

thyssenkrupp Materials Services with strategic investments in growth market North America

- Strengthening the "Materials as a Service" strategy with investments of more than 70 million euros
- Creation of additional capacity to meet growing demand from the manufacturing industries at various locations across the US
- Set-up of a greenfield steel service center in Texas

thyssenkrupp Materials Services is significantly expanding its North American business and investing in several states in one of its core markets. The focus is on the sustainable expansion of the significantly growing and high service-oriented business. In its customer-focused service portfolio and supply chain business, the biggest mill-independent materials distributor and service provider in the western world is exploiting the market potential for expansion as well as for the implementation of new, scalable business models. "Demand for our products but especially for our services is high and has grown strongly in recent years," says Martin Stillger, Chairman of the Board of Management of Materials Services. "We now want to use our affinity for services in particular to improve our market position even further – if possible also with further acquisitions. Today we are already number 3 in America. That is not enough for us."

Business in North America alone accounts for around 25 percent of total sales of Materials Services. With 94 service centers and more than 4,000 employees, Materials Services already has a strong, nationwide network that serves more than 55,000 customers with precision fit. These include, for example, various Fiat/Chrysler plants with around 70,000 parts a day from three "just in sequence" delivery centers.

Investments in service businesses open up new market opportunities

Materials Services is investing over €70 million in the expansion of its service business. In addition to new capacities at their sites in Alabama, Wisconsin, and Tennessee, a completely new service center in Texas will play a particularly important role for this: In Sinton, Texas, the company is building a service center on the recently constructed production site of Steel Dynamics, Inc., an American steel producer. Among other things, thyssenkrupp Materials Services will in the future manage the supply chain between the steel plant and individual OEMs – in particular for the automotive industry. The investment of around €28 million includes a building with an area of 14,000 m² and processing equipment for slitting and cut-to-length.

The other expansions will also help to further strengthen the company's position as a preferred strategic partner for the automotive industry: capacities at their steel service center in the southern USA are being doubled. The service center in Woodstock, Alabama, supplies around 60 North American suppliers to

international automotive manufacturers and customers from the household appliance and HVAC sectors. Growth here has risen significantly in the last five years, and existing customers have already announced the prospect of further substantial production increases in the coming period.

In the USA Midwest, in Wisconsin, Materials Services is expanding its processing capabilities for the sheet metal sector to better meet growing customer demand from the commercial and residential kitchen equipment sectors, and truck and truck equipment markets. This will achieve a significant increase in processing volumes, sustainably enhance value added and significantly optimize overall process control.

At the site in Memphis, Tennessee, the range of supply chain services is being further expanded. In the coming years, the supply chain experts there will design a logistics hub for further cooperation with TK Elevator that will enable the seamless tracking of the flow of goods to the end of the supply chain.

"Our extensive expertise enables us to integrate increasingly deeply into our customers' supply chains. A competitive advantage that will benefit us all the more as in the future more than ever there will be a need for secure flexibility and even faster response times to unforeseeable developments," says Ilse Henne, member of the Executive Board of thyssenkrupp Materials Services and Chief Transformation Officer.

Expansion of the digital offering and development of new business models

The range of digital services including various e-commerce offerings in the distribution business is also being continuously expanded. At the beginning of the year Materials Services added a new component to its service solutions: Via the e-commerce portal ready2co.com it is now possible to rent offices, individual desks or even conference rooms and storage space at their 60 locations in the USA. In addition, services such as materials handling, returns processing or other easily accessible logistics services are also available. In this way, Materials Services achieves even more efficient utilization of its own resources. Free space can be found and reserved via the website, and booking is flexible and demand-based without long-term contracts.

"The successful further development of our business in North America shows that we are on a progressive path with the implementation of our 'Materials as a Service' strategy – the smart networking of the retail and service business," says Ilse Henne. "'Connecting smarter' is our mission statement for the future. We want to shape the materials supply chains of tomorrow, and to do this we are also taking what at first glance appear to be unusual paths.

About thyssenkrupp Materials Services

With around 480 locations – 271 of them warehousing locations – in over 40 countries, thyssenkrupp Materials Services is the biggest mill-independent materials distributor & service provider in the western world. The wide-ranging capabilities offered by the materials experts enable customers to concentrate more on their individual core business and span two strategic areas: global materials distribution as a

one-stop-shop – from steel, tubes and pipes, nonferrous metals and specialty materials to plastics and raw materials – and tailored services in the areas of materials management and supply chain management. An extensive omni-channel architecture offers 250,000 customers worldwide round-the-clock access to more than 150,000 products and services. A high-performance logistics system ensures that all deliveries are integrated smoothly into customer production processes on a just-in-time or just-in-sequence basis.

Image material is available for download here (Copyright: thyssenkrupp Materials Services):
https://transfer.thyssenkrupp.com/public/d124064t_4d1288cf9bf7b8eb40b1be/

Media contact:

Lars Bank
thyssenkrupp Materials Services
Head of External & Internal Communications Segment Materials Services
Email: lars.bank@thyssenkrupp-materials.com
Phone: +49 (201) 844-534416