



## thyssenkrupp publishes half-year report 2018/2019

As the planned steel joint venture will not be realized and the announcement of a fundamental strategic realignment of the Group, thyssenkrupp AG today published its interim report for the 1st half of 2018/2019.

The following information regarding the half-year report relates to the Group as a whole, i.e. including the steel activities reported as "discontinued" in the report. The report as "continuing operations" will only be made with the 9-month financial statements. Only then the previously suspended scheduled depreciation on the steel business at Group level will be reflected, which will have a negative impact on both the previous year's result and the result in the first half of 2018/2019.

The resulting effects on the annual targets for the current fiscal year have already been taken into account in the forecast adjusted on May 10, 2019. In addition to the economic slowdown, especially in the automotive sector, this forecast takes into account all effects resulting from the reintegration of the Steel business and the expected expenses for the implementation of the strategic realignment in the current fiscal year.

### Overview of key figures for the 1st half of 2018/2019

- **Sales** increased by 2 percent to € 20.4 billion.

In terms of sales, all businesses except Materials Services and Steel Europe contributed to the increase in the 1st half. The main growth driver was the elevator business in the USA and Europe.

- **Order intake** improved by 4 percent to €20.5 billion.

Elevator Technology again achieved record orders of €4.1 billion resulting from several major projects. Plant construction was able to book orders primarily in chemical plant construction and mining, while Components Technology recorded growth primarily in industrial components. The Marine business was slightly below the prior-year level, Materials Services at the prior-year level and Steel Europe above the prior-year level.

**Adjusted EBIT** fell from €943 million to €685 million.

The economic downturn had a particularly negative impact on the operating results of Components Technology. Earnings at Elevator Technology were lower than previous year due to higher material costs. Industrial Solutions recorded lower margins on projects that are currently being implemented. Marine Systems remained stable at break-even, while Materials Services was unable to maintain its prior-year earnings level, mainly due to declining prices. In the steel sector, the historic low tide of the river Rhine, lower demand from the automotive industry and the new collective agreement had a negative impact on earnings.

- **Net income** for the period amounted to € 59 million (previous year € 343 million).

In addition to the operating performance, an increase in the provision formed at the end of the last financial year for risks from cartel proceedings to the amount of the expected fine of slightly more than € 100 million had an impact there. After deduction of minority interests, net income amounted to € 36 million (previous year € 320 million); earnings per share amounted to € 0.06 (previous year € 0.51).

- **Free cash flow before M&A** was clearly negative at € -2.5 billion (previous year € -1.4 billion).

The main reason for the cash outflow was a seasonal increase in net working capital in the 1st quarter, particularly at Materials Services and Steel Europe. In the 2nd quarter, thyssenkrupp generated a positive cash inflow of €23 million, significantly higher than the previous quarter (€-2.5 billion).

### Forecast financial year 2018/2019

- The Group anticipates an **adjusted EBIT** of € 1.1 to 1.2 billion. The comparable prior-year figure was €1.4 billion.
- **Free cash flow before M&A** is expected to remain overall at a negative high level 3-digit million euro range (previous year: -134 million €). This will reflect the effects of the economic slowdown, the impact on net working capital of the materials businesses and the increased net working capital in the components businesses due to the ramp-up of the new plants. The development will also depend on the order intake and payment profiles of individual major projects at Marine Systems. An additional burden could result from the payment of the expected cartel fine.

- thyssenkrupp expects the **net income** to be negative. This includes restructuring expenses for future performance improvements, the provision for the near-term, final and mutually agreed conclusion of the cartel proceedings for heavy plate with the Federal Cartel Office (Bundeskartellamt) as well as expenses for the preparation of the IPO of the elevator business.

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## thyssenkrupp in figures – overview of key performance indicators

		Full Group <sup>1)</sup>				Group – continuing operations <sup>1,2)</sup>			
		1st half ended March 31, 2018	1st half ended March 31, 2019	Change	in %	1st half ended March 31, 2018	1st half ended March 31, 2019	Change	in %
Order intake	million €	19,617	20,471	854	4	15,847	16,494	647	4
Net sales	million €	19,984	20,374	390	2	16,169	16,596	428	3
EBIT <sup>3)</sup>	million €	854	442	(412)	(48)	462	316	(146)	(32)
EBIT margin	%	4.3	2.2	(2.1)	(49)	2.9	1.9	(1.0)	(33)
Adjusted EBIT <sup>3)</sup>	million €	943	685	(257)	(27)	549	380	(169)	(31)
Adjusted EBIT margin	%	4.7	3.4	(1.4)	(29)	3.4	2.3	(1.1)	(33)
Income/(loss) before tax	million €	655	273	(382)	(58)	302	180	(121)	(40)
Net income (loss) or income net of tax	million €	343	59	(284)	(83)	102	46	(56)	(55)
attributable to thyssenkrupp AG's shareholders	million €	320	36	(284)	(89)	80	28	(52)	(65)
Earnings per share (EPS)	€	0.51	0.06	(0.46)	(89)	0.13	0.04	(0.09)	(69)
Operating cash flows	million €	(857)	(1,927)	(1,070)	--	(854)	(1,214)	(360)	(42)
Cash flow for investments	million €	(561)	(580)	(19)	(3)	(386)	(371)	15	4
Cash flow from divestments	million €	44	52	8	19	32	40	8	23
Free cash flow <sup>4)</sup>	million €	(1,375)	(2,455)	(1,080)	(79)	(1,208)	(1,545)	(337)	(28)
Free cash flow before M & A <sup>4)</sup>	million €	(1,381)	(2,454)	(1,073)	(78)	(1,215)	(1,544)	(329)	(27)
Net financial debt (March 31)	million €	3,546	4,834	1,288	36				
Total equity (March 31)	million €	3,333	3,106	(227)	(7)				
Gearing (March 31)	%	106.4	155.7	49.3	46				
Employees (March 31)		159,693	161,153	1,460	1				

<sup>1)</sup> Prior-year figures have been adjusted due to the adoption of IFRS 15.

<sup>2)</sup> Cf. Note 02.

<sup>3)</sup> See reconciliation in segment reporting (Note 08).

<sup>4)</sup> See reconciliation in the analysis of the statement of cash flows.

		Full Group <sup>1)</sup>				Group – continuing operations <sup>1)2)</sup>			
		2nd quarter ended March 31, 2018	2nd quarter ended March 31, 2019	Change	in %	2nd quarter ended March 31, 2018	2nd quarter ended March 31, 2019	Change	in %
Order intake	million €	10,219	10,360	141	1	8,156	8,363	206	3
Net sales	million €	10,442	10,638	196	2	8,443	8,654	210	2
EBIT <sup>3)</sup>	million €	428	145	(283)	(66)	226	174	(52)	(23)
EBIT margin	%	4.1	1.4	(2.7)	(67)	2.7	2.0	(0.7)	(25)
Adjusted EBIT <sup>3)</sup>	million €	495	353	(142)	(29)	283	212	(72)	(25)
Adjusted EBIT margin	%	4.7	3.3	(1.4)	(30)	3.4	2.4	(0.9)	(27)
Income/(loss) before tax	million €	333	58	(275)	(82)	150	103	(47)	(31)
Net income (loss) or income (loss)									
net of tax	million €	250	(86)	(335)	--	125	(12)	(137)	--
attributable to thyssenkrupp AG's shareholders	million €	240	(99)	(339)	--	117	(23)	(140)	--
Earnings per share (EPS)	€	0.38	(0.16)	(0.54)	--	0.19	(0.04)	(0.23)	--
Operating cash flows	million €	419	319	(101)	(24)	48	271	224	470
Cash flow for investments	million €	(272)	(323)	(52)	(19)	(187)	(201)	(14)	(7)
Cash flow from divestments	million €	13	27	13	100	14	26	12	80
Free cash flow <sup>4)</sup>	million €	161	22	(139)	(86)	(125)	96	221	++
Free cash flow before M & A <sup>4)</sup>	million €	168	23	(145)	(86)	(118)	97	215	++
Net financial debt (March 31)	million €	3,546	4,834	1,288	36				
Total equity (March 31)	million €	3,333	3,106	(227)	(7)				
Gearing (March 31)	%	106.4	155.7	49.3	46				
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	Order intake <sup>2)</sup> million €		Net sales <sup>2)</sup> million €		EBIT <sup>1)2)4)</sup> million €		Adjusted EBIT <sup>1)2)4)</sup> million €		Employees	
	1st half ended March 31, 2018	1st half ended March 31, 2019	1st half ended March 31, 2018	1st half ended March 31, 2019	1st half ended March 31, 2018	1st half ended March 31, 2019	1st half ended March 31, 2018	1st half ended March 31, 2019	March 31, 2018	March 31, 2019
Components										
Technology	3,243	3,435	3,210	3,306	162	104	167	118	33,768	34,780
Elevator Technology	3,833	4,137	3,599	3,793	388	368	424	402	52,779	52,915
Industrial Solutions <sup>3)</sup>	1,458	1,680	1,791	1,790	(23)	(60)	(1)	(57)	15,916	15,661
Marine Systems <sup>3)</sup>	312	240	547	795	(11)	0	(10)	0	5,820	5,859
Materials Services	7,139	7,191	7,177	7,084	139	72	151	75	20,107	20,302
Steel Europe	4,555	4,792	4,569	4,481	359	(84)	359	76	27,255	27,882
Corporate	169	88	171	134	(168)	(175)	(156)	(149)	4,048	3,754
Consolidation	(1,093)	(1,093)	(1,080)	(1,009)	8	217	8	220	0	0
<b>Full Group</b>	<b>19,617</b>	<b>20,471</b>	<b>19,984</b>	<b>20,374</b>	<b>854</b>	<b>442</b>	<b>943</b>	<b>685</b>	<b>159,693</b>	<b>161,153</b>
Discontinued steel operations	3,770	3,977	3,816	3,778	391	125	394	306	28,913	29,638
<b>Group continuing operations<sup>3)</sup></b>	<b>15,847</b>	<b>16,494</b>	<b>16,169</b>	<b>16,596</b>	<b>462</b>	<b>316</b>	<b>549</b>	<b>380</b>	<b>130,780</b>	<b>131,515</b>

<sup>1)</sup> See reconciliation in segment reporting (Note 08).

<sup>2)</sup> Prior-year figures have been adjusted due to the adoption of IFRS 15.

<sup>3)</sup> See preliminary remarks.

<sup>4)</sup> 1st half ended March 31, 2019 includes an effect of €228 million due to suspension of scheduled amortization and depreciation of discontinued steel operations.

	Order intake <sup>2)</sup> million €		Net sales <sup>2)</sup> million €		EBIT <sup>1)2)4)</sup> million €		Adjusted EBIT <sup>1)2)4)</sup> million €	
	2nd quarter ended March 31, 2018	2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2018	2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2018	2nd quarter ended March 31, 2019	2nd quarter ended March 31, 2018	2nd quarter ended March 31, 2019
Components Technology	1,665	1,781	1,646	1,726	86	59	90	69
Elevator Technology	1,873	1,995	1,754	1,869	186	169	204	198
Industrial Solutions <sup>3)</sup>	670	740	956	950	(33)	(30)	(14)	(33)
Marine Systems <sup>3)</sup>	255	133	291	497	(11)	0	(9)	0
Materials Services	3,776	3,821	3,890	3,696	90	51	100	53
Steel Europe	2,484	2,451	2,388	2,350	196	(118)	197	37
Corporate	78	37	78	70	(97)	(84)	(81)	(72)
Consolidation	(583)	(598)	(562)	(521)	9	97	9	100
<b>Full Group</b>	<b>10,219</b>	<b>10,360</b>	<b>10,442</b>	<b>10,638</b>	<b>428</b>	<b>145</b>	<b>495</b>	<b>353</b>
Discontinued steel operations	2,062	1,998	1,998	1,984	202	(29)	211	141
<b>Group continuing operations</b>	<b>8,156</b>	<b>8,363</b>	<b>8,443</b>	<b>8,654</b>	<b>226</b>	<b>174</b>	<b>283</b>	<b>212</b>

<sup>1)</sup> See reconciliation in segment reporting (Note 08).

<sup>2)</sup> Prior-year figures have been adjusted due to the adoption of IFRS 15.

<sup>3)</sup> See preliminary remarks.

<sup>4)</sup> 2nd quarter ended March 31, 2019 includes an effect of €113 million due to suspension of scheduled amortization and depreciation of discontinued steel operations.