

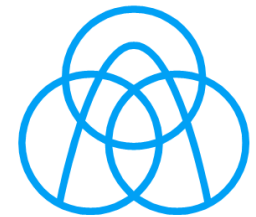
Charts on Q2 2018/19

Facts & Figures

Ticker: TKA (Share) TKAMY (ADR)

May 2019

engineering.tomorrow.together.



thyssenkrupp

Highlights of new Group Strategy and financials

newtk
-
disruptive
approach for
the new
thyssenkrupp

- **Performance First** – rigorous performance focus; FCF bef. M&A of $\geq\text{€}1$ bn for FY 20/21
- **Flexible Portfolio** – stringent value focus; next step: **Elevator IPO**
- **Efficient Organization** – Corporate center cost reduction to $<\text{€}200$ mn;
6,000 FTE reduction – agreement with IGM and employee representatives achieved

Q2
Financials

- **Order intake growth** at CT, ET and IS underlining FY growth ambitions – ET with new record high in order backlog¹
- **EBIT adj. with macro headwinds** for CT (auto) and Materials, not fully offset by management initiatives
- **FCF bef. M&A – positive**, driven by NWC release at MX and improvements in ET

FY
Outlook
Group

- **Revision** of Group outlook, driven by
 - reintegration of Steel Europe as of Q3
 - macro headwinds, in particular at auto and materials businesses related

1. Order backlog excluding Service



Group separation no longer the best option

Financials

- Weaker economic fundamentals with effects on current business development
- Share price also under pressure reflecting doubts on rationale for separation
- Tight B/S further burdened by payment for cartel investigation settlement

Portfolio

- Expected veto of Steel JV and reintegration of Steel Europe lead to reassessment of Group portfolio

*Fundamental
revision of
strategy*



FLEXIBLE PORTFOLIO to maximize performance and value by business-specific ownership structures

PERFORMANCE FIRST



Value-driven exploitation of consolidation opportunities

SE and MX

- **Steel Europe:**
 - Focus on efficient repositioning
 - Consolidation still sensible, but on a large scale currently not possible (EU Commission)
- **Materials Services:** Assessing consolidation options

Majority Stake



Value-driven development

CT (auto), IS, MS, BG & FT

- **CT (auto):** Development of a strong automotive business
- **Industrial Solutions:** Focus on turnaround
- **Open to new, value creating options:** partnerships and combinations in respective markets (also for business units)

Open for different ownership structures incl. Minority Stakes



Value realization and cristallization

ET

- **Start of IPO process for Elevator:**
 - Financial headroom for Group restructuring
 - Catalyst for additional performance improvement of ET
 - Elevator shares as „currency“ for further development of ET

IPO



PERFORMANCE FIRST

- Leverage business USP into a leading market position and benchmark profitability
- FCF bef. M&A target of \geq €1 bn in FY 20/21 confirmed
- Reduction of 6,000 jobs over the next 3 years to support performance targets
- Performance driven culture with respective incentive schemes

FLEXIBLE PORTFOLIO

- Majority-owned Materials businesses (SE and MX); consolidation opportunities
- Open for different ownership structures; value-driven development of CT-Auto, IS, MS, Bearings & Forged
- IPO of ET – value realization and cristallization, faster performance improvement

PEOPLE-CENTRIC & EFFICIENT ORGANIZATION

- Comprehensive definition of a new leadership structure and development of employees
- Stronger entrepreneurial spirit in our businesses in accordance with our values
- Leadership through lean Corporate center with costs $<$ €200 mn



Order intake¹ growth yoy at CT, ET and IS underlining FY growth ambitions [€ mn]

	17/18 Q2	18/19 Q1	18/19 Q2	yoy	yoy (ex FX ²)
Components Technology (CT)	1,665	1,653	1,781	7%	5%
Elevator Technology (ET)	1,873	2,143	1,995	7%	4%
Industrial Solutions (IS)	670	940	740	10%	11%
Marine Systems (MS)	255	107	133	-48%	-49%
Materials Services (MX)	3,776	3,370	3,821	1%	0%
Steel Europe (SE)	2,484	2,341	2,451	-1%	-2%
Group³	10,219	10,111	10,360	1%	0%
Discontinued Steel Operations ⁴	2,062	1,980	1,998	-3%	n.a.
Continuing Operations	8,156	8,131	8,363	3%	1%

- **CT:** Industry components higher; automotive components stable, new orders by ramp-up of new plants compensate overall slowdown
- **ET:** Positive trend in Modernization & Service across all regions; NI growth in China
- **IS:** Continued good demand at Mining and recovery at Chemical plants (fertilizer orders from Egypt and Poland to become effective in Q3)
- **MS:** Service & Maintenance contracts; strong order funnel for FY 18/19 (frigates for N. Africa – in advanced status) and beyond⁵
- **MX:** Sig. lower volumes esp. in Europe nearly compensated by higher average prices
- **SE:** Significantly lower volumes nearly compensated by higher average steel prices in contract business

1. Prior-year figures have been adjusted due to the adoption of IFRS 15 | 2. Adjusted for FX and portfolio effects | 3. Incl. Corp./Cons Q2 17/18: (505); Q1 18/19 (444); Q2 18/19 (561) | 4. Including Steel Europe, thyssenkrupp MillServices & Systems GmbH from Materials Services and in the prior year individual Corporate companies | 5. Preferred bidder for 4 corvettes for Brazil (in consortium with Embraer Defense & Security and Atech) as well as 6 submarines for Norway/Germany



Sales¹

[€ mn]

	17/18 Q2	18/19 Q1	18/19 Q2	yoy	yoy (ex FX ²)
Components Technology (CT)	1.646	1.580	1.726	5%	3%
Elevator Technology (ET)	1.754	1.923	1.869	7%	4%
Industrial Solutions (IS)	956	840	950	-1%	-1%
Marine Systems (MS)	291	298	497	70%	70%
Materials Services (MX)	3.890	3.388	3.696	-5%	-6%
Steel Europe (SE)	2.388	2.131	2.350	-2%	-2%
Group³	10.442	9.736	10.638	2%	0%
Discontinued Steel Operations ⁴	1.999	1.794	1.984	-1%	n.a.
Continuing Operations	8.443	7.942	8.654	2%	1%

- **CT:** Sales mirror order intake; China and Western Europe with weaker demand for auto components
- **ET:** Growth driven by new installation in USA, modernization in Europe as well as by service in all major regions
- **IS:** Chemical plant construction with progress on major projects in Hungary and Brunei, offset by decrease at Cement
- **MS:** Significantly up due to higher progress on especially submarine projects
- **MX:** Down due to sig. lower volumes esp. in auto-related service centers and global materials trading
- **SE:** Higher average selling prices in all products and end user sectors more than compensated by significant lower volumes

1. Prior-year figures have been adjusted due to the adoption of IFRS 15 | 2. Adjusted for FX and portfolio effects | 3. Incl. Corp./Cons Group Q2 17/18: (484); Q1 18/19 (424); Q2 18/19 (451) | 4. Including Steel Europe, thyssenkrupp MillServices & Systems GmbH from Materials Services and in the prior year individual Corporate companies



EBIT adj.¹ – with headwinds for CT (auto) and Materials, not fully offset by management initiatives [€ mn]

	17/18 Q2	18/19 Q1	18/19 Q2	yoy
Components Technology (CT)	90	49	69	-23%
Elevator Technology (ET)	204	204	198	-3%
Industrial Solutions (IS)	(14)	(23)	(33)	--
Marine Systems (MS)	(9)	0	0	++
Materials Services (MX) ²	100	22	53	-47%
Steel Europe (SE)	197	38	37	-81%
Corporate	(81)	(77)	(72)	11%
Consolidation	9	119	100	++
Group	495	333	353	-29%
Discontinued Steel Operations ³	211	165	141	-33%
Continuing Operations	283	168	212	-25%

Incl. reversal of regular depreciation charges at SE⁴:
Q2 18/19 ~€113 mn
Q1 18/19 ~€115 mn

- **CT:** Weaker demand for auto components in China and Western Europe; Springs & Stabilizers still negative (low 2-digit € mn)
- **ET:** Continued pricing pressure and material cost/tariff development mainly in US
- **IS:** Lower margin projects, slight improvement in H2 expected; turnaround program implemented: new org. structure up and running, SG&A cost reduction, improved project execution underway
- **MS:** Improvement due to higher sales; still low margins on billed projects
- **MX:** Lower shipments and margin pressure particularly in Europe esp. in warehousing in Germany and auto-related service centers; positive one-offs
- **SE:** Higher personnel expenses (after new collective agreement); higher raw material cost; lower shipments in particular with auto OEMs
- **Corp.:** Further reduction of G&A costs and positive one-offs

1. Prior-year figures have been adjusted due to the adoption of IFRS 15 | 2. Adj. EBIT of Continuing Operations of MX in Q2 17/18 €97 mn, Q1 18/19 €21 mn, in Q2 18/19 €52 mn | 3. Including Steel Europe, reversal of regular depreciation charges at SE, thyssenkrupp MillServices & Systems GmbH from Materials Services and in the prior year individual Corporate companies | 4. Following discontinued operations classification since July 1st, 2018



Special Items - continued focus on restructuring and future margin upside

[€ mn]

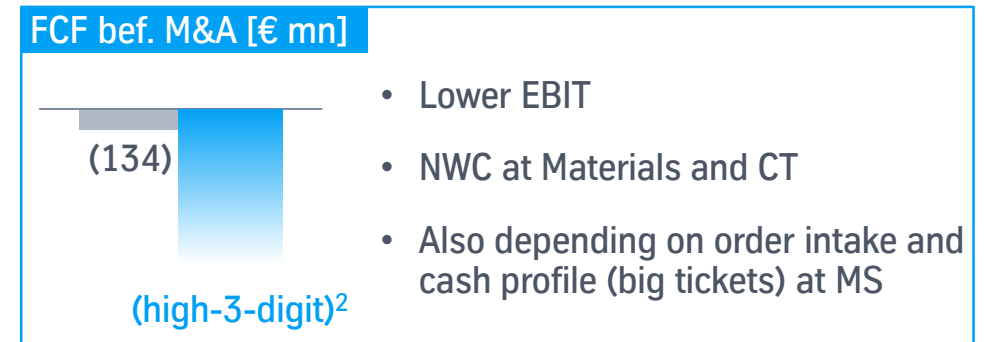
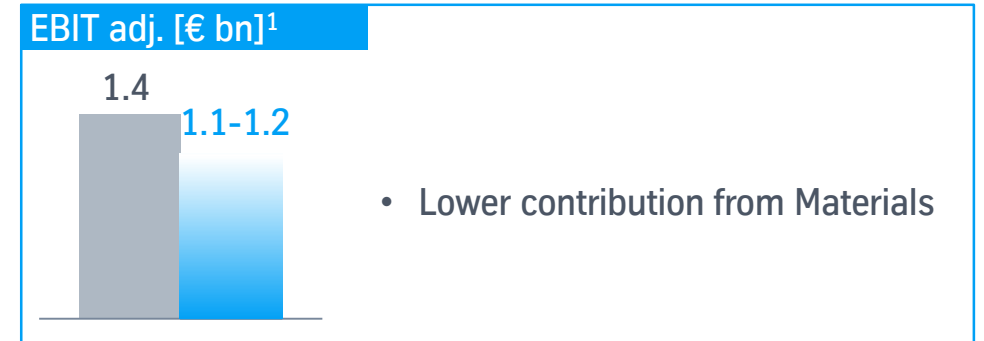
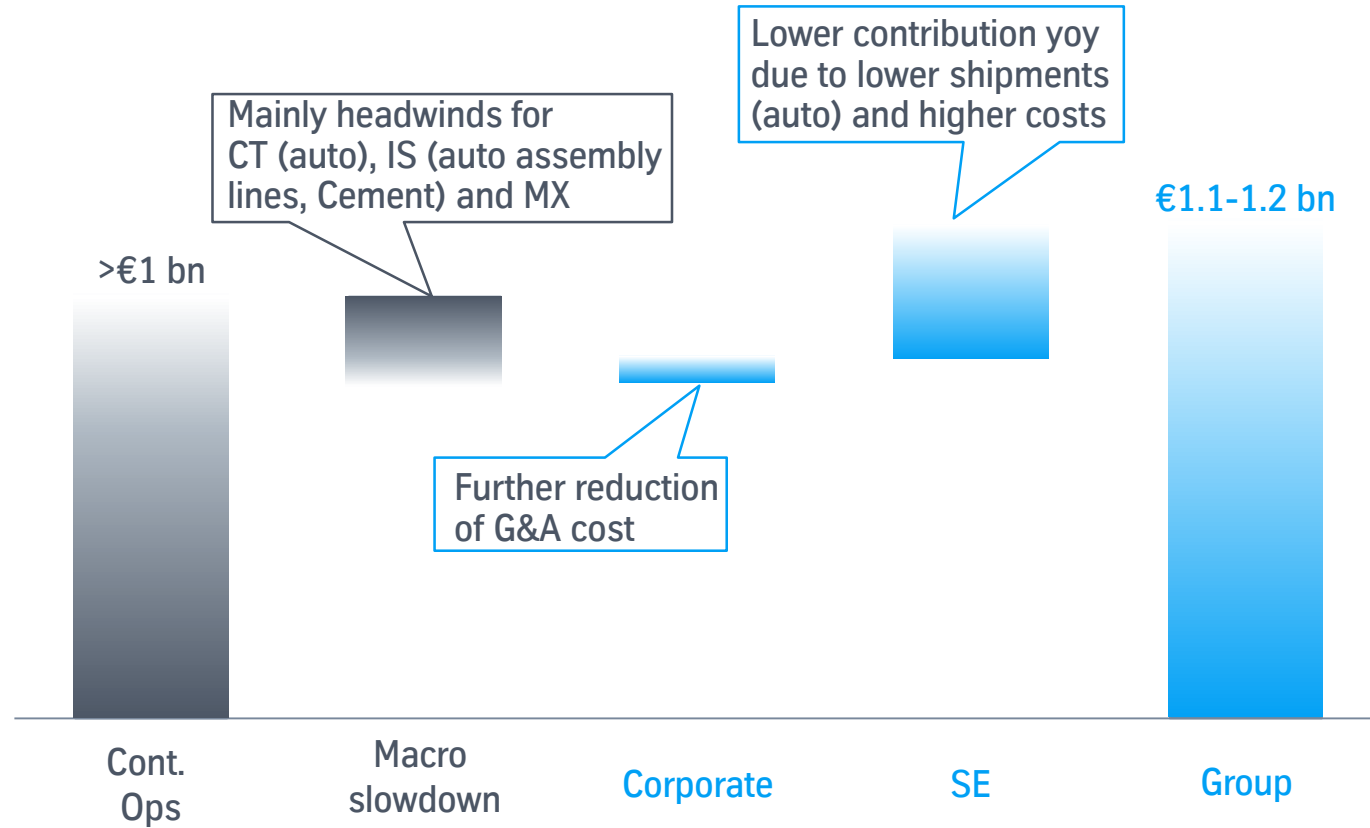
Business Area	2017/18				FY	2018/19		
	Q1	Q2	Q3	Q4		Q1	Q2	
CT	Disposal effect							
	Impairment			(1)	(11)	(12)	(1)	(2)
	Restructuring	(2)		(2)	(2)	(6)		
	Others		(4)	(28)	(27)	(59)	(4)	(8)
ET	Disposal effect						1	
	Impairment		(3)		(6)	(9)		
	Restructuring	(14)	(8)	(9)	(9)	(40)	(3)	(22)
	Others	(5)	(7)	(6)	(25)	(43)	(3)	(7)
IS	Disposal effect							
	Impairment			(3)	(1)	(4)		
	Restructuring	(2)		(1)	33	30	(2)	(1)
	Others		(20)	2	(8)	(26)	(5)	5
MS	Disposal effect							
	Impairment							
	Restructuring			(1)	16	15		
	Others				(3)	(3)		
MX	Disposal effect							
	Impairment			(1)	(1)	(2)		
	Restructuring		(6)	(5)	(7)	(18)	(3)	(2)
	Others	(2)	(4)	(3)	(18)	(27)	2	
SE	Disposal effect			11	8	19	(4)	(20)
	Impairment				(1)	(1)		
	Restructuring			1	1	2	(1)	(1)
	Others				(235)	(235)	1	(134)
Corp.	Disposal effect	5	(10)	(37)	(9)	(51)	(12)	(26)
	Impairment				(1)	(1)		
	Restructuring	(1)	(1)	(2)	(7)	(11)	(1)	(3)
	Others	(1)	(4)	(3)	(17)	(25)	(1)	17
Consolidation								(3)
Group	(22)	(66)	(88)	(330)	(507)	(36)	(207)	

Comments on Q2

- Expenses for repairs after flooding in Brazil and subsequent closure costs
- Restructuring & Reorganization in Europe and the Americas
- Income from liquidation of a company
- Acquisition of IT infrastructure from Corporate
- Costs in connection with carve-out
- Provisions for cartel proceedings
- Mainly project expenses in connection with the planned steel joint venture and the repositioning of the Group
- Transfer of IT infrastructure to Steel Europe



Group Outlook now incl. Steel Europe – macro slowdown with effects on operational performance



1. Like-for-like EBIT adj. FY 17/18 (post regular depreciation charges at SE in Q4) | 2. Potential cash out for cartel proceedings at Steel Europe not yet considered



Revision of FY outlook incl. reintegration of SE

[€ mn]	Q3 17/18	Q3E 18/19	FYE 18/19 – EBIT adj. ¹
CT	100	↘	Despite weakening auto sector, sales up low single-digit and slight improvement in margin , reflecting in particular the absence of additional expenses for quality-related risk provisions and the further ramp-up of new plants, supported by efficiency and restructuring programs
ET	217	↗	Sales up mid-single digit and EBIT adj. margin stable ; affected by effects of materials price movements – particularly in China – and scale of impact from tariffs on imports of materials to the USA
IS	(106)	↗	Depending on order intake – sig. recovery in sales (despite difficult market conditions, in particular at System Engineering (Auto) and Cement; EBIT adj. slightly better with further improvements in H2, supported by extensive turnaround and restructuring measures
MS	(107)	↗	Sig. recovery in order intake due to big tickets in final negotiation, in particular frigates from North Africa; EBIT adj. sig. improving towards break-even , supported by extensive performance program
MX	84	↘	Slowing economy as well as declining prices and volumes lead to a sig. lower adjusted EBIT
SE	227	↘	Slowing economy and declining prices and volumes , in particular in the auto sector leads to sig. lower adjusted EBIT
Corp.	(82)	→	Stable on prior year driven by continuing cost reductions; prior year impacted by positive one-timers
EBIT adj.	331	→	€1.1–1.2 bn driven by macro slowdown with effects on operational performance; supported by efficiency and restructuring programs
FCF b. M&A	(211)	→	Negative (high-3-digit), driven by lower EBIT and NWC build up at Materials and CT; also depending on order intake and cash profile (big tickets) at MS

1. Compared to FY 2017/18



Key financials (I)

[€ mn]

Full Group

	2017/18 ¹⁾					2018/19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Order intake	9,398	10,219	10,554	11,316	41,486	10,111	10,360
Sales	9,543	10,442	10,771	10,779	41,534	9,736	10,638
EBITDA	691	702	517	145	2,056	465	321
EBITDA adjusted	714	765	601	456	2,537	500	526
EBIT	426	428	243	(52)	1,045	296	145
EBIT adjusted	448	495	331	277	1,551	333	353
EBT	322	333	157	(144)	668	215	58
Net income/(loss)	93	250	(114)	(169)	60	145	(86)
attrib. to tk AG stockh.	81	240	(131)	(180)	8	136	(99)
Earnings per share ²⁾ (€)	0.13	0.38	(0.21)	(0.29)	0.01	0.22	(0.16)
Free cash flow	(1,535)	161	(199)	1,459	(115)	(2,477)	22
FCF before M&A	(1,549)	168	(211)	1,459	(134)	(2,477)	23
TK Value Added					(215)		
Ø Capital Employed	15,177	15,574	15,786	15,740	15,740	16,210	16,835
Cash and cash equivalents (incl. short-term securities)	3,548	3,663	3,267	3,012	3,012	2,303	2,947
Net financial debt	3,544	3,546	3,808	2,364	2,364	4,684	4,834
Equity	3,282	3,333	3,339	3,274	3,274	3,422	3,106

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Attributable to tk AG's stockholders



Key financials (II)

[€ mn]

Continuing Operations

	2017/18 ¹⁾					2018/19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Order intake	7,690	8,156	8,465	9,554	33,865	8,131	8,363
Sales	7,725	8,443	8,666	8,729	33,563	7,942	8,654
EBITDA	394	393	203	163	1,152	310	350
EBITDA adjusted	531	554	368	239	1,691	335	385
EBIT	236	226	36	(34)	465	142	174
EBIT adjusted	265	283	98	59	706	168	212
EBT	151	150	(30)	(107)	164	77	103
Net income/(loss) (net of tax)	(24)	125	(240)	(60)	(198)	58	(12)
attrib. to tk AG stockh.	(37)	117	(254)	(71)	(245)	51	(23)
Earnings per share ²⁾ (€)	(0.06)	0.19	(0.41)	(0.11)	(0.39)	0.08	(0.04)
Operating cash flow ³⁾	(902)	48	(227)	1,271	190	(1,485)	271
Cash flow from divestm.	18	14	23	11	66	14	26
Cash flow from investm.	(199)	(187)	(209)	(340)	(935)	(170)	(201)
Free cash flow ³⁾	(1,083)	(125)	(413)	942	(679)	(1,641)	96
FCF before M&A ³⁾	(1,097)	(118)	(425)	967	(673)	(1,641)	97
Employees	130,031	130,780	130,907	131,606	131,606	132,142	131,515

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Attributable to tk AG's stockholders | 3. Adjustment due to a change in the assessment of the allocation of cash flows between continuing and discontinued operations in Q2 & Q4 2017/18



Components Technology

[€ mn]

	2017/18 ¹⁾					2018/19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Order intake	1,578	1,665	1,696	1,656	6,595	1,653	1,781
Sales	1,564	1,646	1,717	1,683	6,610	1,580	1,726
EBITDA	157	169	151	(11)	466	130	149
EBITDA adjusted	158	172	182	18	529	134	157
EBIT	76	86	69	(110)	121	44	59
EBIT adjusted	77	90	100	(70)	197	49	69
EBIT adj. margin (%)	4.9	5.5	5.8	(4.2)	3.0	3.1	4.0
tk Value Added					(210)		
Ø Capital Employed	3,708	3,809	3,887	3,893	3,893	3,912	4,050
BCF ²⁾	(231)	(69)	(33)	263	(71)	(270)	(76)
CF from divestm.	1	0	2	1	4	5	1
CF for investm.	(128)	(113)	(123)	(158)	(523)	(111)	(114)
Employees	33,152	33,768	34,126	34,481	34,481	34,662	34,780

Current trading conditions

- Order intake at €1,781 mn (7% yoy, ex F/X +5%); sales at €1,726 mn (+5% yoy, ex F/X +3%)
 - Automotive: LV slightly higher yoy, mainly driven by ramp up new plants; China and Western Europe weaker, impacted by WLTP and customer uncertainties regarding Brexit
 - Industry: higher order intake and sales especially wind power; ongoing positive development heavy vehicles components in USA and Western Europe, but declining growth China and USA expected; construction equipment market remains positive
- EBIT adj. at €69 mn below prior year; higher ramp-up costs of new customer projects, softer demand for automotive components in China and Western Europe with flatter ramp-up curve of new plants and continued underperformance at Springs & Stabilizers

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Definition change (excl. Corporate mark)



Elevator Technology

[€ mn]

	2017/18 ¹⁾					2018/19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Order intake	1,959	1,873	1,981	2,039	7,853	2,143	1,995
Order backlog	4,923	4,984	5,127	5,068	5,068	5,325	5,555
Sales	1,844	1,754	1,937	2,016	7,552	1,923	1,869
EBITDA	222	211	223	210	866	220	192
EBITDA adjusted	240	225	238	250	953	225	220
EBIT	201	186	202	185	775	199	169
EBIT adjusted	220	204	217	224	865	204	198
EBIT adj. margin (%)	11.9	11.6	11.2	11.1	11.5	10.6	10.6
tk Value Added					689		
Ø Capital Employed	1,066	1,103	1,127	1,141	1,141	1,219	1,254
BCF ²⁾	18	200	141	264	623	45	218
CF from divestm.	1	2	1	1	4	2	0
CF for investm.	(23)	(26)	(30)	(35)	(113)	(23)	(33)
Employees	52,909	52,779	52,683	53,013	53,013	53,282	52,915

Current trading conditions

Order backlog (excl. Service) at c.€5.6 bn on new record level

Order intake in Q2 +7% yoy (ex FX +4%); Q2 growth driven by modernization and service across all regions and NI growth from China;

Sales in Q2 with growth (+7% yoy; ex FX +4%) driven by new installation in North America, modernization in Europe as well as by service in all major regions

Q2 EBIT adj. burdened by continued pricing pressure and material cost/tariff development mainly in Americas

Stable New installation market in all major regions; China with stable units and prices

Modernization: positive market development in Europe

Maintenance: stable in all major regions; most pronounced growth in China and India



Industrial Solutions

[€ mn]

	2017/18 ¹⁾				FY	2018/19	
	Q1	Q2	Q3	Q4		Q1	Q2
Order intake	788	670	883	2,200	4,541	940	740
Order backlog	5,116	4,657	4,686	5,792	5,792	5,922	5,732
Sales	835	956	815	1,027	3,633	840	950
EBITDA	19	(22)	(93)	18	(78)	(21)	(19)
EBITDA adjusted	21	(3)	(94)	(7)	(84)	(14)	(23)
EBIT	10	(33)	(107)	5	(125)	(31)	(30)
EBIT adjusted	13	(14)	(105)	(20)	(126)	(23)	(33)
EBIT adj. margin (%)	1.5	(1.4)	(12.9)	(1.9)	(3.5)	(2.8)	(3.5)
tk Value Added					(131)		
Ø Capital Employed	(64)	(28)	32	67	67	172	153
BCF ²⁾	(3)	(192)	(234)	150	(280)	(28)	(31)
CF from divestm.	0	2	0	4	6	1	
CF for investm.	(11)	(11)	(12)	(29)	(63)	(9)	(12)
Employees	15,841	15,916	15,794	15,717	15,717	15,656	15,661

Current trading conditions

Q2 order intake up from prior year mainly due to orders in chemical plant construction and mining

- Chemical plants: Improved market environment; further fertilizer plant orders in Egypt and Poland after reporting date confirm positive trend
- Mining: higher demand; extension for conveyor, stacker and reclaimer in Central Asia and power plant construction in India
- Cement: current market situation marked by overcapacities built up in recent years; smaller material packages
- System Engineering: stable demand for production systems for the auto industry, mainly in Europe and Asia, but with increasing uncertainties caused by Brexit, sector-specific economic risks and technology shift towards e-mobility

Q2 EBIT adj. lower yoy, mainly due to lower margins on projects billed; slight improvement expected for H2

Q2 BCF improved yoy from low base, however still negative due to negative earnings

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Definition change (excl. Corporate mark)



Marine Systems

[€ mn]

	2017/18 ¹⁾					2018/19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Order intake	58	255	170	165	648	107	133
Order backlog	6,046	6,016	5,764	5,493	5,493	5,300	4,944
Sales	256	291	440	403	1,389	298	497
EBITDA	10	1	(97)	16	(71)	12	12
EBITDA adjusted	10	2	(96)	3	(82)	12	12
EBIT	(1)	(10)	(108)	2	(117)	0	(0)
EBIT adjusted	(1)	(9)	(107)	(11)	(128)	0	(0)
EBIT adj. margin (%)	(0.3)	(3.2)	(24.4)	(2.7)	(9.2)	0.0	(0.0)
tk Value Added					(171)		
Ø Capital Employed	566	656	671	675	675	710	802
BCF ²⁾	(332)	(32)	3	(109)	(470)	(148)	(131)
CF from divestm.	0	0	0	0	0	1	0
CF for investm.	(7)	(7)	(9)	(36)	(59)	(8)	(9)
Employees	5,853	5,820	5,789	5,818	5,818	5,868	5,859

Current trading conditions

Q2 order intake with smaller maintenance and service contracts (amongst others for Atlas Elektronik)

Q2 EBIT slightly up yoy due to higher sales from progress in submarine projects

Q2 BCF burdened from unfavorable cash profile of backlog projects



Volume KPI's of Materials Businesses

			2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18				2018/19		
			FY	FY	FY	FY	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
MX	Total shipments	kt	10,868	10,669	13,615	13,421	12,605	10,966	2,701	2,946	2,869	2,580	11,096	2,376	2,672
	Warehousing shipments ¹	kt	5,470	5,300	5,592	5,532	5,518	5,686	1,347	1,580	1,531	1,486	5,944	1,338	1,568
	Shipments AST ²	kt	-	-	537	747	848	853	217	247	227	199	890	192	229
SE	Crude Steel	kt	11,860	11,646	12,249	12,392	12,021	12,060	3,076	2,930	3,010	2,823	11,839	2,821	2,902
	Steel Europe AG	kt	8,408	8,487	8,936	9,276	9,336	9,440	2,373	2,299	2,315	2,184	9,171	2,170	2,246
	HKM	kt	3,452	3,160	3,313	3,116	2,686	2,620	703	631	695	639	2,668	651	655
	Shipments	kt	12,009	11,519	11,393	11,725	11,174	11,433	2,722	2,893	2,904	2,782	11,302	2,401	2,699
	Cold-rolled	kt	7,906	7,437	7,137	7,182	7,048	7,169	1,669	1,804	1,806	1,715	6,995	1,543	1,718
	Hot-rolled	kt	4,103	4,082	4,256	4,543	4,126	4,265	1,054	1,089	1,098	1,067	4,307	859	981
	Average Steel revenues per ton ³		139	127	119	114	107	122	127	130	135	136	132	139	137
	USD/EUR	Aver.	1.30	1.31	1.36	1.15	1.11	1.10	1.18	1.23	1.19	1.16	1.19	1.14	1.14
	USD/EUR	Clos.	1.29	1.35	1.26	1.12	1.12	1.18	1.20	1.23	1.17	1.16	1.16	1.15	1.12

1. Excl. AST/VDM shipments | 2. Included at MX since March '14 | 3. Indexed: Q1 2004/05 = 100



Materials Services¹⁾

[€ mn]

	2017/18 ²⁾					2018/19	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Order intake	3,363	3,776	3,818	3,587	14,544	3,370	3,821
thereof Special Materials	410	536	520	400	1,866	401	489
Sales	3,288	3,890	3,846	3,681	14,705	3,388	3,696
thereof Special Materials	438	511	496	426	1,870	390	463
EBITDA	76	116	102	83	377	49	79
EBITDA adjusted	78	126	111	109	424	50	81
thereof Special Materials	32	30	27	25	114	16	6
EBIT	49	90	75	56	270	22	51
EBIT adjusted	52	100	84	82	317	22	53
thereof Special Materials	23	21	18	16	79	7	(4)
EBIT adj. margin (%)	1.6	2.6	2.2	2.2	2.2	0.7	1.4
thereof Special Materials	5.3	4.2	3.7	3.8	4.2	1.8	(0.8)
tk Value Added					(19)		
Ø Capital Employed	3,700	3,690	3,673	3,620	3,620	3,782	3,897
BCF ³⁾	(259)	314	(65)	625	615	(879)	417
thereof Special Materials	(24)	66	(12)	72	101	(134)	18
CF from divestm.	16	2	17	3	39	1	17
CF for investm.	(15)	(25)	(26)	(47)	(113)	(18)	(36)
Employees	19,981	20,107	20,148	20,273	20,273	20,378	20,302

Current trading conditions

Sales in Q2 below prior year level: positive trend in North America outweighing demand fall in Europe; declining volumes in auto-related SSC and global materials trading; volumes at AST significantly down yoy

EBIT adj. in Q2 significantly down yoy: margin pressure from declining prices particularly in warehousing and distribution, partly compensated from real estate disposal and partial transfer of direct-to-customer business to BA Steel Europe; AST with negative earnings contribution due to price trend in stainless steel and continuing import pressure; extensive package of measures under way to stabilize earnings



Steel Europe

[€ mn]

	2017/18 ¹⁾				FY	2018/19	
	Q1	Q2	Q3	Q4		Q1	Q2
Order intake	2,071	2,484	2,475	2,127	9,157	2,341	2,451
Sales	2,181	2,388	2,492	2,408	9,470	2,131	2,350
EBITDA	269	302	343	(20)	894	147	(6)
EBITDA adjusted	269	303	332	206	1,110	152	149
EBIT	162	196	239	(127)	470	34	(118)
EBIT adjusted	163	197	227	101	687	38	37
EBIT adj. margin (%)	7.5	8.2	9.1	4.2	7.3	1.8	1.6
tk Value Added					(1)		
Ø Capital Employed	5,446	5,571	5,605	5,544	5,544	5,307	5,498
BCF ²⁾	(396)	319	258	603	783	(832)	(52)
CF from divestm.	(1)	(1)	9	(0)	6	11	0
CF for investm.	(88)	(83)	(79)	(193)	(442)	(94)	(117)
Employees	27,478	27,255	27,090	27,764	27,764	27,613	27,882

Excl. reversal of regular depreciation charges at SE³⁾:
 Q2 18/19 ~€113 mn
 Q1 18/19 ~€115 mn

Current trading conditions

- EU carbon flat steel market with economic slowdown yoy in first three months of 2019, mainly driven by:
 - increasing geopolitical and foreign trade tensions and uncertainties
 - market environment remains extremely challenging (continuing global overcapacities, risks from trade imbalances, highly volatile raw material prices)
 - further sharp increase in imports (especially up excl. other 3rd countries particularly Turkey, Russia, Ukraine)
- Sales down yoy, higher average selling prices in all products and end user sectors more than compensated by significant reductions in shipments (2.7 mt vs prior year: 2.9 mt), affecting practically all end customer groups, in particular Automotive
- EBIT adj.: sig. lower yoy; higher personnel expenses (after new collective bargaining agreement); increased raw material cost and lower shipments; de-risking by settlement of German cartel investigations due to increase of existing provision by slightly more than €100 mn

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Definition change (excl. Corporate mark) | 3. Following discontinued operations classification since July 1st, 2018



Corporate¹⁾

[€ mn]

	2017/18 ²⁾				FY	2018/19	
	Q1	Q2	Q3	Q4		Q1	Q2
EBITDA	(58)	(82)	(108)	(154)	(402)	(75)	(70)
EBITDA adjusted	(61)	(67)	(66)	(124)	(317)	(62)	(57)
EBIT	(72)	(97)	(124)	(174)	(466)	(91)	(84)
EBIT adjusted	(75)	(81)	(82)	(140)	(377)	(77)	(72)
BCF ³⁾	(115)	(119)	(92)	(121)	(447)	(112)	(125)
Employees	3,961	4,048	4,025	4,030	4,030	4,037	3,754

EBIT adj. includes:

- Corporate Headquarters: Corp. Functions; Executive Board tk AG; Group initiatives
- Regions: Regional headquarters; regional offices; representative offices
- Service Units: Global Shared Services “GSS”; Regional Services Germany; Corporate Services
- Special Units: Asset management of Group’s real estate; cross-business area technology projects; non-operating entities

EBIT adj. includes:

	Q2 17/18 vs. Q2 18/19	
• CorpHQ:	(61)	(51)
• Regions:	(11)	(5)
• Service Units:	(7)	(7)
• Special Units:	(2)	(7)

With continued cost reductions adjusted EBIT, which benefited in the prior year from positive nonrecurring items, expected to be level with the prior year.



Business Area Overview – Quarterly Order Intake

[€ mn]

	2017/18 ¹⁾				FY	2018/19	
	Q1	Q2	Q3	Q4		Q1	Q2
Components Technology	1,578	1,665	1,696	1,656	6,595	1,653	1,781
Elevator Technology	1,959	1,873	1,981	2,039	7,853	2,143	1,995
Industrial Solutions	788	670	883	2,200	4,541	940	740
Marine Systems	58	255	170	165	648	107	133
Materials Services	3,363	3,776	3,818	3,587	14,544	3,370	3,821
Steel Europe	2,071	2,484	2,475	2,127	9,157	2,341	2,451
Corporate	91	78	73	(52)	190	51	37
Consolidation	(510)	(583)	(542)	(407)	(2,042)	(495)	(598)
Full Group	9,398	10,219	10,554	11,316	41,486	10,111	10,360
Disc. steel operations	1,707	2,062	2,089	1,762	7,621	1,980	1,998
Group continuing operations	7,690	8,156	8,465	9,554	33,865	8,131	8,363

1. Figures have been adjusted due to the adoption of IFRS 15



Business Area Overview – Quarterly Sales

[€ mn]

	2017/18 ¹⁾				FY	2018/19	
	Q1	Q2	Q3	Q4		Q1	Q2
Components Technology	1,564	1,646	1,717	1,683	6,610	1,580	1,726
Elevator Technology	1,844	1,754	1,937	2,016	7,552	1,923	1,869
Industrial Solutions	835	956	815	1,027	3,633	840	950
Marine Systems	256	291	440	403	1,389	298	497
Materials Services	3,288	3,890	3,846	3,681	14,705	3,388	3,696
Steel Europe	2,181	2,388	2,492	2,408	9,470	2,131	2,350
Corporate	93	78	74	84	329	63	70
Consolidation	(517)	(562)	(550)	(524)	(2,153)	(487)	(521)
Full Group	9,543	10,442	10,771	10,779	41,534	9,736	10,638
Disc. steel operations	1,818	1,998	2,105	2,050	7,971	1,794	1,984
Group continuing operations	7,725	8,443	8,666	8,729	33,563	7,942	8,654

1. Figures have been adjusted due to the adoption of IFRS 15



Business Area Overview – Quarterly EBIT and Margin

[€ mn]

	2017/18 ¹⁾				FY	2018/19	
	Q1	Q2	Q3	Q4		Q1	Q2
Components Technology	76	86	69	(110)	121	44	59
%	4.9	5.2	4.0	(6.5)	1.8	2.8	3.4
Elevator Technology	201	186	202	185	775	199	169
%	10.9	10.6	10.4	9.2	10.3	10.3	9.0
Industrial Solutions	10	(33)	(107)	5	(125)	(31)	(30)
%	1.2	(3.4)	(13.2)	0.5	(3.5)	(3.6)	(3.1)
Marine Systems	(1)	(10)	(108)	2	(117)	0	(0)
%	(0.2)	(3.6)	(24.6)	0.6	(8.4)	0.0	(0.0)
Materials Services	49	90	75	56	270	22	51
%	1.5	2.3	2.0	1.5	1.8	0.6	1.4
Steel Europe	162	196	239	(127)	470	34	(118)
%	7.4	8.2	9.6	(5.3)	5.0	1.6	(5.0)
Corporate	(72)	(97)	(124)	(174)	(466)	(91)	(84)
Consolidation	(1)	9	(3)	111	116	119	97
Full Group	426	428	243	(52)	1,045	296	145
%	4.5	4.1	2.3	(0.5)	2.5	3.0	1.4
Disc. steel operations	190	202	207	(18)	580	155	(29)
Group continuing operations	236	226	36	(34)	465	142	174
%	3.1	2.7	0.4	(0.4)	1.4	1.8	2.0

Incl. reversal of regular depreciation charges at SE²⁾:
 Q2 18/19 ~€113 mn
 Q1 18/19 ~€115 mn

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Following discontinued operations classification since July 1st, 2018



Business Area Overview – Quarterly EBIT adj. and Margin

[€ mn]

	2017/18 ¹⁾				FY	2018/19	
	Q1	Q2	Q3	Q4		Q1	Q2
Components Technology	77	90	100	(70)	197	49	69
%	4.9	5.5	5.8	(4.2)	3.0	3.1	4.0
Elevator Technology	220	204	217	224	865	204	198
%	11.9	11.6	11.2	11.1	11.5	10.6	10.6
Industrial Solutions	13	(14)	(105)	(20)	(126)	(23)	(33)
%	1.5	(1.4)	(12.9)	(1.9)	(3.5)	(2.8)	(3.5)
Marine Systems	(1)	(9)	(107)	(11)	(128)	0	(0)
%	(0.3)	(3.2)	(24.4)	(2.7)	(9.2)	0.0	(0.0)
Materials Services	52	100	84	82	317	22	53
%	1.6	2.6	2.2	2.2	2.2	0.7	1.4
Steel Europe	163	197	227	101	687	38	37
%	7.5	8.2	9.1	4.2	7.3	1.8	1.6
Corporate	(75)	(81)	(82)	(140)	(377)	(77)	(72)
Consolidation	(1)	9	(3)	111	116	119	100
Full Group	448	495	331	277	1,551	333	353
%	4.7	4.7	3.1	2.6	3.7	3.4	3.3
Disc. steel operations	183	211	233	218	845	165	141
Group continuing operations	265	283	98	59	706	168	212
%	3.4	3.4	1.1	0.7	2.1	2.1	2.4

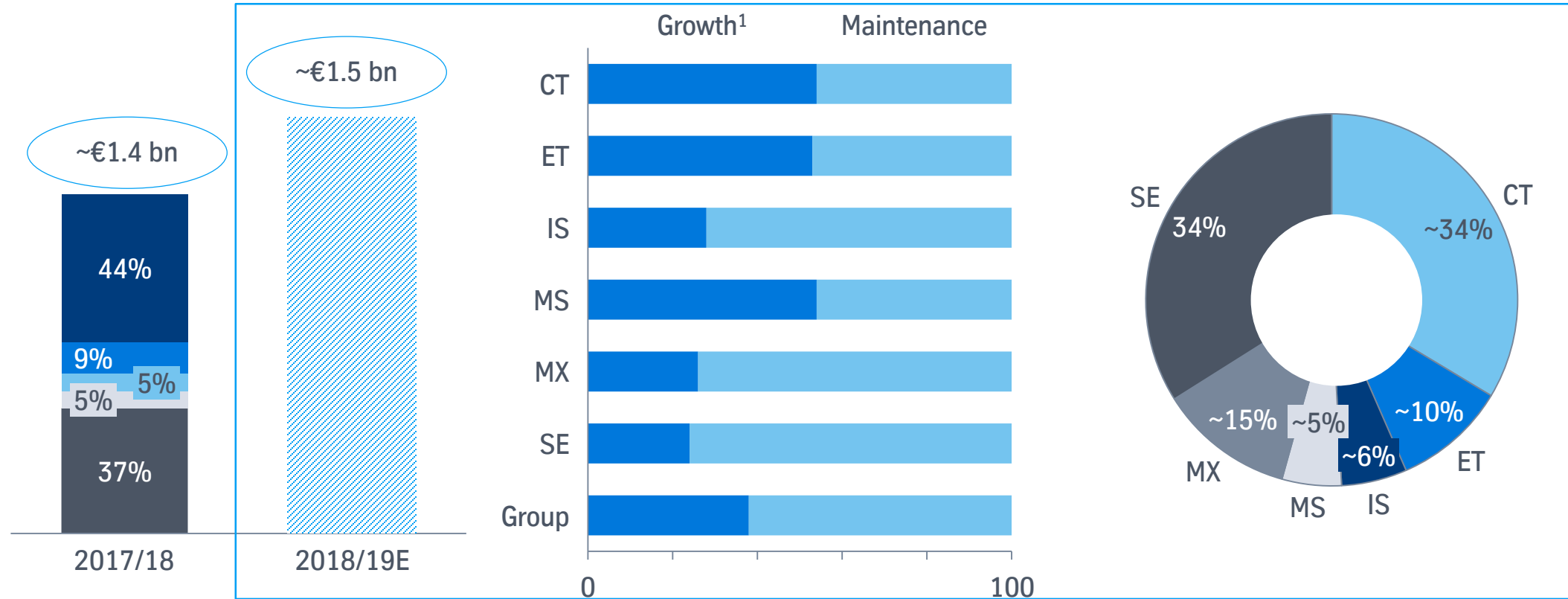
Incl. reversal of regular depreciation charges at SE²⁾:
 Q2 18/19 ~€113 mn
 Q1 18/19 ~€115 mn

1. Figures have been adjusted due to the adoption of IFRS 15 | 2. Following discontinued operations classification since July 1st, 2018



Capex allocation

Cash flows from investing activities

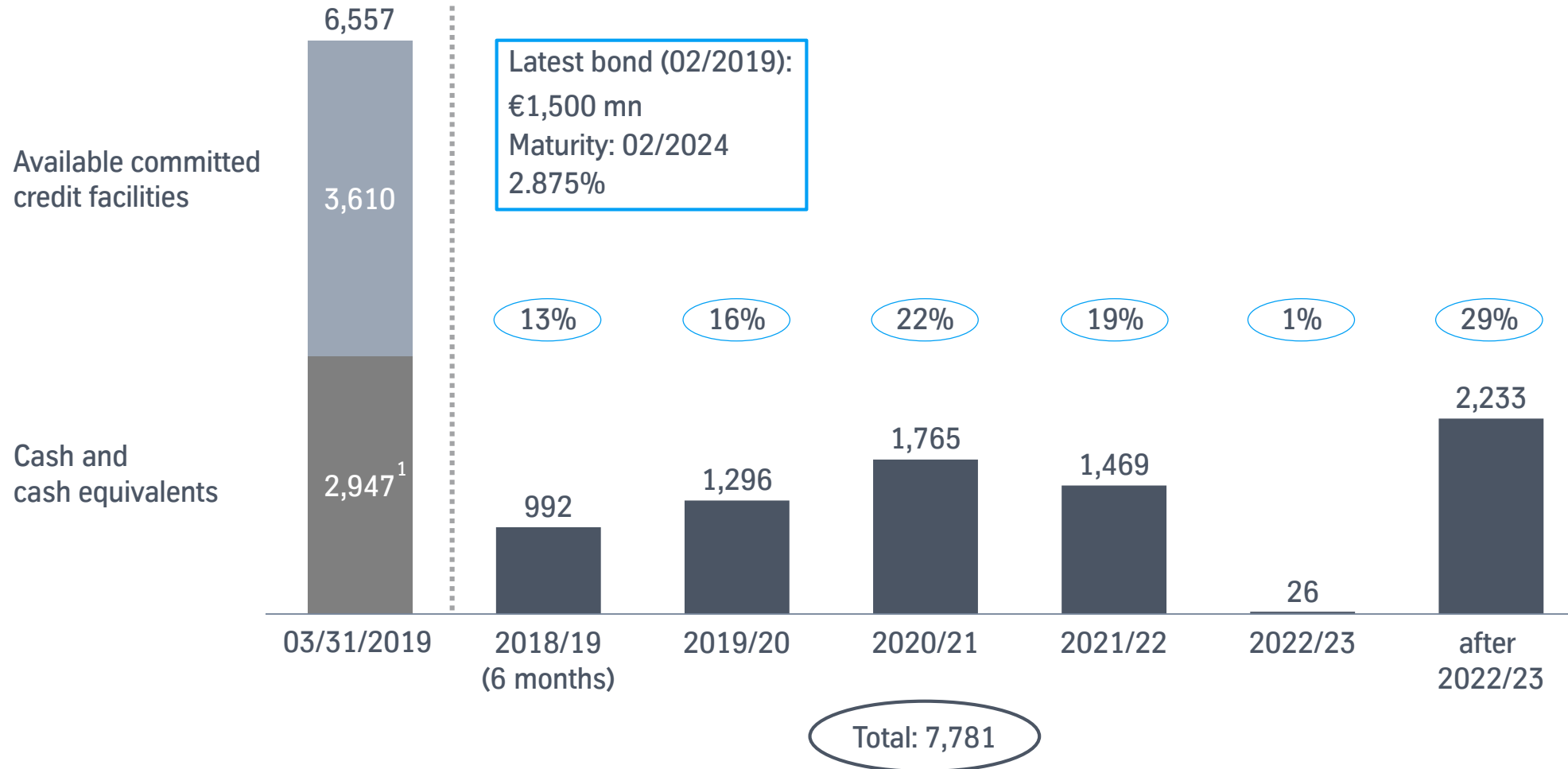


Note: Business Area shares referring to capex excl. Corporate; figures incl. rounding differences



Solid financial situation

Liquidity analysis and maturity profile of gross financial debt as of March 31, 2019 [€ mn]



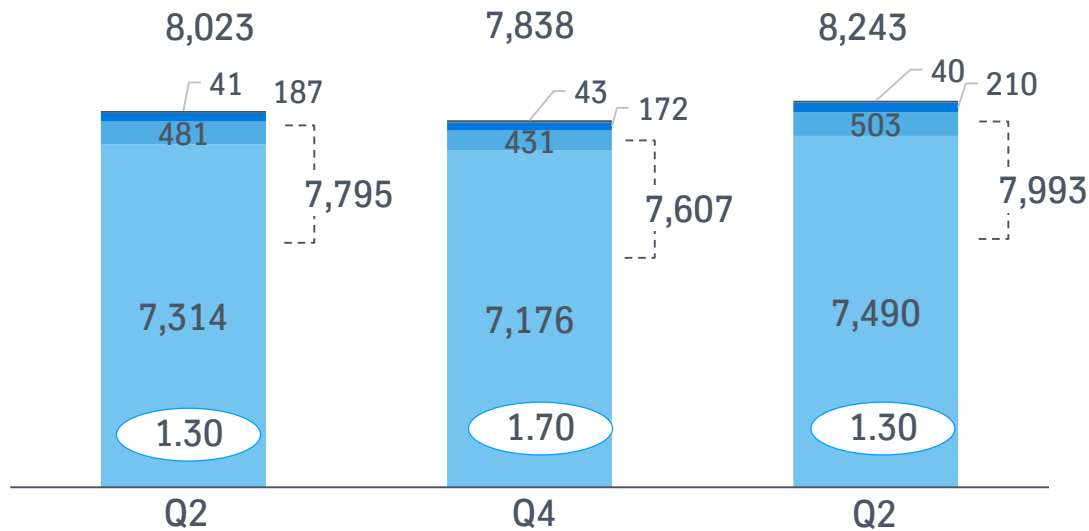
1. Incl. securities of €6 mn



Pensions: “patient” long-term financial debt with gradual amortization

[€ mn]

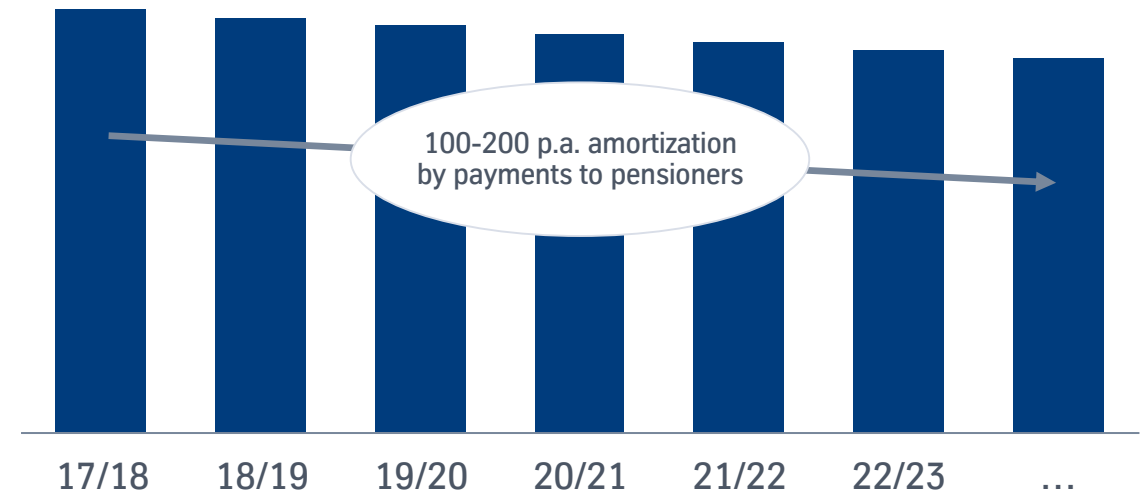
Accrued pension and similar obligations



Fluctuations in accrued pensions

- are mainly driven by increases / decreases in discount rates in Germany (>90% of accrued pensions in Germany)
- do not change payouts to pensioners
- do not trigger funding situation in Germany; and not necessarily funding changes outside Germany
- are recognized directly in equity via OCI

Development at unchanged discount rate (schematic)



- IFRS requires determination of pension discount rate based on AA-rated corporate bonds
- Pension discount rate significant lower than interest rates of tk corporate bonds
- >90% of accrued pensions in Germany; thereof ~63% owed to exist. pensioners (average age ~76 years)

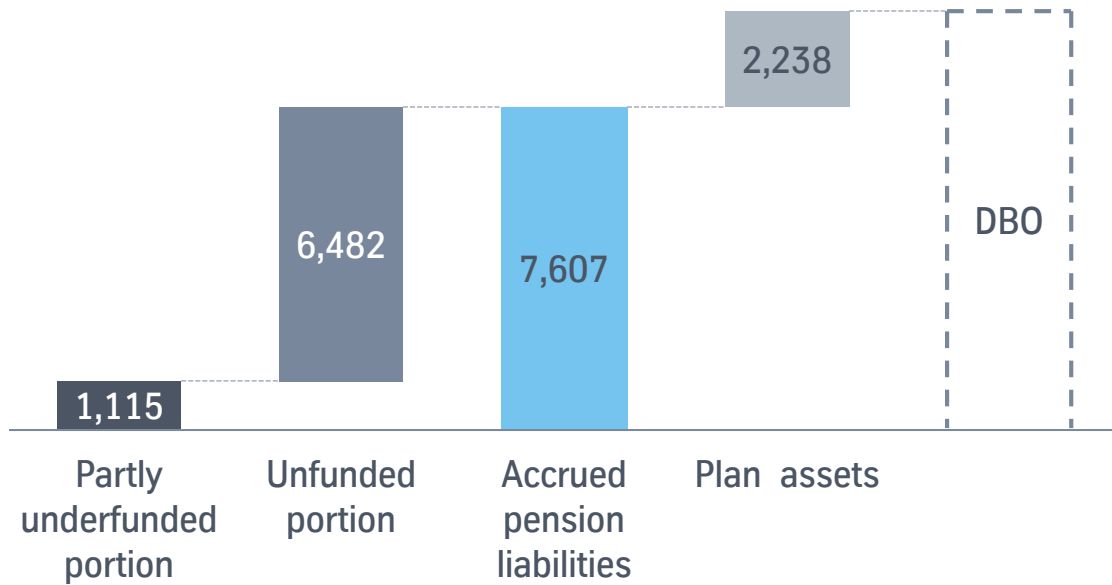
■ Accrued pension liability Germany
 ■ Accrued pension liability outside GER
 ■ Accruals related to partial retirement agreements
 ■ Other accrued pension-related obligation
 ○ German discount rate



Germany accounts for majority of pension plans

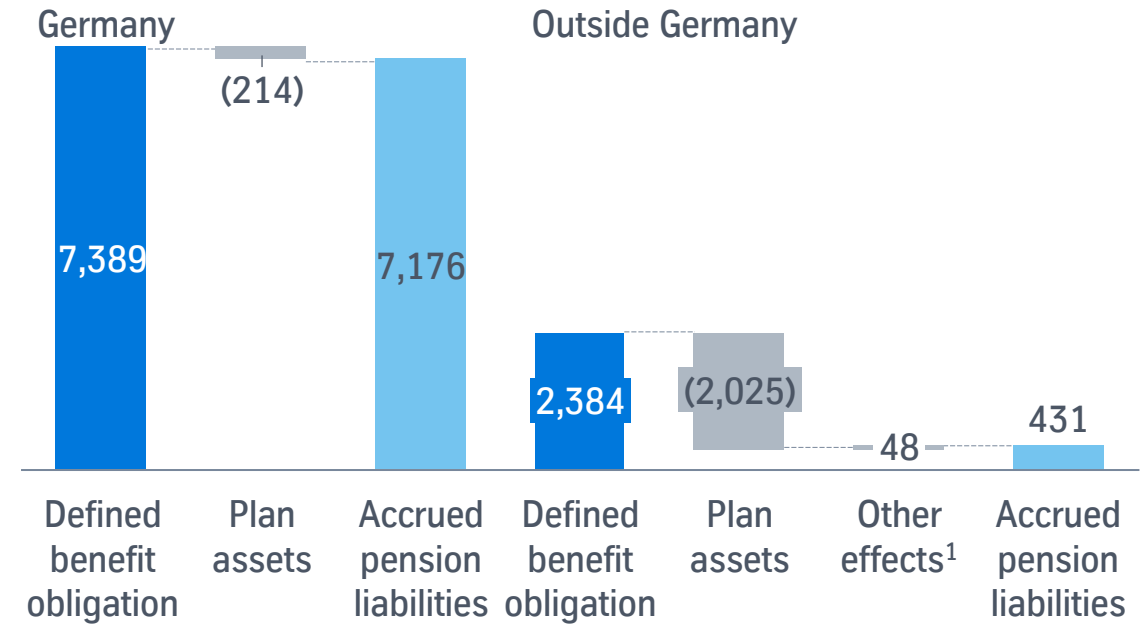
[FY 17/18; € mn]

Funded status of defined benefit obligation



- >95% of the unfunded portion in Germany; German pension regulations do not require funding of pension obligations with plan assets; therefore funding is mainly done by tk's operating assets

Reconciliation of accrued pension liabilities by region



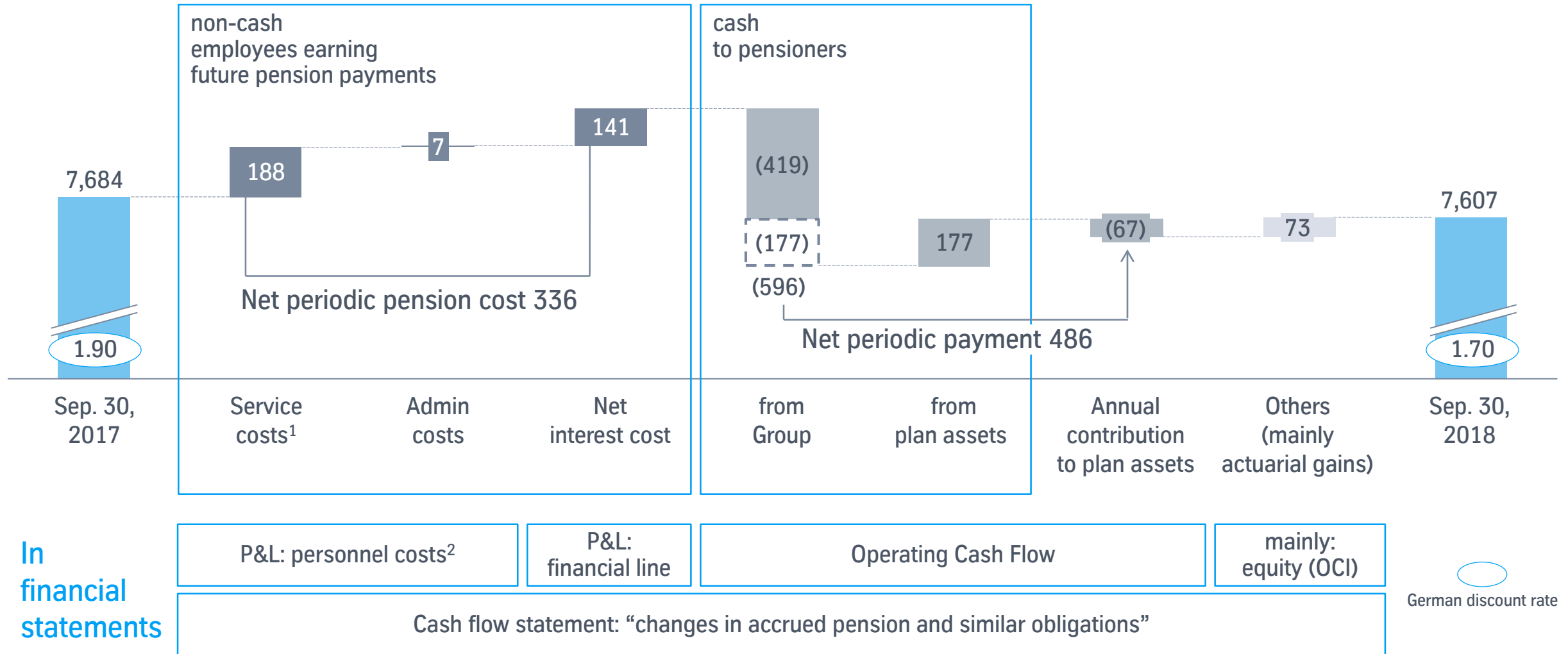
- Plan assets outside Germany mainly attributable to UK (~33%) and USA (~28%)
- Plan asset classes include national and international stocks, fixed income securities of governments and non-governmental organizations, real estate as well as highly diversified funds

1. Other non-financial assets



Mature pension scheme: payments amortize liability by ~ €150 mn (p.a.)

Reconciliation of accrued pension [€ mn]



In financial statements

1.) Including past service cost and curtailments

2.) Additional personnel expenses include €160 mn net periodic pension cost for defined contribution plans



Re-conciliation of EBIT Q2 2018/19 from Group p&l

Continuing operations [€ mn]

P&L structure

Net sales	8,654
Cost of sales	(7,396)
SG&A, R&D	(1,134)
Other income/expense	24
Other gains/losses	28
= Income from operations	175

Income from companies using equity method 1

Finance income/expense (73)

= EBT 103

EBIT definition

Net sales	8,654
Cost of sales	(7,396)
SG&A, R&D	(1,134)
Other income/expense	24
Other gains/losses	28
Income from companies using equity method	1
Adjustm. for oper. items in fin. income/expense	(2)

= EBIT 174

Finance income/expense (73)

Operating items in fin. income/expense 2

= EBT 103



Financial Calendar 2018/19

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May

- Conference Call Q2 2018/2019 (14th)
- Roadshow London (16th)
- Roadshow New York (23rd)
- Roadshow Toronto (24th)

June

- dbAccess Conference, Berlin (5th)
- db Global Industrials & Materials Summit, Chicago (5th)
- J.P. Morgan's European Capital Goods CEO Conference, London/Pennyhill Park, Surrey (14th)
- Jefferies Annual Steel & Metals Industry Summit, New York (17th)



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Throughout this presentation a range of financial and non-financial measures are used to assess our performance, including a number of the financial measures that are not defined under IFRS, which are termed ‘Alternative Performance Measures’ (APMs). Management uses these measures to monitor the group’s financial performance alongside IFRS measures because they help illustrate the underlying financial performance and position of the group. These APMs should be considered in addition to, and not as a substitute for, or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS. APMs are not uniformly defined by all companies, including those in the group’s industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies.

