



thyssenkrupp

## Press Release

Steel Europe

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**thyssenkrupp Steel Executive Board reacts to challenging market conditions and presents initial conceptual outlines of a structural realignment: Duisburg's production capacity to be scaled back significantly. Far-reaching optimizations in the production network aimed to considerably boost competitiveness and profitability**

The Executive Board of thyssenkrupp Steel today presented initial conceptual outlines of a planned realignment of steel operations to the tk Steel Supervisory Board's Strategy Committee. The aim is to make thyssenkrupp Steel fit for the future against the background of persistently challenging market conditions. The core element of the realignment will lie in the scaling back of the production capacities installed in the network to a shipping corridor of between approx. 9 and 9.5 million metric tons per year, a figure approximately equating to the shipping level registered over the past three years. By contrast, the current production capacity is configured for a shipping volume of around 11.5 million metric tons. Essential elements of tk Steel's Strategy 20-30 pursued to date are also confirmed for restructuring: the focus on premium grades as well as thinner and stronger materials remains in place. Topics such as the energy transition and electric mobility will likewise remain in focus.

With the planned realignment, Germany's largest steel company is responding on the one hand to the persistently weak state of the economy, but primarily to fundamental medium and long-term structural changes in the European steel market and in crucial customer and target markets. These include, among other things – especially in Germany – the continuing upward trajectory of energy costs owing to climate policy objectives, as well as unchecked rising import pressure, mainly from Asia, and an ongoing deterioration in the steel trade balance, which in aggregate are making for reduced industry competitiveness. thyssenkrupp Steel has assessed these factors in a detailed analysis, supported by an independent external expert report. Against this background, shipping volumes are expected to remain at the level registered over recent years in the future as well. In comparison, the total production capacity still installed today is far too high, meaning that the entire production network is structurally underutilized.

The planned scaling back of production capacities will make for a consolidation of the crude-steel capacities in Duisburg. These measures will also entail job cuts that cannot yet be quantified; this will also affect the downstream processing stages as well as the administrative and service areas. The planned measures are essential toward maintaining competitiveness so as to lead the steel production operations at the Duisburg location into a secure future, create a strong foundation for long-term employment and establish a resilient supply of steel to drive industrial growth in Germany.

The declared goal is to continue avoiding redundancies for operational reasons. The plans for the restructuring will now be put in concrete terms right away and then consulted upon with the workforce representation and the responsible committees of the steel division.

Basically, thyssenkrupp Steel's strategic goal remains to finance itself sustainably from its own earning power, and thus to further improve the company's capital market viability. Until the planned structural measures kick in and take effect, the current performance programs will be further intensified in order to achieve the earnings effects already required right now.

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There will be no changes to the already initiated implementation of the green transformation. The construction of the first direct reduction plant at the Duisburg site will continue as planned, supported by the funding released by the federal and state governments for this purpose and essentially relating to the ambitious ramp-up of the plant's hydrogen-based operation. The goal of fully climate-neutral production by 2045 at the latest remains unrestrictedly in place.

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