

Major milestone in Strategic Way Forward – MoU on Joint Venture with Tata Steel Europe

Ticker: TKA (Share) TKAMY (ADR)

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Major milestone in Strategic Way Forward

MoU on Joint Venture with Tata Steel Europe

Major step to reshape tk towards a Diversified Industrial with focus on Capital Goods
Deconsolidation of Steel Europe with closing; discontinuation of operations with signing of definitive agreements

Creating clear and strong new #2 with technology leadership in European flat steel
effectively addressing fundamental challenges in steel industry

Structured 2-phases synergies concept with €400-600 mn annual synergies already in phase 1

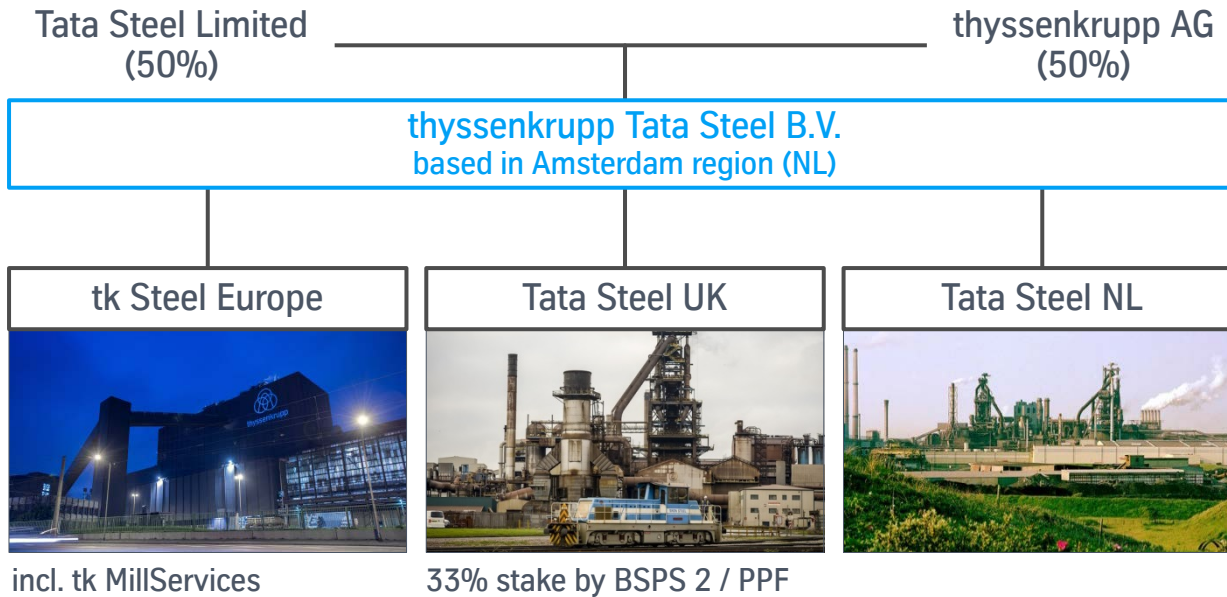
Fundamental value creation and crystallization by
contribution of variable basket of ~€4 bn liabilities
with pension liabilities of ~€3.6 bn (at applied discount rate of 2.0%)
and certain other liabilities
relieving annual group payouts >> €200 mn

Book value uplift: implied EV of at-equity stake > capital employed tkSE (~€5.0 bn)



JV structure and industrial logic

Clear and strong new #2 with technology leadership in European flat steel



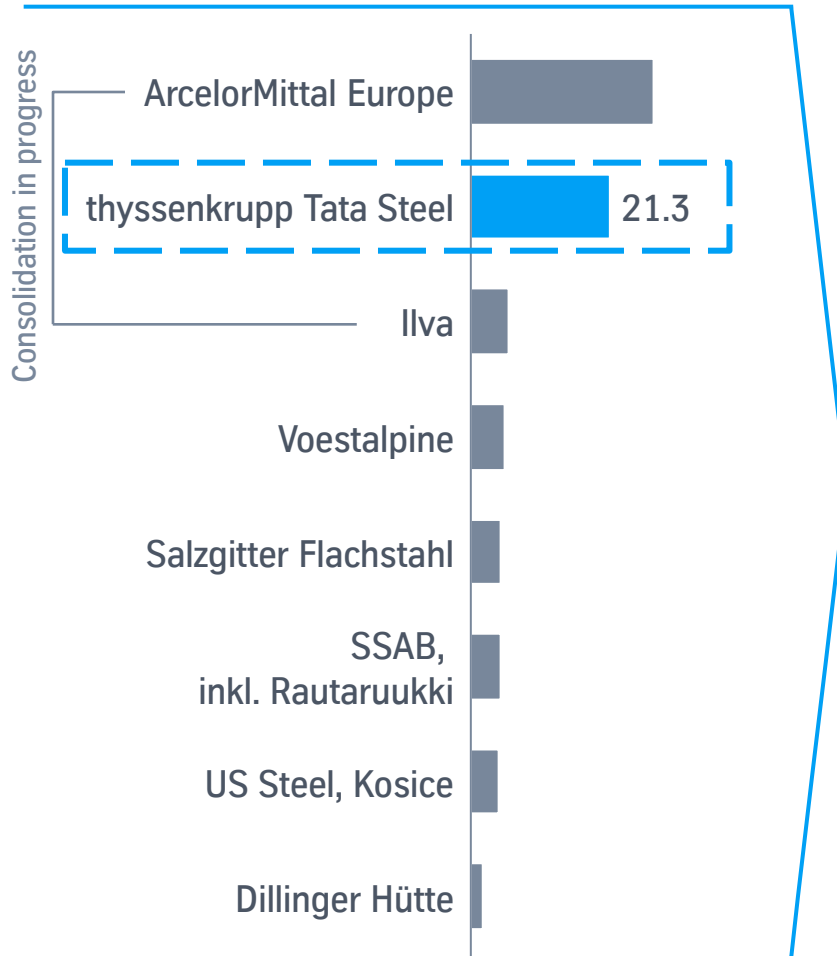
- Significant economies of scale and specialization driven by improved utilization of most competitive aggregates
- 3 fully integrated BOF production sites with efficient in- and outbound logistics
- Clear focus on premium flat carbon steel for most demanding automotive and industrial goods industry
- Bundling and focusing R&D efforts to leverage existing technology leadership
- Complementarity in regional footprint, customer groups and product portfolio
- Common DNA with commitment to capture synergies and generate value for shareholders



thyssenkrupp Tata Steel as best scale option

Addressing fundamental challenges in European steel industry

Flat steel shipments 2016 [mn t p.a.]

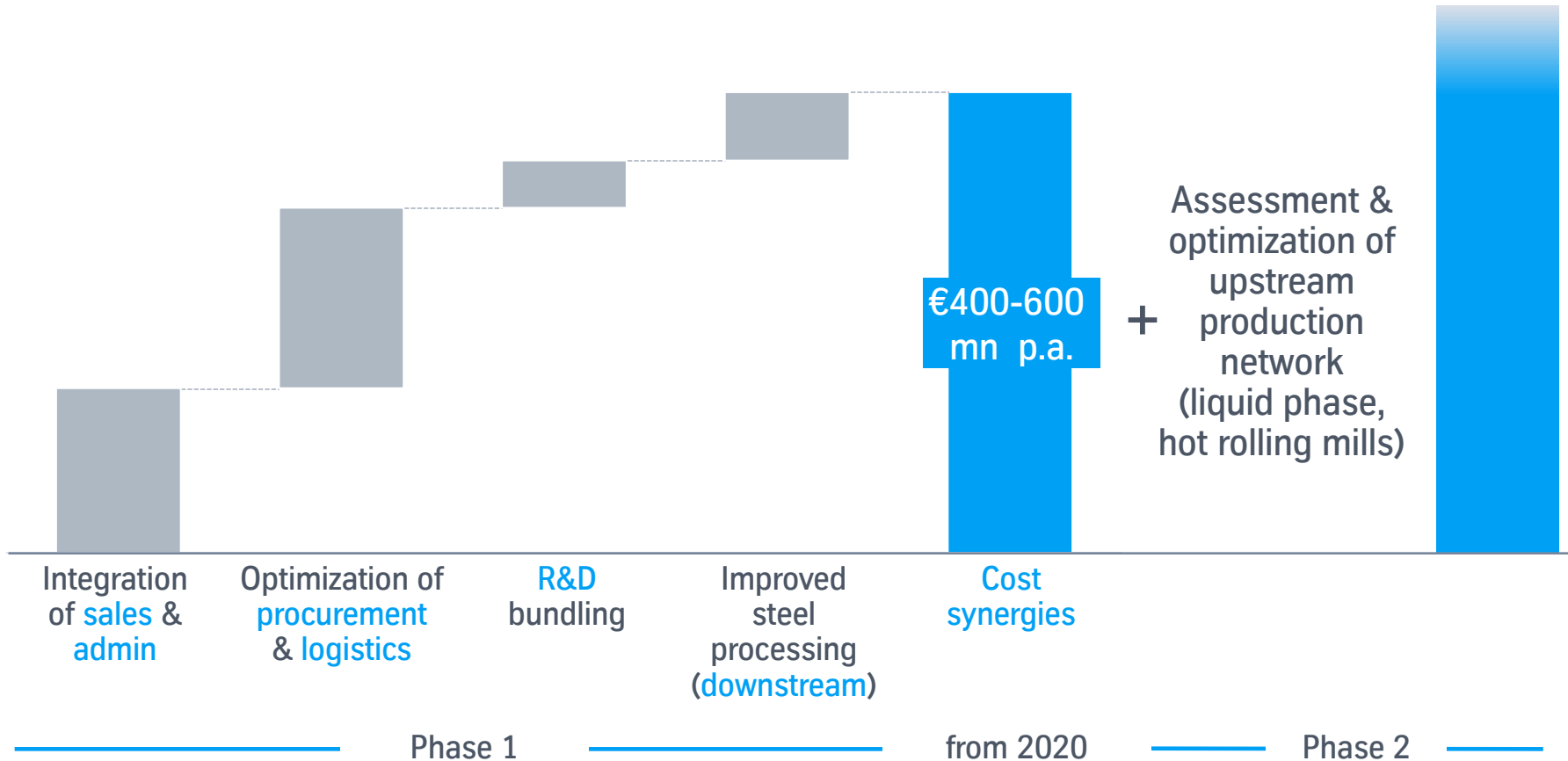


Last 4 quarters (indicative figures)



Step-change in joint competitiveness driven by sustainable cost synergies

Structured ramp-up in a 2-phases approach after closing



Reduction of about 2,000 FTEs in administration and up to 2,000 FTEs in production jointly shared between JV partners



Major value opportunity for thyssenkrupp from steel JV with Tata

Immediate value realization with closing

Value creation/ crystallization

Deconsolidation of Steel Europe and related liabilities from Group balance sheet

- Contribution of variable basket of ~€4 bn liabilities with pension liabilities of ~€3.6 bn (at applied discount rate of 2.0%) and certain other liabilities relieving annual group payouts >> €200 mn
- Book value uplift: at-equity stake > capital employed tkSE (~€5.0 bn)

Accounting/ Reporting

- As of signing of definitive agreements, Steel Europe will be reported as discontinued operations
- As of closing, JV stake will be reported as one-line item in balance sheet and P&L
- Dividends at high payout ratio to be distributed to each shareholder

Timeline

- Transaction details and due diligence to be finalized with signing of definitive agreements in calendar Q1 2018
- After regulatory approval, closing expected for late 2018

Major step on our transformation towards a Diversified Industrial with focus on Capital Goods



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- (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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