

Charts on Q2 2017/18

Facts & Figures

Ticker: TKA (Share) TKAMY (ADR)

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Q2 fully confirms FY outlook

- **SWF** **Portfolio reshaping towards a Diversified Industrial**
- Board decisions for Steel JV expected within 1st half of this year – signing shortly afterwards
 - Next step: Finalization of consultation processes by Tata Steel Europe
-
- **Order Intake** **FX headwinds, ET and especially IS with big tickets in prior year quarter; CT with organic growth**
Group: €10,496 mn; -10%¹ (-7%)^{1,2} yoy
- CT: €1,942 mn; -2% (+4%)²; Robust growth at automotive, improved conditions for construction equipment and heavy vehicles vs. FX headwinds and lower volumes bearings (for wind turbines)
 - ET: €1,873 mn; -11% (-3%)²; Driven by new installations and modernization in US and South America; China in value below prior year; prior year with major infrastructure projects; FX headwinds
 - IS: €924 mn; -53% (-56%)²; Small to mid-size projects < 3-digit € mn; prior year benefitted from big ticket submarine order
 - MX: €3,776 mn; +3% (+6%)² and SE: €2,484 mn; +2% (+2%)²; SE benefitting from improved spot-price environment; MX with higher volumes
-
- **EBIT adj.** **Best Q2 since Strategic Way Forward; Materials with cyclical upside momentum, Corporate with lower cost; CapGoods with FX headwinds and raw material cost pressure (high double-digit € mn)**
Group: €500 mn; +21%¹ yoy
- CT: €93mn; -8%; Robust demand for automotive comps., impr. conditions for constr. equipment comp. and heavy vehicles vs. FX headwinds, lower vol. wind, customer induced slower ramp-up new plants in China
 - ET: €204 mn; -2%; Margin expansion (+50 bps) supported by performance programs, despite significant FX headwinds, temporary raw material cost- and continuing pricing pressure esp. in China
 - IS: €(23) mn; -€46 mn; Lower sales, mix-effects and partial underutilization; sales ramp-up and significant positive impact from restructuring measures expected for H2
 - Materials: MX: €100 mn; -17%; and SE: €198 mn; +€106 mn; SE with margin expansion due to improved spot-price environment; MX with higher volumes but strong prior year Q2 due to higher windfall gains
 - Corporate: €(81) mn; +34%; Lower costs for group initiatives

¹⁾ Group without Steel Americas | ²⁾ Adjusted for FX and portfolio effects



Q2 fully confirms FY outlook

▶ **Net income** **EPS significantly up to €0.39 in Q2 (prior year: €0.10¹); H1: €0.52 (prior year: €0.07¹)**
Group: €253 mn; +€189 mn¹ yoy

- Lower special items (€67 mn vs. €99 mn in prior year)
- Lower interest (€92 mn vs. €102 mn in prior year)
- Lower tax rate (25% vs. 69% in prior year)

▶ **'impact'** **€200 mn in Q2 enhancing efficiency; €340 mn in H1 already**

▶ **FCF bef. M&A** **Significant improvements yoy and qoq confirming FY outlook**
Group: €168 mn¹; +€306 mn yoy

▶ **FY Guidance confirmed**

EBIT adj.:

Group

- €1.8 – 2.0 bn EBIT adj. confirmed; Headwinds for CapGoods mainly by FX and material cost pressure

CT

- Sales up (mid single-digit); EBIT adj. margin on prior year level, despite FX headwinds and raw material cost pressure

ET

- Sales on prior year level; EBIT adj. margin at least on prior year level, with H2 > 12% despite sig. FX headwinds and raw material cost pressure esp. in China

IS

- Order intake expected to be below and sales on prior year level; Comprehensive transformation and restructuring measures support significant earnings improvement in the course of H2

MX

- Currently favorable environment; EBIT adj. slightly below prior year given foreseeably lower windfall gains

SE

- Assuming continued stable and favorable spot-price environment EBIT adj. sig. above prior year level

Corp

- Corporate cost sig. below prior year level, due to lower expenses for group initiatives and G&A

FCF bef. M&A: • Q3E: Up towards break-even | FYE: Significant improvements - positive

¹⁾ Group without Steel Americas



Q2 fully confirms FY outlook

Portfolio reshaping towards a Diversified Industrial

- Board decisions for Steel JV expected within 1st half of this year – signing shortly afterwards
Next step: Finalization of consultation processes by Tata Steel Europe

Order Intake of €10,496 mn

-10%¹ / -7%^{1,2} yoy

- FX headwinds; ET and especially IS with big tickets in prior year quarter
- CT with organic growth

EBIT adj. of €500 mn - Best Q2 since Strategic Way Forward +21%¹ yoy

- Materials with cyclical upside momentum, Corporate with lower costs
- ET with margin expansion (50 bps) despite headwinds from FX and raw material cost pressure at CapGoods (high double-digit € mn in H1)
- Overall, quarterly target fully achieved despite negative contribution from IS

Net Income of €253 mn

+189 mn¹ yoy

- Strong result, lower special items, lower interest expenses and lower tax rate
- EPS significantly up to €0.39 (prior year: €0.10¹); H1: €0.52 (prior year: €0.07¹)

FCF bef. M&A of €168 mn

+306 mn¹ yoy

- Significant improvements yoy and qoq confirming FY outlook

¹) Group without Steel Americas | ²) Adjusted for FX and portfolio effects



Order intake: FX headwinds, ET and especially IS with big tickets in prior year quarter; CT with organic growth

[€ mn]

	Q2 16/17 ¹	Q2 17/18	yoy	yoy (ex F/X ²)	H1 16/17 ¹	H1 17/18	yoy	yoy (ex F/X ²)
Group¹	11,643	10,496	-10%	-7%	21,244	20,237	-5%	-2%
Components Technology (CT)	1,979	1,942	-2%	4%	3,738	3,863	3%	9%
Elevator Technology (ET)	2,111	1,873	-11%	-3%	4,014	3,833	-5%	2%
Industrial Solutions (IS)	1,959	924	-53%	-56%	3,118	1,770	-43%	-46%
Materials Services (MX)	3,683	3,776	3%	6%	6,814	7,139	5%	7%
Steel Europe (SE)	2,442	2,484	2%	2%	4,521	4,555	1%	1%

- **CT:** Robust growth at automotive, improved conditions for construction equipment and heavy vehicles vs. FX headwinds and lower volumes bearings (for wind turbines)
- **ET:** Driven by new installations and modernization in US and South America; China in value lower yoy; prior year with major infrastructure projects; FX headwinds
- **IS:** Small to mid-size projects < 3-digit € mn; prior year benefitted from big ticket submarine order
- **Materials:** SE benefitting from improved spot-price environment; MX with higher volumes

¹⁾ Group without Steel Americas | ²⁾ Adjusted for FX and portfolio effects | Corp. & Cons.: Q2 16/17: (531); Q2 17/18: (505); Corp. & Cons.: H1 16/17: (962); H1 17/18: (924)



Sales growth despite significant FX headwinds

[€ mn]

	Q2 16/17	Q2 17/18	yoy	yoy (ex F/X ²)	H1 16/17 ¹	H1 17/18	yoy	yoy (ex F/X ²)
Group¹	10,617	10,748	1%	5%	20,335	20,565	1%	4%
Components Technology (CT)	1,936	1,930	0%	6%	3,678	3,836	4%	10%
Elevator Technology (ET)	1,868	1,755	-6%	2%	3,749	3,600	-4%	3%
Industrial Solutions (IS)	1,282	1,247	-3%	-5%	2,761	2,337	-15%	-19%
Materials Services (MX)	3,649	3,904	7%	10%	6,681	7,134	7%	10%
Steel Europe (SE)	2,371	2,397	1%	2%	4,279	4,568	7%	7%

- **CT:** Confirming growth expectations despite FX headwinds - mirroring order intake
- **ET:** Positive development in NI in Asia/Pacific and US; Europe steady; below prior year due to FX headwinds
- **IS:** Lower billing progress at Chemical plants and esp. Marine Systems; increase expected for H2
- **Materials:** Favorable spot-price environment; shipments slightly lower at SE, higher at MX

¹⁾ Group without Steel Americas | ²⁾ Adjusted for F/X and portfolio changes | Corp. & Cons.: Q2 16/17: (488); Q2 17/18: (484); Corp. & Cons.: H1 16/17: (813); H1 17/18: (910)



EBIT adj.: Materials with cyclical upside momentum, Corp. with lower costs

CapGoods with FX headwinds and raw material cost pressure (high double-digit € mn)

[€ mn]

	Q2 16/17 ¹	Q1 17/18	Q2 17/18	qoq	yoy	H1 16/17 ¹	H1 17/18	yoy
Group¹	412	444	500	13%	21%	703	944	34%
Components Technology (CT)	101	77	93	21%	-8%	176	170	-3%
Elevator Technology (ET)	207	220	204	-7%	-2%	422	424	0%
Industrial Solutions (IS)	23	12	-23	-35 mn	-46 mn	64	-11	-75 mn
Materials Services (MX)	121	51	100	96%	-17%	173	151	-13%
Steel Europe (SE)	92	160	198	24%	+106 mn	119	358	+239 mn
Corporate	(123)	(75)	(81)	-8%	34%	(239)	(156)	35%

- **CT:** Auto components robust, constr. equip. components and heavy vehicles improved vs. FX headwinds and raw mat. cost pressure, lower volumes bearings (for wind turbines), customer induced slower ramp-up new plants in China
- **ET:** Margin expansion (+50 bps) supported by performance programs, despite significant FX headwinds, temporary raw material cost- and continuing pricing pressure esp. in China
- **IS:** Lower sales, mix-effects and partial underutilization; sales ramp-up and significant positive impact from restructuring measures expected for H2
- **Materials:** SE with margin expansion due to improved spot-price environment; MX with higher volumes but strong prior year Q2 due to higher windfall gains
- **Corporate:** Lower costs for group initiatives

¹⁾ Group without Steel Americas | Consolidation: Q2 16/17: (8); Q2 17/18: 9; Consolidation: H1 16/17: (11); H1 17/18: 8



Special Items - continued focus on restructuring and future margin upside

[€ mn]

Business Area		2016/17				FY	2017/18		Comments on Q2
		Q1	Q2	Q3	Q4		Q1	Q2	
CT	Disposal effect								
	Impairment	(2)	(10)	(1)	(10)	(23)			
	Restructuring	(8)	(25)	(1)	(7)	(41)	(2)		
	Others	(7)		(4)	(5)	(16)		(4)	
ET	Disposal effect			(1)		(1)			
	Impairment	(1)	(25)		(6)	(32)		(3)	
	Restructuring	(15)	(7)	(6)	(78)	(106)	(14)	(8)	• Restructuring & Reorganization Europe
	Others	(15)	(7)	(1)	(23)	(46)	(5)	(7)	
IS	Disposal effect	(5)	5		(1)	(1)			
	Impairment				(10)	(10)			
	Restructuring	(6)	(4)	(3)	(99)	(112)	(2)		• Aperiodic special expenses for legacy contract
	Others	(18)	(4)	13	(15)	(24)		(20)	
MX	Disposal effect								
	Impairment		(3)	(1)	(10)	(14)			
	Restructuring	(2)	(9)	(4)	(17)	(32)		(6)	• Restructuring & Reorganization e.g. Germany
	Others	(11)	(16)	(10)	(8)	(45)	(2)	(4)	
SE	Disposal effect				(22)	(22)			
	Impairment				(2)	(2)			
	Restructuring	(2)	(1)	(1)	(23)	(27)			
	Others				(4)	(4)			
Corp.	Disposal effect	(4)	(2)	(3)	(3)	(12)	5	(10)	
	Impairment				(5)	(5)			
	Restructuring	(1)	(1)		(8)	(10)	(1)	(1)	• Expenses from M&A divestment projects
	Others	(6)	10	(11)	(1)	(8)	(1)	(4)	
Consolidation					22	22			
Group		(103)	(99)	(34)	(335)	(572)	(22)	(67)	



Outlook: Q3 and FY with stringent improvements

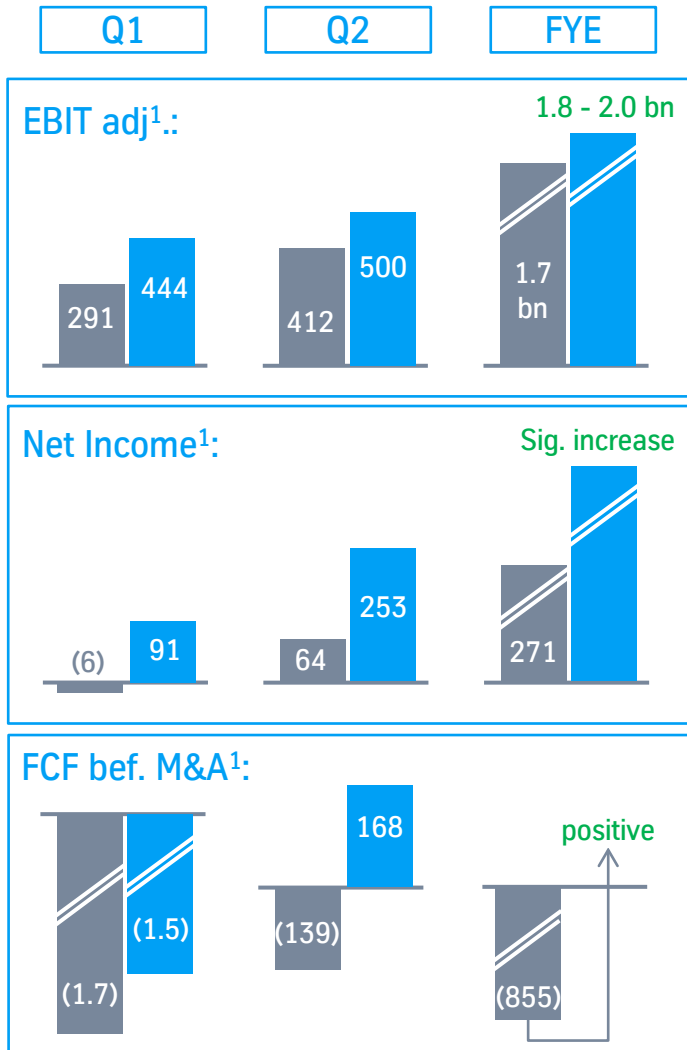
[€ mn]

EBIT adj.:	Q3 16/17	Q3E 17/18	FYE 17/18
Group	519	Slightly up	<ul style="list-style-type: none"> • €1.8 – 2.0 bn EBIT adj. confirmed ✓ • Headwinds for CapGoods mainly by FX and raw material cost pressure
CT	99		<ul style="list-style-type: none"> • Sales up (mid single-digit) • EBIT adj. margin on prior year level, despite FX headwinds and raw material cost pressure
ET	240		<ul style="list-style-type: none"> • Sales on prior year level • EBIT adj. margin at least on prior year level, with H2 > 12% despite sig. FX headwinds and raw material cost pressure esp. in China
IS	6	↗	<ul style="list-style-type: none"> • Order intake expected to be below and sales on prior year level • Extensive transformation and restructuring measures support significant earnings improvement in the course of H2
MX	73		<ul style="list-style-type: none"> • Currently favorable environment • EBIT adj. slightly below prior year given foreseeably lower windfall gains
SE	232		<ul style="list-style-type: none"> • Assuming continued stable and favorable spot-price environment • EBIT adj. sig. above prior year level
Corp.	(131)		<ul style="list-style-type: none"> • Corporate costs sig. below prior year level, due to lower expenses for group initiatives and G&A
FCF bef. M&A	(332)	up towards break-even	

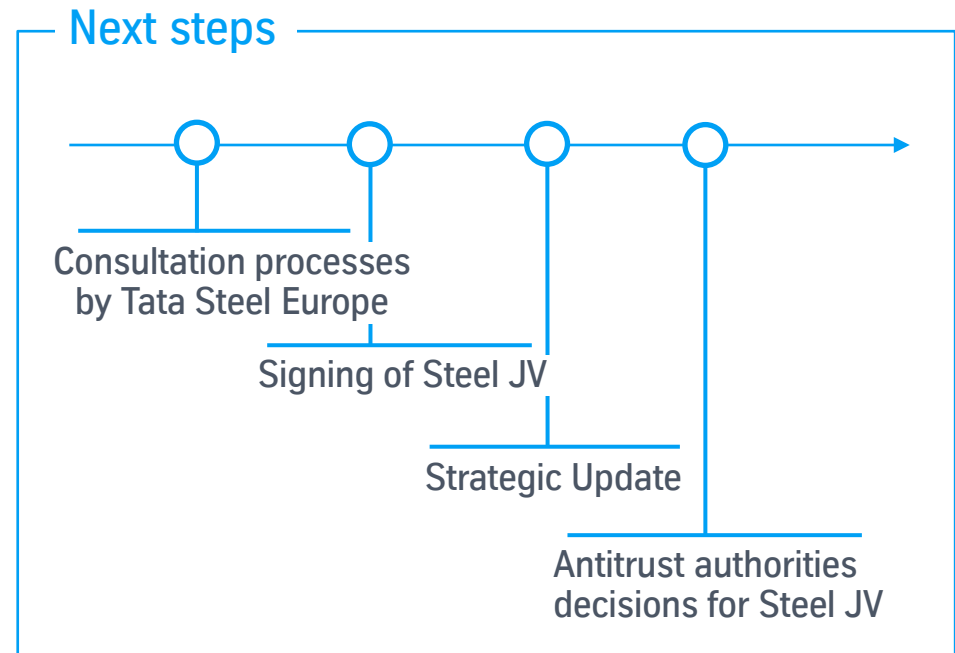


Well on track to reach financial and strategic targets

[€ mn]



¹⁾ Group without Steel Americas



Key financials (I)

[€ mn]

Group

	2016/17				FY	2017/18	
	Q1	Q2	Q3	Q4		Q1	Q2
Order intake	9,954	11,993	10,725	11,615	44,288	9,741	10,496
Sales	10,087	10,998	10,929	10,958	42,971	9,817	10,748
EBITDA	536	469	808	789	2,602	687	708
EBITDA adjusted	623	715	882	811	3,031	710	771
EBIT	240	(564)	529	481	687	422	433
EBIT adjusted	329	427	620	535	1,910	444	500
EBT	124	(703)	293	348	61	318	338
Net income/(loss)	15	(870)	134	130	(591)	91	253
attrib. to tk AG stockh.	8	(879)	120	102	(649)	78	243
Earnings per share ¹ (€)	0.01	(1.55)	0.21	0.18	(1.15)	0.12	0.39
Free cash flow	(1,791)	(216)	(445)	2,941	489	(1,535)	161
FCF before M&A	(1,736)	(212)	(377)	1,528	(798)	(1,549)	168

¹⁾ attributable to thyssenkrupp AG's stockholders



Key financials (II)

[€ mn]

Without Steel Americas

	2016/17				FY	2017/18	
	Q1	Q2	Q3	Q4		Q1	Q2
Order intake	9,600	11,643	10,213	11,300	42,756	9,741	10,496
Sales	9,718	10,617	10,437	10,675	41,447	9,817	10,748
EBITDA	447	587	750	474	2,258	687	708
EBITDA adjusted	549	675	782	777	2,783	710	771
EBIT	188	313	484	165	1,150	422	433
EBIT adjusted	291	412	519	500	1,722	444	500
EBT	74	208	396	87	766	318	338
Net income/(loss) (net of tax)	(6)	64	268	(55)	271	91	253
attrib. to tk AG stockh.	(13)	55	254	(84)	212	78	243
Earnings per share ¹ (€)	(0.02)	0.10	0.45	(0.15)	0.37	0.12	0.39

¹⁾ attributable to thyssenkrupp AG's stockholders



Key financials (III)

[€ mn]

Without Steel Americas

	2016/17					2017/18	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
TK Value Added ¹					(651)		
Ø Capital Employed ¹	16,501	16,856	16,941	16,728	16,728	15,203	15,605
Operating cash flow	(1,450)	170	24	1,739	483	(1,276)	419
Cash flow from divestm.	20	34	8	1,477	1,539	30	13
Cash flow from investm.	(289)	(346)	(432)	(468)	(1,535)	(290)	(272)
Free cash flow	(1,719)	(142)	(400)	2,748	487	(1,535)	161
FCF before M&A	(1,719)	(139)	(332)	1,335	(855)	(1,549)	168
Cash and cash equivalents ¹ (incl. short-term securities)	2,552	2,970	2,237	5,298	5,298	3,548	3,663
Net financial debt ¹	5,433	5,760	6,311	1,957	1,957	3,544	3,546
Equity ¹	3,275	2,304	2,242	3,404	3,404	3,280	3,335
Employees	153,318	154,431	157,634	158,739	158,739	159,175	159,693

¹⁾ Group figures



Components Technology

[€ mn]

	2016/17				FY	2017/18	
	Q1	Q2	Q3	Q4		Q1	Q2
Order intake	1,759	1,979	2,000	1,936	7,674	1,921	1,942
Sales	1,743	1,936	1,970	1,923	7,571	1,906	1,930
EBITDA	139	159	176	175	648	156	171
EBITDA adjusted	154	183	180	187	705	157	175
EBIT	58	66	93	80	297	75	89
EBIT adjusted	75	101	99	102	377	77	93
EBIT adj. margin (%)	4.3	5.2	5.0	5.3	5.0	4.0	4.8
tk Value Added					(21)		
Ø Capital Employed	3,624	3,713	3,753	3,740	3,740	3,711	3,812
BCF	(192)	(38)	(17)	279	31	(290)	(69)
CF from divestm.	1	0	1	1	2	1	0
CF for investm.	(91)	(136)	(170)	(153)	(551)	(128)	(113)
Employees	31,100	31,770	32,469	32,904	32,904	33,152	33,768

Current trading conditions

O/I – Q2: -2% yoy, ex FX +4%: Robust demand for automotive, improved conditions for construction equipment components and heavy vehicles vs. lower demand wind energy and adverse FX effects

- Automotive: Slight growth worldwide, China softer due to anticipation effects in prior year
- Bearings: Order intake with weaker demand wind power especially Germany, India and Brazil; sales affected by FX and lower prices as well as lower volumes wind energy vs. higher volumes construction machinery China and Germany
- Forged Technology: Improvement in construction equipment market from low basis; HV recovery NAFTA and other markets with positive outlook

EBIT adj. Q2: -8% yoy; Lower volumes wind, customer induced slower ramp-up and adverse FX effects compensate robust demand for automotive components, improved conditions for constr. equipment components and heavy vehicles



Elevator Technology

[€ mn]

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

Current trading conditions

Order backlog (excl. Service) c.€5.0 bn on high level

Order intake in Q2 -11% yoy (ex FX -3%); demand driven by NI and modernization in US and South America, but muted by FX; China in value below prior year;

Sales in Q2 below prior year due to FX headwinds (-6% yoy; ex FX +2%); positive development in US; Europe and AP steady

Q2 EBIT adj. margin improvement in line with target range despite adverse FX effects and raw materials headwinds esp. in China

New installation driven by Americas and Korea; China with stable units, but value below prior year level from continued price pressure

Modernization: positive market development in US

Maintenance: growth in all major regions; most pronounced in China;



Industrial Solutions

[€ mn]

	2016/17				FY	2017/18	
	Q1	Q2	Q3	Q4		Q1	Q2
Order intake	1,159	1,959	1,031	2,342	6,490	846	924
Order backlog	9,636	10,309	10,604	11,341	11,341	11,156	10,667
Sales	1,479	1,282	1,241	1,520	5,522	1,091	1,247
EBITDA	28	35	34	(48)	48	29	(21)
EBITDA adjusted	57	37	24	71	190	31	(2)
EBIT	13	20	15	(84)	(36)	10	(43)
EBIT adjusted	42	23	6	41	111	12	(23)
EBIT adj. margin (%)	2.8	1.8	0.5	2.7	2.0	1.1	(1.9)
tk Value Added					(71)		
Ø Capital Employed	82	241	349	430	430	523	648
BCF	(556)	(51)	(72)	275	(405)	(368)	(224)
CF from divestm.	3	10	1	0	14	0	2
CF for investm.	(17)	(15)	(8)	(41)	(82)	(17)	(18)
Employees	19,553	19,349	21,678	21,777	21,777	21,694	21,736

Current trading conditions

Q2 with small to mid-size projects < 3-digit € mn; prior year benefitted from big ticket submarine order

- Chemical plant engineering: Caustic soda plant in India and smaller orders for engineering services and plants
- Mining: Amongst others coal handling and power plant equipment in India, grinding and crushing equipment in Europe and the US
- Cement with small-size orders for plants and individual machines in West Africa and India
- Marine Systems: smaller orders in marine electronics, contract extensions, maintenance and Service
- System Engin.: continuing demand for production systems for the auto industry, uncertainties due to shift towards EV have to be considered

Q2 EBIT adj.: Lower sales, mix effects and partial underutilization; positive impact from restructuring measures expected in course of H2

Q2 BCF: Lower order intake with related prepayments and mature backlog in payout phase



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
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
	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
	Shipments AST ²	kt	-	-	537	747	848	227	233	201	191	853	217	248
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
	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
	HKM	kt	3,452	3,160	3,313	3,116	2,686	373	729	791	728	2,620	703	631
	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
	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
	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
	Average Steel revenues per ton ³		139	127	119	114	107	109	123	129	127	122	127	130
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	
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⁾ Excl. AST/VDM shipments | ²⁾ Included at MX since March '14 | ³⁾ Indexed: Q1 2004/2005 = 100



Materials Services

[€ mn]

	2016/17				FY	2017/18	
	Q1	Q2	Q3	Q4		Q1	Q2
Order intake	3,131	3,683	3,430	3,516	13,760	3,363	3,776
thereof Special Materials	484	495	362	419	1,761	410	536
Sales	3,032	3,649	3,504	3,480	13,665	3,230	3,904
thereof Special Materials	434	496	417	389	1,735	438	514
EBITDA	65	124	85	65	339	75	117
EBITDA adjusted	79	151	99	94	422	77	127
thereof Special Materials	26	32	39	20	117	31	31
EBIT	38	93	57	32	220	48	90
EBIT adjusted	51	121	73	66	312	51	100
thereof Special Materials	19	22	32	11	84	23	22
EBIT adj. margin (%)	1.7	3.3	2.1	1.9	2.3	1.6	2.6
thereof Special Materials	4.3	4.4	7.6	2.9	4.8	5.2	4.3
tk Value Added					(72)		
Ø Capital Employed	3,611	3,648	3,649	3,652	3,652	3,702	3,692
BCF	(389)	304	(148)	190	(43)	(307)	315
thereof Special Materials	(13)	62	16	2	66	(24)	66
CF from divestm.	3	4	3	46	57	16	2
CF for investm.	(19)	(24)	(20)	(69)	(132)	(15)	(25)
Employees	19,708	19,800	19,862	19,861	19,861	19,981	20,107

Current trading conditions

Sales in Q2 up yoy: Higher shipments in almost all business units and favorable price environment; volumes at AST up yoy

EBIT adj. in Q2 down yoy at high level: Positive price and volume trend plus performance measures on the one hand, lower effects from weaker price dynamics versus prior year on the other; AST with high earnings contribution resulting from positive price environment as well as cost and efficiency measures



Steel Europe

[€ mn]

MoU for JV with Tata
on Sep. 20th, 2017;
Board decisions expected within
first half of this year – signing
shortly afterwards

	2016/17				FY	2017/18	
	Q1	Q2	Q3	Q4		Q1	Q2
Order intake	2,078	2,442	2,171	2,277	8,969	2,071	2,484
Sales	1,908	2,371	2,337	2,299	8,915	2,171	2,397
EBITDA	130	196	335	244	905	266	304
EBITDA adjusted	133	196	336	292	957	266	305
EBIT	25	91	231	145	493	160	198
EBIT adjusted	28	92	232	196	547	160	198
EBIT adj. margin (%)	1.5	3.9	9.9	8.5	6.1	7.4	8.3
tk Value Added					43		
Ø Capital Employed	4,948	5,113	5,248	5,286	5,286	5,448	5,572
BCF	(404)	(232)	76	643	82	(469)	321
CF from divestm.	(4)	(0)	(1)	10	4	(1)	(1)
CF for investm.	(121)	(119)	(184)	(141)	(566)	(88)	(83)
Employees	27,437	27,400	27,384	27,646	27,646	27,478	27,255

Current trading conditions

EU carbon flat steel market up slightly year-on-year and expected to remain strong in CY 2018, despite

- imports remained high (especially up ex other 3rd countries particularly India, Turkey)
- market environment remains extremely challenging (global overcapacities, increasing export risks due to Section 232 and continued highly volatile raw material prices)

Sales Q2: significantly up yoy, mainly driven by Ø selling prices significantly increased in all products and all end user sectors;

Shipments of 5.6 mt slightly down yoy (but due to seasonal weakness shipments in Q1 increased qoq)

EBIT adj.: yoy significantly up mainly due to higher selling prices and supported by performance-cost measures



Corporate

[€ mn]

	2016/17					2017/18	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
EBITDA	(114)	(103)	(131)	(163)	(511)	(58)	(82)
EBITDA adjusted	(103)	(110)	(117)	(151)	(481)	(61)	(67)
EBIT	(126)	(117)	(145)	(182)	(569)	(72)	(97)
EBIT adjusted	(115)	(123)	(131)	(165)	(535)	(75)	(81)
BCF	181	(162)	(114)	(171)	(266)	237	(119)
Employees	3,589	3,734	3,781	3,891	3,891	3,961	4,048

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. Q2 17/18
figures include

- CorpHQ: (61)
- Regions: (11)
- Service Units: (7)
- Special Units: (2)

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



Business Area Overview – Quarterly Order Intake

[€ mn]

Without Steel Americas

	2016/17				FY	2017/18	
	Q1	Q2	Q3	Q4		Q1	Q2
Components Technology	1,759	1,979	2,000	1,936	7,674	1,921	1,942
Elevator Technology	1,903	2,111	2,024	1,796	7,834	1,959	1,873
Industrial Solutions	1,159	1,959	1,031	2,342	6,490	846	924
Materials Services	3,131	3,683	3,430	3,516	13,760	3,363	3,776
Steel Europe	2,078	2,442	2,171	2,277	8,969	2,071	2,484
Corporate	37	56	97	96	287	91	78
Consolidation	(468)	(587)	(539)	(663)	(2,257)	(510)	(583)
Group	9,600	11,643	10,213	11,300	42,756	9,741	10,496



Business Area Overview – Quarterly Sales

[€ mn]

Without Steel Americas

	2016/17				FY	2017/18	
	Q1	Q2	Q3	Q4		Q1	Q2
Components Technology	1,743	1,936	1,970	1,923	7,571	1,906	1,930
Elevator Technology	1,882	1,868	1,954	1,971	7,674	1,845	1,755
Industrial Solutions	1,479	1,282	1,241	1,520	5,522	1,091	1,247
Materials Services	3,032	3,649	3,504	3,480	13,665	3,230	3,904
Steel Europe	1,908	2,371	2,337	2,299	8,915	2,171	2,397
Corporate	58	67	69	83	278	93	78
Consolidation	(383)	(555)	(639)	(602)	(2,179)	(518)	(562)
Group	9,718	10,617	10,437	10,675	41,447	9,817	10,748



Business Area Overview – Quarterly EBITDA and Margin

[€ mn]

Without Steel Americas

	2016/17				FY	2017/18	
	Q1	Q2	Q3	Q4		Q1	Q2
Components Technology	139	159	176	175	648	156	171
%	8.0	8.2	8.9	9.1	8.6	8.2	8.9
Elevator Technology	203	188	252	181	824	222	211
%	10.8	10.1	12.9	9.2	10.7	12.0	12.0
Industrial Solutions	28	35	34	(48)	48	29	(21)
%	1.9	2.7	2.7	(3.2)	0.9	2.7	(1.7)
Materials Services	65	124	85	65	339	75	117
%	2.2	3.4	2.4	1.9	2.5	2.3	3.0
Steel Europe	130	196	335	244	905	266	304
%	6.8	8.3	14.3	10.6	10.2	12.2	12.7
Corporate	(114)	(103)	(131)	(163)	(511)	(58)	(82)
Consolidation	(5)	(10)	(0)	20	5	(2)	8
Group	447	587	750	474	2,258	687	708
%	4.6	5.5	7.2	4.4	5.4	7.0	6.6



Business Area Overview – Quarterly EBITDA adj. and Margin

[€ mn]

Without Steel Americas

	2016/17				FY	2017/18	
	Q1	Q2	Q3	Q4		Q1	Q2
Components Technology	154	183	180	187	705	157	175
%	8.9	9.5	9.1	9.7	9.3	8.3	9.1
Elevator Technology	234	227	260	285	1,007	241	225
%	12.4	12.2	13.3	14.5	13.1	13.0	12.8
Industrial Solutions	57	37	24	71	190	31	(2)
%	3.9	2.9	2.0	4.7	3.4	2.9	(0.1)
Materials Services	79	151	99	94	422	77	127
%	2.6	4.1	2.8	2.7	3.1	2.4	3.3
Steel Europe	133	196	336	292	957	266	305
%	7.0	8.3	14.4	12.7	10.7	12.3	12.7
Corporate	(103)	(110)	(117)	(151)	(481)	(61)	(67)
Consolidation	(5)	(10)	(0)	(2)	(17)	(2)	8
Group	549	675	782	777	2,783	710	771
%	5.6	6.4	7.5	7.3	6.7	7.2	7.2



Business Area Overview – Quarterly EBIT and Margin

[€ mn]

Without Steel Americas

	2016/17				FY	2017/18	
	Q1	Q2	Q3	Q4		Q1	Q2
Components Technology	58	66	93	80	297	75	89
%	3.3	3.4	4.7	4.2	3.9	3.9	4.6
Elevator Technology	184	168	232	153	736	201	187
%	9.8	9.0	11.9	7.8	9.6	10.9	10.6
Industrial Solutions	13	20	15	(84)	(36)	10	(43)
%	0.9	1.6	1.2	(5.5)	(0.7)	0.9	(3.5)
Materials Services	38	93	57	32	220	48	90
%	1.3	2.6	1.6	0.9	1.6	1.5	2.3
Steel Europe	25	91	231	145	493	160	198
%	1.3	3.8	9.9	6.3	5.5	7.3	8.3
Corporate	(126)	(117)	(145)	(182)	(569)	(72)	(97)
Consolidation	(4)	(8)	1	21	10	(1)	9
Group	188	313	484	165	1,150	422	433
%	1.9	2.9	4.6	1.5	2.8	4.3	4.0



Business Area Overview – Quarterly EBIT adj. and Margin

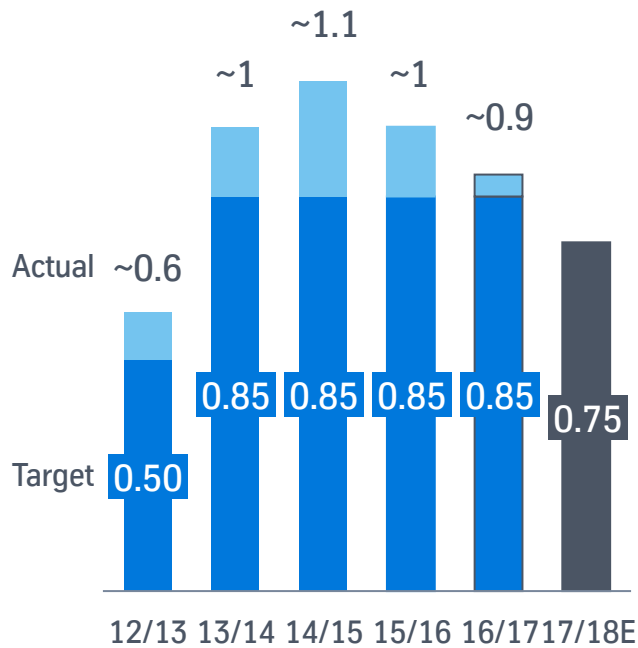
[€ mn]

Without Steel Americas

	2016/17					2017/18	
	Q1	Q2	Q3	Q4	FY	Q1	Q2
Components Technology	75	101	99	102	377	77	93
%	4.3	5.2	5.0	5.3	5.0	4.0	4.8
Elevator Technology	215	207	240	260	922	220	204
%	11.4	11.1	12.3	13.2	12.0	11.9	11.6
Industrial Solutions	42	23	6	41	111	12	(23)
%	2.8	1.8	0.5	2.7	2.0	1.1	(1.9)
Materials Services	51	121	73	66	312	51	100
%	1.7	3.3	2.1	1.9	2.3	1.6	2.6
Steel Europe	28	92	232	196	547	160	198
%	1.5	3.9	9.9	8.5	6.1	7.4	8.3
Corporate	(115)	(123)	(131)	(165)	(535)	(75)	(81)
Consolidation	(4)	(8)	1	(1)	(12)	(1)	9
Group	291	412	519	500	1,722	444	500
%	3.0	3.9	5.0	4.7	4.2	4.5	4.7



Operational improvements – €750 mn ‘impact’ effects targeted for FY 17/18 [€bn]



~50% from procurement

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

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

- 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

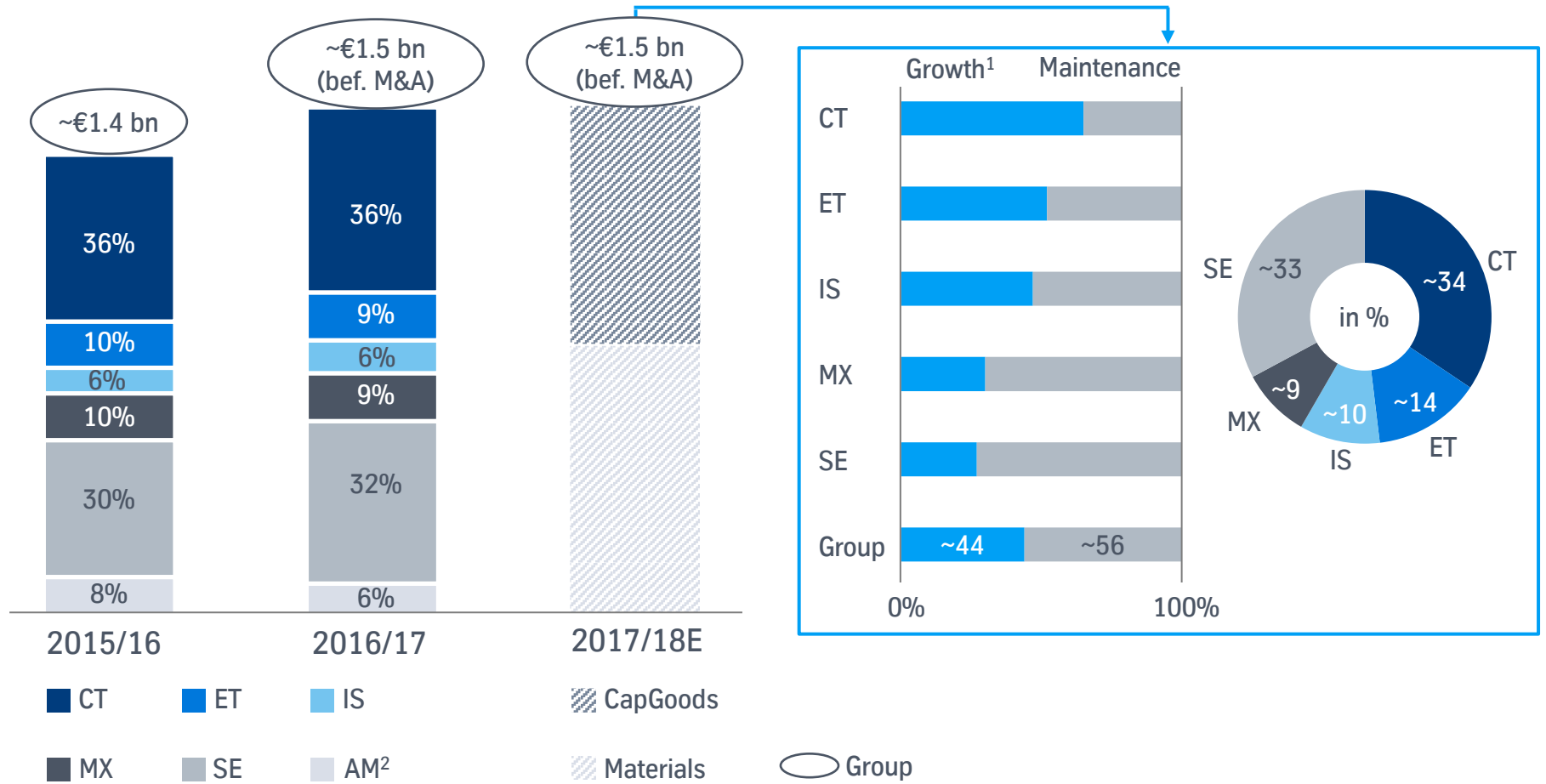
- Corp.** Focus on **G&A cost** reduction
- Process cost reduction
 - Streamline organization
 - Leverage shared services

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



Capex allocation

Cash flows from investing activities

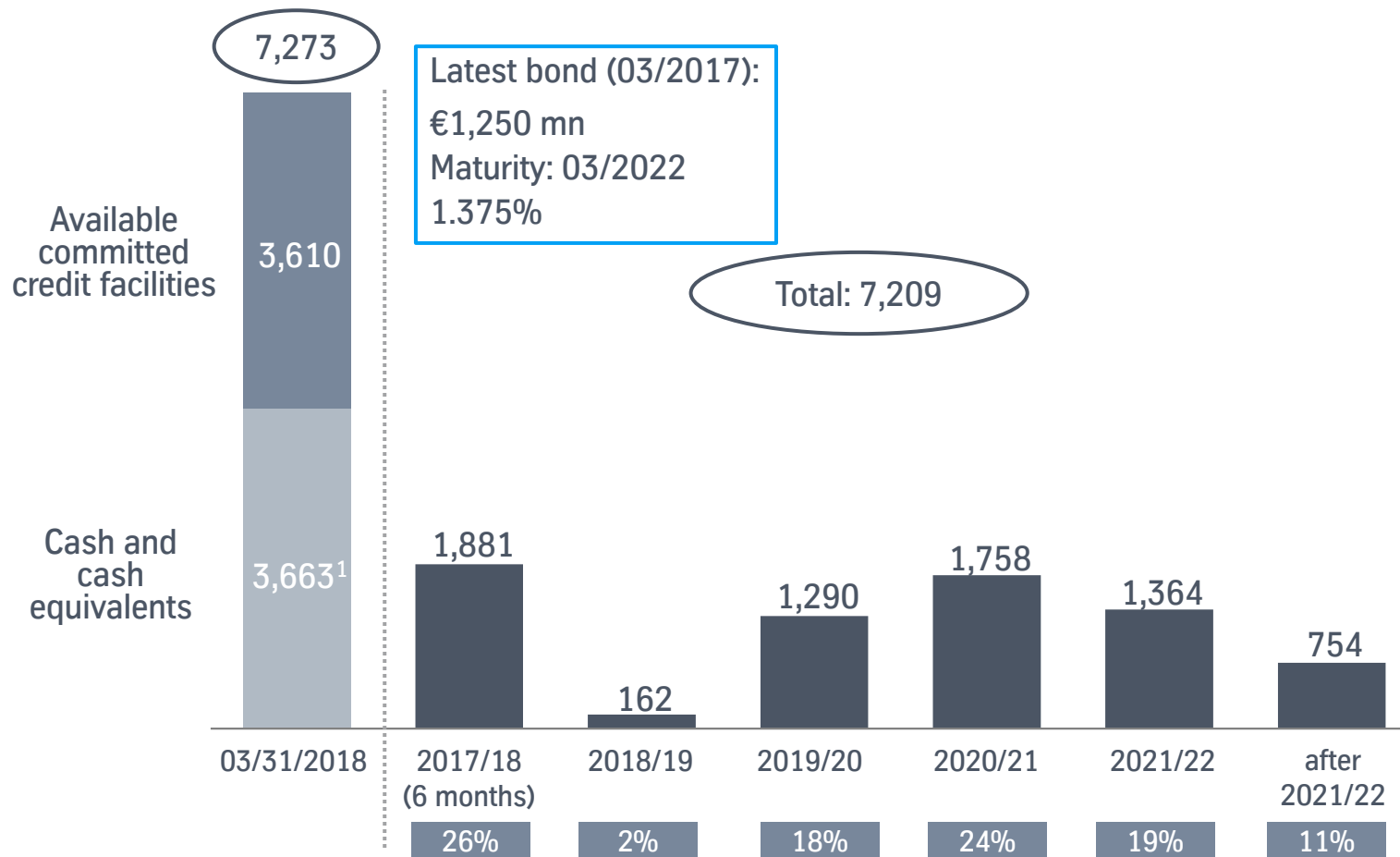


Business Area shares referring to capex excl. Corporate | ¹ including order related investments | ² Sold in Q4 of FY 16/17



Solid financial situation

Liquidity analysis and maturity profile of gross financial debt as of March 31, 2018
[€ mn]



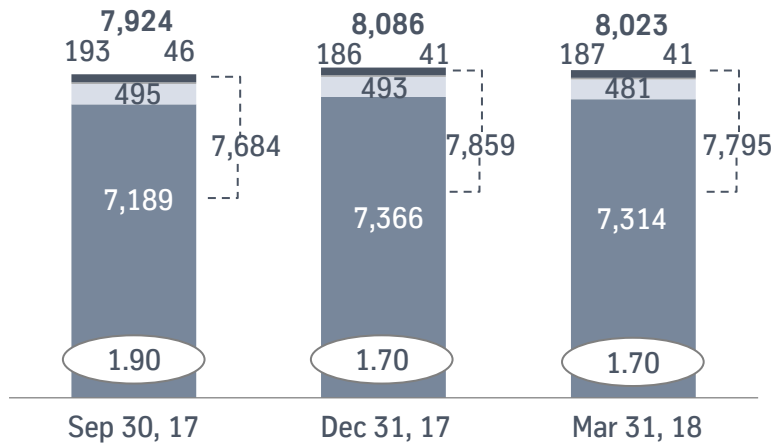
1. incl. securities of €6 mn



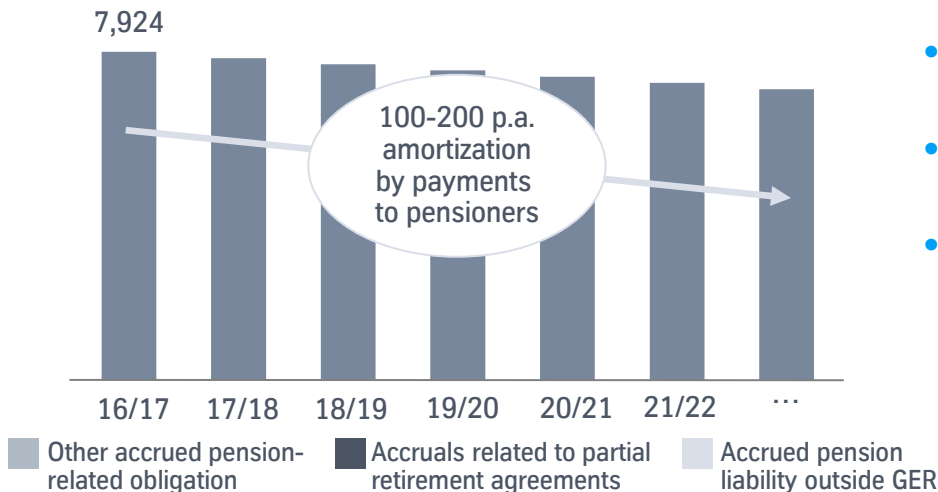
Pensions: “patient” long-term financial debt with gradual amortization

[€ mn]

Accrued pension and similar obligations



Development at unchanged discount rate (schematic)



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

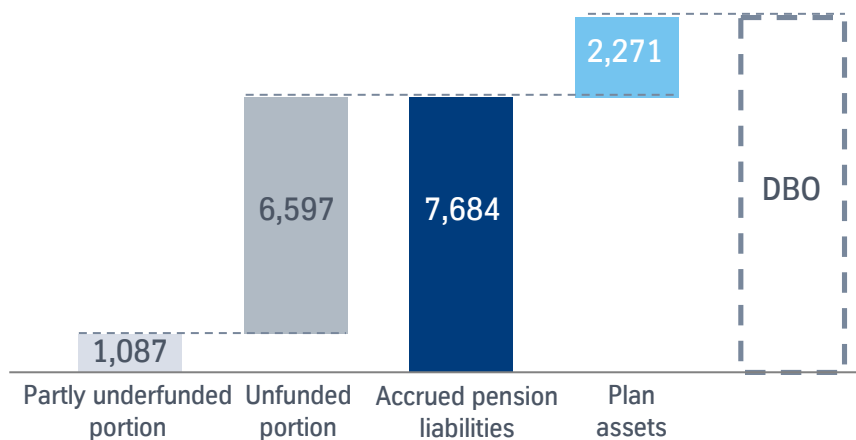
- IFRS requires determination of pension discount rate based on AA-rated corporate bonds
- Pension discount rate significant lower than interest rates of tk corporate bonds
- >90% of accrued pensions in Germany; thereof ~64% owed to exist. pensioners (average age ~76 years)



Germany accounts for majority of pension plans

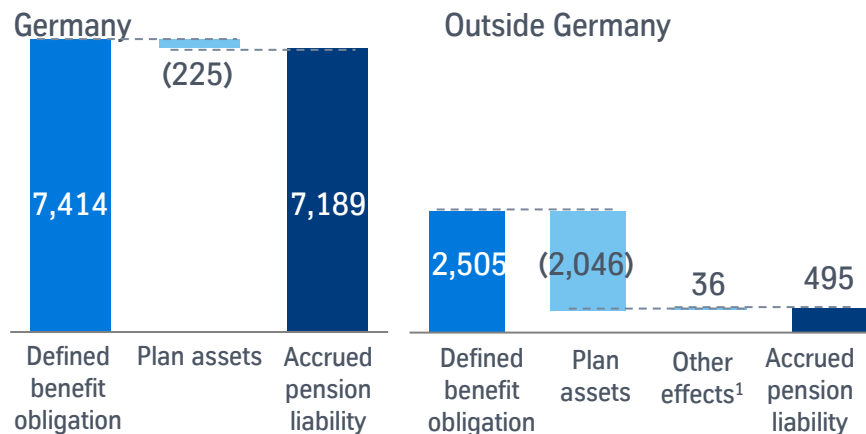
[FY 16/17; € mn]

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



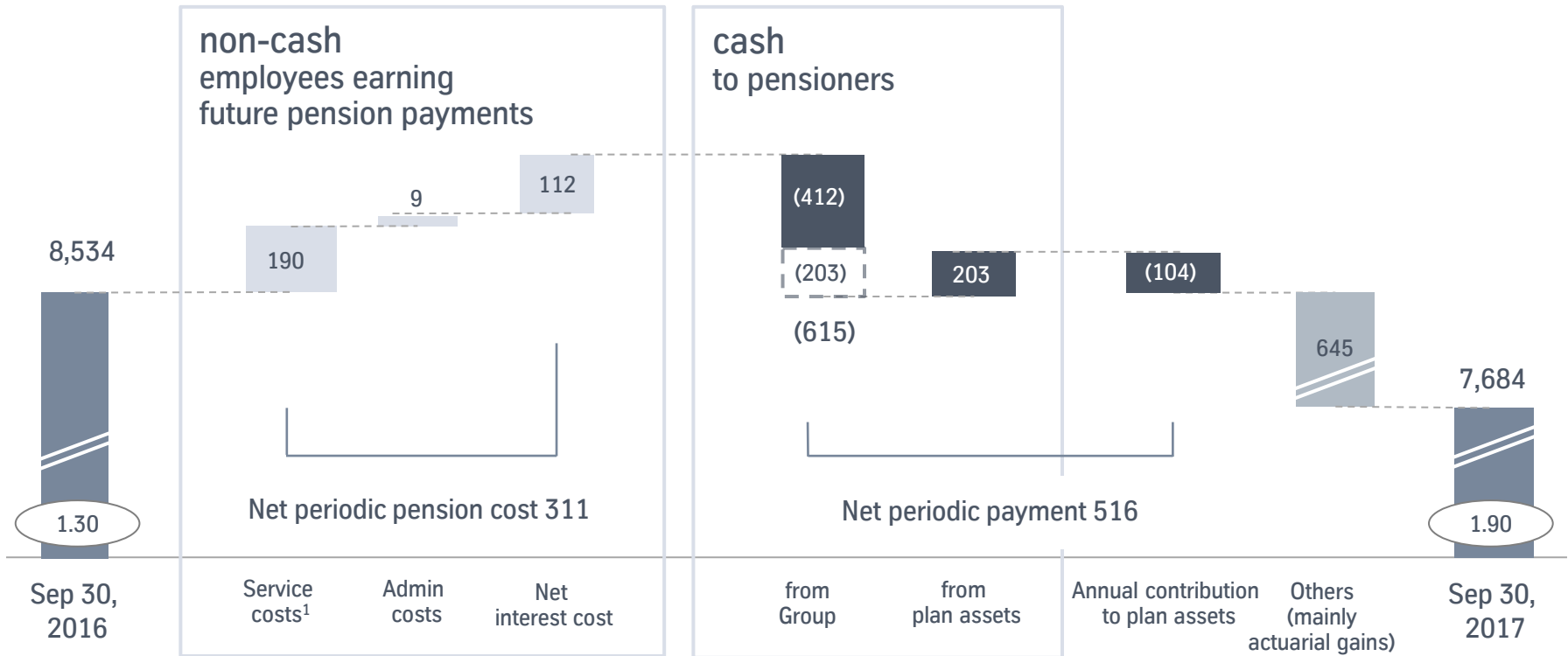
- Plan assets outside Germany mainly attributable to UK (~33%) and USA (~29%)
- Plan asset classes include national and international stocks, fixed income securities of governments and non-governmental organizations, real estate as well as highly diversified funds

¹ other non-financial assets

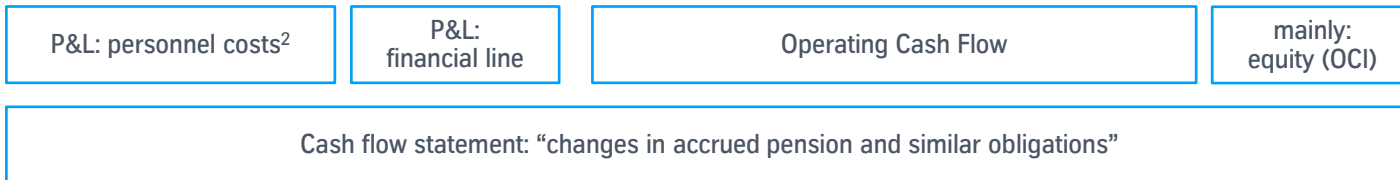


Mature pension scheme: payments amortize liability by ~ €200 mn

Reconciliation of accrued pension [€ mn]



In financial statements



○ German discount rate

¹) including past service cost and curtailments

²) additional personnel expenses include €161 mn net periodic pension cost for defined contribution plans



Reconciliation of EBIT Q2 17/18 from Group p&l

P&L structure

Net sales	10,748
Cost of sales	(8,973)
SG&A, R&D	(1,394)
Other income/expense	43
Other gains/losses	5
= Income from operations	430

Income from companies using equity method 5

Finance income/expense (97)

= EBT 338

EBIT definition

Net sales	10,748
Cost of sales	(8,973)
SG&A, R&D	(1,394)
Other income/expense	43
Other gains/losses	5

Income from companies using equity method 5

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

= EBIT 433

Finance income/expense (97)

Operating items in fin. income/expense 2

= EBT 338



Reconciliation of EBIT H1 17/18 from Group p&l

P&L structure

Net sales	20,565
Cost of sales	(17,102)
SG&A, R&D	(2,731)
Other income/expense	85
Other gains/losses	12
= Income from operations	828

Income from companies using equity method 11

Finance income/expense (183)

= EBT 656

EBIT definition

Net sales	20,565
Cost of sales	(17,102)
SG&A, R&D	(2,731)
Other income/expense	85
Other gains/losses	12

Income from companies using equity method 11

Adjustm. for oper. items in fin. income/expense 16

= EBIT 855

Finance income/expense (183)

Operating items in fin. income/expense (16)

= EBT 656



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- (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.

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