

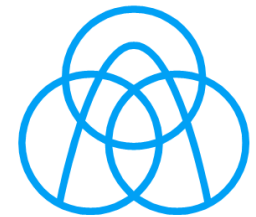
Charts on Q3 2018/19

Facts & Figures

Ticker: TKA (Share) TKAMY (ADR)

August 2019

engineering.tomorrow.together.



thyssenkrupp

Highlights Q3 – Financials

Trading Conditions

- Slowing macro - auto demand weakness – iron price disruptions – steel import pressure

newtk

- Elevator IPO preparation on track / evaluation of alternative options
- Flexible Portfolio approach sparked **interest of several strategic partners for other businesses**
- First findings from **business review – all options open**

Q3

- **Order intake** €10,219 mn (-3%/-4%)¹ – growth at CapGoods, but volume and price induced declines at Materials
- **EBIT adj.** €226 mn (-32%/-34%)¹ – improvements at ET, CT-Industry, MS, Corporate offset by margin compression particularly at auto-related and Materials businesses
- **FCF bef. M&A** €(92) mn – sig. improved yoy; however ytd more negative due to NWC requirements, particularly at auto-related and Materials businesses

FY Outlook

- **Sales** on prior year level (unchanged); declines at Materials businesses offset by growth at CT, ET, IS
- **EBIT adj.** ~€0.8 bn (prior: €1.1 - 1.2 bn); neg. price/costs and volume effects (>€700 mn) at auto-related and Materials businesses
- **FCF bef. M&A** in line with lowered EBIT adj. expectation: >€1 bn negative² (prior: high 3-digit million negative)

1. Numbers in brackets compared to Q3 FY 17/18 / adjusted for F/X and portfolio changes | 2. Potential cash out for cartel proceedings at Steel Europe not yet considered



newtk – concept for performance and value supporting mid-term targets

PERFORMANCE FIRST; EFFICIENT ORGANIZATION



FLEXIBLE PORTFOLIO

Value-driven exploitation of consolidation opportunities

SE, MX

- **Steel Europe:**
 - 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

Open for different ownership structures incl. Minority Stakes

Value realization and crystallization

ET

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

IPO / evaluation alternative options



PERFORMANCE FIRST; EFFICIENT ORGANIZATION

PERFORMANCE FIRST & EFFICIENT ORGANIZATION

Performance-driven review of all businesses and Corporate started

- First businesses under review – all options open
Springs & Stabilizers (CT), System Engineering (IS), Heavy Plate (SE)
 - ~4% of sales, but ~25% of expected negative cashflow in FY 18/19
 - process will be advanced by a team of senior restructuring experts, who will directly report to tk CFO
 - financial numbers will be reported separately (performance tracking)
- Contingency measures at all Business Areas and Corporate
e.g. production optimization, G&A cost reduction, hiring freeze, travel expenses cut

Development of new lean organization and leadership structures in progress

- Accelerate Corporate costs target <€200 mn
- New lean organization and leadership structures to be announced end of FY 18/19
- Leaner Executive board – CCO Donatus Kaufmann tendered his resignation



PERFORMANCE FIRST; EFFICIENT ORGANIZATION



FLEXIBLE PORTFOLIO

FLEXIBLE PORTFOLIO

Elevator

- IPO preparation on track with execution at all project groups for IPO readiness in FY 19/20
 - also evaluation of alternative options
- Expansion of NI and service footprint in highly attractive North American market through acquisitions (Nashville Machine Elevator; O'Keefe Elevator)

Other Businesses

- newtk sparked interest of several potential strategic partners – first contacts



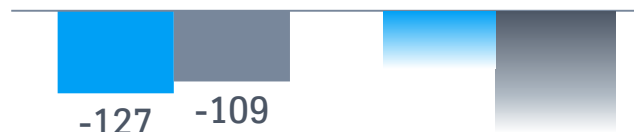
First findings from businesses review – all options open

[€ mn]

EBIT adj BCF

Springs & Stabilizers (SP)

- Inefficient cost position in Europe
- Competitive pressure in commoditized market



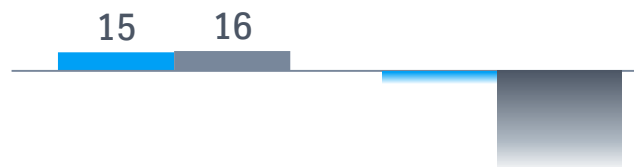
Components Technology ex SP



Stable despite macro effects

System Engineering (SY)

- Inefficient cost basis
- Challenging market fundamentals (ICE→EV)



Industrial Solutions ex SY



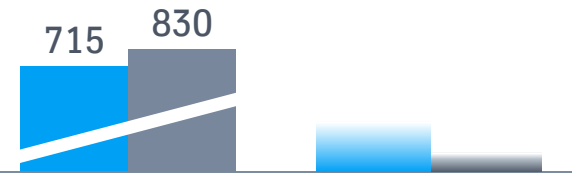
Supporting turnaround

Heavy Plate (HP)

- Import pressure
- Non-competitive cost position in an oversupplied market



Steel Europe ex HP



Mitigate cyclical exposure

~4% of sales, but ~25% of expected negative cashflow in FY 18/19



Order intake – CapGoods growth cannot compensate volume and price induced declines at Materials

[€ mn]

	17/18 ¹ Q3	18/19 Q2	18/19 Q3	yoy	yoy (ex FX ²)	17/18 ¹ 9M	18/19 9M	yoy	yoy (ex FX ²)	
Components Technology (CT)	1,696	1,781	1,754	3%	2%	4,939	5,188	5%	4%	Confirming growth ambition in Steering
Elevator Technology (ET)	1,981	1,995	1,999	1%	-1%	5,814	6,136	6%	4%	Confirming growth ambition
Industrial Solutions (IS)	883	740	1,265	43%	43%	2,340	2,945	26%	26%	Chemical plants demand recovery
Marine Systems (MS)	170	133	145	-15%	-15%	483	385	-20%	-21%	
Materials Services (MX)	3,818	3,821	3,336	-13%	-14%	10,957	10,528	-4%	-5%	~1.1mt lower volumes
Steel Europe (SE)	2,475	2,451	2,177	-12%	-12%	7,030	6,969	-1%	-1%	~0.8mt lower volumes
Group³	10,554	10,360	10,219	-3%	-4%	30,171	30,690	2%	1%	

CT: Industry components plus ramp-up of new components plants overcompensate overall auto slowdown

ET: Modernization & Service up across all regions, most pronounced in the US. NI with slight growth in China, US with py base effect (Hudson Yards project)

IS: Chemical plants up (fertilizer orders from Egypt and Poland), Cement plants slightly better (low base) vs. Mining (strong base) softer and System Engineering impacted by overall auto slowdown

MS: Service & Maintenance contracts; big ticket (4 frigates for N. Africa) close to materialize

MX: Sig. lower volumes esp. in Europe partly offset by higher volumes in North America

SE: Sig. lower volumes due to weaker macro, in particular auto

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 Q3 17/18 (469); Q2 18/19 (561); Q3 18/19 (457); 9M 17/18 (1,393); 9M 18/19 (1,461)



Sales

[€ mn]

	17/18 ¹ Q3	18/19 Q2	18/19 Q3	yoy	yoy (ex FX ²)	17/18 ¹ 9M	18/19 9M	yoy	yoy (ex F/X ²)
Components Technology (CT)	1,717	1,726	1,753	2%	1%	4,927	5,059	3%	1%
Elevator Technology (ET)	1,937	1,869	2,042	5%	4%	5,536	5,835	5%	4%
Industrial Solutions (IS)	815	950	996	22%	21%	2,606	2,786	7%	7%
Marine Systems (MS)	440	497	510	16%	16%	987	1,305	32%	32%
Materials Services (MX)	3,846	3,696	3,505	-9%	-10%	11,023	10,590	-4%	-5%
Steel Europe (SE)	2,492	2,350	2,347	-6%	-6%	7,061	6,828	-3%	-4%
Group³	10,771	10,638	10,779	0%	-1%	30,755	31,153	1%	0%

CT: Sales mirror order intake; Industry components overcompensate auto components

ET: Growth driven by modernization in Europe as well as by service in all major regions; new installation flat - growth in USA offset by Korea and Europe

IS: Chemical plants with progress on major projects in Hungary and Brunei; growth at Mining vs. decrease at Cement (both reflecting prior order trends); System Engineering leveling off

MS: Sig. up due to higher progress on submarine and surface vessel projects

MX: Sig. lower volumes esp. in auto-related service centers and global materials trading

SE: Sig. lower shipments, in particular auto and higher portion of spot 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 Group Q3 17/18 (476); Q2 18/19 (451); Q3 18/19 (373); 9M 17/18 (1,384); 9M 18/19 (1,248)



EBIT adj. – headwinds at CT-Auto and Materials due to slowing macro and iron ore price disruptions

[€ mn]

	17/18 ¹ Q3	18/19 Q2	18/19 Q3	yoy	17/18 ¹ 9M	18/19 9M	yoy	
Components Technology (CT)	100	69	65	-35%	267	183	-32%	Springs & Stabilizers negative ytd
th. Springs & Stabilizers	(12)	(13)	(27)	--	(4)	(58)	--	
Elevator Technology (ET)	217	198	239	10%	641	642	0%	Inflection point - margin Q3: 11.7% (+0.5%p yoy); Q4: >+0.5%p
Industrial Solutions (IS)	(106)	(33)	(55)	48%	(107)	(112)	-4%	
th. System Engineering	1	0	0	--	20	3	-85%	Weaker auto markets
Marine Systems (MS)	(107)	0	0	++	(117)	0	++	
Materials Services (MX)	84	53	43	-49%	235	119	-50%	~1.1mt lower volumes
Steel Europe (SE)	227	37	1	--	586	77	-87%	~0.7mt lower shipments; Heavy Plate negative ytd
th. Heavy Plate	(6)	(13)	(15)	--	(19)	(41)	--	
Corporate	(82)	(72)	(70)	14%	(237)	(219)	8%	G&A cost reduction ahead of schedule
Group²	331	240	226	-32%	1,274	683	-46%	

- CT:** Auto components weaker in China and Western Europe; Springs & Stabilizers still negative; Industry components higher yoy
- ET:** Margin development at inflection point; sales price and material cost development in China compensates material cost/tariffs in US
- IS:** Low margin projects in execution; cyclically delayed customer orders at System Engineering; turnaround program implemented
- MS:** Clear improvement yoy mainly due to higher sales and omission of one-time project charges in prior year; still low margins on billed projects
- MX:** Lower shipments and margin pressure particularly in Europe esp. in warehousing in Germany, auto-related service centers and global materials trading
- SE:** Sig. higher raw material costs, in particular surging iron ore prices and lower shipments in particular with auto OEMs

1. Prior-year figures have been adjusted due to the adoption of IFRS 15 | 2. Incl. Consolidation Group Q3 17/18 (2); Q2 18/19 (13); Q3 18/19 +3; 9M 17/18 +6; 9M 18/19 (6)



Special Items - continued focus on restructuring and future margin upside

[€ mn]

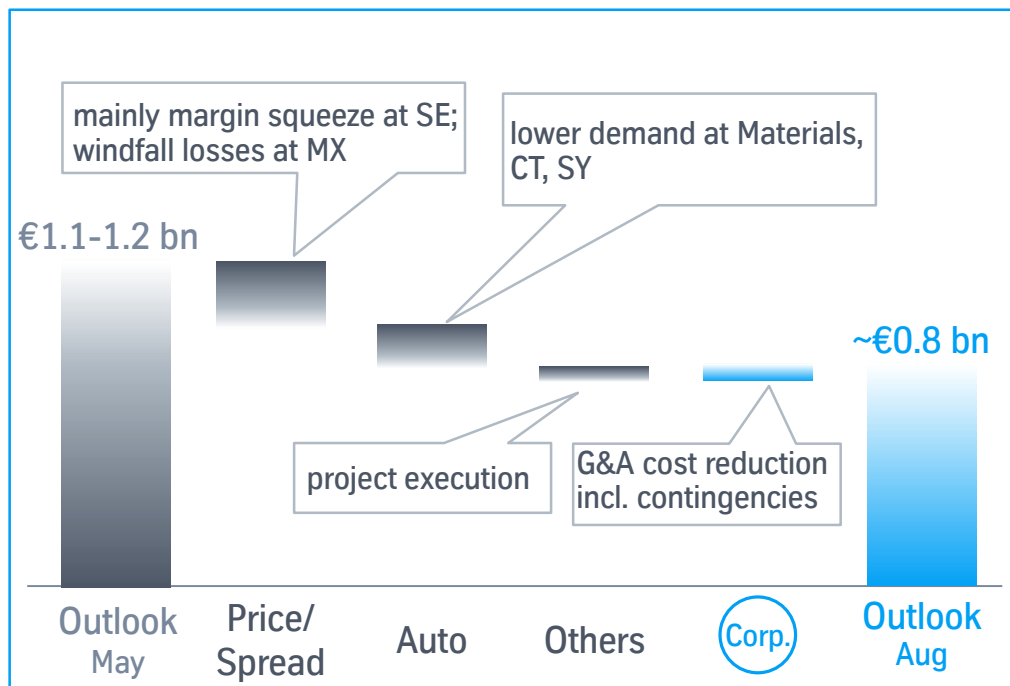
Business Area	2017/18				FY	2018/19			
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	
CT	Disposal effect								
	Impairment			(1)	(11)	(12)	(1)	(2)	(4)
	Restructuring	(2)		(2)	(2)	(6)			(3)
	Others		(4)	(28)	(27)	(59)	(4)	(8)	(3)
ET	Disposal effect						1		
	Impairment		(3)		(6)	(9)			
	Restructuring	(14)	(8)	(9)	(9)	(40)	(3)	(22)	(13)
	Others	(5)	(7)	(6)	(25)	(43)	(3)	(7)	(4)
IS	Disposal effect								2
	Impairment			(3)	(1)	(4)			(1)
	Restructuring	(2)		(1)	33	30	(2)	(1)	(2)
	Others		(20)	2	(8)	(26)	(5)	5	(8)
MS	Disposal effect								
	Impairment								
	Restructuring			(1)	16	15			(1)
	Others				(3)	(3)			
MX	Disposal effect								
	Impairment			(1)	(1)	(2)			(1)
	Restructuring		(6)	(5)	(7)	(18)	(3)	(2)	(5)
	Others	(2)	(4)	(3)	(18)	(27)	2		(4)
SE	Disposal effect			11	8	19	(4)	(20)	(3)
	Impairment				(1)	(1)			
	Restructuring			1	1	2	(1)	(1)	
	Others				(235)	(235)	1	(134)	12
Corp.	Disposal effect	5	(10)	(37)	(9)	(51)	(12)	(26)	5
	Impairment				(1)	(1)			(3)
	Restructuring	(1)	(1)	(2)	(7)	(11)	(1)	(3)	(1)
	Others	(1)	(4)	(3)	(17)	(25)	(1)	17	(7)
Consolidation							(3)	(1)	
Group	(22)	(66)	(88)	(330)	(507)	(36)	(207)	(43)	

Comments on Q3

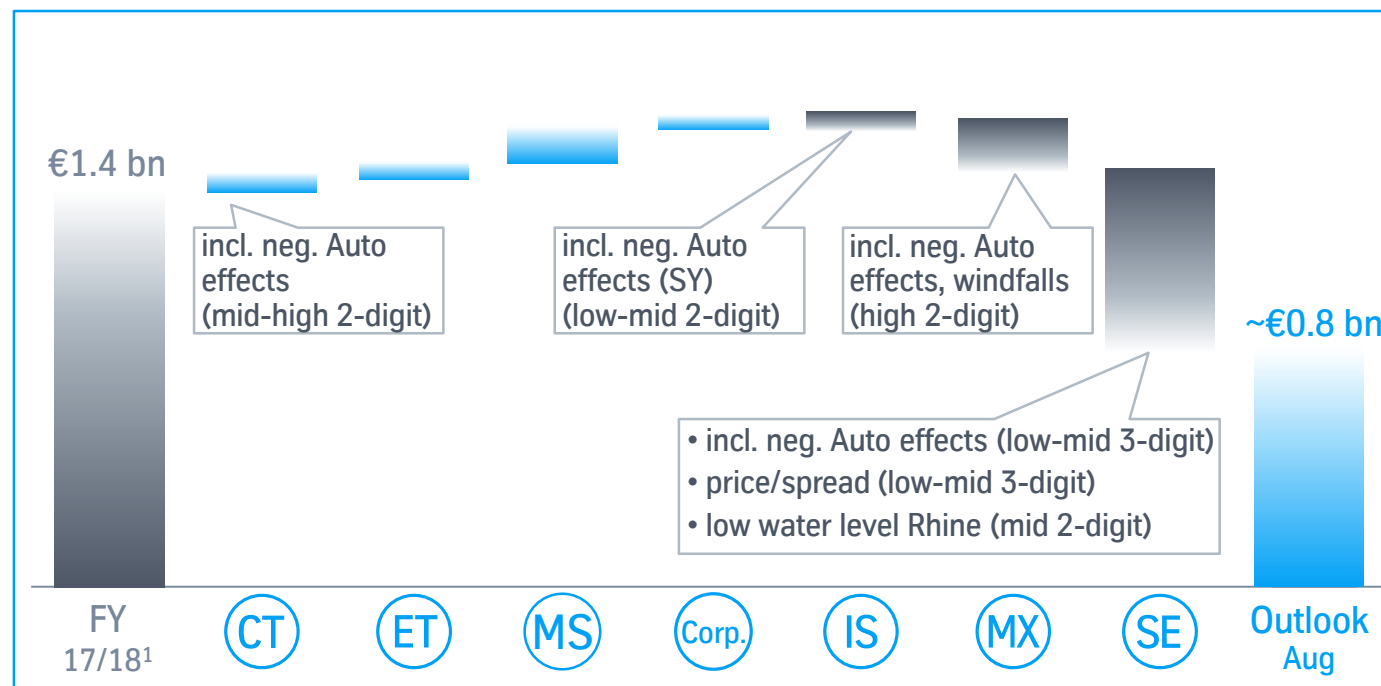
- Closure costs and related impairment charges (SP and FT)
- Restructuring and Reorganization in Europe and the Americas
- Impairment charges on operating assets
- Closure of two branches of thyssenkrupp Aerospace Germany to streamline structures
- Income in connection with purchase of Schwelgern coke plant (Duisburg)
- Project costs in connection with M&A transactions and the repositioning of the Group



FY Group Outlook – EBIT adj.: driven by slowing macro, in particular auto, and iron ore price disruptions



H2 with additional >€300 mn macro effects



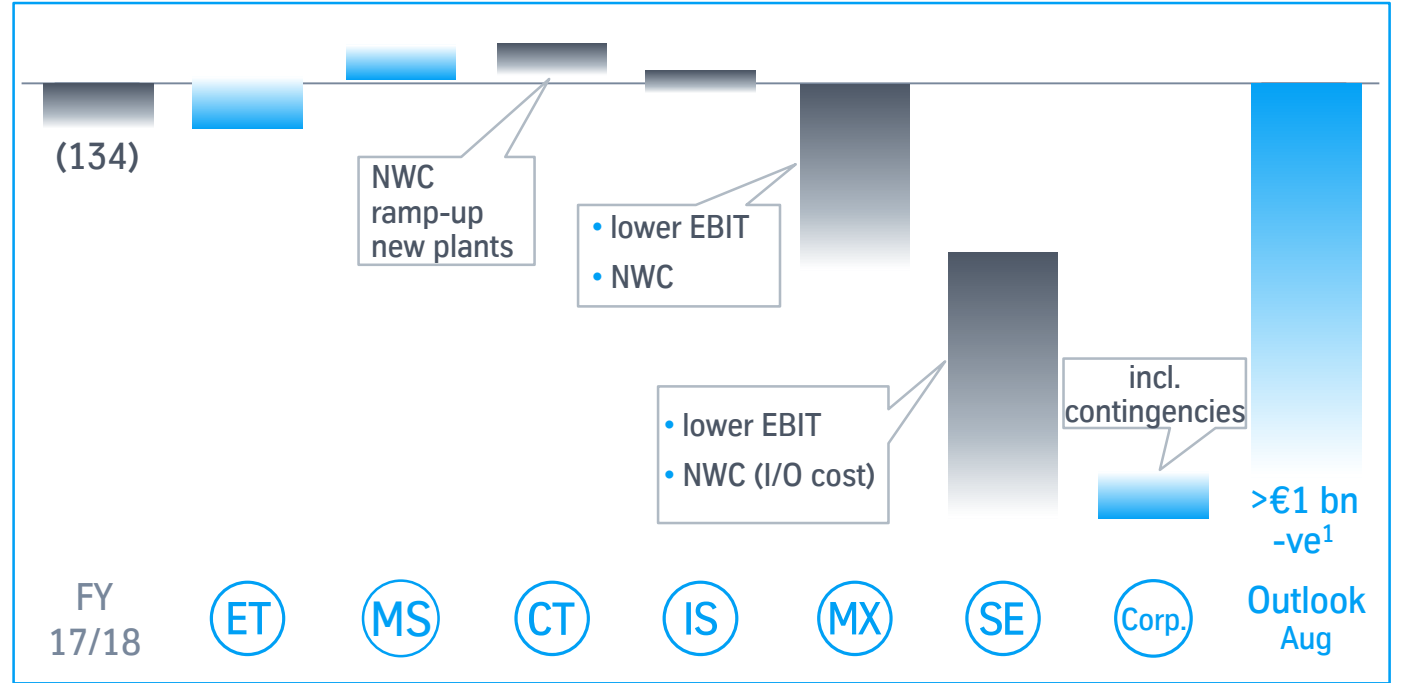
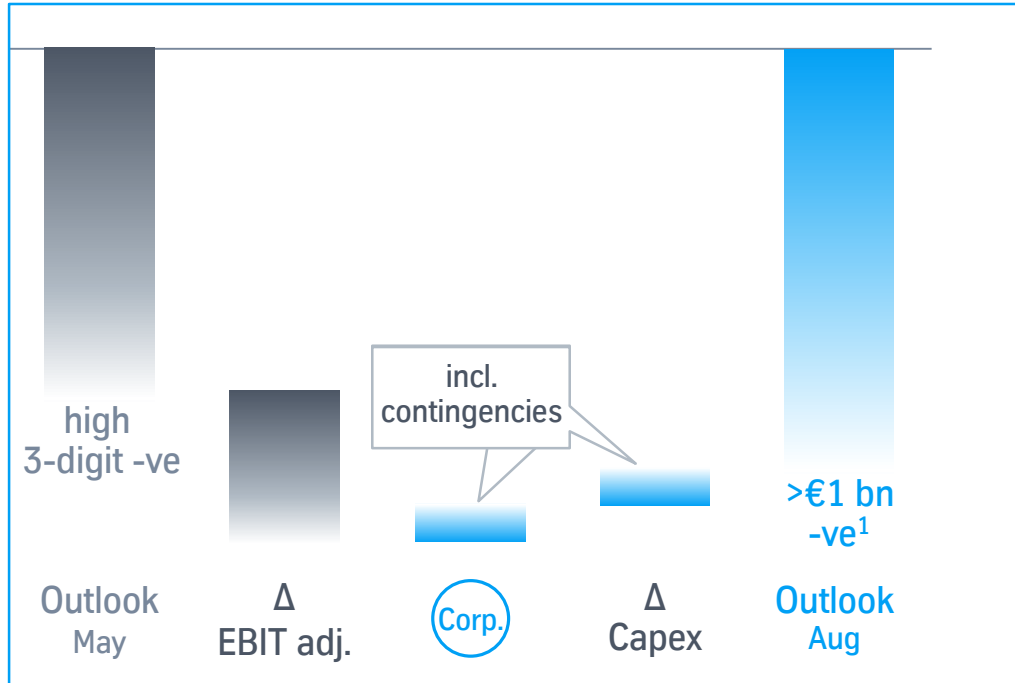
FY 18/19 with >€700 mn macro effects

1. Like-for-like EBIT adj. FY 17/18 (post regular depreciation charges at SE in Q4 FY 17/18)



FY Group Outlook – FCF bef. M&A: lowered EBIT adj. expectation reflected

Also depending on order intake and cash profile (big tickets) at MS



1. Potential cash out for cartel proceedings at Steel Europe not yet considered



Q4 and FY outlook

[€ mn]	Q4 17/18	Q4E 18/19	FYE 18/19 – EBIT adj. ¹
CT	(70)	↗	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	224	↗	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	(20)	↘	Depending on order intake – sig. recovery in sales (despite difficult market conditions, in particular at System Engineering (Auto) and Cement); EBIT adj. slightly down with order deferrals from customers at System Engineering and partly additional project costs; extensive transformation and restructuring measures initiated
MS	(11)	↗	Significant recovery in order intake (mainly due to order for frigates); EBIT adj. significantly improving towards break-even supported by extensive performance program and absence of additional costs of project analysis and reassessment in the prior year
MX	82	↘	Slowing economy as well as declining prices and volumes lead to a sig. lower adjusted EBIT
SE	101	↘	Slowing economy, declining volumes in particular from automotive customers and higher costs in particular for raw materials (mainly iron ore) and depending on further developments potentially negative 4th quarter lead to sig. lower adjusted EBIT
Corp.	(140)	↗	Improved adjusted EBIT driven by faster than planned reduction of administrative costs; prior year impacted by positive one-timers
EBIT adj.	170	→	~€0.8 bn driven by ongoing macro slowdown; supported by efficiency and restructuring programs as well as contingency measures
FCF b. M&A	1,459	→	>€1 bn negative , driven by lower EBIT and NWC build up at SE and CT; also depending on order intake and cash profile (big tickets) at MS

1. Compared to FY 2017/18



Key financials (I)

[€ mn]

	2017/18 ¹⁾					2018/19		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Order intake	9,398	10,219	10,554	11,316	41,486	10,111	10,360	10,219
Sales	9,543	10,442	10,771	10,779	41,534	9,736	10,638	10,779
EBITDA	691	702	517	145	2,056	465	321	483
EBITDA adjusted	714	765	601	456	2,537	500	526	519
EBIT	426	428	243	(159)	937	181	32	183
EBIT adjusted	448	495	331	170	1,444	217	240	226
EBT	322	333	157	(252)	561	99	(55)	80
Net income/(loss)	93	250	(114)	(240)	(12)	68	(161)	(77)
attrib. to tk AG stockh.	81	240	(131)	(251)	(62)	60	(173)	(94)
Earnings per share ²⁾ (€)	0.13	0.38	(0.21)	(0.40)	(0.10)	0.10	(0.28)	(0.15)
Free cash flow	(1,535)	161	(199)	1,459	(115)	(2,477)	22	(149)
FCF before M&A	(1,549)	168	(211)	1,459	(134)	(2,477)	23	(92)
TK Value Added					(325)			
Ø Capital Employed	15,177	15,574	15,786	15,774	15,774	16,046	16,613	16,803
Cash and cash equivalents (incl. short-term securities)	3,548	3,663	3,267	3,012	3,012	2,303	2,947	2,845
Net financial debt	3,544	3,546	3,808	2,364	2,364	4,684	4,834	5,101
Equity	3,282	3,333	3,339	3,203	3,203	3,274	2,882	2,494

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



Components Technology

[€ mn]

	2017/18 ¹⁾					2018/19		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Order intake	1,578	1,665	1,696	1,656	6,595	1,653	1,781	1,754
Sales	1,564	1,646	1,717	1,683	6,610	1,580	1,726	1,753
EBITDA	157	169	151	(11)	466	130	149	147
EBITDA adjusted	158	172	182	18	529	134	157	154
EBIT	76	86	69	(110)	121	44	59	54
EBIT adjusted	77	90	100	(70)	197	49	69	65
EBIT adj. margin (%)	4.9	5.5	5.8	(4.2)	3.0	3.1	4.0	3.7
tk Value Added					(210)			
Ø Capital Employed	3,708	3,809	3,887	3,893	3,893	3,912	4,050	4,131
BCF ²⁾	(231)	(69)	(33)	263	(71)	(270)	(76)	5
CF from divestm.	1	0	2	1	4	5	1	2
CF for investm.	(128)	(113)	(123)	(158)	(523)	(111)	(114)	(115)
Employees	33,152	33,768	34,126	34,481	34,481	34,662	34,780	35,036

Current trading conditions

- Order Intake at €1,754 mn (+3% yoy, ex F/X +2%); sales at €1,753 mn (+2% yoy, ex F/X +1%)
 - Automotive: light vehicles stable yoy supported by positive F/X effects; China, NAFTA and Western Europe weaker; impacted by WLTP and customer uncertainties regarding Brexit
 - Industry: higher order intake and sales especially wind power in China and Germany; ongoing positive development heavy vehicle components in USA and Western Europe, but declining growth in China and USA expected; construction equipment market slowdown expected
- EBIT adj. at €65 mn below prior year;
 - Automotive: light vehicles below prior year due to higher ramp-up costs of new customer projects; weaker demand for automotive components in China and Western Europe with flatter ramp-up curve of new plants and continued underperformance at Springs & Stabilizers
 - Industry: higher volumes increase EBIT adj.

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	Q3
Order intake	1,959	1,873	1,981	2,039	7,853	2,143	1,995	1,999
Order backlog	4,923	4,984	5,127	5,068	5,068	5,325	5,555	5,461
Sales	1,844	1,754	1,937	2,016	7,552	1,923	1,869	2,042
EBITDA	222	211	223	210	866	220	192	245
EBITDA adjusted	240	225	238	250	953	225	220	262
EBIT	201	186	202	185	775	199	169	222
EBIT adjusted	220	204	217	224	865	204	198	239
EBIT adj. margin (%)	11.9	11.6	11.2	11.1	11.5	10.6	10.6	11.7
tk Value Added					689			
Ø Capital Employed	1,066	1,103	1,127	1,141	1,141	1,219	1,254	1,262
BCF ²⁾	18	200	141	264	623	45	218	249
CF from divestm.	1	2	1	1	4	2	0	1
CF for investm.	(23)	(26)	(30)	(35)	(113)	(23)	(33)	(85)
Employees	52,909	52,779	52,683	53,013	53,013	53,282	52,915	53,010

Current trading conditions

Order backlog (excl. Service) at €5.5 bn on near record level

Order intake in Q3 +1% yoy (ex FX -1%); Q3 growth driven by modernization and service across all regions, most pronounced in the US; slight NI growth from China; PY NI impacted by Hudson Yards project

Sales in Q3 with growth (+5% yoy; ex FX +4%) driven by modernization in Europe as well as by service in all major regions; NI flat with growth in USA offset by Korea and Europe

Q3 EBIT adj. burdened by continued pricing pressure and material cost/tariff development in US compensated by sales price and material cost development in China

Stable New installation market in all major regions; China with stabilizing prices and slight growth in units; Korean NI market slowing down

Modernization market growing globally; most pronounced in China

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

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



Industrial Solutions

[€ mn]

	2017/18 ¹⁾					2018/19		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Order intake	788	670	883	2,200	4,541	940	740	1,265
Order backlog	5,116	4,657	4,686	5,792	5,792	5,922	5,732	5,923
Sales	835	956	815	1,027	3,633	840	950	996
EBITDA	19	(22)	(94)	18	(78)	(21)	(19)	(48)
EBITDA adjusted	21	(3)	(95)	(8)	(84)	(14)	(23)	(41)
EBIT	10	(33)	(108)	5	(126)	(31)	(30)	(64)
EBIT adjusted	13	(14)	(106)	(20)	(127)	(23)	(33)	(55)
EBIT adj. margin (%)	1.5	(1.5)	(13.0)	(1.9)	(3.5)	(2.8)	(3.5)	(5.5)
tk Value Added					(131)			
Ø Capital Employed	(64)	(28)	32	66	66	172	153	112
BCF ²⁾	(3)	(192)	(234)	150	(280)	(28)	(31)	(144)
CF from divestm.	0	2	0	4	6	1	0	5
CF for investm.	(11)	(11)	(12)	(29)	(63)	(9)	(12)	(13)
Employees	15,841	15,916	15,794	15,717	15,717	15,656	15,661	16,020

Current trading conditions

Q3 order intake up from prior year mainly due to orders at Chemical Plants

- Chemical plants: Improved market environment; fertilizer plant orders in Egypt and Poland
- Mining: Overall stable demand, but Q3 lower yoy; amongst others orders for biomass boilers in India
- Cement: current market situation marked by overcapacities built up in recent years, however project demand starting to pick up slightly again
- System Engineering: slowing demand for production systems for the auto industry; increasing uncertainties caused by Brexit, sector-specific economic risks and technology shift towards e-mobility

Q3 EBIT adj. improved yoy due to project charges in prior year; however still burdened from negative margins on projects billed and order deferrals by customers at System Engineering

Q3 BCF improved yoy due to order intake related prepayments

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	Q3
Order intake	58	255	170	165	648	107	133	145
Order backlog	6,046	6,016	5,764	5,493	5,493	5,300	4,944	4,571
Sales	256	291	440	403	1,389	298	497	510
EBITDA	10	1	(97)	16	(71)	12	12	12
EBITDA adjusted	10	2	(96)	3	(82)	12	12	13
EBIT	(1)	(11)	(108)	3	(117)	0	(0)	(1)
EBIT adjusted	(1)	(9)	(107)	(11)	(128)	0	(0)	(0)
EBIT adj. margin (%)	(0.3)	(3.2)	(24.4)	(2.7)	(9.2)	0.0	(0.0)	(0.0)
tk Value Added					(171)			
Ø Capital Employed	566	656	671	675	675	710	802	884
BCF ²⁾	(332)	(32)	3	(109)	(470)	(148)	(131)	76
CF from divestm.	0	0	0	0	0	1	0	(0)
CF for investm.	(7)	(7)	(9)	(36)	(59)	(8)	(9)	(13)
Employees	5,853	5,820	5,789	5,818	5,818	5,868	5,859	5,870

Current trading conditions

Q3 order intake with smaller maintenance and service contracts; order for frigates from North Africa at very advanced stage of negotiations and expected to be received shortly

Q3 EBIT significantly up yoy due to higher sales and absence of once-only project expenses in prior year

Q3 BCF up yoy due to better cash profile from submarine 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	Q3
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	2,388
	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	1,442
	Shipments AST ²	kt	-	-	537	747	848	853	217	247	227	199	890	192	229	222
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	2,750
	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	2,110
	HKM	kt	3,452	3,160	3,313	3,116	2,686	2,620	703	631	695	639	2,668	651	655	640
	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	2,720
	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	1,664
	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	1,057
	Average Steel revenues per ton ³		139	127	119	114	107	122	127	130	135	136	132	139	137	134
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	1.12	
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	1.14	

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



Materials Services

[€ mn]

	2017/18 ¹⁾					2018/19		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Order intake	3,363	3,776	3,818	3,587	14,544	3,370	3,821	3,336
thereof Special Materials	410	536	520	400	1,866	401	489	401
Sales	3,288	3,890	3,846	3,681	14,705	3,388	3,696	3,505
thereof Special Materials	438	511	496	426	1,870	390	463	453
EBITDA	76	116	102	83	377	49	79	63
EBITDA adjusted	78	126	111	109	424	50	81	72
thereof Special Materials	32	30	27	25	114	16	6	12
EBIT	49	90	75	56	270	22	51	34
EBIT adjusted	52	100	84	82	317	22	53	43
thereof Special Materials	23	21	18	16	79	7	(4)	3
EBIT adj. margin (%)	1.6	2.6	2.2	2.2	2.2	0.7	1.4	1.2
thereof Special Materials	5.3	4.2	3.7	3.8	4.2	1.8	(0.8)	0.6
tk Value Added					(19)			
Ø Capital Employed	3,700	3,690	3,673	3,620	3,620	3,782	3,897	3,914
BCF ²⁾	(259)	314	(65)	625	615	(879)	417	(186)
thereof Special Materials	(24)	66	(12)	72	101	(134)	18	(22)
CF from divestm.	16	2	17	3	39	1	17	1
CF for investm.	(15)	(25)	(26)	(47)	(113)	(18)	(36)	(30)
Employees	19,981	20,107	20,148	20,273	20,273	20,378	20,302	20,242

Current trading conditions

Sales in Q3 below prior year level: strong warehousing business in North America outweighing demand fall in Europe; declining volumes in auto-related SSC and global materials trading; volumes at AST slightly down yoy

EBIT adj. in Q3 significantly down yoy: margin pressure from declining prices particularly in warehousing and distribution, partly offset by productivity gains from performance programs; AST with low earnings contribution due to price trend in stainless steel, continuing import pressure and weak market environment; extensive package of measures under way to stabilize earnings

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



Steel Europe

[€ mn]

	2017/18 ¹⁾					2018/19		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Order intake	2,071	2,484	2,475	2,127	9,157	2,341	2,451	2,177
Sales	2,181	2,388	2,492	2,408	9,470	2,131	2,350	2,347
EBITDA	269	302	343	(20)	894	147	(6)	121
EBITDA adjusted	269	303	332	206	1,110	152	149	113
EBIT	162	196	239	(127)	470	34	(118)	9
EBIT adjusted	163	197	227	101	687	38	37	1
EBIT adj. margin (%)	7.5	8.2	9.1	4.2	7.3	1.8	1.6	0.0
tk Value Added					(4)			
Ø Capital Employed	5,446	5,571	5,605	5,585	5,585	5,307	5,498	5,532
BCF ²⁾	(396)	319	258	603	783	(832)	(52)	124
CF from divestm.	(1)	(1)	9	(0)	6	11	0	(0)
CF for investm.	(88)	(83)	(79)	(193)	(442)	(94)	(117)	(110)
Employees	27,478	27,255	27,090	27,764	27,764	27,613	27,882	27,934

Current trading conditions

- EU carbon flat steel market with further economic slowdown, mainly driven by:
 - increasing geopolitical and foreign trade tensions and uncertainties
 - market environment remains extremely challenging: continuing global overcapacities, risks from trade imbalances, drastically increased iron ore prices with falling revenues
 - further sharp increase in imports (especially up excl. other 3rd countries particularly Turkey, Russia, Ukraine), also through further 5% increase in import quotas from July
- Sales down yoy, mainly driven by significant reductions in shipments (2.7 mt vs prior year: 2.9 mt), affecting practically all end customer groups, in particular Automotive; negative price trend on spot market also had a delayed impact on some of our long-term contracts
- EBIT adj. sig. down due to higher raw material costs, in particular surging iron ore prices and lower shipments, in particular with auto OEMs

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



Corporate

[€ mn]

	2017/18 ¹⁾					2018/19		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
EBITDA	(58)	(82)	(108)	(154)	(402)	(75)	(70)	(58)
EBITDA adjusted	(61)	(67)	(66)	(124)	(317)	(62)	(57)	(55)
EBIT	(72)	(97)	(124)	(174)	(466)	(91)	(84)	(75)
EBIT adjusted	(75)	(81)	(82)	(140)	(377)	(77)	(72)	(70)
BCF ²⁾	(115)	(119)	(92)	(121)	(447)	(112)	(125)	(72)
Employees	3,961	4,048	4,025	4,030	4,030	4,037	3,754	3,628

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:

	Q3 17/18 vs. Q3 18/19	
• CorpHQ:	(58)	(49)
• Regions:	(6)	(9)
• Service Units:	(10)	(11)
• Special Units:	(8)	(2)

Faster than planned reduction of administrative costs with clear year-on-year improvement in adjusted EBIT.



Business Area Overview – Quarterly Order Intake

[€ mn]

	2017/18 ¹⁾				FY	2018/19		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
Components Technology	1,578	1,665	1,696	1,656	6,595	1,653	1,781	1,754
Elevator Technology	1,959	1,873	1,981	2,039	7,853	2,143	1,995	1,999
Industrial Solutions	788	670	883	2,200	4,541	940	740	1,265
Marine Systems	58	255	170	165	648	107	133	145
Materials Services	3,363	3,776	3,818	3,587	14,544	3,370	3,821	3,336
Steel Europe	2,071	2,484	2,475	2,127	9,157	2,341	2,451	2,177
Corporate	91	78	73	(52)	190	51	37	47
Consolidation	(510)	(583)	(542)	(407)	(2,042)	(495)	(598)	(504)
Full Group	9,398	10,219	10,554	11,316	41,486	10,111	10,360	10,219

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



Business Area Overview – Quarterly Sales

[€ mn]

	2017/18 ¹⁾					2018/19		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Components Technology	1,564	1,646	1,717	1,683	6,610	1,580	1,726	1,753
Elevator Technology	1,844	1,754	1,937	2,016	7,552	1,923	1,869	2,042
Industrial Solutions	835	956	815	1,027	3,633	840	950	996
Marine Systems	256	291	440	403	1,389	298	497	510
Materials Services	3,288	3,890	3,846	3,681	14,705	3,388	3,696	3,505
Steel Europe	2,181	2,388	2,492	2,408	9,470	2,131	2,350	2,347
Corporate	93	78	74	84	329	63	70	69
Consolidation	(517)	(562)	(550)	(524)	(2,153)	(487)	(521)	(442)
Full Group	9,543	10,442	10,771	10,779	41,534	9,736	10,638	10,779

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



Business Area Overview – Quarterly EBIT and Margin

[€ mn]

	2017/18 ¹⁾					2018/19		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Components Technology	76	86	69	(110)	121	44	59	54
%	4.9	5.2	4.0	(6.5)	1.8	2.8	3.4	3.1
Elevator Technology	201	186	202	185	775	199	169	222
%	10.9	10.6	10.4	9.2	10.3	10.3	9.0	10.9
Industrial Solutions	10	(33)	(108)	5	(126)	(31)	(30)	(64)
%	1.2	(3.4)	(13.2)	0.4	(3.5)	(3.6)	(3.1)	(6.4)
Marine Systems	(1)	(11)	(108)	3	(117)	0	(0)	(1)
%	(0.2)	(3.6)	(24.6)	0.6	(8.4)	0.0	(0.0)	(0.1)
Materials Services	49	90	75	56	270	22	51	34
%	1.5	2.3	2.0	1.5	1.8	0.6	1.4	1.0
Steel Europe	162	196	239	(127)	470	34	(118)	9
%	7.4	8.2	9.6	(5.3)	5.0	1.6	(5.0)	0.4
Corporate	(72)	(97)	(124)	(174)	(466)	(91)	(84)	(75)
Consolidation	(1)	9	(2)	4	10	4	(16)	3
Full Group	426	428	243	(159)	937	181	32	183
%	4.5	4.1	2.3	(1.5)	2.3	1.9	0.3	1.7

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



Business Area Overview – Quarterly EBIT adj. and Margin

[€ mn]

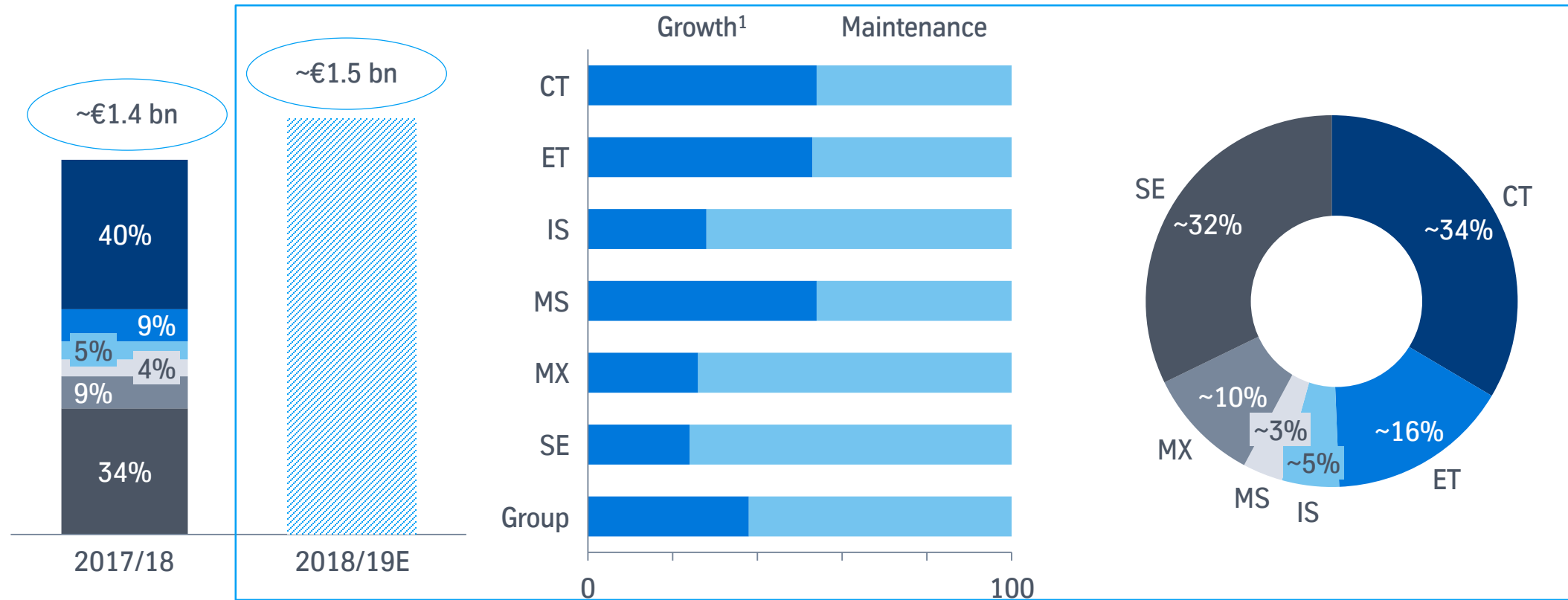
	2017/18 ¹⁾					2018/19		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Components Technology	77	90	100	(70)	197	49	69	65
%	4.9	5.5	5.8	(4.2)	3.0	3.1	4.0	3.7
Elevator Technology	220	204	217	224	865	204	198	239
%	11.9	11.6	11.2	11.1	11.5	10.6	10.6	11.7
Industrial Solutions	13	(14)	(106)	(20)	(127)	(23)	(33)	(55)
%	1.5	(1.5)	(13.0)	(1.9)	(3.5)	(2.8)	(3.5)	(5.5)
Marine Systems	(1)	(9)	(107)	(11)	(128)	0	(0)	(0)
%	(0.3)	(3.2)	(24.4)	(2.7)	(9.2)	0.0	(0.0)	(0.0)
Materials Services	52	100	84	82	317	22	53	43
%	1.6	2.6	2.2	2.2	2.2	0.7	1.4	1.2
Steel Europe	163	197	227	101	687	38	37	1
%	7.5	8.2	9.1	4.2	7.3	1.8	1.6	0.0
Corporate	(75)	(81)	(82)	(140)	(377)	(77)	(72)	(70)
Consolidation	(1)	9	(2)	4	10	4	(13)	3
Full Group	448	495	331	170	1,444	217	240	226
%	4.7	4.7	3.1	1.6	3.5	2.2	2.3	2.1

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



Capex allocation

Cash flows from investing activities

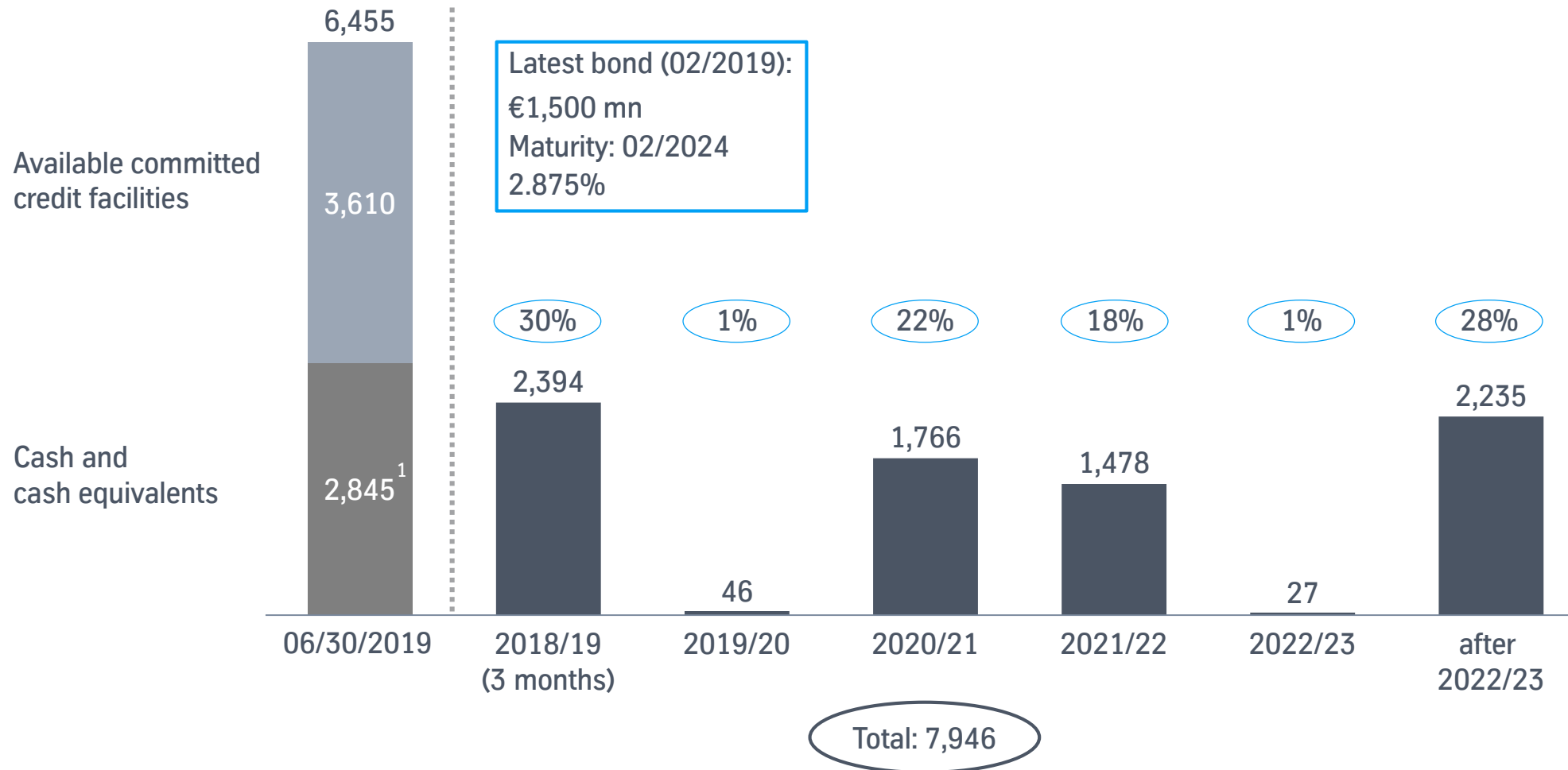


Note: Business Area shares referring to capex excl. Corporate; figures incl. rounding differences



Solid financial situation

Liquidity analysis and maturity profile of gross financial debt as of June 30, 2019 [€ mn]



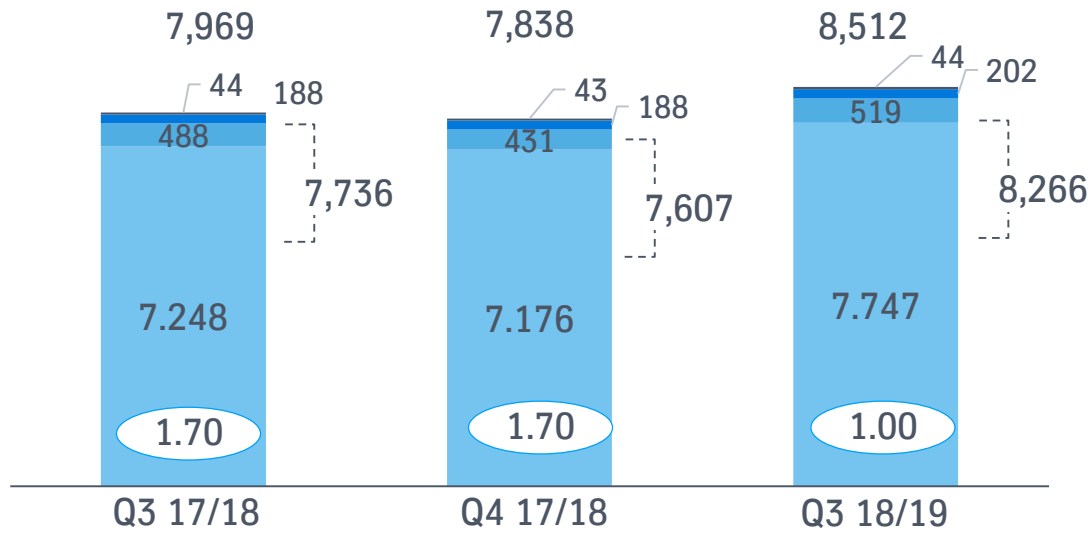
1. Incl. securities of €6 mn



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

[€ mn]

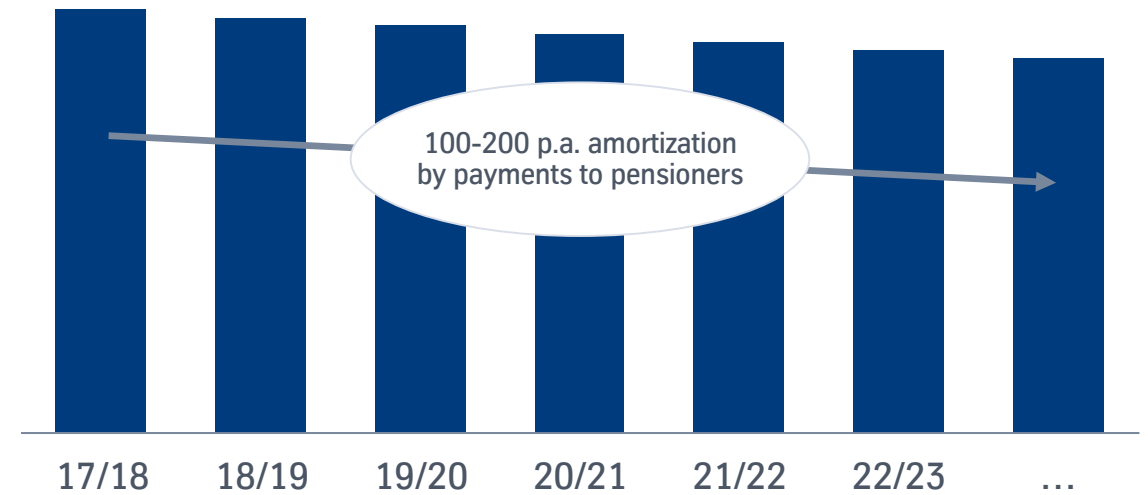
Accrued pension and similar obligations



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)

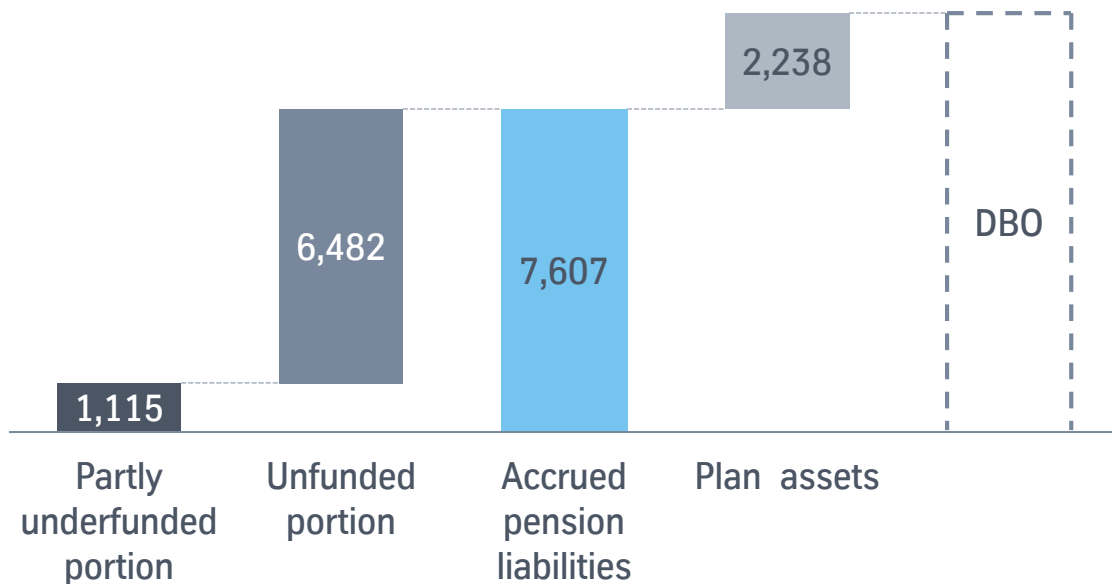
■ Accrued pension liability Germany
 ■ Accrued pension liability outside GER
 ■ Accruals related to partial retirement agreements
 ■ Other accrued pension-related obligation
 ○ German discount rate



Germany accounts for majority of pension plans

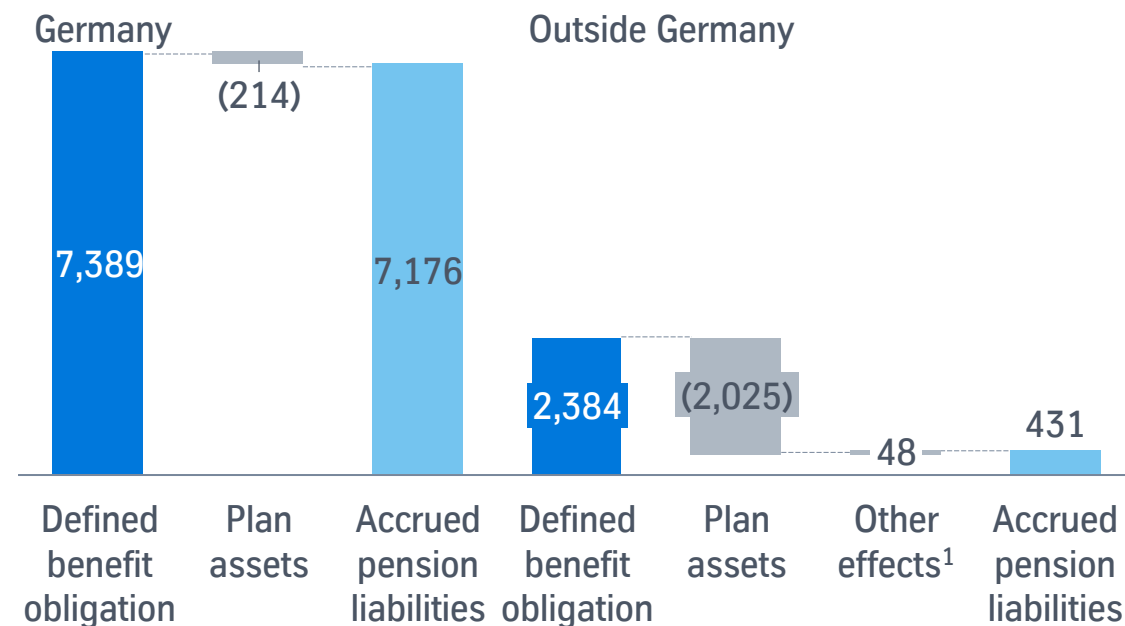
[FY 17/18; € mn]

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



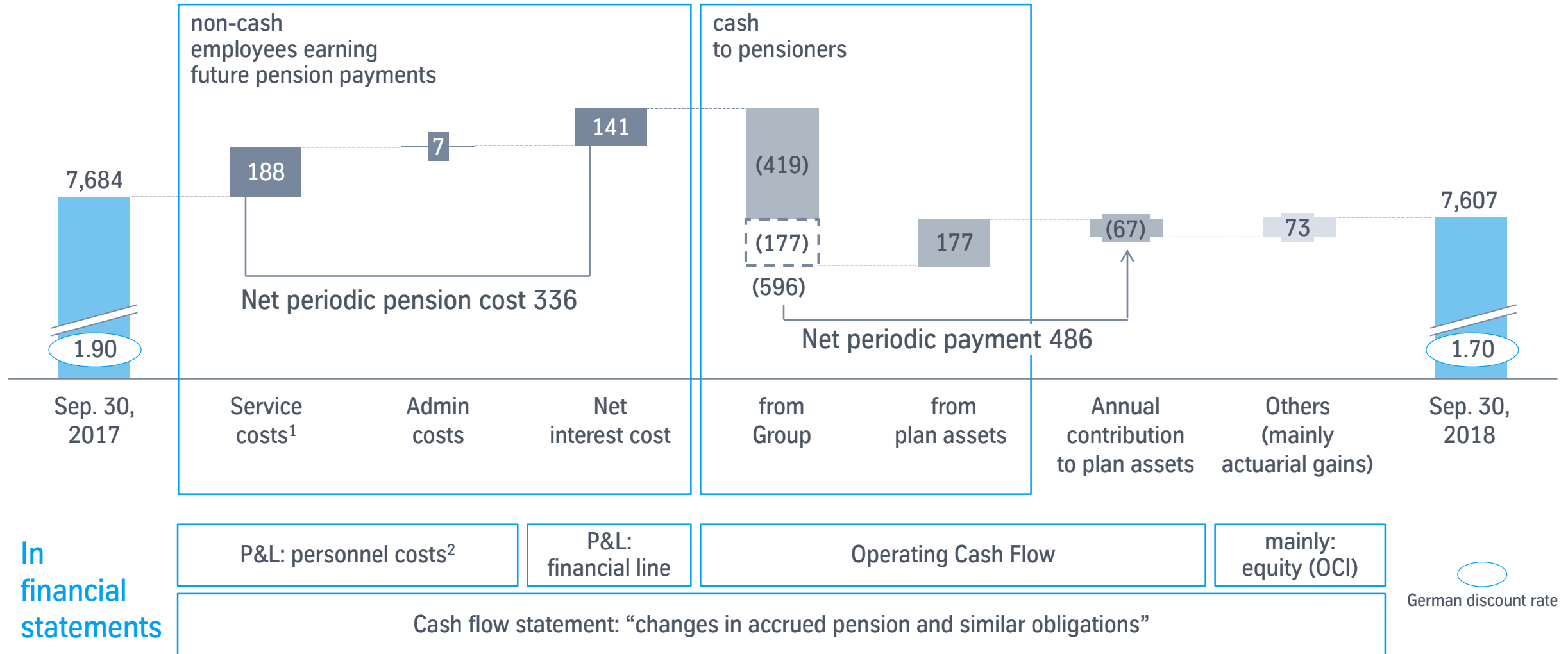
- Plan assets outside Germany mainly attributable to UK (~33%) and USA (~28%)
- Plan asset classes include national and international stocks, fixed income securities of governments and non-governmental organizations, real estate as well as highly diversified funds

1. Other non-financial assets



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

Reconciliation of accrued pension [€ mn]



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 Q3 2018/19 from Group p&l

Group [€ mn]

P&L structure

Net sales	10,779
Cost of sales	(9,234)
SG&A, R&D	(1,444)
Other income/expense	77
Other gains/losses	(1)
= Income from operations	176
Income from companies using equity method	4
Finance income/expense	(100)
= EBT	80

EBIT definition

Net sales	10,779
Cost of sales	(9,234)
SG&A, R&D	(1,444)
Other income/expense	77
Other gains/losses	(1)
Income from companies using equity method	4
Adjustm. for oper. items in fin. income/expense	2
= EBIT	183
Finance income/expense	(100)
Operating items in fin. income/expense	(2)
= EBT	80



Financial Calendar 2018/19

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August

- Conference Call Q3 2018/2019 (8th)
- Roadshow London (12th)
- Commerzbank Sector Conference, Frankfurt (28th)

September

- IR Insight Day Milan, Milan (11th)
- Baader Investment Conference, Munich (24th)
- Goldman Sachs/Berenberg German Corporate Conference, Unterschleißheim/Munich (25th)



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