

Charts on Q3 2016/17

Facts & Figures

Ticker: TKA (Share) TKAMY (ADR)

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thyssenkrupp

Q3 Highlights

► **Order Intake** **Cont'd ops.: €10,213 mn; +12% (+11%)¹ yoy - highest Q3 since Strategic Way Forward**
CT and ET in 9M on record level; IS confirming trend reversal
Group: €10,725 mn; +14% (+13%)¹ yoy

- CT: €2,000 mn; +13% (+12%) yoy; light vehicle (LV) growth driven by China and EU, improved conditions for trucks (HV) and construction equipment; 9M record level
- ET: €2,024 mn; +8% (+7%)¹ yoy; driven by new installation demand in US; other markets steady
- IS: €1,031 mn; +90% (+82%)¹ yoy; further confirming strong order momentum (esp. Mining)
- MX: €3,430 mn; +10% (+9%)¹ yoy; improved spot-price environment
- SE: €2,171 mn; -4% (-4%)¹ yoy; customer de-stocking in industry sector; real demand strong

► **EBIT adj.** **Cont'd ops.: €519 mn; +29% yoy - significantly up yoy; confirming growth path**
Significant margin expansion at SE
Group: €620 mn; +41% yoy

- CT: €99 mn; -1% yoy; operational progress vs. product mix and ramp-up costs
- ET: €240 mn; +7% yoy; 19 seq. qtrs. with earnings and margins up yoy by stringent performance program execution and growth
- IS: €6 mn; -87% yoy; fewer and lower-margin milestones in billing phase and underutilization at chemical plants; positive effects from full consolidation of Atlas Elektronik
- MX: €73 mn; +39% yoy; favorable spot-price environment
- SE: €232 mn; +154% yoy; significant margin expansion; contract business now reflecting improved pricing environment
- AM (Discont' d operation): €100 mn; +156% yoy; price recovery and stopped D&A (€~35 mn)

► **Income net of tax** **Cont'd ops.: €268 mn; +€179 mn yoy**
• Higher EBIT adj., lower special items, lower tax rate

¹⁾ Adjusted for F/X and portfolio changes



Q3 Highlights

- ▶ **SWF** **Further progress in Strategic Way Forward**
 - Portfolio – exit Steel Americas: unconditional approval for CSA sale by Brazilian regulatory authority¹
 - Innovation – first customer for ropeless elevator MULTI

- ▶ **'impact'** **€670 mn already in 9M – additional measures initiated e.g.:**
 - €400 mn cost measures until 19/20 addressing G&A cost at Corporate and all Business Areas
 - Acceleration in restructuring at IS: additional 3-digit € mn cost measures targeted

- ▶ **FCF bef. M&A Group: €(377) mn; €(582) mn yoy**
 - Higher NWC requirements due to raw materials markets dislocations and growth at CapGoods

- ▶ **NFD** **€6,311 mn; +€551 mn qoq mainly due to negative FCF €(445) mn**
Significant deleveraging in Q4 expected
 - Significant NWC release in improved pricing environment; prepayments / order intake IS
 - Proceeds CSA sale

- ▶ **Guidance update** **Sales, EBIT adj. and Net Income guidance confirmed**
FCF bef. M&A (Group) from „Mid 3-digit mn negative“ to „Mid to higher 3-digit € mn negative“
 - CSA sale closing earlier than expected in Q4, limiting anticipated NWC release by CSA towards end of FY
 - limited NWC release leads to correspondingly higher purchase price
 - limited NWC release neutral on FCF and NFD but burdening FCF before M&A

¹⁾ Not yet legally binding



Q3 Highlights

Order Intake¹ €10,213 mn

+12%

- Highest Q3 since Strategic Way Forward driven by CapGoods
 - CT with new record in Q3 and 9M; ET with new record in 9M
 - IS confirming strong order momentum

EBIT adj.¹ €519 mn

+29%

- Significant margin expansion at SE; temporary earnings shortfall at IS

Income net of tax¹ €268 mn

+€179 mn

- Higher EBIT adj., lower special items, lower tax rate

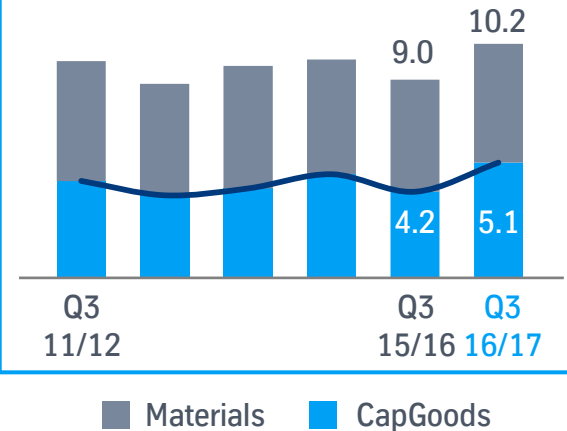
Further progress in Strategic Way Forward

- Portfolio – exit Steel Americas: unconditional approval for sale of CSA by Brazilian regulatory authority²
- Innovation – first customer for ropeless elevator MULTI

„impact” with €670 mn already in 9M – additional measures initiated

- €400 mn cost measures until 19/20 addressing G&A costs at Corporate and all Business Areas
- Acceleration in restructuring at IS: additional 3-digit € mn cost measures targeted

Order Intake¹ (in € bn)

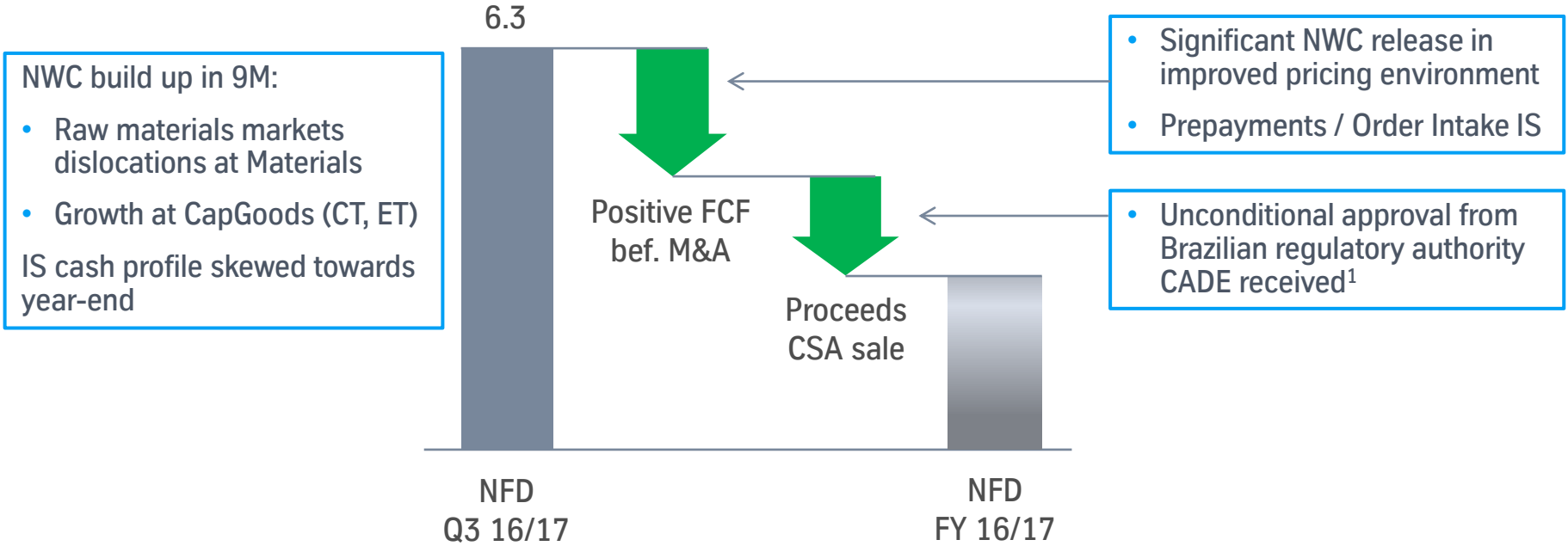


¹⁾ Continuing Operations | ²⁾ Not yet legally binding



Significant deleveraging in Q4 expected

[€ bn]



¹⁾ Not yet legally binding



Outlook FY 16/17

Sales	<u>Group</u> Continuing Operations	<u>high single digit % growth</u> high single digit % growth
EBIT adj.	<u>Group</u> Continuing Operations	<u>~ €1.8 bn</u> double digit % growth ~ €1.7 bn
Net Income	Group	significantly negative due to CSA sale impairment (~900mn) w/o CSA sale effect significant improvement
FCF before M&A	Group	Mid to higher 3-digit € mn negative: <ul style="list-style-type: none">raw material price dislocations and higher NWC requirementsCSA sale closing earlier than expected in Q4, limiting anticipated NWC release by CSA towards end of FY limited NWC release leads to correspondingly higher purchase price limited NWC release neutral on FCF and NFD but burdening FCF before M&A



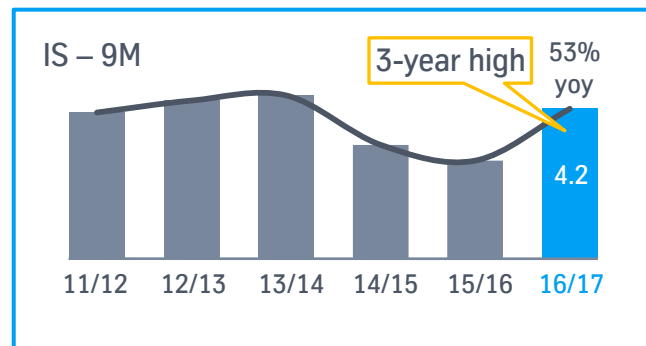
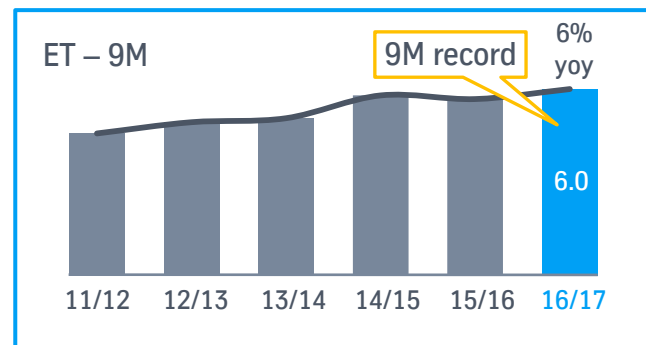
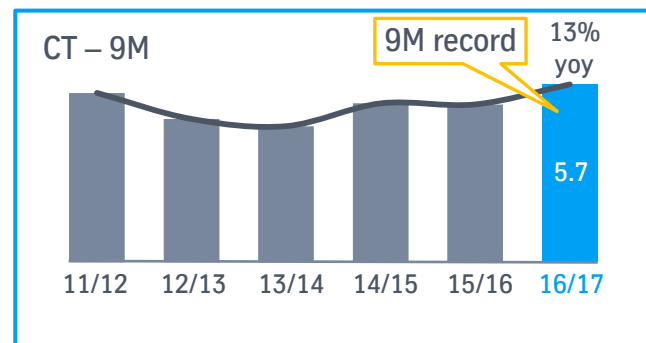
Order intake: Highest Q3 since Strategic Way Forward

CT and ET in 9M on record level; IS confirming trend reversal

[€ mn]

	15/16 Q3	16/17 Q3	Q3 record yoy	yoy (ex F/X ¹)
Components Technology (CT)	1,775	2,000	13%	12%
Elevator Technology (ET)	1,867	2,024	8%	7%
Industrial Solutions (IS)	541	1,031	90%	82%
Materials Services (MX)	3,123	3,430	10%	9%
Steel Europe (SE)	2,265	2,171	-4%	-4%
Continued Operations	9,090	10,213	12%	11%
Steel Americas (AM)	383	605	58%	54%
Group	9,399	10,725	14%	13%

- **CT:** Light vehicle (LV) growth driven by China and EU, improved conditions for trucks (HV) and construction equipment
- **ET:** Driven by new installation demand in US; other markets steady
- **IS:** Further confirming strong order momentum (esp. Mining)
- **MX:** Improved spot-price environment
- **SE:** Customer de-stocking in industry sector; real demand strong



¹⁾ Adjusted for F/X and portfolio changes



Sales: Growth at all Business Areas

Quarter driven by CT and Materials

[€ mn]

	15/16 Q3	16/17 Q3	yoy	yoy (ex F/X ¹)	15/16 9M	16/17 9M	yoy	yoy (ex F/X ¹)
Components Technology (CT)	1,783	1,970	10%	9%	5,122	5,648	10%	9%
Elevator Technology (ET)	1,906	1,954	3%	1%	5,526	5,703	3%	2%
Industrial Solutions (IS)	1,228	1,241	1%	-9%	4,343	4,002	-8%	-11%
Materials Services (MX)	3,087	3,504	13%	13%	8,914	10,185	14%	14%
Steel Europe (SE)	2,015	2,337	16%	16%	5,664	6,616	17%	17%
Continued Operations	9,603	10,437	9%	7%	28,430	30,772	8%	7%
Steel Americas (AM)	336	566	68%	64%	1,011	1,483	47%	44%
Group	9,864	10,929	11%	9%	29,265	32,013	9%	8%

- **CT:** Growth driven by light vehicles (LV); industry components slightly up
- **ET:** Driven by new installation in Korea; US and China steady; Europe below prior year
- **IS:** Growth at System Engineering, Marine Systems now including Atlas Elektronik
- **Materials:** MX and SE with significant increases due to improved spot-price environment; AM (Discont' d operation) benefitting from higher shipments and spot-price environment

¹⁾ Adjusted for F/X and portfolio changes



EBIT adj.: Significantly up yoy; confirming growth path

Significant margin expansion at SE

[€ mn]

	15/16 Q3	16/17 Q2	16/17 Q3	qoq	yoy	15/16 9M	16/17 9M	yoy
Components Technology (CT)	100	101	99	-2%	-1%	256	274	7%
Elevator Technology (ET)	225	207	240	16%	7%	614	662	8%
Industrial Solutions (IS)	43	23	6	-74%	-87%	287	70	-76%
Materials Services (MX)	52	121	73	-40%	39%	66	245	273%
Steel Europe (SE)	91	92	232	152%	154%	207	352	70%
Continued Operations	401	412	519	26%	29%	1,100	1,222	11%
Steel Americas (AM)	39	14	100	+86 mn	156%	(100)	152	+252 mn
Group	441	427	620	45%	41%	1,001	1,376	37%

- **CT:** Operational progress vs. product mix and ramp-up costs
- **ET:** 19 seq. qtrs. with earnings and margins up yoy by stringent performance program execution and growth
- **IS:** Fewer and lower-margin milestones in billing phase and underutilization at chemical plants; positive effects from full consolidation of Atlas Elektronik
- **MX:** Favorable spot-price environment
- **SE:** Significant margin expansion; contract business now reflecting improved pricing environment
- **AM (Discont' d operation):** Price recovery and stopped D&A (€~35 mn)

¹⁾ Adjusted for F/X and portfolio changes



Special Items - continued focus on restructuring and future margin upside

[€ mn]

Business Area		2015/16				FY	2016/17			Comments on Q3
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	
CT	Disposal effect									<ul style="list-style-type: none"> • Restructuring & reorganization chassis • Reorganization undercarriages
	Impairment		(6)	(5)	(47)	(59)	(2)	(10)	(1)	
	Restructuring		(1)	(15)	(3)	(18)	(8)	(25)	(1)	
	Others		(3)	(8)	4	(7)	(7)		(4)	
ET	Disposal effect		8			8			(1)	<ul style="list-style-type: none"> • Restructuring in Europe and Middle East
	Impairment	(4)	(2)	(6)	(2)	(14)	(1)	(25)		
	Restructuring	(5)	(11)	(3)	(15)	(34)	(15)	(7)	(6)	
	Others	(1)	(11)	(10)	(28)	(50)	(15)	(7)	(1)	
IS	Disposal effect						(5)	5		<ul style="list-style-type: none"> • Positive valuation effect from full consolidation of Atlas Elektronik • Restructuring & reorganization in Germany and Americas
	Impairment				(7)	(7)				
	Restructuring		(1)	(2)	(7)	(11)	(6)	(4)	(4)	
	Others				(3)	(4)	(18)	(4)	13	
MX	Disposal effect				1	1				<ul style="list-style-type: none"> • Restructuring & reorganization in Europe • Non-operational expenses at AST
	Impairment	1	(2)	(5)	(6)	(12)		(3)	(1)	
	Restructuring	(1)	(1)	(6)	(8)	(16)	(2)	(9)	(4)	
	Others	(4)	(4)	(7)	(9)	(25)	(11)	(16)	(10)	
SE	Disposal effect									
	Impairment		(8)		7	(1)				
	Restructuring	(1)	(1)			(2)	(2)	(1)	(1)	
	Others				4	4				
Corp.	Disposal effect	(4)	(2)	(13)	(1)	(20)	(4)	(2)	(3)	<ul style="list-style-type: none"> • Trailing effects from divestment projects
	Impairment			(5)	(2)	(7)				
	Restructuring	(1)	(2)	(1)	(2)	(7)	(1)	(1)		
	Others	(10)	(2)	2	(2)	(11)	(6)	10	(11)	
Consolidation										
Continuing operations		(31)	(49)	(84)	(127)	(291)	(103)	(99)	(35)	<ul style="list-style-type: none"> • Adjustments related to CSA sale
Discontinued operations		(10)	4	14	3	11	15	(892)	(56)	
Full Group		(41)	(45)	(70)	(124)	(280)	(88)	(991)	(91)	



Key financials (I)

[€ mn]

Full Group

	2015/16					2016/17		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Order intake	9,810	9,027	9,399	9,188	37,424	9,954	11,993	10,725
Sales	9,548	9,852	9,865	9,997	39,263	10,087	10,998	10,929
EBITDA	489	585	666	701	2,441	536	469	808
EBITDA adjusted	529	615	725	765	2,634	623	715	882
EBIT	193	281	372	344	1,189	240	(564)	529
EBIT adjusted	234	326	441	468	1,469	329	427	620
EBT	34	151	261	207	652	124	(703)	293
Net income/(loss)	(54)	45	124	146	261	15	(870)	134
attrib. to TK AG stockh.	(23)	61	130	128	296	8	(879)	120
Earnings per share ¹ (€)	(0.04)	0.11	0.23	0.23	0.52	0.01	(1.55)	0.21
Free cash flow	(847)	(371)	205	1,205	191	(1,791)	(216)	(445)
FCF before M&A	(847)	(365)	205	1,205	198	(1,736)	(212)	(377)

¹⁾ attributable to thyssenkrupp AG's stockholders



Key financials (II)

[€ mn]

Continuing operations

	2015/16				FY	2016/17		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
Order intake	9,491	8,791	9,090	8,753	36,125	9,600	11,643	10,213
Sales	9,240	9,588	9,603	9,569	38,000	9,718	10,617	10,437
EBITDA	573	645	612	631	2,461	483	1,347	763
EBITDA adjusted	603	680	685	697	2,665	585	700	781
EBIT	277	341	318	273	1,209	188	313	484
EBIT adjusted	308	390	401	400	1,500	291	412	519
EBT	132	206	212	141	691	74	208	396
Net income/(loss) (net of tax)	54	108	89	106	357	(6)	64	268
attrib. to tk AG stockh.	44	97	82	88	311	(13)	55	254
Earnings per share ¹ (€)	0.08	0.17	0.14	0.16	0.55	(0.02)	0.10	0.45

¹⁾ attributable to thyssenkrupp AG's stockholders



Key financials (III)

[€ mn]

Continuing operations

	2015/16					2016/17		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
TK Value Added					(66)			
Ø Capital Employed	15,539	15,802	15,937	15,933	15,933	16,501	16,472	16,173
Operating cash flow	(527)	(67)	526	1,379	1,310	(1,450)	170	24
Cash flow from divestm.	5	26	3	156	189	20	34	8
Cash flow from investm.	(225)	(267)	(323)	(463)	(1,277)	(289)	(346)	(432)
Free cash flow	(747)	(308)	206	1071	222	(1,719)	(142)	(400)
FCF before M&A	(747)	(302)	206	1,071	228	(1,719)	(139)	(332)
Cash and cash equivalents ¹ (incl. short-term securities)	3,655	3,545	3,100	4,111	4,111	2,552	2,970	2,237
Net financial debt ¹	4,384	4,816	4,770	3,500	3,500	5,433	5,760	6,311
Equity ¹	3,355	2,753	2,723	2,609	2,609	3,275	2,304	2,242
Employees	151,604	151,682	151,511	152,640	152,640	153,318	154,431	157,634

¹⁾ Group figures



Components Technology

[€ mn]

	2015/16				FY	2016/17		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
Order intake	1,649	1,669	1,775	1,647	6,740	1,759	1,979	2,000
Sales	1,650	1,688	1,783	1,685	6,807	1,743	1,936	1,970
EBITDA	149	159	155	164	627	139	159	176
EBITDA adjusted	149	163	179	163	655	154	183	180
EBIT	71	76	72	33	251	58	66	93
EBIT adjusted	71	86	100	79	335	75	101	99
EBIT adj. margin (%)	4.3	5.1	5.6	4.7	4.9	4.3	5.2	5.0
tk Value Added					(54)			
Ø Capital Employed	3,505	3,557	3,585	3,587	3,587	3,624	3,713	3,753
BCF	(155)	29	49	191	114	(192)	(38)	(17)
CF from divestm.	0	1	0	1	2	1	0	1
CF for investm.	(78)	(84)	(133)	(193)	(488)	(91)	(136)	(170)
Employees	29,772	30,118	30,281	30,751	30,751	31,100	31,770	32,469

Current trading conditions

O/I – Q3 +13% yoy, ex F/X +12%; light vehicle (LV) growth across major regions, improved cond. for trucks (HV) & constr. equip.

- Chassis/Powertrain (LV): positive demand worldwide, driven by moderate growth in China and Europe; USA slowing dynamics
- Powertrain (HV): higher demand in China, Europe stable, slight improvements for USA (esp. class 8) and ongoing difficult conditions in Brazil
- Industrial components: higher demand at wind power and mechanical engineering; further improvements from low level for constr. / mining equip. market

EBIT adj. – Q3 -1% yoy; operational progress vs. product mix and ramp up costs



Elevator Technology

[€ mn]

	2015/16				FY	2016/17		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
Order intake	1,992	1,832	1,867	1,940	7,631	1,903	2,111	2,024
Order backlog	5,051	5,040	5,022	4,974	4,974	5,141	5,384	5,216
Sales	1,869	1,752	1,906	1,942	7,468	1,882	1,868	1,954
EBITDA	214	190	225	227	856	203	188	252
EBITDA adjusted	223	206	242	270	941	234	227	260
EBIT	193	171	205	202	771	184	168	232
EBIT adjusted	203	186	225	246	860	215	207	240
EBIT adj. margin (%)	10.9	10.6	11.8	12.7	11.5	11.4	11.1	12.3
tk Value Added					681			
Ø Capital Employed	1,269	1,254	1,220	1,197	1,197	1,139	1,156	1,141
BCF	48	289	269	188	793	7	316	124
CF from divestm.	1	10	1	1	13	0	1	1
CF for investm.	(21)	(35)	(27)	(53)	(135)	(36)	(41)	(34)
Employees	51,644	51,532	51,467	51,426	51,426	51,931	52,378	52,460

Current trading conditions

Order backlog (excl. Service) €5.2 bn near record level
 Order intake in Q3 +8% yoy driven by US and Brazil (ex FX +7%)
 Sales in Q3 +3% yoy (ex F/X +1%); positive development in NI in South Korea; US steady; France weaker;
 Q3 EBIT adj. margin improvement in line with target range

New installation driven by Americas and South Korea;
 China on prior year level despite continued price pressure
 Modernization: positive market development in EA and US
 Maintenance: continued price competition in Europe and USA;
 promising market growth in China



Industrial Solutions

[€ mn]

	2015/16				FY	2016/17		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
Order intake	1,530	644	541	746	3,461	1,159	1,959	1,031
Order backlog	12,337	11,288	10,634	9,908	9,908	9,636	10,309	10,604
Sales	1,506	1,609	1,228	1,401	5,744	1,479	1,282	1,241
EBITDA	104	167	57	77	405	28	35	34
EBITDA adjusted	105	168	59	87	419	57	37	24
EBIT	90	152	41	50	333	13	20	15
EBIT adjusted	90	153	43	68	355	42	23	6
EBIT adj. margin (%)	6.0	9.5	3.5	4.8	6.2	2.8	1.8	0.5
tk Value Added					371			
Ø Capital Employed	(934)	(759)	(587)	(475)	(475)	82	241	349
BCF	(223)	(245)	(232)	104	(597)	(556)	(51)	(72)
CF from divestm.	1	8	0	0	10	3	10	1
CF for investm.	(15)	(18)	(19)	(23)	(75)	(17)	(15)	(8)
Employees	19,518	19,575	19,530	19,602	19,602	19,553	19,349	21,678

Current trading conditions

Clear improvement in Q3 and 9M yoy confirming turnaround in order intake and strong project pipeline

- Mining: Large order (port handling and stockyard equip.) in N. America as well as small- to mid-sized orders (conveyor, apron feeder)
- Cement plants: new installation order from Bolivia and small sized orders
- Marine Systems: major submarine order in Q2; naval surface vessel orders in pipeline
- System Engineering: battery assembly line, body-in-white lines; Q3 and 9M temporarily down yoy, full-year outlook remains positive
- Chemical plant engineering: Major projects at advanced stage of negotiation

Earnings clearly lower yoy, due to fewer and lower-margin milestones in billing phase and partial underutilization at chemical plants

BCF clearly improved yoy; further improving order trend and transformation progress supporting FY BCF to be clearly improved yoy



Volume KPI's of Materials Businesses

			2011/12	2012/13	2013/14	2014/15	2015/16				2016/17			
			FY	FY	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
MX	Total shipments	kt	10,868	10,669	13,615	13,421	3,105	3,250	3,275	2,975	12,605	2,713	2,799	2,718
	Warehousing shipments ¹	kt	5,470	5,300	5,592	5,532	1,276	1,449	1,463	1,330	5,518	1,294	1,510	1,426
	Shipments AST ²	kt	-	-	537	747	190	228	232	197	847	225	231	200
SE	Crude Steel	kt	11,860	11,646	12,249	12,392	2,883	2,971	3,116	3,053	12,021	2,903	2,938	3,209
	Steel Europe AG	kt	8,408	8,487	8,936	9,276	2,214	2,364	2,355	2,404	9,336	2,531	2,210	2,418
	HKM	kt	3,452	3,160	3,313	3,116	669	607	761	649	2,686	373	729	791
	Shipments	kt	12,009	11,519	11,393	11,725	2,359	2,839	3,087	2,889	11,174	2,724	3,010	2,877
	Cold-rolled	kt	7,906	7,437	7,137	7,182	1,515	1,819	1,929	1,785	7,048	1,732	1,892	1,800
	Hot-rolled	kt	4,103	4,082	4,256	4,543	845	1,019	1,157	1,104	4,126	992	1,117	1,078
	Average Steel revenues per ton ³		139	127	119	114	113	105	103	106	107	109	123	129
AM	Slab production CSA	kt	3,369	3,550	4,110	4,005	1,112	953	1,064	1,166	4,295	1,029	1,040	1,189
	Shipments AM	kt	3,401	3,457	4,194	3,849	1,061	1,130	1,049	1,145	4,385	1,006	995	1,085
	USD/EUR	Aver.	1.30	1.31	1.36	1.15	1.10	1.10	1.13	1.12	1.11	1.08	1.06	1.10
	USD/EUR	Clos.	1.29	1.35	1.26	1.12	1.09	1.14	1.11	1.12	1.12	1.05	1.07	1.14
	BRL/USD	Aver.	1.88	2.10	2.29	2.98	3.85	3.91	3.51	3.24	3.63	3.29	3.14	3.21
	BRL/USD	Clos.	1.86	2.03	2.45	4.00	3.90	3.62	3.23	3.24	3.24	3.25	3.16	3.29

¹⁾ Excl. AST/VDM shipments | ²⁾ Included at MX since March '14 | ³⁾ Indexed: Q1 2004/2005 = 100



Materials Services

[€ mn]

	2015/16				FY	2016/17		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
Order intake	2,846	2,922	3,123	2,949	11,840	3,131	3,683	3,430
thereof Special Materials	386	391	442	396	1,615	484	495	362
Sales	2,821	3,005	3,087	2,972	11,886	3,032	3,649	3,504
thereof Special Materials	362	420	395	356	1,534	434	496	417
EBITDA	29	32	61	74	196	65	124	85
EBITDA adjusted	34	39	78	90	242	79	151	99
thereof Special Materials	12	8	(7)	11	25	26	32	39
EBIT	(1)	3	35	39	76	38	93	57
EBIT adjusted	3	10	52	62	128	51	121	73
thereof Special Materials	2	(1)	(13)	3	(10)	19	22	32
EBIT adj. margin (%)	0.1	0.3	1.7	2.1	1.1	1.7	3.3	2.1
thereof Special Materials	0.5	(0.3)	(3.4)	0.8	(0.7)	4.3	4.4	7.6
tk Value Added					(233)			
Ø Capital Employed	4,018	4,008	3,950	3,861	3,861	3,611	3,648	3,649
BCF	(188)	71	178	406	467	(389)	304	(148)
thereof Special Materials	(6)	(7)	(10)	28	5	(13)	62	16
CF from divestm.	1	2	4	4	11	3	4	3
CF for investm.	(14)	(30)	(27)	(65)	(137)	(19)	(24)	(20)
Employees	20,009	19,791	19,623	19,754	19,754	19,708	19,800	19,862

Current trading conditions

Following recovery, prices now declining in almost all product segments; however prices for flat steel products from Asia currently rising again; stainless steel prices remain highly volatile

Sales in Q3 up yoy: Higher prices more than compensate for lower volumes (lower raw materials trading volumes with stronger focus on higher-value, higher-margin products)

EBIT adj. in Q3 significantly up yoy: Favorable price environment and continued earnings-securing measures led to strong earnings improvement in all units. AST with significant improvements and high earnings contribution, benefiting from positive price development and reflecting sustainable success of performance programs



Steel Europe

[€ mn]

	2015/16				FY	2016/17		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
Order intake	1,846	2,183	2,265	1,852	8,146	2,078	2,442	2,171
Sales	1,723	1,925	2,015	1,969	7,633	1,908	2,371	2,337
EBITDA	156	166	191	209	721	130	196	335
EBITDA adjusted	156	167	191	201	715	133	196	336
EBIT	50	56	92	118	316	25	91	231
EBIT adjusted	51	65	91	108	315	28	92	232
EBIT adj. margin (%)	2.9	3.4	4.5	5.5	4.1	1.5	3.9	9.9
tk Value Added					(110)			
Ø Capital Employed	5,088	5,102	5,067	5,012	5,012	4,948	5,113	5,248
BCF	(231)	167	159	365	459	(404)	(232)	76
CF from divestm.	(2)	1	0	1	1	(4)	(0)	(1)
CF for investm.	(86)	(89)	(105)	(120)	(400)	(121)	(119)	(184)
Employees	27,493	27,368	27,201	27,559	27,559	27,437	27,400	27,384

Current trading conditions

EU carbon flat steel market up slightly year-on-year in first six months of CY 2017 – with further pressure from imports: lower volumes from China and Russia but significantly higher imports from other third countries, particularly India and Turkey; market env't remains extremely challenging (global overcapacities, increasing export risks, and continued highly volatile raw material prices)

Sales in Q3 up yoy: Lower shipments more than compensated by significantly higher prices

EBIT adj. in Q3 up yoy and qoq: higher prices and temp. lower raw material costs as well as efficiency gains vs lower shipments



Steel Americas (discontinued operation)

[€ mn]

	2015/16				FY	2016/17		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
Order intake	371	286	383	485	1,525	432	440	605
Sales	350	325	336	478	1,489	447	470	566
EBITDA	(47)	(25)	88	105	121	88	(118)	57
EBITDA adjusted	(37)	(29)	74	103	110	73	39	100
EBIT	(84)	(61)	53	70	(22)	52	(878)	44
EBIT adjusted	(74)	(65)	39	67	(33)	37	14	100
EBIT adj. margin (%)	(21.2)	(20.0)	11.6	14.0	(2.2)	8.3	3.1	17.7
tk Value Added					(236)			
Ø Capital Employed	2,113	2,115	2,129	2,145	2,145	2,283	2,132	1,943
BCF	(70)	(25)	18	145	69	(32)	(38)	(89)
CF from divestm.	0	1	0	1	2	0	4	1
CF for investm.	(30)	(25)	(21)	(34)	(110)	(73)	(18)	(23)
Employees	3,783	3,771	3,737	3,847	3,847	4,082	4,153	4,147

Current trading conditions

Sale of the Brazilian steel mill CSA to Ternium approved without restrictions by the Brazilian competition authority CADE on August 1, approval not yet final

Sales up yoy: higher prices and higher shipments

Adjusted EBIT up yoy : higher volumes, prices and spread as well as elimination of regular depreciation charges



Corporate

[€ mn]

	2015/16				FY	2016/17		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
EBITDA	(121)	(110)	(113)	(141)	(486)	(114)	(103)	(131)
EBITDA adjusted	(106)	(105)	(101)	(137)	(448)	(103)	(110)	(117)
EBIT	(132)	(122)	(130)	(156)	(542)	(126)	(117)	(145)
EBIT adjusted	(117)	(117)	(113)	(150)	(497)	(115)	(123)	(131)
BCF	217	(186)	(58)	6	(21)	181	(162)	(114)
Employees	3,168	3,298	3,409	3,548	3,548	3,589	3,734	3,781

EBIT adj. FY figures include

- CorpHQ: (402)
incl. group initiatives of >100
- Regions: (40)
- Service Units: (66)
- Special Units: 12

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. 16/17 expected to remain stable given ongoing costs for centrally managed Group initiatives

Group initiatives for digital transformation and improved competitiveness:

- “daproh”: Group-wide implementation of one harmonized ERP landscape with automated end-to-end processes
- “uniTe”: Transformation of IT infrastructure into one global wide area network with 5 cloud-based data centers
- “HR transformation”: Optimization and bundling of HR workflows
- “GSS”: Bundling of standard workflows for accounting, HR, IT, real estate in 6 shared service centers



Business Area Overview – Quarterly Order Intake

[€ mn]

	2015/16					2016/17		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Components Technology	1,649	1,669	1,775	1,647	6,740	1,759	1,979	2,000
Elevator Technology	1,992	1,832	1,867	1,940	7,631	1,903	2,111	2,024
Industrial Solutions	1,530	644	541	746	3,461	1,159	1,959	1,031
Materials Services	2,846	2,922	3,123	2,949	11,840	3,131	3,683	3,430
Steel Europe	1,846	2,183	2,265	1,852	8,146	2,078	2,442	2,171
Corporate	57	36	80	71	243	37	56	97
Consolidation	(430)	(494)	(562)	(451)	(1,936)	(468)	(587)	(539)
Continuing operations	9,491	8,791	9,090	8,753	36,125	9,600	11,643	10,213
Steel Americas	371	286	383	485	1,525	432	440	605
Consolidation	(52)	(50)	(74)	(50)	(226)	(79)	(90)	(92)
Full Group	9,810	9,027	9,399	9,188	37,424	9,954	11,993	10,725



Business Area Overview – Quarterly Sales

[€ mn]

	2015/16					2016/17		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Components Technology	1,650	1,688	1,783	1,685	6,807	1,743	1,936	1,970
Elevator Technology	1,869	1,752	1,906	1,942	7,468	1,882	1,868	1,954
Industrial Solutions	1,506	1,609	1,228	1,401	5,744	1,479	1,282	1,241
Materials Services	2,821	3,005	3,087	2,972	11,886	3,032	3,649	3,504
Steel Europe	1,723	1,925	2,015	1,969	7,633	1,908	2,371	2,337
Corporate	60	54	64	77	255	58	67	69
Consolidation	(391)	(445)	(481)	(476)	(1,793)	(383)	(555)	(639)
Continuing operations	9,240	9,588	9,603	9,569	38,000	9,718	10,617	10,437
Steel Americas	350	325	336	478	1,489	447	470	566
Consolidation	(41)	(61)	(74)	(50)	(226)	(79)	(90)	(73)
Full Group	9,548	9,852	9,865	9,997	39,263	10,087	10,998	10,929



Business Area Overview – Quarterly EBITDA and Margin

[€ mn]

	2015/16				FY	2016/17		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
Components Technology	149	159	155	164	627	139	159	176
%	9.0	9.4	8.7	9.7	9.2	8.0	8.2	8.9
Elevator Technology	214	190	225	227	856	203	188	252
%	11.5	10.8	11.8	11.7	11.5	10.8	10.1	12.9
Industrial Solutions	104	167	57	77	405	28	35	34
%	6.9	10.4	4.6	5.5	7.0	1.9	2.7	2.7
Materials Services	29	32	61	74	196	65	124	85
%	1.0	1.1	2.0	2.5	1.7	2.2	3.4	2.4
Steel Europe	156	166	191	209	721	130	196	335
%	9.0	8.6	9.5	10.6	9.4	6.8	8.3	14.3
Corporate	(121)	(110)	(113)	(141)	(486)	(114)	(103)	(131)
Consolidation	42	41	36	22	142	31	750	12
Continuing operations	573	645	612	631	2,461	483	1,347	763
%	6.2	6.7	6.4	6.6	6.5	5.0	12.7	7.3
Steel Americas	(47)	(25)	88	105	121	88	(118)	57
%	(13.5)	(7.7)	26.1	22.1	8.1	19.8	(25.2)	10.1
Consolidation	(37)	(35)	(34)	(35)	(141)	(36)	(759)	(12)
Full Group	489	585	666	701	2,441	536	469	808
%	5.1	5.9	6.8	7.0	6.2	5.3	4.3	7.4



Business Area Overview – Quarterly EBITDA adj. and Margin

[€ mn]

	2015/16				FY	2016/17		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
Components Technology	149	163	179	163	655	154	183	180
%	9.1	9.7	10.1	9.7	9.6	8.9	9.5	9.1
Elevator Technology	223	206	242	270	941	234	227	260
%	11.9	11.7	12.7	13.9	12.6	12.4	12.2	13.3
Industrial Solutions	105	168	59	87	419	57	37	24
%	7.0	10.5	4.8	6.2	7.3	3.9	2.9	2.0
Materials Services	34	39	78	90	242	79	151	99
%	1.2	1.3	2.5	3.0	2.0	2.6	4.1	2.8
Steel Europe	156	167	191	201	715	133	196	336
%	9.1	8.7	9.5	10.2	9.4	7.0	8.3	14.4
Corporate	(106)	(105)	(101)	(137)	(448)	(103)	(110)	(117)
Consolidation	42	41	36	22	142	31	15	(1)
Continuing operations	603	680	685	697	2,665	585	700	781
%	6.5	7.1	7.1	7.3	7.0	6.0	6.6	7.5
Steel Americas	(37)	(29)	74	103	110	73	39	100
%	(10.7)	(9.0)	21.9	21.5	7.4	16.4	8.4	17.6
Consolidation	(37)	(35)	(34)	(35)	(141)	(36)	(25)	1
Full Group	529	615	725	765	2,634	623	715	882
%	5.5	6.2	7.3	7.6	6.7	6.2	6.5	8.1



Business Area Overview – Quarterly EBIT and Margin

[€ mn]

	2015/16				FY	2016/17		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
Components Technology	71	76	72	33	251	58	66	93
%	4.3	4.5	4.0	2.0	3.7	3.3	3.4	4.7
Elevator Technology	193	171	205	202	771	184	168	232
%	10.3	9.7	10.8	10.4	10.3	9.8	9.0	11.9
Industrial Solutions	90	152	41	50	333	13	20	15
%	6.0	9.4	3.3	3.6	5.8	0.9	1.6	1.2
Materials Services	(1)	3	35	39	76	38	93	57
%	(0.0)	0.1	1.1	1.3	0.6	1.3	2.6	1.6
Steel Europe	50	56	92	118	316	25	91	231
%	2.9	2.9	4.6	6.0	4.1	1.3	3.8	9.9
Corporate	(132)	(122)	(130)	(156)	(542)	(126)	(117)	(145)
Consolidation	7	7	3	(13)	4	(4)	(8)	1
Continuing operations	277	341	318	273	1,209	188	313	484
%	3.0	3.6	3.3	2.9	3.2	1.9	2.9	4.6
Steel Americas	(84)	(61)	53	70	(22)	52	(878)	44
%	(24.0)	(18.6)	15.8	14.6	(1.5)	11.6	(186.7)	7.8
Consolidation	0	0	1	1	2	1	0	1
Full Group	193	281	372	344	1,189	240	(564)	529
%	2.0	2.9	3.8	3.4	3.0	2.4	(5.1)	4.8



Business Area Overview – Quarterly EBIT adj. and Margin

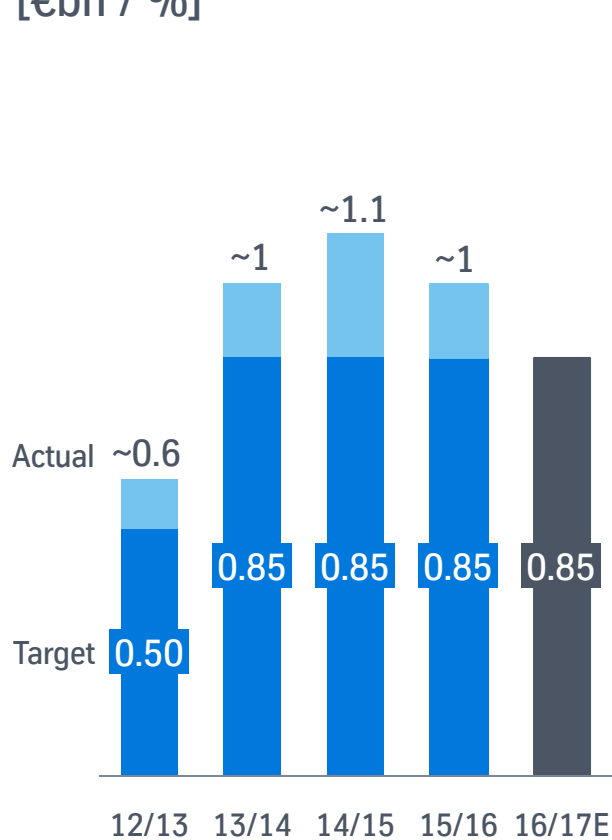
[€ mn]

	2015/16				FY	2016/17		
	Q1	Q2	Q3	Q4		Q1	Q2	Q3
Components Technology	71	86	100	79	335	75	101	99
%	4.3	5.1	5.6	4.7	4.9	4.3	5.2	5.0
Elevator Technology	203	186	225	246	860	215	207	240
%	10.9	10.6	11.8	12.7	11.5	11.4	11.1	12.3
Industrial Solutions	90	153	43	68	355	42	23	6
%	6.0	9.5	3.5	4.8	6.2	2.8	1.8	0.5
Materials Services	3	10	52	62	128	51	121	73
%	0.1	0.3	1.7	2.1	1.1	1.7	3.3	2.1
Steel Europe	51	65	91	108	315	28	92	232
%	2.9	3.4	4.5	5.5	4.1	1.5	3.9	9.9
Corporate	(117)	(117)	(113)	(150)	(497)	(115)	(123)	(131)
Consolidation	7	7	3	(13)	4	(4)	(8)	1
Continuing operations	308	390	401	400	1,500	291	412	519
%	3.3	4.1	4.2	4.2	3.9	3.0	3.9	5.0
Steel Americas	(74)	(65)	39	67	(33)	37	14	100
%	(21.2)	(20.0)	11.6	14.0	(2.2)	8.3	3.1	17.7
Consolidation	0	0	1	1	2	1	0	1
Full Group	234	326	441	468	1,469	329	427	620
%	2.5	3.3	4.5	4.7	3.7	3.3	3.9	5.7

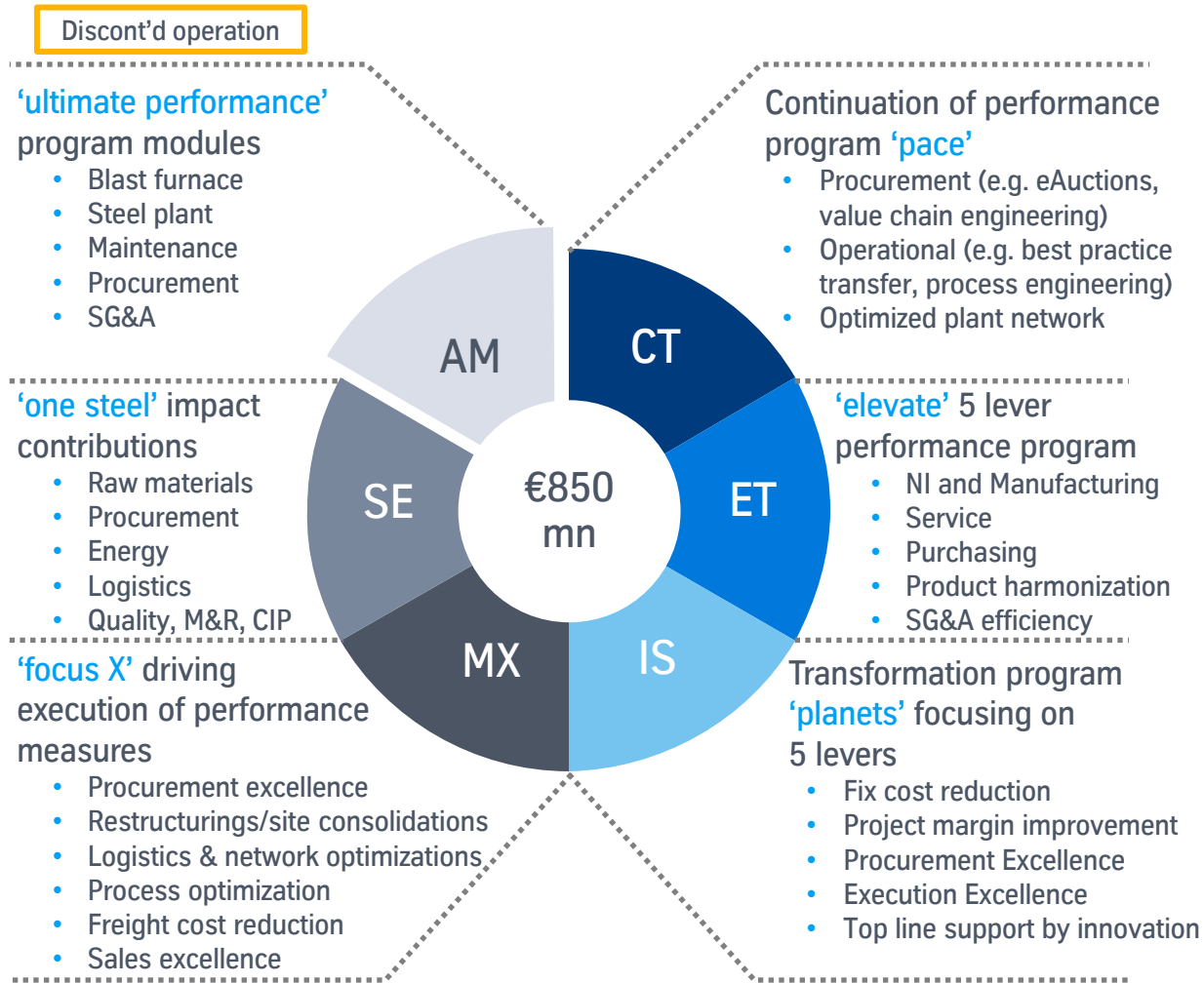


Operational improvements – €850 mn ‘impact’ effects targeted for FY 16/17

[€bn / %]



~50% from procurement

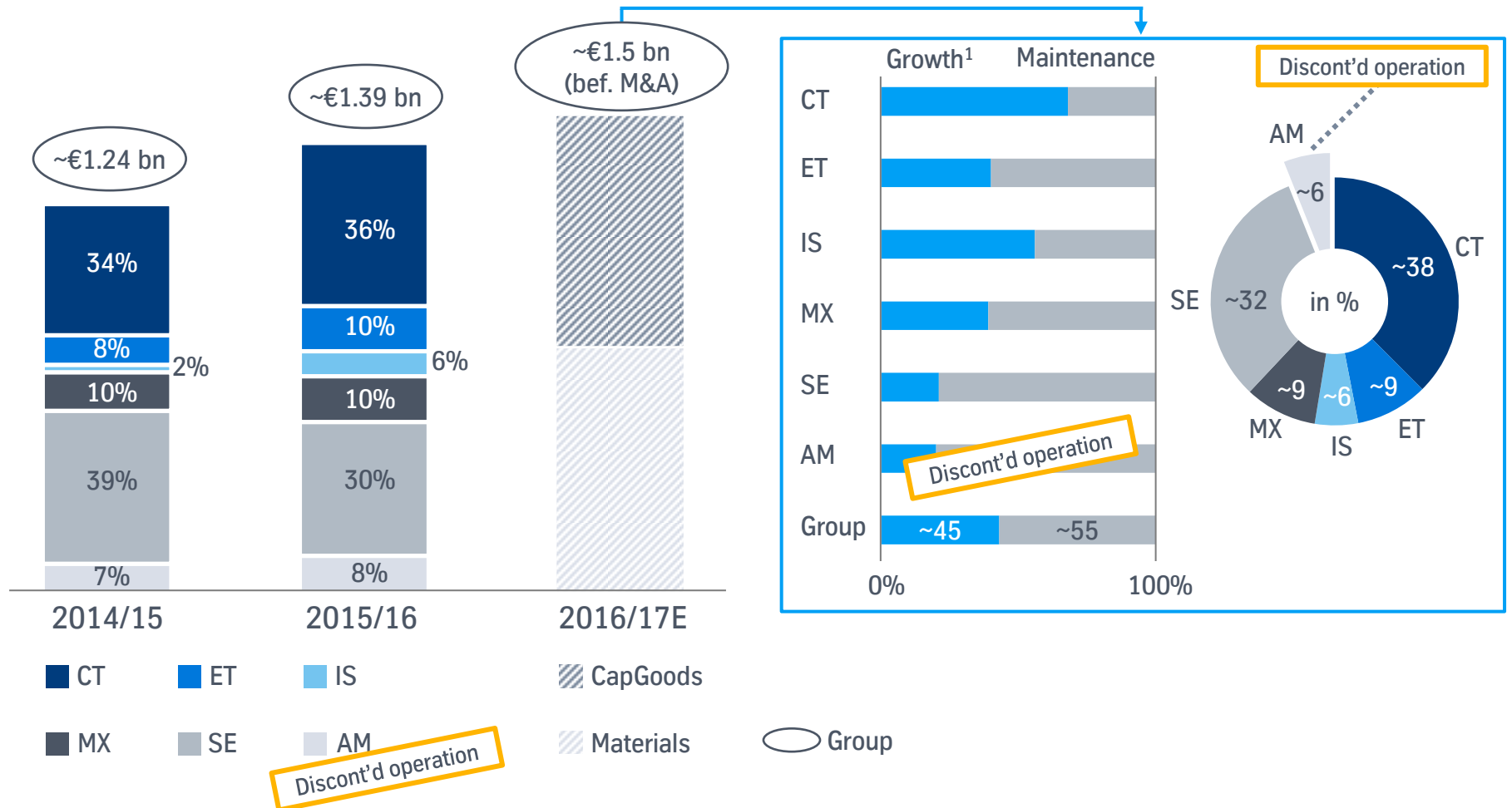


Every Business Area with triple-digit mn contribution



Capex allocation

Cash flows from investing activities

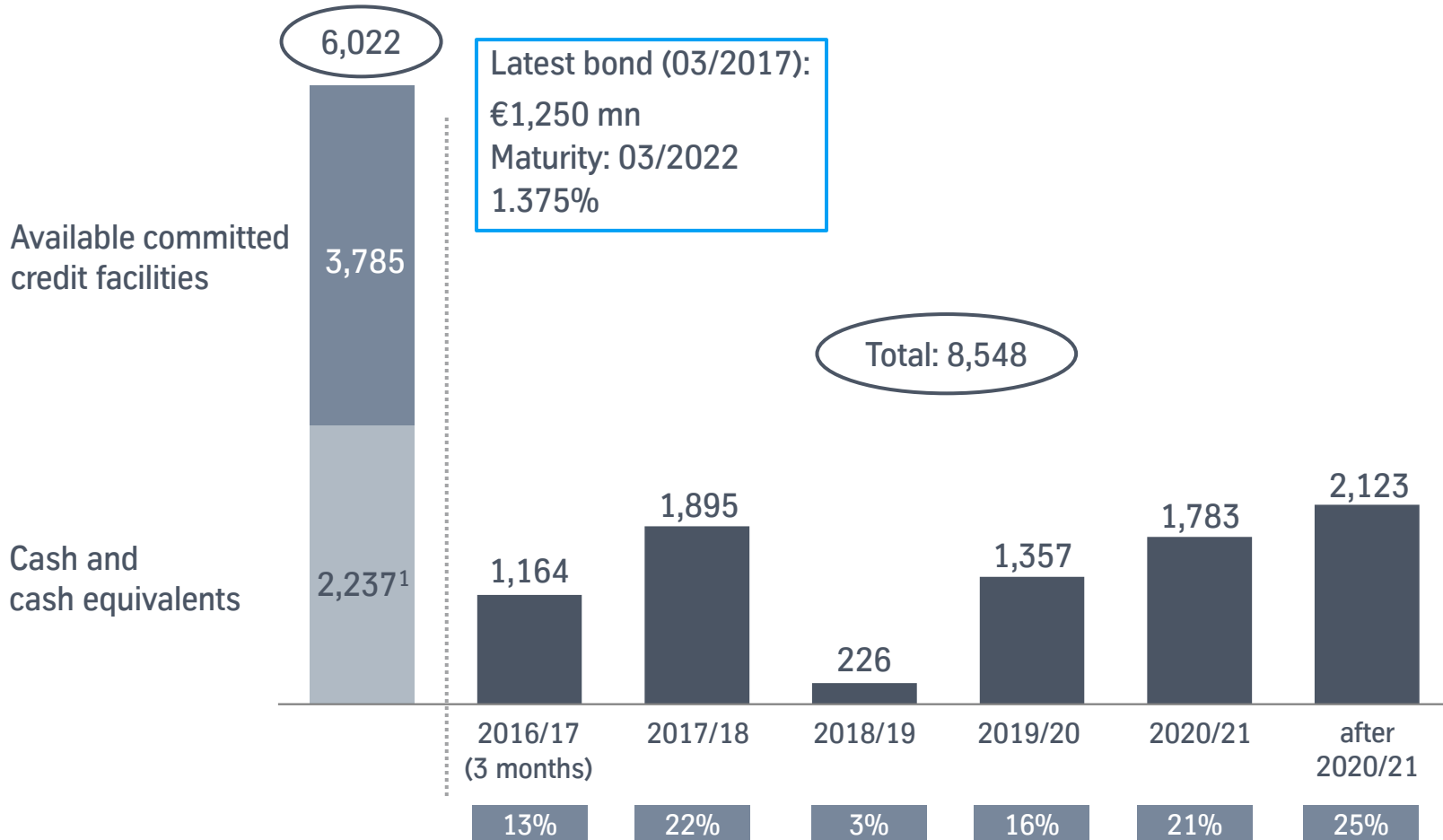


Business Area shares referring to capex excl. Corporate | ¹⁾ including order related investments



Solid financial situation

Liquidity analysis and maturity profile of gross financial debt as of June 30, 2017
[€ mn]



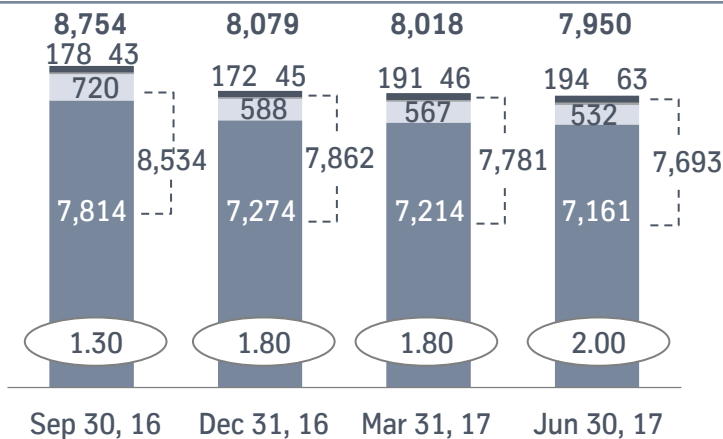
¹⁾ incl. securities of €6 mn



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

[€ mn]

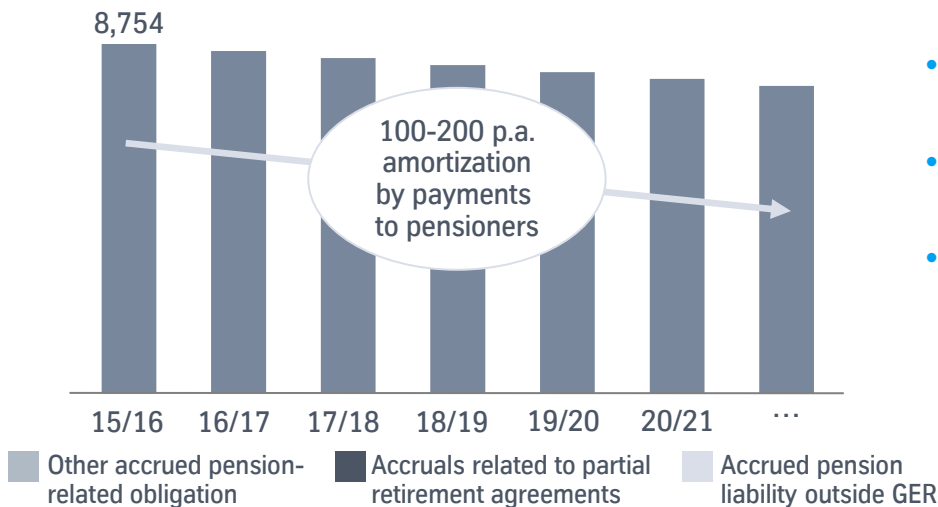
Accrued pension and similar obligations



Fluctuations in accrued pensions

- are mainly driven by increases / decreases in German discount rates (~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)



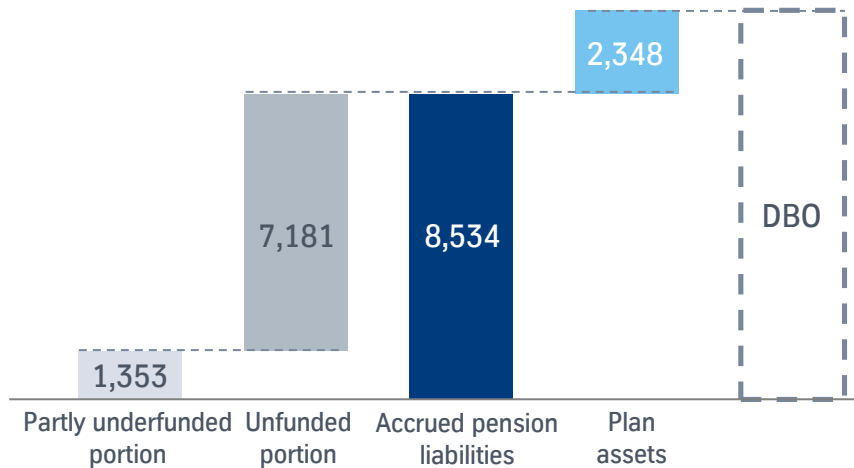
- IFRS requires determination of pension discount rate based on AA-rated corporate bonds
- Pension discount rate sig. lower than interest rates of tk corporate bonds
- ~90% of accrued pensions in Germany; ~64% owed to exist. pensioners (average age ~76 years)



Germany accounts for majority of pension plans

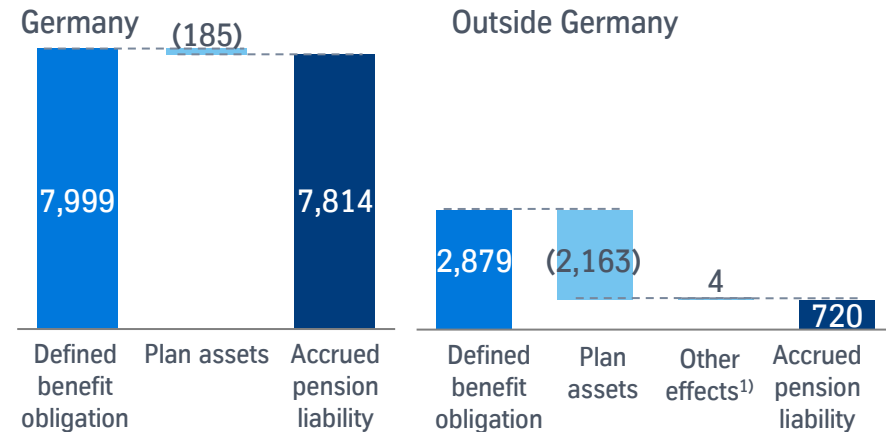
[FY 15/16; € mn]

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



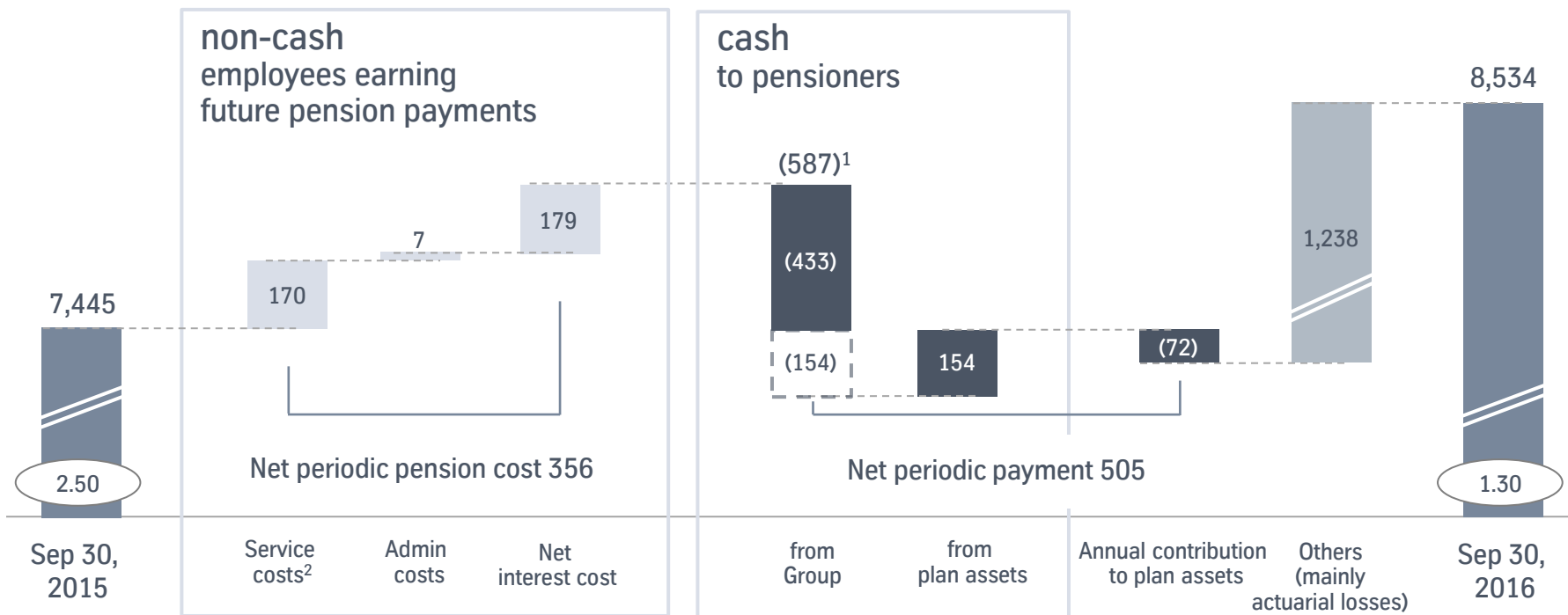
- Plan assets outside Germany mainly attributable to UK (~30%) and USA (~30%)
- Plan asset classes include national and international stocks, fixed income securities of governments and non-governmental organizations, real estate as well as highly diversified funds

Accrued pension liability and accrued postretirement obligation other than pensions referring to defined benefit plans | ¹⁾ e.g. asset ceiling outside Germany, other non-financial assets

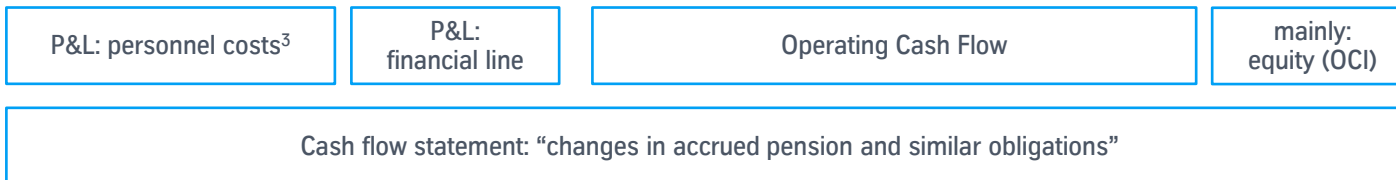


Mature pension scheme: payments amortize liability by ~ €150 mn

Reconciliation of accrued pension [€ mn]



In financial statements



○ German discount rate

¹⁾ Payments to pensioners include ~€30 mn one-timer due to statutory adjustments related to prior years | ²⁾ including past service cost and curtailments

³⁾ additional personnel expenses include €161 mn net periodic pension cost for defined contribution plans



Reconciliation of EBIT Q3 16/17 from Group p&l

Continuing Operations

P&L structure

Net sales	10,437
Cost of sales	(8,554)
SG&A, R&D	(1,464)
Other income/expense	54
Other gains/losses	(3)
= Income from operations	470

Income from companies using equity method 12

Finance income/expense (86)

= EBT 396

EBIT definition

Net sales	10,437
Cost of sales	(8,554)
SG&A, R&D	(1,464)
Other income/expense	54
Other gains/losses	(3)

Income from companies using equity method 12

Adjustm. for oper. items in fin. income/expense 2

= EBIT 484

Finance income/expense (86)

Operating items in fin. income/expense (2)

= EBT 396



Reconciliation of EBIT 9M 16/17 from Group p&l

Continuing Operations

P&L structure

Net sales	30,772
Cost of sales	(25,532)
SG&A, R&D	(4,310)
Other income/expense	69
Other gains/losses	(6)
= Income from operations	993

Income from companies using equity method 10

Finance income/expense (324)

= EBT 679

EBIT definition

Net sales	30,772
Cost of sales	(25,532)
SG&A, R&D	(4,310)
Other income/expense	69
Other gains/losses	(6)

Income from companies using equity method 10

Adjustm. for oper. items in fin. income/expense (18)

= EBIT 985

Finance income/expense (324)

Operating items in fin. income/expense 18

= EBT 679



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“The information set forth and included in this presentation is not provided in connection with an offer or solicitation for the purchase or sale of a security and is intended for informational purposes only.

This presentation contains forward-looking statements that are subject to risks and uncertainties. Statements contained herein that are not statements of historical fact may be deemed to be forward-looking information. When we use words such as “plan,” “believe,” “expect,” “anticipate,” “intend,” “estimate,” “may” or similar expressions, we are making forward-looking statements. You should not rely on forward-looking statements because they are subject to a number of assumptions concerning future events, and are subject to a number of uncertainties and other factors, many of which are outside of our control, that could cause actual results to differ materially from those indicated. These factors include, but are not limited to, the following:

- (i) market risks: principally economic price and volume developments,
- (ii) dependence on performance of major customers and industries,
- (iii) our level of debt, management of interest rate risk and hedging against commodity price risks;
- (iv) costs associated with, and regulation relating to, our pension liabilities and healthcare measures,
- (v) environmental protection and remediation of real estate and associated with rising standards for real estate environmental protection,
- (vi) volatility of steel prices and dependence on the automotive industry,
- (vii) availability of raw materials;
- (viii) inflation, interest rate levels and fluctuations in exchange rates;
- (ix) general economic, political and business conditions and existing and future governmental regulation; and
- (x) the effects of competition.

Please note that we disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.”

