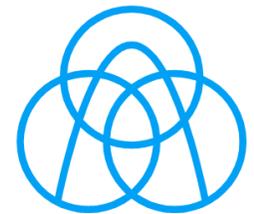


# Elevator Technology Transaction and newtk

February 27, 2020

engineering.tomorrow.together.



thyssenkrupp

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

## Transaction

- Purchase price of €17.2 bn, assuming closing on 30.06.2020<sup>1</sup>
- 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

1. Locked Box as of 30.09.2019



# Sales proceeds pave the way for further transformation of thyssenkrupp

newtk

- 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

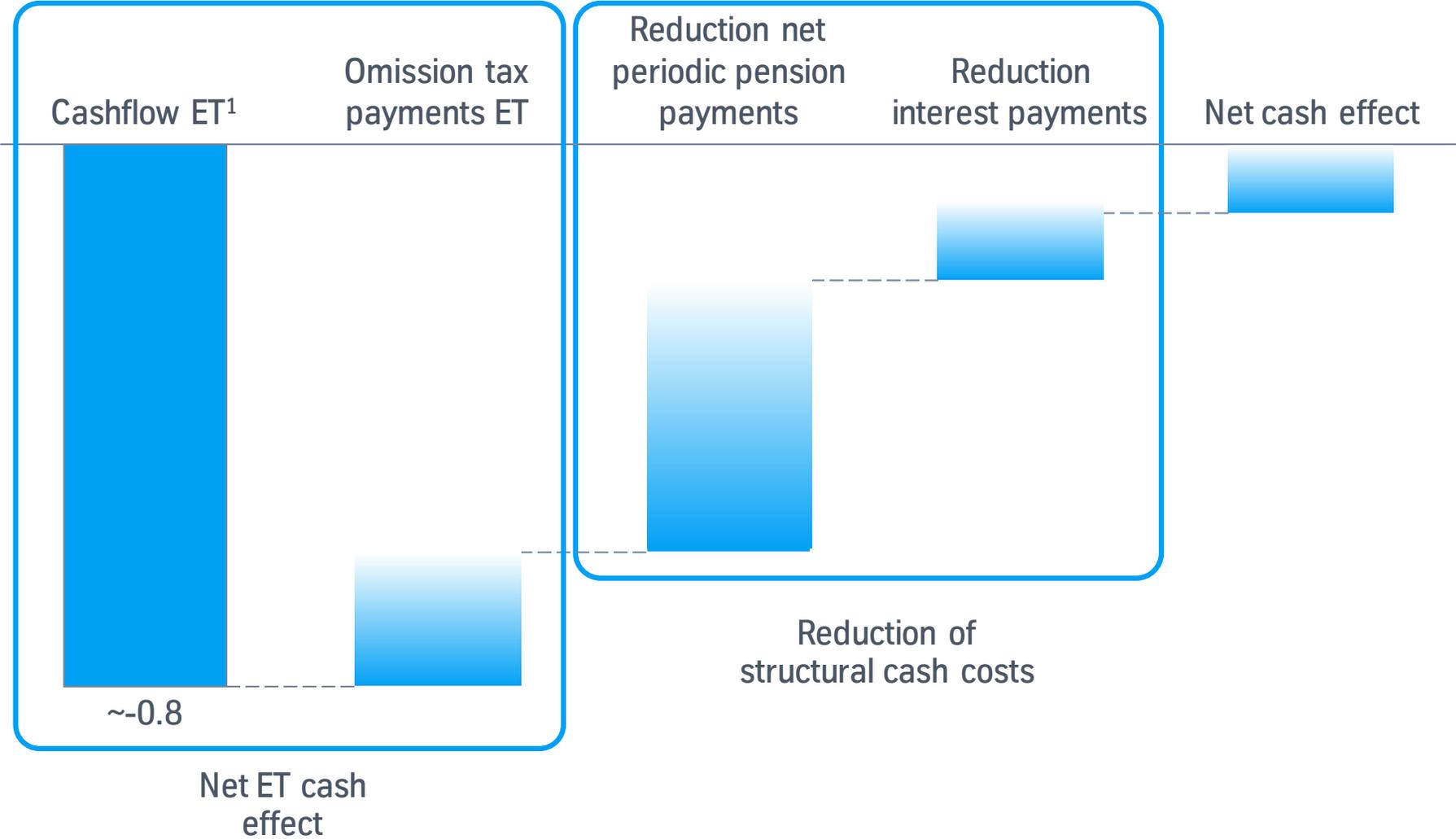
- Drive performance and competitiveness by restructuring, investments, cost reduction
- Performance requirement for all businesses:
  - Positive cash flow; value creation (ROCE > WACC)
- Best-owner solution for all businesses and openness for consolidation opportunities



# Elevator cash flow could largely compensated by reduction of structural cash costs and taxes

Reduction of structural costs commences after closing of transaction

[€ bn]



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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