Interim report 9 months 2019 / 2020

October 1, 2019 –
June 30, 2020
thyssenkrupp AG

thyssenkrupp

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thyssenkrupp in figures

		Full group				Group – continuing operations[1]			
		9 months ended June 30, 2019	9 months ended June 30, 2020	Change	in %	9 months ended June 30, 2019	9 months ended June 30, 2020	Change	in %
Order intake	million €	30,690	25,895	(4,795)	(16)	24,555	19,781	(4,774)	(19)
Net sales	million €	31,153	27,492	(3,662)	(12)	25,319	21,640	(3,678)	(15)
EBIT[2]	million €	396	(1,066)	(1,461)	--	(193)	(1,592)	(1,399)	--
EBIT margin	%	1.3	(3.9)	(5.1)	--	(0.8)	(7.4)	(6.6)	--
Adjusted EBIT[2]	million €	683	(445)	(1,128)	--	42	(1,122)	(1,164)	--
Adjusted EBIT margin	%	2.2	(1.6)	(3.8)	--	0.2	(5.2)	(5.4)	--
Income/(loss) before tax	million €	124	(1,317)	(1,441)	--	(445)	(1,822)	(1,377)	--
Net income/(loss) or earnings after tax	million €	(170)	(1,978)	(1,808)	--	(548)	(1,949)	(1,401)	--
attributable to thyssenkrupp AG's shareholders	million €	(207)	(1,998)	(1,792)	--	(584)	(1,968)	(1,384)	--
Earnings per share (EPS)	€	(0.33)	(3.21)	(2.88)	--	(0.94)	(3.16)	(2.22)	--
Operating cash flows	million €	(1,709)	(2,502)	(792)	(46)	(2,237)	(3,171)	(935)	(42)
Cash flow for investments	million €	(955)	(978)	(23)	(2)	(809)	(854)	(46)	(6)
Cash flow from divestments	million €	60	50	(9)	(16)	57	45	(12)	(21)
Free cash flow[3]	million €	(2,604)	(3,429)	(825)	(32)	(2,988)	(3,981)	(992)	(33)
Free cash flow before M & A[3]	million €	(2,546)	(3,455)	(910)	(36)	(2,988)	(4,012)	(1,023)	(34)
Net financial debt (June 30)	million €	5,101	8,461	3,360	66				
Total equity (June 30)	million €	2,494	(9)	(2,503)	--				
Gearing (June 30)	%	204.5	—[4]	—	—				
Employees (June 30)		161,740	155,446	(6,294)	(4)				

[1] See preliminary remarks.
[2] See reconciliation in segment reporting (Note 10).
[3] See reconciliation in the analysis of the statement of cash flows.
[4] Due to the reported negative total equity (June 30, 2020), the calculation of a meaningful gearing key ratio is not possible.

		Full group				Group – continuing operations[1]			
		3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2020	Change	in %	3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2020	Change	in %
Order intake	million €	10,219	6,693	(3,527)	(35)	8,221	4,793	(3,428)	(42)
Net sales	million €	10,779	7,710	(3,069)	(28)	8,738	5,765	(2,973)	(34)
EBIT[2]	million €	183	(488)	(671)	--	(39)	(729)	(691)	--
EBIT margin	%	1.7	(6.3)	(8.0)	--	(0.4)	(12.7)	(12.2)	--
Adjusted EBIT[2]	million €	226	(415)	(641)	--	(13)	(679)	(666)	--
Adjusted EBIT margin	%	2.1	(5.4)	(7.5)	--	(0.1)	(11.8)	(11.6)	--
Income/(loss) before tax	million €	80	(574)	(654)	--	(125)	(810)	(685)	--
Net income/(loss) or earnings after tax	million €	(77)	(668)	(591)	--	(213)	(879)	(666)	--
attributable to thyssenkrupp AG's shareholders	million €	(94)	(678)	(584)	--	(229)	(819)	(590)	--
Earnings per share (EPS)	€	(0.15)	(1.09)	(0.94)	--	(0.37)	(1.33)	(0.96)	--
Operating cash flows	million €	218	(489)	(707)	--	(53)	(1,004)	(950)	--
Cash flow for investments	million €	(375)	(292)	82	22	(289)	(241)	48	16
Cash flow from divestments	million €	8	21	13	173	7	21	14	192
Free cash flow[3]	million €	(149)	(760)	(611)	--	(335)	(1,224)	(889)	--
Free cash flow before M & A[3]	million €	(92)	(770)	(678)	--	(335)	(1,238)	(902)	--
Net financial debt (June 30)	million €	5,101	8,461	3,360	66				
Total equity (June 30)	million €	2,494	(9)	(2,503)	--				
Gearing (June 30)	%	204.5	—[4]	—	—				
Employees (June 30)		161,740	155,446	(6,294)	(4)				

[1] See preliminary remarks.
[2] See reconciliation in segment reporting (Note 10).
[3] See reconciliation in the analysis of the statement of cash flows.
[4] Due to the reported negative total equity (June 30, 2020), the calculation of a meaningful gearing key ratio is not possible.

	Order intake million €		Net sales million €		EBIT[1] million €		Adjusted EBIT[1] million €		Employees	
	9 months ended June 30, 2019	9 months ended June 30, 2020	9 months ended June 30, 2019	9 months ended June 30, 2020	9 months ended June 30, 2019	9 months ended June 30, 2020	9 months ended June 30, 2019	9 months ended June 30, 2020	June 30, 2019	June 30, 2020
Automotive Technology[2]	3,897	3,350	3,954	3,477	11	(350)	17	(157)	25,513	24,793
Industrial Components[2]	2,006	1,578	1,882	1,568	149	71	168	122	14,120	12,517
Elevator Technology	6,136	6,112	5,835	5,852	590	568	642	613	53,013	51,090
Plant Technology[2]	2,230	1,385	2,009	2,137	(126)	(148)	(114)	(135)	11,423	10,919
Marine Systems	385	358	1,305	1,190	(1)	1	0	6	5,870	6,161
Materials Services	10,528	8,645	10,590	8,680	106	(87)	119	(62)	20,242	19,239
Steel Europe	6,969	5,317	6,828	5,459	(75)	(841)	77	(706)	27,934	27,559
Corporate Headquarters[2]	1	3	1	3	(198)	(311)	(175)	(169)	1,092	835
Reconciliation[2]	(1,463)	(853)	(1,250)	(874)	(61)	31	(50)	41	2,533	2,333
Full group	**30,690**	**25,895**	**31,153**	**27,492**	**396**	**(1,066)**	**683**	**(445)**	**161,740**	**155,446**
Discontinued elevator operations[2]	6,135	6,114	5,834	5,851	589	526	641	677	53,013	51,090
Group continuing operations[2]	**24,555**	**19,781**	**25,319**	**21,640**	**(193)**	**(1,592)**	**42**	**(1,122)**	**108,727**	**104,356**

[1] See reconciliation in segment reporting (Note 10).
[2] See preliminary remarks.

	Order intake million €		Net sales million €		EBIT[1] million €		Adjusted EBIT[1] million €	
	3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2020	3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2020	3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2020	3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2020
Automotive Technology[2]	1,308	815	1,365	842	2	(142)	(5)	(129)
Industrial Components[2]	661	432	660	452	52	23	69	26
Elevator Technology	1,999	1,898	2,042	1,947	222	192	239	211
Plant Technology[2]	1,048	360	725	644	(63)	(102)	(55)	(97)
Marine Systems	145	123	510	385	(1)	3	0	4
Materials Services	3,336	2,242	3,505	2,245	34	(111)	43	(100)
Steel Europe	2,177	943	2,347	1,455	9	(344)	1	(334)
Corporate Headquarters[2]	1	2	1	1	(59)	(49)	(57)	(40)
Reconciliation[2]	(457)	(121)	(374)	(261)	(13)	41	(10)	43
Full group	**10,219**	**6,693**	**10,779**	**7,710**	**183**	**(488)**	**226**	**(415)**
Discontinued elevator operations[2]	1,999	1,900	2,041	1,946	221	241	238	263
Group continuing operations[2]	**8,221**	**4,793**	**8,738**	**5,765**	**(39)**	**(729)**	**(13)**	**(679)**

[1] See reconciliation in segment reporting (Note 10).
[2] See preliminary remarks.

THYSSENKRUPP STOCK / ADR MASTER DATA AND KEY FIGURES

ISIN		Number of shares (total)	shares	622,531,741
Shares (Frankfurt, Düsseldorf stock exchanges)	DE 000 750 0001	Closing price end June 2020	€	6.31
ADR (over-the-counter trading)	US88629Q2075	Stock exchange value end June 2020	million €	3,928
Symbols				
Shares	TKA			
ADR	TKAMY			

Contents

Our fiscal year begins on October 1 and ends on September 30 of the following year.

Interim management report of the thyssenkrupp group

Preliminary remarks

As part of the strategic realignment “newtk”, certain businesses have been organizationally repositioned. In this connection, Components Technology has been focused on the automotive business since October 1, 2019 and renamed Automotive Technology. A new addition is System Engineering, which develops among other things production lines for the auto industry and was part of Industrial Solutions up to September 30, 2019. The Bearings and Forged Technologies businesses have been removed from Components Technology. The two units now report under the name Industrial Components. Industrial Solutions has been renamed Plant Technology and comprises our chemical plant, cement plant and mining equipment businesses. The administrative units of Corporate and the regions are presented as Corporate Headquarters. In addition, the Service Units and Special Units have been combined with consolidation items and are presented separately in the new reporting line “Reconciliation”.

Presentation and disclosure of the corresponding prior periods have been adjusted in line with the aforementioned changes.

In addition, in late February 2020 thyssenkrupp signed an agreement on the full sale of its Elevator Technology business with a bidding consortium led by Advent International and Cinven. The transaction closed on July 31, 2020 after all the responsible authorities had approved the sale. With the closing, the company received the contractually agreed purchase price. The transaction will result directly in a substantial reduction in net debt creating net financial assets and a significant increase in equity. The group’s balance sheet ratios will thus improve significantly.

The transaction meets the criteria for presentation as a discontinued operation under IFRS 5. It encompasses Elevator Technology and individual units from Corporate Headquarters. In accordance with IFRS 5, for the discontinued elevator operations in the current reporting periods in particular all income and expense items are presented separately in the statement of income and all cash flows separately in the statement of cash flows; the prior-period presentation has been adjusted accordingly. In addition, in accordance with IFRS 5 the assets and liabilities attributable to the discontinued elevator operations are presented separately for the first time in the statement of financial position at March 31, 2020 under the items “Assets held for sale” and “Liabilities associated with assets held for sale”; the prior-period presentation has not been adjusted accordingly. With classification as a discontinued operation, non-current assets are no longer subject to depreciation/amortization; the effect of this amounts to €67 million in the first 9 months and €49 million in the 3rd quarter 2019 / 2020 (before taxes).

In addition, as part of the strategic realignment, thyssenkrupp AG and its subsidiaries are no longer referred to as a “Konzern” in this interim management report but as a “group”. The group continues to comprise the entities included in the scope of consolidation. Furthermore, the former business areas will be referred to as “segments” from now on.

Report on the economic position

Summary

Effects of the coronavirus pandemic, volatility in the materials and components businesses for cars and trucks, and structural challenges in steel impact performance in the first 9 months; 3rd quarter down significantly from prior quarter, stabilization expected for 4th quarter

- Order intake of the continuing operations and the group down significantly:
  - Sharp decline in materials and components businesses as well as in Plant Technology, also due to major orders in prior year
- Sales of continuing operations and the group down significantly year-on-year:
  - Only Plant Technology up from prior year due to project progress on major chemical plant orders and bearings for wind turbines, Elevator Technology (discontinued operation) stable
- Adjusted EBIT of continuing operations and the group significantly negative and below prior year as a result of sales slump and resulting capacity underutilization:
  - Automotive Technology significantly down year-on-year and negative, mainly due to demand shortfalls combined with production stoppages and plant shutdowns in Europe, NAFTA and China; System Engineering and Springs & Stabilizers negative
  - Industrial Components down: bearings for wind turbines with higher earnings thanks to continued growth but forgings business with negative earnings due to lower volumes, also cyclical
  - Plant Technology negative and down year-on-year: slower progress on projects, especially for cement, and postponements in order intake only partially offset by cost measures and sales increases in chemical plant construction and robust service business
  - Marine Systems slightly positive with continuing low margins on projects in progress, measures to improve performance showing results
  - Materials Services significantly down from prior year and negative mainly due to volume and price situation; AST also significantly down from prior year and negative due to temporary plant closure and low demand
  - Steel Europe significantly negative and down year-on-year due to lower prices and volumes, with drastic drop in order volumes in 3rd quarter and resultant weak capacity utilization
  - Corporate Headquarters with continued reduction of administrative costs
  - Elevator Technology (discontinued operation) down from prior year: positive trend in service business in the USA and China outweighed by negative effects of coronavirus pandemic especially in Europe
- Measures taken to protect employees and secure businesses continue to apply, including short-time work, greater work time flexibility such as using up overtime and leave, reduced use of temporary workers, remote working, implementation of cost-cutting measures, review of investment projects and release of net working capital
- Significantly higher net loss for the continuing operations and the group mainly due to operating performance

- Free cash flow before M & A for the continuing operations significantly lower year-on-year and negative: improvement at Marine Systems and Corporate Headquarters outweighed by operating performance in the other businesses and payment of fine in cartel case (€370 million); significantly negative and lower year-on-year in 3rd quarter despite positive contribution from bearings business and improvement at Materials Services due to effects of inventory reduction; free cash flow before M & A of the group significantly lower year-on-year due to operating performance and fine payment
- Full-year forecast concretized (see forecast report)
- "newtk" update:
  - Portfolio: sale of elevator business to a bidding consortium led by Advent International and Cinven closed as contractually agreed after quarter end in July, proceeds will significantly improve balance sheet ratios: including improvement to gearing from significant increase in equity and reduction of net financial debt and creation of net financial assets; definition of a clearly structured portfolio derived from potential of the businesses: further development of Materials Services and Industrial Components under own steam; continuation of Automotive Technology, selectively also alliances or development partnerships; for Steel and Marine Systems, alongside measures to improve performance for stand-alone development in the company, parallel pursuit of possible partnerships and consolidation options; Multi-Tracks (Plant Technology, AST, Powertrain Solutions, Springs & Stabilizers, Infrastructure, Heavy Plate, Battery Solutions) without long-term future prospects in the group
  - Organization: transformation to "group of companies" with lean management model; step-by-step adjustment of organizational structure in line with changes in portfolio
  - Performance: implementation of restructuring measures in all businesses
- Sustainability – thyssenkrupp's alkaline water electrolysis as key technology to produce green hydrogen
  - As decades-long established technology leader for chlor-alkali electrolysis, thyssenkrupp has developed a highly efficient water electrolysis technology, has access to per-year production of 1 GW electrolysis capacity and is thus in a promising position for the upcoming growth market of electrolytic production of green hydrogen
  - In advanced talks with a number of customers; exclusive strategic partnership agreed with Air Products & Chemicals (NYSE:APD), thyssenkrupp as supplier of industrial electrolysis plants to produce green hydrogen
  - Cooperation with E.ON, thyssenkrupp water electrolysis suitable for dynamic operation and qualified for integration in electricity grid

Macro and sector environment

Coronavirus pandemic plunging global economy into historic recession in 2020

- Compared with beginning of fiscal year, forecast for global economic growth in 2020 revised significantly further downward due to coronavirus pandemic
- Extensive measures being continued to limit further spread of virus; however, still fast-growing infection rates in major regions (USA, South America, Asia, Europe) and continuing risk of further waves in the course of the year; production activity almost at a halt in spring; cautious resumption of production after easing of coronavirus measures in key industrial nations
- After an already weak 2019, global economy sliding into a historic recession; the slump will be particularly severe in the industrialized nations; emerging economies also impacted
- Forecasts for global economic growth marked by extreme uncertainty over the progression of the pandemic; further risks for 2020: new waves of infection and further lockdown measures, renewed escalation of trade conflicts, geopolitical flashpoints (particularly in Middle East, USA-Iran), negotiations in transition period between EU and UK on possible free trade agreement, medium-term severe and sustained weakening of growth in China; indebtedness problems particularly in some countries of Europe which could be exacerbated through numerous government aid measures to mitigate negative consequences of pandemic; shortages of capital possible even at large companies; volatile material and commodity prices and exchange rates

GROSS DOMESTIC PRODUCT

Real change compared to previous year in %	2019	2020[1]
Euro zone	1.2	(8.6)
Germany	0.6	(6.0)
Russia	1.3	(8.5)
Rest of Central/Eastern Europe	2.0	(8.1)
USA	2.3	(6.1)
Brazil	1.1	(9.1)
Japan	0.7	(5.2)
China	6.1	0.5
India	4.2	(6.3)
Middle East & Africa	1.5	(6.8)
World	**2.8**	**(5.8)**

[1] Forecast
Sources: IHS Markit, IMF, consensus forecasts, misc. banks and research institutes, own estimates

Automotive

- Global sales and production of cars and light trucks in 2019 already down significantly from prior year; substantial negative impact in 2020 from temporary production stoppages and distribution constraints due to lockdown measures
- Europe: sales in 2019 stable year-on-year; significant decline in 2020; in addition to uncertainty about future trading conditions with UK (Brexit) and USA, above all slump due to pandemic impacts
- NAFTA: sales and production down in 2019 from a high market level; significant slump in 2020 due to pandemic impacts
- China: car sales in 2019 significantly down year-on-year; continuing weak sales in 2020 partly masked by pandemic outbreak and its consequences
- Trucks over 6t: 2019 slightly weaker in China and collapse in India, other markets with stable, in some cases positive trend; overall market expected to shrink significantly in 2020 due to decline in Europe, expected weaker second half in China, cyclical drop in Class 8 truck sales in NAFTA and pandemic effects

Machinery

- Germany: after a significant decline in 2019, the even more negative growth forecast for 2020 faces a further downside risk for machinery production due to collapsing investment and continuing bottlenecks along global supply chains as a result of the pandemic; slight easing expected in order intake and supply chains
- USA: production output clearly negative in 2020; already weak prior-year demand for machinery exacerbated massively by pandemic
- China: following positive growth in 2019, production decline in 2020 due to plant closures and weak export demand; incipient recovery since May 2020

Construction

- Germany: after solid growth in 2019, slight decline in construction output in 2020, negatively impacted by pandemic; but fundamental driving forces (sustained demand for housing, public-sector investment) remain intact
- USA: after weak prior year, sharp slump in private and commercial construction due to lockdown measures, collapsing orders and insolvencies in construction sector
- China and India: significant decline in construction output in China in 2020 reflecting lockdown measures – but sustained urbanization trend will continue to support investment in housing construction; India with noticeable drop in output again in 2020; first signs of recovery since April 2020 driven also by government stimulus and investment programs

IMPORTANT SALES MARKETS

	2019[1]	2020[2]
Vehicle production, million cars and light trucks[3]		
World	86.3	67.0
Western Europe (incl. Germany)	13.3	9.7
Germany	4.8	3.6
USA	10.6	8.4
Mexico	3.8	2.9
Japan	9.2	7.1
China	24.4	20.9
India	4.1	2.6
Brazil	2.7	1.8
Machinery production, real, in % versus prior year		
Germany	(2.8)	(15.4)
USA	0.2	(11.4)
Japan	(7.0)	(8.9)
China	5.3	(2.1)
Construction output, real, in % versus prior year		
Germany	3.4	(2.2)
USA	0.0	(6.0)
China	5.7	(8.0)
India	3.6	(5.4)

[1] Partly estimates
[2] Forecast
[3] Passenger cars and light commercial vehicles up to 6t (completely built up vehicles only; without so-called CKD units)
Sources: Oxford Economics, IHS Markit, national associations, own estimates

Steel

- Global demand for finished steel expected to decline significantly this year (–6%), with only China again slightly positive (+1%); other emerging economies and industrialized countries with mostly double-digit declines – especially in the 2nd quarter; EU steel demand –16%; continuing high forecast uncertainty
- EU carbon flat steel market down sharply (–19%) in the first five months, unprecedented demand collapse in April/May, especially from auto industry; import pressure still high
- Market environment remains extremely challenging, also structurally – problem of overcapacities exacerbated by current crisis, volatile raw material markets

Group review

Effects of coronavirus pandemic, volatility in our materials and components businesses for cars and trucks, and structural challenges in steel impact performance in first 9 months

ORDER INTAKE

million €	9 months ended June 30, 2019	9 months ended June 30, 2020	Change in %	Change on a comparable basis[1] in %	3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2020	Change in %	Change on a comparable basis[1] in %
Automotive Technology[2]	3,897	3,350	(14)	(15)	1,308	815	(38)	(38)
Industrial Components[2]	2,006	1,578	(21)	(21)	661	432	(35)	(34)
Elevator Technology	6,136	6,112	0	(1)	1,999	1,898	(5)	(4)
Plant Technology[2]	2,230	1,385	(38)	(38)	1,048	360	(66)	(65)
Marine Systems	385	358	(7)	(7)	145	123	(15)	(15)
Materials Services	10,528	8,645	(18)	(18)	3,336	2,242	(33)	(33)
Steel Europe	6,969	5,317	(24)	(24)	2,177	943	(57)	(57)
Corporate Headquarters[2]	1	3	76	77	1	2	174	174
Reconciliation[2]	(1,463)	(853)	—	—	(457)	(121)	—	—
Full group	**30,690**	**25,895**	**(16)**	**(16)**	**10,219**	**6,693**	**(35)**	**(34)**
Discontinued elevator operations[2]	6,135	6,114	0	(1)	1,999	1,900	(5)	(4)
Group continuing operations[2]	**24,555**	**19,781**	**(19)**	**(20)**	**8,221**	**4,793**	**(42)**	**(41)**

[1] Excluding material currency and portfolio effects
[2] See preliminary remarks.

Order intake of **continuing capital goods operations** down significantly:

Automotive Technology

- Down sharply year-on-year in all businesses, mainly as a result of pandemic with weak demand, slower decline in steering systems due to ramp-up of new projects and plants
- Pandemic-related sharp slump in business in 3rd quarter due to demand shortfalls particularly in Europe, USA, and Mexico, with plant shutdowns by our biggest customers as a result of lockdown in Europe and NAFTA; in China slight recovery from end of April after easing of restrictions

Industrial Components

- Clearly down from prior year mainly due to weaker demand as a result of coronavirus pandemic and cyclical downturn in forgings business
- Bearings: continued good order situation in particular for wind energy in China; slight declines in construction machinery components and cranes; strong, mainly pandemic-related decline in aerospace components
- Forgings: plant closures at main customers for automotive and industrial components from March 2020 in response to pandemic and resultant temporary closure/slowdown of all main plants; also general weakening of economy in Europe, fall in demand in China; with:
  - Cars/trucks: continued sharp downturn in cyclical Class 8 truck market – particularly USA
  - Undercarriages for construction machinery: continuing global cyclical fall in demand, partly offset by widening of product range and development of new markets and business fields

Plant Technology

- Significantly lower year-on-year reflecting two major orders (fertilizer plant and mining) in prior year
- Chemical plants: rising demand also for electrolysis plants and equipment, among others in Europe, Asia, Middle East; strategic partnership with US industrial gas company Air Products & Chemicals as well as cooperation with German grid operator E.ON lay foundations for thyssenkrupp's participation in large-scale green hydrogen projects; orders for energy-saving chlorine production plant in Spain and polymer plants in Turkey and China
- Cement: positive performance; medium-size orders for cement lines in USA and first industrial plant for low-CO_2 cement production with thermally activated (calcined) clays in Cameroon; smaller orders for components and services
- Mining: smaller orders among others for stockyard technology in Russia, gravel plant in Germany, crushers in Europe and Australia, and biomass boiler in India

Marine Systems

- Robust performance: medium-size order in marine electronics for German customer, subcontracts for a customer in North Africa, and smaller maintenance and service orders
- Contract signed in joint venture with Embraer Defense & Security and Atech to build four new frigates for the Brazilian navy, all conditions for entry into effect of order expected to be in place by 4th quarter

Order intake of the **materials businesses** significantly down from prior year:

- Materials Services down from prior year mainly owing to lower volumes but also lower prices; sharp decline in demand in 3rd quarter in whole organization with exception of plastics
- Steel Europe significantly down due to lower prices and volumes; after positive volume trend in first fiscal half, drastic fall in order volumes by more than half in 3rd quarter (in full period: 6.8 million t; down by 10%) – initially mainly auto customers, steel service centers and automotive suppliers, over course of quarter increasingly also decreasing orders from other industrial customers

Elevator Technology (discontinued operation)

- At prior-year level: positive performance in USA and positive exchange-rate effects; Europe and Asia slight decline year-on-year, mainly pandemic-related

NET SALES

million €	9 months ended June 30, 2019	9 months ended June 30, 2020	Change in %	Change on a comparable basis[1] in %	3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2020	Change in %	Change on a comparable basis[1] in %
Automotive Technology[2]	3,954	3,477	(12)	(13)	1,365	842	(38)	(38)
Industrial Components[2]	1,882	1,568	(17)	(16)	660	452	(32)	(31)
Elevator Technology	5,835	5,852	0	0	2,042	1,947	(5)	(4)
Plant Technology[2]	2,009	2,137	6	7	725	644	(11)	(10)
Marine Systems	1,305	1,190	(9)	(9)	510	385	(24)	(24)
Materials Services	10,590	8,680	(18)	(18)	3,505	2,245	(36)	(36)
Steel Europe	6,828	5,459	(20)	(20)	2,347	1,455	(38)	(38)
Corporate Headquarters[2]	1	3	77	78	1	1	76	76
Reconciliation[2]	(1,250)	(874)	—	—	(374)	(261)	—	—
Full group	**31,153**	**27,492**	**(12)**	**(12)**	**10,779**	**7,710**	**(28)**	**(28)**
Discontinued elevator operations[2]	5,834	5,851	0	0	2,041	1,946	(5)	(4)
Group continuing operations[2]	**25,319**	**21,640**	**(15)**	**(15)**	**8,738**	**5,765**	**(34)**	**(34)**

[1] Excluding material currency and portfolio effects
[2] See preliminary remarks.

Sales of the **continuing capital goods operations** significantly lower year-on-year:

- Automotive Technology: significantly lower year-on-year; sales mainly following order intake and severely negatively impacted by pandemic from 2nd quarter
- Industrial Components: clear increases in wind energy in Germany and China unable to offset severe pandemic-related sales weakness and cyclical decline in forgings business
- Plant Technology significantly higher year-on-year, mainly due to progress on major chemical plant orders
- Marine Systems lower year-on-year: temporarily slower progress on submarine projects largely offset by sales under a frigate order from North Africa and in marine electronics, maintenance and service areas

Sales of the **materials businesses** down significantly year-on-year:

Materials Services

- Overall materials sales and shipments clearly lower year-on-year (shipments 6.6 million t; prior year: 7.4 million t), reflecting absence of group-internal direct-to-customer business (partial transfer to Steel Europe) as well as pandemic-related demand trend
- Significantly lower volumes particularly in warehousing and distribution, auto-related service centers, and aerospace; weak demand in all markets
- International direct-to-customer business lower year-on-year due to changes in product mix as well as decline in prices for metals and alloys
- Strong growth in plastics due to sales of transparent plastic sheets as protection against coronavirus
- Slight decline in prices in all product segments – except plastic – nickel remaining very volatile
- AST lower year-on-year due to lower volumes; temporary government-ordered several-day-long production stoppages in response to pandemic, production partially restarted on April 6

Steel Europe

- Volume- and price-related sales decrease: significant decline in volumes in 3rd quarter intensified mainly price-related negative performance in first two quarters compared with prior year; shipments at 6.8 million t after 9 months (down 12.4% against prior year), mainly affecting auto sector but also other end customer groups; by contrast tinplate volumes stable
- Lower price level partly due to less favorable product mix particularly in reporting quarter

Elevator Technology (discontinued operation)

- Elevator Technology (discontinued operation) level year-on-year; positive performance in USA and positive exchange-rate effects; Europe and Asia slight decline year-on-year, mainly pandemic-related

ADJUSTED EBIT

million €	9 months ended June 30, 2019	9 months ended June 30, 2020	Change in %	3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2020	Change in %
Automotive Technology[1]	17	(157)	--	(5)	(129)	--
Industrial Components[1]	168	122	(27)	69	26	(62)
Elevator Technology	642	613	(4)	239	211	(12)
Plant Technology[1]	(114)	(135)	(18)	(55)	(97)	(77)
Marine Systems	0	6	++	0	4	++
Materials Services	119	(62)	--	43	(100)	--
Steel Europe	77	(706)	--	1	(334)	--
Corporate Headquarters[1]	(175)	(169)	4	(57)	(40)	30
Reconciliation[1]	(50)	41	—	(10)	43	—
Full group	**683**	**(445)**	**--**	**226**	**(415)**	**--**
Discontinued elevator operations[1]	641	677	6	238	263	10
Group continuing operations[1]	**42**	**(1,122)**	**--**	**(13)**	**(679)**	**--**

[1] See preliminary remarks.

Adjusted EBIT of the **continuing capital goods operations** significantly lower year-on-year and negative overall:

Automotive Technology

- Significantly lower year-on-year and negative; decline particularly in 3rd quarter owing to pandemic-related demand shortfalls together with production and plant shutdowns in Europe, NAFTA and China; System Engineering and Springs & Stabilizers significantly negative
- In response to loss situation, restructuring of Springs & Stabilizers business with closure of Olpe plant and realignment of plant in Hagen, reduction of 490 employees in Germany planned; continuation of capacity adjustments and cost-reduction measures at System Engineering

Industrial Components

- Significantly lower overall year-on-year
- Bearings: significantly higher year-on-year due to volume and structural factors
- Forgings: significantly lower year-on-year mainly due to lower sales (also pandemic-related); tariff disputes between USA and China with continued negative impact on demand

Plant Technology

- Negative and due to coronavirus lower year-on-year; pandemic impacts partly offset by sales increases in chemical plant engineering, cost-saving program as well as proceeds from sale of a building in 1st quarter; despite pandemic, service business robust with earnings level with prior year adjusted for special item Transrapid

Marine Systems

- Up from prior year with continuing low margins on projects in progress; performance measures showing results.

Adjusted EBIT of the **materials businesses** down significantly year-on-year in a weak market environment:

Materials Services

- Pandemic-related decline in both service units – with exception of plastics – due to lower volumes; partly offset by positive effects from commodity and currency hedge particularly due to performance of nickel, aluminum and copper
- Absence of positive one-time effects from prior year (real estate sales and compensation payments for partial transfer of international direct-to-customer business)
- AST significantly lower year-on-year and negative; impact of plant closure and low demand – both pandemic-related

Steel Europe

- Significantly negative and lower year-on-year due to lower volumes and prices, with clear deterioration over course of fiscal year; earnings also impacted by weak capacity utilization above all in 3rd quarter, and from mid-March collapse in shipments of high-margin steel grades for auto manufacturers

Corporate Headquarters

- Cost savings in administrative area at corporate functions and in regions
- Volunteer program showing noticeable effect

Elevator Technology (discontinued operation)

- Lower year-on-year
- Positive trends in Americas and Asia/Pacific regions, particularly in service business in USA, supported by positive exchange rates effects and new installations and service business in China; pandemic-related negative effects above all in Europe and at Access Solutions; also higher corporate costs in connection with carve-out

Reconciliation shows improvement from higher sales, mainly services, and lower costs for maintenance measures; also cessation of depreciation and amortization for discontinued operations.

Earnings impacted by special items

SPECIAL ITEMS

million €	9 months ended June 30, 2019	9 months ended June 30, 2020	Change	3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2020	Change
Automotive Technology[1]	6	193	187	(6)	13	20
Industrial Components[1]	19	52	33	17	3	(14)
Elevator Technology	52	45	(6)	17	19	2
Plant Technology[1]	12	13	1	9	5	(4)
Marine Systems	1	5	4	1	1	0
Materials Services	12	25	13	9	11	2
Steel Europe	151	135	(16)	(8)	10	18
Corporate Headquarters[1]	23	143	120	2	9	7
Reconciliation[1]	11	10	(1)	3	2	(2)
Full group	**287**	**621**	**333**	**43**	**73**	**30**
Discontinued elevator operations[1]	52	151	99	17	22	5
Group continuing operations[1]	**235**	**470**	**235**	**26**	**51**	**25**

[1] See preliminary remarks.

- Main special items in the reporting period:
  - Automotive Technology: restructuring expenses mainly in connection with capacity adjustments together with personnel reduction at System Engineering, Springs & Stabilizers and at segment level; impairment losses on property, plant and equipment at Springs & Stabilizers and Dampers due to pandemic-related lower earnings expectations and higher costs of capital; at Steering due to revaluation of an order at a Chinese site owing to reduced customer demand and higher costs of capital
  - Industrial Components: mainly impairment losses on technical equipment, buildings and other non-current assets in China as well as continuation of restructurings already underway at the plants in Brazil, Italy and India in the forgings business
  - Plant Technology: mainly provisions for restructurings
  - Marine Systems: mainly provisions for restructuring
  - Materials Services: mainly provisions for closure of Varel branch of Aerospace Germany in 2nd and 3rd quarters
  - Steel Europe: provisions for Steel Strategy 20-30 restructuring, mainly in 2nd quarter
  - Corporate Headquarters: project expenses in connection with Elevator transaction and provisions for volunteer program at thyssenkrupp AG
  - Elevator Technology (discontinued operation): mainly costs in connection with restructurings in business units Europe/Africa and Americas and preparation of carve-out; partly offset by partial reversal of a provision for a legal case

Results of operations and financial position

Analysis of the statement of income

Income from operations

- Sharp fall in net sales of continuing operations coupled with a virtually proportionate decrease in material expenses within cost of sales of continuing operations compared with the decline in sales, which was outweighed however mainly by higher personnel expenses in connection with restructuring measures and increased impairment losses on non-current assets; clear decrease in gross profit margin of continuing operations to 6.7% (prior year: 11.8%)
- Decrease in selling expenses of continuing operations mainly resulting from lower sales-related freight, insurance and customs expenses and lower personnel expenses
- Rise in general and administrative costs of continuing operations mainly as a result of increased personnel expenses, particularly in connection with restructuring measures; partly offset by lower consulting, IT and travel costs
- Decrease in other income of continuing operations mainly due to a reduction in incomplete coverage of reported insurance claims; at the same time, increase due to higher subsidies mainly from the German public sector in connection with reimbursement of social insurance contributions in respect of short-time working
- Other expenses of continuing operations clearly lower, mainly reflecting absence of increase made in 2nd quarter of prior year to provision in connection with the heavy plate cartel case against thyssenkrupp Steel Europe AG which was closed in December 2019
- Decrease in other gains/losses of continuing operations reflecting lower gains from disposal of non-current assets and exchange rate effects

Financial income/expense and income tax

- Overall improvement in financial income/expense of continuing operations mainly the result of lower interest expense for pensions and similar obligations combined with higher interest expense for financial debt
- No reduction in tax expense of continuing operations despite significantly higher losses before taxes of continuing operations year-on-year: tax benefits for net operating losses could only be recognized to a very limited extent; tax codes of many countries in which the group operates do not allow offsetting of tax profits and losses of individual tax entities; increase in tax expense among other things due to higher deferred tax expenses from temporary differences in carrying amounts in Germany, local taxes outside Germany and taxes from previous years

Earnings per share

- Net loss increased significantly by €1,808 million to €1,978 million; includes net income of discontinued operations which decreased by €407 million to a net loss of €29 million mainly as a result of higher tax expenses
- Loss per share accordingly up sharply by €2.88 to €3.21

Analysis of the statement of cash flows

Operating cash flows

- High negative operating cash flows of continuing operations significantly deteriorated primarily due to sharp fall in net income before depreciation, amortization and deferred income taxes of continuing operations; offset only slightly by lower funds tied up in operating assets and liabilities

Cash flows from investing activities

- Capital spending clearly higher year-on-year, mainly reflecting higher capital spending at Industrial Components and Steel Europe; down sharply in 3rd quarter

INVESTMENTS

million €	9 months ended June 30, 2019	9 months ended June 30, 2020	Change in %	3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2020	Change in %
Automotive Technology[1]	291	240	(17)	93	65	(30)
Industrial Components[1]	57	88	55	26	34	30
Elevator Technology	141	123	(12)	85	51	(40)
Plant Technology[1]	26	21	(21)	9	4	(55)
Marine Systems	30	44	43	13	12	(10)
Materials Services	83	90	8	30	33	12
Steel Europe	321	352	10	110	90	(18)
Corporate Headquarters[1]	14	10	(33)	3	0	(87)
Reconciliation[1]	(8)	10	++	6	2	(60)
Full group	**955**	**978**	**2**	**375**	**292**	**(22)**
Discontinued elevator operations[1]	146	123	(16)	86	51	(40)
Group continuing operations[1]	**809**	**854**	**6**	**289**	**241**	**(16)**

[1] See preliminary remarks.

Automotive Technology

- Focus on camshafts, including adjustable camshafts in China, cylinder head modules in Hungary

Industrial Components

- Growth capex to increase production capacity above all in wind energy, primarily at European and Asian production sites
- Investment in fully automated forging press for truck front axles at the Homburg site in Germany progressing on schedule

Plant Technology

- Continuing investment in expansion of technology portfolio to safeguard market position and also in infrastructure measures

Marine Systems

- Further implementation of modernization of Kiel shipyard
- Contract to purchase Oceana shipyard in Brazil signed in May subject to building of four new frigates for the Brazilian Navy with prospects of follow-up orders in other countries of South America; all conditions for entry into effect of order expected to be in place by 4th quarter

Materials Services

- Foundation stone laying took place on February 4, 2020 for construction of a new, state-of-the-art strategic logistics center for Region North in Rotenburg (Wümme)
- Modernization and maintenance measures at warehousing and service units and AST; continuing digital transformation of segment

Steel Europe

- Foundation stone laying for new hot-dip coating line (FBA 10) took place at the Dortmund site on October 31, 2019, construction of steelwork ongoing since November 2019

Corporate Headquarters

- Mainly expenditures for IT licenses

Elevator Technology (discontinued operation)

- Alongside regular maintenance capex, chiefly expenditures in connection with construction of new headquarters to concentrate administration and research activities in Atlanta/USA

Cash flows from financing activities

- Cash flows from financing activities of continuing operations again at high level, but lower year-on-year mainly on account of reduced financing by the discontinued elevator operations

Free cash flow and net financial debt

RECONCILIATION TO FREE CASH FLOW BEFORE M & A

million €	9 months ended June 30, 2019	9 months ended June 30, 2020	Change	3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2020	Change
Operating cash flows – continuing operations (consolidated statement of cash flows)	(2,237)	(3,171)	(935)	(53)	(1,004)	(950)
Cash flow from investing activities – continuing operations (consolidated statement of cash flows)	(752)	(809)	(58)	(282)	(221)	61
Free cash flow – continuing operations (FCF)[1]	**(2,988)**	**(3,981)**	**(992)**	**(335)**	**(1,224)**	**(889)**
–/+ Cash inflow/cash outflow resulting from material M&A transactions	0	30	30	0	0	0
Adjustment due to IFRS 16	0	(61)	(61)	0	(13)	(13)
Free cash flow before M & A – continuing operations (FCF before M & A)[1]	**(2,988)**	**(4,012)**	**(1,023)**	**(335)**	**(1,238)**	**(902)**
Discontinued elevator operations[1]	443	556	114	243	467	224
Free cash flow before M & A – group (FCF before M & A)	**(2,546)**	**(3,455)**	**(910)**	**(92)**	**(770)**	**(678)**

[1] See preliminary remarks.

- Free cash flow before M & A of continuing operations clearly lower year-on-year and negative: improvement at Marine Systems and Corporate Headquarters outweighed by operating performance in other businesses and payment of fine in cartel case (€370 million); in 3rd quarter significantly negative and lower year-on-year despite positive contribution of Bearings and improvement at Materials Services due to effects of inventory reduction; free cash flow before M & A of group down sharply year-on-year due to operating performance and fine payment
- Net financial debt up to €8.5 billion at June 30, 2020 mainly reflecting significantly negative FCF before M & A as well as first-time application of IFRS 16 (Leases)
- On May 8, 2020 thyssenkrupp entered into a €1 billion credit facility under the KfW special program with a consortium of KfW and other banks. This additionally secured liquidity during the coronavirus pandemic until the cash inflow from the sale of Elevator Technology, which closed after the reporting date. The credit facility was not drawn and ended with the closing of the Elevator transaction.
- With the cash inflow from the Elevator transaction, which as well as a significant increase in equity will also result in the creation of net financial assets, reporting on the ratio of net financial debt to equity (gearing) has lost significance.
- Available liquidity of €3.9 billion (€2.6 billion cash and cash equivalents and €1.3 billion undrawn committed credit lines)
- Existing commercial paper program with a maximum emission volume of €3.0 billion was drawn in the amount of €0.2 billion at June 30, 2020

Rating

RATING

	Long-term rating	Short-term rating	Outlook
Standard & Poor's	BB-	B	positive
Moody's	B1	not Prime	developing
Fitch	BB-	B	stable

- In February/March 2020, all three rating agencies changed their credit ratings for thyssenkrupp as follows:
  – Standard & Poor's: outlook for “BB-” rating raised from “developing” to “positive”
  – Moody's: rating downgraded from “Ba3 outlook negative” to “B1 outlook developing”
  – Fitch: rating downgraded from “BB+ outlook watch negative” to “BB- outlook stable”

Analysis of the statement of financial position

Non-current assets

- Sharp decline in intangible assets particularly influenced by the reclassification of goodwill to assets held for sale in the 2nd quarter in connection with the discontinued elevator operations
- Overall decrease in property, plant and equipment mainly due to reclassifications to assets held for sale in connection with the discontinued elevator operations, depreciation and impairment higher than additions, and currency translation; partly offset by increases from first-time application of IFRS 16
- Significant reduction in deferred tax assets, in particular due to reclassification of amounts from the Elevator business to assets held for sale

Current assets

- Overall significant increase in current assets mainly influenced by reclassification of non-current assets to assets held for sale in connection with the discontinued elevator operations
- Sharp decreases in inventories and trade accounts receivable, in particular due to reclassifications to assets held for sale in connection with the discontinued elevator operations and to decreases in the materials businesses as a result of declining business activity
- Decrease in contract assets mainly due to reclassifications to assets held for sale in connection with the discontinued elevator operations; at the same time increases from the execution of naval shipbuilding contracts
- Decrease in other financial assets mainly as a result of derivatives accounting and lower discount claims
- Overall significant decrease in cash and cash equivalents, in addition to reclassifications to assets held for sale in connection with the discontinued elevator operations mainly due to the highly negative free cash flow from continuing operations in the reporting period together with cash inflows from proceeds from borrowings
- Sharp increase in assets held for sale due to the reclassification of non-current and current assets in connection with the discontinued elevator operations in the 2nd quarter

Total equity

- Sharp decrease compared with September 30, 2019 to €(9) million at June 30, 2020, in particular due to the high net loss in the reporting period and losses from currency translation recognized in other comprehensive income; partly offset by gains on remeasurement of pensions and similar obligations recognized in other comprehensive income

Non-current liabilities

- Significant decrease in accrued pensions and similar obligations mainly due to gains from remeasurement in the reporting period as a result of higher pension interest rates, and reclassifications to liabilities associated with assets held for sale in connection with the discontinued elevator operations
- Decrease in other provisions mainly due to reclassifications to liabilities associated with assets held for sale in connection with the discontinued elevator operations
- Overall significant reduction in financial debt, in particular due to the reclassification of two bonds due in November 2020 and at the beginning of March 2021 to current financial debt; at the same time, increase in financial debt due to first-time application of IFRS 16

Current liabilities

- Overall strong increase in current liabilities partly influenced by reclassifications from non-current liabilities to liabilities associated with assets held for sale in connection with the discontinued elevator operations
- Decrease in provisions for current employee benefits, mainly due to reclassifications to liabilities associated with assets held for sale in connection with the discontinued elevator operations and utilization
- Decrease in other provisions mainly due to use of the provision in connection with the heavy plate cartel case against thyssenkrupp Steel Europe AG which ended in December 2019 and reclassifications to liabilities associated with assets held for sale in connection with the discontinued elevator operations
- Sharp increase in financial debt in particular due to the aforementioned reclassification of two bonds from non-current financial debt and liabilities to financial institutions; partly offset by repayments under the commercial paper program
- Sharp decrease in trade accounts payable mainly due to reclassifications to liabilities associated with assets held for sale in connection with the discontinued elevator operations and decreases in particular in the materials and automotive businesses
- Decrease in other financial liabilities mainly due to reclassifications to liabilities associated with assets held for sale in connection with the discontinued elevator operations, and additionally due to derivatives accounting and a decrease in liabilities associated with the purchase of non-current assets
- Significant decrease in contract liabilities mainly due to reclassifications to assets held for sale in connection with the discontinued elevator operations, with simultaneous increases in the continuing Marine Systems operations from the execution of construction contracts
- Decrease in other non-financial liabilities, in particular due to reclassifications to assets held for sale in connection with the discontinued elevator operations
- Sharp increase in liabilities associated with assets held for sale due to the reclassification of non-current and current liabilities in connection with the discontinued elevator operations in the 2nd quarter

Compliance

- Strong values as foundation of our work, currently of particular importance: reliability, honesty, credibility and integrity
- Values anchored in the group's Mission Statement, Code of Conduct and Compliance Commitment
- Close involvement of Compliance in M & A activities to advise on various antitrust issues
- More information on compliance at thyssenkrupp in the 2018 / 2019 Annual Report and on the website www.thyssenkrupp.com

Forecast, opportunity and risk report

Statements on the 2019 / 2020 forecast

The following forward-looking statements relate to continuing operations, i.e. the group as a whole excluding the discontinued elevator operations; the latter include Elevator Technology and individual units from Corporate Headquarters. We also make statements on the discontinued operations, which are fully consolidated until the closing of the Elevator transaction on July 31, 2020.

Sales and earnings in large parts of our materials and components businesses are generally subject to rapid fluctuations, partly driven by raw material prices. We have described our assumptions regarding the economic parameters for our businesses and the existing uncertainties in the section "Macro and sector environment" of this report and in the "Forecast" section of the 2018 / 2019 Annual Report. In addition, there are the effects and risks of the coronavirus pandemic.

As the pandemic has progressed, we saw temporary plant closures at our customers in China from the 2nd quarter of the fiscal year and almost all over the world from mid-March, as a result of which production activity temporarily came almost to a halt. With the easing of coronavirus measures, we are now seeing a cautious resumption of production in key industrial nations such as the USA, UK, Germany and the euro zone as a whole since May, and in China since March. But infection rates remain high in many key regions (USA, South America, Asia, Europe) and there is a continued risk of further waves of infection in the course of the year. For this reason and due to the continuing disruptions to economic and public life, forecasts for global economic growth and the economic impact on our businesses, particularly materials and components for cars and trucks, are still subject to major uncertainties.

In the current situation our priority is to protect the health of our employees and mitigate the economic impact of the pandemic through measures. We have significantly widened the possibilities for remote working in order to keep the risk of infection among employees as low as possible. In addition to short-time working in the plants and administrative units affected by plant closures and production cutbacks at our customers, we are using ways to flex working hours such as using up overtime and leave and reducing the use of temporary workers. We are also implementing cost-saving measures, and scaling back or delaying planned investment projects.

Despite the current challenges we are pushing ahead with the implementation of “newtk”. The definition of the target portfolio at the end of May provided a clear focus on industrial prospects, competitive profitability and cash flow of the businesses. Part of the proceeds from the Elevator transaction will be used selectively to develop and restructure businesses where attractive target returns can be achieved. In addition, fluctuations in net working capital at the respective reporting dates will be reduced significantly in the current fiscal year toward continuous optimization. That will also provide greater transparency and help make forecasts more dependable. Furthermore, financial liabilities will be repaid in line with their maturity profile. However, in view of the uncertain economic situation caused by the coronavirus, we will continue to retain the greatest possible flexibility in the precise allocation of funds.

Key assumptions

For the global production of passenger cars and light trucks, the slight decline already expected in 2020 will be significantly exacerbated by production stoppages and distribution constraints resulting from lockdown measures. The Western European and North American markets will not stabilize at a lower level in 2020, as anticipated, but are likely to collapse significantly due to the pandemic. In China, the world’s largest market, despite a positive trend in the 2nd calendar quarter 2020 following the impact of the pandemic on the 1st calendar quarter 2020, we expect car sales to be significantly down from the prior year. For our businesses we see growth opportunities through the ramp-up of new plants and projects, including increasing deliveries of our electromechanical steering systems.

Demand for our bearings from the energy and wind sectors should remain at a high level in 2020, especially in China and North America, also due to pull-forward effects resulting from the foreseeable end of subsidies. However, the industrial markets are showing signs of cooling, mainly due to political uncertainties. We therefore expect a sideways movement in demand for our bearings in 2020. In addition to weaker demand across our entire forgings business as a result of the pandemic, demand for construction equipment components, after peaking in 2018, will continue to decline cyclically in 2020. The global market for trucks over 6t is expected to decline overall due to continuing normalization after the recent very high market level in China and the cyclical downturn in class 8 trucks in the NAFTA region. In the industrial components business too, measures are being continuously implemented to reduce costs and increase efficiency.

At Plant Technology, business up to the 2nd quarter was not significantly impacted by the pandemic and with a few exceptions operations were maintained for orders in process. From the 3rd quarter the spread of the pandemic has had significant negative impacts on business and earnings. Contract awards are being postponed, progress on ongoing projects delayed, costs for project logistics and quality assurance for current orders are increasing while utilization of available engineering capacities is decreasing. By contrast, the service business is performing robustly. The cost-saving program continues to be implemented systematically and is therefore expected to partially offset the negative impacts of the pandemic.

Marine Systems, acting in consortium with Embraer, signed a contract for a frigate program in Brazil in March this year. The contract is expected to take effect in the 4th quarter of the fiscal year. At the same time we are negotiating with Germany and Norway over a submarine program. The performance program is being continued and is already showing good results.

Global steel demand, which is relevant to our materials business, will decline in 2020. Visibility is extremely low. The outlook is clouded above all by pandemic-related production stoppages at relevant steel processors. The growth of the Chinese steel market will at least slow and may even decline slightly. In the industrialized countries, steel demand is expected to fall noticeably. Against the background of continuing global overcapacities and increasing protectionism, import pressure on the European steel market is likely to remain high. We expect the situation on the raw material markets to ease at least partially and at the same time anticipate intense competition on the oversupplied steel markets.

At Materials Services we intend to press ahead with the digitization of business processes and distribution channels to increase productivity and efficiency throughout the value chain and systematically continue our omnichannel approach. This includes the increased use of our “alfred” artificial intelligence system to better control transportation routes and logistics flows, the further rollout of a state-of-the-art ERP platform and the expansion of the e-commerce functionalities of our B2B portal. A further focus is on the optimization of operational processes and targeted measures to improve quality in the process chain. In addition, structural adjustments to the organization and methods of cooperation at headquarters are intended to accelerate decision-making processes, reduce complexity and cut costs.

At Steel Europe we expect a significant slowdown in business for the rest of the fiscal year due to the effects of the pandemic, which has already forced the automotive industry in particular to temporarily shut down plants.

Due to the reorganization of business units, the prior-year figures for Automotive Technology, Industrial Components, Plant Technology and Corporate Headquarters have been calculated on a simplified basis, i.e. without reconsolidation.

- **Sales from continuing operations** down sharply, above all in the 2nd half of the year, mainly due to lower demand for our materials and components for cars and trucks as a result of pandemic-related temporary plant closures and production cutbacks by our customers in the automotive industry (prior year, continuing operations: €34.0 billion)

- **Adjusted EBIT from continuing operations** – depending on the speed at which production is restarted by our customers – almost all businesses, with the possible exception of Steel Europe, stable or with slight quarter-on quarter improvement in 4th quarter, resulting in an overall 4th-quarter loss in the mid to high 3-digit million euro range; full-year loss between €1.7 billion and €1.9 billion is likely (prior year, continuing operations: loss of €110 million); year-on-year decline in earnings influenced heavily by high loss at Steel Europe of up to a good €1 billion, also as a result of structural disadvantages at Steel Europe and in the steel industry in general (prior year, Steel Europe: €31 million)

Until the closing of the Elevator transaction on July 31, 2020 we expect our discontinued elevator operations to make a significant positive contribution to the group's adjusted EBIT (prior year: €907 million).

As part of the implementation of Performance First under "newtk", continuation of our restructurings, with costs (special items) expected in a mid 3-digit million euro amount.

Free cash flow before M & A from continuing operations expected to be between €(5.0) billion and €(6.0) billion mainly due to operating performance and the normalization of net working capital toward further continuous optimization. This normalization will result in a charge on free cash flow of approx. €2.5 billion (prior year, continuing operations: €(1,756) million).

We expect the **group's FCF** (prior year: €(1,263) million) to be significantly positive due to the cash inflow from the Elevator transaction.

In addition to the cash inflow, the closing of the Elevator transaction at the end of July will have a significant positive effect on the group's net income and a corresponding positive effect on the group's equity .

Net financial debt of the group taking into account the proceeds from the Elevator transaction with a significant improvement into **net financial assets,** offsetting effects from cash flow developments and the first-time application of IFRS 16 (prior year: €3,703 million).

tkVA of the group clearly positive due to the effects described above (prior year: €(1,068) million).

Opportunities and risks

Opportunities

- Strategic and operational opportunities described in 2018 / 2019 Annual Report continue to apply, possibly delayed due to coronavirus pandemic
- Opportunities from the resolved strategic realignment of the Group
- Engineering and materials expertise and "thyssenkrupp" brand: market opportunities with tailored technological and competitive solutions
- Opportunities for our steelmaking operations and for the construction of electrolysis plants through inclusion of thyssenkrupp in the national hydrogen strategy announced by the German government
- With advancing digitization, thyssenkrupp's global research and development network offers opportunities for integrating currently separate value chains

Risks

- With the closing of the Elevator transaction on July 31, 2020, no risks threatening ability to continue as going concern through significant cash inflow; information on risks described in 2018 / 2019 Annual Report continues to apply, but changed assessment of selected risks due to coronavirus pandemic
- High risks if the coronavirus pandemic goes on longer than expected or new waves of infections are more severe than expected and further lockdown measures are introduced: additional sales declines, especially with customers from the automotive industry, in individual business models risks in the supply chains and thus production losses and temporary plant closures worldwide, payment defaults or delays by individual customers
- Economic risks: renewed escalation of trade conflicts, geopolitical flashpoints (particularly in Middle East, USA-Iran); course of negotiations in the transition period between EU and UK on a possible free trade agreement; pronounced and lasting slowdown of growth in China in medium term; problems of indebtedness in particular in some European countries, which could be exacerbated due to numerous state aid measures to mitigate the impact of the pandemic; shortages of capital possible even at large companies; volatile material and commodity prices and exchange rates; further weakening of automotive market
- Temporary efficiency losses in production as a result of restructurings in connection with implementation of our strategic realignment
- Risks of cost and schedule overruns in the execution of major projects
- Risks from attacks on IT infrastructure despite continuous countermeasures to further expand information security management and security technologies

Condensed interim financial statements of the thyssenkrupp group

thyssenkrupp group – statement of financial position

ASSETS

million €	Note	Sept. 30, 2019	June 30, 2020
Intangible assets	03	5,029	3,008
Property, plant and equipment (inclusive of investment property)	03	8,144	8,009
Investments accounted for using the equity method		128	123
Other financial assets		39	34
Other non-financial assets		240	264
Deferred tax assets	04	1,733	1,153
Total non-current assets		**15,313**	**12,590**
Inventories		7,781	6,891
Trade accounts receivable		5,488	3,633
Contract assets		1,443	1,318
Other financial assets		808	541
Other non-financial assets		1,642	1,679
Current income tax assets		293	202
Cash and cash equivalents		3,706	1,813
Assets held for sale	02	0	6,761
Total current assets		**21,162**	**22,838**
Total assets		**36,475**	**35,428**

See accompanying notes to financial statements.

EQUITY AND LIABILITIES

million €	Note	Sept. 30, 2019	June 30, 2020
Capital stock		1,594	1,594
Additional paid-in capital		6,664	6,664
Retained earnings		(6,859)	(8,753)
Cumulative other comprehensive income		352	80
[thereof discontinued operations]		[—]	[(97)]
Equity attributable to thyssenkrupp AG's stockholders		**1,751**	**(415)**
Non-controlling interest		469	406
Total equity		**2,220**	**(9)**
Accrued pension and similar obligations	05	8,947	8,245
Provisions for other employee benefits		307	303
Other provisions	06	554	469
Deferred tax liabilities		48	38
Financial debt	07	6,529	5,352
Other financial liabilities		136	99
Other non-financial liabilities		6	6
Total non-current liabilities		**16,527**	**14,512**
Provisions for current employee benefits		357	155
Other provisions	06	1,726	956
Current income tax liabilities		260	184
Financial debt	07	886	5,390
Trade accounts payable		6,355	3,443
Other financial liabilities		1,209	851
Contract liabilities		4,561	3,144
Other non-financial liabilities		2,373	1,766
Liabilities associated with assets held for sale	02	0	5,035
Total current liabilities		**17,728**	**20,925**
Total liabilities		**34,255**	**35,437**
Total equity and liabilities		**36,475**	**35,428**

See accompanying notes to financial statements.

thyssenkrupp group – statement of income

million €, earnings per share in €	Note	9 months ended June 30, 2019[1]	9 months ended June 30, 2020	3rd quarter ended June 30, 2019[1]	3rd quarter ended June 30, 2020
Sales	10, 11	25,319	21,640	8,738	5,765
Cost of sales		(22,334)	(20,189)	(7,736)	(5,660)
Gross margin		**2,985**	**1,452**	**1,002**	**105**
Research and development cost		(198)	(182)	(65)	(57)
Selling expenses		(1,720)	(1,613)	(610)	(478)
General and administrative expenses		(1,295)	(1,359)	(444)	(359)
Other income		191	158	79	59
Other expenses		(193)	(60)	(7)	(9)
Other gains/(losses), net		30	6	0	5
Income/(loss) from operations		**(200)**	**(1,597)**	**(44)**	**(734)**
Income from companies accounted for using the equity method		9	9	3	3
Finance income		363	910	77	207
Finance expense		(616)	(1,144)	(161)	(286)
Financial income/(expense), net		**(245)**	**(225)**	**(81)**	**(76)**
Income/(loss) before tax		**(445)**	**(1,822)**	**(125)**	**(810)**
Income tax (expense)/income		(103)	(127)	(88)	(10)
Income/(loss) from continuing operations (net of tax)		**(548)**	**(1,949)**	**(213)**	**(819)**
Income/(loss) from discontinued operations (net of tax)	02	**378**	**(29)**	**136**	**151**
Net income/(loss)		**(170)**	**(1,978)**	**(77)**	**(668)**
Thereof:					
thyssenkrupp AG's shareholders		**(207)**	**(1,998)**	**(94)**	**(678)**
Non-controlling interest		36	20	16	10
Net income/(loss)		**(170)**	**(1,978)**	**(77)**	**(668)**
Basic and diluted earnings per share based on	13				
Income/(loss) from continuing operations (attributable to thyssenkrupp AG's shareholders)		**(0.94)**	**(3.16)**	**(0.37)**	**(1.33)**
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)		**(0.33)**	**(3.21)**	**(0.15)**	**(1.09)**

See accompanying notes to financial statements.
[1] Figures have been adjusted (cf. Note 02).

thyssenkrupp group – statement of comprehensive income

million €	9 months ended June 30, 2019[1]	9 months ended June 30, 2020	3rd quarter ended June 30, 2019[1]	3rd quarter ended June 30, 2020
Net income/(loss)	**(170)**	**(1,978)**	**(77)**	**(668)**
Items of other comprehensive income that will not be reclassified to profit or loss in future periods:				
Other comprehensive income from remeasurements of pensions and similar obligations				
Change in unrealized gains/(losses), net	(743)	180	(306)	(655)
Tax effect	221	(80)	93	210
Other comprehensive income from remeasurements of pensions and similar obligations, net	(522)	100	(212)	(445)
Share of unrealized gains/(losses) of investments accounted for using the equity-method	0	0	0	0
Subtotals of items of other comprehensive income that will not be reclassified to profit or loss in future periods	**(522)**	**100**	**(212)**	**(445)**
Items of other comprehensive income that could be reclassified to profit or loss in future periods:				
Foreign currency translation adjustment				
Change in unrealized gains/(losses), net	103	(290)	(90)	(99)
Net realized (gains)/losses	(2)	0	0	0
Net unrealized (gains)/losses	101	(290)	(90)	(99)
Unrealized gains/(losses) from fair value measurement of debt instruments				
Change in unrealized gains/(losses), net	0	1	0	0
Net realized (gains)/losses	0	0	0	0
Tax effect	0	0	0	0
Net unrealized (gains)/losses	0	1	0	0
Unrealized gains/(losses) from impairment of financial instruments				
Change in unrealized gains/(losses), net	(5)	(9)	0	(7)
Net realized (gains)/losses	(2)	0	(1)	(1)
Tax effect	2	1	1	1
Net unrealized (gains)/losses	(5)	(9)	0	(8)
Unrealized gains/(losses) on cash flow hedges				
Change in unrealized gains/(losses), net	(6)	6	28	77
Net realized (gains)/losses	27	(19)	16	(1)
Tax effect	(6)	4	(15)	(21)
Net unrealized (gains)/losses	15	(9)	29	55
Share of unrealized gains/(losses) of investments accounted for using the equity-method	2	(2)	(4)	(2)
Subtotals of items of other comprehensive income that could be reclassified to profit or loss in future periods	**112**	**(310)**	**(64)**	**(54)**
Other comprehensive income	**(410)**	**(210)**	**(276)**	**(499)**
Total comprehensive income	**(580)**	**(2,188)**	**(354)**	**(1,167)**

million €	9 months ended June 30, 2019[1]	9 months ended June 30, 2020	3rd quarter ended June 30, 2019[1]	3rd quarter ended June 30, 2020
Thereof:				
thyssenkrupp AG's shareholders	(634)	(2,170)	(362)	(1,168)
Non-controlling interest	54	(18)	8	0
Total comprehensive income attributable to thyssenkrupp AG's stockholders refers to:				
Continuing operations	(1,014)	(1,914)	(454)	(1,154)
Discontinued operations[1]	380	(256)	92	(14)

See accompanying notes to financial statements.
[1] Figures have been adjusted (cf. Note 02).

thyssenkrupp group – statement of changes in equity

		Equity attributable to thyssenkrupp AG's stockholders		
million €, (except number of shares)	Number of shares outstanding	Capital stock	Additional paid-in capital	Retained earnings
Balance as of Sept. 30, 2018[1)]	**622,531,741**	**1,594**	**6,664**	**(5,606)**
Adjustment due to the adoption of IFRS 9				(43)
Balance as of Oct. 1, 2018	**622,531,741**	**1,594**	**6,664**	**(5,649)**
Net income/(loss)[1)]				(207)
Other comprehensive income				(521)
Total comprehensive income[1)]				**(728)**
Profit attributable to non-controlling interest				
Payment of thyssenkrupp AG dividend				(93)
Other changes				0
Balance as of June 30, 2019	**622,531,741**	**1,594**	**6,664**	**(6,471)**
Balance as of Sept. 30, 2019	**622,531,741**	**1,594**	**6,664**	**(6,859)**
Adjustment due to the adoption of IFRS 16				(1)
Balance as of Oct. 1, 2019	**622,531,741**	**1,594**	**6,664**	**(6,860)**
Net income/(loss)				(1,998)
Other comprehensive income				101
Total comprehensive income				**(1,898)**
Profit attributable to non-controlling interest				
Other changes				5
Balance as of June 30, 2020	**622,531,741**	**1,594**	**6,664**	**(8,753)**

See accompanying notes to financial statements.
[1)] Figures have been adjusted (cf. Note 02).

	Equity attributable to thyssenkrupp AG's stockholders								
	Cumulative other comprehensive income								
				Cash flow hedges					
	Foreign currency translation adjustment	Fair value measurement of debt instruments	Impairment of financial instruments	Designated risk component	Hedging costs	Share of investments accounted for using the equity method	Total	Non-controlling interest	Total equity
	(34)	**8**	**—**	**69**	**—**	**40**	**2,734**	**468**	**3,203**
			53				9	(5)	5
	(34)	**8**	**53**	**69**	**0**	**40**	**2,744**	**463**	**3,208**
							(207)	36	(170)
	84	0	(5)	13	1	2	(427)	17	(410)
	84	**0**	**(5)**	**13**	**1**	**2**	**(634)**	**54**	**(580)**
							0	(48)	(48)
							(93)	0	(93)
							0	8	8
	50	**8**	**48**	**82**	**1**	**42**	**2,016**	**478**	**2,494**
	187	**7**	**46**	**68**	**(1)**	**43**	**1,751**	**469**	**2,220**
							(1)	0	(1)
	187	**7**	**46**	**68**	**(1)**	**43**	**1,750**	**469**	**2,219**
							(1,998)	20	(1,978)
	(252)	0	(9)	(7)	(2)	(2)	(172)	(38)	(210)
	(252)	**0**	**(9)**	**(7)**	**(2)**	**(2)**	**(2,170)**	**(18)**	**(2,188)**
							0	(31)	(31)
							5	(15)	(10)
	(65)	**8**	**38**	**61**	**(3)**	**41**	**(415)**	**406**	**(9)**

thyssenkrupp group – statement of cash flows

million €	9 months ended June 30, 2019[1]	9 months ended June 30, 2020	3rd quarter ended June 30, 2019[1]	3rd quarter ended June 30, 2020
Net income/(loss)	**(170)**	**(1,978)**	**(77)**	**(668)**
Adjustments to reconcile net income/(loss) to operating cash flows:				
(Income)/loss from discontinued operations (net of tax)	(378)	29	(136)	(151)
Deferred income taxes, net	20	29	57	(30)
Depreciation, amortization and impairment of non-current assets	806	1,048	278	312
Income/(loss) from companies accounted for using the equity method, net of dividends received	(9)	(9)	(3)	(3)
(Gain)/loss on disposal of non-current assets	(32)	(17)	(3)	(11)
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes				
– Inventories	(744)	210	(48)	272
– Trade accounts receivable	(665)	324	26	310
– Contract assets	133	(309)	51	(15)
– Accrued pension and similar obligations	(90)	(132)	(41)	(29)
– Other provisions	(36)	(350)	(27)	(31)
– Trade accounts payable	(1,047)	(2,178)	(298)	(825)
– Contract liabilities	129	380	(84)	(152)
– Other assets/liabilities not related to investing or financing activities	(153)	(218)	252	16
Operating cash flows – continuing operations	**(2,237)**	**(3,171)**	**(53)**	**(1,004)**
Operating cash flows – discontinued operations	527	670	271	515
Operating cash flows	**(1,709)**	**(2,502)**	**218**	**(489)**
Purchase of investments accounted for using the equity method and non-current financial assets	(5)	(4)	0	(1)
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(725)	(800)	(266)	(222)
Capital expenditures for intangible assets (inclusive of advance payments)	(79)	(50)	(23)	(18)
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	3	2	2	1
Proceeds from disposals of property, plant and equipment and investment property	48	43	4	20
Proceeds from disposals of intangible assets	6	0	1	0
Cash flows from investing activities – continuing operations	**(752)**	**(809)**	**(282)**	**(221)**
Cash flows from investing activities – discontinued operations	(143)	(118)	(85)	(51)
Cash flows from investing activities	**(895)**	**(927)**	**(367)**	**(271)**

million €	9 months ended June 30, 2019[1]	9 months ended June 30, 2020	3rd quarter ended June 30, 2019[1]	3rd quarter ended June 30, 2020
Proceeds from issuance of bonds	1,500	0	0	0
Proceeds from liabilities to financial institutions	2,041	4,454	84	1,856
Repayments of liabilities to financial institutions	(1,916)	(1,227)	(16)	(219)
Lease liabilities	0	(100)	0	(34)
Proceeds from/(repayments on) loan notes and other loans	972	(556)	100	(615)
(Increase)/decrease in current securities	1	(1)	0	0
Payment of thyssenkrupp AG dividend	(93)	0	0	0
Profit attributable to non-controlling interest	(48)	(31)	(42)	(16)
Financing of discontinued operations	330	28	118	(122)
Other financing activities	(44)	(94)	(53)	(105)
Cash flows from financing activities – continuing operations	**2,742**	**2,473**	**191**	**744**
Cash flows from financing activities – discontinued operations	(334)	(95)	(131)	102
Cash flows from financing activities	**2,408**	**2,378**	**60**	**846**
Net increase/(decrease) in cash and cash equivalents	(196)	(1,051)	(89)	86
Effect of exchange rate changes on cash and cash equivalents	30	(71)	(12)	(19)
Cash and cash equivalents at beginning of year	3,006	3,706	2,941	2,517
Cash and cash equivalents at end of year	**2,840**	**2,584**	**2,840**	**2,584**
[thereof cash and cash equivalents within the discontinued operations]	[335]	[771]	[335]	[771]
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows of continuing operations:				
Interest received	17	13	7	3
Interest paid	(164)	(186)	(18)	(28)
Dividends received	18	13	18	13
Income taxes (paid)/received[2]	(139)	(111)	(38)	12

See accompanying notes to financial statements.

[1] Figures have been adjusted (cf. Note 02).

[2] Therof €(36) million in the 9 months 2019/2020 (previous year: €28 million) and €6 million in the 3nd quarter 2019/2020 (previous year: €20 million) included in cash flows from financing of discontinued operations.

thyssenkrupp group – Selected notes

Corporate information

thyssenkrupp Aktiengesellschaft (“thyssenkrupp AG” or “Company”) is a publicly traded corporation domiciled in Duisburg and Essen in Germany. The condensed interim consolidated financial statements of thyssenkrupp AG and its subsidiaries, collectively the “group”, for the period from October 1, 2019 to June 30, 2020, were reviewed and authorized for issue in accordance with a resolution of the Executive Board on August 10, 2020.

Basis of presentation

The accompanying group’s condensed interim consolidated financial statements have been prepared pursuant to section 115 of the German Securities Trading Act (WpHG) and in conformity with IAS 34 “Interim financial reporting”. They are in line with the International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) for interim financial information effective within the European Union. Accordingly, these financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes.

The accounting principles and practices as applied in the group’s condensed interim consolidated financial statements as of June 30, 2020 correspond to those pertaining to the most recent annual consolidated financial statements with the exception of the recently adopted accounting standards. A detailed description of the accounting policies is published in the notes to the consolidated financial statements of our annual report 2018 / 2019.

Review of estimates and judgments in light of the global coronavirus pandemic

The preparation of the group financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. All estimates and assumptions are made to the best of management’s knowledge and belief in order to fairly present the group’s financial position and results of operations; they are reviewed on an ongoing basis. This applies in particular with regard to the possible impacts of the current global coronavirus pandemic. Against this background an impairment test was conducted on the critical items goodwill, other intangible assets and property, plant and equipment (cf. Note 03), deferred tax assets (cf. Note 04), trade accounts receivable and contract assets (cf. Note 09).

Regarding the impacts of the global coronavirus pandemic on the current business situation and economic environment of thyssenkrupp and expectations for the future, please see the information presented in the interim management report.

01 Recently adopted accounting standards

In fiscal year 2019 / 2020, thyssenkrupp adopted the following standard, interpretations and amendments to existing standards that, with the exception of IFRS 16, do not have a material impact on the Group’s consolidated financial statements:

In January 2016, the IASB published the new accounting standard IFRS 16 Leases. The new standard replaces the previous classification of leases into operating and finance leases as a lessee and introduces a uniform accounting model for the lessee. Under the previous standard (IAS 17), lease obligations for operating leases were only to be disclosed in the notes. In accordance with IFRS 16, the rights and obligations resulting from leases must be recognized as a right-of-use of the leased asset and a corresponding lease liability in the lessee’s statement of financial position.

This resulted in the following recognition and measurement principles:

A contract constitutes a lease if the contract conveys the lessee

- the right to control the use of an identified asset (the leased asset)
- for a specific period
- in exchange for a consideration.

Since October 1, 2019, the group as a lessee recognizes in general for all leases within the statement of financial position an asset for the right of use of the leased assets and a liability for the lease payment commitments at present value. These are primarily rentals of property and buildings, technical equipment and machinery, other plants and operating and office equipment. The right of use assets reported under property, plant and equipment are recognized at cost less accumulated depreciation and impairment losses. Payments for non-lease components are not included in the determination of the lease liability. The lease liabilities reported under financial liabilities reflect the present value of the outstanding lease payments at the time the asset is made available for use. Lease payments are discounted at the interest rate implicit in the lease if it can be readily determined. Otherwise, they are discounted at the lessee's incremental borrowing rate. The derivation of the interest rate is based on the assumption that an adequate amount of funds will be raised over an adequate period of time in the amount of an asset comparable to the right of use asset, taking into account the economic environment and comparable collateral.

The lease liabilities include the following lease payments:

- Fixed payments, less lease incentives to be paid by the lessor;
- variable lease payments that are based on an index or an interest rate;
- expected amounts to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the exercise is reasonably certain and
- payment of penalties for the termination of the lease, if the lease term reflects the lessee exercising an option to terminate the lease .

Right-of-use assets are measured at cost, which are comprised as follows:

- Lease liability;
- lease payments made at or before the commencement date less any lease incentives received;
- initial direct costs, and
- dismantling obligations.

Subsequent measurement is performed at amortized cost. Right-of-use assets are depreciated on a straight-line basis over the lease term, unless the useful life of the underlying asset is shorter. If the lease agreement contains reasonably certain purchase options, the right of use is depreciated over the economic life of the underlying asset.

In subsequent measurement, the lease liability is compounded, and the corresponding interest expense is recognized in the financial result. The lease payments made reduce the carrying amount of the lease liability.

In accordance with the recognition exemptions, low-value leases of and short-term leases (less than twelve months) are recognized in the statement of income. thyssenkrupp has identified certain asset classes (e.g. PCs, telephones, printers, copiers) which regularly contain leased assets of low value. Outside these asset classes, only leased assets with a value of up to €5,000 are classified as low-value leased assets. Furthermore, the new regulations are not applied to leases of intangible assets. For contracts comprising a non-lease component as well as a lease component, each lease component must be accounted for separately from non-lease component as a lease. The lessee must allocate the contractually agreed-upon payment to the separate lease components based on the relative standalone selling price of the lease component and the aggregated standalone selling price of the non-lease components. In addition, intercompany leases will continue to be presented in the segment report according to IFRS 8 as operating leases in accordance with IAS 17.

The term of the lease is determined based on the non-cancellable lease term. Especially real estate leases contain extension and termination options. Such contractual conditions offer the greatest possible operational flexibility to the group. In determining the lease term, all facts and circumstances are considered that provide an economic incentive to exercise renewal options or not to exercise termination options. Lease term modifications from the exercise or non-exercise of such options are only considered in the lease term if they are reasonably certain and are based on an event that is within the control of the lessee.

As a lessor in an operating lease, the group recognizes the leased asset as an asset at amortized cost under property, plant and equipment. The lease payments received during the period are recognized as lease income under sales and are amortized on a straight-line basis over the term of the lease.

As a lessor in a finance lease, the group recognizes a receivable in the statement of financial position at the amount equal to the present value of the discounted net investment in the lease adjusted for the unguaranteed residual value.

thyssenkrupp applies IFRS 16 for the first time for fiscal year 2019 / 2020 beginning on October 1, 2019. Use is made of the exemption option to apply IFRS 16 to all agreements that were previously identified as leases by applying IAS 17 and IFRIC 4.

The group has applied the modified retrospective approach in accordance with IFRS 16.C5(b). In accordance with this approach the comparative prior-year figures do not have to be adjusted and the first-time adoption effects are recognized in retained earnings of thyssenkrupp as of October 1, 2019.

The group recognized new assets and liabilities for its operating leases at the date of transition to IFRS 16. When applying the modified retrospective method, right of use assets were recognized at the initial recognition date at the carrying amounts of the lease liabilities adjusted for deferred lease payments. The lease liabilities were recognized at the present value of the lease payments outstanding at the date of first-time application, discounted at the lessee's incremental borrowing rate at the date of first-time application. thyssenkrupp made use of exemption options in the transition to IFRS 16 and treated leases with a remaining term of up to twelve months as short-term leases, left initial direct costs unaffected in the initial measurement of the right-of-use asset, and took current knowledge into account in determining the lease terms for agreements with extension and/or termination options. No impairment test in accordance with IAS 36 was carried out at the time of initial application. Instead, leases entered into immediately prior to October 1, 2019, were assessed in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" to determine whether they were onerous. No onerous contracts were identified.

The effects on the group's previous finance leases were insignificant.

As of October 1, 2019, additional right-of-use assets in the amount of €1.0billion and additional lease liabilities in the amount of €1.0billion were recognized as part of the transition to IFRS 16.

Based on the operating lease commitments as of September 30, 2019, the reconciliation to the carrying amounts of the opening balance of the lease liabilities as of October 1, 2019 is as follows:

RECONCILIATION – IFRS 16

million €	
Operating lease commitments as of Sept. 30, 2019	**1,326**
Minimum lease payments (gross) finance lease as of Sept. 30, 2019	50
Practical expedient for short-term leases	(21)
Practical expedient for low-value leases	(10)
IAS 17 commitments not to be considered according to IFRS 16	(102)
Others	13
Gross lease liability as of Oct. 1, 2019	**1,256**
Interest charges	(200)
Lease liabilities as of Oct. 1, 2019	**1,056**
Finance lease liabilities as of Sept. 30, 2019	(37)
Additional lease liability due to initial application of IFRS 16 as of Oct. 1, 2019	**1,019**

Based on the operating lease commitments, payments for short-term leases in the amount of €21 million, payments for leases of low-value assets in the amount of €10 million, and payment obligations in accordance with IAS 17 for leases already signed as of September 30, 2019 in which the commencement of the underlying assets will take place at a later date in the amount of €102 million, were deducted.

The lease liabilities were discounted as of October 1, 2019 using the lessee's incremental borrowing rate. The weighted average interest rate was 3.5%.

The effects of the first-time adoption of the new standards were recognized directly in equity at the date of transition but were not material for thyssenkrupp. This also applies to the effects in regard to deferred tax assets and deferred tax liabilities.

The statement of financial position as of June 30, 2020 and the statement of income for the 9 months ended June 30, 2020 and the 3rd quarter ended June 30, 2020, respectively were as follows:

LEASES IN THE STATEMENT OF FINANCIAL POSITION – CONTINUNING OPERATIONS

Assets € million	June 30, 2020
Total non-current assets	
Right-of-use assets – land	148
Right-of-use assets – buildings	426
Right-of-use assets – technical machinery and equipment	27
Right-of-use assets – other equipment, factory and office equipment	55
Right-of-use assets – investment property	0
Total	**657**

Equity and liabilities € million	June 30, 2020
Total non-current liabilities	
Lease liabilities	565
Total current liabilities	
Lease liabilities	104
Total	**669**

Furthermore right-of-use-assets in the amount of €328 million and lease liabilities in the amount of €305 million exist at the discontinued elevator operations that are included in balance sheet line item “assets held for sale“ and “liabilities associated with assets held for sale“, respectively.

LEASES IN THE STATEMENT OF INCOME – CONTINUING OPERATIONS

million €	9 months ended June 30, 2020	3rd quarter ended June 30, 2020
Other sales		
Income from operating lease	2	1
Lease expense		
Expense from short-term leases	27	8
Expense from leases for low-value assets	1	0
Expense from variable payments	2	1
Depreciation and amortization expense		
Depreciation of right-of-use assets	105	36
Financial income/(expense), net		
Interest expense from lease liabilities	14	4

Furthermore lease effects exist at the discontinued elevator operations that in the 9 months ended June 30, 2020 mainly result from the depreciation of the right-of-use assets in the amount of €35 million, expense from short-term lease of €9 million and interest expense from lease liabilities of €8 million. In the 3rd quarter ended June 30, 2020 lease effects mainly result from the depreciation of the right-of-use assets in the amount of €0 million, expense from short-term lease of €3 million and interest expense from lease liabilities of €2 million; these effects are included in the line item “income/(loss) from discontinued operations (net of tax)”

Furthermore in fiscal year 2019 / 2020, thyssenkrupp adopted the following standards, interpretations and amendments to already existing standards that do not have a material impact on the Group's consolidated financial statements:

- IFRIC 23: "Uncertainty over Income Tax Treatments", issued in June 2017
- Amendments to IFRS 9: "Financial Instruments", issued in October 2017
- Amendments to IAS 28: "Investments in Associates and Joint Ventures", issued in October 2017
- Annual-Improvements to IFRSs 2015–2017 Cycle, issued in December 2017
- Amendments to IAS 19: "Plan Amendment, Curtailment or Settlement", issued in February 2018

02 Discontinued operations

At the end of February 2020 thyssenkrupp signed an agreement with a consortium of Advent and Cinven on the full sale of its Elevator Technology business. The transaction closed on July 31, 2020 (cf. Note 14).

The transaction meets the criteria for presentation as a discontinued operation under IFRS 5. It encompasses the Elevator Technology business area and individual units from Corporate Headquarters. In accordance with IFRS 5, in the current reporting periods all expense and income of the discontinued elevator operations are reported separately in the income statement and all cash flows are reported separately in the statement of cash flows; prior-period figures are adjusted accordingly. In the statement of financial position, assets and liabilities attributable to the discontinued elevator operations are reported separately from the date of first-time classification as discontinued operation; prior-period figures are not adjusted. In connection with the initiated disposal, the assets and liabilities continue to be measured at their carrying amount as this is lower than the fair value less costs of disposal. On the classification as a discontinued operation, non-current assets are no longer amortized or depreciated; the effect thereof amounts to €67 million (before tax) in the 9 months ended June 30, 2020 and to €49 million (before tax) in the 3rd quarter ended June 30, 2020, respectively.

The assets and liabilities of the discontinued elevator operations are presented in the table below:

DISCONTINUED ELEVATOR OPERATIONS

million €	June 30, 2020
Intangible assets	1,913
Property, plant and equipment (inclusive of investment property)	880
Investments accounted for using the equity method	2
Other financial assets	6
Other non-financial assets	45
Deferred tax assets	159
Inventories	650
Trade accounts receivable	1,432
Contract assets	489
Other current financial assets	52
Other current non-financial assets	247
Current income tax assets	117
Cash and cash equivalents	771
Assets held for sale	**6,761**
Accrued pension and similar obligations	387
Provisions for other employee benefits	15
Other non-current provisions	143
Deferred tax liabilities	122
Non-current financial debt	236
Provisions for current employee benefits	156
Other current provisions	340
Current income tax liabilities	85
Current financial debt	74
Trade accounts payable	650
Other current financial liabilities	54
Contract liabilities	1,858
Other current non-financial liabilities	918
Liabilities associated with assets held for sale	**5,035**

The results of the discontinued elevator operations are the following:

DISCONTINUED ELEVATOR OPERATIONS

million €	9 months ended June 30, 2019	9 months ended June 30, 2020	3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2020
Sales	5,834	5,851	2,041	1,946
Other income	94	74	28	45
Expenses	(5,359)	(5,420)	(1,865)	(1,755)
Ordinary income/(loss) from discontinued operations (before tax)	**569**	**506**	**205**	**236**
Income tax (expense)/income	(191)	(535)	(69)	(85)
Ordinary income/(loss) from discontinued operations (net of tax)	**378**	**(29)**	**136**	**151**
Gain/(loss) recognized on disposal of discontinued operations (before tax)	0	0	0	0
Income tax (expense)/income	0	0	0	0
Gain/(loss) recognized on disposal of discontinued operations (net of tax)	**0**	**0**	**0**	**0**
Income/(loss) from discontinued operations (net of tax)	**378**	**(29)**	**136**	**151**
Thereof:				
thyssenkrupp AG's shareholders	377	(30)	135	150
Non-controlling interest	1	1	0	1

Tax expense of the discontinued elevator operations in the 9 months ended June 30, 2020 reflects impairment of the deferred tax assets attributable to this area in the amount of €331 million. This mainly relates to the impairment of deferred tax assets related to selected, temporal indefinite rights to use the "thyssenkrupp" mark. In connection with the full sale of the elevator business, an agreement was reached to reverse the transfer of rights of use of the thyssenkrupp mark which were originally transferred by thyssenkrupp AG to thyssenkrupp Elevator AG. An impairment loss has to be recognized for this reversal because probably insufficient taxable income will be available in the German tax group of Elevator in the future.

03 Goodwill, other intangible assets and property, plant and equipment

Goodwill

Under the requirements of IAS 36, an impairment test must be performed when specific indicators (triggering events) are identified. On account of its significant negative impacts on the earnings forecasts of the cash generating units (CGUs) allocated to the segments, the coronavirus pandemic is such a triggering event and an impairment test of the goodwill allocated to the respective CGUs (excluding goodwill of equity-method investments) was performed as of March 31, 2020. In particular the recoverability of goodwill allocated to the CGUs Steering (business unit of the Automotive Technology segment) and Steel Europe (Steel Europe segment) was classified as critical on account of material variances in the short- and medium-term earnings and cash flow forecast.

As of June 30, 2020 the group continues to have 16 CGUs with goodwill. At June 30, 2020 total goodwill of the continuing operations amounts to €2,259 million and that of the discontinued elevator operations to €1,684 million. Due to the ongoing coronavirus pandemic, a further impairment test was performed as of June 30, 2020. In a first step the development of the cost of capital and the earnings forecast for the current fiscal year were reviewed for each CGU with goodwill. In particular the recoverability of goodwill allocated to the CGU Steering was still classified as critical. For this reason, in a second step a further detailed impairment test was performed for the CGU Steering as well as for the CGU Steel Europe due to its critical status at March 31, 2020. The recoverable amount of the CGUs was determined by calculating the value in use by means of the discounted cash flow method. The after-tax cash flow projections used correspond to the management's current estimates for this fiscal year and unchanged estimates for the subsequent fiscal years, taking particular account of the coronavirus pandemic. The last budget year is used to calculate the perpetuity based on a business-specific, sustained growth rate. The growth rate for the CGUs concerned is still 1.35%. The weighted average cost of capital discount rate is based on a risk-free interest rate of 0.0% (March 31, 2019: 0.1%) and an unchanged market risk premium of 7.5%. In addition, the beta, the cost of debt and the capital structure are taken into account, derived individually for each CGU on the basis of a corresponding peer group. CGU specific tax rates and country risk premiums are also applied. Cash flows are discounted using after-tax discount rates, from which pre-tax discount rates are then determined based on an iterative calculation.

The table below summarizes the main parameters and assumptions of the critical goodwill tested as of June 30, 2020 due to the effects of the coronavirus:

CRITICAL GOODWILL

CGU (Business Area)	Carrying amount of goodwill allocated to CGU in million €	Carrying amount of CGU in million €	Recoverable amount of CGU in million €	Pre-tax discount rate in %	Key assumptions
Steel Europe (Steel Europe)	306	5,579	6.463	7.6	Significantly reduced shipment and price expectations in current and next fiscal year due to coronavirus pandemic From 2021 / 2022 slowly but continuously stabilizing market environment until achievement of adequate margins from 2023 / 2024 Taking into account increase in positive effects from the communicated Strategy 20-30 leads to a sustainable improvement in results by 2024 / 2025
Steering (Automotive Technology)	107	1,624	1,677	10.1	Substantial reduction in sales volumes in 2nd half of current fiscal year and significant adjustment of sales forecast for 2020 / 2021 From 2021 / 2022 recovery of market environment and return to previous growth track in steering systems business by 2023 / 2024 After severe coronavirus effects up to 2020 / 2021 continuous recovery in margins until achievement of industry-specific target level in 2023 / 2024

At Steel Europe the recoverable amount now exceeds again the carrying amount by 16% (March 31, 2020: 0.4%), largely due to the reduced cost of capital and continuation of the model by one quarter.

At Steel Europe an increase in the after-tax discount rate by 1 percentage point (reduction of the recoverable amount by Δ€(1,455) million) would trigger impairment. By contrast, a decrease in the sustainable perpetuity growth rate by 0.5 percentage points (Δ€(577) million) and a 10% (Δ€(732) million) decrease in the operating earnings (as per statement of income) assumed for the perpetuity calculation would not trigger impairment.

At Steering the recoverable amount still exceeds the carrying amount by 3%. At Steering, both an increase in the after-tax discount rate by 1 percentage point (Δ€(278) million reduction in recoverable amount) and a decrease in the sustainable perpetuity growth rate by 0.5 percentage points (Δ€(78) million reduction) would trigger impairment. The same applies in the event of a 10% (Δ€(188) million) decrease in the operating earnings (as per statement of income) assumed for the perpetuity calculation.

Other intangible assets and property, plant and equipment

Based on the coronavirus pandemic as a triggering event, other intangible assets and property, plant and equipment were also tested for impairment. This resulted in impairment losses in the following areas in the 2nd quarter ended March 31, 2020 which remains unchanged following the renewed test undertaken in the 3rd quarter ended June 30, 2020:

At Steering of Automotive Technology, impairment losses in the total amount of €18 million were recognized on technical machinery and equipment due to revaluation of an order at a Chinese site owing to reduced customer demand and higher costs of capital. The relevant recoverable amounts used to determine the impairment loss in each case correspond to the respective values in use amounting to €18 million in total and which were determined applying a discount rate (after taxes) of 7.88%. Also in the Automotive Technology business area, at Dampers in Germany coronavirus-related lower earnings expectations and higher costs of capital led to the recognition of impairment losses of €37 million on technical machinery and equipment, €10 million on other equipment, factory and office equipment, and €3 million on construction in progress. The relevant recoverable amounts used to determine the impairment loss in each case correspond to the respective values in use amounting to €(60) million in total and which were determined applying a discount rate (after taxes) of 8.53%.

At Forged Technologies of Industrial Components, changed parameters on the Chinese market – triggered directly by the coronavirus and also driven by sales reductions mainly attributable to the tariff disputes between the USA and China – necessitated the recognition of impairment losses of €4 million on buildings, €40 million on technical machinery and equipment, and €2 million on other equipment, factory and office equipment. The relevant recoverable amounts used to determine the impairment loss in each case correspond to the respective values in use amounting to €73 million in total and which were determined applying a discount rate (after taxes) of 7.72%.

04 Deferred tax assets

Deferred tax assets for deductible temporary differences of the German tax group of thyssenkrupp AG (especially in connection with pensions and similar obligations) are recognized in the amount of €745 million because management expects that sufficient long-term taxable income will be available to utilize them. For this individual planning assumptions were validated and uncertainties above all relating to the coronavirus pandemic were appropriately taken into consideration

05 Accrued pension and similar obligations

Based on updated interest rates and fair value of plan assets, an updated valuation of accrued pension obligations was performed as of June 30, 2020.

ACCRUED PENSION AND SIMILAR OBLIGATIONS

million €	Sept. 30, 2019	June 30, 2020
Accrued pension obligations	8,688	8,319
Partial retirement	209	257
Other accrued pension-related obligations	50	56
Reclassification due to the presentation as liabilities associated with assets held for sale	0	(387)
Total	**8,947**	**8,245**

The Group applied the following weighted average assumptions to determine pension obligations:

WEIGHTED AVERAGE ASSUMPTIONS

	Sept. 30, 2019			June 30, 2020		
in %	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Discount rate for accrued pension obligations	0.70	1.42	0.88	0.90	1.25	0.99

06 Other provisions

The restructuring provisions included in other provisions increased by €46 million to €246 million compared with September 30, 2019. The additions in the amount of €270 million mainly relate to Automotive Technology, Steel Europe, Materials Services and Corporate Headquarters. In addition liabilities associated with assets held for sale as of June 30, 2020 include restructuring provisions of €57 million, of which €15 million was added in the 9 months.

As of September 30, 2019 other provisions included the provision recognized in connection with the investigations by the Federal Cartel Office into thyssenkrupp Steel Europe AG in the heavy plate case. Following receipt of the fine notice in the amount of €370 million in December 2019, the provision was utilized in full in the 1st quarter ended December 31, 2019 through payment of the fine. The proceedings with the Federal Cartel Office authorities have thus been terminated by mutual agreement.

In connection with the elevator cartel, potentially injured parties have asserted claims for damages against thyssenkrupp AG and companies of the thyssenkrupp group in and out of court. Since September 30, 2019 further claims have been quantified. A majority of the proceedings have now been dealt with through settlement, withdrawal or dismissal of the claims. Legal cases are still pending in Austria, Belgium and the Netherlands. They are at different stages of proceedings. thyssenkrupp has recognized provisions for the portion of the pending claims which thyssenkrupp believes will probably result in cash outflows.

07 Financial debt

The existing commercial paper program with a maximum emission volume of €3.0billion was drawn in the amount of €0.2billion as of June 30, 2020.

On May 8, 2020 thyssenkrupp entered into a €1billion credit facility with a consortium comprising KfW and other banks under the KfW special program to secure additional liquidity during the coronavirus pandemic until receipt of the funds from the sale of Elevator Technology. The company did not draw on this credit facility and it ended with the closing of the Elevator transaction (cf. Note 14).

08 Contingencies and commitments

Contingencies

thyssenkrupp AG as well as, in individual cases, its subsidiaries have issued or have had guarantees in favour of business partners or lenders. The following table shows obligations under guarantees where the principal debtor is not a consolidated group company:

CONTINGENCIES

million €	Maximum potential amount of future payments as of June 30, 2020	Provision as of June 30, 2020
Advance payment bonds	20	1
Performance bonds	1	0
Other guarantees	5	0
Total	**26**	**1**

The basis for possible payments under the guarantees is always 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 or subsidiaries 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 a foreign third party, the third party is generally requested to provide additional collateral in a corresponding amount.

Commitments and other contingencies

Due to the high volatility of iron ore prices, in the Steel Europe business area the existing long-term iron ore and iron ore pellets supply contracts are measured for the entire contract period at the iron ore prices applying as of the respective balance sheet date. Compared with September 30, 2019, purchasing commitments decreased by approx. €0.3billion to €1.0 billion.

In connection with the majority interest formerly held by the Industrial Solutions business area in the Greek shipyard Hellenic Shipyards (HSY) and the construction of submarines for the Greek Navy, the Greek government filed legal and arbitration actions to claim reimbursement of a €115 million installment payment from thyssenkrupp Industrial Solutions AG and thyssenkrupp Marine Systems GmbH as well as from HSY and the current majority shareholders of HSY. The case was closed with final legal effect at the end of 2019 without any payment obligation for the aforesaid thyssenkrupp companies.

There have been no material changes to the other commitments and contingencies since the end of fiscal year 2018 / 2019.

09 Financial instruments

The carrying amounts of trade accounts receivable, other current financial assets as well as cash and cash equivalents equal their fair values. The fair value of loans equals the present value of expected cash flows which are discounted on the basis of interest rates prevailing on the interim balance sheet date.

Equity and debt instruments are in general measured at fair value, which is based to the extent available on market prices as of the interim balance sheet date or internal valuation models.

The fair value of foreign currency forward transactions is determined on the basis of the middle spot exchange rate applicable as of the interim balance sheet date, and taking account of forward premiums or discounts arising for the respective remaining contract term compared to the contracted forward exchange rate. Common methods for calculating option prices are used for foreign currency options. The fair value of an option is influenced not only by the remaining term of an option, but also by other factors, such as current amount and volatility of the underlying exchange or base rate.

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. In the case of cross currency swaps, the exchange rates for each foreign currency, in which cash flows occur, are also included.

The fair value of commodity futures is based on published price quotations. It is measured as of the interim balance sheet date, both internally and by external financial partners.

The carrying amounts of trade accounts payable and other current liabilities equal their fair values. The fair value of fixed rate liabilities equals the present value of expected cash flows. Discounting is based on interest rates applicable as of the balance sheet date. The carrying amounts of floating rate liabilities equal their fair values.

Financial liabilities measured at amortized cost with a carrying amount of €14,347 million as of June 30, 2020 (Sept. 30, 2019: €14,876 million) have a fair value of €14,218 million (Sept. 30, 2019: €14,995 million) that was determined based on fair value measurement attributable to level 2.

Financial assets and liabilities measured at fair value could be categorized in the following three level fair value hierarchy:

FAIR VALUE HIERARCHY AS OF SEPT. 30, 2019

million €	Sept. 30, 2019	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	126	0	126	0
Derivatives qualifying for hedge accounting	7	0	7	0
Equity instruments	13	9	4	0
Fair value recognized in equity				
Trade accounts receivable	**1,187**			**1,187**
Debt instruments	20	17	3	0
Derivatives qualifying for hedge accounting	120	0	120	0
Total	**1,472**	**26**	**259**	**1,187**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	161	0	161	0
Derivatives qualifying for hedge accounting	20	0	20	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	20	0	20	0
Total	**202**	**0**	**202**	**0**

FAIR VALUE HIERARCHY AS OF JUNE 30, 2020

million €	June 30, 2020	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	72	0	72	0
Derivatives qualifying for hedge accounting	0	0	0	0
Equity instruments	12	7	5	0
Fair value recognized in equity				
Trade accounts receivable	**988**			**988**
Debt instruments	17	17	0	0
Derivatives qualifying for hedge accounting	20	0	20	0
Total	**1,110**	**24**	**97**	**988**
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	77	0	77	0
Derivatives qualifying for hedge accounting	23	0	23	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	20	0	20	0
Total	**120**	**0**	**120**	**0**

The fair value hierarchy reflects the significance of the inputs used to determine fair values. Financial instruments with fair value measurement based on quoted prices in active markets are disclosed in level 1. In level 2 determination of fair values is based on observable inputs, e.g. foreign exchange rates. level 3 comprises financial instruments for which the fair value measurement is based on unobservable inputs. For the trade accounts receivable classified as level 3, the fair value equals the carrying amount less impairment losses recognized in comprehensive income.

Impairment of trade accounts receivable and contract assets

thyssenkrupp has developed two models to determine expected credit losses, in particular expected default rates for trade accounts receivable. The expected default rates are essentially derived from external credit information and ratings for each counterparty. The current external credit information and ratings used for the financial statements for the quarter ending June 30, 2020 already take account of current expectations with regard to the possible impact of the coronavirus pandemic. As a result, no further adjustment to the impairment is necessary in this model. Overall there is a moderate but not material rise in the ratings of individual customers. The Elevator Technology model (discontinued operation) is generally based on the age structure of the receivables. An adjustment was made here on the basis of the rise in insolvencies forecast by external credit insurers, with the main countries considered individually. A corresponding adjustment to the impairment was recognized for trade accounts receivable and contract assets

10 Segment reporting

In connection with the strategic realignment “newtk”, the following changes have been made to the organizational and reporting structure since October 1, 2019:

Components Technology has been focused on the automotive business since October 1, 2019 and renamed Automotive Technology. A new addition to this is System Engineering, which develops among other things production lines for the auto industry and was part of Industrial Solutions up to September 30, 2019. The Bearings and Forged Technologies businesses have been removed from Components Technology. The two units now report under the name Industrial Components. Industrial Solutions has been renamed Plant Technology and comprises our chemical plant, cement plant and mining equipment businesses. The administrative units of Corporate and the regions are presented as Corporate Headquarters. In addition the Service Units and Special Units have been combined with consolidation items and are presented separately in the new reporting line “Reconciliation”.

The prior-period figures are adjusted accordingly.

Segment information for the 9 months ended June 30, 2019 and 2020, respectively and for the 3rd quarter ended June 30, 2019 and 2020, respectively is as follows:

SEGMENT INFORMATION[1)]

million €	Automotive Technology	Industrial Components	Elevator Technology[2)]	Plant Technology	Marine Systems	Materials Services	Steel Europe	Corporate Headquarters[3)]	Reconciliation[4)]	Group
9 months ended June 30, 2019										
Net sales	3,955	1,868	5,834	1,996	1,304	10,381	5,803	0	13	31,153
Internal sales within the group	(1)	14	1	13	0	209	1,025	2	(1,263)	0
Total sales	3,954	1,882	5,835	2,009	1,305	10,590	6,828	1	(1,250)	31,153
EBIT	11	149	590	(126)	(1)	106	(75)	(198)	(61)	396
Adjusted EBIT	17	168	642	(114)	0	119	77	(175)	(50)	683
9 months ended June 30, 2020										
Net sales	3,473	1,557	5,850	2,124	1,189	8,482	4,805	0	12	27,492
Internal sales within the group	4	12	2	12	0	198	654	3	(885)	0
Total sales	3,477	1,568	5,852	2,137	1,190	8,680	5,459	3	(874)	27,492
EBIT	(350)	71	568	(148)	1	(87)	(841)	(311)	31	(1,066)
Adjusted EBIT	(157)	122	613	(135)	6	(62)	(706)	(169)	41	(445)
3rd quarter ended June 30, 2019										
Net sales	1,364	654	2,041	721	509	3,430	2,058	0	3	10,779
Internal sales within the group	0	6	1	4	0	75	289	1	(377)	0
Total sales	1,365	660	2,042	725	510	3,505	2,347	1	(374)	10,779
EBIT	2	52	222	(63)	(1)	34	9	(59)	(13)	183
Adjusted EBIT	(5)	69	239	(55)	0	43	1	(57)	(10)	226
3rd quarter ended June 30, 2020										
Net sales	842	450	1,946	637	384	2,169	1,281	0	2	7,710
Internal sales within the group	1	1	1	7	1	77	173	1	(263)	0
Total sales	842	452	1,947	644	385	2,245	1,455	1	(261)	7,710
EBIT	(142)	23	192	(102)	3	(111)	(344)	(49)	41	(488)
Adjusted EBIT	(129)	26	211	(97)	4	(100)	(334)	(40)	43	(415)

1) Figures of 2018/2019 have been adjusted.
2) Discontinued operation
3) Includes discontinued elevator operations
4) Includes in the 9 months and the 3rd quarter ended June 30, 2020 the effect of the non-current assets that are no longer amortized or depreciated at Elevator Technology.

Compared with September 30, 2019, average capital employed increased by €470 million to €1,762 million at Elevator Technology (discontinued elevator operations), by €(28) million to €(180) million at Plant Technology and by €298 million to €1,225 million at Marine Systems as of June 30, 2020.

The column “Reconciliation” breaks down as following:

BREAKDOWN RECONCILIATION[1)]

million €	Service Units	Special Units	Consolidation	Reconciliation
9 months ended June 30, 2019				
Net sales	12	3	0	13
Internal sales within the group	204	88	(1,555)	(1,263)
Total sales	216	90	(1,556)	(1,250)
EBIT	(32)	(20)	(9)	(61)
Adjusted EBIT	(32)	(12)	(6)	(50)
9 months ended June 30, 2020				
Net sales	9	3	0	12
Internal sales within the group	196	101	(1,182)	(885)
Total sales	205	103	(1,182)	(874)
EBIT	(22)	(16)	70	31
Adjusted EBIT	(21)	(8)	70	41
3rd quarter ended June 30, 2019				
Net sales	3	0	0	3
Internal sales within the group	72	31	(480)	(377)
Total sales	75	31	(481)	(374)
EBIT	(11)	(5)	3	(13)
Adjusted EBIT	(11)	(2)	3	(10)
3rd quarter ended June 30, 2020				
Net sales	1	1	0	2
Internal sales within the group	70	34	(368)	(263)
Total sales	71	35	(368)	(261)
EBIT	(6)	(3)	50	41
Adjusted EBIT	(6)	(2)	50	43

[1)] Figures of 2018/2019 have been adjusted.

The Service Units mainly include Global Shared Services, Regional Services Germany and Corporate Services. The Special Units include asset management for the group’s real estate, cross-business area technology projects as well as non-operating entities needed for example for group financing.

The reconciliations of net sales and of the earnings figure EBIT to EBT according to the statement of income are presented below:

RECONCILIATION NET SALES

million €	9 months ended June 30, 2019	9 months ended June 30, 2020	3rd quarter ended June 30, 2019	3rd quarter ended June 30, 2020
Net sales as presented in segment reporting	**31,153**	**27,492**	**10,779**	**7,710**
– Net sales discontinued elevator operations	(5,834)	(5,851)	(2,041)	(1,946)
Net sales as presented in the statement of income	**25,319**	**21,640**	**8,738**	**5,765**

RECONCILIATION EBIT TO EBT

million €	9 months ended June 30, 2019[1]	9 months ended June 30, 2020	3rd quarter ended June 30, 2019[1]	3rd quarter ended June 30, 2020
Adjusted EBIT as presented in segment reporting	**683**	**(445)**	**226**	**(415)**
Special items[2]	(287)	(621)	(43)	(73)
EBIT as presented in segment reporting	**396**	**(1,066)**	**183**	**(488)**
+ Finance income	429	935	96	225
– Finance expense	(701)	(1,190)	(196)	(309)
– Items of finance income assigned to EBIT based on economic classification	(5)	(4)	(5)	(4)
+ Items of finance expense assigned to EBIT based on economic classification	7	7	3	2
EBT group	**124**	**(1,317)**	**80**	**(574)**
– EBT discontinued elevator operations	(569)	(506)	(205)	(236)
EBT from continuing operations as presented in the statement of income	**(445)**	**(1,822)**	**(125)**	**(810)**

[1] Figures have been adjusted (cf. Note 02).
[2] Refer to the explanation of the special items in the "Report on the economic position".

11 Sales

Sales and sales from contracts with customers are presented below:

SALES

million €	Automotive Technology	Industrial Components	Plant Technology	Marine Systems	Materials Services	Steel Europe	Corporate Headquarters	Reconciliation	Group
9 months ended June 30, 2019[1)]									
Sales from sale of finished products	2,624	1,604	334	25	2,289	6,259	0	(994)	12,140
Sales from sale of merchandise	414	222	27	13	7,694	204	0	(130)	8,444
Sales from rendering of services	191	7	321	30	504	128	1	(117)	1,067
Sales from construction contracts	711	0	1,269	1,219	0	0	0	(20)	3,179
Other sales from contracts with customers	16	51	51	18	90	247	0	(6)	467
Subtotal sales from contracts with customers	**3,956**	**1,884**	**2,002**	**1,304**	**10,578**	**6,839**	**1**	**(1,267)**	**25,297**
Other sales	(2)	(2)	7	0	12	(11)	0	17	21
Total	**3,954**	**1,882**	**2,009**	**1,305**	**10,590**	**6,828**	**1**	**(1,249)**	**25,319**
9 months ended June 30, 2020									
Sales from sale of finished products	2,464	1,368	113	40	1,892	5,041	0	(630)	10,288
Sales from sale of merchandise	283	171	28	16	6,143	141	0	(106)	6,676
Sales from rendering of services	149	6	282	33	455	107	3	(112)	923
Sales from construction contracts	570	0	1,677	1,097	0	0	0	(7)	3,337
Other sales from contracts with customers	10	30	35	5	77	174	0	(9)	323
Subtotal sales from contracts with customers	**3,477**	**1,575**	**2,135**	**1,189**	**8,568**	**5,463**	**3**	**(864)**	**21,546**
Other sales	(1)	(7)	2	0	112	(4)	0	(9)	94
Total	**3,477**	**1,568**	**2,137**	**1,190**	**8,680**	**5,459**	**3**	**(873)**	**21,640**

SALES

million €	Automotive Technology	Industrial Components	Plant Technology	Marine Systems	Materials Services	Steel Europe	Corporate Headquarters	Reconciliation	Group
3rd quarter ended June 30, 2019[1)]									
Sales from sale of finished products	912	561	39	17	773	2,133	0	(275)	4,159
Sales from sale of merchandise	135	78	9	5	2,466	75	0	(40)	2,727
Sales from rendering of services	68	3	100	10	172	47	1	(40)	361
Sales from construction contracts	245	0	560	476	0	0	0	(6)	1,275
Other sales from contracts with customers	7	17	15	1	33	100	0	(2)	170
Subtotal sales from contracts with customers	**1,366**	**659**	**723**	**509**	**3,444**	**2,353**	**1**	**(364)**	**8,692**
Other sales	(1)	0	2	1	61	(6)	0	(10)	46
Total	**1,365**	**660**	**725**	**510**	**3,505**	**2,347**	**1**	**(374)**	**8,738**
3rd quarter ended June 30, 2020									
Sales from sale of finished products	599	401	33	21	462	1,334	0	(162)	2,688
Sales from sale of merchandise	57	45	9	1	1,791	33	0	(41)	1,894
Sales from rendering of services	35	2	98	9	117	32	1	(35)	259
Sales from construction contracts	149	0	487	352	0	0	0	(2)	985
Other sales from contracts with customers	3	7	11	1	22	56	0	(3)	98
Subtotal sales from contracts with customers	**843**	**454**	**639**	**384**	**2,392**	**1,455**	**1**	**(244)**	**5,924**
Other sales	0	(3)	5	1	(146)	(1)	0	(15)	(159)
Total	**842**	**452**	**644**	**385**	**2,245**	**1,455**	**1**	**(260)**	**5,765**

[1)] Figures have been adjusted (cf.Note 02 and 10).

SALES FROM CONTRACTS WITH CUSTOMERS BY CUSTOMER GROUP

million €	Automotive Technology	Industrial Components	Plant Technology	Marine Systems[2]	Materials Services	Steel Europe[3]	Corporate Headquarters	Reconciliation	Group
9 months ended June 30, 2019[1]									
Automotive	3,701	748	0	0	1,687	2,045	1	(179)	8,003
Trading	185	73	4	14	1,442	1,462	0	(678)	2,502
Engineering	27	973	830	17	1,028	228	0	(86)	3,016
Steel and related processing	4	17	35	0	2,048	1,570	0	(309)	3,364
Construction	0	19	0	0	505	25	0	(3)	546
Public sector	0	4	0	1,232	49	1	0	(1)	1,284
Packaging	0	1	8	0	78	966	0	(2)	1,050
Energy and utilities	0	10	87	0	148	219	0	0	464
Other customer groups	39	39	1,038	42	3,593	324	0	(7)	5,068
Total	**3,956**	**1,884**	**2,002**	**1,304**	**10,578**	**6,839**	**1**	**(1,267)**	**25,297**
9 months ended June 30, 2020									
Automotive	3,249	466	0	0	1,171	1,511	2	(37)	6,362
Trading	159	54	34	5	1,356	1,341	1	(558)	2,390
Engineering	25	958	1,116	9	871	187	0	(79)	3,087
Steel and related processing	4	26	29	0	1,671	1,124	0	(190)	2,664
Construction	0	12	0	0	463	22	0	(7)	489
Public sector	0	3	1	1,138	37	0	0	(4)	1,176
Packaging	0	1	2	0	71	887	0	(3)	959
Energy and utilities	0	15	42	0	101	158	0	0	315
Other customer groups	40	40	912	37	2,827	233	0	14	4,103
Total	**3,477**	**1,575**	**2,135**	**1,189**	**8,568**	**5,463**	**3**	**(864)**	**21,546**

SALES FROM CONTRACTS WITH CUSTOMERS BY CUSTOMER GROUP

million €	Automotive Technology	Industrial Components	Plant Technology	Marine Systems[2]	Materials Services	Steel Europe[3]	Corporate Headquarters	Reconciliation	Group
3rd quarter ended June 30, 2019[1]									
Automotive	1,218	253	0	0	539	717	1	(25)	2,703
Trading	124	25	3	0	458	498	0	(217)	891
Engineering	8	342	327	9	297	68	0	(24)	1,027
Steel and related processing	1	7	2	0	661	533	0	(99)	1,106
Construction	0	11	0	0	165	7	0	(1)	182
Public sector	0	1	0	488	16	0	0	(2)	504
Packaging	0	0	2	0	26	321	0	(2)	348
Energy and utilities	0	6	37	0	48	83	0	0	174
Other customer groups	15	13	352	12	1,235	125	0	6	1,758
Total	**1,366**	**659**	**723**	**509**	**3,444**	**2,353**	**1**	**(364)**	**8,692**
3rd quarter ended June 30, 2020									
Automotive	776	92	0	0	269	288	1	1	1,426
Trading	43	15	15	2	276	358	0	(129)	580
Engineering	6	312	356	3	260	45	0	(19)	963
Steel and related processing	1	10	9	0	453	322	0	(75)	720
Construction	0	3	0	0	173	6	0	0	181
Public sector	0	1	0	365	23	0	0	0	389
Packaging	0	0	0	0	30	320	0	0	349
Energy and utilities	0	7	8	0	42	49	0	0	106
Other customer groups	17	13	250	14	867	69	0	(20)	1,210
Total	**843**	**454**	**639**	**384**	**2,392**	**1,455**	**1**	**(244)**	**5,924**

[1] Figures have been adjusted (cf. Note 02 and 10).
[2] Compared with the 1st half ended March 31, 2019 and 2020, respectively there were reclassifications between the customer groups “trading” and “public sector”.
[3] Compared with the 1st half ended March 31, 2019 there were reclassifications between the customer groups “public sector” and “steel and related processing”.

SALES FROM CONTRACTS WITH CUSTOMERS BY REGION

million €	Automotive Technology	Industrial Components	Plant Technology	Marine Systems	Materials Services	Steel Europe[3]	Corporate Headquarters	Reconciliation	Group
9 months ended June 30, 2019[1]									
German-speaking area[2]	1,445	388	135	372	3,670	3,729	1	(752)	8,988
Western Europe	518	412	81	66	2,676	1,501	0	(306)	4,947
Central and Eastern Europe	232	35	143	1	1,283	469	0	(89)	2,075
Commonwealth of Independent States	14	16	103	1	37	49	0	0	220
North America	814	516	228	9	2,340	540	0	(102)	4,345
South America	104	126	129	4	41	88	0	(1)	489
Asia / Pacific	52	54	404	285	288	63	0	(3)	1,144
Greater China	728	283	166	1	51	100	0	(4)	1,325
India	15	40	161	30	27	49	0	0	321
Middle East & Africa	36	13	452	536	165	250	0	(10)	1,444
Total	**3,956**	**1,884**	**2,002**	**1,304**	**10,578**	**6,839**	**1**	**(1,267)**	**25,297**
9 months ended June 30, 2020									
German-speaking area[2]	1,053	299	156	249	3,176	2,978	2	(632)	7,280
Western Europe	579	308	89	88	1,972	1,178	0	(87)	4,126
Central and Eastern Europe	220	30	351	0	1,034	400	0	(42)	1,994
Commonwealth of Independent States	10	15	109	0	26	41	0	(1)	200
North America	732	339	173	5	1,801	405	1	(77)	3,379
South America	67	83	139	9	28	73	0	(3)	395
Asia / Pacific	30	55	475	259	272	46	0	(3)	1,134
Greater China	740	411	133	0	65	104	0	(10)	1,444
India	10	23	168	26	44	31	0	(2)	300
Middle East & Africa	38	13	342	553	148	207	0	(7)	1,293
Total	**3,477**	**1,575**	**2,135**	**1,189**	**8,568**	**5,463**	**3**	**(864)**	**21,546**

SALES FROM CONTRACTS WITH CUSTOMERS BY REGION

million €	Automotive Technology	Industrial Components	Plant Technology	Marine Systems	Materials Services	Steel Europe[3]	Corporate Headquarters	Reconciliation	Group
3rd quarter ended June 30, 2019[1]									
German-speaking area[2]	482	139	43	245	1,295	1,248	1	(236)	3,216
Western Europe	180	142	29	31	832	531	0	(56)	1,689
Central and Eastern Europe	93	11	75	0	376	169	0	(24)	700
Commonwealth of Independent States	8	8	41	0	11	17	0	0	84
North America	281	174	90	6	761	184	0	(31)	1,466
South America	39	45	41	1	17	20	0	(1)	162
Asia / Pacific	14	18	157	73	93	18	0	(1)	372
Greater China	247	108	44	1	7	33	0	(5)	435
India	11	11	55	8	7	20	0	0	112
Middle East & Africa	13	4	147	144	46	113	0	(10)	456
Total	**1,366**	**659**	**723**	**509**	**3,444**	**2,353**	**1**	**(364)**	**8,692**
3rd quarter ended June 30, 2020									
German-speaking area[2]	234	82	53	82	769	830	1	(187)	1,864
Western Europe	101	91	29	33	596	349	0	(26)	1,174
Central and Eastern Europe	69	8	125	0	313	79	0	(18)	575
Commonwealth of Independent States	2	4	46	0	10	20	0	(1)	82
North America	146	76	32	2	492	111	1	(12)	848
South America	5	13	35	2	19	20	0	0	94
Asia / Pacific	9	16	130	77	104	14	0	0	350
Greater China	262	156	48	0	37	20	0	(1)	523
India	1	5	29	9	9	6	0	0	58
Middle East & Africa	12	3	112	179	44	6	0	(1)	356
Total	**843**	**454**	**639**	**384**	**2,392**	**1,455**	**1**	**(244)**	**5,924**

[1] Figures have been adjusted (cf.Note 02 and 10).
[2] Germany, Austria, Switzerland, Liechtenstein
[3] Compared with the 1st half ended March 31, 2020 there were reclassifications between the regions “Commonwealth of Independent States” and “Western Europe”.

Of the sales from contracts with customers, €4,279 million (prior year: €4,619 million) results in the 9 months ended June 30, 2019 and 2020, respectively and €1,553 million (prior year: €2,247 million) results in the 3rd quarter ended June 30, 2019 and 2020, respectively from long-term contracts, while €17,268 million (prior year: €20,679 million) results in the 9 months ended June 30, 2019 and 2020, respectively and €4,371 million (prior year: €6,446 million) results in the 3rd quarter ended June 30, 2019 and 2020, respectively from short-term contracts, €4,692 million (prior year: €5,243 million) in the 9 months ended June 30, 2019 and 2020, respectively and €1,757 million (prior year: €2,346 million) in the 3rd quarter ended June 30, 2019 and 2020, respectively related to sales recognized over time, and €16,854 million (prior year: €20,055 million) in the 9 months ended June 30, 2019 and 2020, respectively and €4,167 million (prior year: €6,346 million) in the 3rd quarter ended June 30, 2019 and 2020, respectively related to sales recognized at a point in time.

12 Income from governments grants

In the 3rd quarter ended June 30, 2020 the group received €13 million reimbursements of social security contributions from the government in connection with claiming short-time work allowances in Germany relating to the continuing operations. This amount is reported as income from grants under "Other income" in the income statement.

13 Earnings per share

Basic earnings per share are calculated as follows:

EARNINGS PER SHARE

	9 months ended June 30, 2019[1]		9 months ended June 30, 2020		3rd quarter ended June 30, 2019[1]		3rd quarter ended June 30, 2020	
	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €
Income/(loss) from continuing operations (net of tax) (attributable to thyssenkrupp AG's shareholders)	(584)	(0.94)	(1,968)	(3.16)	(229)	(0.37)	(828)	(1.33)
Income/(loss) from discontinued operations (net of tax) (attributable to thyssenkrupp AG's shareholders)	377	0.61	(30)	(0.05)	135	0.22	150	0.24
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)	**(207)**	**(0.33)**	**(1,998)**	**(3.21)**	**(94)**	**(0.15)**	**(678)**	**(1.09)**
Weighted average shares	622,531,741		622,531,741		622,531,741		622,531,741	

[1] Figures have been adjusted (see Note 02).

There were no dilutive securities in the periods presented.

14 Additional information to the statement of cash flows

The liquid funds considered in the statement of cash flows correspond to the "Cash and cash equivalents" line item in the statement of financial position inclusive of cash and cash equivalents attributable to the discontinued operation. As of June 30, 2020 cash and cash equivalents of €78 million (prior year: €40 million) result from the joint operation HKM.

15 Subsequent events

On July 31, 2020 thyssenkrupp successfully closed the sale of the elevator business after all the responsible authorities had approved the sale to a bidding consortium led by Advent International and Cinven. On February 27, 2020 thyssenkrupp signed an agreement on the purchase of the elevator business with the consortium. With the closing, the company received the contractually agreed purchase price. The transaction will result directly in a substantial reduction in debt to a net cash position and a significant increase in equity. The group's balance sheet ratios will thus improve considerably.

To secure liquidity during the coronavirus crisis thyssenkrupp entered into a €1billion credit facility under the KfW special program. The company did not draw on this credit facility and it ended with the closing of the Elevator transaction

Essen, August 10, 2020

thyssenkrupp AG
The Executive Board

Merz

Burkhard Keysberg

Review report

To thyssenkrupp AG, Duisburg and Essen

We have reviewed the condensed consolidated interim financial statements – comprising the consolidated statement of financial position, the consolidated statement of income and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and selected explanatory notes – and the interim group management report of thyssenkrupp AG, Duisburg and Essen, for the period from October 1, 2019, to June 30, 2020, which are part of the quarterly financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz" German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additional observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Essen, August 12, 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Harald Kayser	Michael Preiß
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Additional information

Contact and 2020 / 2021 financial calendar

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2020 / 2021 financial calendar

November 19, 2020
Annual report 2019 / 2020 (October to September)

February 5, 2021
Annual General Meeting

February 10, 2021
Interim report 1st quarter 2020 / 2021 (October to December)

May 12, 2021
Interim report 1st half 2020 / 2021 (October to March)

August 12, 2021
Interim report 9 months 2020 / 2021 (October to June)

This interim report was published on August 13, 2020.
Produced in-house using firesys.

Forward-looking statements
This document contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond thyssenkrupp's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. thyssenkrupp does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of these materials.

Rounding differences and rates of change
Percentages and figures in this report may include rounding differences. The signs used to indicate rates of change are based on economic aspects: Improvements are indicated by a plus (+) sign, deteriorations are shown in brackets ( ). Very high positive and negative rates of change (≥500% or ≤(100)%) are indicated by ++ and −− respectively.

Variances for technical reasons
Due to statutory disclosure requirements the Company must submit this financial report electronically to the Federal Gazette (Bundesanzeiger). For technical reasons there may be variances in the accounting documents published in the Federal Gazette.
German and English versions of the financial report can be downloaded from the internet at www.thyssenkrupp.com. In the event of variances, the German version shall take precedence over the English translation.

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