

# Closing the case of thyssenkrupp

## (Still) Waiting for the transformation

15 February 2024

Research Report **Update 4**

**M**AYBE YOU'VE NOTICED THAT I USED EXACTLY THE SAME SUB-HEADLINE LIKE LAST TIME.

I knew that thyssenkrupp is a tough case. The valuation and the break-up scenario were very tempting, but it seems that now it is the better choice to pull the break.

Unfortunately, at a negative total return of -25.7%, including the small dividend. Yesterday, the stock dropped by 10.5% – that's not a sign of confidence. I do not believe that's an overreaction. The market simply does not buy the story.

The transformation and reorganization seemingly being stuck is one thing. The other is that the economic environment is worsening rapidly. TKA released fiscal Q1 results that were pretty weak, even when adjusted for the next write-down in its steel segment. The write-down is not the issue. Also sales weren't that bad.

But new business has slowed down and I don't see how and why it should get better currently. Margins in this ultra-cyclical business are too slim and fixed costs too high to sit this one out. Germany, where thyssenkrupp has much business, has among the worst momentum in Europe.

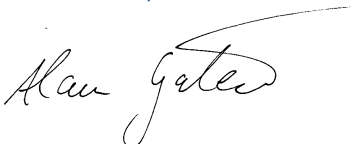
Because I have numerous times preached to limit the losses, it is time to act.

It's even entirely possible that negotiations take another year while at the same time business suffers more. The stock can easily lose another 25 percentage points under such circumstances.

However, I do not want to have a position with -50%, only hoping for a successful turnaround. A double would be needed to only get back to zero. That's not how my calculation works.

To make it short, the risk-reward profile has shifted dramatically towards the former. That's enough. Time to clear up our minds and focus on those picks that deliver. The money will be earned somewhere else.

All the best,



**Alan Galecki**

*Founder of Financial-Engineering.net*

# Disclaimer

## Risk warning and terms of usage

---

*Before using the report, please study carefully the following key points:*

- *My Site is a personal blog and not a regulated financial, tax or legal advisory service aimed at giving you specific advice with regards to buying, selling or holding financial instruments of any kind. You may use my Site to access my opinion and other information I provide. None of it constitutes financial, legal or tax advice. Where I make paid-for products available (like with this report), these are solely offered to contribute to the operating costs of my research.*
- *All material published on my Site is solely for information and entertainment purposes. It is not a replacement for you receiving financial, tax or legal advice from your personal, regulated financial or legal advisor. Neither is it a replacement for doing your own research and due diligence.*
- *My Site is only provided for your general information and use. It is not intended to cater for your particular requirements for financial, tax or legal advice. The author does not accept any liability for any loss suffered by any reader or user of the Site as a result of any decision. It is a condition of me allowing you access to my Site that you assume full responsibility for using the Site, and that you accept that I will not be liable for any action you take in reliance on information on the Site or procured through the Site.*

*All the contents and materials published on my website are part of a personal blog. Some of the discussed investments on this blog or separate published reports like this on my blog could be part of the personal portfolio of the author. However, the author is never responsible for publishing or updating detailed information about his private transactions. Anyway, the author is not issuing any transaction recommendations, neither buy nor hold nor sell in his blog posts or other published materials including the paid for content.*

*All information contained on my website or separately published reports like this on this blog are for information purposes only and only contain the opinion and assumptions of the author which in themselves can all be wrong. The reference to the analyzed companies on this blog is neither an offer nor a request to subscribe to shares of this company. The provided opinions and assumptions are for information purposes only and are not considered as recommendations for investments.*

*Information from external sources are indicated appropriately. The author does not assume any responsibility or liability for the accuracy, correctness and completeness of those information, even though he deems them to be. Before making any use of the contents you must extensively research and assess on your own, if the published information are suitable for your own purpose and are compatible with your individual situation and goals.*

*The presented opinions and assumptions are those of the author only at the time of publication and may not agree with information provided at a later time. From time to time, the author may publish updates to his past writings, but is never responsible or liable for doing so. It is only a voluntary service.*

*This blog and all its articles, research reports, media appearances and any related content serve purely to inform and inspire readers to look out for new investment opportunities and research themselves – as a starting point for or additional individual opinion as part of an investment research process. The reader is self-responsible to do own extensive research and use a variety of other sources and never base any investment decisions solely on this website or the content published there.*

*Any valuations of stocks or companies given on this website and its publications are highly subjective and theoretical results of studies of a range of possible outcomes, which do not to have come this way anytime in the future. The author is not forecasting any outcomes or likely share prices. The performance of the past is no indicator for future performance and does not provide necessarily any indication of future performance. The value of investments and their possible returns are not guaranteed and may increase as well as decrease and thus cause substantial losses for the investor.*

*Potential investors or interested persons are strongly advised to consult their personal professional advisor for the evaluation of the investment risk and the investment strategy in order to determine the appropriateness of an investment bases on their individual situation.*

*The author is not paid, sponsored or otherwise compensated by any of the companies discussed in these reports.*

*Using any of the information contained on this blog [financial-engineering.net](http://financial-engineering.net) or published material are at the reader's own risk. There is no advisory relationship between the reader / user and the author.*

*It is prohibited to re-publish the content of this website without the express written permission of the author.*

© Alan Galecki, [Financial-Engineering.net](http://Financial-Engineering.net)

---