

Separation of thyssenkrupp into tk Industrials and tk Materials

Ticker: TKA (Share) TKAMY (ADR)

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engineering.tomorrow.together.



thyssenkrupp

Separation of thyssenkrupp with clear value perspective

Industrial rationale

- Two businesses with **common strengths** but **different drivers**
- **tk Industrials**
 - Leading engineering- and service competency with strong global footprint
 - Focus on profitable growth with opportunities from secular growth trends
- **tk Materials**
 - Leading industrial materials and processing competency
 - Focus on performance with cyclical and consolidation opportunities



Capital Market and Financial rationale

- Better meet **investor requirements**
- Improved **access to capital market** for both units
- **Higher transparency** facilitates assessment of value perspective
- **Positive balance sheet effect** by revealing hidden reserves, outweighs one-time tax payment
- **Fair and adequate allocation** of pensions and liabilities
- **Investment Grade Rating** envisaged for tk Industrials



tk Industrials and tk Materials portfolio post separation

tk Industrials

<p>Components Technology</p> <p>Auto</p> <ul style="list-style-type: none"> - Chassis - Powertrain - Assembly lines (Syst. Engineering formerly IS) 	<p>Elevator Technology</p> <p>Elevator, Escalator Services</p>	<p>Industrial Solutions</p> <p>Chemical plants Cement plants Mining equipment Services</p>
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Sales^{1,3}
EBIT adj.^{1,2}
Employees^{1,3}

~€16 bn
~€1.200 mn
~90,000

tk Materials

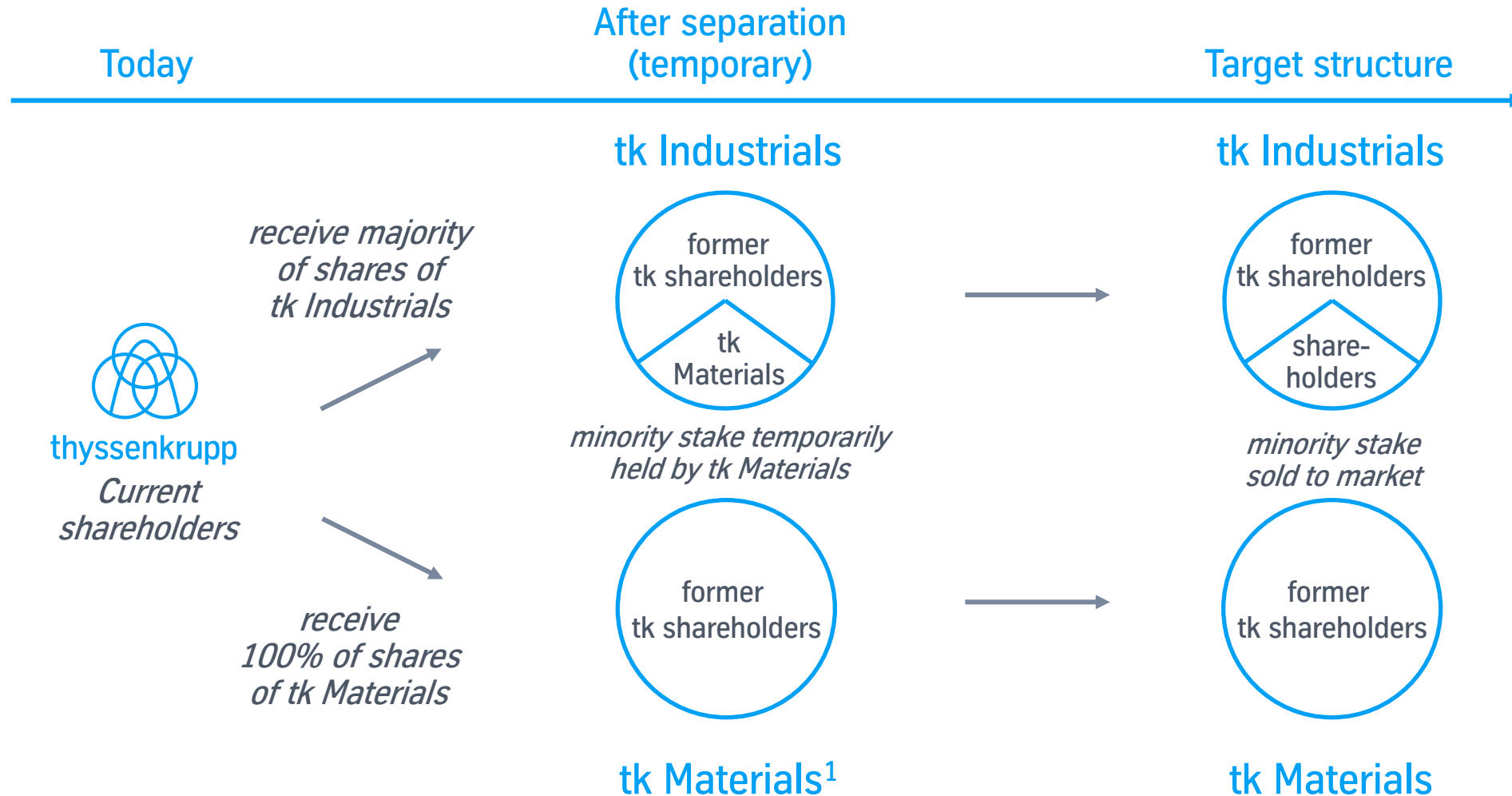
<p>Materials Services</p> <p>Warehousing / Services Trading Stainless Steel Production (AST)</p>	<p>Industries</p> <p>Crankshafts, Undercarriages (Forged Tech. formerly CT) Bearings (formerly CT)</p>	<p>Marine Systems (formerly IS)</p> <p>Non-nuclear submarines Naval-surface vessels</p>	<p>Steel JV</p> <p>Joint Venture w/ Tata</p>
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~€18 bn
~€550 mn
~40,000

1. Pro-forma figures Fiscal Year 2016/17 | 2. EBIT adj. excluding Corporate cost | 3. excl. Steel Europe; Steel JV not yet in place



Separation through tk Industrials spin-off



1. Former thyssenkrupp AG



Priorities going forward

- Continue existing performance programs accross all BAs and Corporate and deliver on FY 20/21 targets
- Define leadership structures for tk Industrials and tk Materials
- Achieve AGM approval for separation of thyssenkrupp within 12-18 months
- Obtain EU commission approval for Steel JV and Closing



Separation of tk as best value proposition

- ✓ Strategic clarity for both companies through **industrial rationale** as well as **capital market- and financial rationale**
- ✓ **Financially independent and viable** companies with reasonable leverage by **appropriate allocation of pensions and liabilities**
- ✓ **Execution largely in hands of thyssenkrupp**
- ✓ **Sustainable solution** for investors, customers and employees



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- (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;
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