



Way Forward for Steel: thyssenkrupp and IG Metall reach negotiated settlement on planned joint venture in steel sector

- thyssenkrupp agrees with employee representatives on conclusion of a collective agreement
- Collective agreement contains assurances on site and employment continuation and investment
- Agreement enables thyssenkrupp to implement its strategic and operational goals for the joint venture
- IG Metall collective bargaining committee recommends acceptance
- CHRO Oliver Burkhard: “We have worked out this solution jointly with the employee side. This is in line with our corporate culture. The result does justice to the interests of the company and of our employees.”

In the joint working group set up by the thyssenkrupp Supervisory Board, thyssenkrupp and trade union IG Metall have reached a negotiated settlement on the conclusion of a collective agreement. The agreement will set collectively agreed parameters for the planned combination of the European steel activities of thyssenkrupp and Tata Steel Europe in a 50/50 joint venture. The settlement applies to all of thyssenkrupp’s German steel sites. The collective agreement is to come into force with the start of the joint venture and apply for around 8 years until September 30, 2026.

thyssenkrupp had announced the formation of a joint venture of its European steel activities with Tata Steel Europe in September. The aim of the joint venture is to create a leading European flat steel provider and position it as a quality and technology leader. The new company would have pro-forma sales of roughly €15 billion and employ around 48,000 people.

Dr. Heinrich Hiesinger, CEO of thyssenkrupp AG: “The outcome achieved today represents a key prerequisite for meeting our strategic objectives and at the same time satisfying the interests of our employees. The settlement therefore corresponds with our understanding of corporate responsibility. It gives us the ability to achieve the economic advantages and synergies forecast for the joint venture and so create value as planned for thyssenkrupp and its shareholders. At the same time we are providing the employees of the joint venture with good prospects for the future and securing jobs.”

Key points of the settlement:

This agreement assures continuation of employment until September 30, 2026. That means that the previously announced necessary reduction of up to 2,000 jobs will be carried out as in the past in a socially responsible way.

Far-reaching assurances for site continuation have also been given. The future of the majority of sites is assured until September 30, 2026. Within these site assurances, it will still be possible to make changes to individual lines and units. For specific operational units in Bochum, Eichen and Hüttenheim we have agreed that a profitability analysis will be carried out at the end of 2020 to decide whether they should be continued; independently of this, these units will continue to operate until the end of 2021.

Investments will continue to be made in the German sites at the present level. The goal is to invest at least €400 million per year, among other things in the enhancement of production facilities.

The existing apprentice and further training capacities will be retained and thus form a cornerstone for the success of the joint venture. At present roughly 1,500 young people are being trained in the steel business.

thyssenkrupp will hold an interest in the joint venture for at least six years. At the same time a change to the shareholder structure, possibly as the result of an IPO, is not ruled out during this period.

Alongside the retention of coal and steel codetermination in Germany, the collective agreement provides for the establishment of an Employee Executive Committee (EEC), in which the board and employee representatives of the joint venture will discuss strategic issues three times a year.

The Steel employee representatives will continue to belong to the Group Works Council of thyssenkrupp AG. Steel employees will retain their active and passive voting rights for the Supervisory Board of thyssenkrupp AG.

Oliver Burkhard, Chief Human Resources Officer of thyssenkrupp AG:

“We have agreed on the conclusion of a collective agreement that takes account of everything we attach importance to at thyssenkrupp: a joint solution with the employee side in line with our corporate culture. This result does justice to the interests of the company and of our employees. It enables us to provide security for our workforce and creates good prospects for the joint venture going forward.”

The IG Metall union intends to put the negotiated agreement to a vote at thyssenkrupp’s steel sites in January. The union’s collective bargaining committee has recommended accepting the agreement.

As part of the ongoing due diligence, independent expert opinions on the viability of the joint venture and the UK pension liabilities of Tata Steel Europe are being drawn up. Following completion of due diligence, the signing of the joint venture agreement is targeted for early 2018. Once regulatory approval has been received, the closing could take place at the end of 2018.

Contact Investor Relations

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Dr. Claus Ehrenbeck

Phone +49 (201) 844-536464

E-mail: claus.ehrenbeck@thyssenkrupp.com

<http://www.thyssenkrupp.com>

Twitter: [@thyssenkrupp](https://twitter.com/thyssenkrupp)

Company blog: <https://engineered.thyssenkrupp.com>