Q1 2022/23 Results
Conference Call
Ticker: TKA (Share) TKAMY (ADR)
February 2023
Q1: A confirming start into FY 2022/23 (I)

**Performance**
- Sales: €9.0 bn  
  0% YoY
- EBITDA adj.: €477 mn  
  (21)% YoY  
  +22% QoQ  
  5.3%
- EBIT adj.: €254 mn  
  (33)% YoY  
  +58% QoQ  
  2.8%
- FCF bef. M&A: €(365) mn  
  +€494 mn YoY

**Balance sheet**
- Net Cash: €3.3 bn  
  +€0.6 bn YoY
- Equity Ratio: 40%  
  +8.3%-pts. YoY
- Pensions: €5.7 bn  
  €(2.0) bn YoY

**Ongoing strong balance sheet**

**Valuable assets, e.g.:**
- Elevator stake
- nucera
Q1: A confirming start into FY 2022/23 (II)

- Largest **restructuring program** ever **progressing**: more than 10,000 FTEs already reduced

- **Performance initiatives** with defined top- and bottom-line levers **on track**: low 3-digit € mn amount supporting financial targets

- Next **portfolio actions** at Multi Tracks in progress

- Order funnel in our **hydrogen** and **renewables related businesses expanding**
  - **nucera**: Order from Unigel, Brazil, for 60 MW H₂ electrolysis plant
  - **Uhde Ammonia**: MoU with Adnoc, United Arab Emirates, for Ammonia Cracker
  - **Bearings**: Order intake from wind turbine manufacturers increasing

- **ESG**: thyssenkrupp on the CDP “Climate A List” for the 7th time in a row
FCF bef. M&A with significant improvement mainly driven by lower NWC build-up

- Robust top-line development: Higher sales of almost all other businesses offset by sale of AST
- Price normalization at MX offsetting higher earnings contribution at AT, SE and MS
  - Effects from destocking of (auto) customers at MX and SE
  - Performance and restructuring measures supporting all businesses
- FCF bef. M&A significantly improved and ahead of our forecast
  - Planned (seasonal) but moderate NWC build-up
  - Early customer payments at most segments (particularly MS)

<table>
<thead>
<tr>
<th>Sales [€ bn]</th>
<th>Q1 21/22</th>
<th>Q4 21/22</th>
<th>Q1 22/23</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.0</td>
<td>10.6</td>
<td>9.0</td>
<td></td>
</tr>
<tr>
<td>0%</td>
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<table>
<thead>
<tr>
<th>EBITDA adj. [€ mn]</th>
<th>Q1 21/22</th>
<th>Q4 21/22</th>
<th>Q1 22/23</th>
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<tbody>
<tr>
<td>602</td>
<td>391</td>
<td>477</td>
<td></td>
</tr>
<tr>
<td>(21)%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.7%</td>
<td>3.7%</td>
<td>5.3%</td>
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<table>
<thead>
<tr>
<th>EBIT adj. [€ mn; %]</th>
<th>Q1 21/22</th>
<th>Q4 21/22</th>
<th>Q1 22/23</th>
</tr>
</thead>
<tbody>
<tr>
<td>378</td>
<td>161</td>
<td>254</td>
<td></td>
</tr>
<tr>
<td>(33)%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.2%</td>
<td>1.5%</td>
<td>2.8%</td>
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<table>
<thead>
<tr>
<th>FCF bef. M&amp;A [€ mn]</th>
<th>Q1 21/22</th>
<th>Q4 21/22</th>
<th>Q1 22/23</th>
</tr>
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<tbody>
<tr>
<td>(858)</td>
<td>1,565</td>
<td>(365)</td>
<td></td>
</tr>
<tr>
<td>58%</td>
<td></td>
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Price normalization YoY at MX offsetting higher earnings contribution by AT, SE and MS

### Q1 EBIT adj. [€ mn]

<table>
<thead>
<tr>
<th></th>
<th>ΔYoY</th>
<th>ΔQoQ</th>
</tr>
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<tbody>
<tr>
<td>MX</td>
<td>(199)</td>
<td>124</td>
</tr>
<tr>
<td>IC</td>
<td>(18)</td>
<td>(25)</td>
</tr>
<tr>
<td>AT</td>
<td>5</td>
<td>(18)</td>
</tr>
<tr>
<td>SE</td>
<td>52</td>
<td>(44)</td>
</tr>
<tr>
<td>MS</td>
<td>14</td>
<td>1</td>
</tr>
<tr>
<td>MT</td>
<td>(16)</td>
<td>60</td>
</tr>
<tr>
<td>HQ/Others</td>
<td>38</td>
<td>(4)</td>
</tr>
<tr>
<td>Group</td>
<td>(123)</td>
<td>93</td>
</tr>
</tbody>
</table>

- **MX**: Lower prices and volumes (destocking) especially in the distribution business in Europe
- **IC**: Affected by higher factor costs; higher competition (wind China) at BG; temp. maintenance stoppages at FT
- **AT**: Higher customer demand, operational improvements and price measures to tackle surged cost base; PY with +ve one-timer
- **SE**: Benefitting from longer-term contracts; but high costs (mainly energy) and record low shipments (below 2mt); incl. +ve effects from CO₂ emission rights (~€80 mn)
- **MS**: Focus on performance improvement; margins in order backlog stabilized
- **MT**: Lower contribution due to sale of AST; almost all remaining businesses with clear improvements

### EBITDA/t at €127/t

- **MX**: 20
- **IC**: 38
- **AT**: 43
- **SE**: 177
- **MS**: 20
- **MT**: (17)
- **HQ/Others**: (27)

**Group**: 254

**Margin**: 2.8%
Management view on the quarters to come in FY 22/23

Expected trading conditions
- Macro environment with stabilization in spring, gradual upswing towards rest of FY
- China reopening
- Auto sector to work on its order backlog as supply chain pressures continue to ease
- First signs of restocking already noticed in Jan 23
- Normalization of energy prices, despite ongoing volatility
- Continued effective cost pass-on including wage increases

Q3 and Q4 with progressing EBIT adj. and +ve FCF bef. M&A
- Opportunities from continued upswing in spot market prices and higher shipment levels at MX and SE
- Components businesses with top-line growth
- MS with execution of higher quality order backlog
- Ongoing performance and restructuring initiatives across all segments
- Sig. NWC release

Q1 in line with our forecast
Q2 determined by SE (renewed contract prices / still high cost (moving avg.) level)
Q3 and Q4 with sig. step up in earnings and cash generation
Outlook FY 22/23 confirmed

GDP assumptions 2023¹:

- Germany +0.3% [(1.5)]%
- EU +0.2% [(0.6)]%
- USA +0.5% [(0.5)]%
- China +5.0% [+4.4%]

<table>
<thead>
<tr>
<th>Act FY 21/22</th>
<th>Outlook FY 22/23</th>
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<tbody>
<tr>
<td>Sales €41.1 bn</td>
<td>Sig. decrease</td>
</tr>
<tr>
<td>EBIT adj. €2.1 bn</td>
<td>Mid to high 3-digit € mn range</td>
</tr>
<tr>
<td>EBITDA adj. €3.0 bn</td>
<td>• Normalization of material prices at MX and SE</td>
</tr>
<tr>
<td>FCF bef. M&amp;A €(0.5) bn</td>
<td>• Higher factor costs</td>
</tr>
<tr>
<td></td>
<td>• Improvements at AT and MT</td>
</tr>
<tr>
<td></td>
<td>D/A of ~€1 bn to be considered</td>
</tr>
<tr>
<td></td>
<td>At least b/e</td>
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Q1 | Q2E |
---|-----|
€9.0 bn | €254 mn |
€254 mn | €477 mn |
€(365) mn | “broadly stable” |

¹. Source: IHS Markit; numbers in square brackets refer to previous assumptions from Annual Report FY 2021/22

“broadly stable” Q1/Q2 shift of pre-payments has to be considered
FCF bef. M&A: Improvement to at least b/e as highest priority in FY 22/23

[€ bn]

Upside going forward …

• Mid-term target: sig. +ve FCF bef. M&A
• 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
Transforming to sustained value creation

Investment highlights

// Comprehensive transformation plan for Group of Companies 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 in all businesses

// Dividend payment a clear target
Q&A Session

engineering.tomorrow.together.

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