

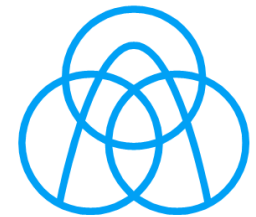
Charts on Q4 and FY 2017/18

Facts & Figures

Ticker: TKA (Share) TKAMY (ADR)

January 2019

engineering.tomorrow.together.



thyssenkrupp

Content

- Quarterly Update (November 21th) – Q4 and FY slides 03-14
- Joint Venture with Tata Steel Europe slides 16-18
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Value perspective from major transformational decisions – financial performance unsatisfying

Group separation into tk Industrials and tk Materials – Spin-off preparation for tk Industrials started

- Unanimous decision on Group separation by Supervisory Board on Sep 30th, 2018
- Decisions on Business Area leadership teams
- Milestones for ambitious execution timeline with separation readiness as of Oct 1st, 2019

Steel Joint Venture – Focus on EU Commission - Phase II started³; joint leadership team announced on Dec 17th, 2018

Group financials FY 17/18 below expectations due to FX, material costs inflation and one-time expenses in H2

- Order intake of €42,754 mn [€42,756 mn¹] – CT with record, ET on high level, IS with big tickets only in Q4
- EBIT adj. of €1,551 mn [€1,722] – incl. > €350 mn one-time expenses: projects (IS), quality issues (CT), Force Majeure, WLTP (SE)
- FCF bef. M&A of €(134) mn [€(855) mn] – sig. improvement by stringent NWC management, but still negative

Outlook FY 18/19 for **continuing operations** – recovery and operational progress at CapGoods businesses

- **EBIT adj.:** >€1bn sig. above prior year [€706 mn²]; **Earnings after tax:** sig. above prior year [€(198) mn], positive
- **FCF bef. M&A:** sig. above prior year [(678) mn], negative
- **Mid-term (FY 20/21) cashflow targets** for Group and Business Areas confirmed
- **Dividend proposal** of €0.15 per share

1. Compared to FY 2016/17 figures w/o AM | 2. Compared to FY 2017/18 continuing operations | 3. In total notification requirements in 17 jurisdictions; unconditional approval in the USA received on Nov 7th, 2018



Order intake FY 17/18 – despite sig. FX headwinds CT with record, ET on high prior year level [€ mn]

	16/17 Q4	17/18 Q4	yoy	yoy (ex FX ¹)	16/17 FY	17/18 FY	yoy	yoy (ex FX ¹)
Components Technology (CT)	1,936	1,972	2%	6%	7,674	7,861	2%	6%
Elevator Technology (ET)	1,796	2,039	14%	20%	7,834	7,853	0%	5%
Industrial Solutions (IS)	2,342	2,365	1%	3%	6,490	5,188	-20%	-21%
Materials Services (MX)	3,516	3,587	2%	4%	13,760	14,544	6%	8%
Steel Europe (SE)	2,277	2,127	-7%	-6%	8,969	9,157	2%	3%
Group w/o AM ²	11,300	11,631	3%	6%	42,756	42,754	0%	2%

- **CT:** Still robust growth at automotive, further improved conditions for construction equipment and heavy vehicles vs. lower volumes bearings
- **ET:** NI demand mainly from Americas; Europe and Korea slightly lower; China in number of NI steady; Q4 driven by NI and Service in US
- **IS:** Q1 - Q3 w/o big tickets; Q4 highest order intake since 6 years supported by large scale chemical plant (MOL/Hungary) and strong demand at Mining
- **MX:** Benefiting from volume and favorable spot-price environment
- **SE:** Benefiting from favorable spot-price environment; Q4 affected by low water levels at Rhine and WLTP

1. Adjusted for FX and portfolio effects | 2. Without Steel Americas (AM) in FY 16/17



Sales – FY 17/18

[€ mn]

	16/17 Q4	17/18 Q4	yoy	yoy (ex F/X ¹)	16/17 FY	17/18 FY	yoy	yoy (ex F/X ¹)
Components Technology (CT)	1,923	1,997	4%	8%	7,571	7,875	4%	8%
Elevator Technology (ET)	1,971	2,016	2%	8%	7,674	7,554	-2%	4%
Industrial Solutions (IS)	1,520	1,429	-6%	-4%	5,522	5,020	-9%	-10%
Materials Services (MX)	3,480	3,654	5%	7%	13,665	14,652	7%	9%
Steel Europe (SE)	2,299	2,406	5%	5%	8,915	9,470	6%	7%
Group w/o AM ²	10,675	11,062	4%	7%	41,447	42,745	3%	5%

- **CT:** Sales mirroring order intake
- **ET:** Growth driven mainly by Service and Modernization in the US as well as Service in China
- **IS:** Weaker order intake and slower progress on projects at Marine Systems
- **MX:** Higher volumes in favorable spot-price environment
- **SE:** Significantly up yoy, mainly driven by sig. higher Ø selling prices in all products and end user sectors

1. Adjusted for FX and portfolio effects | 2. Without Steel Americas (AM) in FY 16/17



EBIT adj. – below expectations due to FX, material cost inflation and one-time expenses in H2

[€ mn]

	16/17 Q4	17/18 Q3	17/18 Q4	yoy	16/17 FY	17/18 FY	yoy
Components Technology (CT)	102	98	(71)	--	377	197	-48%
Elevator Technology (ET)	260	218	224	-14%	922	866	-6%
Industrial Solutions (IS)	41	(213)	(31)	--	111	(255)	--
Materials Services (MX)	66	85	81	22%	312	317	2%
Steel Europe (SE)	196	228	101	-48%	547	687	26%
Corporate	(165)	(82)	(140)	15%	(535)	(377)	29%
Consolidation	(1)	(2)	111	++	(12)	117	++
Group w/o AM²	500	332	275	-45%	1,722	1,551	-10%

Incl. stopped reg. depreciation charges at SE of €107 mn¹

- **CT:** Risk provisions from quality issues (Q4 >€100 mn); underperformance at Springs & Stabilizers (Q4); headwinds from FX and raw material costs; lower volumes bearings and customer induced slower ramp-up new plants in China
- **ET:** Headwinds from FX and higher raw material costs; continuing pricing pressure esp. in China
- **IS:** Additional project review expenses (Q3 ~€200 mn); lower sales, mix effects and partial underutilization
- **MX:** Favorable market conditions, performance programs
- **SE:** Favorable market conditions, performance programs, partly compensated by production losses due to low water levels at Rhine and negative effects due to WLTP (Q4 <€100 mn)
- **Corp.:** Admin cost reduction ahead of schedule; lower costs for transformation initiatives

1. Following discontinued operations classification | 2. Without Steel Americas (AM) in FY 16/17



Special Items - continued focus on restructuring and future margin upside

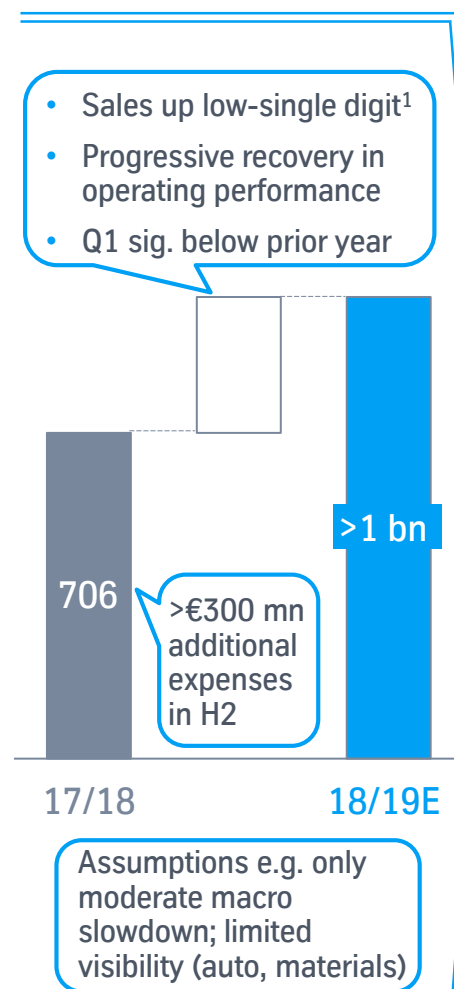
[€ mn]

Business Area	2016/17					2017/18				Comments on Q4	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4		
CT	Disposal effect										<ul style="list-style-type: none"> • Impairment at Springs & Stabilizers • Closure cost and charges on operating assets
	Impairment	(2)	(10)	(1)	(10)	(23)			(1)	(11)	
	Restructuring	(8)	(25)	(1)	(7)	(41)	(2)		(2)	(2)	
	Others	(7)		(4)	(5)	(16)		(4)	(28)	(27)	
ET	Disposal effect			(1)		(1)					<ul style="list-style-type: none"> • Restructuring & Reorganization Middle East and Europe
	Impairment	(1)	(25)		(6)	(32)		(3)		(6)	
	Restructuring	(15)	(7)	(6)	(78)	(106)	(14)	(8)	(9)	(9)	
	Others	(15)	(7)	(1)	(23)	(46)	(5)	(7)	(6)	(25)	
IS	Disposal effect	(5)	5		(1)	(1)					<ul style="list-style-type: none"> • Reversal of restructuring provisions
	Impairment				(10)	(10)			(3)	(1)	
	Restructuring	(6)	(4)	(3)	(99)	(112)	(2)		(2)	49	
	Others	(18)	(4)	13	(15)	(24)		(20)	2	(11)	
MX	Disposal effect										<ul style="list-style-type: none"> • Restructuring Germany • Charges on operating assets
	Impairment		(3)	(1)	(10)	(14)			(1)	(1)	
	Restructuring	(2)	(9)	(4)	(17)	(32)		(6)	(5)	(7)	
	Others	(11)	(16)	(10)	(8)	(45)	(2)	(4)	(3)	(18)	
SE	Disposal effect				(22)	(22)			11	8	<ul style="list-style-type: none"> • Mainly provisions for cartel proceedings
	Impairment				(2)	(2)				(1)	
	Restructuring	(2)	(1)	(1)	(23)	(27)			1	1	
	Others				(4)	(4)				(235)	
Corp.	Disposal effect	(4)	(2)	(3)	(3)	(12)	5	(10)	(37)	(9)	<ul style="list-style-type: none"> • Expenses from M&A divestment projects
	Impairment				(5)	(5)				(1)	
	Restructuring	(1)	(1)		(8)	(10)	(1)	(1)	(2)	(7)	
	Others	(6)	10	(11)	(1)	(8)	(1)	(4)	(3)	(17)	
Consolidation				22	22						
Group	(103)	(99)	(34)	(335)	(572)	(22)	(67)	(88)	(330)		



FY 18/19 Outlook – continuing operations

Slower start with progressive development (H2>>H1) by overcoming current operational and market headwinds



	17/18	18/19E	Outlook FYE 18/19
CT	197	↗	Largely stable auto market - sales up mid single-digit ¹ ; EBIT adj. margins ¹ sig. up; operational progress; Q1 with inefficiencies at Springs & Stabilizers, volatility in customer call-offs China
ET	866	↗	Sales up low-single digit; EBIT adj. margins up and supported by efficiency and restructuring measures; Q1 with sustained high raw material costs (esp. USA and China)
IS	(127)	↗	Depending on order intake – sig. recovery in sales (almost double-digit); EBIT adj. with progressive improvement towards break-even; Q1 with partial underutilization and restructuring
MS	(128)	↗	Sig. recovery in order intake; EBIT adj. improving towards break-even
MX	317	↘	EBIT adj. slightly lower due to moderate macro slowdown
Corp.	(377)	→	Continuing cost reductions, prior year impacted by positive one-timers in 17/18
EBIT adj.	706	↗	
EAT	(198)	↗	Sig. improvement; positive
FCF b. M&A	(678)	↗	Sig. improvement following EBIT adj. development, also depending on order intake and cash profile of individual big tickets especially at Marine Systems; but still negative

1. Adjusted for effects of IFRS 15 regarding continuing operations sales of €33.6 bn; CT sales of €6.6 bn and adj. EBIT margins of 3.0% in FY 2017/18



FY 18/19 Outlook – Group: expected financial implications from Steel JV and Group separation

[€ mn]

Steel JV

- Until Closing
 - pos. earnings contribution by discontinued ops.
- With Closing
 - sig. Equity uplift \geq €2bn¹
 - reduction of pension liabilities to around €4 bn; annual payouts reduced by >€200 mn



- Until Closing
 - seasonal NWC build-up at discontinued ops. – mid to high 3-digit € mn

Group separation

- Book-value uplift (expected in FY 19/20)



- Costs for Group separation (incl. taxes) – high 3-digit € mn²

Value crystallization and value perspective outweigh short-term transaction costs

1. Illustrative; dependent on final JV valuation with Closing | 2. Preliminary calculation



Recent steps taken to further drive the organization going forward

Leadership changes

- Group** • Johannes Dietsch – CFO as of February 2019 (former CFO Bayer AG)
- ET** • Peter Walker – CEO (former COO tk ET)
- MX** • Klaus Keysberg – CEO (former CFO tk MX)
- Steel-JV** • Andreas Goss – CEO (former CEO tk SE); Sandip Biswas – CFO (former VP Finance Tata Steel)

Next steps turnaround concept

- IS** • Complexity reduction as major element of organizational transformation
 - Reduction from 4 to 3 executive responsibilities:
consolidation of CEO and COO function and respective departments
 - Consolidate 3 BUs into 1: “Chemical Technologies“
 - Simplification of matrix organization
- Adjustment of leadership teams in 3 BUs



tk Industrials and tk Materials portfolios designed for greater management focus

tk Industrials

Components Technology (Automotive)	Elevator Technology	Industrial Solutions (Chemicals/Cement/Mining)
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tk Materials

Materials Services	Industries (Bearings/ Forged Technologies)	Marine Systems	Steel JV (w/ Tata; 50%)
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Industrial rationale

- Common strengths but different drivers
- tk Industrials
 - Leading engineering- and service competency with strong global footprint
 - Focus on profitable growth with opportunities from global growth trends
- tk Materials
 - Leading industrial materials and processing competency
 - Focus on performance with cyclical and consolidation opportunities



Capital Market and Financial rationale

- More focused investment case and improved access to capital market
- Reduced complexity and higher transparency and facilitate assessment of value perspective
- Positive balance sheet effect by revealing hidden reserves, outweighs one-time tax payment
- Fair and adequate allocation of pensions and liabilities
- Investment Grade Rating envisaged for tk Industrials

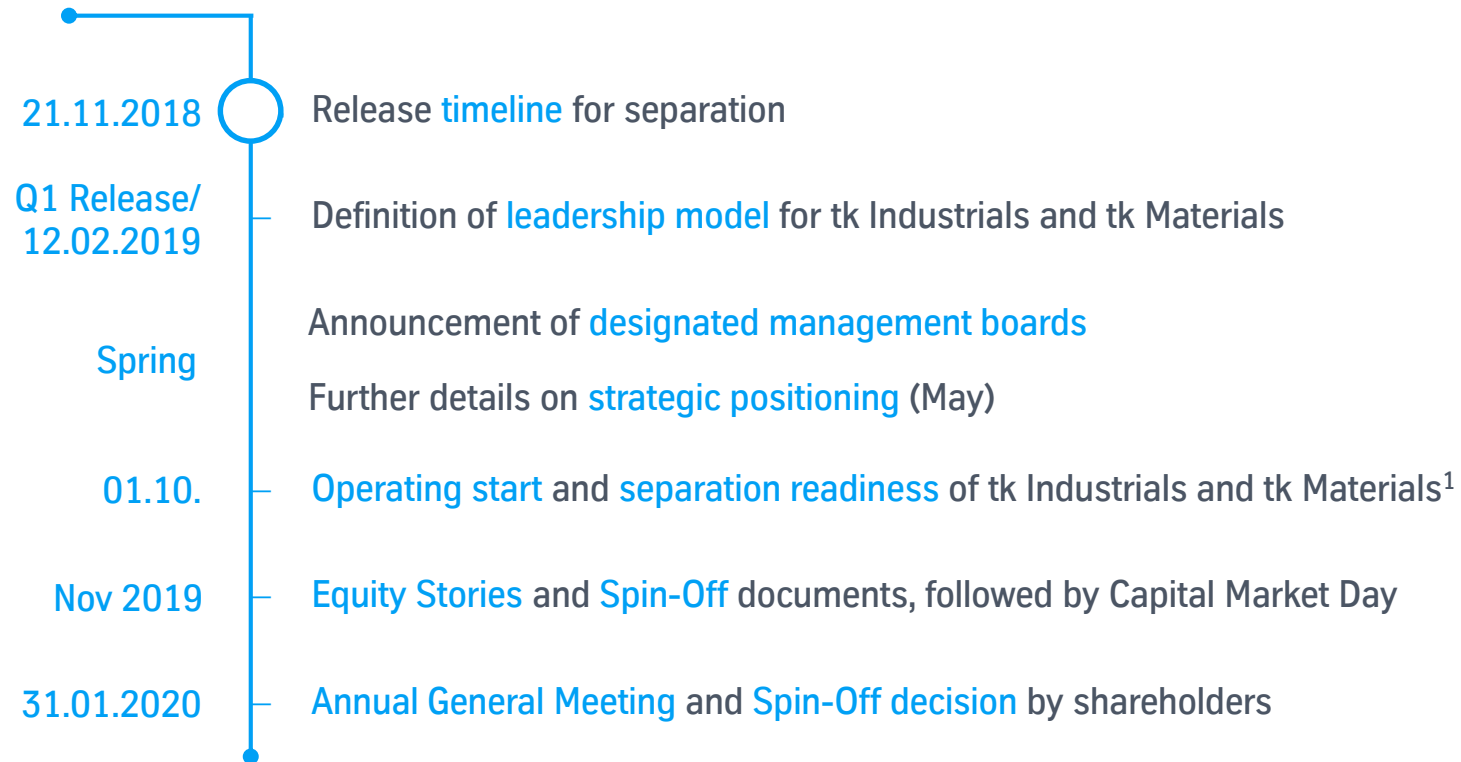


Priorities and expected timeline to create value

❖ Closing Steel JV

❖ Improving performance towards FY 20/21 target of FCF bef. M&A >€1bn

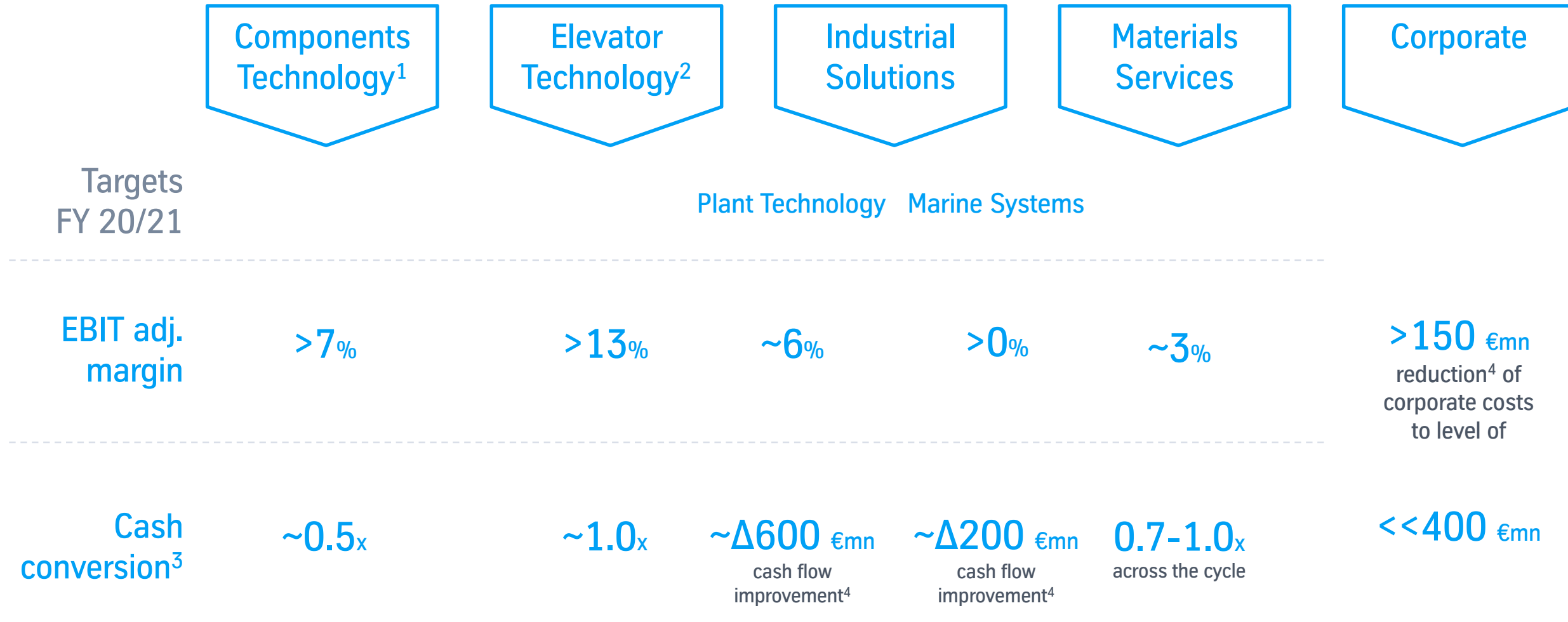
❖ Group separation into tk Industrials and tk Materials



1. Under the umbrella of thyssenkrupp AG



Summary of FY 20/21 targets for BAs & Corporate

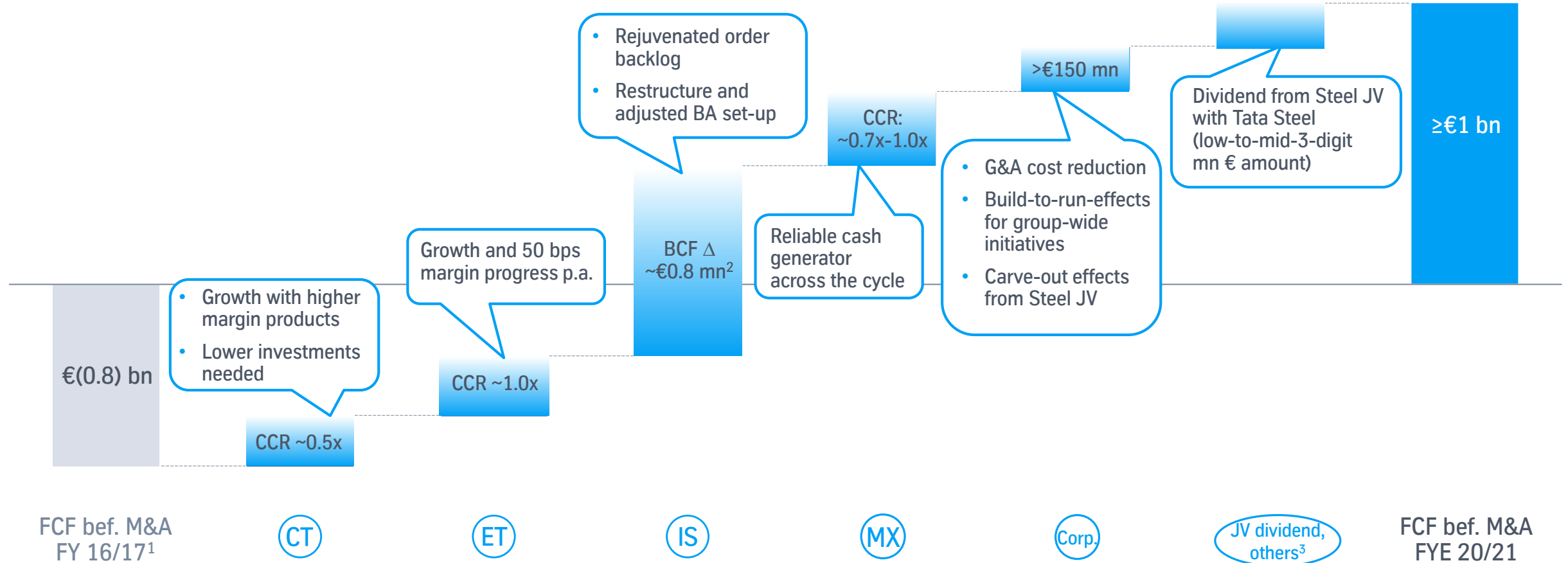


1. Mid-single-digit sales growth (above market); on comparable basis (FX, IFRS15) | 2. Low-to-mid-single-digit sales growth (above market); on comparable basis (FX) | 3. EBIT into BCF before fee for corporate brand | 4. Compared to FY 16/17



Targeting $\geq\text{€}1$ bn FCF bef. M&A in FY 20/21

Leadership team strongly committed to deliver value and cash



Focus on financial performance targeting attractive dividend as an element of tk's value proposition

1. Group without Steel activities; 16/17 pro forma adjusted by BCF, pensions, tax and interest for SE | 2. Inc. Marine System BCF Δ +€200 mn | 3. Incl. tax and interest



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Signing with Tata Steel to create European steel champion

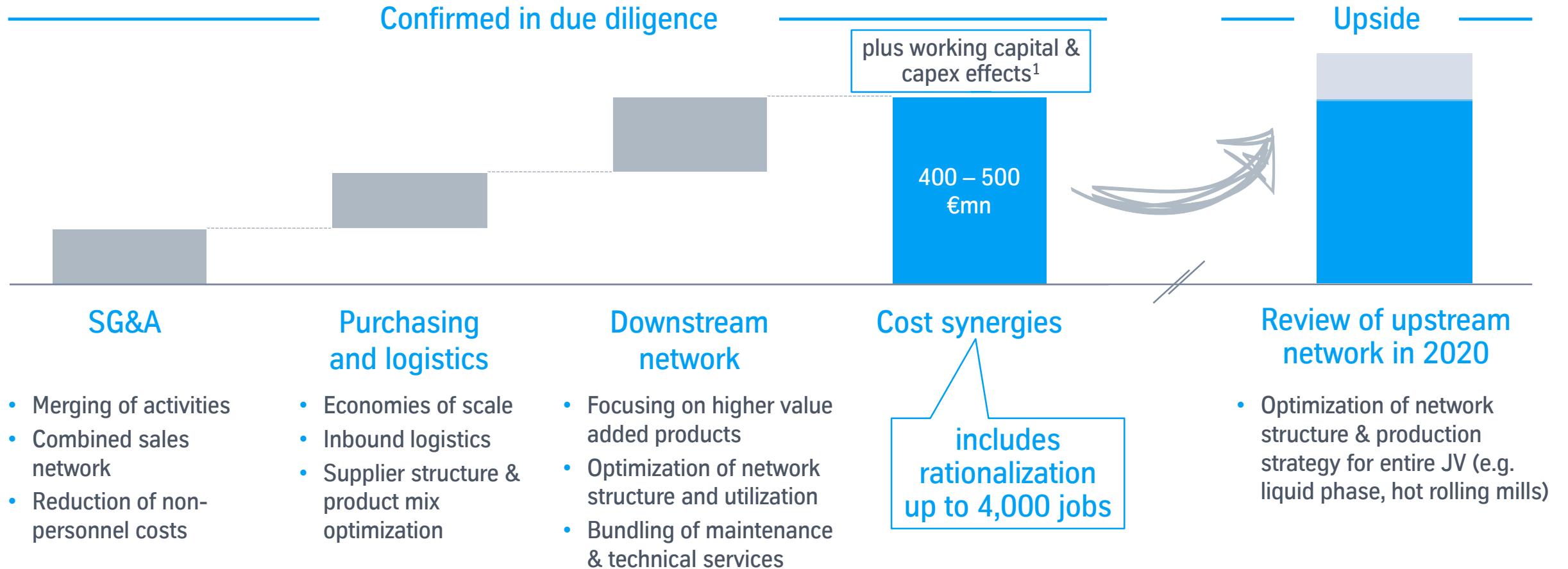
Signing of Joint Venture with
Tata Steel
on June 30th, 2018

-  50/50 joint venture: thyssenkrupp Tata Steel
-  Milestone for the European steel industry
-  Strong new #2 in European flat steel market
Pro forma¹:
 - ~17 €bn sales
 - >21 mn tons shipments
 - ~48,000 employees at 34 sites
-  Important milestone in our transformation to an industrials & service group – significant value upside

1. Indicative figures as of March 2018



Synergies of 400-500 €mn p.a. confirmed plus synergies in capex and working capital

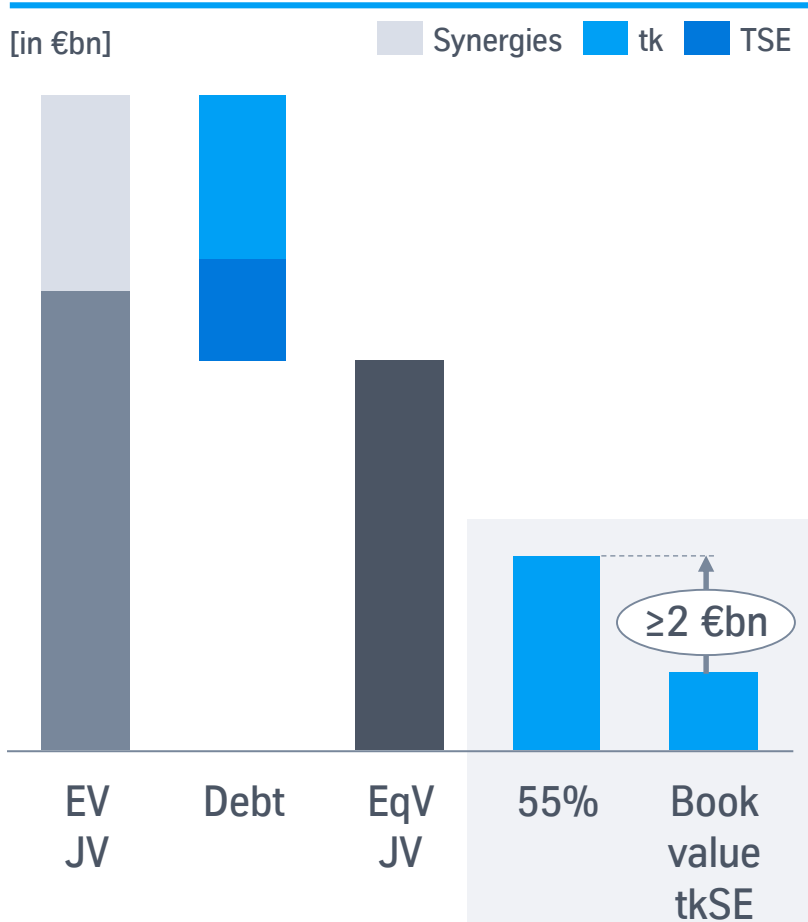


1. Low-3-digit-mn €



JV creates strong value perspective for thyssenkrupp

Significant book value uplift¹



- **Significant value** creation day 1 of Closing reflecting value upside of around 5 €bn for both **JV partners** from confirmed **synergies**
- **Value compensation** (mid-3-digit-mn €) for tk via higher share of proceeds **in case of an IPO**, reflecting an economic ratio of 55/45²
 - tk with exclusive right to decide timing of potential IPO
- **EPS and cashflow accretive** with ramp-up of **synergies**
 - complemented by attractive JV **dividend commitment** (ramp-up to low-to-mid 3-digit €m) as well as **reduced annual Group payouts** for pensions and similar (>0.2 €bn)
 - more than compensating for deconsolidated earnings and cashflow of Steel Europe
- Reporting of Steel Europe until Closing as **discontinued operations**, after Closing **at-equity with additional positive impact on B/S**

1. Illustrative; dependent on final JV valuation with Closing | 2. Equal voting rights



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thyssenkrupp group

Sales €42.7 bn; EBIT adj. €1.6 bn

Components Technology (CT)

€7.9 bn
€197 mn

- Auto: chassis/ powertrain components
- Industry: bearings; undercarriages

Elevator Technology (ET)

€7.6 bn
€866 mn

- Elevators, escalators, moving walks
- Passenger boarding bridges

Industrial Solutions (IS)

€5.0 bn
€(255) mn

- Chemical plants
- Cement plants; minerals/ mining equipment
- Production lines: auto/ aerospace
- Submarines¹; naval vessels

Materials Services (MX)

€14.7 bn
€317 mn

- Industrial materials distribution
- Raw materials trading
- Logistics; SCM
- Stainless steel production (AST)

Steel Europe (SE)

€9.5 bn
€687 mn

- Premium flat carbon steel

Signing of Joint Venture with
Tata Steel
on June 30th, 2018



Sales by region FY 2017/18

[%]

	Components Technology	Elevator Technology	Industrial Solutions	Materials Services	Steel Europe	thyssenkrupp Group
Worldwide (€mn)	7,875	7,554	5,020	14,652	9,470	42,745
DACHLI ¹	31.4	9.5	19.1	34.2	57.1	31.7
Germany	29.9	7.6	18.8	31.2	54.7	29.6
Central/ Eastern Europe	4.3	0.4	2.2	12.4	5.8	6.4
Western Europe	12.9	16.4	10.4	25.8	22.3	19.0
North America	28.5	34.9	8.1	20.0	6.9	20.5
USA	18.1	29.8	4.2	16.4	4.7	15.7
South America	3.6	5.2	5.9	0.4	1.0	2.7
Asia/Pacific	1.6	9.7	14.1	3.0	0.6	4.8
CIS	0.3	0.8	2.4	0.4	0.6	0.7
Greater China	16.0	17.2	8.0	0.7	1.7	7.5
China	15.9	16.2	7.1	0.5	1.6	7.1
India	0.7	1.3	3.9	0.2	0.6	1.0
Middle East & Africa	0.6	4.5	26.0	2.8	3.5	5.6

1. D = Germany, A = Austria, CH = Switzerland, LI = Liechtenstein



Sales by customer group FY 2017/18

[%]

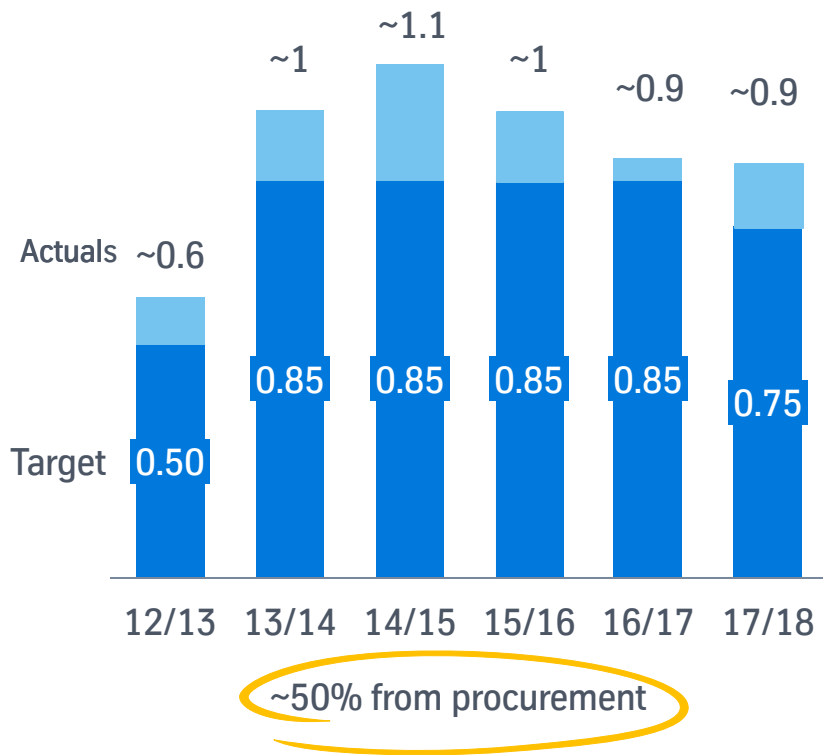
	Components Technology	Elevator Technology	Industrial Solutions	Materials Services	Steel Europe	thyssenkrupp Group
Worldwide (€mn)	7,875	7,554	5,020	14,652	9,470	42,745
Automotive	78.0	0.0	20.2	17.1	29.4	28.4
Steel and related processing	0.1	0.1	1.0	21.1	23.7	11.6
Trading	3.5	24.0	0.7	14.6	22.4	12.7
Construction	0.3	46.2	0.0	5.3	0.4	10.1
Engineering	15.5	7.0	30.3	9.8	4.0	11.6
Public sector	0.1	3.7	15.1	1.1	0.0	2.8
Energy and utilities	0.4	0.4	2.5	2.7	2.7	2.0
Packaging	0.0	0.0	0.0	0.5	12.7	3.0
Other customer groups	2.1	18.7	30.2	27.9	4.6	17.9

1. D = Germany, A = Austria, CH = Switzerland, LI = Liechtenstein



Operational improvements – €890 mn ‘impact’ effects exceed targets for FY 2017/18

[€ bn]



- CT** Continuation of performance program ‘pace’
- Procurement (e.g. eAuctions, value chain engineering)
 - Operational (e.g. best practice transfer, process engineering)
 - Optimized plant network

- ET** ‘elevate’ 5 lever performance program
- NI and Manufacturing
 - Service
 - Purchasing
 - Product harmonization
 - SG&A efficiency

- IS** Transformation program ‘planets’ focusing on 5 levers
- Fix cost reduction
 - Project margin improvement
 - Procurement Excellence
 - Execution Excellence
 - Top line support by innovation

- MX** ‘focus X’ driving execution of performance measures
- Procurement excellence
 - Restructurings/site consolidations
 - Logistics & network optimizations
 - Process optimization
 - Freight cost reduction
 - Sales excellence

- SE** ‘one steel’ impact contributions
- Raw materials
 - Procurement
 - Energy
 - Logistics
 - Quality, M&R, CIP

- Corp.** Focus on G&A cost reduction
- Process cost reduction
 - Streamline organization
 - Leverage shared services

CT, ET, IS and SE with triple-digit mn contribution



Technology, Innovation & Sustainability

Create growth opportunities, strengthen competitiveness

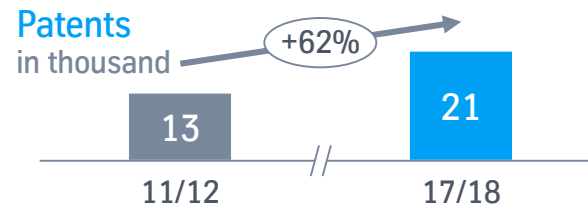
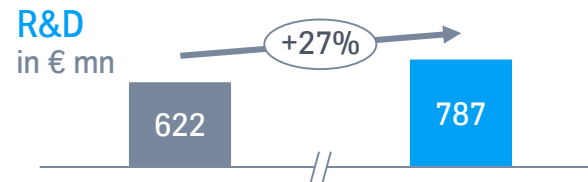
Key areas

- Digitization
- Smart & Renewable Energy
- Sustainable Mobility
- Resource-efficiency
- Long-term Greenhouse Gas Neutrality
- Cross-sector innovation


Levers

- Sustainability commitment
- Mechanical Engineering + Digital Transformation
- Leadership in Engineering for chemical processes & plants
- Strong position in car assembly lines at major OEMs

- Governance resp. on C-level



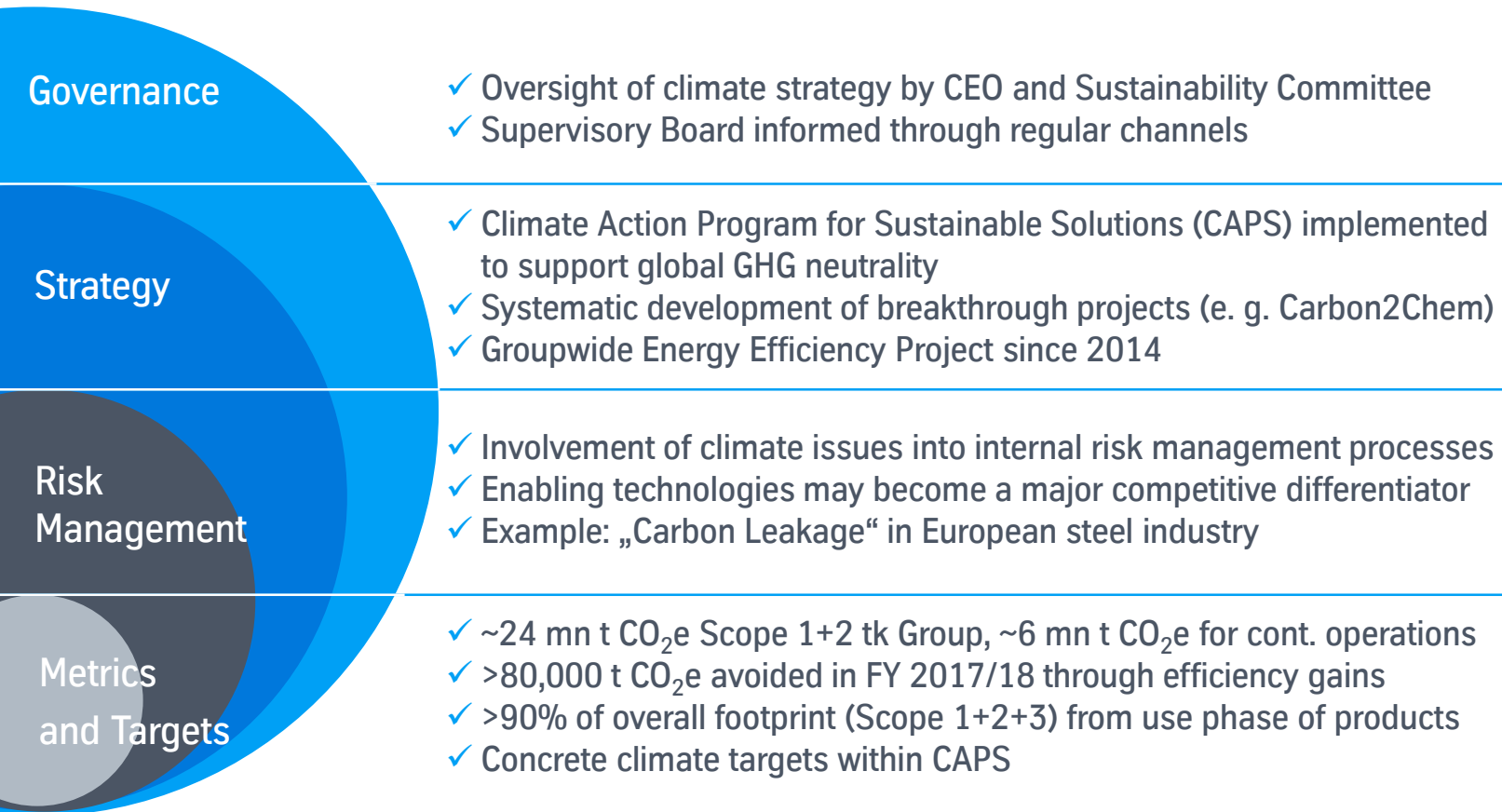
Results

-  Ranked a **leader in climate protection** for the 2nd time
- **Electrical Powered Steering**
>€8 bn customer orders
motion control specialist
- **MULTI**: Rope free elevator. 1st customer
- **Renewable energy storage**:
Redox Flow battery
Green H₂ / water electrolysis
- **Carbon2Chem**: Recycling of CO₂ for chemical value chains
- **Digital sales channels**: ~€1.3 bn Sales with industrial materials in FY 17/18
- **Lithium-Ion battery assembly** for e-mobility



thyssenkrupp with strong commitment and strategy to tackle future climate challenges

tk actions correspond to TCFD¹ framework



tk ranked as a leader in climate performance



tk in **TOP 5 %** worldwide
(as one of 7 German companies)

1. TCFD: Taskforce on Climate-related Financial Disclosures



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Share and ADR Data

- Shares outstanding 622,531,741
 - Type of share No-par-value bearer shares
 - Voting One share, one vote
-

Share Data

- Ticker Symbol TKA
 - German Security Identification Number (WKN) 750 000
 - ISIN Number DE0007500001
 - Exchange Frankfurt, Dusseldorf
-

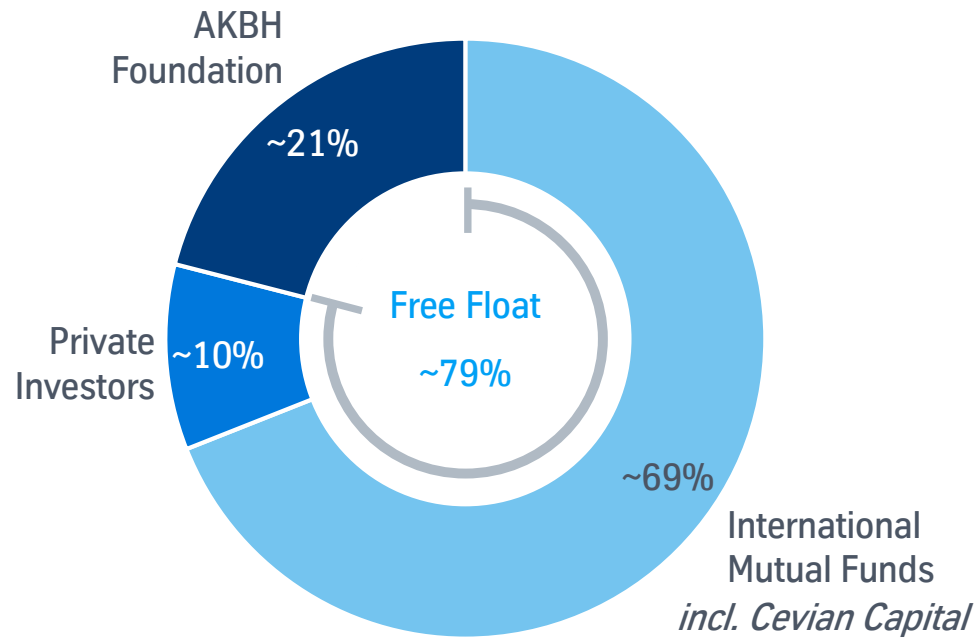
ADR Data

- Ratio (ordinary share:ADR) 1:1
- ADR Structure Sponsored-Level-I
- Ticker Symbol TKAMY
- Cusip 88629Q 207
- ISIN Number US88629Q2075
- Exchange Over-the-Counter (OTC)
- Depository bank: Deutsche Bank Trust Company Americas E-mail: adr@db.com
- Phone: +1 212 250 9100 (New York); +44 207 547 6500 (London) Website: www.adr.db.com

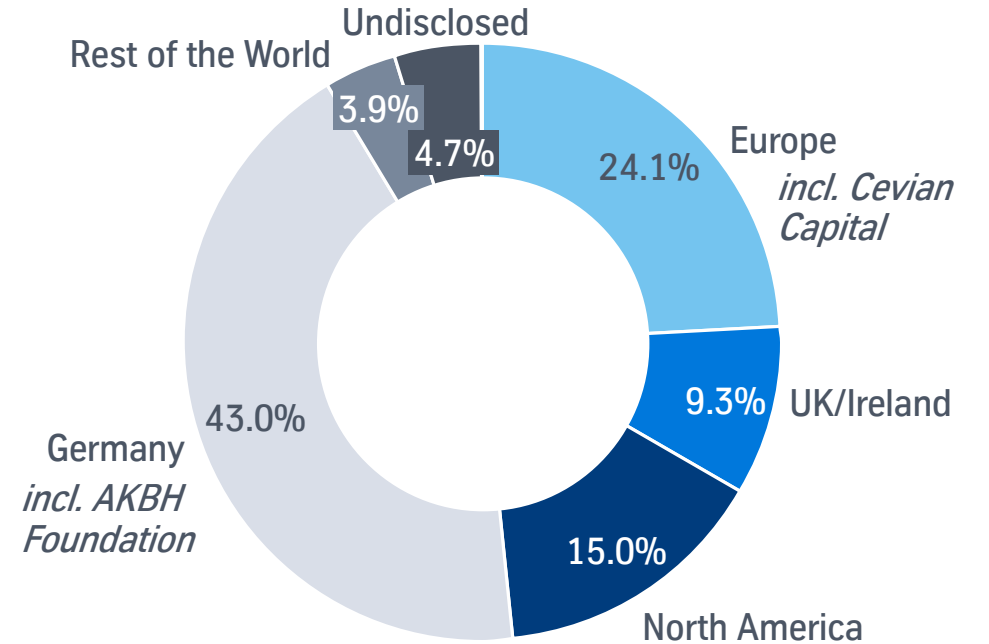


thyssenkrupp shareholder structure

Investors



Regional split



Source: WpHG Announcements; thyssenkrupp Shareholder ID 09/2018



Financial Calendar 2018/19

IR contact: +49 201-844-536480 | ir@thyssenkrupp.com

January

Commerzbank German Investment Conference, New York (14th - 15th)

UniCredit Kepler Cheuvreux German Corporate Conference, Frankfurt (22nd)

February

Annual General Meeting 2019, Bochum (1st)

Conference Call Q1 2018/2019 (12th)

Barclays Industrial Select Conference, Miami (20th-21st)



Key financials (I)

[€ mn]

Group without Steel Americas (AM) in FY 16/17

	2016/17					2017/18				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Order intake	9,600	11,643	10,213	11,300	42,756	9,741	10,496	10,886	11,631	42,754
Sales	9,718	10,617	10,437	10,675	41,447	9,817	10,748	11,117	11,062	42,745
EBITDA	447	587	750	474	2,258	687	708	517	143	2,055
EBITDA adjusted	549	675	782	777	2,783	710	771	602	455	2,537
EBIT	188	313	484	165	1,150	422	433	243	(54)	1,045
EBIT adjusted	291	412	519	500	1,722	444	500	332	275	1,551
EBT	74	208	396	87	766	318	338	158	(146)	668
Net income/(loss) (net of tax)	(6)	64	268	(55)	271	91	253	(114)	(170)	60
attrib. to tk AG stockh.	(13)	55	254	(84)	212	78	243	(131)	(182)	8
Earnings per share ¹ (€)	(0.02)	0.10	0.45	(0.15)	0.37	0.12	0.39	(0.21)	(0.29)	0.01
Operating cash flow	(1,450)	170	24	1,739	483	(1,276)	419	60	1,981	1,184
Cash flow from divestm.	20	34	8	1,477	1,539	30	13	34	9	87
Cash flow from investm.	(289)	(346)	(432)	(468)	(1,535)	(290)	(272)	(293)	(531)	(1,386)
Free cash flow	(1,719)	(142)	(400)	2,748	487	(1,535)	161	(199)	1,459	(115)
FCF before M&A	(1,719)	(139)	(332)	1,335	(855)	(1,549)	168	(211)	1,459	(134)
Employees	153,318	154,431	157,634	158,739	158,739	159,175	159,693	159,655	161,096	161,096

1. Attributable to tk AG's stockholders



Key financials (II)

[€ mn]

Group incl. Steel Americas (AM) in FY 16/17

	2016/17					2017/18				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Order intake	9,954	11,993	10,725	11,615	44,288	9,741	10,496	10,886	11,631	42,754
Sales	10,087	10,998	10,929	10,958	42,971	9,817	10,748	11,117	11,062	42,745
EBITDA	536	469	808	789	2,602	687	708	517	143	2,055
EBITDA adjusted	623	715	882	811	3,031	710	771	602	455	2,537
EBIT	240	(564)	529	481	687	422	433	243	(54)	1,045
EBIT adjusted	329	427	620	535	1,910	444	500	332	275	1,551
EBT	124	(703)	293	348	61	318	338	158	(146)	668
Net income/(loss)	15	(870)	134	130	(591)	91	253	(114)	(170)	60
attrib. to tk AG stockh.	8	(879)	120	102	(649)	78	243	(131)	(182)	8
Earnings per share ¹ (€)	0.01	(1.55)	0.21	0.18	(1.15)	0.12	0.39	(0.21)	(0.29)	0.01
Free cash flow	(1,791)	(216)	(445)	2,941	489	(1,535)	161	(199)	1,459	(115)
FCF before M&A	(1,736)	(212)	(377)	1,528	(798)	(1,549)	168	(211)	1,459	(134)
TK Value Added					(651)					(217)
Ø Capital Employed	16,501	16,856	16,941	16,728	16,728	15,203	15,605	15,819	15,773	15,773
Cash and cash equivalents (incl. short-term securities)	2,552	2,970	2,237	5,298	5,298	3,548	3,663	3,267	3,012	3,012
Net financial debt	5,433	5,760	6,311	1,957	1,957	3,544	3,546	3,808	2,364	2,364
Equity	3,275	2,304	2,242	3,404	3,404	3,280	3,335	3,341	3,274	3,274

1. Attributable to tk AG's stockholders



Key financials (III)

[€ mn]

Continuing Operations (without steel activities)

	2016/17					2017/18				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Order intake	7,878	9,622	8,381	9,476	35,357	8,034	8,433	8,797	9,869	35,133
Sales	8,087	8,627	8,504	8,775	33,993	8,010	8,742	9,010	9,015	34,777
EBIT	169	226	260	2	658	235	230	35	(36)	464
EBIT adjusted	270	324	285	286	1,164	264	287	97	57	706
EBT	72	134	186	(63)	329	150	154	(30)	(110)	164
Net income/(loss) (net of tax)	17	20	124	(149)	12	(25)	128	(240)	(61)	(198)
attrib. to tk AG stockh.	12	11	110	(172)	(39)	(38)	119	(254)	(72)	(245)
Earnings per share ¹ (€)	0.02	0.02	0.19	(0.30)	(0.07)	(0.06)	0.19	(0.41)	(0.11)	(0.39)
Operating cash flow	(1,104)	300	(142)	973	27	(903)	(233)	(228)	1,548	185
Cash flow from divestm.	4	35	8	1,464	1,511	18	14	23	11	66
Cash flow from investm.	(164)	(225)	(246)	(324)	(959)	(199)	(187)	(209)	(340)	(935)
Free cash flow	(1,264)	109	(379)	2,113	579	(1,084)	(405)	(414)	1,219	(684)
FCF before M&A	(1,264)	113	(311)	700	(763)	(1,097)	(398)	(426)	1,244	(678)
Employees	124,199	125,355	128,584	129,441	129,441	130,031	130,780	130,907	131,606	131,606

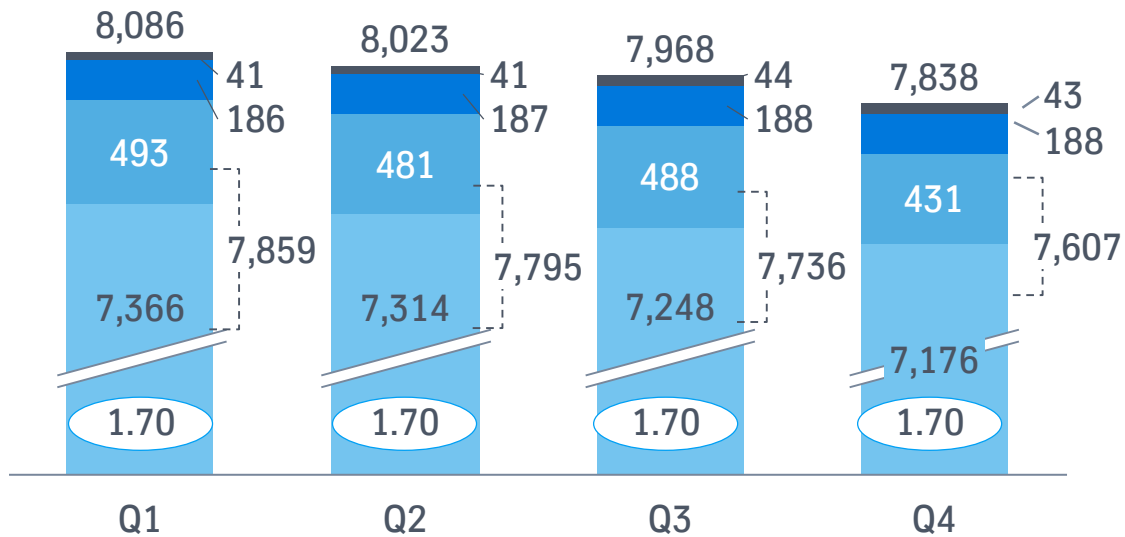
1. Attributable to tk AG's stockholders



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

[€ mn]

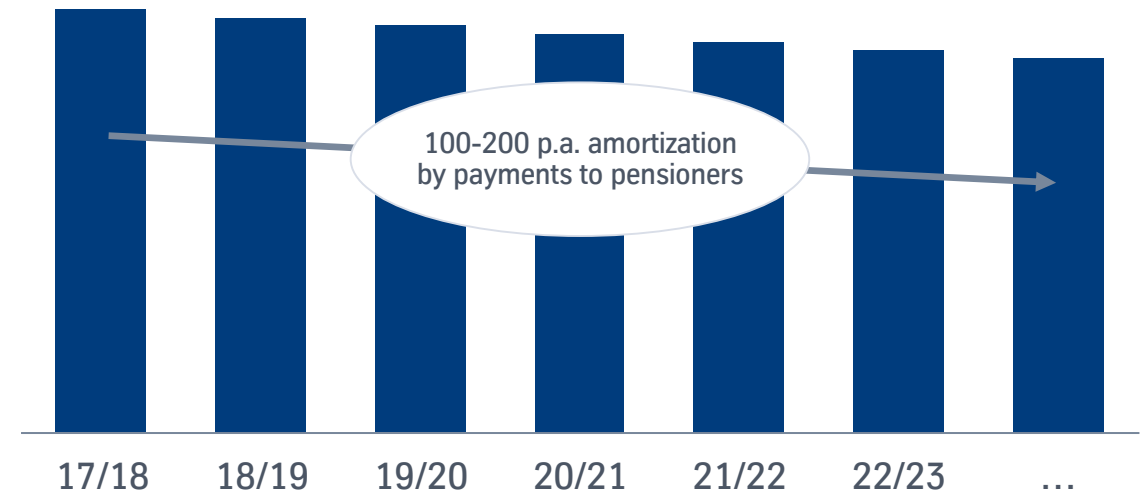
Accrued pension and similar obligations



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)

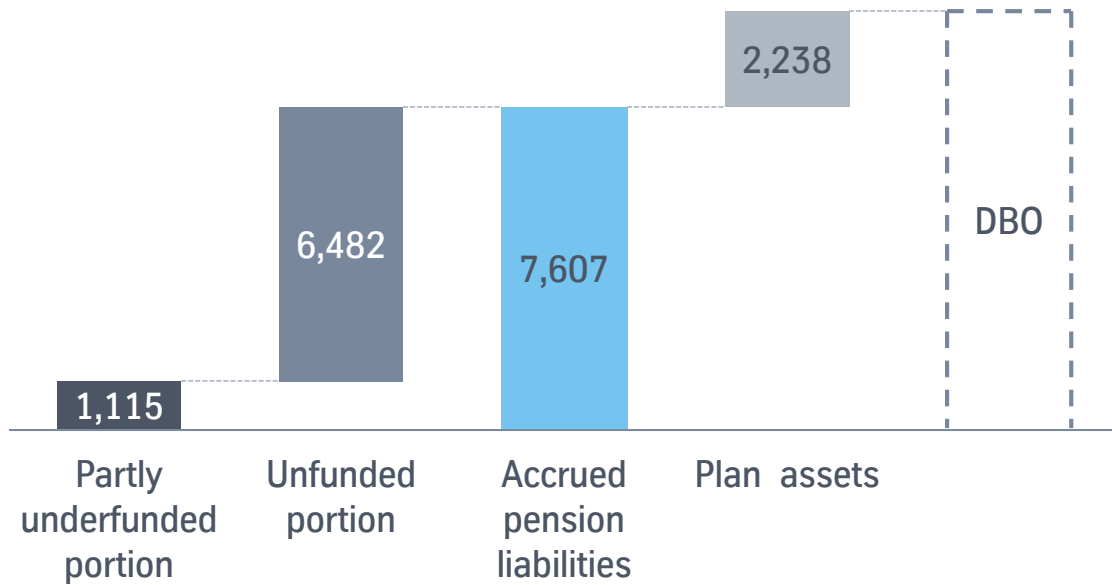
■ Accrued pension liability Germany
 ■ Accrued pension liability outside GER
 ■ Accruals related to partial retirement agreements
 ■ Other accrued pension-related obligation
 ○ German discount rate



Germany accounts for majority of pension plans

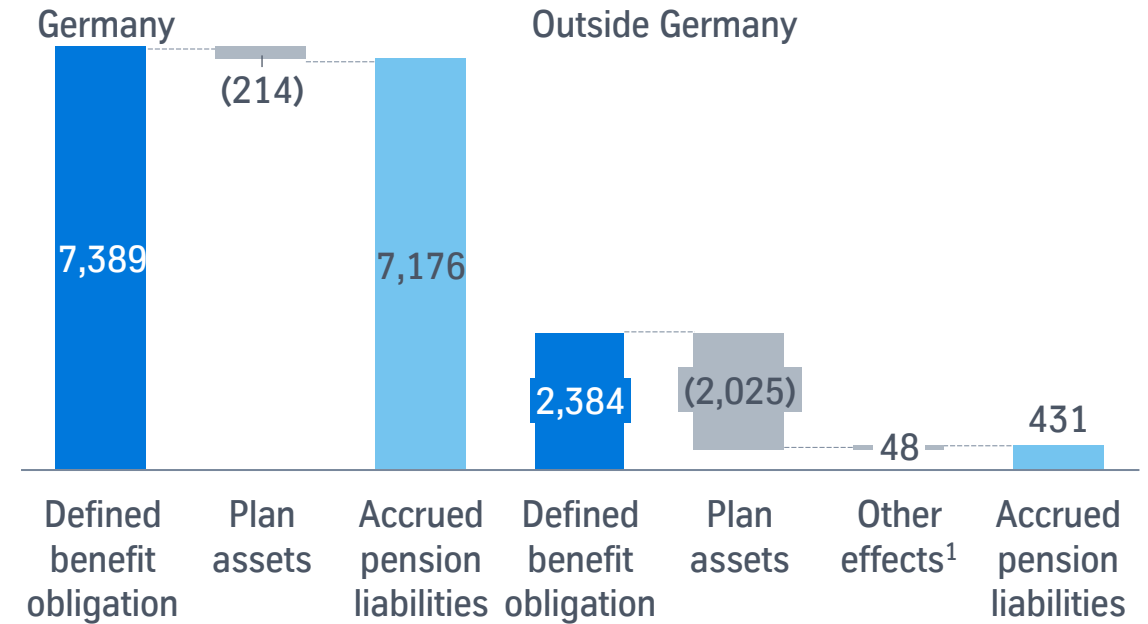
[FY 17/18; € mn]

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



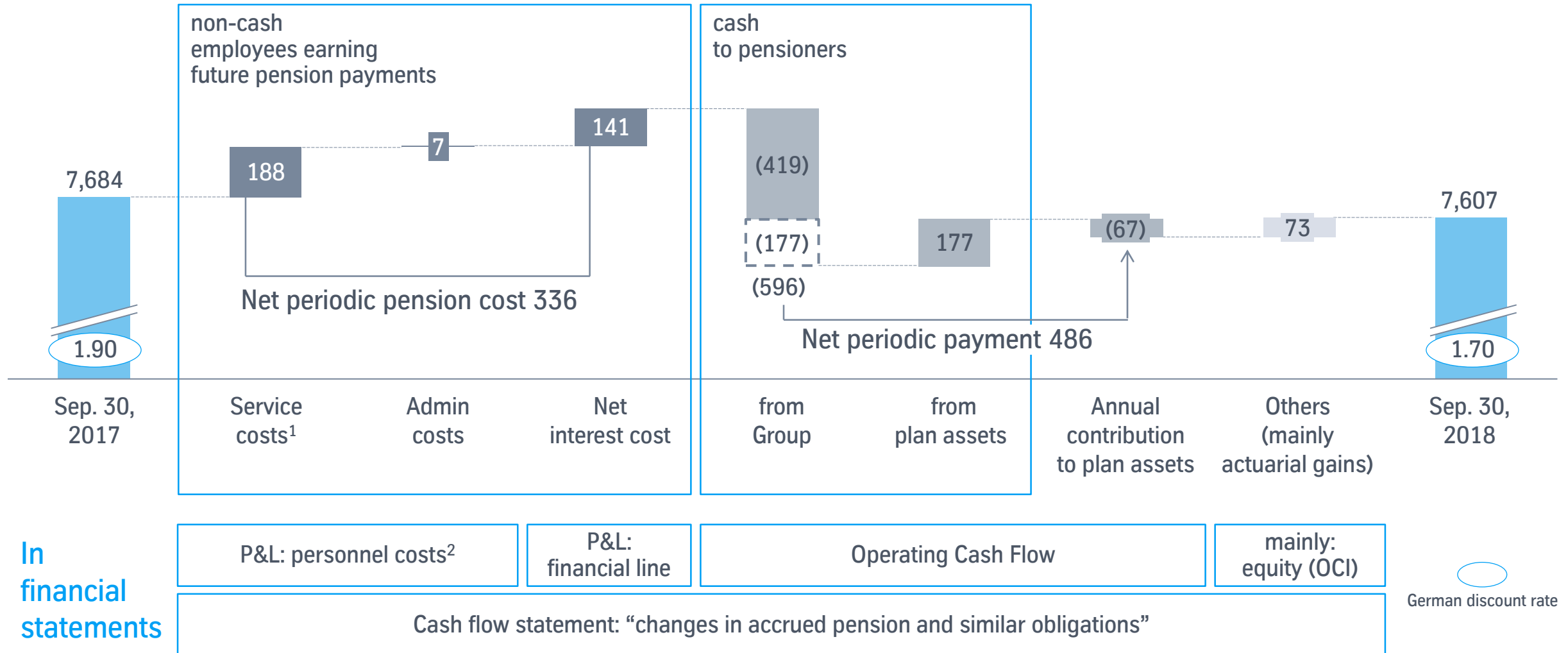
- Plan assets outside Germany mainly attributable to UK (~33%) and USA (~28%)
- Plan asset classes include national and international stocks, fixed income securities of governments and non-governmental organizations, real estate as well as highly diversified funds

1. Other non-financial assets



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

Reconciliation of accrued pension [€ mn]



In financial statements

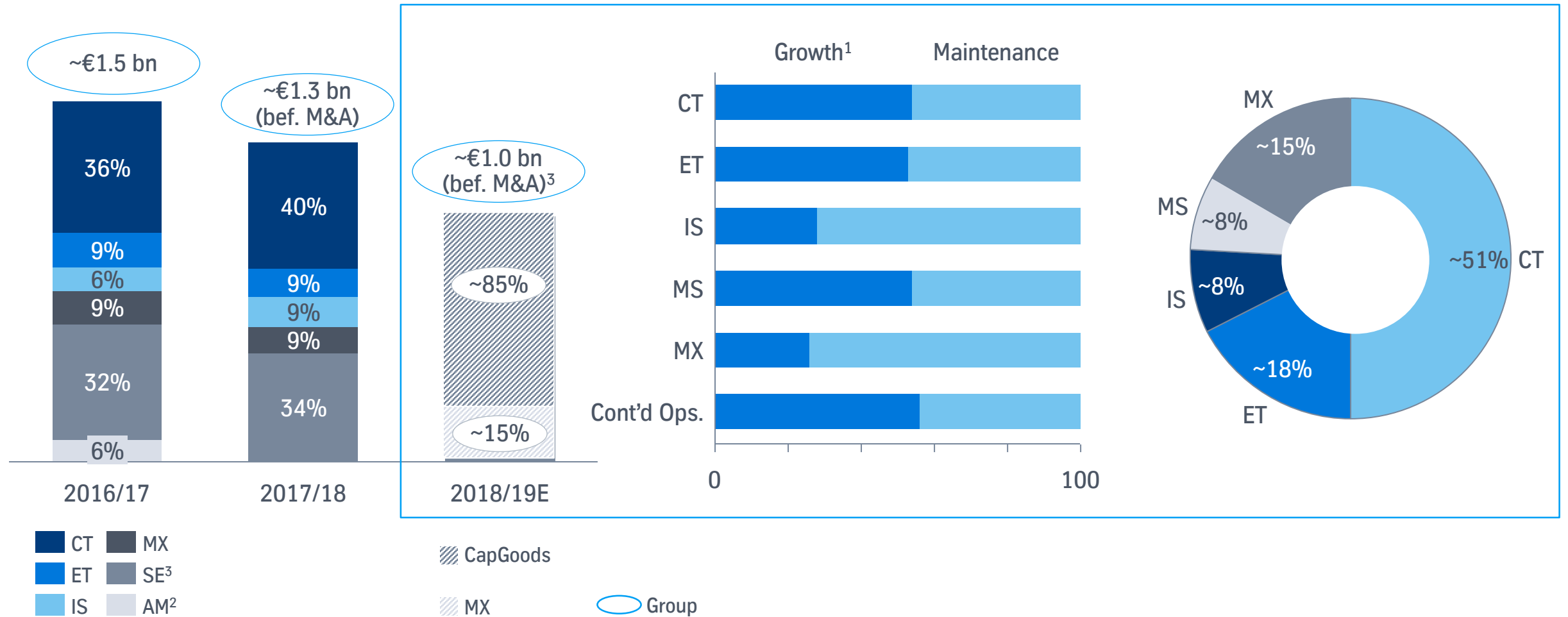
1.) Including past service cost and curtailments

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



Capex allocation

Cash flows from investing activities

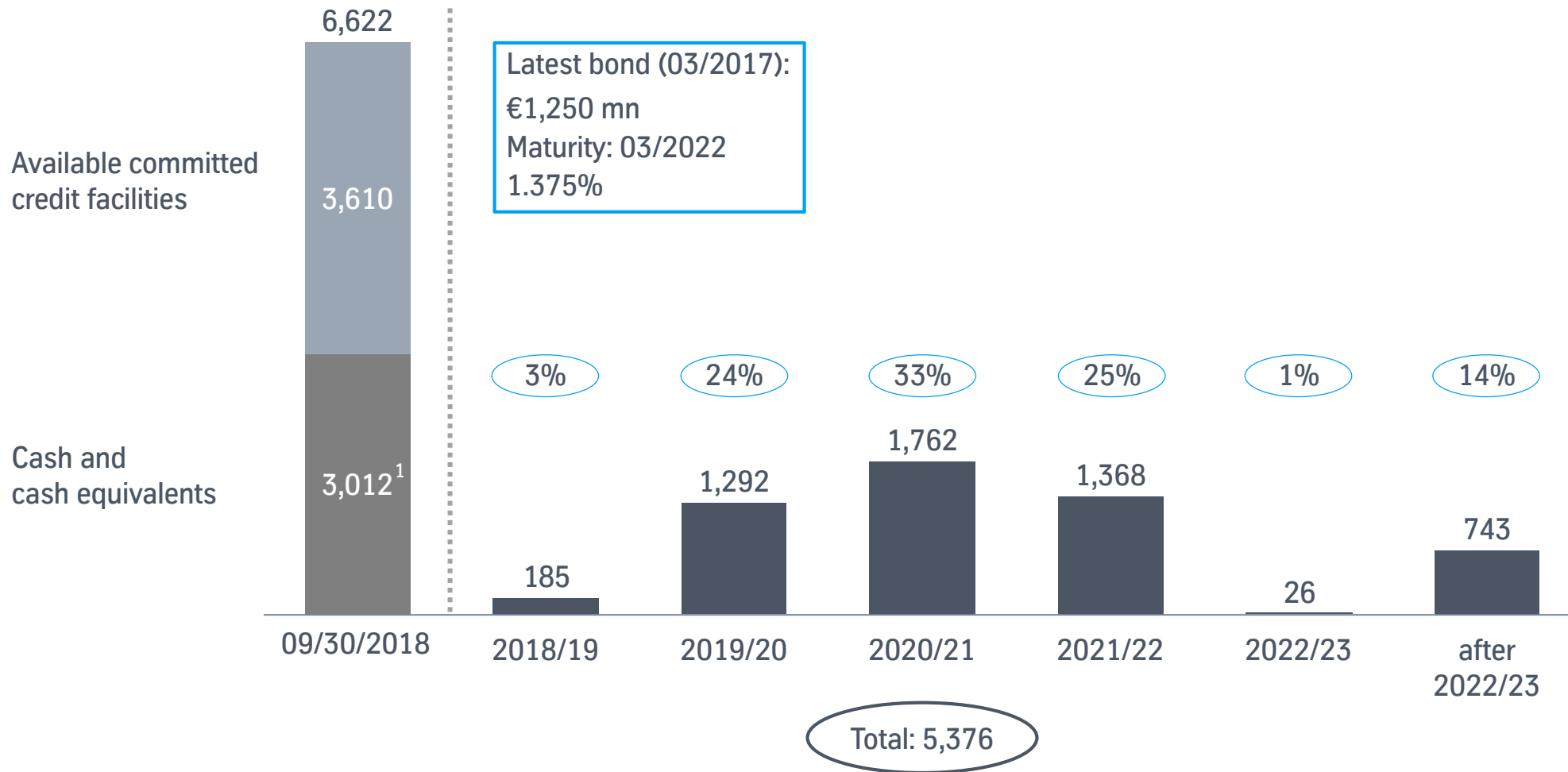


Business Area shares referring to capex excl. Corporate | 1. Including order related investments | 2. Sold in Q4 of FY 17/18 | 3. SE not included in FY 18/19 CAPEX est. as it is Discont'd Operations now | Figures incl. rounding differences



Solid financial situation

Liquidity analysis and maturity profile of gross financial debt as of September 30, 2018 [€ mn]



1. Incl. securities of €6 mn



Systematic benchmarking aiming at best-in-class operations

Selected peers / relevant peer segments

Continuing Operations

Components Technology

- Automotive
 - Steering: Bosch Automotive Steering; ZF/TRW; Nexteer¹, JTEKT¹, NSK¹
 - Axle, damper & suspension systems: ZF/TRW; Tenneco¹; Mubea, NHK Springs¹, Benteler
 - Camshafts: Seojin Cam, Linamar¹
 - Crankshafts: Bharat Forge¹; Tianrun; CIE Galfor¹; Sumitomo¹
- Industry
 - Slewing bearings and seamless rings: IMO; SKF¹; Forgital Group
 - Undercarriages and undercarriage components: Titan International¹

Materials Services

- Materials Distribution:
 - Klöckner¹; Salzgitter Trading¹; Reliance¹
- Special Services:
 - Glencore¹; Stemcor; Reliance¹; AM Castle¹; Vink; Sunclear
- Special Materials
 - Acerinox¹; Aperam¹; Outokumpu¹

Elevator Technology

- UTC/Otis¹
- KONE¹
- Schindler¹
- Mitsubishi (Electric)¹
- Fujitec¹
- Toshiba¹
- Hitachi¹

Industrial Solutions

- Chemical Plant Engineering: Snamprogetti/Saipem¹; MaireTecnimont¹; TechnipFMC¹; Fluor¹; Asahi Kasei¹
- Cement & Mining: Sinoma¹; FLSmidth¹; KHD Humboldt Wedag; Takraf; FAM; Sandvik¹ Metso¹; Loesche; Outotec¹
- System Engineering: KUKA¹ EDAG¹; Comau; FFT; ABB¹
- Marine Systems: DCNS; Fincantieri¹; Damen; BAE Systems¹; DSME¹; Saab Kockums¹

Steel Europe (Discontinuing Operation)

- ArcelorMittal Europe¹
- Salzgitter Strip Steel¹
- Tata Steel Europe¹
- Voestalpine Steel Division¹

Signing of Joint Venture with
Tata Steel
on June 30th, 2018

1. Listed peers



Components Technology – overview

Sales €7.9 bn - Mission critical components for leading automotive and industry customers

Automotive ~70% of sales



Steering



Damper



Automotive Systems



Camshafts



Springs & Stabilizers

Industry ~30% of sales¹



Bearings



Forged Technologies

- Growth prospects from technology shifts and expansion of global production network
- Strong customer portfolio and steady stream of innovations for tomorrow's mobility trends
- Profitability upside from increased competitiveness and best-in-class engineering and operations
- Good business predictability due to long-term customer contracts and close customer proximity

More than 1 million parts/systems per day

1. Forged Technologies still partially also addressing the automotive industry



Components Technology

[€ mn]

	2016/17					2017/18				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Order intake	1,759	1,979	2,000	1,936	7,674	1,921	1,942	2,027	1,972	7,861
Sales	1,743	1,936	1,970	1,923	7,571	1,906	1,930	2,043	1,997	7,875
EBITDA	139	159	176	175	648	156	171	149	-12	465
EBITDA adjusted	154	183	180	187	705	157	175	180	17	529
EBIT	58	66	93	80	297	75	89	67	(111)	120
EBIT adjusted	75	101	99	102	377	77	93	98	(71)	197
EBIT adj. margin (%)	4.3	5.2	5.0	5.3	5.0	4.0	4.8	4.8	(3.6)	2.5
tk Value Added					(21)					(211)
Ø Capital Employed	3,624	3,713	3,753	3,740	3,740	3,711	3,812	3,891	3,897	3,897
BCF	(192)	(38)	(17)	279	31	(290)	(69)	(33)	263	(129)
CF from divestm.	1	0	1	1	2	1	0	2	1	4
CF for investm.	(91)	(136)	(170)	(153)	(551)	(128)	(113)	(123)	(158)	(523)
Employees	31,100	31,770	32,469	32,904	32,904	33,152	33,768	34,126	34,481	34,481

Current trading conditions

Sales €1997 mn, +4% yoy, ex F/X +5%; order intake €1972 mn, 2% yoy, ex F/X +3%;

Automotive: LV with slight growth worldwide, Europe with robust demand, USA declining, customer induced slower ramp-up new plants in China, sales sig. effected by f/x

Industry: Weaker demand wind power especially in Brazil and India; sales affected by f/x and lower prices vs. higher volumes construction machinery; general book-to-bill time lag; ongoing recovery construction equipment market; HV with good market development USA (Class 8), Europe solid growth, Brazil with growth from low level, China slightly lower due to anticipation effects in prior year

EBIT adj. : €(71) mn, €(173) mn yoy; robust conditions for auto components and improved conditions for constr. equip. components and heavy vehicles overcompensated by risk provisions from quality issues; underperformance at Springs & Stabilizers and customer induced slower ramp-up new plants in China



Components Technology: Reach benchmark level in FY 20/21 based on past years' investments

Achievements

- Repositioned from opportunistic portfolio player to **acknowledged tier-1 supplier** based on **tk commitment to automotive industry**
- Made **significant investments** of €2.2 bn and on average ~7% uptake in order-related R&D over last 5 years
- **Internationalized operations** beyond Western Europe and US to access growth markets (e.g. China, Eastern Europe, Mexico)
- Generated contractual **orders of >€8 bn** including next generation EPS¹ systems

CT baseline FY 16/17

5%	5%	~0.2x
Sales growth	EBIT adj. margin	Cash conversion ³

CT targets FY 20/21

Mid-single digit	>7%	~0.5x
Sales growth ² (above market)	EBIT adj. margin ⁴	Cash conversion ³

Priorities

- Execute **strong pipeline of customer contracts** with sales growth towards **>€8 bn**
- Focus on **ramp-up Steering business** (EBIT swing of **≥€100 mn** over next 3 years)
- **Standardize product** and process landscape and reduce **organizational complexity**
- Foster **digitalization** to improve performance
- Expand **chassis competence** towards autonomous driving



Elevator Technology – overview

Leading position in a stable growing industry

Europe Africa

~30% of sales¹



Elevators/Escalators new installation,
service & modernization

Americas

~40% of sales¹



Elevators/Escalators new installation,
service & modernization

Asia Pacific

~30% of sales¹



Elevators/Escalators new installation,
service & modernization

Access Solutions

~2% of sales (in regions)¹



Home elevators / stair lifts



Passenger Boarding Bridges

- Leading position in a stable growing industry
- Long-term growth perspective by lasting urbanization and urban mobility trends
- Low volatility and high visibility by high share of service revenues
- High profitability, strong cash conversion and low capital intensity
- Differentiation by strong innovation funnel

1. Sales: FY 2017/18 €7,554 mn



Elevator Technology

[€ mn]

	2016/17					2017/18				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Order intake	1,903	2,111	2,024	1,796	7,834	1,959	1,873	1,981	2,039	7,853
Order backlog	5,141	5,384	5,216	4,814	4,814	4,922	4,983	5,124	5,066	5,066
Sales	1,882	1,868	1,954	1,971	7,674	1,845	1,755	1,938	2,016	7,554
EBITDA	203	188	252	181	824	222	211	223	210	866
EBITDA adjusted	234	227	260	285	1,007	241	225	238	249	953
EBIT	184	168	232	153	736	201	187	203	185	775
EBIT adjusted	215	207	240	260	922	220	204	218	224	866
EBIT adj. margin (%)	11.4	11.1	12.3	13.2	12.0	11.9	11.6	11.2	11.1	11.5
tk Value Added					652					690
Ø Capital Employed	1,139	1,156	1,141	1,127	1,127	1,068	1,106	1,129	1,143	1,143
BCF	7	316	124	274	720	(123)	202	141	264	483
CF from divestm.	0	1	1	(1)	1	1	2	1	1	4
CF for investm.	(36)	(41)	(34)	(34)	(144)	(23)	(26)	(30)	(35)	(113)
Employees	51,931	52,378	52,460	52,660	52,660	52,909	52,779	52,683	53,013	53,013

Current trading conditions

Order backlog (excl. Service) at €5.1 bn on a high level

Order intake in Q4 +13.5% yoy (ex FX +14.9%); FY: flat yoy (ex FX +5.4%); Q4 growth driven by NI and Service in US; continued price pressure in NI business in China; adverse FX;
Sales in Q4 ahead of prior year despite FX headwinds (+1.1% yoy; ex FX +2.6%); FY: -1.9% yoy (ex FX +3.2%); Q4 growth mainly driven by US (Service and Mod) and China (Service); adverse FX

Q4 EBIT adj. burdened by continued pricing pressure and higher material costs particularly in China; adverse FX effects

New installation driven by Americas; China with steady units, but value impacted by continued price pressure

Modernization: positive market development in US

Maintenance: growth in all major regions; particularly in China



Elevator Technology: Margin improvement and growth of service & modernization business above market

Achievements

- Reduced complexity by ~30% in elevator and escalator portfolio
- Positioned as innovation leader
- Implemented performance program “elevate” globally
- Optimized production with roll-out of tk production system and network streamlining
- Restructured underperforming entities
- Realized increase in sales (30%), EBIT adj. (80%) and Business Cash Flow (155%) versus FY 11/12

ET baseline FY 16/17

5%	12%	~0.9x
Sales growth	EBIT adj. margin	Cash conversion ¹

ET targets FY 20/21

Low-to-mid single digit	>13%	~1.0x
Sales growth ² (above market)	EBIT adj. margin	Cash conversion ¹

Long-term targets: 15% EBIT adj. margin >€1 bn EBIT adj.³

Priorities

- Reduce complexity to drive down admin cost by €100 mn
- Streamline product portfolio by further 40% (60% in total)
- Lift-up European business by €80 mn EBIT adj.⁴
- Push service & modernization business above market growth (~55% sales share, >4% sales growth p.a.)
- MAX: Further digitalization
- MULTI: Industrialization

1. EBIT into BCF before fee for corporate brand | 2. On comparable basis (FX) | 3. Long-term target for EBIT adj. likely to be reached already in FY 20/21; corresponding to 1 €bn BCF | 4. Includes partially admin cost reduction
 Note: CAGR FY 11/12 - 16/17 for sales growth in baseline FY 16/17
 44 | January 2019



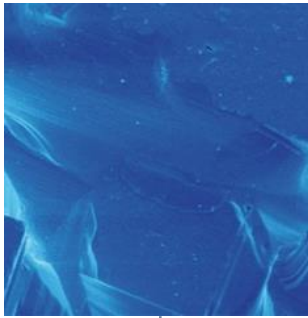
Industrial Solutions – overview

Global EP/EPC & Service Provider with Strong Technological Expertise [€ mn]

Fertilizer &
Syngas



Electrolysis &
Polymers



Industrial
Specialties²



Mining



Cement



System
Engineering



Marine
Systems



~900 of sales

~1,600 of sales

~1,100 of sales

~1,400 of sales

Service¹

Network of Excellence - worldwide project implementation - pooling and combined competencies

Regional Clusters - enhanced customer proximity

Increased market focus, leveraged resources and a new service setup

Sales of €5,020 mn referring to FY 17/18 | 1. Service share included in Business Units | 2. Coking Plants, Oil & Gas, Refining, 3rd party contracting



Industrial Solutions

[€ mn]

	2016/17					2017/18				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Order intake	1,159	1,959	1,031	2,342	6,490	846	924	1,053	2,365	5,188
Order backlog	9,636	10,309	10,604	11,341	11,341	11,156	10,667	10,445	11,281	11,281
Sales	1,479	1,282	1,241	1,520	5,522	1,091	1,247	1,254	1,429	5,020
EBITDA	28	35	34	(48)	48	29	(21)	(191)	34	(149)
EBITDA adjusted	57	37	24	71	190	31	(2)	(191)	(5)	(166)
EBIT	13	20	15	(84)	(36)	10	(43)	(216)	7	(243)
EBIT adjusted	42	23	6	41	111	12	(23)	(213)	(31)	(255)
EBIT adj. margin (%)	2.8	1.8	0.5	2.7	2.0	1.1	(1.9)	(17.0)	(2.1)	(5.1)
tk Value Added					(71)					(304)
Ø Capital Employed	82	241	349	430	430	523	648	724	762	762
BCF	(556)	(51)	(72)	275	(405)	(368)	(224)	(232)	41	(783)
CF from divestm.	3	10	1	0	14	0	2	0	4	6
CF for investm.	(17)	(15)	(8)	(41)	(82)	(17)	(18)	(22)	(65)	(122)
Employees	19,553	19,349	21,678	21,777	21,777	21,694	21,736	21,583	21,535	21,535

Current trading conditions

Q4 order intake highest in 6 years supported by large scale chemical plant complex in Hungary for MOL and strong demand at Mining

- Chemical plants: MOL - plants for hydrogen peroxide and propylene oxide, several production lines for polyether polyols and propylene glycol as well as related supply infrastructure
- Mining: Strong demand in Q4 with amongst others a bucket-wheel excavator system in Thailand and belt conveyors in Peru
- Cement: Smaller order for plant upgrade and services in Q4
- System Engineering: Larger order for car body manufacturing plant from a German OEM
- Marine Systems: Smaller orders in marine electronics, maintenance and service

Q4 EBIT adj. negative due to lower sales, weaker margin mix on billed projects and partial underutilization

Q4 BCF: Good order intake with related prepayments vs. still mature backlog in payout phase



Industrial Solutions – Plant Technology¹: Turnaround including restructuring necessary

Achievements

- **Attractive portfolio & leading engineering capabilities around proprietary technologies** (e.g. electrolysis, syngas technology, etc.)
- **Engineering stronghold** for tk (70% of engineering employees, thereof increasing share – ~60% – outside of Germany)

But

- **External effects** (recent uncertainty in fertilizer investments, cement overcapacities) negatively influence **business development** (reduction of large scale projects)
- **Performance issues** during execution of (large scale) projects
- Countermeasures so far **not sufficient** – Need for **turnaround** with **full management attention**

IS baseline FY 16/17

1%	~€(400) mn
EBIT adj. margin	Cash Flow

IS targets FY 20/21

~6%	Δ~€600 mn
EBIT adj. margin	Cash Flow improvement ²

Priorities

- Increase **order intake** by increasing sales effectiveness and extending regional sales
- Push **service growth** (10-12% p.a.)
- Simplify structure and processes, e.g. **streamlining and partially restructuring** of BU and OU structures, **adjustment of set-up** for optimal execution of small- & medium-sized projects
- **Deliver on the performance target** of minimum €200 mn annually³
- **Shape & industrialize technology portfolio** (e.g. PET recycling, Carbon2Chem) and **drive digitalization** potential, especially in service

1. Includes all plant technologies for resources (mining, cement), processes (e.g. fertilizer) and system engineering | 2. Compared to FY 16/17 | 3. Referring to Plant Technology and Marine Systems



Industrial Solutions – Marine Systems: Focus on project execution and order intake

Achievements

- Increase of global defense expenditures drives market growth
- Submarine business defined as key technology by German federal government
- Market leading position especially in submarine business with promising project funnel

But

- Exclusion from tender process for MKS 180¹, possible sub-contracting
- Transnational tenders increase competition
- Low margin order backlog (e.g. Turkey) with high execution challenges

MS baseline FY 16/17

4%

EBIT adj.
margin

~€40 mn

Cash Flow

MS targets FY 20/21

>0%

EBIT adj.
margin

Δ~€200 mn

Cash Flow
improvement²

Priorities

- Ensure successful execution of projects at risk
- Secure future of surface vessel business with new orders
- Successfully implement already started transformation process (e.g. integration of sites, introduction of modern engineering methods/organization)

1. Consortium of tkMS and Fr. Lürssen Werft (DMKS) | 2. Compared to FY 16/17



Materials Services – overview

Sales driven customer service organization; Sales €14.7 bn¹

Warehousing | Services

68% of sales



- Materials distribution (just-in-time)
- Supply Chain Management
- Processing
- Inventory/Warehouse Management

Trading

19% of sales



- Materials
- Raw materials

Production

13% of sales



- Stainless steel AST since March 1, 2014

- One-stop shop concept for broad range of industries and customer groups
- Accelerate competitiveness by digital transformation targeting leading market position in omni channel materials distribution
- Highly efficient and capital light business model with powerful IT and logistic systems
- Reduction of income volatility by continuous expansion into supply change management businesses
- Relentless focus on market, innovation and efficiency



Materials Services¹

[€ mn]

	2016/17					2017/18				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Order intake	3,131	3,683	3,430	3,516	13,760	3,363	3,776	3,818	3,587	14,544
thereof Special Materials	484	495	362	419	1,761	410	536	520	400	1,866
Sales	3,032	3,649	3,504	3,480	13,665	3,230	3,904	3,863	3,654	14,652
thereof Special Materials	434	496	417	389	1,735	438	514	500	429	1,881
EBITDA	65	124	85	65	339	75	117	103	83	377
EBITDA adjusted	79	151	99	94	422	77	127	112	108	424
thereof Special Materials	26	32	39	20	117	31	31	28	24	115
EBIT	38	93	57	32	220	48	90	76	55	270
EBIT adjusted	51	121	73	66	312	51	100	85	81	317
thereof Special Materials	19	22	32	11	84	23	22	20	15	80
EBIT adj. margin (%)	1.7	3.3	2.1	1.9	2.3	1.6	2.6	2.2	2.2	2.2
thereof Special Materials	4.3	4.4	7.6	2.9	4.8	5.2	4.3	3.9	3.6	4.2
tk Value Added					(72)					(20)
Ø Capital Employed	3,611	3,648	3,649	3,652	3,652	3,702	3,692	3,675	3,623	3,623
BCF	(389)	304	(148)	190	(43)	(307)	315	(65)	625	567
thereof Special Materials	(13)	62	16	2	66	(24)	66	(12)	72	101
CF from divestm.	3	4	3	46	57	16	2	17	3	39
CF for investm.	(19)	(24)	(20)	(69)	(132)	(15)	(25)	(26)	(47)	(113)
Employees	19,708	19,800	19,862	19,861	19,861	19,981	20,107	20,148	20,273	20,273

Current trading conditions

Sales in Q4 up yoy: Higher warehousing shipments and favorable price environment; volumes at AST up yoy

EBIT adj. in Q4 significantly up yoy with strong cash flow: Positive price trend in North America, volume trend by warehousing shipments and productivity gains from performance programs; AST with higher earnings contribution despite import pressure and high costs for Graphite Electrodes; BCF significantly positive

1. Figures incl. disc. op. tk MillServices & Systems GmbH



Materials Services: Focus on performance and growth from a position of strength

Achievements

- **Attractive, scalable business model** (service, omnichannel sales, logistics)
- **Leading market position** in key markets based on sales
- **Long-term customer relationships** with excellent feedback
- **Productivity improvement** by 10% since FY 12/13
- ~€1.3 bn sales via **digital sales channels**
- Ramp-up of own **IoT platform toii®** for automatization
- **Successful turnaround of AST**

MX baseline FY 16/17

~2%

EBIT adj.
margin¹

0.7x

Cash conversion²

MX targets FY 20/21

~3%

EBIT adj.
margin¹

0.7-1.0x

Cash conversion³

Priorities

- Significant growth of **value-added services**
- **Extend digital sales** via own portals/ shops and external market places
- Participate in **sustainable market growth**
- **Digitalization as efficiency driver** along the entire value chain
- Continuous **productivity improvements** by Operational Excellence
- **G&A cost reduction** and further levers to compensate cost inflation

1. Incl. AST | 2. EBIT adj. into BCF before fee for corporate brand, average 2011/12 – 2016/17 | 3. EBIT into BCF before fee for corporate brand, across the cycle



Steel Europe

[€ mn]

Discontinued Operation

	2016/17					2017/18				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Order intake	2,078	2,442	2,171	2,277	8,969	2,071	2,484	2,474	2,127	9,157
Sales	1,908	2,371	2,337	2,299	8,915	2,171	2,397	2,496	2,406	9,470
EBITDA	130	196	335	244	905	266	304	344	(20)	894
EBITDA adjusted	133	196	336	292	957	266	305	333	207	1,110
EBIT	25	91	231	145	493	160	198	240	(126)	471
EBIT adjusted	28	92	232	196	547	160	198	228	101	687
EBIT adj. margin (%)	1.5	3.9	9.9	8.5	6.1	7.4	8.3	9.1	4.2	7.3
tk Value Added					43					(1)
Ø Capital Employed	4,948	5,113	5,248	5,286	5,286	5,448	5,572	5,607	5,545	5,545
BCF	(404)	(232)	76	643	82	(469)	321	257	607	715
CF from divestm.	(4)	(0)	(1)	10	4	(1)	(1)	9	(0)	6
CF for investm.	(121)	(119)	(184)	(141)	(566)	(88)	(83)	(79)	(193)	(442)
Employees	27,437	27,400	27,384	27,646	27,646	27,478	27,255	27,090	27,764	27,764

Current trading conditions

- EU carbon flat steel market with still favorable market conditions in 2018 despite
 - increasing geopolitical and foreign trade tensions and uncertainties
 - market environment remains extremely challenging (global overcapacities and continued high volatile raw material prices)
- Imports remaining high (especially up excl. other 3rd countries particularly Turkey, Russia)
- Sales significantly up yoy, mainly driven by sig. higher Ø selling prices in all products and end user sectors; shipments of 11.3 mt down yoy due to mostly slightly lower shipments to industrial customers and sharply lower shipments of heavy plate products; Q4 shipments lower due to effects of low water levels at Rhine and WLTP
- EBIT adj.: sig. higher yoy mainly due to higher selling prices, supported by performance measures; Q4 negative affected by production losses due to low water levels at Rhine and WLTP; Q4 EBIT as rep. affected by provisions for cartel proceedings



Volume KPI's of Materials Businesses

			2011/12	2012/13	2013/14	2014/15	2015/16	2016/17				2017/18					
			FY	FY	FY	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
MX	Total shipments	kt	10,868	10,669	13,615	13,421	12,605	2,695	2,788	2,709	2,773	10,966	2,701	2,946	2,869	2,580	11,096
	Warehousing shipments ¹	kt	5,470	5,300	5,592	5,532	5,518	1,301	1,515	1,430	1,440	5,686	1,347	1,580	1,531	1,486	5,944
	Shipments AST ²	kt	-	-	537	747	848	227	233	201	191	853	217	247	227	199	890
SE	Crude Steel	kt	11,860	11,646	12,249	12,392	12,021	2,903	2,938	3,209	3,010	12,060	3,076	2,930	3,010	2,823	11,839
	Steel Europe AG	kt	8,408	8,487	8,936	9,276	9,336	2,531	2,210	2,418	2,282	9,440	2,373	2,299	2,315	2,184	9,171
	HKM	kt	3,452	3,160	3,313	3,116	2,686	373	729	791	728	2,620	703	631	695	639	2,668
	Shipments	kt	12,009	11,519	11,393	11,725	11,174	2,724	3,010	2,877	2,823	11,433	2,722	2,893	2,904	2,782	11,302
	Cold-rolled	kt	7,906	7,437	7,137	7,182	7,048	1,732	1,892	1,800	1,745	7,169	1,669	1,804	1,806	1,715	6,995
	Hot-rolled	kt	4,103	4,082	4,256	4,543	4,126	992	1,117	1,078	1,078	4,265	1,054	1,089	1,098	1,067	4,307
	Average Steel revenues per ton ³		139	127	119	114	107	109	123	129	127	122	127	130	135	136	132
USD/EUR	Aver.	1.30	1.31	1.36	1.15	1.11	1.08	1.06	1.10	1.17	1.10	1.18	1.23	1.19	1.16	1.19	
USD/EUR	Clos.	1.29	1.35	1.26	1.12	1.12	1.05	1.07	1.14	1.18	1.18	1.20	1.23	1.17	1.16	1.16	

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



Corporate¹

[€ mn]

	2016/17					2017/18				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
EBITDA	(114)	(103)	(131)	(163)	(511)	(58)	(82)	(108)	(154)	(402)
EBITDA adjusted	(103)	(110)	(117)	(151)	(481)	(61)	(67)	(66)	(124)	(317)
EBIT	(126)	(117)	(145)	(182)	(569)	(72)	(97)	(124)	(174)	(466)
EBIT adjusted	(115)	(123)	(131)	(165)	(535)	(75)	(81)	(82)	(140)	(377)
BCF	181	(162)	(114)	(171)	(266)	237	(119)	(92)	(121)	(94)
Employees	3,589	3,734	3,781	3,891	3,891	3,961	4,048	4,025	4,030	4,030

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. expected to improve in 17/18 driven mainly by G&A cost reduction and lower costs for transformation programs

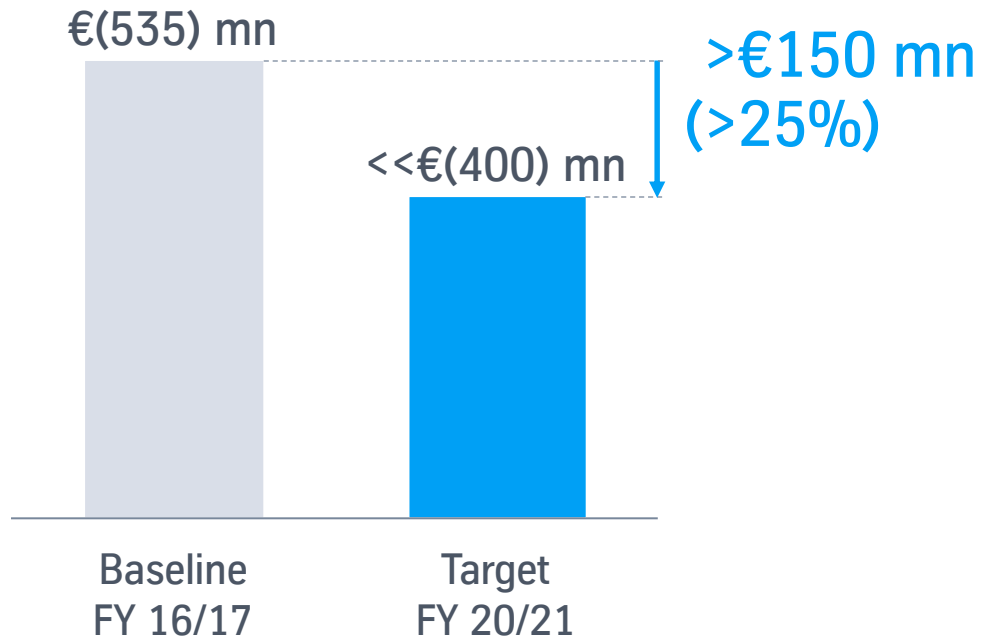
EBIT adj. figures include:

- | | FY 16/17 vs. FY 17/18 |
|------------------|-----------------------|
| • CorpHQ: | (411) vs. (297) |
| • Regions: | (45) vs. (35) |
| • Service Units: | (48) vs. (33) |
| • Special Units: | (31) vs. (14) |



Corporate: Focus on reduction of high costs

Corporate costs (EBIT adj.)

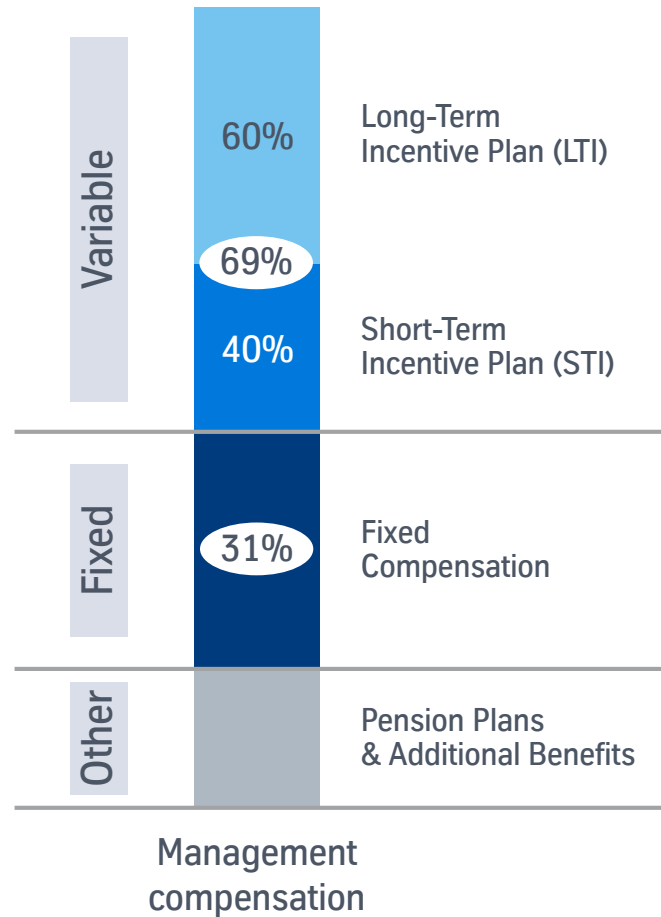


Levers

- Efficiency increase in Corporate HQ and regions by G&A cost reduction as well as simplification of our way of working
- Build-to-run-effect for group-wide initiatives: investment phase largely completed and hand-over to businesses
- Carve-out-effect based on Steel JV



Stringent alignment of management compensation with financial performance targets



LTI: Share price, tkVA (target tkVA = 0); payout limited to 250% of initial value

For every €20 mn Ø tkVA above target → 1% increase in number of rights
 For every €10 mn Ø tkVA below target → 1% reduction in number of rights

STI: annual performance bonus

- Group Board:
 - 40% Group EBIT/20% ROCE/40% FCF before M&A
 - Payout multiplied with a sustainability and discretionary factor (0.8-1.2)
 - Payout limited to 200% of target amount
- BA Board: 20% Group EBIT, FCF before M&A, tkVA; 80% BA EBIT, BCF, tkVA
- Sustainability targets/ indirect financial targets for Group Board and BA Board

Indirect financial targets: energy efficiency gains; 100% of relevant companies covered by ISO 50001 and ISO 14001; reduce accident frequency rate; increase share of females in A-L3 positions; 100 sustainability audits of suppliers p.a.

Fixed: €700,000 annually for each ordinary Group Board member



thyssenkrupp rating

	Long-term rating	Short-term rating	Outlook
Standard & Poor's	BB	B	developing
Moody's	Ba2	not Prime	negative
Fitch	BB+	B	watch negative



Re-conciliation of EBIT Q4 17/18 from Group p&l

Continuing operations

P&L structure

Net sales	9,015
Cost of sales	(7,817)
SG&A, R&D	(1,185)
Other income/expense	3
Other gains/losses	6
= Income from operations	23
Income from companies using equity method	(2)
Finance income/expense	(76)
= EBT	(57)

EBIT definition

Net sales	9,015
Cost of sales	(7,817)
SG&A, R&D	(1,185)
Other income/expense	3
Other gains/losses	6
Income from companies using equity method	(4)
Adjustm. for oper. items in fin. income/expense	(2)
= EBIT	17
Finance income/expense	(76)
Operating items in fin. income/expense	2
= EBT	(57)



Re-conciliation of EBIT FY 17/18 from Group p&l

Continuing operations

P&L structure

Net sales	34,777
Cost of sales	(29,847)
SG&A, R&D	(4,554)
Other income/expense	59
Other gains/losses	36
= Income from operations	472

Income from companies using equity method (1)

Finance income/expense (308)

= EBT 163

EBIT definition

Net sales	34,777
Cost of sales	(29,847)
SG&A, R&D	(4,554)
Other income/expense	59
Other gains/losses	36
Income from companies using equity method	(1)
Adjustm. for oper. items in fin. income/expense	(7)

= EBIT 464

Finance income/expense (308)

Operating items in fin. income/expense 7

= EBT 163



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