Press Release

Despite significant changes in market environment: thyssenkrupp with strong momentum in 2nd quarter 2021/2022 – full-year forecast for adjusted EBIT raised

- 2nd-quarter order intake, sales and adjusted EBIT significantly higher than prior year and prior quarter
- Structural improvements in the segments and further steps successfully implemented to narrow the focus of the portfolio
- 2nd-quarter free cash flow before M&A still significantly negative, as announced, due to considerable impacts on net working capital
- Full-year forecast for adjusted EBIT raised for fiscal year 2021/2022: improvement to at least €2.0 billion expected
- Full-year forecast for free cash flow before M&A resumed: negative figure in mid-three-digit million euro range expected
- Martina Merz: "Despite more difficult conditions in our automotive and components-related businesses, we had a good second quarter. We showed resilience and improved our earnings significantly."

Despite macroeconomic and geopolitical headwinds, thyssenkrupp was able to build on its good 1st-quarter performance in the 2nd quarter of the current fiscal year 2021/2022. **The group's order intake**[1] went up by over 50 percent year-on-year to a total of €13.6 billion. Key drivers were higher market prices for many materials at Materials Services and Steel Europe and a major order in the marine business. **Sales** in the 2nd quarter also increased by 24 percent to €10.6 billion (prior year: €8.6 billion). **Adjusted EBIT** came to €802 million, also significantly above the prior-year figure of €220 million and above the figure of €378 million for the previous quarter.

This increase in earnings was attributable in particular to higher revenues and improved margins at Materials Services and Steel Europe. It more than offset adverse factors from increasing materials, logistics and energy costs and the worsening supply chain problems, which mainly affected the automotive and components-related businesses. Positive effects from the performance and efficiency measures supported this growth.

In light of the good 1st-half performance and based on the current underlying assumptions, thyssenkrupp has raised its **forecast** for the current fiscal year for both sales and earnings. The forecast of free cash flow before M&A, which was suspended in March, has been resumed. Because of the rise in commodity and other materials prices as well as delays in customer call-offs, the company expects a negative figure in the mid-three-digit million euro range here.

[1] Unless otherwise stated, all indicators refer to continuing operations, i.e., excluding the Elevator Technology business divested at the end of July 2020 and individual Corporate Headquarters units.

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Martina Merz, CEO of thyssenkrupp AG: "Despite more difficult conditions in our automotive and components-related businesses, we had a good second quarter. We showed resilience and improved our earnings significantly. The considerable increases in market prices at Materials Services and Steel Europe are contributing significantly to this development. But our increased performance and the narrower focus of our portfolio are also paying off – especially in these volatile times. The decentralized structure of our group of companies enables us to react faster to new challenges than we could in the past. That's why we continue to work at full speed on our transformation: in the current situation, the most important thing is to continue to focus on performance and meeting our customers' requirements. In these challenging conditions, our employees worldwide are doing sterling work. We aim to build on this. At the same time, we are analyzing precisely how the geopolitical changes may change supply and value chains in the medium and long term."

In addition to earnings performance, the portfolio measures are testimony of the transformation progress. In recent months, thyssenkrupp advanced the refocusing of its portfolio by closing the heavy plate mill in Duisburg, signing the agreement to sell the mining business and completing the divestments of the Carbon Components and Infrastructure business units as well as that of the stainless steel plant in Terni (AST). Preparations also started for the planned M&A processes for the Automation Engineering and Springs & Stabilizers business units. thyssenkrupp has also made further progress in the necessary adjustments to its workforce. Of the more than 12,000 jobs to be reduced by fiscal year 2023/2024, the company has already found socially acceptable solutions for around 8,900 employees – including around 1,200 in the 1st half 2021/2022.

Performance of the segments in the 2nd quarter 2021/2022

Due to higher material prices, **Materials Services** posted a significant increase in order intake (+€1.4 billion to €4.5 billion) and in sales (+€1.6 billion to €4.4 billion) in the 2nd quarter of the current 2021/2022 fiscal year. At €336 million, adjusted EBIT was also significantly above the prior-year level of €126 million. This is mainly due to improved margins as a result of higher materials prices and the effects on earnings of the consistent implementation of the transformation.

Driven by the positive trend in the forgings business, **Industrial Components** recorded a rise of 8 percent in order intake and of 13 percent in sales. Both bearings and the forgings business benefited above all from growth among industrial customers. In the bearings business, however, a decline in demand, especially in the area of wind energy in China, led to a slight year-on-year reduction overall in order intake and sales. As in the 1st quarter, this reflects pull-forward effects facilitated by subsidies in the prior-year quarter. At €65 million, adjusted EBIT of the segment was below the prior-year level of €97 million. This was due not only to the decline in sales growth for bearings but also to significant increases in materials, energy and freight costs. Efficiency and cost-cutting measures were unable to offset this trend in full.

At **Automotive Technology**, growth in both order intake and sales was below the prior-year level at 4 and 2 percent, respectively. It was impacted in particular by the ongoing shortages in the supply of electronic semiconductor products, which led to a decline in customer call-offs. This effect was exacerbated in March by production stoppages at customers due to the war in Ukraine and pandemic-related plant closures at customers, suppliers and the company's own sites in China. The rise in factor costs – specifically for logistics and materials – additionally weighed on earnings. As a result, adjusted EBIT dropped to €3 million from €75 million a year earlier. The negative effects were partly offset by strict cost control, flexibility in personnel deployment and negotiating new price conditions.

In the 2nd quarter, the **Steel Europe** business was also negatively impacted by supply shortages and the associated weaker demand, especially from the automotive industry and suppliers. Compared with the prior year, there was a decrease in both order intake volume and shipments. However, higher prices resulted in a significant increase of 39 percent in order intake and of 52 percent in sales to €3.4 billion in each case. Driven by a considerable rise in average selling prices, this led to an improvement in adjusted EBIT, to €479 million, after €47 million in the prior year, despite the sharp rise in commodity and energy costs. This improvement in earnings also reflects positive contributions from ongoing restructuring and performance measures in connection with implementing the Steel Strategy 20-30.

The order intake at **Marine Systems** increased to €3.1 billion (previous year: €405 million), driven by a major order for a submarine project, which was signed in January and booked in February. At €14 billion, the segment's order backlog was at a record high as of March 31, 2022. Sales amounted to €476 million, down on the prior year (€689 million), which had included the delivery of a major order. Adjusted EBIT was positive at €3 million and slightly higher than in the prior year (€2 million).

The **Multi Tracks**[2] segment recorded a decline in order intake by 5 percent to €1.3 billion while sales were down 30 percent to €1.0 billion. This was mainly attributable to the disposals of the stainless steel business and the Infrastructure business unit, as well as the closure of the heavy plate mill. There were significant increases in order intake in **plant engineering** and at **thyssenkrupp nucera**, which reported rapid growth in the chlor-alkali service business in Germany and Japan and won the award of a major hydrogen project in the USA. Order intake was also up at **Automation Engineering**, which won an order for a module line in the Battery business. Under adjusted EBIT, the segment's loss of €(33) million was reduced significantly compared with the prior year (€(80) million). Contributing factors were in particular the positive performance of the stainless steel business until it was sold in January 2022 and the fact that the closure of the heavy plate mill as of September 30, 2021 put an end to losses.

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[2] Since October 1, 2020, the Multi Tracks segment is where thyssenkrupp holds its minority interest in TK Elevator, formerly thyssenkrupp Elevator, and certain businesses in various industries for most of which it is considering other ownership structures in the short to medium term. This may be a full or partial disposal, for example, or the continuation of a business with one or more external partners.

At Corporate Headquarters, thyssenkrupp succeeded in further reducing administrative expenses. The adjusted EBIT of **Corporate Headquarters** came to €(36) million (prior year: €(49) million).

2nd quarter 2021/2022: key figures for the full group (incl. discontinued operations)

thyssenkrupp significantly increased **net income** by €775 million to €587 million in the 2nd quarter 2021/2022. After deducting minority interests, net income was €565 million (prior year: €(211) million); earnings per share came to €0.91 (prior year: €(0.34)).

At €(772) million, **free cash flow before M&A** was clearly negative (prior year €(750) million), as had been announced. Sharply higher commodity and materials prices and delays in customer call-offs led to a temporary increase in net working capital, driven to a major extent by higher prices.

Klaus Keysberg, CFO of thyssenkrupp AG: "The dynamic movements in commodity and materials prices are weighing on our cash flow at present. However, we expect that there will be sequential improvements for us in the subsequent quarters. A return to positive free cash flow before M&A remains our priority goal. It is important, therefore, to continue to improve the performance of our businesses."

The group's **net financial assets** as of March 31, 2022 stood at €2.4 billion (December 31, 2021: €2.7 billion). With cash and cash equivalents and undrawn committed credit lines totaling €8.0 billion, thyssenkrupp retained a very good liquidity position as of March 31, 2022. Overall, the sale of the stainless steel business effective January 31, 2022 resulted in an improvement of more than €600 million in the group's net financial position.

Compared with December 31, 2021, **total equity** improved from €11.4 billion to €12.8 billion. As well as the net income achieved, higher interest rates and the resulting remeasurement of pension obligations delivered particularly positive effects.

Forecast for fiscal year 2021/2022 adjusted

Despite macroeconomic and geopolitical headwinds – limiting the ability to make forecasts – thyssenkrupp has raised its sales and earnings forecast for **fiscal year 2021/2022**. The forecast is based on two **assumptions**. Firstly: necessary fossil fuels (especially natural gas) and raw materials will continue to be available without restriction. Secondly: prices of raw materials and energy for the rest of the fiscal year will remain at the overall average observable levels of the 2nd quarter.

Based on these assumptions, **sales** are expected to be significantly up on the prior year, with an increase in the low double-digit percentage range (previously: increase in the mid-single-digit percentage range; prior year: €34 billion). For **adjusted EBIT**, thyssenkrupp anticipates a significant improvement to at least €2.0 billion (previously: improvement to between €1.5 and 1.8 billion; prior year: 796 Mio).

Furthermore, the company has resumed the forecast of **free cash flow before M&A**, which had been temporarily suspended in March, primarily to improve transparency amid uncertain parameters; it expects a significant year-on-year improvement to a negative figure in the mid-three-digit million euro range (prior year: €(1.3) billion). Considering the high volatility at present, both in relation to raw material and energy prices and as regards call-offs by customers from the automotive industry, thyssenkrupp does not rule out to respectively readjust the targeted range in the course of the fiscal year.

The group continues to expect **net income** of at least €1.0 billion (prior year: €(25) million).

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thyssenkrupp in figures – key performance indicators at a glance

		Full group				Group – continuing operations[1]			
		2nd quarter 2020 / 2021	2nd quarter 2020 / 2021	Change	in %	2nd quarter 2020 / 2021	2nd quarter 2021 / 2022	Change	in %
Order intake	€ million	8,646	13,562	4,916	57	8,646	13,562	4,916	57
Sales	€ million	8,577	10,599	2,022	24	8,577	10,599	2,022	24
EBITDA	€ million	172	1,026	854	++	184	1,018	834	++
EBIT[2]	€ million	(69)	792	861	++	(57)	783	840	++
EBIT margin	%	(0.8)	7.5	8.3	++	(0.7)	7.4	8.1	++
Adjusted EBIT[2]	€ million	220	802	582	++	220	802	582	++
Adjusted EBIT margin	%	2.6	7.6	5.0	++	2.6	7.6	5.0	++
Income/(loss) before tax	€ million	(124)	718	843	++	(112)	710	822	++
Net income/(net loss) for the period or income after tax	€ million	(187)	587	775	++	(175)	579	754	++
of which attributable to thyssenkrupp AG's shareholders	€ million	(211)	565	776	++	(199)	556	755	++
Earnings per share	€	(0.34)	0.91	1.25	++	(0.32)	0.89	1.21	++
Operating cash flows	€ million	(476)	(483)	(7)	(1)	(474)	(483)	(9)	(2)
Cash flows for investments	€ million	(328)	(303)	26	8	(328)	(303)	26	8
Cash flows from divestments	€ million	35	553	518	++	35	553	518	++
Free cash flow[3]	€ million	(769)	(233)	537	70	(767)	(233)	534	70
Free cash flow before M&A[3]	€ million	(750)	(772)	(21)	(3)	(750)	(772)	(21)	(3)
Net financial assets (March 31)	€ million	(4,229)	(2,446)	1,783	42				
Total equity (March 31)	€ million	10,414	12,754	2,340	22				
Gearing (March 31)	%	–[4]	–[4]	—	—				
Employees (March 31)		102,306	97,542	(4,764)	(5)				

[1] See preliminary remarks.
[2] See reconciliation in segment reporting (Note 09).
[3] See reconciliation in the analysis of the statement of cash flows.
[4] Due to the strongly positive total equity and the reported net financial assets, the significance of the gearing key ratio is of no relevance.

		Full group				Group – continuing operations[1]			
		1st half 2020 / 2021	1st half 2021 / 2022	Change	in %	1st half 2020 / 2021	1st half 2021 / 2022	Change	in %
Order intake	€ million	16,491	23,960	7,470	45	16,491	23,960	7,470	45
Sales	€ million	15,899	19,622	3,723	23	15,899	19,622	3,723	23
EBITDA	€ million	422	1,581	1,159	++	438	1,572	1,134	++
EBIT[2]	€ million	(49)	1,090	1,139	++	(33)	1,082	1,115	++
EBIT margin	%	(0.3)	5.6	5.9	++	(0.2)	5.5	5.7	++
Adjusted EBIT[2]	€ million	298	1,180	882	++	298	1,180	882	++
Adjusted EBIT margin	%	1.9	6.0	4.1	++	1.9	6.0	4.1	++
Income/(loss) before tax	€ million	(217)	922	1,139	++	(202)	913	1,115	++
Net income/(net loss) for the period or income after tax	€ million	(313)	709	1,021	++	(297)	700	997	++
of which attributable to thyssenkrupp AG's shareholders	€ million	(356)	671	1,027	++	(340)	662	1,002	++
Earnings per share	€	(0.57)	1.08	1.65	++	(0.55)	1.06	1.61	++
Operating cash flows	€ million	(212)	(1,082)	(870)	--	(209)	(1,082)	(873)	--
Cash flows for investments	€ million	(602)	(555)	47	8	(602)	(555)	47	8
Cash flows from divestments	€ million	908	578	(331)	(36)	908	578	(331)	(36)
Free cash flow[3]	€ million	94	(1,060)	(1,154)	--	97	(1,060)	(1,157)	--
Free cash flow before M&A[3]	€ million	(718)	(1,630)	(912)	--	(718)	(1,630)	(912)	--
Net financial assets (March 31)	€ million	(4,229)	(2,446)	1,783	42				
Total equity (March 31)	€ million	10,414	12,754	2,340	22				
Gearing (March 31)	%	–[4]	–[4]	—	—				
Employees (March 31)		102,306	97,542	(4,764)	(5)				

[1] See preliminary remarks.
[2] See reconciliation in segment reporting (Note 09).
[3] See reconciliation in the analysis of the statement of cash flows.
[4] Due to the strongly positive total equity and the reported net financial assets, the significance of the gearing key ratio is of no relevance.

	Order intake € million		Sales € million		EBIT[1] € million		Adjusted EBIT[1] € million	
	2nd quarter 2020 / 2021	2nd quarter 2021 / 2022	2nd quarter 2020 / 2021	2nd quarter 2021 / 2022	2nd quarter 2020 / 2021	2nd quarter 2021 / 2022	2nd quarter 2020 / 2021	2nd quarter 2021 / 2022
Materials Services	3,096	4,533	2,888	4,446	132	331	126	336
Industrial Components	656	707	626	707	90	67	97	65
Automotive Technology	1,158	1,115	1,167	1,143	74	(4)	75	3
Steel Europe	2,437	3,389	2,238	3,392	(161)	495	47	479
Marine Systems	405	3,144	689	476	3	3	2	3
Multi Tracks[2]	1,360	1,294	1,422	993	(133)	(49)	(80)	(33)
Corporate Headquarters	0	2	5	2	(56)	(47)	(49)	(36)
Reconciliation	(468)	(622)	(457)	(560)	(7)	(14)	1	(14)
Group – continuing operations[2]	**8,646**	**13,562**	**8,577**	**10,599**	**(57)**	**783**	**220**	**802**
Discontinued operations[2]	0	0	0	0	(12)	9	0	0
Full group	**8,646**	**13,562**	**8,577**	**10,599**	**(69)**	**792**	**220**	**802**

[1] See reconciliation in segment reporting (Note 09).
[2] See preliminary remarks.

	Order intake € million		Sales € million		EBIT[1] € million		Adjusted EBIT[1] € million		Employees	
	1st half 2020 / 2021	1st half 2021 / 2022	1st half 2020 / 2021	1st half 2021 / 2022	1st half 2020 / 2021	1st half 2021 / 2022	1st half 2020 / 2021	1st half 2021 / 2022	March 31, 2021	March 31, 2022
Materials Services	5,579	8,256	5,256	7,736	143	550	131	555	15,495	15,657
Industrial Components	1,318	1,308	1,247	1,311	188	124	198	121	13,005	12,384
Automotive Technology	2,341	2,205	2,382	2,250	191	34	184	41	20,719	19,880
Steel Europe	4,845	5,869	4,155	6,061	(138)	607	68	603	25,912	25,945
Marine Systems	664	3,623	1,054	853	8	2	7	9	6,466	6,619
Multi Tracks[2]	2,785	3,861	2,622	2,533	(317)	(99)	(191)	(34)	18,305	14,878
Corporate Headquarters	2	3	9	3	(110)	(108)	(103)	(88)	642	618
Reconciliation	(1,042)	(1,165)	(827)	(1,126)	3	(29)	4	(28)	1,762	1,561
Group – continuing operations[2]	**16,491**	**23,960**	**15,899**	**19,622**	**(33)**	**1,082**	**298**	**1,180**	**102,306**	**97,542**
Discontinued operations[2]	0	0	0	0	(16)	9	0	0	0	0
Full group	**16,491**	**23,960**	**15,899**	**19,622**	**(49)**	**1,090**	**298**	**1,180**	**102,306**	**97,542**

[1] See reconciliation in segment reporting (Note 09).
[2] See preliminary remarks.