Press Release

thyssenkrupp shows resilience in a challenging environment – significant improvement in key financial indicators and further progress with the transformation in fiscal year 2021/2022

- Double-digit growth in order intake and sales compared with prior year
- Adjusted EBIT almost tripled to €2.1 billion
- Net income increased to €1.2 billion (prior year: €(25) million); net financial assets rose to €3.7 billion (prior year: €3.6 billion)
- Proposal for a dividend of €0.15 per share will be put to shareholders
- Forecast for the current fiscal year: adjusted EBIT in the mid to high three-digit million euro range; net income and free cash flow before M&A expected to at least break even
- CEO Martina Merz: "We have increased our resilience and solidity and our businesses are now in a better position to respond appropriately and in a targeted manner to crises."

thyssenkrupp performed well in fiscal year 2021/2022 in a challenging market environment and achieved or exceeded all of its most recent financial targets. Despite the war in Ukraine and the ongoing impact of the coronavirus pandemic and disruption of global supply chains, the businesses in the thyssenkrupp group of companies posted total **order intake**[1] of €44.3 billion. That was 12 percent more than in the previous year. **Sales** improved by 21 percent to €41.1 billion. thyssenkrupp almost tripled **adjusted EBIT** to €2.1 billion (prior year: €796 million). This positive development was driven, among other things, by measures introduced to increase the performance of the businesses and the at times significant price increases in the markets served by Materials Services and Steel Europe, which were reflected in higher sales and improved margins. At the same time, the higher prices resulted in a significant increase in capital employed. As expected, the free cash flow before M&A therefore remained negative at €(476) million.

Martina Merz, CEO of the thyssenkrupp group: "The figures show that we have made good progress with the transformation of thyssenkrupp and were able to significantly increase the operating performance of the businesses. We have increased our resilience and solidity and our businesses are now in a better position to respond appropriately and in a targeted manner to crises. The momentum of our transformation process has been dampened, but we have proven comparatively robust in the face of three external shocks – the pandemic, the semiconductor shortage and war. We believe that the current environment will become increasingly competitive in the long term. Therefore, we will continue to give top priority to performance and productivity. Consequently, we must continue the transformation journey we have embarked on and resolutely drive forward the optimum development of our businesses."

[1] Unless otherwise stated, all indicators refer to continuing operations.

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Chairman of the Supervisory Board: Prof. Dr. Siegfried Russwurm, Executive Board: Martina Merz (CEO), Oliver Burkhard, Dr. Klaus Keysberg
Registered office: Duisburg and Essen, Registration court: Duisburg HR B 9092, Essen HR B 15364

Progress in the strategic transformation and investment in the future

Despite the persistently challenging market conditions, in the past fiscal year thyssenkrupp drove forward the measures to improve its portfolio and performance and invested in the competitiveness of its businesses. **Marine Systems** extended its strategic options for the construction of submarines and surface vessels with a new shipyard concept and the acquisition of MV Werften. In this way, the segment is responding to the changed security policy situation and continuing its growth story. Furthermore, thyssenkrupp stepped up the pace of the green transformation at **Steel Europe** and paved the way for investment of more than €2 billion to move into climate-neutral steel production. thyssenkrupp still considers that a stand-alone solution opens up good future prospects for the steel business and is continuing to make preparations for this. However, the exact format cannot be decided at present due to the uncertain geopolitical and macroeconomic situation.

In the **Multi Tracks** segment thyssenkrupp successfully completed the disposal of the infrastructure, stainless steel (AST) and mining technologies activities. These transactions generated proceeds of more than €800 million and further enhanced thyssenkrupp's balance sheet. Since the establishment of the Multi Tracks segment, thyssenkrupp has closed five transactions corresponding to more than half the segment's original sales.
In addition, thyssenkrupp is in talks with potential buyers for the Automation Engineering business unit and has started preparations for an M&A process for Springs & Stabilizers. Depending on the capital market situation, an IPO remains the preferred solution for the hydrogen business thyssenkrupp nucera to position it optimally for growth with green electrolysis plants. In connection with the green transformation, thyssenkrupp will also be making a decision on the future development of the chemical and cement plant engineering activities. Uhde builds ammonia plants and ammonia crackers and thereby delivers central technologies for the use of green hydrogen. Polysius provides technologies for more sustainable cement production.

Alongside specific measures to improve the competitiveness of its businesses, thyssenkrupp is making progress in **adjustments to the workforce**: In close collaboration with the codetermination partners, socially acceptable solutions have now been found for 9,950 of the almost 13,000 jobs to be cut under current plans – including around 2,100 in the past fiscal year.

Oliver Burkhard, CHRO and Labor Director of thyssenkrupp AG: "Within our transformation process we have now achieved around 80 percent of the planned headcount reductions. We are therefore gradually moving on from the restructuring phase required for the transformation and can concentrate on focused and 'normal' productivity rises. By making the group more resilient and giving the businesses long-term development prospects, we are actively safeguarding employment. At the same time, despite the many challenges in our business environment, we can utilize the opportunities arising for our technologies – especially with regard to the green transformation."

Dynamic business development in the segments in fiscal year 2021/2022

Materials Services benefited from a significant increase in material prices across all product groups, especially in the 2nd quarter and at the start of the 3rd quarter. However, the shortage of materials at the beginning of the fiscal year and weaker demand, especially towards the end of the fiscal year, led to a decline in volumes. Order intake rose by 26 percent and sales by 34 percent. At €837 million, adjusted EBIT was also significantly above the prior-year level (€587 million). This is mainly attributable to improved margins as a result of higher material prices and the effect on earnings of the consistent implementation of the transformation.

Industrial Components registered a 9 percent increase in order intake and a 10 percent rise in sales to €2.8 billion in both cases. At €234 million, this segment's adjusted EBIT was below the prior-year level of €322 million. **Forged Technologies** registered an improvement in order intake, sales and adjusted EBIT because it was able to pass on higher factor costs to customers, with support coming from positive exchange rate effects. High demand from the industrial and trucks business more than offset the weaker demand from customers in the passenger car industry resulting from the continued supply chain bottlenecks and disruption. Despite growth in the machinery sector, in the **bearings** business a decline in demand, especially in the wind energy sector in China, led to a year-on-year reduction overall in order intake and sales. This reflects pull-forward effects in the prior-year period which were facilitated by subsidies. This, together with the significant rise in material, energy and freight costs, reduced earnings growth. Cost-cutting and efficiency enhancement measures only partly offset this trend.

At **Automotive Technology**, order intake was 8 percent higher than in the previous year. Sales improved by 7 percent. In view of the continuing bottlenecks in the supply of starting materials and the resulting volatility of customer call-offs, positive effects mainly came from price adjustments and currency effects. At €108 million, adjusted earnings were below the prior-year level of €264 million. The higher factor costs – specifically for logistics and materials – and pandemic-related plant closures in China were partly offset by strict cost discipline, continuing the efficiency measures and negotiating new price conditions.

Steel Europe was also affected by material and supply bottlenecks in many customer sectors and the related weaker customer call-offs, especially from the automotive industry. Compared with the prior year, there was a decrease in both order intake volume and shipments. However, higher prices led to a significant rise in order intake, which increased by 27 percent to €11.8 billion. Sales rose by 47 percent to €13.2 billion. Despite the sharp hike in raw material and energy costs, adjusted EBIT improved significantly to €1.2 billion (prior year: €116 million) thanks to a clear rise in average revenues, especially in the first half of the year. This also reflects positive effects from ongoing restructuring and performance measures in connection with the implementation of the Steel Strategy 20-30.

Following the record €5.5 billion order for six submarines for Norway and Germany in fiscal year 2020/2021, order intake at **Marine Systems** was €4.2 billion, which was below the prior-year level (€6.7 billion) but once again well above sales, which amounted to €1.8 billion. The key factors here were another major submarine order acquired in the 2nd quarter of 2021/2022, add-on orders for surface vessels and extensive order intake in the areas of maintenance, service and marine electronics. With an order backlog of €13.6 billion, the segment has a solid basis for growth. Adjusted EBIT was €32 million, which was above the prior-year level of €26 million.

In the **Multi Tracks** segment, order intake in the continuing operations increased by 10 percent year-on-year to €6.5 billion. The main contributions to this came from **Uhde** thanks to an order to build a production plant for fertilizers in Qatar and **thyssenkrupp nucera**, which posted high growth, driven principally by the chlor-alkali service business and the award of major hydrogen projects in Saudi Arabia and the Netherlands. Order intake was also higher at **Automation Engineering** and **Springs & Stabilizers**. This segment's sales fell by 27% to €4.1 billion. This was mainly attributable to the disposal of the stainless steel business and the Infrastructure business unit, as well as the closure of the heavy plate mill. Thanks to measures implemented on the sales and cost side and improvements in almost all businesses, the segment reported adjusted EBIT of €(173) million and thus greatly reduced its loss compared with the prior-year level of €(298) million. Other contributing factors were the positive performance of the stainless steel business until its disposal and the fact that the closure of the heavy plate mill has put an end to losses.

At group level, thyssenkrupp succeeded in further reducing administrative expenses. Positive effects also came from price-driven adjustments to provisions for share-based compensation. Adjusted EBIT at **Corporate Headquarters** was €(154) million (prior year: €(194) million).

Fiscal year 2021/2022: key performance indicators of the group (including discontinued operations)

thyssenkrupp's **net income** was €1.2 billion compared with €(25) million in the prior year. This significant increase is principally attributable to the improvement in earnings. Net income also includes impairment losses of more than €500 million, mainly due to the sharp rise in interest rates and the associated increase in the cost of capital. After deducting non-controlling interest, net income was €1.1 billion (prior year: €(115) million); earnings per share came to €1.82, compared with €(0.18) in the prior year.

Compared with the end of the previous fiscal year, there was a significant improvement in **equity** from €10.8 billion to €14.7 billion. As well as the net income achieved, higher interest rates and the resulting remeasurement of pension obligations in particular delivered positive effects of around €1.9 billion. As a result, the **equity ratio** improved to more than 39 percent (prior year: 29.5 percent).

The **free cash flow before M&A** was €(476) million in fiscal year 2021/2022, which was significantly above the prior-year level of €(1.3) billion. The substantial improvement in earnings was countered in particular by an increase in net working capital due to the sharp rise in the price of raw materials and other materials and delayed customer call-offs. Additional effects came from the ongoing expenditures for restructuring and capital spending in excess of depreciation.

The group's **net financial assets** increased slightly to €3.7 billion (September 30, 2021: €3.6 billion). This includes effects from the successful completion of M&A transactions. Overall, the Group has cash and cash equivalents and undrawn committed credit lines totaling €9.2 billion.

Based on the figures for the past fiscal year, at the Annual General Meeting on February 3, 2023 the Executive Board and Supervisory Board will propose payment of a **dividend** of €0.15 per no-par share for fiscal year 2021/2022. This proposal reflects, on the one hand, the significant strengthening of the balance sheet, the improved operating performance of the group, and the improved financial net position; on the other hand, it takes into account the uncertain and challenging conditions in the present fiscal year.

Forecast for 2022/2023: FCF before M&A should increase to break-even point

In a market environment dominated by the energy crisis, high inflation and rising interest rates, thyssenkrupp expects the macroeconomic development in the present fiscal year to be challenging and difficult to plan. Assuming that the necessary fossil fuels and other raw materials remain available and business development is not hampered by renewed lockdowns, thyssenkrupp anticipates a significant reduction in **sales** in the **present fiscal year** (prior year: €41.1 billion). The main reasons for this are effects related to the normalization of prices at Materials Services and Steel Europe and the completed transactions in the Multi Tracks segment.

thyssenkrupp expects **adjusted EBIT** to drop back to a figure in the mid to high three-digit million euro range (prior year: €2.1 billion). This assumption is based, in particular, on the absence of the previous year's strong support from dynamic price effects at Materials Services and Steel Europe, which will also be affected by the rise in factor costs and especially energy costs. Expected earnings improvements, for example at Automotive Technology and Multi Tracks, will mitigate this development.

Despite further cash outflows for restructuring and higher capital spending than in the previous year, it is nevertheless expected that the **free cash flow before M&A** will increase at least to break-even point. The significant increase compared with the prior-year level of €(476) million is due to the planned improvement in net working capital. Further factors affecting the development of this indicator will be cash inflows from order intake and the payment profile of the project business (especially at Marine Systems and Multi Tracks).

thyssenkrupp expects **net income** to at least break even.

Klaus Keysberg, CFO of thyssenkrupp AG: “No-one can tell how big the challenges will be or how long they will last. However, we are preparing for the worst-case scenario. In all our businesses we are continuing to work consistently to enhance performance and improve the cash flow. In this way, we will do our utmost to achieve our target of increasing the cash flow before M&A to at least break-even point – despite the challenging conditions. That includes restrictive and gradual approval of capital expenditures – depending on how the macroeconomic situation develops and what progress our businesses make in safeguarding earnings and net working capital management. At the same time, we want to be prepared to utilize the opportunities that arise as soon as scope is available.”

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thyssenkrupp in figures – key performance indicators at a glance

THYSSENKRUPP IN FIGURES

		Full group				Group – continuing operations[1]			
		Year ended Sept. 30, 2021	Year ended Sept. 30, 2022	Change	in %	Year ended Sept. 30, 2021	Year ended Sept. 30, 2022	Change	in %
Order intake	million €	39,571	44,297	4,727	12	39,571	44,297	4,727	12
Sales	million €	34,015	41,140	7,124	21	34,015	41,140	7,124	21
EBITDA	million €	1,416	3,248	1,833	++	1,422	3,240	1,818	++
EBIT[2]	million €	451	1,827	1,376	++	457	1,819	1,362	++
EBIT margin	%	1.3	4.4	3.1	++	1.3	4.4	3.1	++
Adjusted EBIT[2]	million €	796	2,062	1,266	++	796	2,062	1,266	++
Adjusted EBIT margin	%	2.3	5.0	2.7	++	2.3	5.0	2.7	++
Income/(loss) before tax	million €	95	1,396	1,301	++	101	1,387	1,286	++
Net income/(loss) or earnings after tax	million €	(25)	1,220	1,245	++	(19)	1,212	1,231	++
attributable to thyssenkrupp AG's shareholders	million €	(115)	1,136	1,250	++	(109)	1,127	1,236	++
Earnings per share (EPS)	€	(0.18)	1.82	2.01	++	(0.17)	1.81	1.99	++
Operating cash flows	million €	92	617	525	++	94	618	523	++
Cash flow for investments	million €	(1,485)	(1,304)	181	12	(1,485)	(1,304)	181	12
Cash flow from divestments	million €	975	1,027	52	5	975	1,027	52	5
Free cash flow[3]	million €	(418)	340	759	++	(416)	341	756	++
Free cash flow before M&A[3]	million €	(1,273)	(476)	797	63	(1,273)	(476)	797	63
Net financial assets (Sept. 30)	million €	(3,586)	(3,667)	(82)	(2)				
Total equity (Sept. 30)	million €	10,845	14,742	3,897	36				
Gearing (Sept. 30)	%	—[4]	—[4]	—	—				
ROCE	%	3.4	11.3	7.9	++				
thyssenkrupp Value Added	million €	(622)	529	1,151	++				
Dividend per share	€	—	0.15[5]	—	—				
Dividend payout	million €	—	93[5]	—	—				
Employees (Sept. 30)		101,275	96,494	(4,781)	(5)				

[1] See preliminary remarks.
[2] See reconciliation in segment reporting (Note 24)
[3] See reconciliation in the analysis of the statement of cash flows.
[4] Due to the strongly positive total equity and the reported net financial assets, the significance of the gearing key ratio is of no relevance.
[5] Proposal to the Annual General Meeting

THYSSENKRUPP IN FIGURES

		Full group				Group – continuing operations[1]			
		4th quarter ended Sept. 30, 2021	4th quarter ended Sept. 30, 2022	Change	in %	4th quarter ended Sept. 30, 2021	4th quarter ended Sept. 30, 2022	Change	in %
Order intake	million €	14,311	10,391	(3,919)	(27)	14,311	10,391	(3,919)	(27)
Sales	million €	9,441	10,568	1,128	12	9,441	10,568	1,128	12
EBITDA	million €	410	715	305	75	398	715	317	79
EBIT[2]	million €	167	432	264	++	156	432	276	++
EBIT margin	%	1.8	4.1	2.3	++	1.7	4.1	2.4	++
Adjusted EBIT[2]	million €	232	161	(72)	(31)	232	161	(72)	(31)
Adjusted EBIT margin	%	2.5	1.5	(0.9)	(38)	2.5	1.5	(0.9)	(38)
Income/(loss) before tax	million €	89	294	204	++	78	294	216	++
Net income/(loss) or earnings after tax	million €	143	419	276	++	132	419	288	++
attributable to thyssenkrupp AG's shareholders	million €	116	389	273	++	105	389	284	++
Earnings per share (EPS)	€	0.19	0.63	0.44	++	0.17	0.63	0.46	++
Operating cash flows	million €	314	1,884	1,570	++	314	1,884	1,570	++
Cash flow for investments	million €	(624)	(502)	122	20	(624)	(502)	122	20
Cash flow from divestments	million €	2	434	432	++	2	434	432	++
Free cash flow[3]	million €	(308)	1,816	2,124	++	(308)	1,816	2,124	++
Free cash flow before M&A[3]	million €	(321)	1,565	1,886	++	(321)	1,565	1,886	++
Net financial assets (Sept. 30)	million €	(3,586)	(3,667)	(82)	(2)				
Total equity (Sept. 30)	million €	10,845	14,742	3,897	36				
Gearing (Sept. 30)	%	–[4]	–[4]	—	—				
Employees (Sept. 30)		101,275	96,494	(4,781)	(5)				

[1] See preliminary remarks.
[2] See reconciliation in segment reporting (Note 24)
[3] See reconciliation in the analysis of the statement of cash flows.
[4] Due to the strongly positive total equity and the reported net financial assets, the significance of the gearing key ratio is of no relevance.

ORDER INTAKE

million €	Year ended Sept. 30, 2021	Year ended Sept. 30, 2022	Change in %	Change on a comparable basis[1] in %	4th quarter ended Sept. 30, 2021	4th quarter ended Sept. 30, 2022	Change in %	Change on a comparable basis[1] in %
Materials Services	12,710	16,021	26	23	3,519	3,671	4	(1)
Industrial Components	2,556	2,792	9	4	633	764	21	13
Automotive Technology	4,506	4,866	8	3	1,090	1,468	35	26
Steel Europe	9,283	11,811	27	26	1,951	2,844	46	44
Marine Systems	6,662	4,232	(36)	(37)	5,846	320	(95)	(95)
Multi Tracks[2]	5,883	6,499	10	44	1,610	1,724	7	56
Corporate Headquarters	5	4	(16)	(16)	1	(1)	--	--
Reconciliation	(2,035)	(1,927)	5	—	(338)	(400)	(18)	—
Group continuing operations[2]	**39,571**	**44,297**	**12**	**15**	**14,311**	**10,391**	**(27)**	**(25)**
Discontinued elevator operations[2]	0	0	—	—	0	0	—	—
Full group	**39,571**	**44,297**	**12**	**15**	**14,311**	**10,391**	**(27)**	**(25)**

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

SALES

million €	Year ended Sept. 30, 2021	Year ended Sept. 30, 2022	Change in %	Change on a comparable basis[1] in %	4th quarter ended Sept. 30, 2021	4th quarter ended Sept. 30, 2022	Change in %	Change on a comparable basis[1] in %
Materials Services	12,315	16,444	34	30	3,770	3,916	4	(1)
Industrial Components	2,512	2,766	10	5	635	754	19	10
Automotive Technology	4,522	4,825	7	2	1,063	1,369	29	20
Steel Europe	8,932	13,156	47	46	2,361	3,538	50	48
Marine Systems	2,022	1,831	(9)	(10)	572	567	(1)	(3)
Multi Tracks[2]	5,651	4,101	(27)	1	1,608	839	(48)	(7)
Corporate Headquarters	13	6	(53)	(53)	2	1	(9)	(10)
Reconciliation	(1,953)	(1,990)	(2)	—	(571)	(416)	27	—
Group continuing operations[2]	**34,015**	**41,140**	**21**	**23**	**9,441**	**10,568**	**12**	**15**
Discontinued elevator operations[2]	0	0	—	—	0	0	—	—
Full group	**34,015**	**41,140**	**21**	**23**	**9,441**	**10,568**	**12**	**15**

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

ADJUSTED EBIT

million €	Year ended Sept. 30, 2021	Year ended Sept. 30, 2022	Change in %	4th quarter ended Sept. 30, 2021	4th quarter ended Sept. 30, 2022	Change in %
Materials Services	587	837	43	225	(104)	--
Industrial Components	322	234	(27)	56	64	15
Automotive Technology	264	108	(59)	30	61	++
Steel Europe	116	1,200	++	29	221	++
Marine Systems	26	32	23	27	20	(28)
Multi Tracks[1]	(298)	(173)	42	(63)	(77)	(22)
Corporate Headquarters	(194)	(154)	20	(47)	(36)	25
Reconciliation	(26)	(22)	17	(23)	12	++
Group continuing operations[1]	**796**	**2,062**	**++**	**232**	**161**	**(31)**
Discontinued elevator operations[1]	0	0	—	0	0	—
Full group	**796**	**2,062**	**++**	**232**	**161**	**(31)**

[1] See preliminary remarks.