Signing of Elevator transaction: Full sale best value-option for newtk

**Transaction**
- Purchase price of €17.2 bn, assuming closing on 30.06.2020\(^1\)
- Acquirer: PE consortium led by Advent, Cinven, RAG foundation
- Closing subject to regulatory approval, envisaged before end of FY 19/20

**Rationale**
- Highest transaction certainty with immediate clarity for all stakeholders
- Timely cash inflow and equity uplift
- Acquirer with extensive industrial expertise, a strong track record in profitably growing and nurturing companies to become global champions

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1. Locked Box as of 30.09.2019
Sales proceeds pave the way for further transformation of thyssenkrupp

- With the Elevator sale, tk regains strength and flexibility, enabling
  - timely Balance Sheet restructuring
  - return yielding investments in business development
  - portfolio restructuring
- Leadership team fully committed to
  - unleash the fast and fundamental improvement of the businesses
  - achieve positive Free Cash Flow bef. M&A within the next 2 years
- Return to dividend payment planned, decision for current FY to be made in November
Efficient allocation of proceeds
Details to be provided in May

**Balance Sheet**
- Reduce financial debt and fund pensions to achieve financial stability
  - Lower annual structural cash costs for pension and interest payments
- Immediate reduction of pensions by funding CTA
  - CTA to contain €1.25 bn equity investment in PE stake in Elevator
- Financial debt reduction over flexible timeline
  - Investment grade rating targeted
- Normalization of net working capital seasonality

**Business development / Portfolio restructuring**
- Drive performance and competitiveness by restructuring, investments, cost reduction
- Performance requirement for all businesses:
  - Positive cash flow; value creation (ROCE > WACC)
- Best-owner solution for all businesses and openness for consolidation opportunities
Elevator cash flow could largely be compensated by reduction of structural cash costs and taxes.

Reduction of structural costs commences after closing of transaction.

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<tr>
<th>Cashflow ET</th>
<th>Omission tax payments ET</th>
<th>Reduction net periodic pension payments</th>
<th>Reduction interest payments</th>
<th>Net cash effect</th>
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1. Business Cashflow
Next steps newtk – update in May

- Portfolio – i.e. Plant Technology

- Steel Europe “Strategy 20-30”
  (update as soon as negotiations with employee representatives are finalized)

- Performance review of Business Units

- Detailing of newtk roadmap
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