



2015 Credit Suisse Global Steel & Mining Conference

London – September 24, 2015

Andreas J. Goss
CEO Steel Europe
CEO Steel Americas

Developing the future.



ThyssenKrupp

ThyssenKrupp – Diversified Industrial Group

FY 2013/14*

ThyssenKrupp Group

Sales: €41.2 bn
 EBIT adj.: €1,329 m
 Employees: 162,372

ING.

INGENIEURKUNST



**Components
Technology**

Sales: €6.2 bn
 EBIT adj.: €268 m
 Empl.: 28,941



**Elevator
Technology**

Sales: €6.4 bn
 EBIT adj.: €674 m
 Empl.: 50,282



**Industrial
Solutions**

Sales: €6.3 bn
 EBIT adj.: €420 m
 Empl.: 18,546



**Materials
Services**

Sales: €13.7 bn
 EBIT adj.: €212 m
 Empl.: 30,289



**Steel
Europe**

Sales: €8.8 bn
 EBIT adj.: €221 m
 Empl.: 27,858



**Steel
Americas**

Sales: €2.1 bn
 EBIT adj.: €(68) m
 Empl.: 3,466

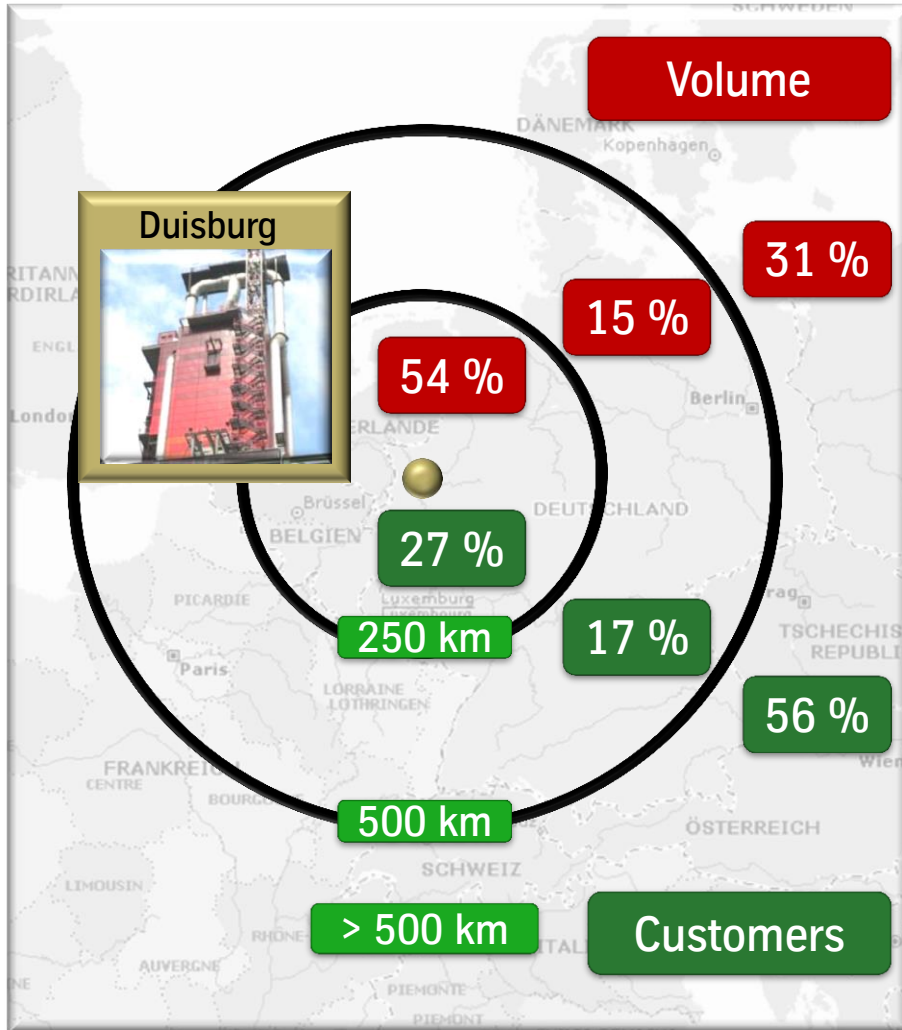
* new EBIT definition as well as restated due to proportionate consolidation of HKM



Steel Europe: Strong Presence in More Resilient Markets and Industries

Steel Europe

Competition



Flat steel market and share Steel Europe

Automotive

Trucks

Special Vehicles

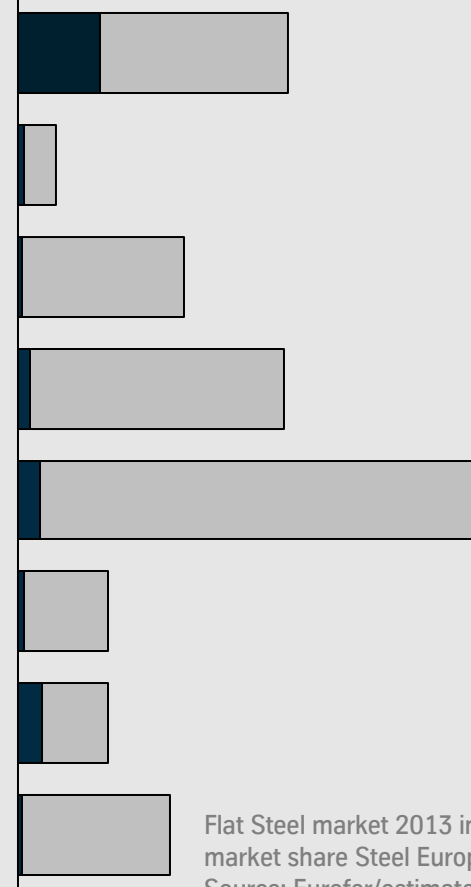
Engineering

Construction

Appliances

Packaging

Energy



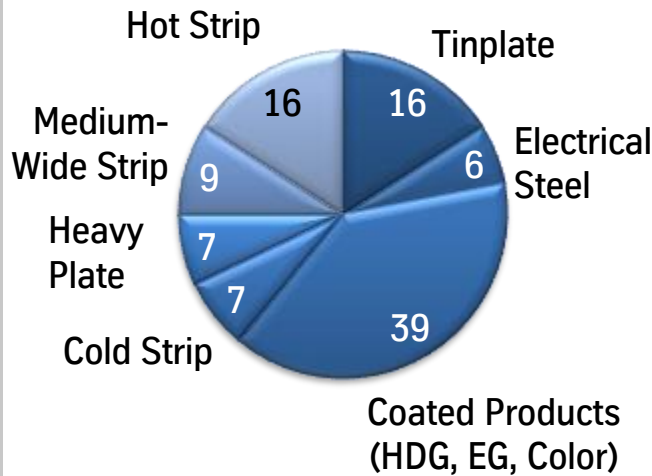
Flat Steel market 2013 in Europe, market share Steel Europe; Source: Eurofer/estimates TK SE



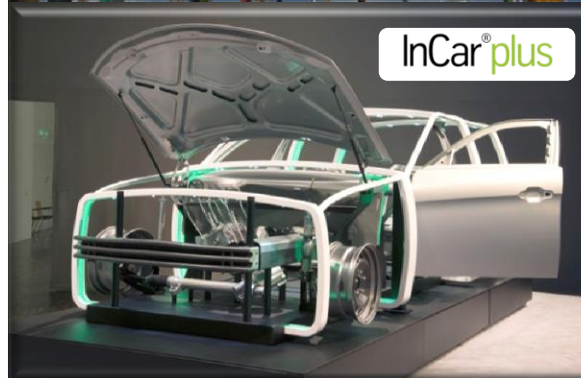
Premium Flat Carbon Steels Made by ThyssenKrupp

Product Mix Steel Europe FY 2013/14

in % of net revenues



Ratio of load capacity to operating weight increased to 8:1



30 projects, >40 individual solutions
Green, cost-competitive, lightweight

For extreme demands on deep drawing properties (0.07 mm)



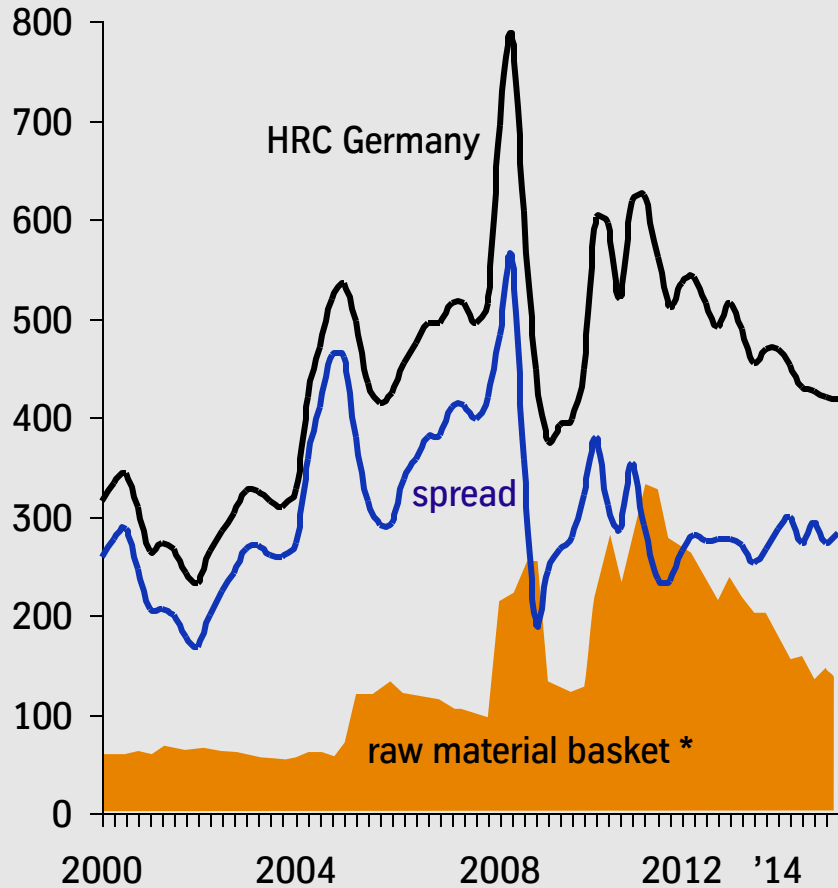
In sour gas resistant grades
for pipelines

Challenging Flat Carbon Steel Market in Europe – Slow Recovery Expected

HRC price, raw material basket and spread €/t

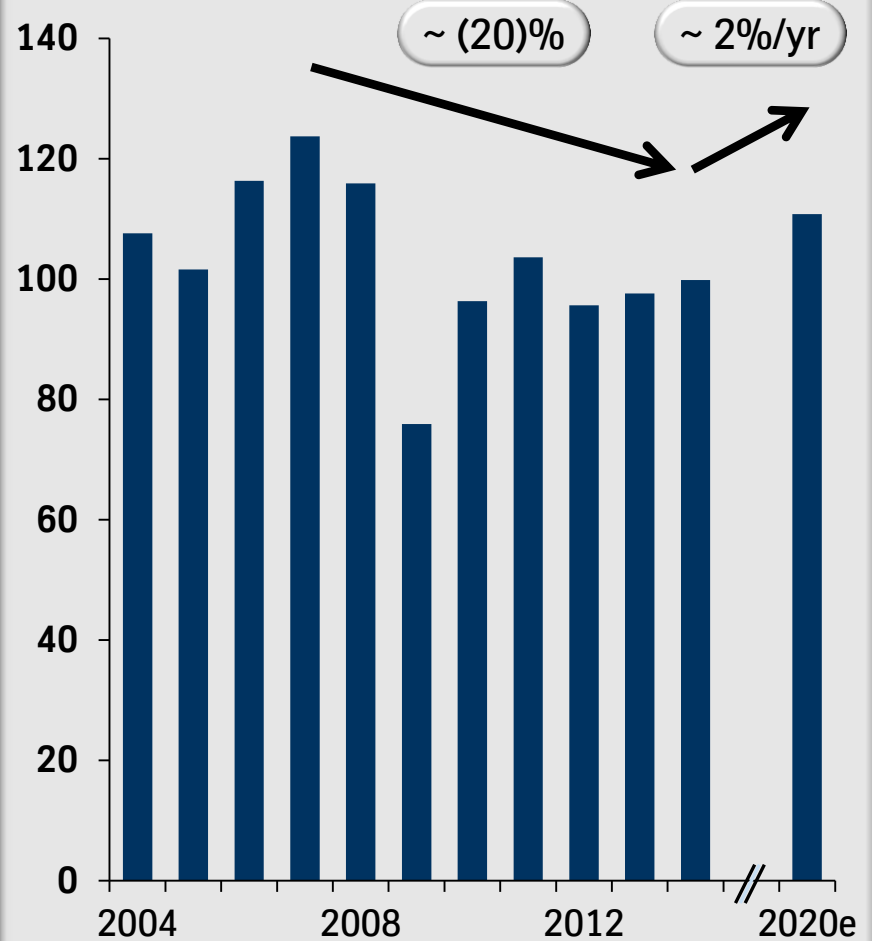
* schematic model, i/o and hcc only, fob

Source: MEPS, UNCTAD, Platts, TEX report, own calculations



Flat carbon steel demand Europe million t

Source: CRU, WSD, own estimates

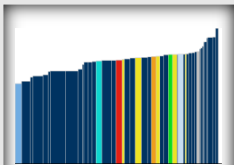


Program Geared to Achieve +ve Δ TKVA Over the Cycle

Comprehensive
market &
competition
review



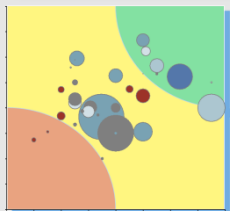
Costs



- structural adjustments
- operational improvements
- exit non-core activities

~ €600 m/yr
gross EBIT effects
by FY 2014/15

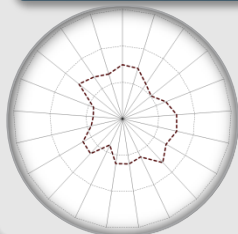
Mix



- expand attractive niches
- adjust Capex strategy

~ €100 m/yr
gross EBIT effects
by FY 2014/15

Differentiation



- innovation initiative
- time-to-market
- delivery performance

from **capacities**
to **customers**

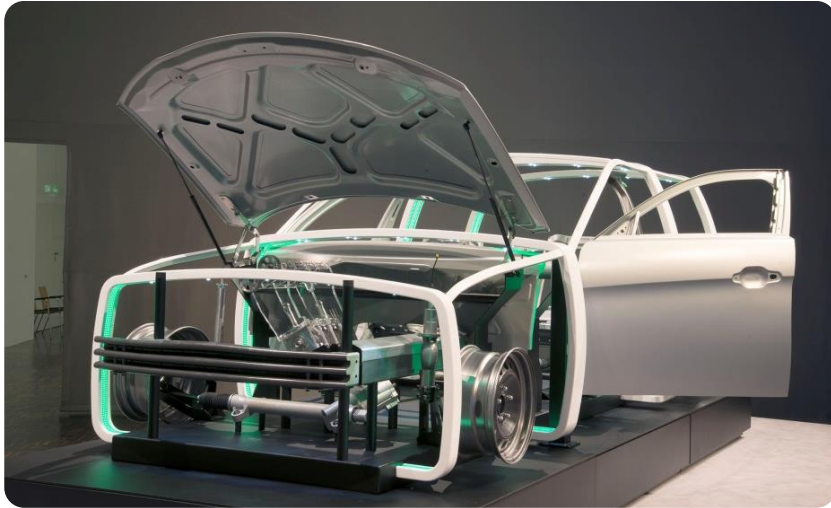
ThyssenKrupp Solutions for Automotive Efficiency

InCar[®]plus Leveraging ThyssenKrupp Group Synergies

Costs

Mix

Differentiation



InCar[®]plus results
released
September 16,
2014

- By some distance biggest R&D project pursued by ThyssenKrupp in recent years
- 30 projects with more than 40 individual solutions
- Green, cost-competitive, lightweight, high-performing



ThyssenKrupp WorldTour 2015

InCar^{plus} Leveraging ThyssenKrupp Group Synergies

Costs
 Mix
 Differentiation



China:

- 7 cities
- 60 customers
- 7 days exhibition



- 40 Tech-Shows in 364 days
- > 70 Automotive OEMs/Suppliers with nearly 7.000 participants from executive to development level

ThyssenKrupp Reducing the Blind Spot

InCar[®]plus

Costs

Mix

Differentiation



Status Quo

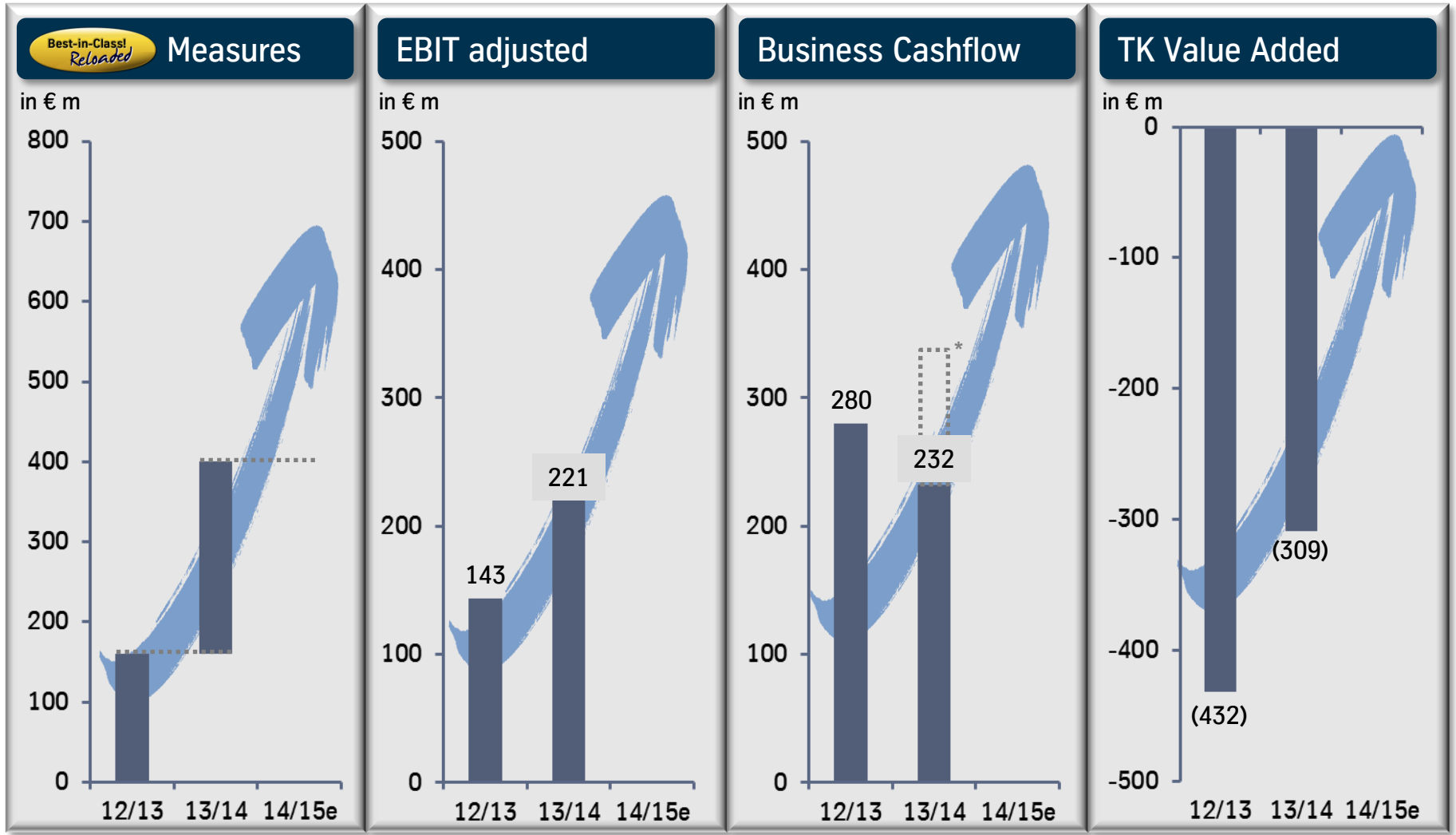


InCar[®]plus A-Pillar

- + Cost-Efficient Weight Reduction of up to 10%
- + Reduces the A-pillar "blind spot" by an incredible 34% !

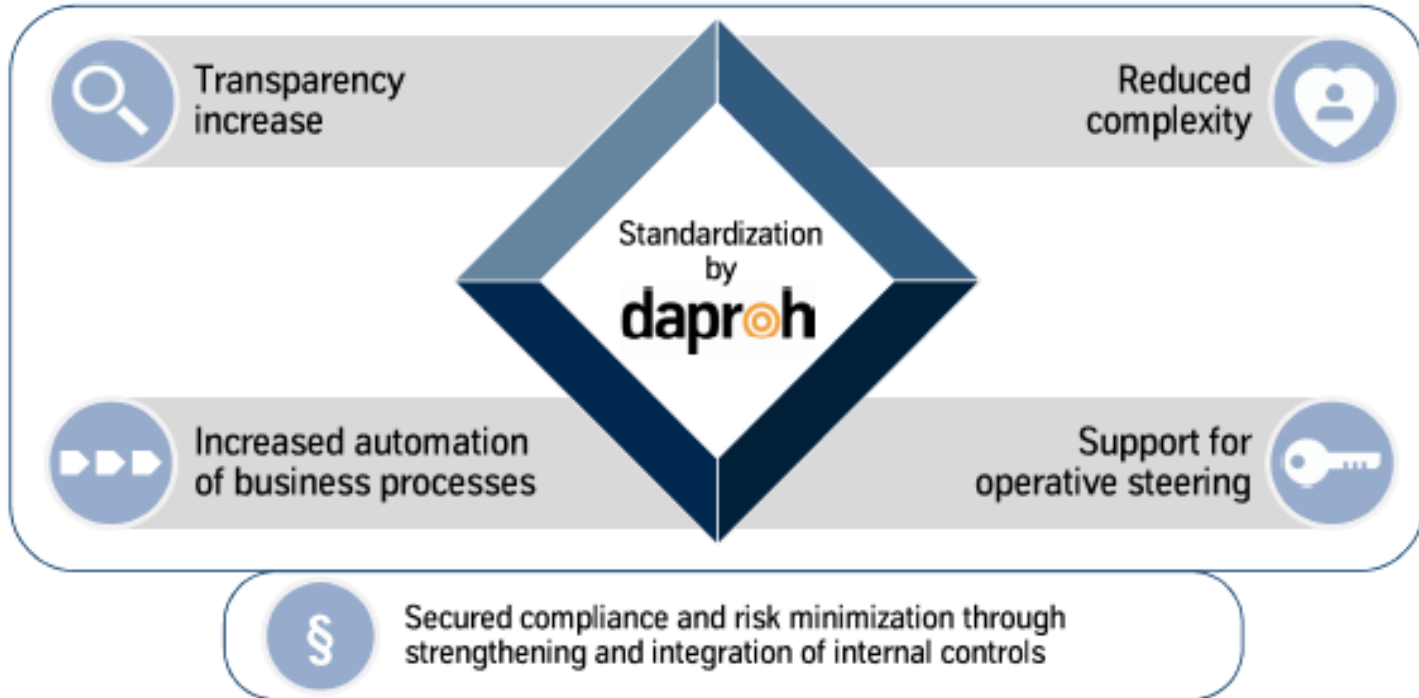


Comprehensive Cost & Differentiation Program Geared to Sustainable Improvement of Profit and Cash Flow Profile

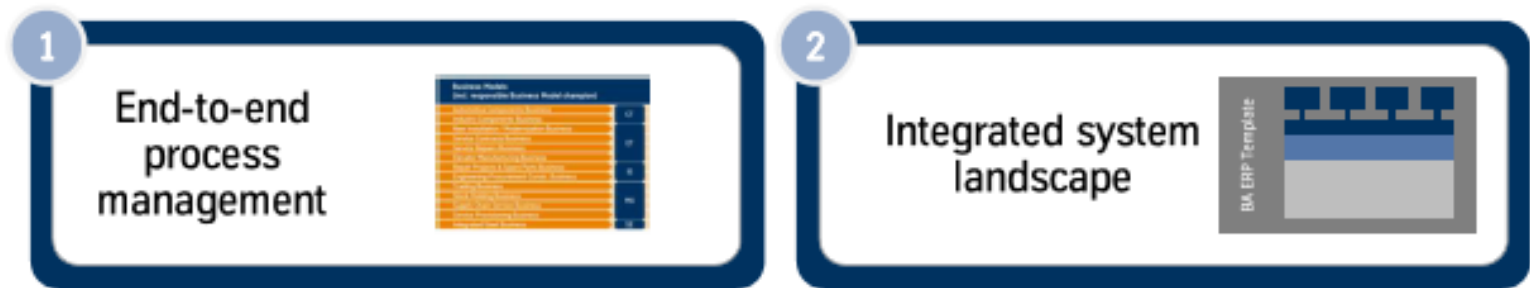


BiCR Complemented By Comprehensive Business Process Transformation Enabled By Data and Process Harmonization (DaProH)

daproh goals




Key levers



ThyssenKrupp – Diversified Industrial Group

FY 2013/14*

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Technology**

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**Steel
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* new EBIT definition as well as restated due to proportionate consolidation of HKM

US Assets Divested And Forward Strategy TK CSA Defined

Exit TK Steel USA

Sale to MT/NSSMY **divested**

Price: \$1.55 bn

TKS USA
Alabama

Shift in market focus TK CSA

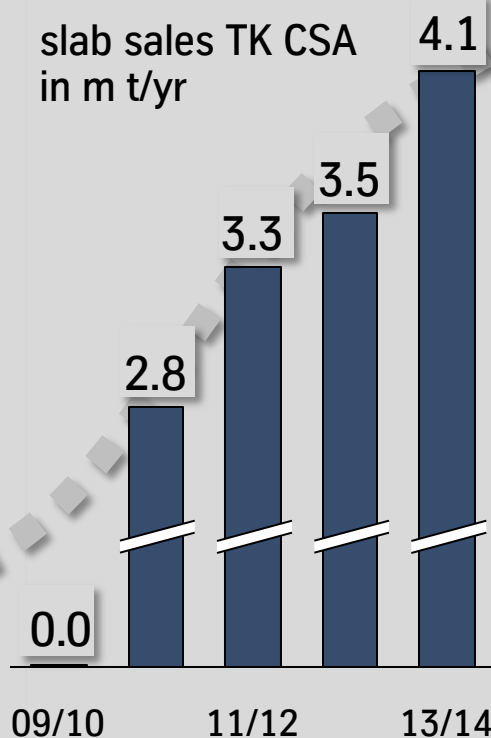
Slab supply contract

- 2 mt/yr until Sep 2019
- @ [HRC MidWest minus]

TK CSA
Brazil

Current focus on operating improvements in Brazil

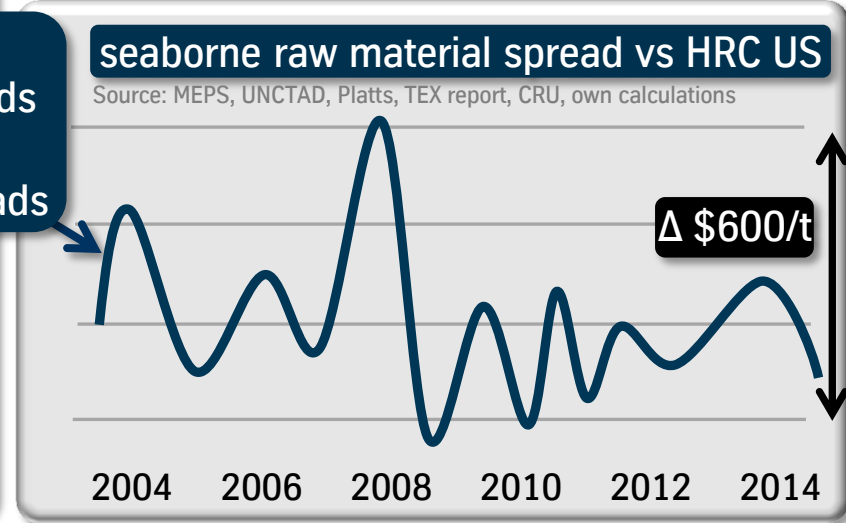
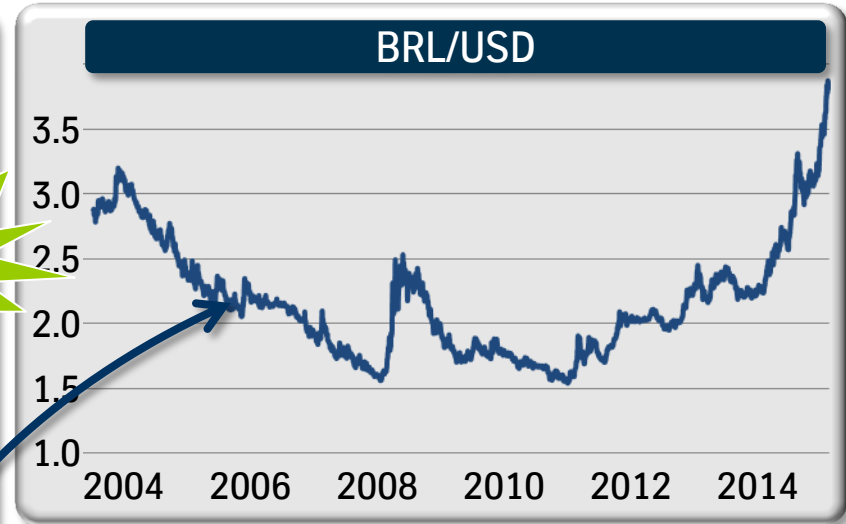
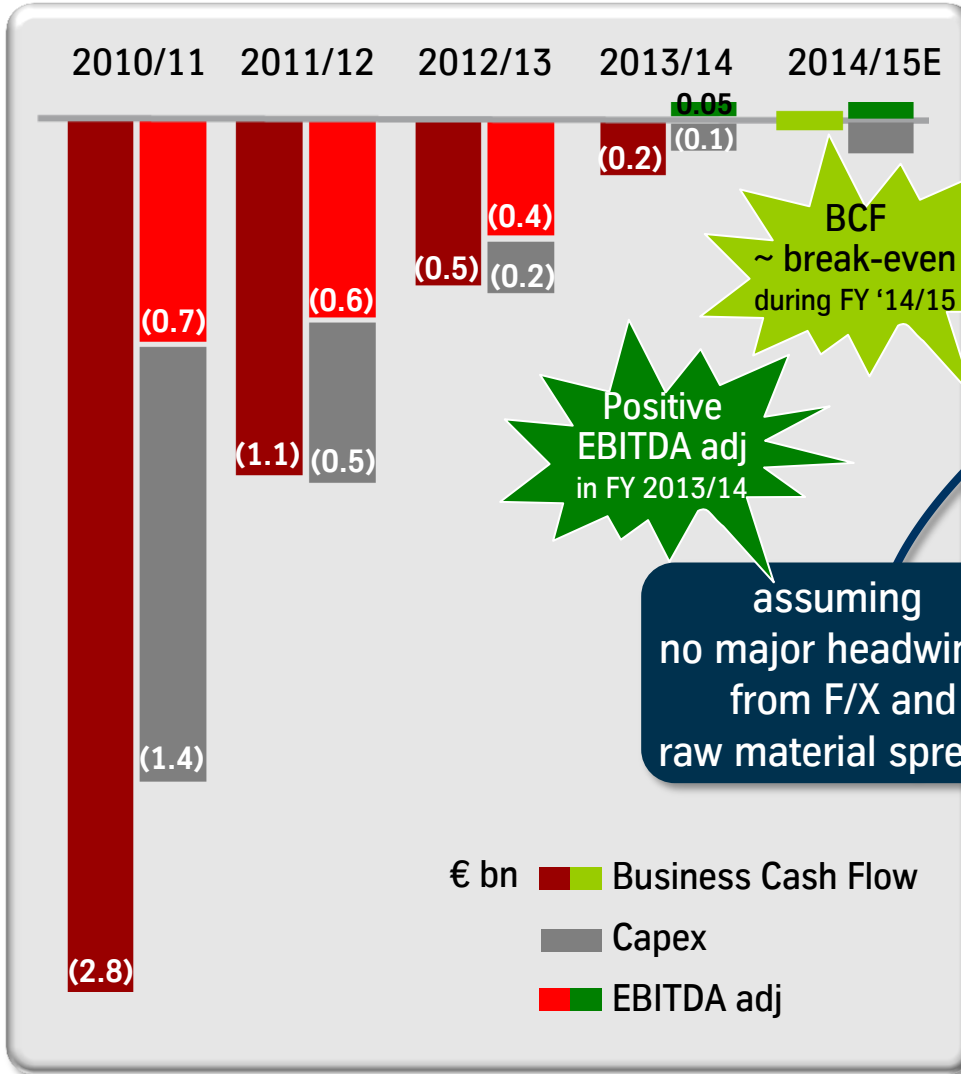
slab sales TK CSA
in m t/yr



- stabilization & continuous ramp-up
- efficiency imprvmts
- implement sales orga and develop customer base complementing
- 40% load from slab supply to Alabama

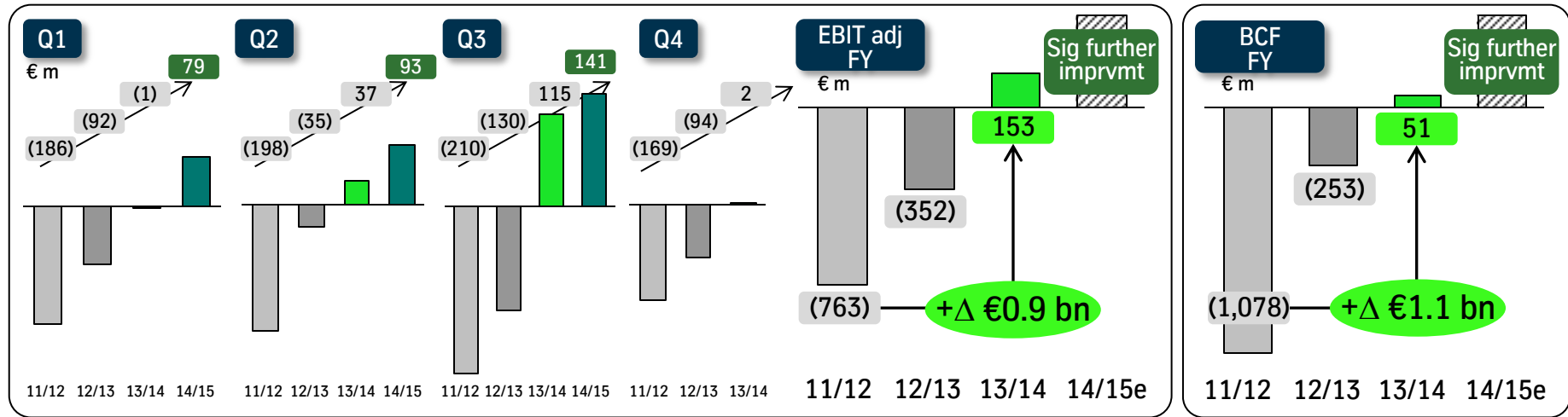
Mid-term solution outside of TK portfolio feasible

Positive EBITDA Achieved in FY'13/14, Cash Break-Even Targeted in FY'14/15



assuming no major headwinds from F/X and raw material spreads

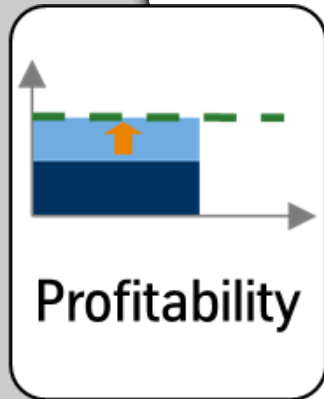
Steel BAs with Major Contribution to Group's Performance Improvements



Change Management + People Success + Performance Orientation + Customers & Markets

- New leadership teams in Europe and Brazil
- Leaner and more efficient organization
- Vision 2020
- Divestment Tailored Blanks, Construction and Steel USA
- Structured performance programs to achieve ~€1 bn of sustainable EBIT effects by FY 2014/15
 - Closure Neuwied, Galmed, OrgCL Duisburg, EGL Dortmund
 - Agreement with unions and works council on working hours reduction
- Comprehensive business process transformation enabled by DaProH

- 11 consecutive quarters with yoy improvements in EBIT adj
- EBIT adjusted improved by >€0.9 bn over last 2yrs
- BCF improved by >€1.1 bn over last 2yrs
- Significant further improvements in EBIT adj and BCF expected in current FY and beyond



Appendix

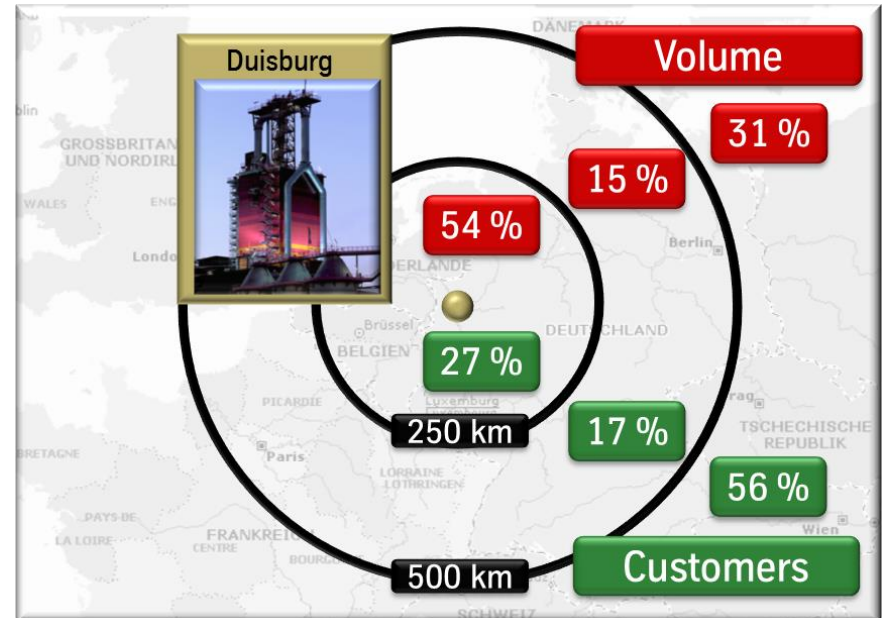


Overview Business Area Steel Europe

Key Figures Steel Europe*

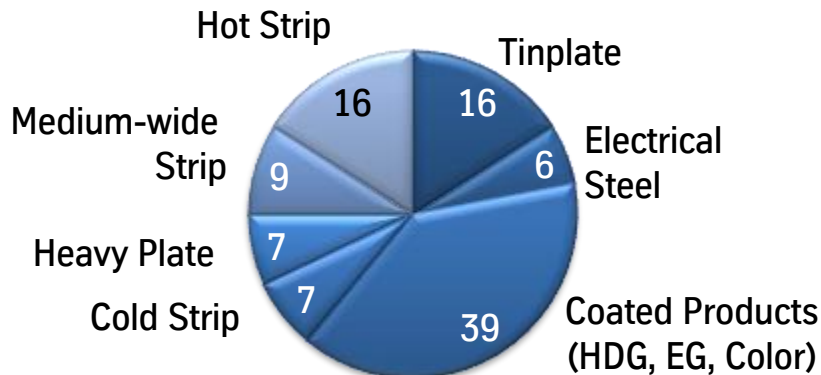
		2009/10	2010/11	2011/12	2012/13	2013/14
Sales	€m	10,770	12,814	10,992	9,620	8,819
Crude steel	kt	13,296	13,247	11,860	11,646	12,249
Shipments	kt	12,009	13,022	12,009	11,519	11,393
EBITDA	€m	1,301	1,670	659	512	648
EBIT	€m	731	1,133	188	62	195
EBIT adj.	€m	731	1,133	247	143	221
Empl. (Sep 30)#		34,711	28,843	27,761	26,961	27,858

* 13/14 after definition change / proportionate consolidation HKM



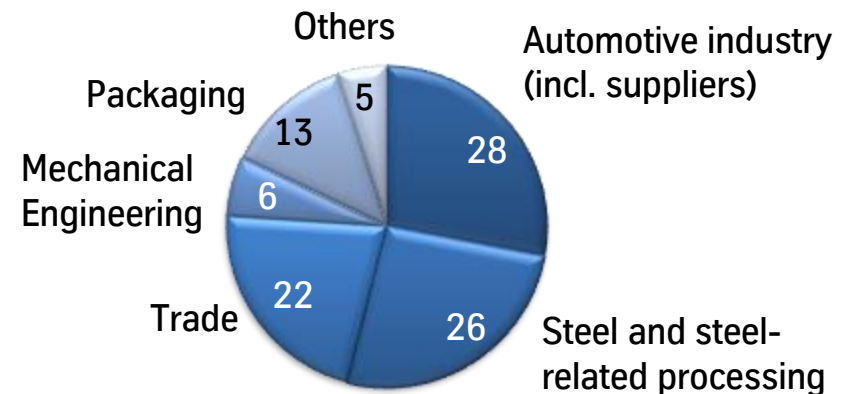
Product Mix Steel Europe FY 2013/14

in % of net revenues



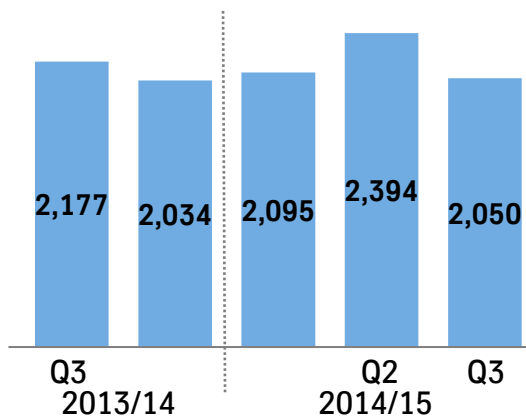
Sales by Industry Steel Europe FY 2013/14

in % of net revenues

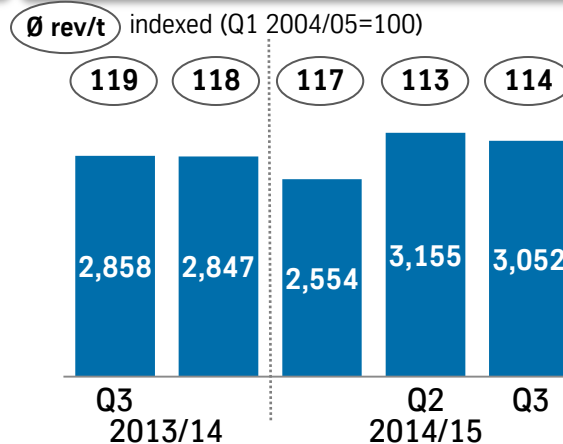


Steel Europe – Q3 2014/15 Highlights

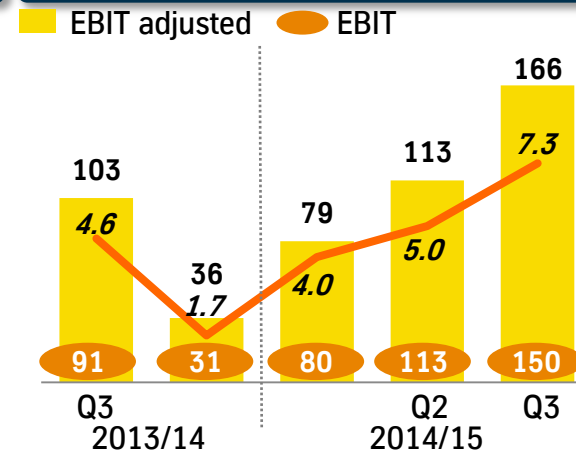
Order intake* in €m



Shipments in 1,000 t



EBIT* in €m; EBIT* adj. margin in %



Strengthening differentiation:

SteeLoCare, the innovative tinplate aerosol can

- German Packaging Award 2014 & German Steel Innovation Award 2015
- created by technology network Lanico, Schuler Pressen and ThyssenKrupp Rasselstein
- based on foil laminated tinplate with outstanding deep drawing properties and high formability
- with a brilliant surface, BPA-free with excellent scratch and corrosion resistance
- with significant material, energy and water savings and ...



Current trading conditions

- Qoq lower orders reflect orders brought forward in Q2 as well as usual seasonality
- EBIT adj. and margin improved to the highest level in 15 quarters; qoq higher EBIT adj. reflects slightly higher prices and lower costs more than compensating for slightly lower shipments; efficiency gains from “Best-in-Class Reloaded” with significant positive contributions
- Strong cash conversion rate in fiscal Q3 as well as in 9M 2014/2015

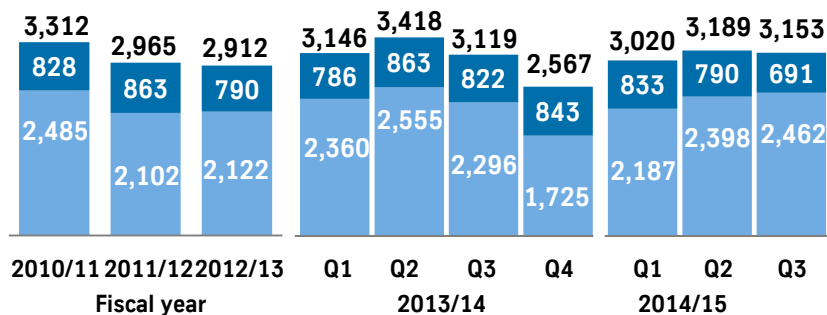
* restated due to proportionate consolidation of HKM

Steel Europe: Output, Shipments and Revenues per Metric Ton

Crude steel output (incl. share in HKM)

1,000 t/quarter

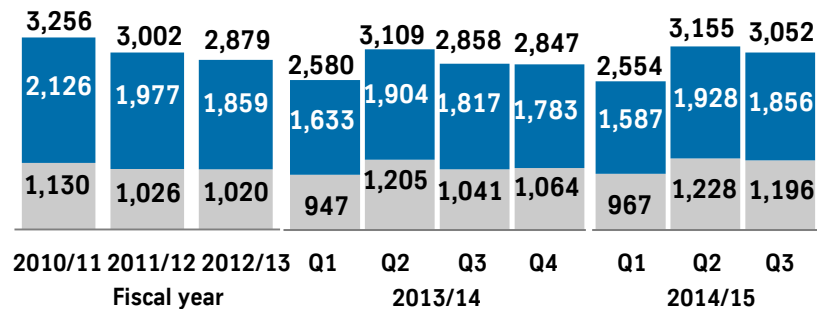
HKM share



Shipments*: Hot-rolled and cold-rolled products

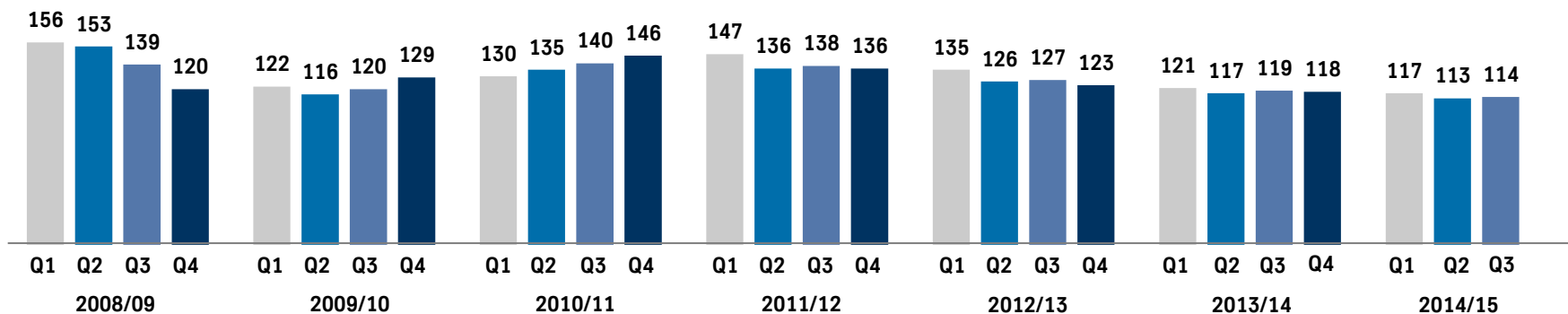
1,000 t/quarter

Cold-rolled
Hot-rolled; incl. slabs



Average revenues per ton*, indexed

Q1 2004/2005 = 100



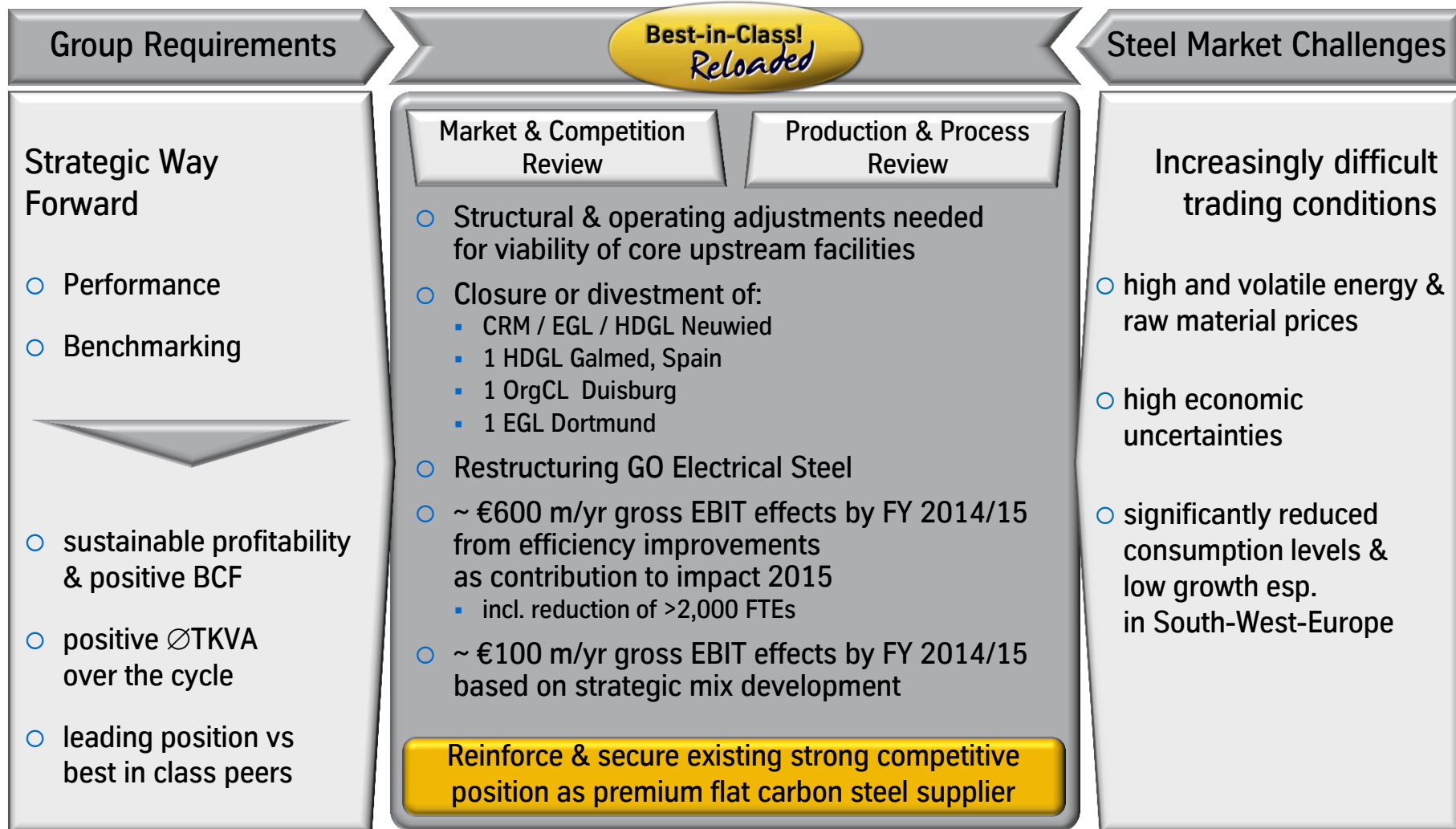
Steel Europe: Despite Adverse Market Environment with Positive EBIT and Cash-Flow Contribution

		2013/14					2014/15			
		Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	
Order intake	€m	2,272	2,429	2,177	2,034	8,912	2,095	2,394	2,050	
Sales	€m	2,066	2,377	2,219	2,157	8,819	1,985	2,260	2,287	
EBITDA	€m	137	172	206	133	648	199	217	259	
EBITDA adjusted	€m	137	182	219	139	677	199	217	271	
EBIT*	€m	19	54	91	31	195	80	113	150	
EBIT adjusted*	€m	18	64	103	36	221	79	113	166	
EBIT adj. margin*	%	0.9	2.7	4.6	1.7	2.5	4.0	5.0	7.3	
TK Value Added*	€m					(309)				
Ø Capital Employed*	€m	5,240	5,272	5,298	5,308	5,308	5,384	5,376	5,324	
BCF	€m	58	(22)	56	139	232	(129)	363	168	
CF from divestm.	€m	0	(3)	(4)	(21)	(27)	5	1	(1)	* definition change
CF for investm.	€m	(105)	(129)	(113)	(169)	(516)	(100)	(95)	(96)	
Employees		28,259	28,022	27,665	27,858	27,858	27,740	27,481	27,273	KPIs restated due to proportionate consolidation of HKM

BCF (Business Cash Flow) = FCF before interest, tax and divestments = EBITDA +/- Δ NWC – Capex +/- Other

However, significant improvements required to cover cost of capital

Performance Program “BiC – reloaded” at Steel Europe to Meet Group Requirements and Tackle Steel Market Challenges



Significant Improvement of Cost Position Achievable Through Structural Adjustments and Operational Measures

Improvement vs FY 2011/12

Structural adjustments

- Closure or divestment of:
 - CRM / EGL / HDGL Neuwied
 - 1 HDGL Galmed, Spain
 - 1 OrgCL Duisburg
 - 1 EGL Dortmund
- Restructuring GO Electrical Steel

Operational improvements

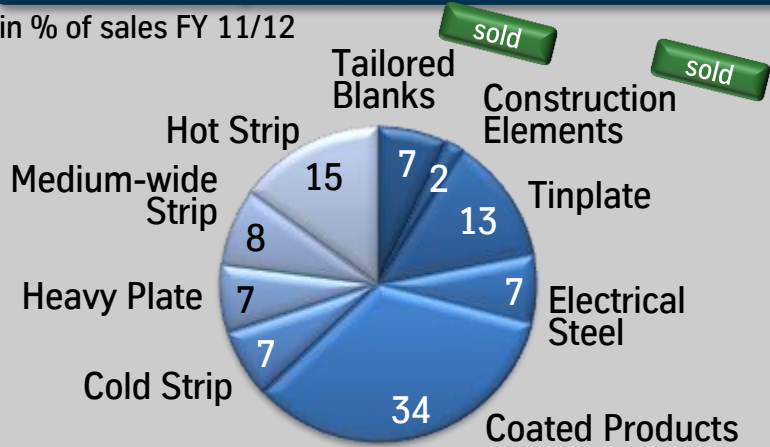
- Raw materials
- Maintenance
- Production / material efficiency
- Energy efficiency
- Logistics
- Procurement
- G&A

~ €600 m/yr
gross EBIT effects
by FY 2014/15

Stringent Portfolio Adjustments and Strategic Mix Improvements

Portfolio adjustments

in % of sales FY 11/12

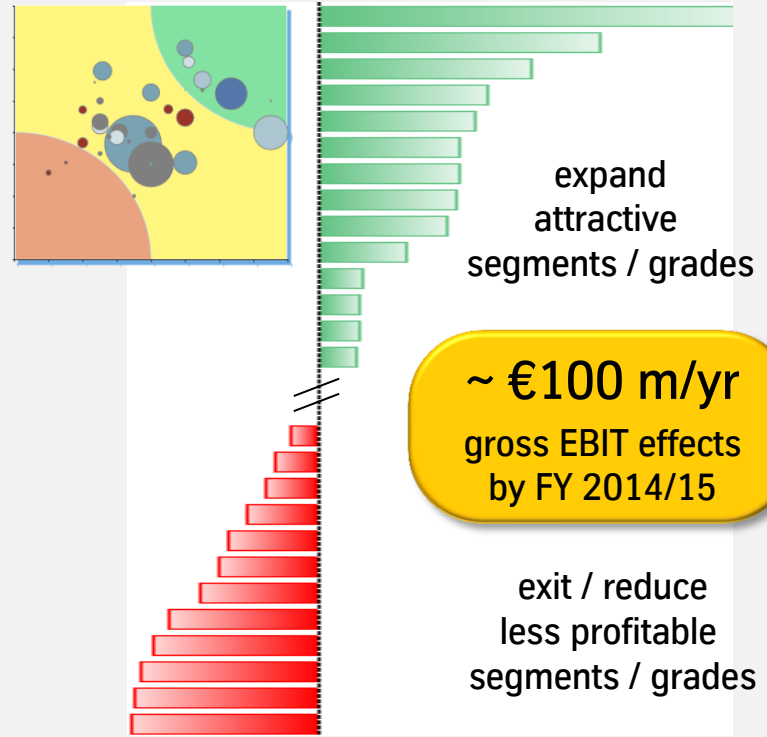


Adjust capex strategy: example medium-wide strip

- Upgrade of specialized medium-wide strip mill completed and successfully ramped up
- €30 m Capex to reinforce leading position with further improvmt of strip quality and ~25% capacity increase to ~1.3 m t/yr by 2015
- TK medium-wide strip offers:
 - extraordinary tight tolerances similar to cold rolled strip
 - superior surface quality
 - uniform material properties
 - optimum shaping properties even in higher strength steels
 - customized batch sizes

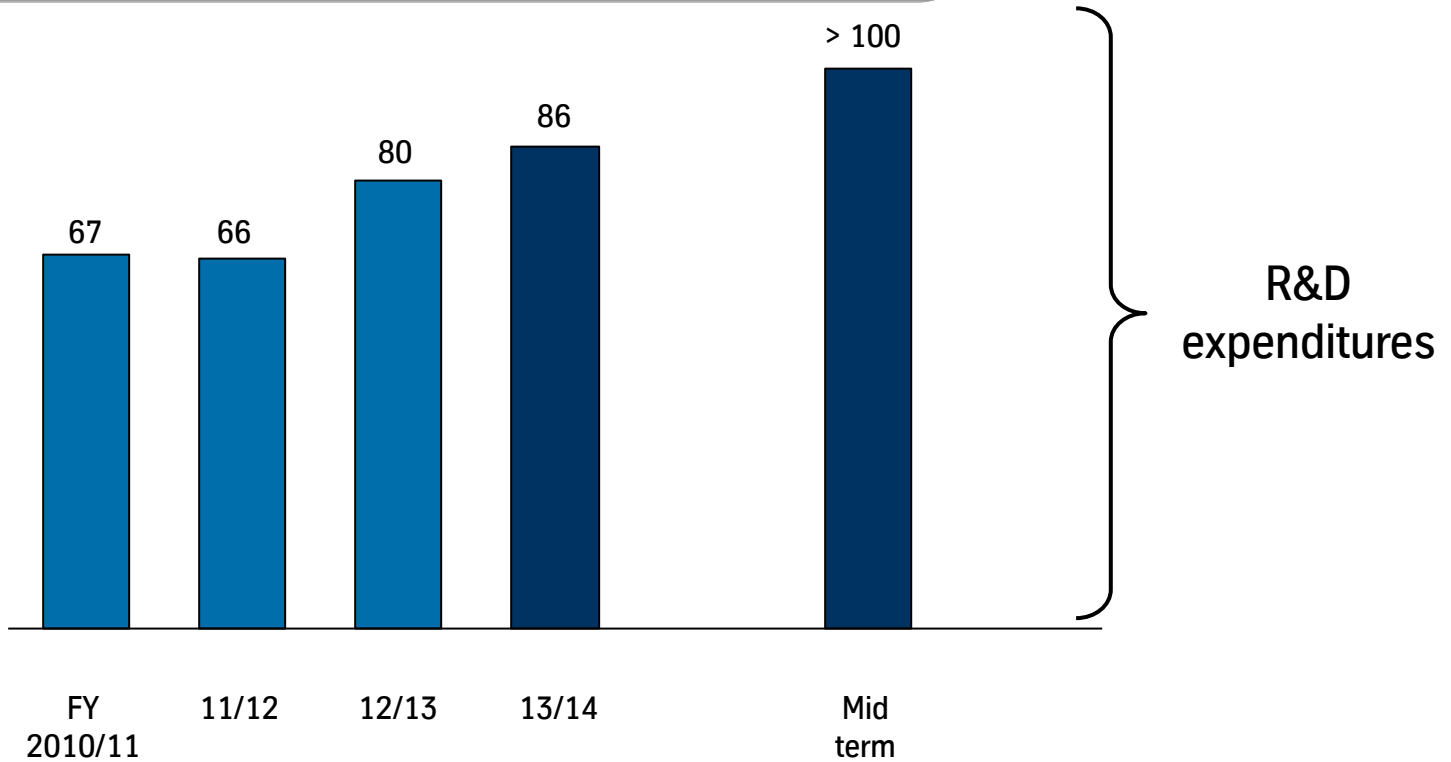
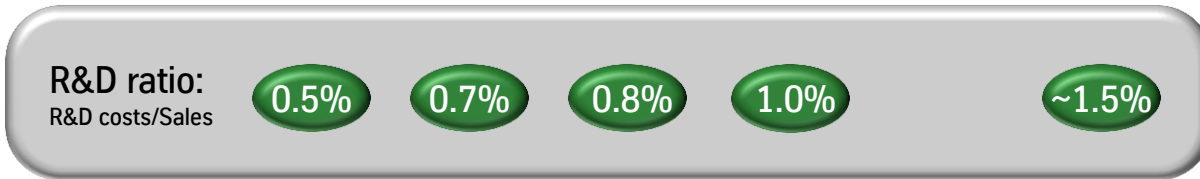
Strategic mix development

targeted increase/reduction by detail segment vs FY 2011/12



Steadily Increasing and More Focused R&D Expenditures to Reinforce Differentiation Strategy

R&D expenditure in € m



Cold forming

- ▶ Further development of multi-phase steels
- ▶ Optimized properties
- ▶ Improved corrosion resistance
- ▶ Better surface quality



Hot forming

- ▶ New manganese-boron steels (MBW[®] 1900)
- ▶ Further development of tailored tempering



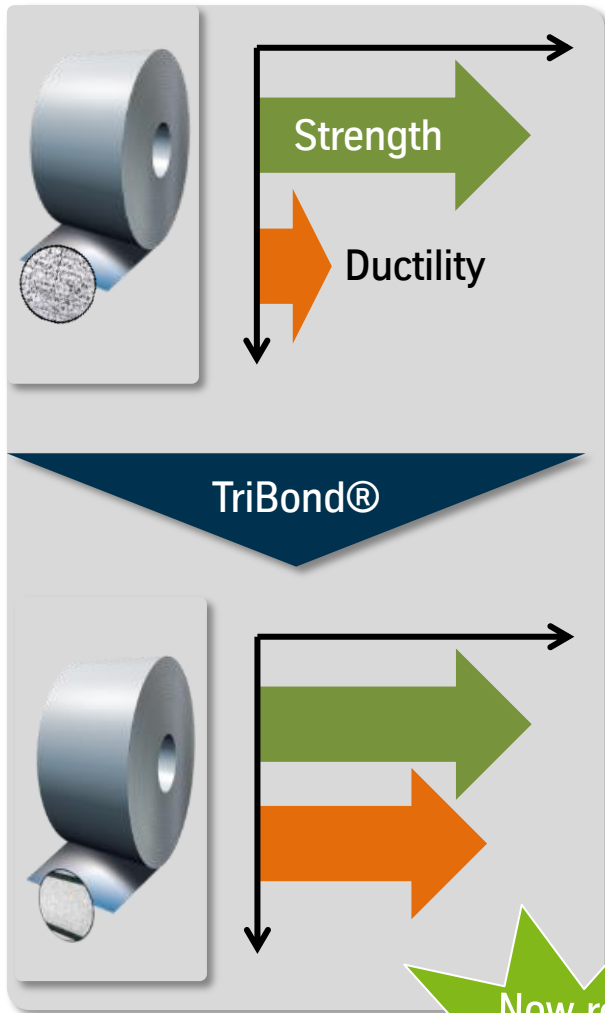
- ▶ Steel-polymer sandwich material with high bend and oil canning resistance (cold forming)



- ▶ 3-layer steel sandwich material with high energy absorption capacity (hot forming)

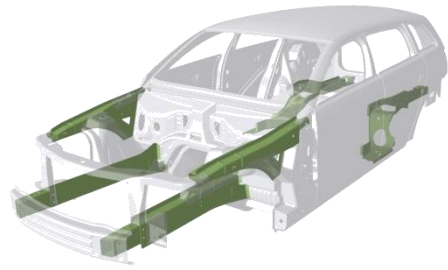
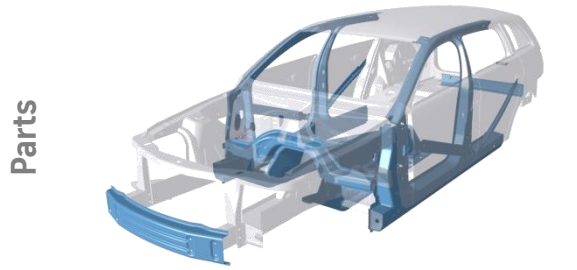
Hybrid materials – Composites

TriBond[®] Combining High Energy Absorption, Max. Bending Angle and High Weight Reduction Potential



Bending Load		
Target	MBW [®] 500	10 %
	MBW [®] 1500	80 %
	MBW [®] 500	10 %

Axial Load		
	MBW [®] 500	20 %
	MBW [®] 1500	60 %
	MBW [®] 500	20 %



Potential

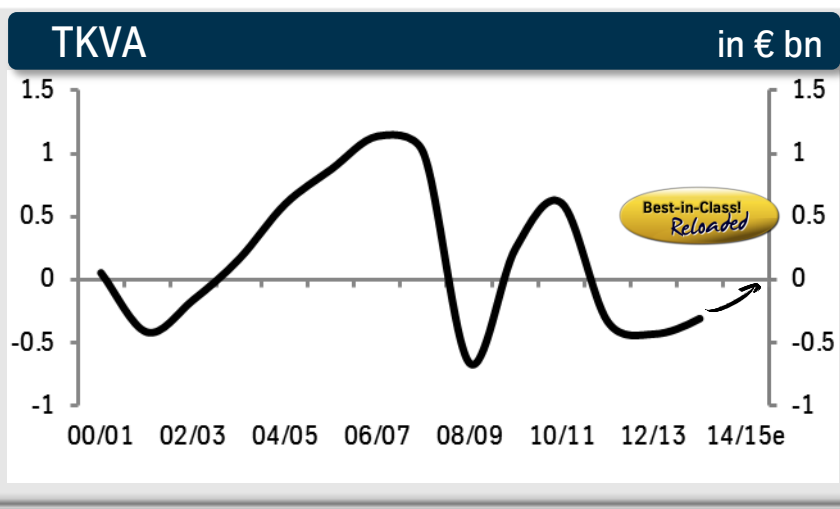
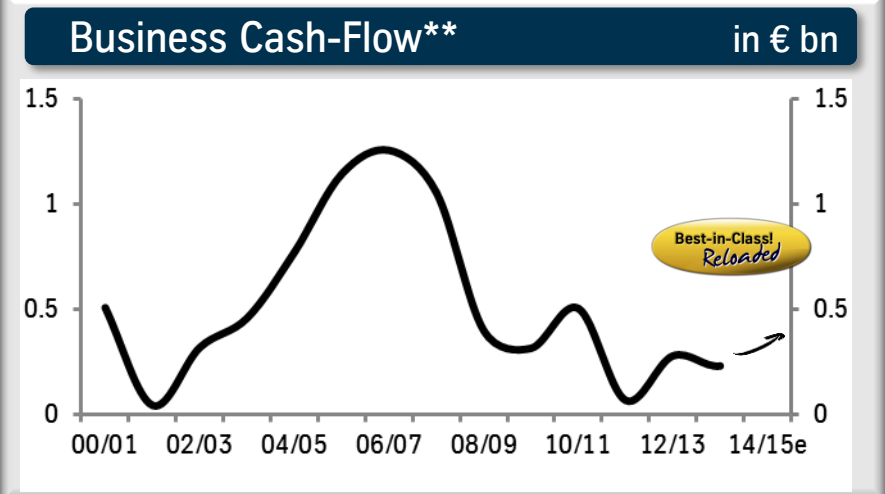
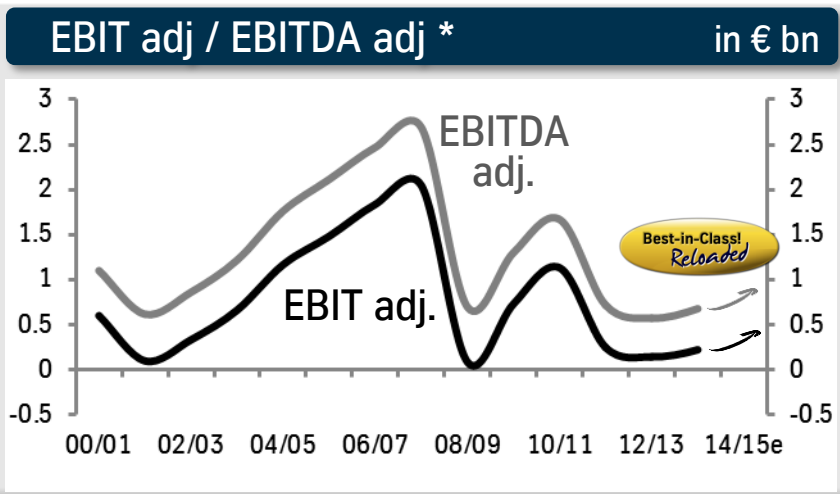
Expanding hot formed parts product portfolio

Developing new applications for hot formed parts

Now ready for serial production !

Comprehensive Cost & Differentiation Program Geared to Sustainable Improvement of Profit and Cash Flow Profile

- Costs
- Mix
- Differentiation



- historically with manageable volatility
 - sig +ve EBIT adj / BCF in upcycle
 - ≠ -ve EBIT adj / BCF in downcycle
 - +ve \emptyset TKVA over the cycle
- “Best-in-Class Reloaded” program to
 - meet Group requirements and
 - tackle steel market challenges

Steel Americas

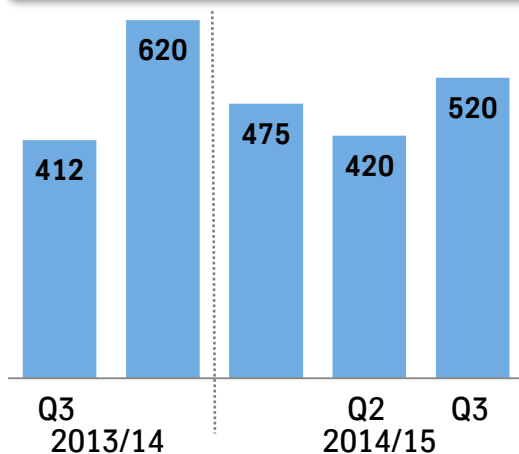
		2013/14					2014/15		
		Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Order intake	€m	609	574	412	620	2,215	475	420	519
Sales	€m	538	535	441	546	2,060	502	453	441
EBITDA	€m	29	143	33	(16)	188	21	17	8
EBITDA adjusted	€m	10	1	40	(4)	48	32	15	11
EBIT	€m	(1)	115	4	(54)	64	(11)	(19)	(27)
EBIT adjusted*	€m	(19)	(27)	12	(34)	(68)	0	(20)	(25)
EBIT adj. margin*	%	(3.5)	(5.0)	2.7	(6.2)	(3.3)	0.0	(4.4)	(5.7)
TK Value Added*	€m					(273)			
Ø Capital Employed*	€m	3,136	3,146	2,964	2,746	2,746	2,101	2,150	2,178
BCF	€m	(178)	(150)	83	64	(181)	(23)	20	37
CF from divestm.	€m	0	1,262	7	1	1,270	1	0	0
CF for investm.	€m	(22)	(33)	(3)	(30)	(88)	(10)	(14)	(15)
Employees		5,491	4,037	3,446	3,466	3,466	3,348	3,562	3,689

BCF (Business Cash Flow) = FCF before interest, tax and divestments = EBITDA +/- Δ NWC – Capex +/- Other

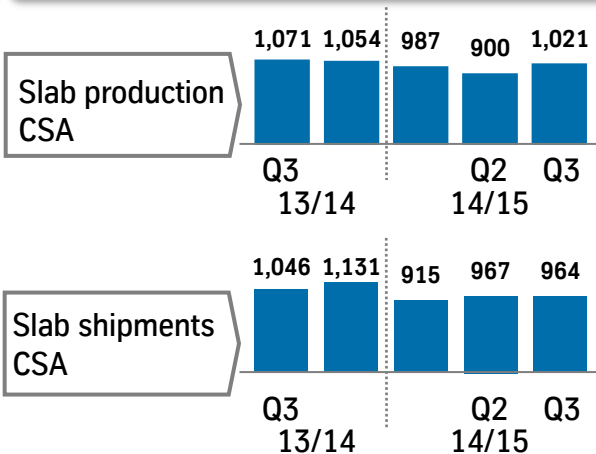
* definition change

Steel Americas – Q3 2014/15 Highlights

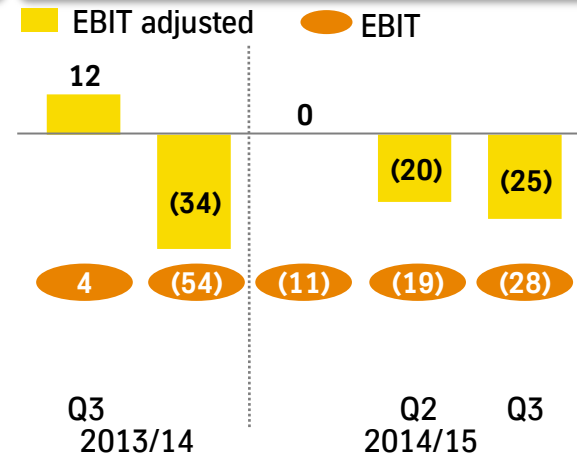
Order intake in €m



Production & shipments in 1,000 t



EBIT in €m



BRL/USD



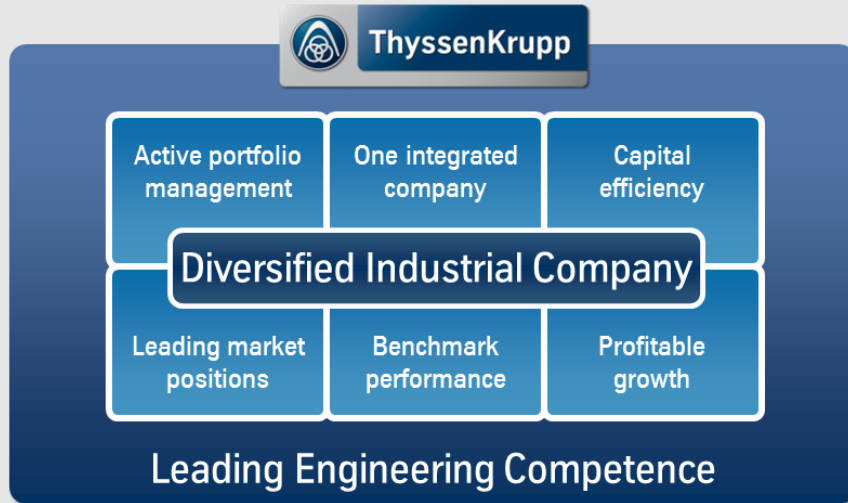
- Temporary appreciation of BRL vs. USD at the end of fiscal Q3 led to positive translation effects related to the BRL-based sales tax assets (after significantly negative effects caused by weaker BRL in FQ2)

Current trading conditions

- Qoq EBIT adj broadly stable with sig price pressure largely compensated by higher volumes and positive F/X effects on the sales tax assets (had been sig negative in fiscal Q2 and were slightly positive in FQ3); prior-year quarter included a reimbursement payment
- Production with temporary constraints in FQ3 due to water shortage in Brazil
- Strong cash conversion rate in FQ3 as well as in 9M 2014/2015

Performance Improvements and De-Risking at Steel Businesses with Significant Contribution to Value Upside of ThyssenKrupp Group

Value Opportunity from Group Transformation



- Transformation to a global Diversified Industrial aiming for high margins and stable earnings growth
- Cultural change for much better operational performance
- Powerful efficiency program **impact** ahead of plan
- Increasing innovation efforts to push competitiveness

CT ○ return to previous margin levels (6-8%)
 • efficiency gains
 • ramp-up new plants

Profitability

ET ○ target: 15% | €1 bn (EBIT adj.)
 • efficiency gains and growth opportunities

Profitability before growth

IS ○ sales growth by Ø 5% to €8 bn
 • maintain EBIT margin* of 6-7%

Growth before profitability

MX ○ return to previous margin levels
 • efficiency gains
 • specialization & processing
 ○ VDM/AST: perform./attract. concept

Profitability before growth

SE ○ return to > wacc across the cycle
 • BiC Reloaded:
 efficiency gains & differentiation

Profitability

AM ○ continuous EBIT improvement
 ○ BCF ~break-even during FY 14/15
 ○ sustainable slab marketing concept

Profitability

Corp. ○ efficient corporate structure
 ○ central projects and initiatives
 preparing next level of efficiency gains

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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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