

# Financial statements of thyssenkrupp AG 2017/2018

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thyssenkrupp

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The annual financial statements of thyssenkrupp AG were prepared according to the accounting regulations for large incorporated enterprises with the legal form of a stock corporation (Aktiengesellschaft) under German commercial law. The management report on thyssenkrupp AG is combined with the management report on the Group and published as a combined management report in the Annual Report of thyssenkrupp AG.

German and English versions of the annual financial statements of thyssenkrupp AG can be downloaded from the internet at [www.thyssenkrupp.com](http://www.thyssenkrupp.com). In the event of variances, the German version shall take precedence over the English translation.

# Statement of financial position

## ASSETS

million €	Note	Sept. 30, 2017	Sept. 30, 2018
<b>Fixed assets</b>			
Intangible assets	01	73	71
Property, plant and equipment	01	328	312
Financial assets	02	27,307	21,902
		<b>27,708</b>	<b>22,285</b>
<b>Operating assets</b>			
Receivables and other assets	03	5,773	6,032
Cash on hand and cash at banks		3,844	1,858
		<b>9,617</b>	<b>7,890</b>
Prepaid expenses and deferred charges	04	45	38
<b>Total assets</b>		<b>37,370</b>	<b>30,213</b>

## EQUITY AND LIABILITIES

million €	Note	Sept. 30, 2017	Sept. 30, 2018
<b>Total equity</b>	<b>05</b>		
Capital stock		1,594	1,594
Additional paid-in capital		2,703	2,703
Other retained earnings		1,494	2,283
Unappropriated income		1,401	2,097
		<b>7,192</b>	<b>8,677</b>
<b>Provisions</b>	<b>06</b>		
Accrued pension and similar obligations		1,093	1,076
Other provisions		193	232
		<b>1,286</b>	<b>1,308</b>
<b>Liabilities</b>	<b>07</b>		
Bonds		6,300	4,700
Liabilities to financial institutions		347	252
Liabilities to affiliated companies		21,780	14,840
Other liabilities		462	435
		<b>28,889</b>	<b>20,227</b>
Deferred income	08	3	1
<b>Total equity and liabilities</b>		<b>37,370</b>	<b>30,213</b>

# Statement of income

million €	Note	Year ended Sept. 30, 2017	Year ended Sept. 30, 2018
Net sales	12	441	515
Cost of sales	13	(133)	(144)
<b>Gross profit</b>		<b>308</b>	<b>371</b>
General administrative expenses	14	(644)	(589)
Other operating income	15	155	1,830
Other operating expense	16	(459)	(86)
Income from investments	17	973	476
Net interest	18	(235)	(254)
Write-downs of financial assets and securities classed as operating assets	19	(51)	(143)
Income taxes	20	12	(26)
<b>Earnings after taxes / Net income</b>		<b>59</b>	<b>1,579</b>
<b>Profit appropriation</b>			
Net income		59	1,579
Profit carried forward		1,342	1,308
Transfer to other retained earnings		0	789
<b>Unappropriated income</b>		<b>1,401</b>	<b>2,097</b>

# Notes

## General

thyssenkrupp AG is the corporate headquarters responsible for the strategic management of the thyssenkrupp Group. This includes above all defining corporate strategy, allocating resources, as well as executive and financial management. Operating business is the responsibility of the Group companies. The management function of thyssenkrupp AG involves the allocation of Group companies to business areas within the Group as well as the establishment, acquisition and disposal of other companies, groups of companies and investments in other companies.

thyssenkrupp AG, with registered office in Duisburg and Essen, is entered in the commercial register of Duisburg local court under HRB 9092 and in the commercial register of Essen local court under HRB 15364.

As a utility provider thyssenkrupp AG is subject to the requirements of the German Energy Industry Act (EnWG) as amended in 2017. thyssenkrupp AG is a vertically integrated utility in the meaning of § 3 no. 38 EnWG and is therefore required to unbundle its accounting in accordance with § 6b (3) EnWG.

The management report on thyssenkrupp AG is combined with the management report on the thyssenkrupp Group in accordance with § 315 (5) HGB in conjunction with § 298 (2) HGB.

The financial statements and combined management report for fiscal year 2017 / 2018 together with the auditors' report are published in the electronic Federal Gazette "Bundesanzeiger". They will be accessible at [www.thyssenkrupp.com](http://www.thyssenkrupp.com) (Investor Relations/Reporting & publications). They can also be ordered from thyssenkrupp AG, ThyssenKrupp Allee 1, 45143 Essen, Germany.

To improve the clarity of presentation, items are combined in the statements of financial position and income. They are shown separately in the Notes.

### **Accounting and valuation principles under commercial law**

The financial statements are drawn up in accordance with the rules of the German Commercial Code (Handelsgesetzbuch, HGB) and Stock Corporation Act (Aktiengesetz, AktG).

Intangible assets purchased from third parties are capitalized at purchase cost and amortized on a straight-line basis in line with their expected useful life, applying prorated amounts in the year of addition, generally over a period of five years. Impairment is charged where necessary if the carrying value of individual intangible assets exceeds their fair value. Internally generated intangible assets are not recognized.

Property, plant and equipment are stated at purchase cost less cumulative depreciation and impairment. Interest on borrowings is not capitalized. Depreciation is charged over the useful life of the asset. Impairment is charged where necessary if the carrying value of individual items of property, plant and equipment exceeds their fair value.

Depreciation is based mainly on the following useful lives: Buildings 20 – 33 years, land improvements 5 – 20 years, other equipment 3 – 25 years and factory and office equipment 3 – 10 years.

Depreciation of movable assets is charged by the straight-line method. In the year of addition depreciation is charged pro rata temporis. Items with a purchase cost up to and including €250 (up to December 31, 2017: up to and including €150) are recognized as an expense in the year of addition. Additions within a fiscal year of assets with a purchase cost of more than €250 (up to December 31, 2017: more than €150) but no more than €1,000 are pooled. The pool is written down by one fifth in the year of addition and each of the following four fiscal years.

Shares in affiliated companies and investments are generally recognized at purchase cost. Fair values are stated if impairments exist which are expected to be of lasting duration. If the reasons for the impairment cease to exist in subsequent fiscal years, the carrying amount is increased appropriately up to a maximum of the original purchase cost.

Securities classed as financial assets (pension fund) are stated at purchase cost or in cases where a long-term decrease in value is likely at the lower fair value.

Non-interest-bearing or low-interest-bearing loans are discounted to present value; the other loans are stated at face value.

Receivables and miscellaneous assets are stated at face value. Identifiable risks from receivables and miscellaneous assets are recognized through appropriate allowances; general allowances are made for general risks of default at their lower fair value. Non-interest-bearing or low-interest-bearing receivables with a maturity of more than one year are discounted to present value.

Cash and cash equivalents are recognized at face value at the reporting date.

Capital stock is recognized at face value.

Accrued pensions and similar obligations are recognized according to the projected unit credit method, based on the “2005 G tables” of Prof. Dr. Klaus Heubeck adapted to Group-specific circumstances and taking into account an average salary increase rate of 2.5% and a pension increase of 1.5%. As the Group-specific tables allow more individual estimates, the “2018 G tables” of Heubeck-Richttafel-GmbH were not used. An exception applies for pension obligations based on securities-linked pension funds. In this case the fund assets are measured at present value in accordance with § 253 (1) sentence 3 HGB.

For the 2017 / 2018 fiscal year pension obligations are discounted in accordance with § 253 (2) HGB at the published average market interest rate over the past ten years based on an assumed residual term of 15 years, using an interest rate of 3.34% (prior year 3.77%). For discounting at the average market interest rate over the past seven years based on an assumed residual term of 15 years, a forecast interest rate of 2.43% is used (prior year 2.92%). The difference between pension provisions at September 30, 2018 based on the average market interest rate over the past 10 years and the average market interest rate over the past seven years is €92 million and is not available for distribution.

Provisions for pensions and similar obligations are discounted at the published average market interest rate over the past seven years.

Insofar as plan assets are available in accordance with § 246 (2) sentence 2 HGB, the recognized provision for pensions and similar obligations generally corresponds to the balance of the necessary settlement amounts based on reasonable commercial assessment and the fair value of the plan assets. If the fair value of the plan assets exceeds the obligations, it is stated on the assets side of the statement of financial position under the item "Excess of plan assets over pension obligations".

Expense and income from the plan assets are netted accordingly with the interest cost on pension obligations and recognized under net interest.

Other provisions take account of all recognizable risks and uncertain obligations. They are recognized at the settlement amounts needed to cover future payment commitments, based on a reasonable commercial assessment. Future price and cost increases are taken into account insofar as sufficient objective evidence is available to support their occurrence. Provisions with a residual term of more than one year are discounted at the average market interest rate for the previous seven fiscal years according to their residual term. For non-current personnel provisions, such as those for long-service rewards, an interest rate of 2.43% (prior year 2.92%) applies based on an assumed residual term of 15 years. Current personnel provisions, such as for commitments under partial retirement agreements, are discounted at an interest rate of 1.10% (prior year 1.54%) according to their term.

Liabilities are stated at settlement value.

Contingent liabilities are recognized in accordance with the liability existing at the reporting date. Contingencies under Group and bank warranty declarations are generally recognized according to the outstanding liability under the individual agreements. In the case of Group warranty declarations, the principal debt amount is also taken into account where appropriate.

Deferred taxes are recognized for differences between the HGB and taxable values of assets and liabilities that will result in future tax expenses or benefits, and for loss and interest carry-forwards expected to be utilized in the next five years. Deferred taxes are calculated on the basis of the combined income tax rate of the thyssenkrupp AG tax group of currently 31.18%. Deferred tax assets and liabilities are netted. Net deferred tax assets are not recognized.

Derivative financial instruments are generally used to hedge exposure to foreign currency exchange rate, interest rate and commodity price risks arising from operating, investing, and financing activities. Where the conditions under commercial law are met, assets, liabilities, pending transactions or highly probable forecast transactions (hedged items) are grouped together with these derivative financial instruments (hedging instruments) in portfolio hedges to offset opposing changes in value or cash flows deriving from the occurrence of comparable risks. A portfolio hedge exists when several hedged items and hedging instruments are grouped together. Where hedging relationships do not meet the conditions for hedge accounting, they are accounted for according to generally accepted accounting principles.

For the portion of a hedge that is effective, mutually offsetting changes in the value of the hedged item and the value of the hedging instrument(s) are not reported where the net hedge presentation method is applied, or are recognized in the statement of income if the gross presentation method is used. The effectiveness of the hedge is tested on the basis of the Dollar Offset Method (portfolio hedges). For the portion of a hedge that is ineffective, net losses are recognized immediately in the statement of income; net gains are not recognized. Both methods are used at thyssenkrupp.

The accounting and valuation methods for foreign currency receivables and payables hedged using financial instruments are presented in section 11 Derivative financial instruments.

#### **Currency translation**

Foreign currency transactions are generally translated at the spot rate applying on the booking date. Foreign currency accounts receivable and payable with a remaining term of more than one year are translated at the lower of the historical or spot exchange rate on the reporting date. Foreign currency accounts receivable and payable with a remaining term of one year or less are translated at the spot exchange rate on the closing date.

## Notes to the statement of financial position

### **01 Intangible assets and property, plant and equipment**

Movements in intangible assets and property, plant and equipment are presented in the fixed assets schedule (Note 02).

The €19 million additions to intangible assets are mainly due to the central procurement of SAP and Microsoft licenses. Amortization of €21 million relates mainly to software licenses.



## 02 Financial assets

Movements in financial assets are presented in the fixed assets schedule below:

### MOVEMENTS IN FIXED ASSETS

million €	Purchase or manufacturing cost				Depreciation/amortization/impairment					Net values		
	Oct. 01, 2017	Transfers	Additions	Disposals	Accumulated	Write-ups	Increases	Decreases	Accumulated	Oct. 01, 2017	Sept. 30, 2018	
		Sept. 30, 2018	Oct. 01, 2017	Year ended Sept. 30, 2018	Year ended Sept. 30, 2018	Year ended Sept. 30, 2018	Sept. 30, 2018					
<b>Intangible assets</b>												
Trademarks and similar rights	227	1	15	0	243	155	0	21	0	176	72	67
Advance payments and assets under construction	1	(1)	4	0	4	0	0	0	0	0	1	4
	<b>228</b>	<b>0</b>	<b>19</b>	<b>0</b>	<b>247</b>	<b>155</b>	<b>0</b>	<b>21</b>	<b>0</b>	<b>176</b>	<b>73</b>	<b>71</b>
<b>Property, plant and equipment</b>												
Land, leasehold rights and buildings, including buildings on third-party land	413	0	4	14	403	118	0	12	7	123	295	280
Other equipment, factory and office equipment	67	15	8	1	89	50	0	9	1	58	17	31
Advance payments and assets under construction	16	(15)	0	0	1	0				0	16	1
	<b>496</b>	<b>0</b>	<b>12</b>	<b>15</b>	<b>493</b>	<b>168</b>	<b>0</b>	<b>21</b>	<b>8</b>	<b>181</b>	<b>328</b>	<b>312</b>
<b>Financial assets</b>												
Shares in affiliated companies	24,913	0	3,462	8,718	19,657	563	0	143	2	704	24,350	18,953
Loans to affiliated companies	2,763	0	55	50	2,768	0	0	0	0	0	2,763	2,768
Investments	2	0	0	0	2	0	0	0	0	0	2	2
Securities classed as financial assets (special fund)	179	0	2	17	164	0	0	0	0	0	179	164
Other loans	13	0	3	1	15	0				0	13	15
	<b>27,870</b>	<b>0</b>	<b>3,522</b>	<b>8,786</b>	<b>22,606</b>	<b>563</b>	<b>0</b>	<b>143</b>	<b>2</b>	<b>704</b>	<b>27,307</b>	<b>21,902</b>
<b>Total</b>	<b>28,594</b>	<b>0</b>	<b>3,553</b>	<b>8,801</b>	<b>23,346</b>	<b>886</b>	<b>0</b>	<b>185</b>	<b>10</b>	<b>1,061</b>	<b>27,708</b>	<b>22,285</b>

The list of shareholdings presented in accordance with § 285 no. 11 HGB is published in the Federal Gazette (Bundesanzeiger) and additionally on the Company's website ([www.thyssenkrupp.com](http://www.thyssenkrupp.com) (Investors/Reporting and Publications)).

### Shares in affiliated companies

Additions to shares in affiliated companies of €3,462 million and disposals of €8,718 million were recognized in the reporting year. The additions result mainly from the contribution in kind of the shares held in Thyssen Stahl GmbH to thyssenkrupp Technologies Beteiligungen GmbH, resulting in a €3,190 million increase in the investment book value of thyssenkrupp Technologies Beteiligungen GmbH. As a result disposals include the €1,439 million disposal of Thyssen Stahl GmbH. Other disposals mainly relate to a €6,832 million capital repayment at thyssenkrupp Nederland Holding B.V.

Impairment charges were recognized inter alia on the shares in thyssenkrupp Business Services GmbH (€84 million), the shares in thyssenkrupp UK Plc. (€53 million) and the shares in thyssenkrupp Rothe Erde GmbH (€4 million). There were also impairment charges on the shares in three further companies (total €2 million).

### Loans to affiliated companies

In the past fiscal year, thyssenkrupp AG's net loans increased by €5 million to €2,768 million.

### Investments

There were no major changes in investments at thyssenkrupp AG in the 2017 / 2018 fiscal year.

### Securities classed as financial assets (special funds)

The securities classed as assets, comprising shares in special funds, serve the external (prorated) full funding and (additional) bankruptcy protection of pension credits.

These special funds were set up under the Group's own Contractual Trust Agreement (CTA) and are held fully separately from the other financial assets of thyssenkrupp AG by thyssenkrupp Pension-Trust e.V. (trustee).

The new securities-linked pension plan for professionals and executives ("flexplan") introduced as of January 1, 2017 in particular is funded through a contractual trust agreement entered into in 2017. At September 30, 2018 the historical cost of the securities contained in this special fund and attributable to thyssenkrupp AG was around €2 million.

Irrespective of this, benefits under the former pension plans are also funded through a separate trust arrangement, with the trust assets chiefly securing the parts of the pension obligations that exceed the protection limits of the mutual pension guarantee association (Pensionssicherungsverein a.G. (PSV)). At September 30, 2018 the historical cost of the securities in this special fund was around €164 million.

Furthermore, a trust agreement exists between thyssenkrupp AG (trustor) and thyssenkrupp Sicherungsverein für Arbeitnehmer-Wertguthaben e.V. (trustee). The object of this agreement is the – legally required – bankruptcy protection of benefits in the meaning of § 8 a Partial Retirement Act (AltersteilzeitG) and in the event of bankruptcy settling the beneficiaries' claims for payment of the due partial retirement benefits against the trustor or one of its subsidiaries in the meaning of § 18 Stock Corporation Act (AktG).

To protect partial retirement benefits against insolvency thyssenkrupp Sicherungsverein für Arbeitnehmer-Wertguthaben e.V. holds a bank guarantee (value at September 30, 2018: around €82 million) which is regularly adjusted to cover the current partial retirement benefits to be protected.

### 03 Receivables and other assets

million €	Sept. 30, 2017	with more than one year remaining to maturity	Sept. 30, 2018	with more than one year remaining to maturity
Receivables from affiliated companies	5,416	59	5,705	76

Receivables from affiliated companies relate to current receivables under the Group's central financial clearing scheme from cash pool agreements and profit-and-loss transfer agreements.

million €	Sept. 30, 2017	with more than one year remaining to maturity	Sept. 30, 2018	with more than one year remaining to maturity
Other assets	357	315	327	284

thyssenkrupp AG recognized pension obligations transferred to third parties internally (without transfer of liability) under accrued pension and similar obligations (Note 06), and recognized the indemnification right created by transfer of responsibility for meeting the obligations as miscellaneous assets in the amount of €284 million (prior year €315 million).

### 04 Prepaid expenses and deferred charges

Prepaid expenses and deferred charges mainly include discounts and future maintenance expenses for licenses.

### 05 Equity

#### Capital stock

The capital stock of thyssenkrupp AG is unchanged at €1,593,681,256.96 is divided into 622,531,741 no-par shares with a mathematical share of the capital stock of €2.56.

### Authorized capital

In accordance with § 5 (5) of the Articles of Association, the Executive Board is authorized, with the Supervisory Board's approval, to increase the capital stock of thyssenkrupp AG on one or more occasions on or before January 16, 2019 by up to €225,119,887.36 by issuing up to 87,937,456 new no-par bearer shares in exchange for cash and/or contributions in kind (authorized capital).

Shareholders' subscription rights apply. With the approval of the Supervisory Board, the Executive Board is authorized to exclude shareholder subscription rights in certain cases (to round off fractional amounts; to issue new shares up to a maximum of 10% of the capital stock through a capital increase if the issue price is not significantly lower than the stock market price at the time the final issue price is determined; for capital increases in exchange for contributions in kind; when exercising option or conversion rights or after fulfillment of conversion obligations to the extent that the owners of these rights or obligations would be entitled to subscription rights to new shares). Under this authorization the total shares issued with subscription rights excluded for capital increases in exchange for cash and/or contributions in kind may not exceed 20% of the capital stock either at the time the authorization becomes effective or at the time it is exercised. Counted towards this limit are treasury shares sold with subscription rights excluded and shares issued to service bonds on the basis of the authorization of the Annual General Meeting of January 17, 2014 with shareholder rights excluded (see section Authorization to issue bonds / Creation of conditional capital).

### Additional paid-in capital

At September 30, 2018 the additional paid-in capital is unchanged at €2,703 million.

### Other retained earnings

million €	Sept. 30, 2017	Sept. 30, 2018
<b>Oct. 01</b>	<b>1,494</b>	<b>1,494</b>
Transfer to other retained earnings	0	789
<b>Sept. 30</b>	<b>1,494</b>	<b>2,283</b>

After an €789 million transfer from the net income of fiscal year 2017/2018 to other retained earnings resolved by the Executive Board and Supervisory Board in accordance with § 58 (2) AktG, other retained earnings at September 30, 2018 are €2,283 million.

### Unappropriated income

million €	2017/2018
<b>Unappropriated income Oct. 01, 2017</b>	<b>1,401</b>
Dividend payout	93
Profit carried forward	1,308
<b>Net income 2017/2018</b>	<b>1,579</b>
Profit carried forward	1,308
Transfer to other retained earnings	789
<b>Unappropriated income Sept. 30, 2018</b>	<b>2,097</b>

The Annual General Meeting of thyssenkrupp AG on January 19, 2018 resolved to use the €1,401 million unappropriated income for the 2016/ 2017 fiscal year to pay a dividend of €93 million and to carry forward the remaining unappropriated income of €1,308 million.

At September 30, 2018 unappropriated income of €2,097 million is reported.

### Further disclosures on equity

#### Authorization to issue bonds / Creation of conditional capital

By resolution of the Annual General Meeting on January 17, 2014, the Executive Board was authorized, subject to the approval of the Supervisory Board, to issue once or several times on or before January 16, 2019 bearer or registered warrant and/or convertible bonds (together “bonds”) in the total par value of up to €2 billion with or without limited terms and to grant to or impose on the holders or creditors of convertible bonds conversion rights or obligations for no-par bearer shares of the Company with a total share of the Company’s capital stock of up to €250 million in accordance with the conditions of these bonds. For the granting of no-par bearer shares upon exercise of conversion or option rights (or upon fulfilment of corresponding conversion obligations) or upon exercise of an option of the Company to grant no-par shares of the Company in whole or in part instead of payment of the cash amount due, in accordance with § 5 (6) of the Articles of Association the capital stock is conditionally increased by up to €250 million by issue of up to 97,656,250 new no-par bearer shares (conditional capital). The Executive Board is authorized, subject to Supervisory Board approval, to determine the further details of the issuing of the bonds and the carrying out of the conditional capital increase. No use has yet been made of the authorization to issue bonds.

#### Acquisition and use of treasury stock

By resolution of the Annual General Meeting on January 30, 2015, the Company was authorized until January 29, 2020 to purchase for all legally permissible purposes treasury shares up to a total of 10% of the capital stock at the time of the resolution of €1,448,801,144.32 or – if lower – at the time the authorization is exercised. The company was also authorized to repurchase treasury shares using equity derivatives. The Executive Board is authorized to use the repurchased treasury shares for all legally permissible purposes. In particular it may cancel the shares, sell them by means other than on the open market, by offer to the shareholders or in exchange for contributions in kind, use them to fulfill option and/or conversion rights/obligations in respect of warrant and convertible bonds issued by the Company or the Company’s subsidiaries, grant the holders of such warrant and/or convertible bonds a subscription right to the shares as would be due to them after exercise of the option or conversion rights or after fulfilment of a conversion obligation, and offer them for sale to employees of the Company and its affiliated companies. With the exception of cancellation shareholders’ subscription rights are excluded in the cases stated. In addition if treasury shares are sold by means of a tender offer to all shareholders, the Executive Board may exclude shareholders’ subscription rights for fractional amounts. The Supervisory Board may determine that measures by the Executive Board under this authorization to purchase and use treasury shares are subject to its approval.

### Information on shareholdings

The Alfried Krupp von Bohlen und Halbach Foundation, Essen, voluntarily informed us that it continues to hold a total of 130,313,600 no-par value shares of thyssenkrupp AG at the balance sheet date; this is equivalent to around 21% of the voting rights.

With regard to other shareholdings in thyssenkrupp AG we had information on shares in the voting rights of 3% or more based on the following announcements pursuant to § 40 (1) Securities Trading Act (WpHG):

Cevian Capital II GP Limited, St. Helier, Jersey, Channel Islands, announced in March 2014 that on February 27, 2014 its share in the voting rights exceeded the 15% threshold and on that date stood at 15.08% (85,321,744 voting rights). All these voting rights are attributable directly to Cevian Capital II GP Limited in accordance with § 34 (1) sentence 1 WpHG (formerly: § 22 (1) sentence 1 WpHG). Cevian Capital II GP Limited was attributed voting rights held by its controlled company Cevian Capital II Master Fund LP, whose share in the voting rights of thyssenkrupp AG at this date was 12.23%. Cevian Capital II Master Fund LP, Camana Bay, Grand Cayman, Cayman Islands, announced on January 24, 2014 that its share in the voting rights exceeded the 10% threshold and on that date stood at 10.06% (56,927,356 voting rights).

BlackRock, Inc., Wilmington, USA, announced that on September 7, 2018 its share in the voting rights was 3.63%. 3.01% of these voting rights (18,720,299 voting rights) were attributable to BlackRock, Inc. in accordance with § 34 WpHG. 0.58% of these voting rights (3,614,448 voting rights) were attributable to BlackRock, Inc. as instruments in the meaning of § 38 (1) no. 1 WpHG (securities). 0.04% of these voting rights (266,386 voting rights) were attributable to BlackRock, Inc. as instruments in the meaning of § 38 (1) no. 2 WpHG (contract for difference).

BlackRock, Inc., Wilmington, USA, announced that on September 12, 2018 its share in the voting rights was 3.63%. 2.96% of these voting rights (18,403,213 voting rights) were attributable to BlackRock, Inc. in accordance with § 34 WpHG. 0.63% of these voting rights (3,942,510 voting rights) were attributable to BlackRock, Inc. as instruments in the meaning of § 38 (1) no. 1 WpHG (securities). 0.04% of these voting rights (278,542 voting rights) were attributable to BlackRock, Inc. as instruments in the meaning of § 38 (1) no. 2 WpHG (contract for difference).

BlackRock, Inc., Wilmington, USA, announced that on September 18, 2018 its share in the voting rights was 3.63%. 3.06% of these voting rights (19,045,712 voting rights) were attributable to BlackRock, Inc. in accordance with § 34 WpHG. 0.53% of these voting rights (3,279,830 voting rights) were attributable to BlackRock, Inc. as instruments in the meaning of § 38 (1) no. 1 WpHG (securities). 0.04% of these voting rights (274,149 voting rights) were attributable to BlackRock, Inc. as instruments in the meaning of § 38 (1) no. 2 WpHG (contract for difference).

BlackRock, Inc., Wilmington, USA, announced that on September 19, 2018 its share in the voting rights was 3.63%. 3.11% of these voting rights (19,348,359 voting rights) were attributable to BlackRock, Inc. in accordance with § 34 WpHG. 0.483% of these voting rights (2,987,060 voting rights) were attributable to BlackRock, Inc. as instruments in the meaning of § 38 (1) no. 1 WpHG (securities). 0.04% of these voting rights (274,148 voting rights) were attributable to BlackRock, Inc. as instruments in the meaning of § 38 (1) no. 2 WpHG (contract for difference).

BlackRock, Inc., Wilmington, USA, announced that on September 25, 2018 its share in the voting rights was 3.63%. 3.06% of these voting rights (19,051,025 voting rights) were attributable to BlackRock, Inc. in accordance with § 34 WpHG. 0.52% of these voting rights (3,253,141 voting rights) were attributable to BlackRock, Inc. as instruments in the meaning of § 38 (1) no. 1 WpHG (securities). 0.05% of these voting rights (282,863 voting rights) were attributable to BlackRock, Inc. as instruments in the meaning of § 38 (1) no. 2 WpHG (contract for difference).

BlackRock, Inc., Wilmington, USA, announced that on September 28, 2018 its share in the voting rights was 3.61%. 3.15% of these voting rights (19,585,731 voting rights) were attributable to BlackRock, Inc. in accordance with § 34 WpHG. 0.42% of these voting rights (2,626,704 voting rights) were attributable to BlackRock, Inc. as instruments in the meaning of § 38 (1) no. 1 WpHG (securities). 0.04% of these voting rights (262,557 voting rights) were attributable to BlackRock, Inc. as instruments in the meaning of § 38 (1) no. 2 WpHG (contract for difference).

## 06 Provisions

million €	Sept. 30, 2017	Sept. 30, 2018
Accrued pension and similar obligations	1,093	1,076
Other provisions	193	232
(thereof for taxes)	13	15
(thereof miscellaneous provisions)	180	217

In the past fiscal year €41 million (prior year €41 million) was allocated to provisions for pension and similar obligations. Accrued pension and similar obligations include pension obligations in the amount of €1,073 million (prior year €1,090 million) and partial retirement obligations in the amount of €3 million (prior year €3 million).

The recognized amount of provisions includes the settlement amount of €1,075 million (prior year €1,090 million) after deduction of €2 million plan assets (prior year €0.4 million). The €0.1 million changes in value of the plan assets, which are part of the CTA in accordance with the flex<sup>Plan</sup> pension plan, are combined with expense for pensions and recognized under general administrative expenses. The fair value of the plan assets is determined on the basis of market prices.

The flex<sup>Plan</sup> is a securities-linked pension plan. As in this case the obligation must be stated at the fair value of the securities, the distribution restriction in accordance with § 268 (8) HGB is not relevant.

thyssenkrupp AG bears an additional liability from the transfer of businesses and internal transfer of pension obligations. In fiscal year 2017 / 2018 an indemnification right was credited directly to miscellaneous assets and a corresponding obligation charged directly to pension obligations in the amount of €284 million (prior year €315 million) (Note 03).

Tax provisions exist mainly for sales taxes, income taxes, and wage taxes.

Miscellaneous provisions cover all identifiable risks. They mainly include future obligations in the personnel sector and outstanding invoices. Since fiscal 2017/18 thyssenkrupp AG has assumed responsibility for hedging exchange rate risks in connection with foreign currency risks from the operating business of Group companies and in this connection recognizes a €16 million provision for unrealized currency losses.

## 07 Liabilities

million €	Sept. 30, 2017			Sept. 30, 2018		
	term to maturity			term to maturity		
	within 1 year	more than 1 year	thereof more than 5 years	within 1 year	more than 1 year	thereof more than 5 years
Bonds	1,600	4,700	600	0	4,700	600
Liabilities to financial institutions	95	252		113	139	
Liabilities to affiliated companies	21,770	10		14,840		
Other liabilities	268	194	83	240	195	85
Payments received on account of orders	1			1		
Trade accounts payable	87	11		89	10	
Liabilities to companies in which investments are held	0					
Miscellaneous liabilities	180	183	83	150	185	85
(amount thereof for loans)		183	83		185	85
(amount thereof for taxes)	25			4		
(amount thereof for social security)	0			0		

Liabilities to financial institutions include both fixed-interest and variable-interest loans with interest rates of up to 2.50% p. a.

Liabilities to affiliated companies mainly concern deposits in the Group's financial clearing scheme in the amount of €14,062 million.

Miscellaneous liabilities include accrued interest liabilities of €93 million and bonds with a par value of €185 million.



## 08 Deferred income

Deferred income includes paid-in-surplus as well as advance payments on rents for the next accounting period. Deferred income is released in installments over the term of the underlying contracts.

## 09 Contingencies

thyssenkrupp AG has issued guarantees or had guarantees issued in favor of customers or lenders in the amount of €7,396 million (prior year €7,199 million), of which for affiliated companies €7,374 million (prior year €7,108 million). Depending on the type of guarantee, the terms vary between 3 months and 10 years (e.g. for rent and lease guarantees). The basis for possible payments under the guarantees is the non-performance of the principal debtor under a contractual agreement, e.g. late delivery, delivery of non-conforming goods under a contract, or non-performance with respect to the warranted quality. All guarantees are issued by or issued by instruction of thyssenkrupp AG upon request of the principal debtor obligated by the underlying contractual relationship and are subject to recourse provisions in case of default. If such a principal debtor is a company owned fully or partially by an external third party, such third party is generally requested to provide additional collateral in a corresponding amount.

To our knowledge the underlying obligations can be fulfilled in all cases; claims are not expected.

## 10 Other financial obligations and other risks

The main financial obligations relate to energy supply contracts, the Group's IT strategy and in particular the outsourcing of the infrastructure, insurance business as well as obligations from rental and lease agreements.

Obligations are due in the coming fiscal years as follows:

million €	
2018/2019	565
2019/2020	116
2020/2021	76

These include obligations to affiliated companies of around €258 million.

### Legal disputes

Claims for damages have been filed both in and out of court against thyssenkrupp AG and companies of the thyssenkrupp Group by potential injured parties in connection with the elevator cartel. A part of the claims has not yet been quantified. The court proceedings are pending in Belgium, Austria and the Netherlands and are at various stages; in part, proceedings have already been ended by settlement, withdrawal or dismissal. For the part of the claims thyssenkrupp assesses will probably result in cash outflows, thyssenkrupp – which bears the joint and several liability with the other participants in the cartel – has recognized provisions in a mid two-digit million amount.

In addition, the Company is involved in various legal, arbitration and out-of-court disputes. Predicting the progress and results of lawsuits involves considerable difficulties and uncertainties. This means that lawsuits not disclosed separately could also individually or together with other legal disputes have a negative and also potentially major future impact on the Group's net assets, financial position, results of operations and liquidity. However, at present the Company does not expect pending lawsuits not explained separately in this section to have a major negative impact on net assets, financial position, results of operations and liquidity.

## 11 Derivative financial instruments

million €	Nominal value Sept. 30, 2017	Fair value	Nominal value Sept. 30, 2018	Fair value
Foreign currency forward contracts	473	(5)	3,137	2
Interest/currency swaps	23	0	28	3
Commodity forward transactions	1	0	0	0
<b>Total</b>	<b>497</b>	<b>(5)</b>	<b>3,165</b>	<b>5</b>

With its global business activities, thyssenkrupp AG is exposed in particular to risks from exchange rate and interest rate fluctuations and commodity prices. As of fiscal 2017/18 thyssenkrupp AG also performs the function of a hedging platform for currency risks in the thyssenkrupp Group, as a result of which the volume of currency derivatives was significantly higher at September 30, 2018. To contain risks thyssenkrupp AG mainly uses derivative financial instruments. The use of these instruments is only permissible in connection with hedged items and is subject to policies applicable throughout the Group, compliance with which is continuously monitored.

Derivative financial instruments and the corresponding hedged items may be regarded as hedges if a clear hedging relationship is demonstrated. thyssenkrupp AG only uses derivative financial instruments where they are in a clear hedging relationship with a corresponding hedged item. Hedging relationships are recognized according to both the gross hedge presentation method (foreign currency forward transactions) and the net hedge presentation method. To test the effectiveness of hedge relationships the Dollar Offset Method (portfolio hedges) is used. Any hedge ineffectiveness is accounted for in accordance with generally accepted accounting and valuation methods.

To hedge against foreign currency risks thyssenkrupp AG uses foreign currency derivatives, currency options and interest rate/foreign currency swaps. Foreign currency derivatives are entered into via the central hedging platform to hedge foreign currency exposure in the Group. At the reporting date receivables of €1,756 million and liabilities of €1,381 million were hedged. All foreign currency derivatives with a remaining term to maturity of no more than 49 months are designated as portfolio hedges. Interest rate/foreign currency swaps are used to hedge against foreign currency risks from specific Group-internal loans of thyssenkrupp AG with a total volume of €28 million. Interest rate/foreign currency swaps with a remaining term to maturity of no more than 64 months, each with terms matching that of the corresponding hedged item, are designated as portfolio hedges. At the reporting date overall provisions of €16 million for hedge ineffectiveness were recognized.

Commodity forward contracts are used to hedge variable price components in energy procurement contracts. At the current reporting date thyssenkrupp AG has no commodity derivatives. By the end of the terms of maturity, which are between one and 64 months, it is expected that the value and payment flow changes from the hedging transactions will be balanced out in full.

The fair values recognized for derivative financial instruments are calculated according to standard valuation methods taking into account the market data available at the reporting date. For this the following principles are applied:

The fair value of foreign currency forward transactions is determined on the basis of the middle spot exchange rate applicable as of the reporting date, and taking account of forward premiums or discounts arising for the respective remaining contract term compared to the contracted forward exchange rate. For currency options, recognized models are used to determine the option price. In addition to its remaining term, the fair value of an option is influenced by other factors such as the current level and volatility of the underlying exchange rate or the underlying base interest rates.

Interest rate swaps and cross currency swaps are measured at fair value by discounting expected cash flows on the basis of market interest rates applicable for the remaining contract term, and the exchange rates for each foreign currency in which cash flows occur are also included.

The fair value of commodity derivatives is based on officially quoted prices and external valuations by our financial partners at the reporting date. It represents the amounts that the company would receive or pay to terminate the agreements as of the reporting date.

## Notes to the statement of income

### 12 Net sales

Net sales include mainly income of €353 million (prior year €299 million) from amounts charged on in accordance with the corporate design, company naming and trademark policy for the corporate mark. Also included is income of €68 million (prior year €68 million) from insurance services and usage fees for Group licenses of €56 million (prior year €51 million).

### 13 Cost of sales

The cost of sales of €144 million (prior year €133 million) is directly related to the income reported under net sales.

In the statement of income structured according to § 275 (3) HGB, thyssenkrupp AG's total materials expense is reported under cost of sales. Expenses for purchased services amount to €1 million (prior year €1 million) and are directly related to the income from usage fees for Group licenses reported under net sales.

### 14 General administrative expenses

million €	Year ended Sept. 30, 2017	Year ended Sept. 30, 2018
Salaries	156	151
Statutory social contributions	12	12
Expense for pensions	42	40
Total personnel expense	210	203
Depreciation/amortization	31	31
Other administrative costs	404	356
(thereof business consulting expenses)	73	79
(thereof expense for services)	189	191
(thereof data processing services)	105	55
(thereof maintenance expense)	3	1
<b>Total</b>	<b>644</b>	<b>589</b>

thyssenkrupp AG's total personnel expense is reported under the general administrative expenses item in accordance with § 275 (3) HGB. The expense for pensions reflects the service cost of the pension provision allocation; interest on the pension provision allocation is reported under net interest.

Personnel expense contains salaries, severance payment expenses, leave and special bonuses as well as the change in accrued personnel obligations and the social plan provision. Statutory social contributions contain in particular the employer share of pension, unemployment, nursing care and health insurance contributions. Expense for pensions includes the contributions to the pension guarantee association (Pensions-Sicherungs-Verein).

Payroll expense was €5 million lower. This was mainly due to lower allocations to provisions for share-based compensation (LTI) of €13 million (prior year €20 million).

The €48 million reduction in other administrative costs is mainly attributable to low expenses for the Group's IT strategy and in particular the outsourcing of infrastructure included in data processing services.

At the reporting date the number of employees stood at 994, including 6 trainees, 15 apprentices and 45 interns/student workers. The average number of employees at thyssenkrupp AG in the fiscal year was 951 (prior year 978).

## 15 Other operating income

Other operating income of €1,830 million (prior year €155 million) includes in particular income from the contribution in kind at fair value of the shares held in Thyssen Stahl GmbH to thyssenkrupp Technologies Beteiligungen GmbH in the amount of €1,751 million. Income of €18 million was received from the disposal of the shares held in Krupp Hoesch Stahl GmbH. Also included are €6 million proceeds (prior year €22 million) from the sale of non-operating real estate and income of €2 million from the write-up of the shares in thyssenkrupp Presta Mülheim GmbH.

In the past fiscal year, other operating income for other accounting periods amounted to around €6 million (prior year €11 million). As in the prior year this was due among other things to the reversal of provisions.

## 16 Other operating expense

Other operating expense of €86 million includes expenses for maintenance and other services for non-operating real estate of €20 million (prior year €24 million). In connection with the assumption by thyssenkrupp AG of Groupwide responsibility for hedging exchange rate risks in connection with foreign currency risks, €14 million was transferred to the provision for unrealized currency losses. Further expenses of €12 million were used to pay the departing consortium members of the Konsortium für Kurssicherung GbR. Also included are allocations to provisions of €2 million (prior year €8 million) and other taxes such as wage taxes, property taxes and sales tax.

Internal waivers of receivables related to thyssenkrupp Woodhead Ltd. (€3 million) and thyssenkrupp Materials Sverige AB i.L. (€1 million). There were no material other operating expenses for other accounting periods.

In the prior year other operating expense included €301 million differences from currency translation in connection with the sale of thyssenkrupp Companhia Siderúrgica do Atlantico Ltda.

## 17 Income from investments

million €	Year ended Sept. 30, 2017	Year ended Sept. 30, 2018
Income from profit-and-loss transfer agreements	184	758
Expense from profit-and-loss transfer agreements	(116)	(659)
Income from investee companies	906	378
(amount thereof from affiliated companies)	906	378
<b>Total</b>	<b>973</b>	<b>476</b>

Income from profit-and-loss transfer agreements increased by €574 million to €758 million. This was due among other things to Thyssen Stahl GmbH, which improved its income by €407 million year-on-year. In addition thyssenkrupp Materials Services GmbH, which reported a loss of €88 million in the prior year, now reports positive income of €116 million. Expense from loss transfers increased by €543 million to €659 million. The biggest change in income relates to thyssenkrupp Technologies Beteiligungen GmbH, which transferred a profit of €20 million in the prior year and where a loss of €631 million now had to be offset.

Income from investee companies mainly includes dividend payments collected from thyssenkrupp North America, Inc. (€178 million), thyssenkrupp (China) Ltd. (€70 million) and Krupp Hoesch Stahl GmbH (€84 million).

## 18 Net interest

million €	Year ended Sept. 30, 2017	Year ended Sept. 30, 2018
Income from loans classified as financial assets	41	22
(amount thereof from affiliated companies)	41	22
Other interest and similar income	248	120
(amount thereof from affiliated companies)	199	96
Interest and similar costs	(523)	(396)
(amount thereof to affiliated companies)	(228)	(159)
<b>Total</b>	<b>(235)</b>	<b>(254)</b>

Net interest comprises interest expense and income from both the central intra-Group financial clearing system and external financing. Added to this is an interest component due to the addition of accrued interest on pension obligations and other provisions with a remaining term of more than one year of €29 million (prior year €30 million).

## 19 Write-downs of financial assets and securities classed as operating assets

In the current fiscal year there were impairment losses due to expected permanent impairment on the shares in thyssenkrupp Business Services GmbH (€84 million), thyssenkrupp UK Plc. (€53 million) and thyssenkrupp Rothe Erde GmbH (€4 million). Impairment charges totaling €2 million were also incurred on the shares in three further companies.

## 20 Income taxes

Taxes on income include corporation and trade tax and comparable non-German income-related taxes. These relate to income for prior years and taxes in the reporting period. Under a recognition option for an excess of deferred tax assets over deferred tax liabilities, deferred taxes are not included in tax expense.

## 21 Auditors' fees

A breakdown of the total fee charged by the financial-statement auditors for the 2017 / 2018 fiscal year into audit fees, audit-related fees, tax fees and fees for other services is provided in the corresponding disclosure in the Notes to the consolidated financial statements of thyssenkrupp AG. For thyssenkrupp AG and the companies it controls, other audit-related services were performed mainly for audits of ongoing projects in connection with the introduction of IT systems and other audit-related services. In addition tax services were performed comprising the preparation of tax returns and tax advice in connection with projects and internal reorganization. Other services mainly include project-related advisory services.

## 22 Supervisory Board and Executive Board compensation

Total compensation paid to active members of the Executive Board for their work in the reporting year amounted to around €10 million (prior year €12 million). Alongside fixed salaries, fringe benefits and performance bonuses, this also includes the LTI as a stock-based, long-term, performance-related component. Stock rights were issued in the past fiscal year for the LTI with a fair value of around €5 million (prior year €5 million) at grant date. The individual variable compensation was determined taking into account the requirement for appropriateness.

Total compensation to former members of the Executive Board of thyssenkrupp AG and its predecessor companies and their surviving dependants amounts to €18 million (prior year €13 million).

Pension obligations to former members of the Executive Board and their survivors are recognized in the amount of €223 million (prior year €208 million).

For the 2017 / 2018 fiscal year, compensation to the members of the Supervisory Board on the basis of the consolidated financial statements still to be adopted including attendance fees amounts to around €2 million (prior year €2 million).

More information on Executive Board and Supervisory Board compensation is provided in the compensation report as part of the combined management report on the thyssenkrupp Group and thyssenkrupp AG.

Information on the members of the Supervisory Board and Executive Board in accordance with § 285 no. 10 HGB is provided below under Other directorships held by Executive Board members and Other directorships held by Supervisory Board members.

### 23 Declaration of conformity in accordance with the German Corporate Governance Code

The Executive Board and Supervisory Board issued a declaration of conformity in accordance with § 161 AktG and made it permanently accessible to shareholders on the company's website at <https://www.thyssenkrupp.com/de/unternehmen/management/corporate-governance/entsprechenserklaerung.html> on September 30, 2018.

### 24 Proposed profit appropriation

The legal basis for distribution of a dividend is the unappropriated income of thyssenkrupp AG calculated in accordance with commercial law accounting principles.

The financial statements of thyssenkrupp AG for the 2017 / 2018 fiscal year show unappropriated income of €2,097,310,346.69.

The Executive Board and Supervisory Board propose to the Annual General Meeting to use the unappropriated income from fiscal 2017 / 2018 as follows:

Payment of a dividend of €0.15 per eligible share	€93,379,761.15
Amount to be carried forward	€2,003,930,585.54



# Independent Auditors' report

To thyssenkrupp AG, Duisburg und Essen

## REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

### Audit opinions

We have audited the annual financial statements of thyssenkrupp AG, Duisburg und Essen, which comprise the balance sheet as at 30 September 2018, and the statement of profit and loss for the financial year from 1 October 2017 to 30 September 2018, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of thyssenkrupp AG, which is combined with the group management report, including the non-financial statement pursuant to § (Article) 289b Abs. (paragraph) 1 HGB (Handelsgesetzbuch: German Commercial Code) and § 315b Abs. 1 HGB for the financial year from 1 October 2017 to 30 September 2018. We have not audited the content of the statement on corporate governance pursuant to § 289f HGB and § 315d HGB in accordance with the German legal requirements.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 30 September 2018 and of its financial performance for the financial year from 1 October 2017 to 30 September 2018 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz (sentence) 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

### Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the

requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

### Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 October 2017 to 30 September 2018. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

- ① Impairment of investments in affiliated companies

Our presentation of this key audit matter has been structured as follows:

- ① Matter and issue
- ② Audit approach and findings
- ③ Reference to further information

Hereinafter we present the key audit matter:

#### ① Impairment of investments in affiliated companies

- ① In the annual financial statements of thyssenkrupp AG as at 30 September 2018 shares in affiliated companies amounting to EUR 18,953 million (62.7 % of total assets) are recognized under the "Financial assets" balance sheet item. Each year, thyssenkrupp AG tests the carrying amounts of its equity investments for impairment as of the balance sheet date in a routine process based on own valuations or uses the results of independent experts in specific cases. In general, for the purpose of determining fair value, the discounted cash flow method is used to calculate a total enterprise value, which is adjusted for the net financial position so that an equity value can be derived for the purposes of comparing that against the carrying amount of the respective equity investment. The calculation is based on the budget projections prepared by the executive directors and the projected cash flows are discounted using the weighted average cost of capital. The result of these measurements depends to a large extent on the executive directors' estimates of future cash flows, the discount rate applied and the growth rate. Therefore, the measurements are subject to material uncertainty. Based on the Company's valuations and other documentation, as at 30 September 2018 there was a need for six instances to recognize an impairment loss and for one instance to reverse a previous impairment. Against this background and due to its significance for thyssenkrupp AG's assets and liabilities and financial performance, this matter was of particular importance during our audit.

- ② As part of our audit, we evaluated among other things, the method used for performing impairment tests and assessed the calculation of the weighted average cost of capital. In addition, we assessed the appropriateness of the future cash flows used in the measurement, specifically by reconciling this information to the medium-term planning and by comparing selected planning assumptions with general and sector-specific market expectations. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the enterprise value calculated in this way, we also focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the measurement model. In addition, we carried out a detailed examination of the measurement model and the planning for selected equity investments. The selection was based on qualitative criteria and the amount by which the calculated enterprise value exceeded the carrying amount of the respective equity investment. In this connection, among other things, we analyzed on the basis of further evidence the consistency of planning assumptions and the viability of planned measures to increase future cash flows, and discussed this in detail with the management. We assessed the feasibility of the material measures which have an impact on value against the backdrop of, among other things, the business concept to date as well as current and expected market conditions. In addition, we conducted our own sensitivity analyses. Additionally, we evaluated the results of a valuation report prepared by an independent expert and assessed his professional competence and capabilities. In our view, the measurement inputs and underlying measurement assumptions used by the executive directors were properly derived for conducting impairment tests.
- ③ The Company's disclosures on financial assets and impairment of financial assets are contained in the sections "General" and "Financial assets" of the notes to the financial statements.

### Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f HGB and § 315d HGB.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

### **Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report**

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

### **Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

### Other legal and regulatory requirements

#### Report on the Audit of Compliance with the Accounting Obligations pursuant to § 6b Abs. 3 EnWG

We have audited the compliance with the accounting obligations pursuant to § 6b Abs. 3 EnWG (Energiewirtschaftsgesetz: German Energy Industry Act), which require separate accounts to be maintained for the activities pursuant to § 6b Abs. 3 EnWG.

In our opinion, the accounting obligations pursuant to § 6b Abs. 3 EnWG, which require separate accounts to be maintained for the activities pursuant to § 6b Abs. 3 EnWG, have been fulfilled in all material respects.

We conducted our audit in accordance with § 6b Abs. 5 EnWG and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described below and in section "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report".

The executive directors are responsible for the compliance with the obligations pursuant to § 6b Abs. 3 EnWG as well as for such arrangements and measures (systems) as they have considered necessary to comply with these obligations.

Our objectives are to obtain reasonable assurance about whether the accounting obligations pursuant to § 6b Abs. 3 EnWG have been fulfilled, in all material respects, as well as to issue a report that includes our audit opinion on the compliance with the accounting obligations pursuant to § 6b Abs. 3 EnWG. The audit comprises an assessment of whether the amounts stated and the classification of the accounts pursuant to § 6b Abs. 3 EnWG are appropriate and comprehensible and whether the principle of consistency has been observed.

### Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 19 January 2018. We were engaged by the supervisory board on 15 February 2018. We have been the auditor of the thyssenkrupp AG, Duisburg and Essen, without interruption since the financial year 2012/2013.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

### German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Michael Preiß.

Essen, November 19, 2018

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Harald Kayser  
Wirtschaftsprüfer

(German Public Auditor)

Michael Preiß  
Wirtschaftsprüfer

(German Public Auditor)

# Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company, and the combined management report includes a fair review of the development and performance of the business and the position of the Company and the thyssenkrupp Group, together with a description of the principal opportunities and risks associated with the expected development of the Company and the thyssenkrupp Group.

Essen, November 16, 2018  
thyssenkrupp AG

The Executive Board

Kerkhoff

Burkhard

Kaufmann



# Other directorships held by Executive Board members

## Guido Kerkhoff

Chairman (since July 13, 2018)

Appointed until September 2023 // German

Within the Group:

- thyssenkrupp Elevator AG (Chair)
- thyssenkrupp Materials Services GmbH (Chair)
- thyssenkrupp Steel Europe AG (Chair)
- thyssenkrupp (China) Ltd./PR China (Chair)

## Oliver Burkhard

Appointed until September 2023 // German

□ PEAG Holding GmbH (Chair)

Within the Group:

- thyssenkrupp Elevator AG
- thyssenkrupp Industrial Solutions AG (Chair)
- thyssenkrupp Materials Services GmbH
- thyssenkrupp Steel Europe AG

## Dr. Donatus Kaufmann

Appointed until January 2022 // Swiss

Within the Group:

- thyssenkrupp Industrial Solutions AG
- thyssenkrupp North America, Inc./USA (Chair)

## Dr. Heinrich Hiesinger (until July 6, 2018)

Chairman

German

- BMW AG

Within the Group:

- thyssenkrupp Elevator AG (Chair)
- thyssenkrupp Steel Europe AG (Chair)
- thyssenkrupp (China) Ltd./PR China (Chair)

- Membership of supervisory boards within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2018)
- Membership of comparable German and non-German control bodies of business enterprises within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2018)
- / ○ Company listed on the stock exchange

# Other directorships held by Supervisory Board members

## Prof. Dr. Bernhard Pellens, Bochum

Chairman (since September 30, 2018) // Professor of Business Studies and International Accounting, Ruhr University Bochum  
Appointed until 2020 // German

- LVM Landwirtschaftlicher Versicherungsverein Münster aG
- LVM Krankenversicherungs-AG

## Markus Grolms, Frankfurt/Main

Vice Chairman // Trade union secretary at IG Metall  
Appointed until 2019 // German

## Prof. Dr. Dr. h.c. Ursula Gather, Dortmund

(since January 19, 2018) // Rector of the Technical University of Dortmund

Appointed until 2023 // German

- Munich Re

## Achim Hass, Kiel

Power electronics technician // Chairman of the Works Council of thyssenkrupp Marine Systems GmbH (Kiel) // Chairman of the General Works Council of thyssenkrupp Marine Systems GmbH // Vice Chairman of the Works Council Union Industrial Solutions

Appointed until 2019 // German

- Babcock Pensionskasse VVaG
- Within the Group:
- thyssenkrupp Industrial Solutions AG
  - thyssenkrupp Marine Systems GmbH

## Dr. Ingrid Hengster, Frankfurt/Main

Member of the Executive Board of KfW Bankengruppe  
Appointed until 2020 // Austrian

- Deutsche Bahn AG
- European Investment Bank (EIB)/Luxembourg  
(Expert on the Board of Directors)

## Susanne Herberger, Dresden

Engineer (FH) – information technology // Chairwoman of the Works Council of thyssenkrupp Aufzüge GmbH (Dresden) // Chairwoman of the Works Council Union Elevator Technology // Vice Chairwoman of the Group Works Council of thyssenkrupp AG  
Appointed until 2019 // German

Within the Group:

- thyssenkrupp Elevator AG

## Tanja Jacquemin, Frankfurt/Main

Dipl.-Kauffrau // Head of the Union Educational Activities Department at IG Metall

Appointed until 2019 // German

- Vinci Energies Deutschland GmbH

## Prof. Dr. Hans-Peter Keitel, Essen

Former Chairman of the Executive Board of Hochtief AG

Appointed until 2020 // German

- National-Bank AG
- RWE AG
- Voith GmbH & Co. KGaA (Chair)

## Dr. Norbert Kluge, Ratingen

Diplom-Sozialwirt // Director of the Institute for Codetermination and Corporate Governance (I.M.U.) of the Hans Böckler Foundation

Appointed until 2019 // German

## Tekin Nasikkol, Ratingen

Bachelor of Arts (Business Administration) // Chairman of the Works Council of thyssenkrupp Steel Europe AG (Duisburg-Hamborn) // Chairman of the General Works Council of thyssenkrupp Steel Europe AG // Chairman of the Works Council Union Steel Europe

Appointed until 2019 // German

- thyssenkrupp Steel Europe AG

## Peter Remmler, Wolfsburg

Wholesale and export trader // Vice Chairman of the Works Council of thyssenkrupp Schulte GmbH (Braunschweig) // Chairman of the Works Council Union Materials Services

Appointed until 2019 // German

Within the Group:

- thyssenkrupp Materials Services GmbH

**Carola v. Schmettow, Düsseldorf**

CEO of HSBC Trinkaus &amp; Burkhardt AG

Appointed until 2020 // German

- HSBC France SA Paris

**Carsten Spohr, Munich**

Chairman of the Executive Board of Deutsche Lufthansa AG

Appointed until 2020 // German

- Lufthansa Technik AG (Chair)
- Dr. August Oetker KG (Member of the Advisory Board)
- SN Airholding SA/NV, Belgium (Chair)

**Dr. Lothar Steinebach, Leverkusen**

Former member of the Management Board of Henkel AG &amp; Co. KGaA

Appointed until 2023 // German

- Carl Zeiss AG
- Ralf Schmitz GmbH & Co. KGaA
- Diem Client Partner AG/Switzerland  
(Member of the Management Board)

**Jens Tischendorf, Zurich**

Partner at Cevian Capital Ltd.

Appointed until 2020 // German

- Bilfinger SE

**Friedrich Weber, Schöndorf**

Machine setter // Chairman of the General Works Council of thyssenkrupp Bilstein GmbH // Chairman of the Works Council Union Components Technology // Vice Chairman of the European Works Council of thyssenkrupp AG // Vice Chairman of the Group Works Council of thyssenkrupp AG

Appointed until 2019 // German

Within the Group:

- thyssenkrupp Bilstein GmbH

**Isolde Würz, Mülheim/Ruhr**

Attorney // General Counsel and Head of Governance, Corporate Function Legal at thyssenkrupp AG // Chairwoman of the Executives' Committee of thyssenkrupp AG and executive member of the Group Executives' Committee

Appointed until 2019 // German

In the course of the fiscal year 2017/2018 the following members left the Supervisory Board. Where they held other directorships at the time of departure these are listed below:

**Prof. Dr. Ulrich Lehner, Düsseldorf**

(until July 31, 2018)

Chairman // Member of the Shareholders' Committee of AG &amp; Co. KGaA der Henkel AG &amp;

- Deutsche Telekom AG (Chair)
- Porsche Automobil Holding SE
- Henkel AG & Co. KGaA  
(Member of the Shareholders' Committee)

**Dr. Ralf Nentwig, Essen**

(until January 19, 2018)

Member of the Executive Committee of the Alfried Krupp von Bohlen und Halbach Foundation

- Margarethe Krupp-Stiftung für Wohnungsfürsorge  
(Vice Chairman of the Supervisory Board)

**René Obermann, Berlin**

(until August 31, 2018)

Partner at Warburg Pincus LLC // Managing Director of Warburg Pincus Deutschland GmbH

- Inexio Beteiligungs GmbH & Co. KGaA (Chair)
- 1&1 Internet SE (Chair)
- Strato AG (Chair)
- Allianz Deutschland AG
- Telenor ASA
- Airbus SE/Netherlands

**Wilhelm Segerath, Duisburg**

(until September 30, 2018)

Automotive body maker // Chairman of the Group Works Council of thyssenkrupp AG (until September 18, 2018)

- PEAG Holding GmbH (Member of the Advisory Board)

- Membership of supervisory boards within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2018)
- Membership of comparable German and non-German control bodies of business enterprises within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2018)
- / ○ Company listed on the stock exchange

