Press release

Steel Europe

25.11.2024

thyssenkrupp Steel presents key points for future industrial concept

- Lowering the operating point to a dispatch level of 8.7 to 9.0 million metric tons.
- Further processing site in Kreuztal-Eichen to be closed.
- The aim is to cut around 5,000 jobs by 2030 through adjustments in production and administration, while a further tranche of 6,000 jobs is to be transferred to external service providers or shed through the sale of business activities.
- Reduction in personnel costs by an average of ten percent in the coming years to a competitive cost level.
- Future concept forms the basis for discussions with employee representatives, the preparation of the business plan, and the restructuring expert report in the form of the IDW S6, a standard published by the Institute of Public Auditors in Germany.

Duisburg, November 25, 2024. The Executive Board of thyssenkrupp Steel Europe AG has presented plans for a comprehensive future industrial strategy to the Strategy Committee of the Supervisory Board in a key issues paper. This is the company's response to the further consolidation of fundamental and structural changes in the European steel market, and in key customer and target markets. Increasingly, overcapacity and the resulting rise in cheap imports, particularly from Asia, are placing a considerable strain on competitiveness.
In addition, urgent measures are needed to improve thyssenkrupp Steel's own productivity and operating efficiency, and to achieve a competitive cost level. The key issues paper will be fleshed out in the coming weeks in dialog with the supervisory bodies and employee representatives. thyssenkrupp AG and the EP Group, which holds a 20 percent stake in thyssenkrupp Steel, support the concept.

Adjustment of overall capacity – closure of the Kreuztal-Eichen site

The key points paper from thyssenkrupp Steel envisages reducing production capacities from the current 11.5 million metric tons to a future target dispatch level of 8.7 to 9 million

metric tons in line with market conditions, thus adapting capacities to future market expectations. This roughly corresponds to the dispatch result of the previous financial year. Even after this step, the advantages of the integrated metallurgical network will remain intact. The separation from Hüttenwerke Krupp Mannesmann (HKM) remains a key element in the necessary capacity reduction. The primary objective is to sell the shares in HKM. If a sale is not possible, thyssenkrupp Steel will hold talks with the other shareholders about mutually acceptable closure scenarios. In addition, the processing site in Kreuztal-Eichen is to be closed.

Commitment to the green transformation

thyssenkrupp Steel remains committed to the green transformation and carbon-neutral steel production. The company still holds firmly to its intended plan of completing the direct reduction plant that is already under construction, while having constructive talks with the responsible stakeholders to ensure economic viability of this major investment project in the quickly evolving framework conditions. By 2030, the two blast furnaces 8 and 9 in Duisburg are to be replaced by the DR plant and the two planned innovative melters with a total dispatch capacity of 2.2 million metric tons per year. In the future, another blast furnace could be replaced by a modern electric arc furnace, for example. However, a decision on this will only be taken at a later date and under the economic, technological, and political conditions that apply at that time.

Job cuts and reduction in personnel costs

The implementation of the key issues paper that has now been presented will be accompanied by a significant reduction in jobs and further personnel-related cost reductions. For example, the planned adjustment of the Group-wide production network and a significant streamlining of administration will result in the loss of around 5,000 jobs by 2030. In addition, a further tranche of about 6,000 jobs is to be transferred to external service providers or shed through the sale of business activities. In addition, personnel costs are to be reduced by an average of ten percent over the coming years, thus adjusting them to a competitive cost level. As part of the realignment, it remains the declared aim to avoid redundancies for operational reasons.

> *"We take our responsibility very seriously and want to create long-term prospects for as many of our employees as possible," says* ***CEO Dennis Grimm****. "We will*

therefore adapt to the changed market conditions through targeted capacity adjustments and cost reductions. Comprehensive optimization and streamlining of our production network and processes is necessary to make us fit for the future. We are aware that this path will demand a great deal from many people, especially be-cause we will have to cut a large number of jobs over the coming years in order to become more competitive. That is why it is now all the more important for everyone involved to take responsibility together in order to move Steel forward. The quality of our products and our technological expertise are a stable foundation for our future path. Our customers will continue to be able to rely on our high-quality flat steel products in the future."

Independence and further implementation of the future concept

In parallel with the implementation of the concept, thyssenkrupp AG is continuing the process of making the Steel business independent. In a first step, 20% of the shares in thyssenkrupp Steel have already been sold to the Czech EP Group with the aim of increasing the stake to 50%.

The key issues paper currently being prepared is also the basic prerequisite for a viable and resilient business plan and the IDW S6 restructuring expert report. All current investments and performance measures will continue to be implemented as planned in order to utilize the levers for increasing competitiveness now. The aim is to make thyssenkrupp Steel profitable, competitive and carbon-neutral in the long term.

"*With the strategic and long-term structural realignment, we will make thyssenkrupp Steel fit for the future in the long term," says* ***Marie Jaroni, Chief Transformation Officer at thyssenkrupp Steel****, with conviction. "In terms of operational efficiency and profitability, we still have some catching up to do in key competitive areas. We need to close these gaps if we want to look forward to a positive future. This is all the more important, because we want to drive forward the green transformation systematically. It is indispensable and will replace the previous coal-based business model in the long term. Implementation of the concept presented today will be decisive for our competitiveness, and therefore for our future."*

Contact:
thyssenkrupp Steel Europe AG
Mark Stagge
Head of Public& Media Relations
T: +49 173 5971798
mark.stagge@thyssenkrupp.com