



# Q4 and FY 2022/23 Results

Conference Call

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

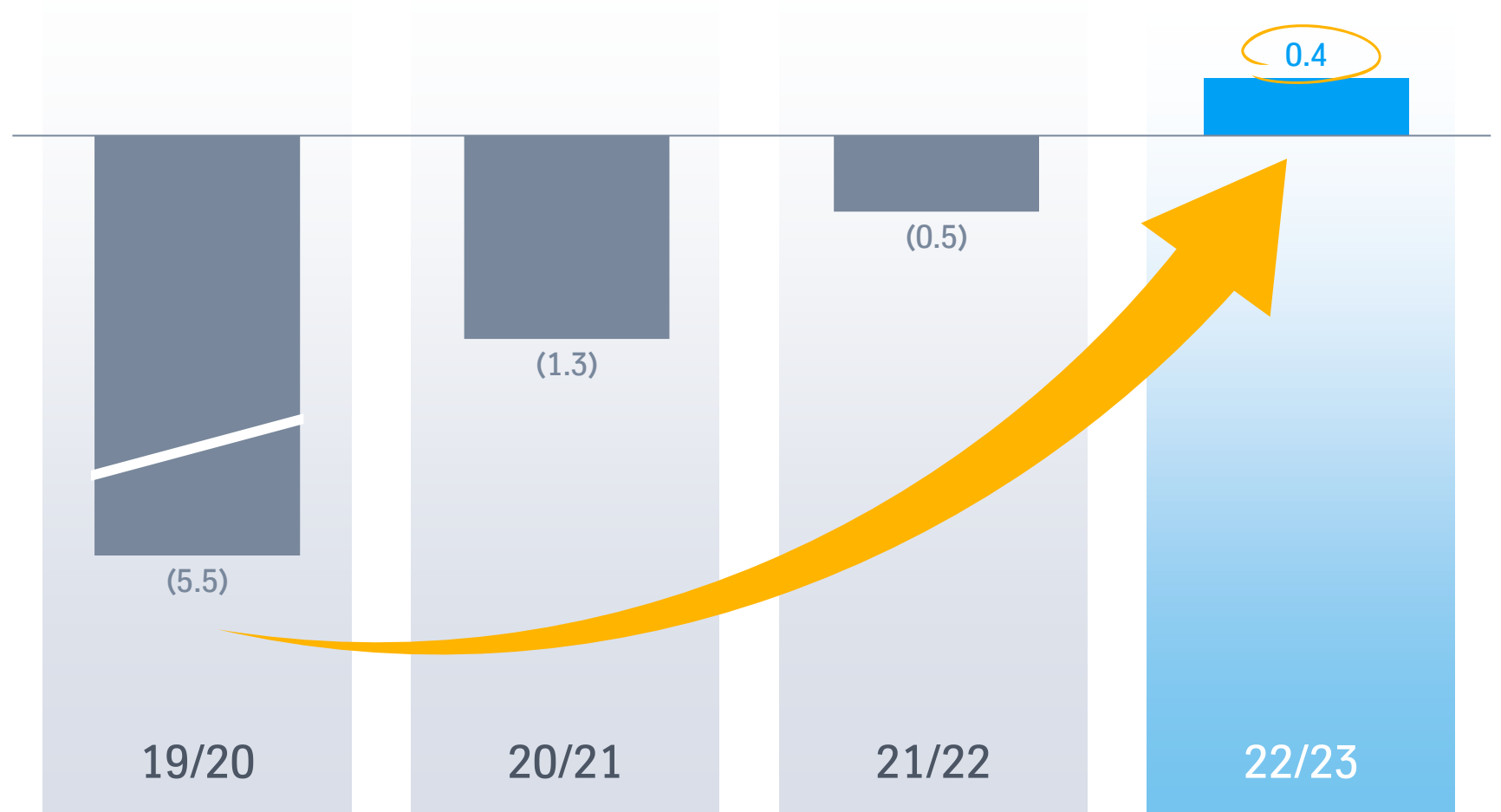
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# Milestone year 22/23: FCF bef. M&A back in positive territory...

FCF bef. M&A in [€ bn]



...and we are here to stay





# Highlights FY 22/23



## Portfolio



- Successful IPO of thyssenkrupp nucera<sup>1</sup>
- Simplifying the group structure and forming Decarbon Technologies
- Relentlessly striving for stand-alone solutions for SE and MS

## Performance



- FY 22/23 targets of high 3-digit €mn EBIT adj. and positive FCF bef. M&A fully met
- Delivery on dividend continuity: proposal of €0.15/share
- Roll-out of new performance program “APEX” also in response to challenging macro conditions

## Green Transformation



- Steel Europe: Approval for funding of “tkH<sub>2</sub>Steel” decarbonization project of around €2 bn
- Decarbon Technologies: Enhancing business opportunities by comprising our green enabler technologies
  - Order funnel in our hydrogen and renewables related businesses expanding

1. Publicly listed company with thyssenkrupp AG as majority shareholder



# New Group structure to reduce complexity

Effective from FY 23/24

AUTOMOTIVE  
TECHNOLOGY



DECARBON  
TECHNOLOGIES



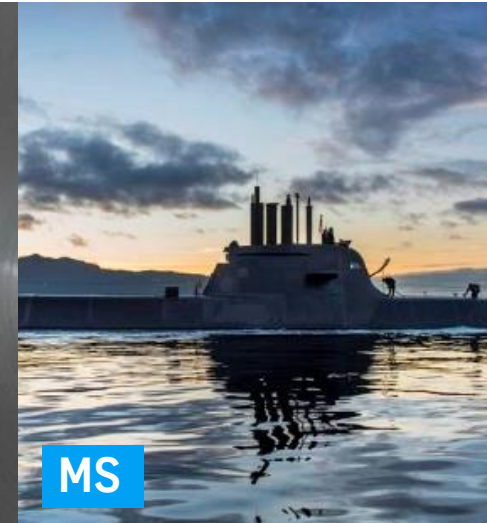
MATERIALS  
SERVICES



STEEL  
EUROPE



MARINE  
SYSTEMS



Decarbonization technologies bundled in a new segment to efficiently capitalize on emerging “green” business opportunities

All Automotive components businesses<sup>1</sup> combined in one segment

Multi Tracks<sup>2</sup> and Industrial Components dissolved

1. M&A process for Spring & Stabilizers and Automation Engineering ongoing | 2. TK Elevator stake will be allocated from Multi Tracks to tkAG (Corporate)



# Decarbon Technologies bundles key technologies for Green Transformation

## Rothe Erde<sup>1</sup>

- Global No. 1 supplier for mission critical **components for wind energy**
- >2,500 **multimegawatt main bearings** manufactured
- **Enormous opportunities** from global expansion plans for wind energy

## thyssenkrupp nucera<sup>2</sup>

- Technology leader in **electrolysis plants** to produce **green hydrogen**
- **Largest order book** (>3 GW) for green hydrogen electrolysis plants in the industry
- **Successful IPO** underpins opportunities of the hydrogen market and its growth prospects

## Polysius

- Paving the way for **climate-neutral transformation** of the **cement and lime industry**
- Solutions to **reduce CO<sub>2</sub> within production process** (e.g. clinker factor reduction, carbon capture)
- More than **800 cement plants** and over **17,600 machines & systems** built worldwide – huge potential for service and oxyfuel technology

## Uhde

- **Technology leader** and global plant engineering capabilities
- **Wide range of technology portfolio** to support industrywide green transition (e.g. ammonia, methanol, ammonia cracking)
- >2,000 **chemical & process plants** built worldwide – essential know-how for growing hydrogen transport need and applications

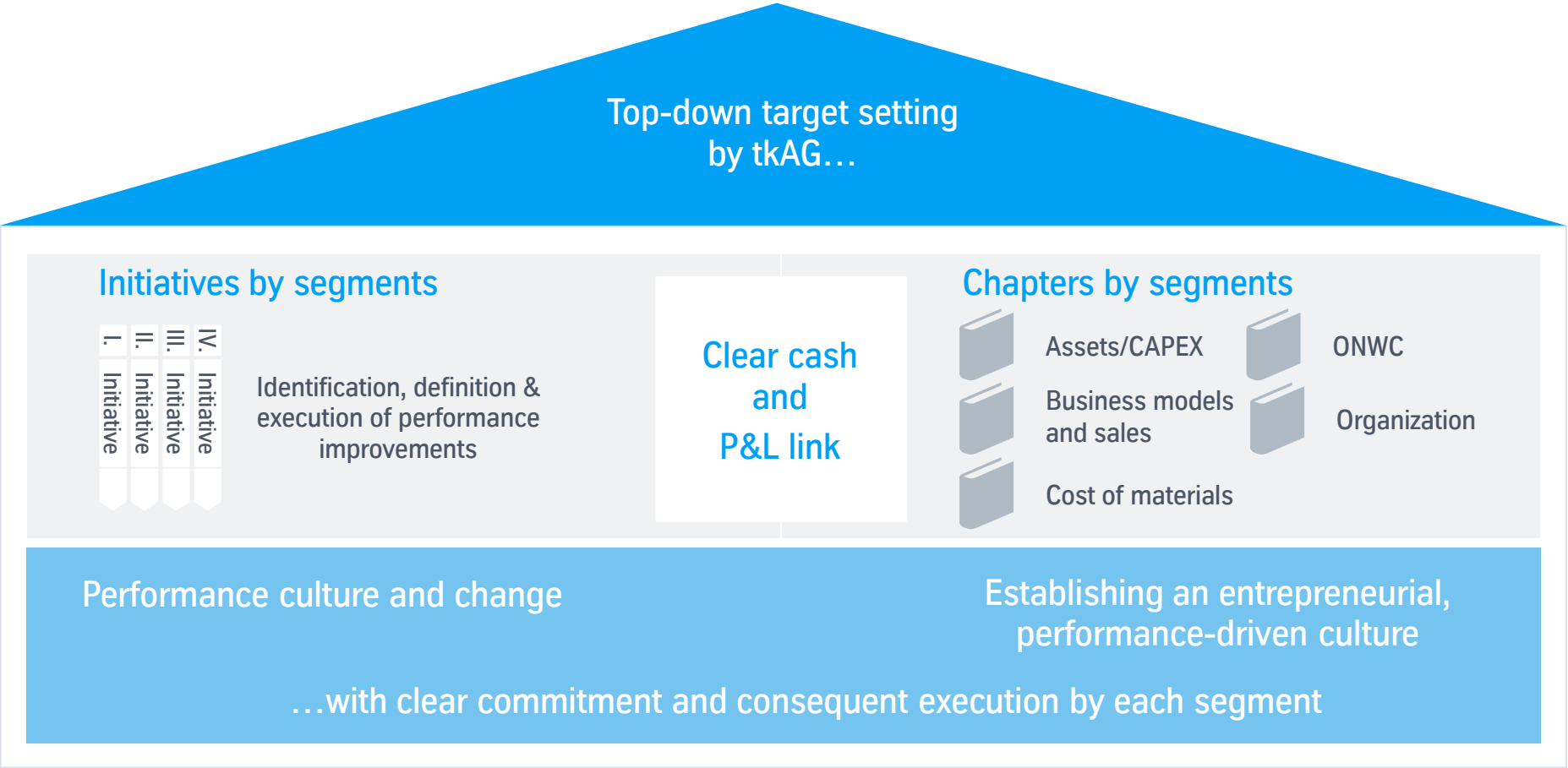
1. Former BU Bearings renamed as of October 1, 2023 | 2. Publicly listed company with thyssenkrupp AG as majority shareholder





# Performance program APEX successfully started

Response to challenging macro environment and support for our mid-term targets



- ... responses to a challenging macro environment
- ... boosts sustainable performance improvements
- ... supports mid-term targets

APEX target with positive EBIT adj. effects of up to €2 bn



## Net Working Capital



Use of artificial intelligence (pacemaker) to forecast demand

## Business Models



Sustainable end-to-end solution to decarbonize the cement industry

## Cost of Materials



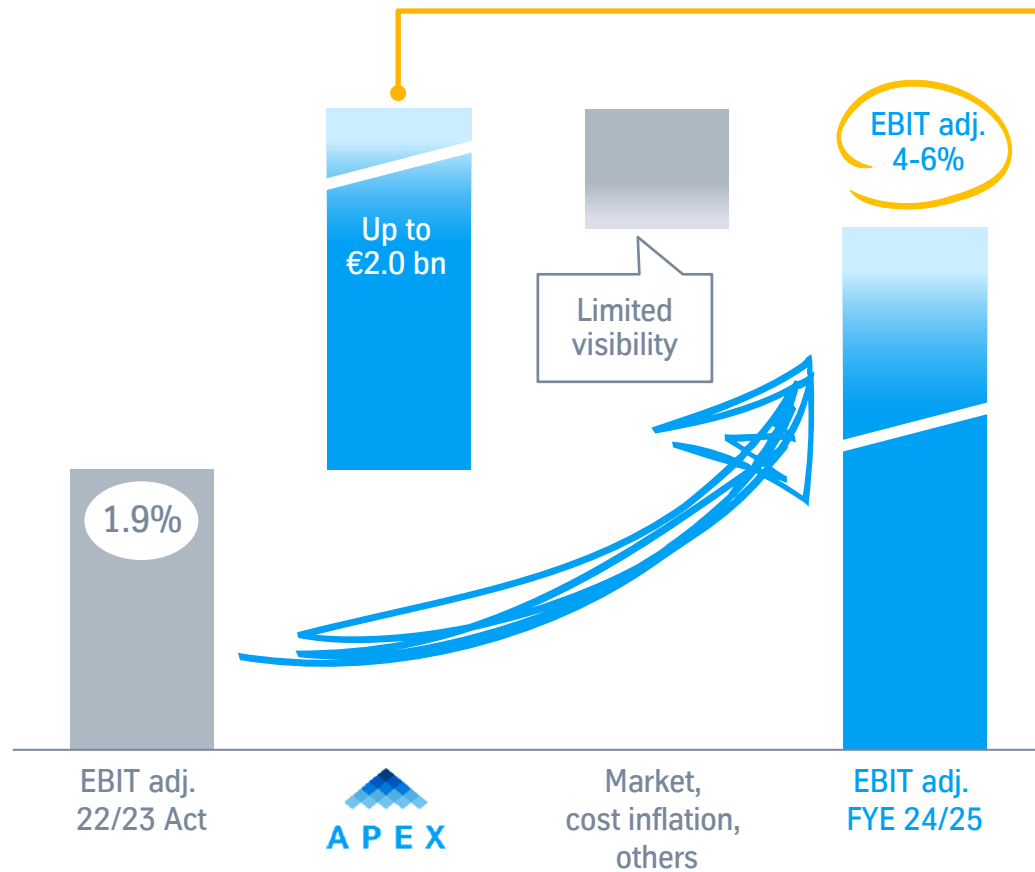
Software-based identification of alternative suppliers

# Mid-term targets confirmed for FYE 24/25

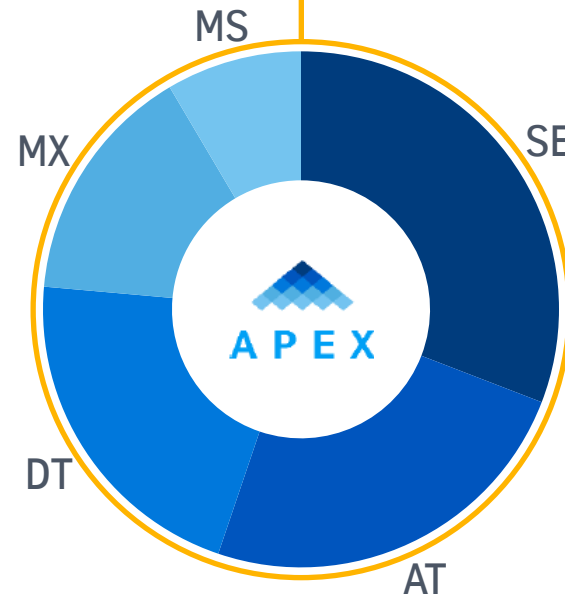
Performance program APEX is designed to carry us to our mid-term targets and beyond [€ bn]

We have a clear target...

Schematic



... and a clear commitment by each segment



## APEX goals

A group-wide and holistic program to boost performance and support transformation

Mid-term targets FYE 24/25:

- EBIT adj. margin of 4-6 %
- Sig. positive FCF bef. M&A
- Reliable dividend payments





# Milestone year 22/23: FCF bef. M&A back in positive territory

Performance highlight Q4: FCF bef. M&A delivered as promised



	Sales	EBITDA adj.	Margin	EBIT adj.	Margin	FCF bef. M&A
Q4	<b>€8.8 bn</b> (17) % YoY	<b>€318 mn</b> (19) % YoY	3.6 %	<b>€88 mn</b> (45) % YoY	1.0 %	<b>€597 mn</b> € (968) mn YoY
FY	<b>€37.5 bn</b> (9) % YoY	<b>€1,603 mn</b> (46) % YoY	4.3 %	<b>€703 mn</b> (66) % YoY	1.9 %	<b>€363 mn</b> +€839 mn YoY



FCF bef. M&A sequentially improved over the course of the FY – fulfilling 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



### Net cash

**€4.3 bn**

+€0.7 bn YoY

Incl. ~€0.6 bn  
proceeds from  
tk nucera IPO

### Equity ratio

**38.1 %**

(1.2)%-pts. YoY

Cont. muted market  
demand triggered  
impairments, mainly  
SE of ~€2.1 bn

### Pensions

**€5.5 bn**

€(0.3) bn YoY

### Valuable stakes, e.g.



**thyssenkrupp  
nucera<sup>1</sup>** [Ticker: NCH2]



**TK Elevator**



Providing resilience while navigating  
through macro uncertainties



Enabling us to capture  
strategic opportunities



Containing sig.  
elements of value

1. Publicly listed company with thyssenkrupp AG as majority shareholder

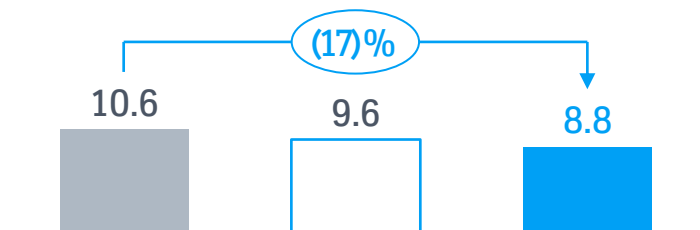


# Q4 financials with typical seasonal impact in an ongoing challenging market environment

FCF bef. M&A less volatile

Sales

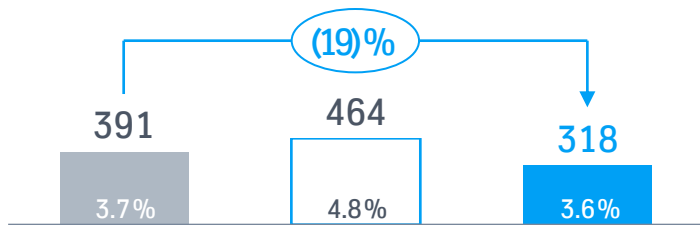
€ bn



- Persistent price normalization at Materials businesses
- Partially weaker demand with muted market dynamics

EBITDA adj.

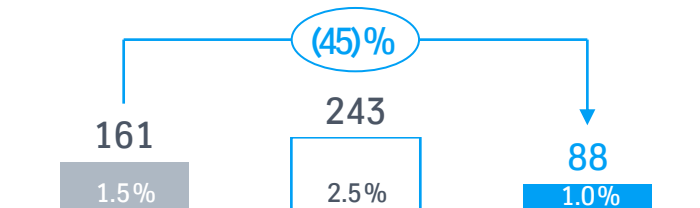
€ mn; %



- Normalization of spot market prices affected particularly SE
- Restructuring program progressing and almost finalized (>85%<sup>1</sup>)

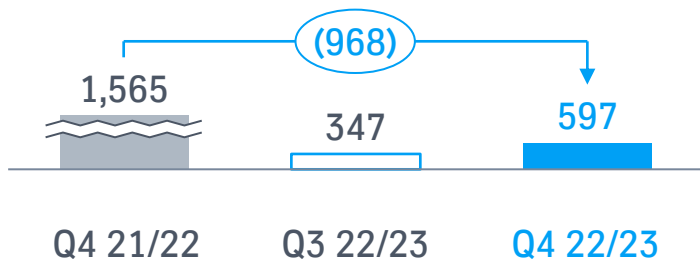
EBIT adj.

€ mn; %



FCF bef. M&A

€ mn



- FCF bef. M&A in positive territory in Q3 and Q4
  - Progress in more balanced NWC levels
  - Q4 with some earlier than expected customer payments and a solid payment profile at MS

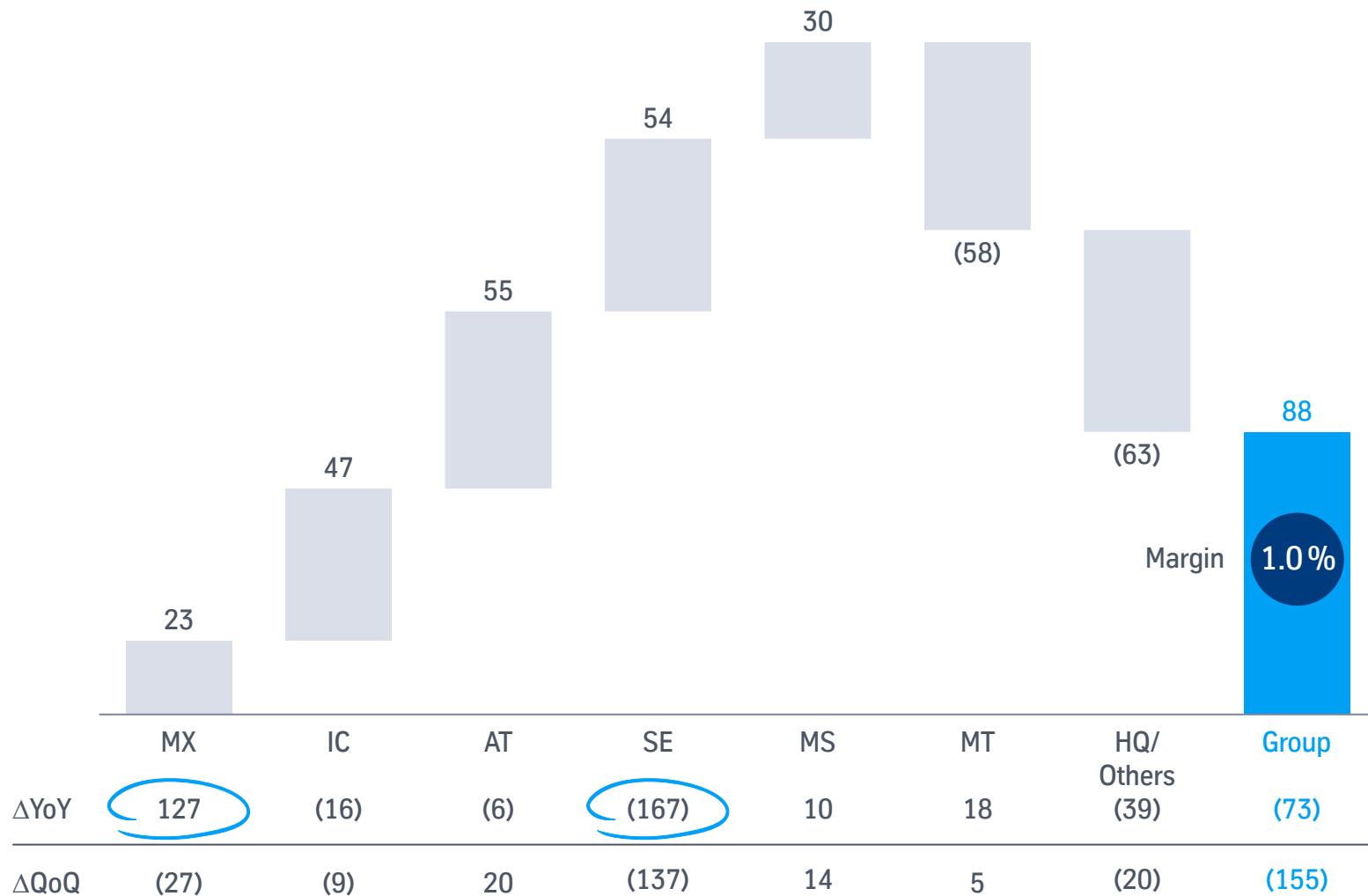
1. Since 01.10.2019





# Challenging market conditions and muted demand weighing on Group performance

Q4 EBIT adj. [€ mn] – YoY comments



- MX** Weak demand especially in Europe; +ve one-timer and absence of inventory write-down from PY
- IC** Higher cost base overall only partially offset by efficiency measures and pass-throughs; BG with continued competition (wind China); weaker demand at FT
- AT** Higher factor costs (e.g. personnel) largely offset by price and efficiency measures as well as partial cost improvements
- SE** 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** Improvements in plant engineering businesses (UHD, POL) and tk nucera partly offset by declines in auto related businesses (SP, AE)



# Outlook FY 23/24



**Sales**

FY 22/23

€37.5 bn

Outlook FY 23/24



**Slightly up**

Mainly driven by AT, DT and MS

**EBIT adj.**

€0.7 bn



**High 3-digit € mn range**

**AT** Up; low-mid 3-digit € mn range

**DT** Largely stable

**MX** Up; low 3-digit € mn range

**SE** Up; mid 3-digit € mn range

**MS** Up; high 2-digit € mn range

**EBITDA adj.**

€1.6 bn



**D/A of ~€0.9 bn to be considered<sup>1</sup>**

**FCF bef. M&A**

€0.4 bn



**Low 3-digit € mn range**

Mainly lower capex vs. sig. less NWC release

## Market conditions

GDP forecast 2024<sup>2</sup>:

World	+2.3%	
EU	+0.8%	GER +0.5%
USA	+1.6%	CHN +4.6%

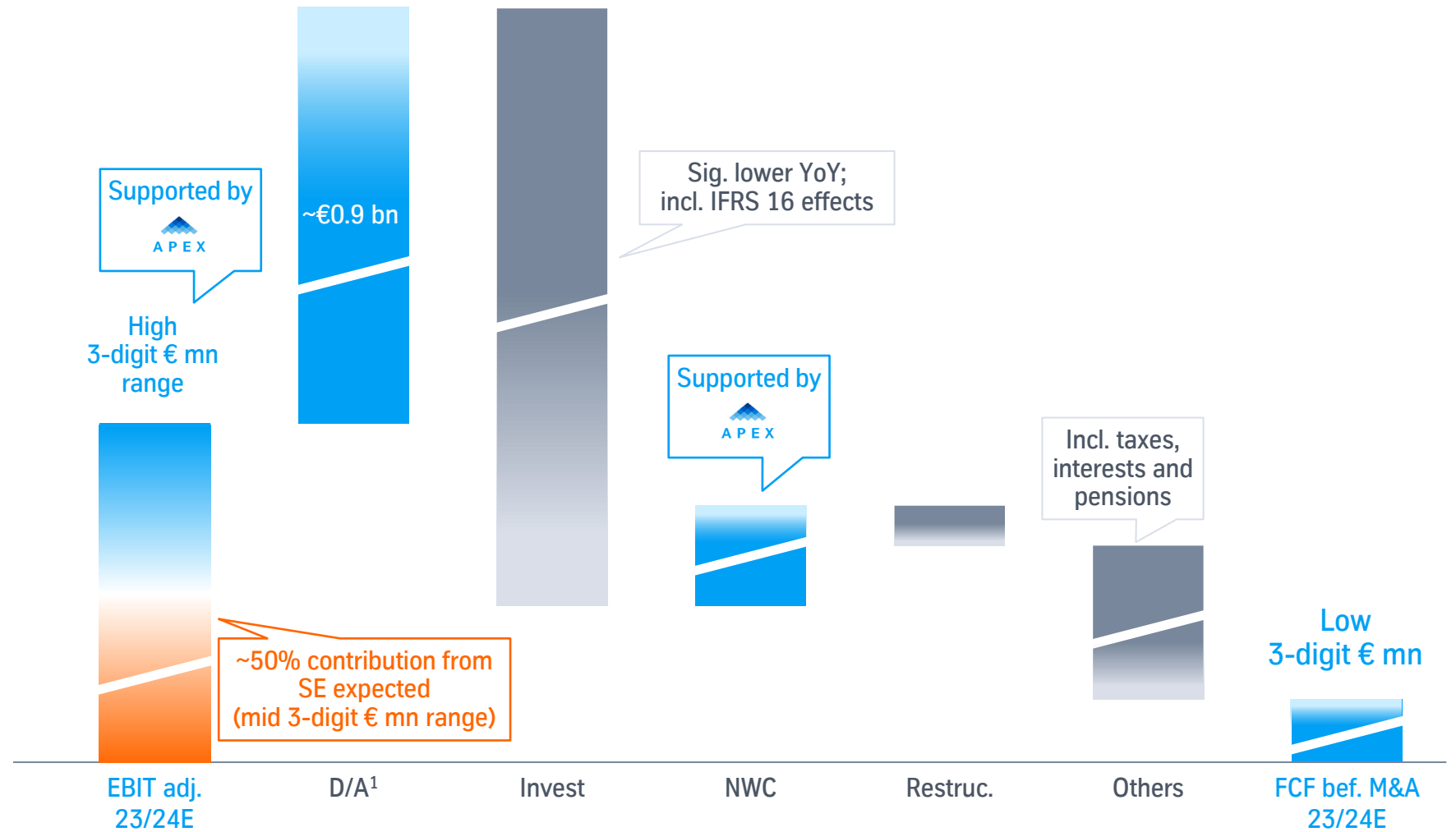
**Uncertainties** in key variables **to monitor**

- Geopolitical tensions
- Cost inflation
- Volatile energy and material costs
- Interest environment
- Consumer confidence
- Visibility on auto production

1. Referring to EBIT adj. excluding special items | 2. S&P Global Market Intelligence, Global Economy (October 2023)



# Outlook FY 23/24: Bridge from EBIT adj. to an again positive FCF bef. M&A



1. Referring to EBIT adj. excluding special items





# Each segment with clear commitment to mid-term target for FYE 24/25



EBIT adj. %	7-8%	>5.0%	2-3%	6-7%	6-7%	Adjustment of costs, aligned with portfolio development
CCR	≥0.5	>0.6	~0.8 <sup>2</sup>	>0.4	~1.0	
			ROCE >9%	Adj. EBITDA/t <sup>2</sup> ~€100		

Group EBIT adj. % | Increase to a range of 4-6%

Group FCF bef. M&A | **Sig. +ve** by progress in performance and transformation

Dividend | **Reliable dividend payment**

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. M&A process for Spring & Stabilizers and Automation Engineering ongoing | 2. Multi-year average



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# Wrap up



FY 22/23 financials fully in line with guidance – FCF bef. M&A back in positive territory

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Delivery on dividend continuity: proposal of €0.15/share

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FY 23/24 outlook with ambitious targets, despite challenging macro conditions

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tkH<sub>2</sub>Steel” decarbonization on track – German government's approval for funding of around €2 bn

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Group transformation backed by a strong balance sheet carrying a sizeable net cash position and valuable assets

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Clear commitment to drive performance and leverage our position as enabler of the green transformation



# Q&A Session

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