

## Disclosure of an inside information according to Article 17 MAR

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### **thyssenkrupp and Tata Steel expect European Commission to block planned steel joint venture - Executive Board proposes fundamental strategic realignment to Supervisory Board with IPO of elevator business instead of separation - antitrust proceedings expected to end - earnings forecast adjusted**

After today's conversation with the European Commission, thyssenkrupp and Tata Steel expect that the planned joint venture of their European steel activities will not go ahead due to the Commission's continuing concerns.

The European Commission took the improvements of the submitted covenants proposed by thyssenkrupp and Tata Steel as an opportunity to conduct another market test. The new market survey did not resolve the Commission's concerns, although the partners had offered significant further concessions.

From the point of the view of thyssenkrupp and Tata Steel, further commitments or improvements would adversely affect the intended synergies of the merger to such an extent that the economic logic of the joint venture would no longer be valid.

Consequently, the partners assume that the European Commission will not approve the joint venture.

With the expected unsuccessful outcome of the steel joint venture, the Executive Board of thyssenkrupp AG has reassessed the strategic options for the company and will propose to the Supervisory Board to not go ahead with the planned separation into two independent companies.

The economic downturn and its effects on business development and the current capital market environment have led to the separation not being able to be realized as planned.

Instead, thyssenkrupp will fundamentally realign itself to significantly improve its operating performance. This will include a value based more flexible portfolio approach with greater freedom for the development of all businesses, a leaner holding structure and a stronger performance orientation. At the same time, the company will sustainably strengthen its capital base in order to gain the necessary financial leeway for necessary restructuring and business development. As part of this new strategy, the Executive Board of thyssenkrupp AG will also propose an IPO of Elevator Technology to the Supervisory Board.

Due to this development, expected book equity gains from the closing of the Steel Joint Venture will not materialize.

In the third quarter of the current fiscal year, thyssenkrupp will reintegrate the Steel Europe Business Area back into the Group. This will also lead to an adjustment of the forecast for the 2018/19 financial year. From today's perspective, the Group expects - including the Steel Division - an adjusted EBIT of €1.1 to 1.2 billion. The Group's free cash flow before M&A is expected to be negative in the high 3-digit million € range. The Group expects a net loss for the year. thyssenkrupp will publish the adjusted Group forecast with the 2nd quarter report on May 14, 2019.

thyssenkrupp Steel Europe AG is, among other companies, the subject of preliminary investigations into alleged cartel agreements for heavy plate and flat carbon steel. The proceedings in the field of flat carbon steel have been discontinued in the meantime. Due to far-advanced discussions with the Federal Cartel Office, thyssenkrupp expects to be able to finalize the proceedings for heavy plate in a timely manner by mutual agreement.

In this forecast, the Group will also recognize an increase of the existing provisions by slightly more than € 100 million for the ongoing cartel proceedings regarding heavy plate. The provision is thus increased to the amount of the expected fine. The Group's free cash flow could be additionally impacted by a payment of this fine in this financial year.

"Adjusted EBIT" as defined in the Annual Report 2017/2018, p. 37, "Free Cash Flow before M&A" as defined by "FCF before M&A" in the Annual Report 2017/2018, p. 38, available at <https://www.thyssenkrupp.com/en/publications/>.

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