Q1 2022/23 Results

Conference Call

Ticker: TKA (Share) TKAMY (ADR)
February 2023

Q1: A confirming start into FY 2022/23 (I)

EBIT adj. for all businesses in line with our forecast – FCF bef. M&A ahead of our forecast
Normalization of material prices (at Materials Services) drive EBIT adj. development YoY

Performance

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

Ongoing strong balance sheet

Balance sheet

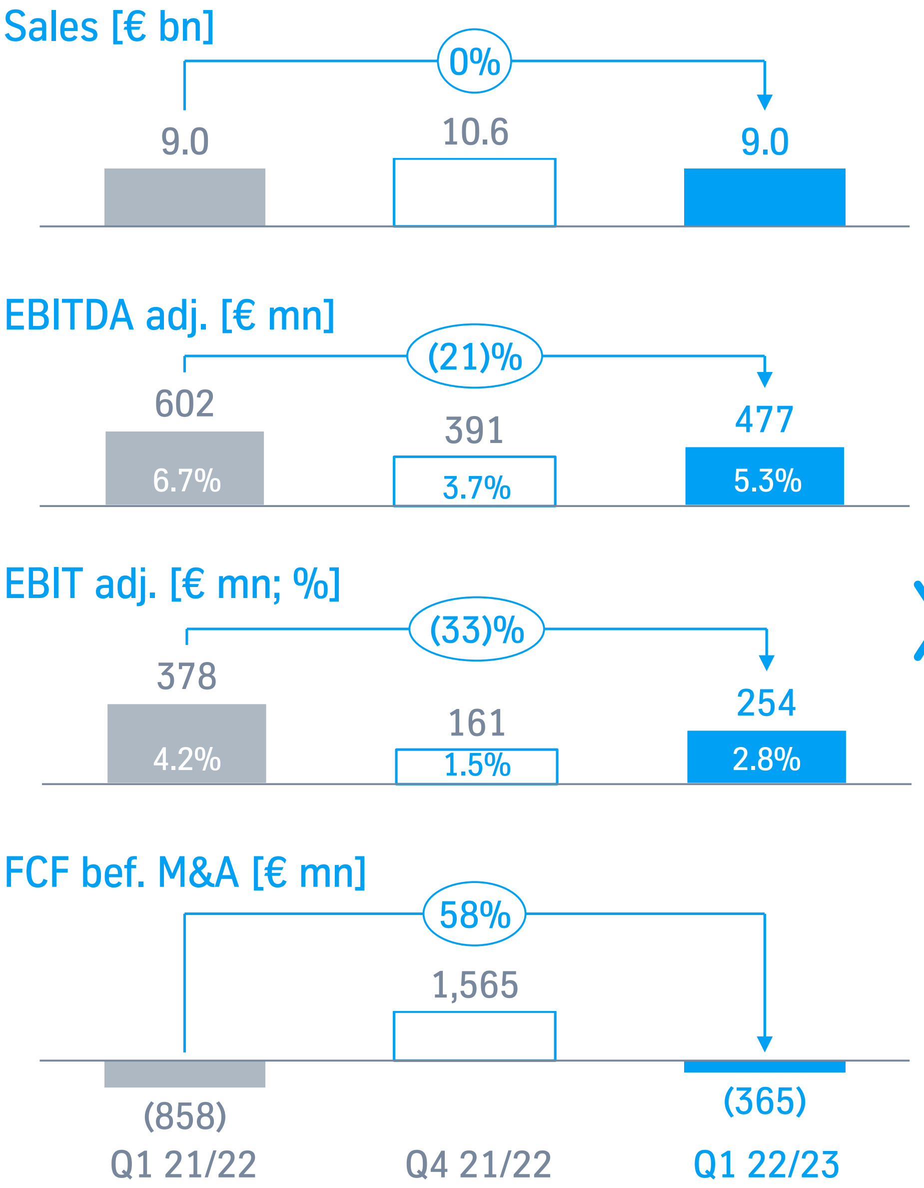
Net Cash	Equity Ratio	Pensions	Valuable assets, e.g.:
€3.3 bn	40%	€5.7 bn	- Elevator stake - nucera
+€0.6 bn YoY	+8.3%-pts. YoY	€(2.0) bn YoY	

Margin

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 H_2 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



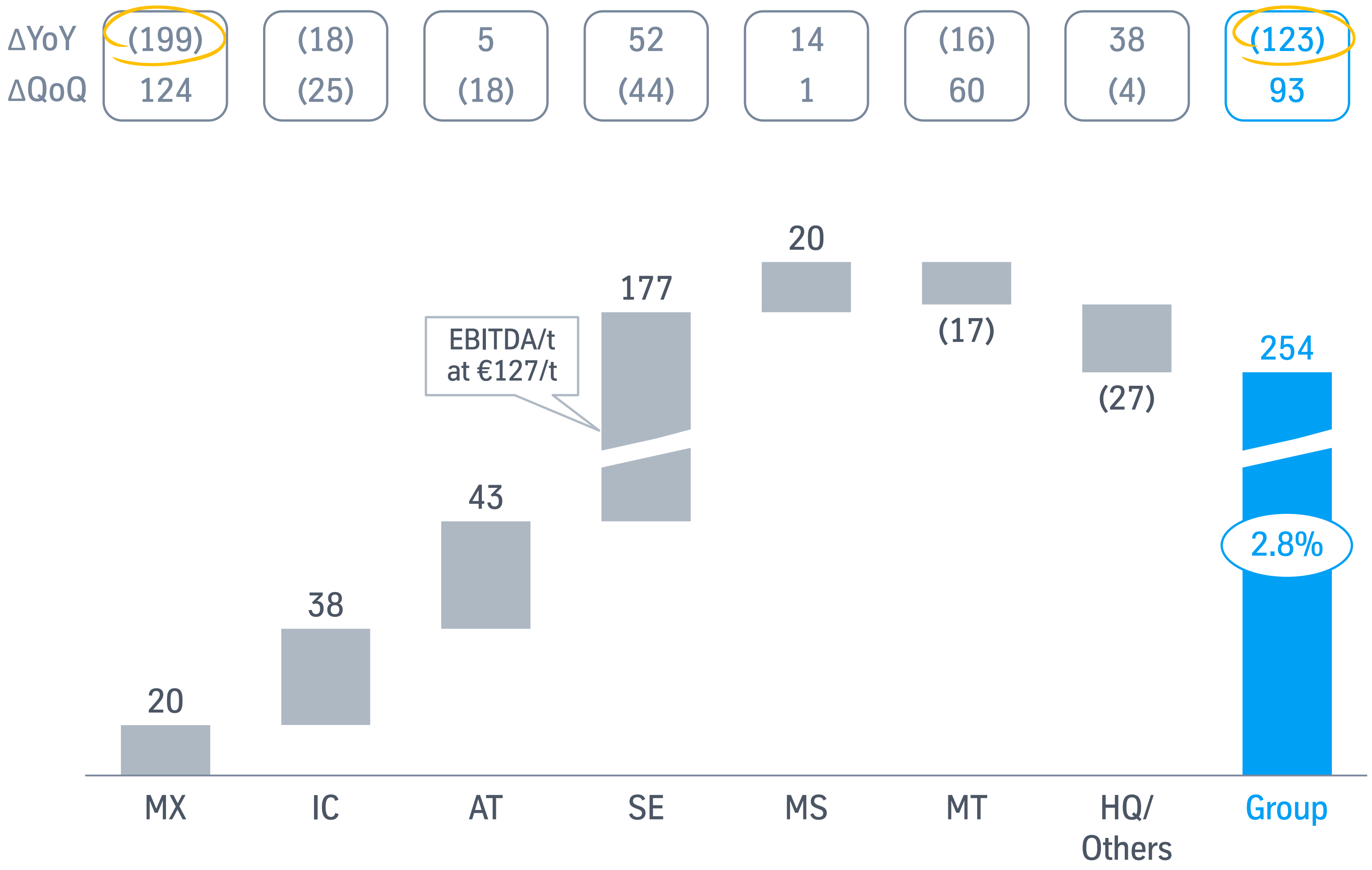
- Robust top-line development: Higher sales of almost all other businesses offset by sale of AST

- 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)

Price normalization YoY at MX offsetting higher earnings contribution by AT, SE and MS

Q1 EBIT adj. [€ mn]



Margin

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 CO_2 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

Management view on the quarters to come in FY 22/23

Q1 in line with our forecast

Q2 determined by SE (renewed contract prices / still high cost (moving avg.) level)

Q3 and Q4 with progressing EBIT adj. and +ve FCF bef. M&A

Q1 | Q2 | Q3E and Q4E

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

Q3E and Q4E with sig. step up in earnings and cash generation

- 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

Outlook FY 22/23 confirmed

GDP assumptions 2023[1]:

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

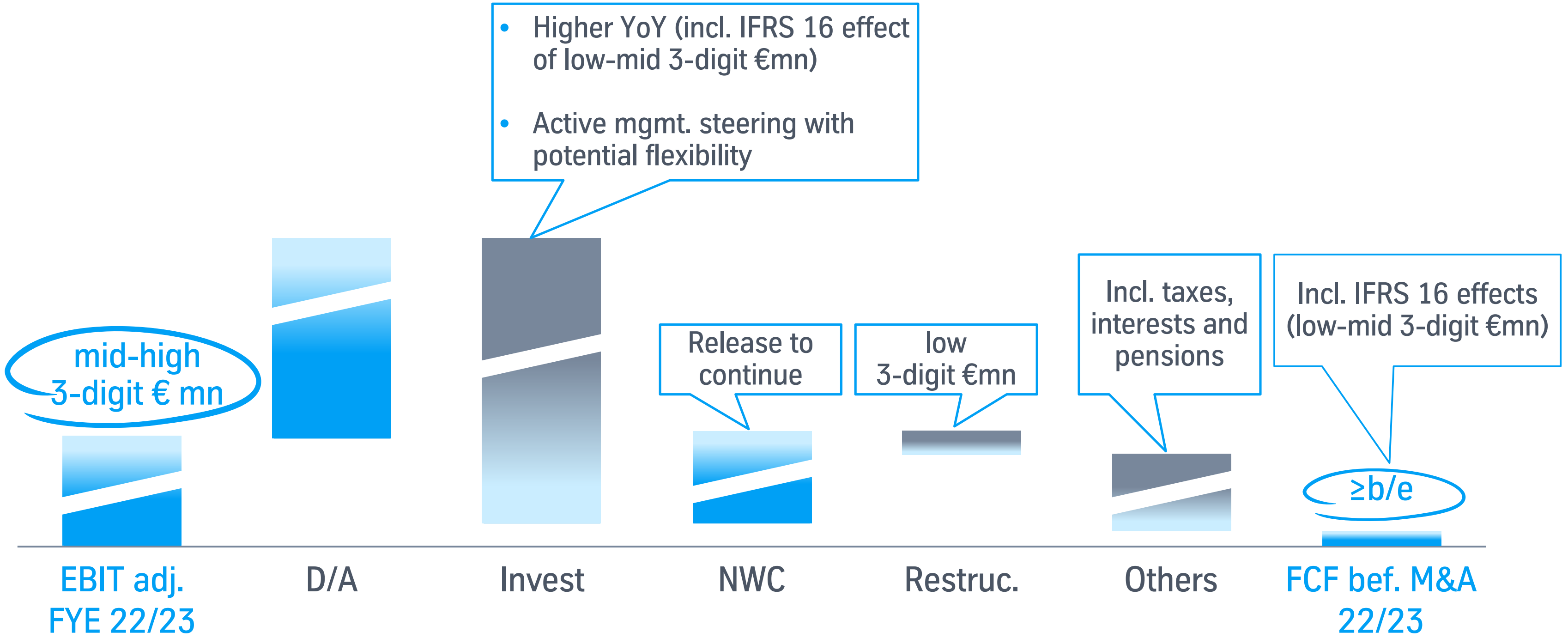
	Act FY 21/22	Outlook FY 22/23	Q1	Q2E
Sales	€41.1 bn	Sig. decrease	€9.0 bn	↗
EBIT adj.	€2.1 bn	Mid to high 3-digit € mn range • Normalization of material prices at MX and SE • Higher factor costs • Improvements at AT and MT	€254 mn	↘
EBITDA adj.	€3.0 bn	D/A of ~€1 bn to be considered	€477 mn	↘
FCF bef. M&A	€(0.5) bn	At least b/e	€(365) mn	→

"broadly stable"
Q1/Q2 shift of pre-payments has to be considered

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

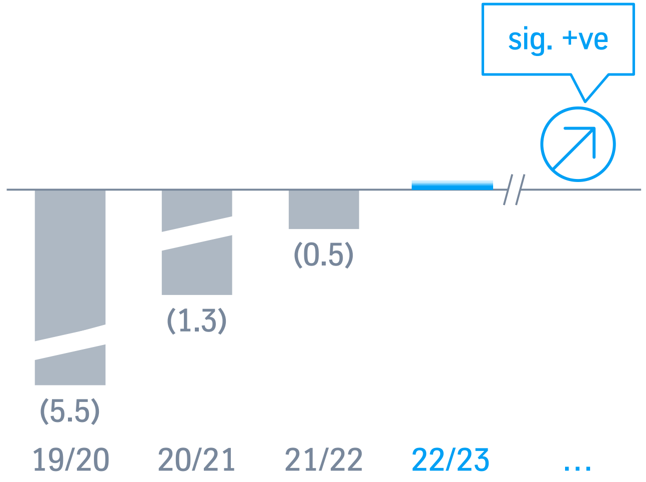
FCF bef. M&A: Improvement to at least b/e as highest priority in FY 22/23

[€ 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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