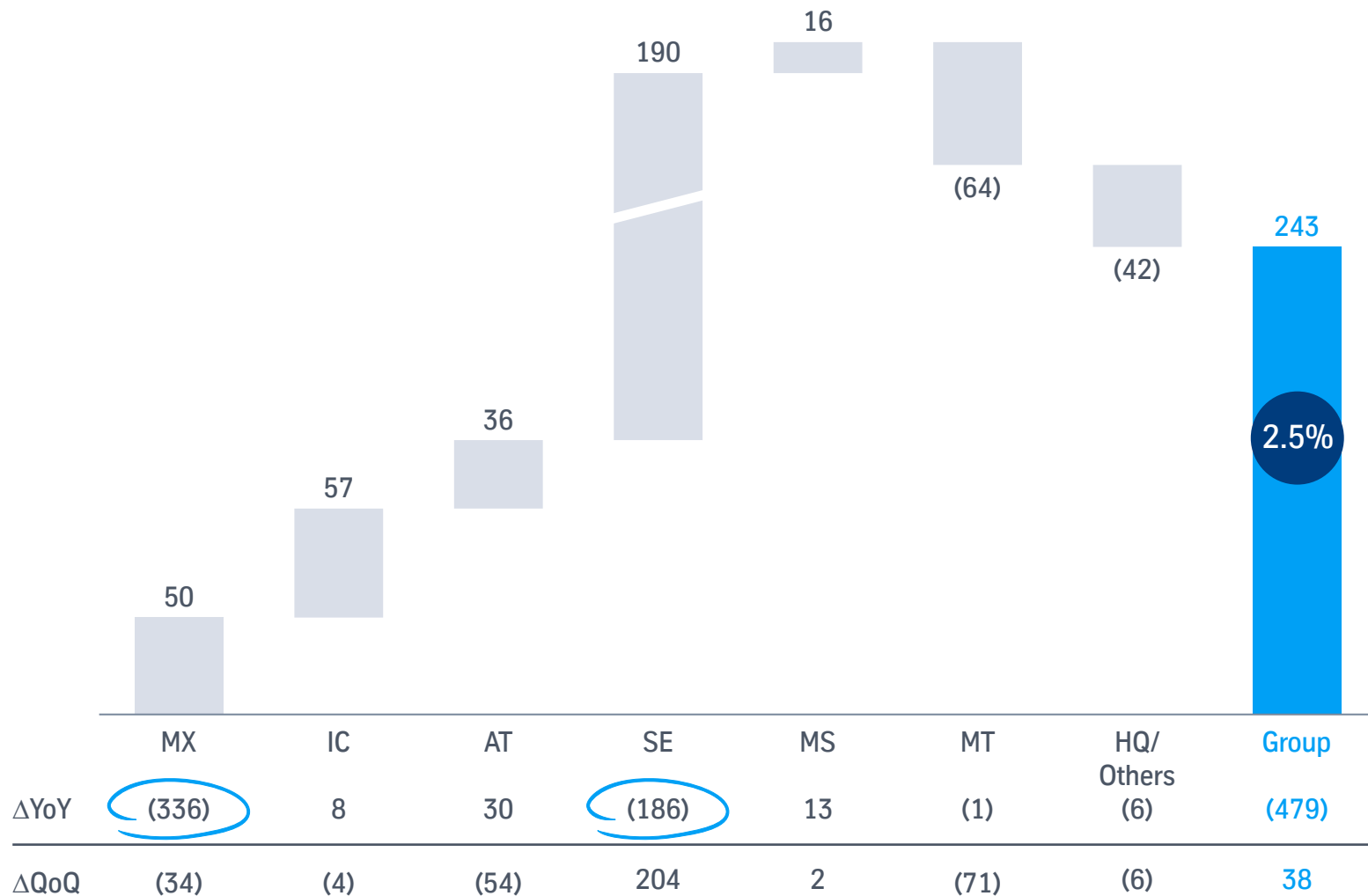
- FCF bef. M&A significant improved and positive
 - NWC improvements on the back of inventory releases (mainly MX and SE)

1. Since 01.10.2019



Improved performance at components businesses offset by price normalization at MX and SE

Q3 EBIT adj. [€ mn] – YoY comments



MX Lower margins due to absence of record prices from prior year; total shipments stable

IC Higher cost base partially offset by efficiency measures and pass-throughs, BG with pos. one-timer; continued competition (wind China) at BG; ongoing strong demand at FT

AT Demand growth, partial cost improvements as well as price and efficiency measures vs. one-time effects and higher factor costs

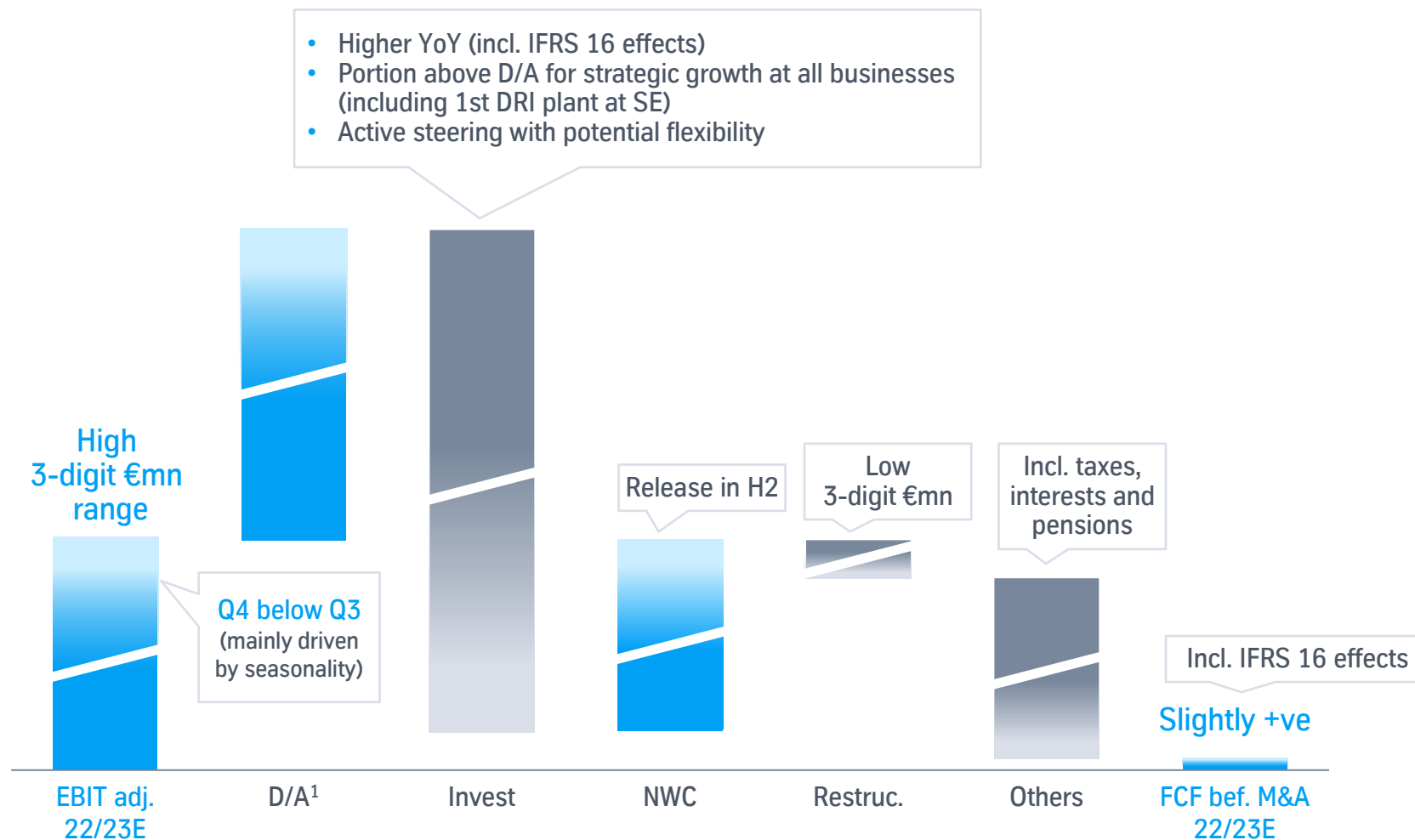
SE Higher volumes and cost improvements (mainly energy), offset by normalization of spot market price development

MS Focus on performance improvement; performance initiatives secure margins in new orders and stabilize profitability of order backlog

MT Decline at Uhde and Automation Engineering almost fully compensated by positive development in other businesses



Delivery on our highest priority in FY 22/23: FCF bef. M&A improvement into positive territory



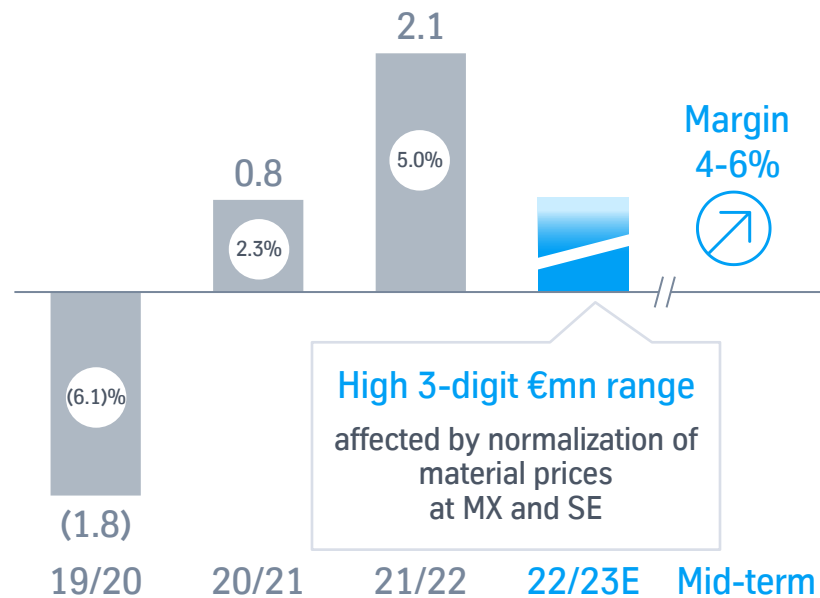
1. Referring to EBIT adj. excluding special items and impairments



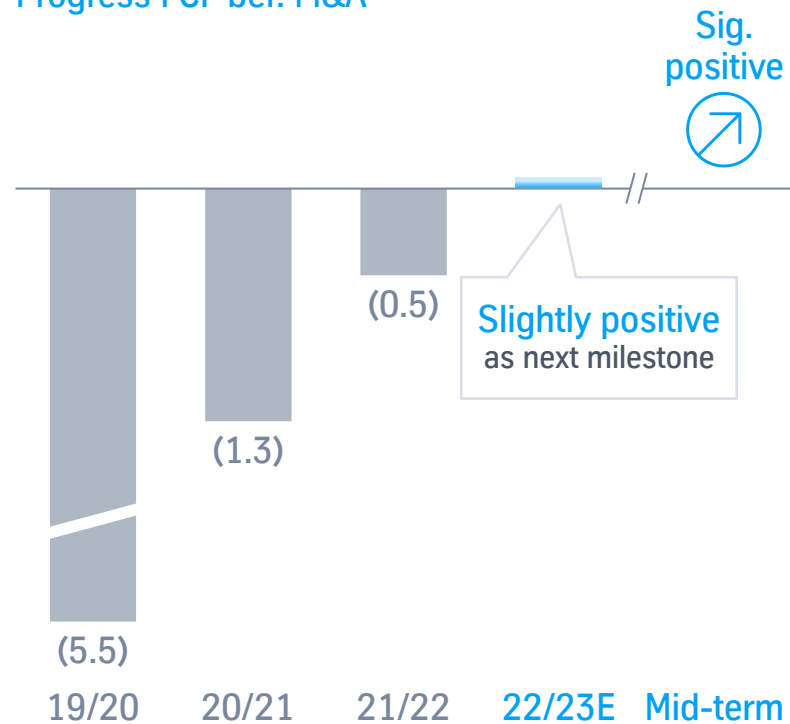
Mid-term target: Margin improvement and significantly positive FCF bef. M&A

[€ bn]

Progress EBIT adj.



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



Performance and restructuring initiatives strongly driving financial KPIs



Wrap up Q3



Q3 financials fully in line with guidance – incl. FCF bef. M&A in positive territory



FY outlook confirmed and specified despite softening macro conditions



“tkH₂Steel” decarbonization on track – German government's approval for funding of around €2 bn



Value crystallization by successful nucera IPO in a challenging market environment



Clear commitment to drive performance and leverage our position as enabler of the green transformation
Sustainable positive Free Cash Flow bef. M&A | Benchmark profitability | Reward shareholders



Q&A Session

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