



thyssenkrupp remains on growth track / Sales, order intake and adjusted EBIT up by double digit rates in 3rd quarter / earnings forecast for full year affirmed

The industrial and technology group thyssenkrupp continues its good operating performance: After a strong 1st half, order intake, sales and adjusted EBIT again increased significantly in the 3rd quarter of the current fiscal year 2016/2017. “In the first nine months we received new orders worth more than €32 billion. This is our best performance since the start of the Strategic Way Forward. Particularly pleasing is that all business areas contributed to it,” says thyssenkrupp CEO Dr. Heinrich Hiesinger.

The Group’s **order intake** in the first 9 months increased year-on-year by 16 percent. In the 3rd quarter the growth was 14 percent. Components Technology and Elevator Technology once again reported record figures in the first 9 months. The third capital goods division, Industrial Solutions, achieved the turnaround: After a strong 1st half, the business area almost doubled its 3rd-quarter order intake year-on-year. The materials businesses profited mainly from the recovery in prices. The **Group’s sales** increased year-on-year by 9 percent in the first 9 months and by 11 percent in the 3rd quarter.

The Group’s **adjusted EBIT** increased by 37 percent to €1,376 million in the first 9 months. The 3rd quarter improved by 41 percent to €620 million. On the basis of the continuing operations, i.e. excluding Steel Americas¹, earnings improved by 11 percent to €1,222 million in the 9-month period and by 29 percent to €519 million in the 3rd quarter. Earnings growth at Components Technology (9-month period: up 7 percent to €274 million) and Elevator Technology (9-month period: up 8 percent to €662 million) remained strong. The materials businesses also recorded a noticeable earnings improvement. The reason for this was the recovery in prices. Materials Services almost trebled its adjusted EBIT in the first 9 months (up 273 percent to €245 million). At Steel Europe, too, (9-month period: up 70 percent to €352 million) the positive price effects were reflected in a significantly improved margin. “We are pleased by the recovery in earnings at the materials businesses. We have achieved the minimum level necessary to cover the cost of capital. However, the large swings from one quarter to another show once again that the direction of our Strategic Way Forward is the right one.

¹ In the context of the Strategic Way Forward, thyssenkrupp reached agreement with Ternium on the sale of the Brazilian steel mill CSA and the signing took place in February 2017. The transfer is to take retroactive effect from September 30, 2016. The competent competition authorities have in the meantime given their approval. The approval of the Brazilian competition authority CADE is not yet final. The transaction meets the criteria of IFRS 5 for reporting the Steel Americas business area as a discontinued operation.

We are stepping up the expansion of our capital goods and service businesses, we are investing in research & development, and we will continue to work on our costs across all our businesses. That way we will generate more stable earnings and grow profitably in the future,” says Hiesinger.

Thanks to a strong operating performance thyssenkrupp increased its 3rd-quarter **net income** year-on-year by 8 percent to €134 million. However, because of the previously communicated one-time impacts from the sale of CSA in the 2nd quarter the Group reported a net loss of €721 million for the first 9 months. After deducting minority interest the loss was €751 million; earnings per share came to €(1.33). On the basis of the continuing operations, i.e. excluding Steel Americas, thyssenkrupp generated after-tax earnings in the first 9 months of €326 million (3rd quarter €268 million).

As expected, **free cash flow before M&A** in the first 9 months was lower than a year earlier (€(1,007) million) at €(2,326) million. Above all, the dislocations on the raw materials markets and increased material prices resulted in temporarily higher capital employed. The Group’s **net financial debt** increased accordingly to €6.3 billion. In the 4th quarter thyssenkrupp expects a significant decrease due to a then clearly positive free cash flow before M&A. In addition the payment of the purchase price for CSA with the closing of the transaction will have a positive impact. Taking into account available liquidity of €6.0 billion and the balanced maturity structure, thyssenkrupp remains solidly financed.

For the fiscal year 2016/2017 thyssenkrupp affirms its **growth targets** for sales and earnings: The Executive Board continues to expect **sales growth** in a high single-digit percentage range and **adjusted EBIT** of €1.8 billion. The continuing operations are expected to contribute €1.7 billion to this. Due to the negative earnings effect from the sale of CSA, overall **net income** is expected to be clearly negative. Excluding this one-time effect, net income is expected to be significantly higher year-on-year.

The forecast for **free cash flow before M&A** has been revised in mathematical terms. The indicator is now expected to be negative in the mid to higher three-digit million euro range (previously: negative in the mid three-digit million euro range). It will be negatively impacted by the earlier than expected closing of the CSA transaction in the 4th quarter and the absence therefore of CSA’s expected cash inflow at the end of the fiscal year. This absence will result in a correspondingly higher purchase price, which however will not be reflected in FCF before M&A. For expected net financial debt and free cash flow as a whole the process is neutral.

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thyssenkrupp in figures – overview of key performance indicators

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Group Total

		9 months ended June 30, 2016	9 months ended June 30, 2017	Change	in %	3rd quarter ended June 30, 2016	3rd quarter ended June 30, 2017	Change	in %
Order intake	million €	28,236	32,673	4,437	16	9,399	10,725	1,327	14
Net sales	million €	29,265	32,013	2,748	9	9,865	10,929	1,064	11
EBIT ¹⁾	million €	846	205	(640)	(76)	372	529	158	42
EBIT margin	%	2.9	0.6	(2.2)	(78)	3.8	4.8	1.1	29
Adjusted EBIT ¹⁾	million €	1,001	1,376	375	37	441	620	179	41
Adjusted EBIT margin	%	3.4	4.3	0.9	26	4.5	5.7	1.2	27
EBT	million €	445	(287)	(732)	--	261	293	32	12
Net income/(loss)	million €	115	(721)	(836)	--	124	134	10	8
attributable to thyssenkrupp AG's shareholders	million €	168	(751)	(919)	--	130	120	(10)	(8)
Earnings per share (EPS)	€	0.30	(1.33)	(1.62)	--	0.23	0.21	(0.02)	(8)
Operating cash flows	million €	(158)	(1,338)	(1,180)	--	545	1	(543)	(100)
Cash flow for investments	million €	(890)	(1,182)	(292)	(33)	(343)	(456)	(112)	(33)
Cash flow from divestments	million €	35	68	33	96	3	9	6	172
Free cash flow	million €	(1,014)	(2,452)	(1,439)	--	205	(445)	(650)	--
Free cash flow before M&A	million €	(1,007)	(2,326)	(1,318)	--	205	(377)	(582)	--
Net financial debt (June 30)	million €	4,770	6,311	1,540	32	4,770	6,311	1,540	32
Total equity (June 30)	million €	2,723	2,242	(482)	(18)	2,723	2,242	(482)	(18)
Gearing (June 30)	%	175.2	281.5	106.3	61	175.2	281.5	106.3	61
Employees (June 30)		155,248	161,781	6,533	4	155,248	161,781	6,533	4

¹⁾ See reconciliation in segment reporting (Note 07).

Continuing operations

		9 months ended June 30, 2016	9 months ended June 30, 2017	Change	in %	3rd quarter ended June 30, 2016	3rd quarter ended June 30, 2017	Change	in %
Order intake	million €	27,372	31,456	4,085	15	9,090	10,213	1,123	12
Net sales	million €	28,430	30,772	2,342	8	9,603	10,437	834	9
EBIT	million €	936	985	49	5	318	484	167	52
EBIT margin	%	3.3	3.2	(0.1)	(3)	3.3	4.6	1.3	40
Adjusted EBIT	million €	1,100	1,222	122	11	401	519	118	29
Adjusted EBIT margin	%	3.9	4.0	0.1	3	4.2	5.0	0.8	19
EBT	million €	550	679	129	23	212	396	184	86
Income/(loss) (net of tax)	million €	251	326	75	30	89	268	179	203
attributable to thyssenkrupp AG's shareholders	million €	223	296	73	33	82	254	172	210
Earnings per share (EPS)	€	0.39	0.52	0.13	33	0.14	0.45	0.30	211
Operating cash flows	million €	(68)	(1,256)	(1,188)	--	526	24	(502)	(95)
Cash flow for investments	million €	(814)	(1,067)	(253)	(31)	(323)	(432)	(110)	(34)
Cash flow from divestments	million €	33	62	29	86	3	8	5	176
Free cash flow ¹⁾	million €	(849)	(2,261)	(1,412)	--	206	(400)	(606)	--
Free cash flow before M&A ¹⁾	million €	(843)	(2,190)	(1,347)	--	206	(332)	(538)	--
Mitarbeiter (30.06.)		151,511	157,634	6,123	4	151,511	157,634	6,123	4

¹⁾ See reconciliation in the analysis of the statement of cash flows.

Business areas

	Order intake million €		Net sales million €		EBIT ¹⁾ million €		Adjusted EBIT ¹⁾ million €		Employees	
	9 months ended June 30, 2016	9 months ended June 30, 2017	9 months ended June 30, 2016	9 months ended June 30, 2017	9 months ended June 30, 2016	9 months ended June 30, 2017	9 months ended June 30, 2016	9 months ended June 30, 2017	June 30, 2016	June 30, 2017
Components										
Technology	5,093	5,738	5,122	5,648	218	216	256	274	30,281	32,469
Elevator Technology	5,691	6,038	5,526	5,703	569	584	614	662	51,467	52,460
Industrial Solutions	2,715	4,149	4,343	4,002	285	48	287	70	19,530	21,678
Materials Services	8,891	10,244	8,914	10,185	36	189	66	245	19,623	19,862
Steel Europe	6,294	6,692	5,664	6,616	198	347	207	352	27,201	27,384
Corporate	173	190	179	195	(385)	(388)	(347)	(370)	3,409	3,781
Consolidation	(1,485)	(1,594)	(1,317)	(1,577)	18	(10)	18	(10)		
Continuing operations	27,372	31,456	28,430	30,772	936	985	1,100	1,222	151,511	157,634
Steel Americas	1,040	1,477	1,011	1,483	(91)	(781)	(100)	152	3,737	4,147
Consolidation	(176)	(261)	(176)	(241)	0	2	0	2	0	0
Group Total	28,236	32,673	29,265	32,013	846	205	1,001	1,376	155,248	161,781

¹⁾ See reconciliation in segment reporting (Note 07).

Business areas	Order intake million €		Net sales million €		EBIT ¹⁾ million €		Adjusted EBIT ¹⁾ million €	
	3rd quarter ended June 30, 2016	3rd quarter ended June 30, 2017	3rd quarter ended June 30, 2016	3rd quarter ended June 30, 2017	3rd quarter ended June 30, 2016	3rd quarter ended June 30, 2017	3rd quarter ended June 30, 2016	3rd quarter ended June 30, 2017
Components								
Technology	1,775	2,000	1,783	1,970	72	93	100	99
Elevator Technology	1,867	2,024	1,906	1,954	205	232	225	240
Industrial Solutions	541	1,031	1,228	1,241	41	15	43	6
Materials Services	3,123	3,430	3,087	3,504	35	57	52	73
Steel Europe	2,265	2,171	2,015	2,337	92	231	91	232
Steel Americas	0	0	0	0	(1)	(1)	(1)	(1)
Corporate	80	97	64	69	(130)	(145)	(113)	(131)
Consolidation	(562)	(539)	(481)	(639)	4	1	4	1
Continuing operations	9,090	10,213	9,603	10,437	318	484	401	519
Steel Americas	383	605	336	566	53	44	39	100
Consolidation	(74)	(92)	(74)	(73)	1	1	1	1
Group Total	9,399	10,725	9,865	10,929	372	529	441	620

¹⁾ See reconciliation in segment reporting (Note 07).