



thyssenkrupp focuses on technology leadership in steel - agreement reached with IG Metall to implement steel strategy

- Immediate start of implementation of the steel strategy 20-30. The goal: technology leader at competitive costs
- Additional investments planned to optimize the production network and focus on growth markets
- At the same time, cost reductions and job cuts of 3,000 jobs required - forced redundancies will be avoided
- Immediate "Corona crisis package" agreed
- **Dr. Klaus Keysberg:** "We have put off problems for too long and shied away from tough decisions. The agreements give us room for maneuver so that steel can remain competitive in the long term. An immediate and comprehensive restructuring is an absolute prerequisite for this. We will lose no time here."
- **Oliver Burkhard:** "Today we have developed short-term and long-term solutions. On the one hand, an immediate "Corona crisis package" to be able to act at short notice. On the other hand, a collective agreement to secure the long-term future. The agreement shows once again that we stand together in difficult times and implement appropriate solutions with the employees and not against them".

thyssenkrupp and IG Metall today agreed firstly on an immediate "Corona crisis package" to deal with the pandemic and secondly on the conclusion of a collective agreement. The company regulations necessary for implementation, the reconciliation of interests and the social plan were also agreed. The framework conditions for the implementation of the 20-30 steel strategy are thus in place. The agreement applies to all German steel locations of thyssenkrupp. The collective agreement will enter into force on April 01, 2020 and run for 6 years until March 31, 2026.

In December thyssenkrupp presented a new strategy for the steel business aimed at securing its technological leadership and competitiveness in the long term. In particular, investments are planned to optimize the production network and expand technological capabilities. A prerequisite for the planned investments is a significant reduction in costs.

The strategy is thyssenkrupp's response to the enormous challenges in the steel sector. In addition to a significantly cooling economy and the corona crisis, steel has for many years been confronted with overcapacities, highly volatile raw material prices and high import pressure. With the implementation of these measures, a significant and sustainable improvement in earnings is expected.

Klaus Keysberg, member of the executive board of thyssenkrupp AG, responsible for the materials businesses: "Our steel business has the potential to lead European competition. What you have to keep in mind: We are investing in one of the best steel locations worldwide. The expertise of our team is highly valued by customers. But: Today we are too complex and have an inappropriate



cost structure. Among other things, the disappointing business performance in this fiscal year is proof of this. We will change that. With the restructuring, which we are now starting immediately, we will significantly improve our cost position. The planned investments will then help us to expand our market and technology position."

Cornerstones job reductions

The first step of the implementation is a reduction of up to 2,000 jobs in the next 3 years. Roughly another 1,000 jobs are to be cut by 2026. The plan is to strengthen the integrated production site in Duisburg by closing individual units at other locations. Of the total of approximately 3,000 jobs, around 1,000 will be cut in administration. 800 jobs are affected in the heavy plate segment. Here thyssenkrupp sees no development prospects within the Group. In addition, around 1,200 jobs will be cut beginning in 2022 through the optimization of the production network.

The job reductions have been firmly agreed and will be carried out in a socially responsible manner. The job security is valid until 31.03.2026. In addition, both sides have clearly acknowledged the high importance of vocational training in the steel sector.

The arrangements made give thyssenkrupp significantly more flexibility to transfer employees to other positions. In the course of changes to the production network, jobs can be transferred to other locations.

Oliver Burkhard, executive Board member for Human resources and labor director of thyssenkrupp AG: "The reorganization challenges all of us. Companies and employees. But: Such comprehensive changes are only possible with and not against the employees. Together we are now proving this once again at steel. With a good balance between economic necessity and social responsibility."

Additional investment of 800 million euros in six years

The steel strategy also provides for an additional investment framework totaling approx. € 800 million over 6 years, which adds to the annual investments of approx. € 570 million already included in the planning.

In addition to optimizing the production network, the product portfolio is to be systematically aligned to future markets and profitable steel grades. These include multiphase steels and lightweight steels as well as grades with high surface quality. In addition, the production of high-quality, non-grain-oriented electrical steels, which are becoming essential for electromobility, will be strengthened. The course taken to develop and offer climate-neutral steel products will be continued at full speed.

Bernhard Osburg, Speaker of the Executive Board of thyssenkrupp Steel Europe: "With the planned investments we are safeguarding our technological capabilities so that we can continue to differentiate ourselves through the quality of our products in the future. The optimization of the network will enable us to stay a technological leader with a good cost position. This is a strong signal for our customers. We are in a position to offer the next generation of high-tech steels at competitive conditions.



Next steps

The prerequisites for implementing the steel strategy are in place. Even before agreeing on the collective agreement "Future Pact for Steel 20-30", the parties had already jointly drawn up a general works agreement with a social plan and a reconciliation of interests. Restructuring will begin straight away on 1 April. This includes the implementation of a new, significantly leaner functional concept in administration. The first investments in new facilities are also to be initiated this year.

Immediate Corona crisis package

At present the corona pandemic is leading to a sharp decline in customer call-offs and a deterioration in the order situation. thyssenkrupp is therefore going to make production adjustments in the steel business at short notice. Against this background thyssenkrupp and IG Metall have also agreed on an immediate "Corona crisis package". The bargaining parties have agreed that in the current situation individual measures of the steel strategy 20-30 will be regularly reviewed in the course of implementation. To this end, a joint monthly monitoring of the situation for the duration of the pandemic has been agreed to implement the agreement.

The immediate package also includes the requirement for thyssenkrupp Steel Europe's operations to increase short-time work compensation to 80% in the event of short-time working. In addition, it is agreed that a collectively agreed special payment will be converted into days off.

Oliver Burkhard: "We will have to go into short-time work at many locations in the coming weeks. This will initially affect production-related areas, but also administration. We are taking a close look at all of them to see when which measures make sense. Even when we run out of work, we try to keep everyone in employment. So we can get back on track after the crisis."

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