



## Continued good operating performance / Double-digit growth rates in order intake / Adj. EBIT up 35 percent / Full-year forecast revised

The industrial and technology group thyssenkrupp remains on growth track: Order intake, sales and adjusted EBIT were higher year-on-year both in the 1st half and the 2nd quarter of the 2016/2017 fiscal year. "In operating terms we're doing well. All businesses reported double-digit growth rates in order intake. In the 2nd quarter our capital goods businesses Components Technology and Elevator Technology achieved new record highs," says thyssenkrupp CEO Dr. Heinrich Hiesinger. Following an already strong 1st quarter, Industrial Solutions achieved its highest order intake in three years in the 2nd quarter, confirming the turnaround with a strong project pipeline.

The Group's **adjusted EBIT** was up by 35 percent in the 1st half at €756 million (prior year €560 million), and by 31 percent in the 2nd quarter at €427 million (prior year €326 million). As expected strong year-on-year growth was achieved in the 1st half by Components Technology (up 12 percent to €176 million) and Elevator Technology (up 8 percent to €422 million). There were also clearly positive earnings effects from the recovery in prices at Materials Services (up €160 million to €173 million) and Steel Americas<sup>1</sup> (up €190 million to €51 million). The trend was the same at Steel Europe, but due to its longer-term contracts the effects of the price increase were not felt until the 2nd quarter. These positive price effects were partly eroded by the sharp rise in raw materials costs, mainly for coking coal (adjusted EBIT up €4 million to €119 million in the 1st half; up €27 million to €92 million in the 2nd quarter). "The raw materials markets and as a result our materials businesses are subject to large swings that are beyond our control. That's why we're concentrating strategically on expanding our capital goods and service businesses. This will enable us to generate more stable earnings and achieve profitable growth in the future," says Hiesinger, summarizing the strategy behind the Group's transformation.

**Order intake** and **sales** were higher year-on-year both in the 1st half (up 17 percent/9 percent) and the 2nd quarter (up 33 percent/12 percent). In the **capital goods businesses**, Components Technology reported a positive trend among other things for car components and heavy truck components in Western

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<sup>1</sup> In the context of the Strategic Way Forward, thyssenkrupp reached agreement with Ternium in February 2017 on the sale of the Brazilian steel mill CSA. The sale is subject to the approval of the competition authorities and is planned to be completed by September 30, 2017. The transaction meets the criteria of IFRS 5 for reporting the Steel Americas business area as a discontinued operation.

Europe and China. At Elevator Technology sales increased above all in the USA, China and South Korea.

The **materials businesses** profited mainly from the recovery in prices. At Steel Europe, too, this trend is already reflected in higher average selling prices year-on-year in the 1st half.

As announced, the strategically important sale of CSA had a negative effect of €0.9 billion on net income in the 2nd quarter. On account solely of this one-time effect, the Group reported a **net loss** of €855 million in the 1st half (2nd quarter net loss of €870 million). After deduction of non-controlling interest, the net loss was €871 million; earnings per share came to a loss of €1.54. Based on the continuing operations, i.e. excluding Steel Americas, thyssenkrupp generated net income of €58 million in the 1st half (2nd quarter €64 million).

**Free cash flow before M&A** in the 1st half was as expected lower year-on-year at €(1,949) million (prior year €(1,212) million). Above all the rise in material prices led to a temporary increase in net working capital. At €(212) million, free cash flow in the 2nd quarter was already better than the prior year (€(365) million and significantly better than the previous quarter (€(1,736) million).

Accordingly the Group's **net financial debt** increased to €5.8 billion. thyssenkrupp expects a sharp decrease in net financial debt in the second half, with free cash flow before M&A then positive. In addition the payment of the purchase price for CSA on closing of the transaction will have a positive impact. Taking into account the Group's available liquidity of €6.6 billion and balanced maturity structure, thyssenkrupp remains solidly financed.

**Equity** decreased to €2.3 billion from €3.3 billion at December 31, 2016. The cause of this was the negative income effect of €0.9 billion in connection with the sale of CSA.

For the **current fiscal year 2016/2017** thyssenkrupp is revising its **forecast**. The reasons for this are the effects of the good operating performance, the sale of CSA, and the latest dislocations on the raw material markets (especially for coking coal):

**Adjusted EBIT** is expected to increase to €1.8 billion (previously €1.7 billion; prior year €1,469 million). The adjusted EBIT of the continuing operations is expected to be €1.7 billion.

With positive operating earnings, the company expects a significant **net loss for the year** exclusively as a result of the negative earnings impact from the sale of CSA (previously clear year-on-year improvement expected; prior year net income €261 million).

The significant increase in net working capital at our materials businesses as a result of dislocations on the raw materials markets and due to higher volumes and prices is expected to result in overall negative **FCF before M&A** in the mid-three-digit million euro range (previous forecast slightly positive; prior year €198 million).

**Contact Investor Relations:**

Dr. Claus Ehrenbeck

Investor Relations

Phone +49 (201) 844-536464

Fax +49 (201) 844-536467

E-mail: [claus.ehrenbeck@thyssenkrupp.com](mailto:claus.ehrenbeck@thyssenkrupp.com)

[www.thyssenkrupp.com](http://www.thyssenkrupp.com)

Twitter: [@thyssenkrupp\\_en](https://twitter.com/@thyssenkrupp_en)

Company blog: [www.engineered.thyssenkrupp.com/en](http://www.engineered.thyssenkrupp.com/en)



## thyssenkrupp in figures – overview of key performance indicators

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Group total		1st half ended March 31, 2016	1st half ended March 31, 2017	Change	in %	2nd quarter ended March 31, 2016	2nd quarter ended March 31, 2017	Change	in %
Order intake	million €	18,837	21,948	3,111	17	9,027	11,993	2,966	33
Net sales	million €	19,400	21,084	1,684	9	9,852	10,998	1,146	12
EBIT <sup>1)</sup>	million €	474	(324)	(798)	--	281	(564)	(846)	--
EBIT margin	%	2.4	(1.5)	(4.0)	--	2.9	(5.1)	(8.0)	--
Adjusted EBIT <sup>1)</sup>	million €	560	756	196	35	326	427	101	31
Adjusted EBIT margin	%	2.9	3.6	0.7	--	3.3	3.9	0.6	--
EBT	million €	185	(580)	(765)	--	151	(703)	(855)	--
Net income/(loss)	million €	(9)	(855)	(846)	--	45	(870)	(915)	--
attributable to thyssenkrupp AG's shareholders	million €	37	(871)	(909)	--	61	(879)	(940)	--
Earnings per share (EPS)	€	0.07	(1.54)	(1.61)	--	0.11	(1.55)	(1.66)	--
Operating cash flows	million €	(703)	(1,340)	(636)	(90)	(105)	110	215	++
Cash flow for investments	million €	(546)	(726)	(180)	(33)	(293)	(364)	(71)	(24)
Cash flow from divestments	million €	31	59	27	88	27	38	12	45
Free cash flow	million €	(1,218)	(2,007)	(789)	(65)	(371)	(216)	156	42
Free cash flow before M&A	million €	(1,212)	(1,949)	(737)	(61)	(365)	(212)	153	42
Net financial debt (March 31)	million €	4,816	5,760	945	20	4,816	5,760	945	20
Total equity (March 31)	million €	2,753	2,304	(450)	(16)	2,753	2,304	(450)	(16)
Gearing (March 31)	%	174.9	250.0	75.1	--	174.9	250.0	75.1	--
Employees (March 31)		155,453	158,584	3,131	2	155,453	158,584	3,131	2

<sup>1)</sup> See reconciliation in segment reporting (Note 07).

Continuing operations		1st half ended March 31, 2016	1st half ended March 31, 2017	Change	in %	2nd quarter ended March 31, 2016	2nd quarter ended March 31, 2017	Change	in %
Order intake	million €	18,282	21,244	2,962	16	8,791	11,643	2,852	32
Net sales	million €	18,827	20,335	1,508	8	9,588	10,617	1,029	11
EBIT	million €	618	501	(118)	(19)	341	313	(29)	(8)
EBIT margin	%	3.3	2.5	(0.8)	--	3.6	2.9	(0.6)	--
Adjusted EBIT	million €	699	703	4	1	390	412	22	6
Adjusted EBIT margin	%	3.7	3.5	(0.3)	--	4.1	3.9	(0.2)	--
EBT	million €	338	283	(55)	(16)	206	208	2	1
Income/(loss) (net of tax)	million €	162	58	(104)	(64)	108	64	(44)	(41)
attributable to thyssenkrupp AG's shareholders	million €	141	42	(99)	(70)	97	55	(42)	(43)
Earnings per share (EPS)	€	0.25	0.07	(0.18)	(72)	0.17	0.10	(0.07)	(41)
Operating cash flows	million €	(595)	(1,281)	(686)	--	(67)	170	237	++
Cash flow for investments	million €	(491)	(634)	(143)	(29)	(267)	(346)	(79)	(30)
Cash flow from divestments	million €	31	54	23	77	26	34	8	32
Free cash flow <sup>1)</sup>	million €	(1,055)	(1,861)	(806)	(76)	(308)	(142)	166	54
Free cash flow before M&A <sup>1)</sup>	million €	(1,049)	(1,858)	(809)	(77)	(302)	(139)	163	54
Employees (March 31)		151,682	154,431	2,749	2	151,682	154,431	2,749	2

<sup>1)</sup> See reconciliation in the analysis of the statement of cash flows.

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Business Areas	Order intake million €		Net sales million €		EBIT <sup>1)</sup> million €		Adjusted EBIT <sup>1)</sup> million €		Employees	
	1st half ended March 31, 2016	1st half ended March 31, 2017	1st half ended March 31, 2016	1st half ended March 31, 2017	1st half ended March 31, 2016	1st half ended March 31, 2017	1st half ended March 31, 2016	1st half ended March 31, 2017	March 31, 2016	March 31, 2017
Components Technology	3,318	3,738	3,338	3,678	146	124	157	176	30,118	31,770
Elevator Technology	3,824	4,014	3,621	3,749	364	352	390	422	51,532	52,378
Industrial Solutions	2,174	3,118	3,115	2,761	242	33	244	64	19,575	19,349
Materials Services	5,768	6,814	5,827	6,681	2	131	13	173	19,791	19,800
Steel Europe	4,029	4,521	3,649	4,279	106	116	115	119	27,368	27,400
Corporate	93	93	114	125	(255)	(243)	(234)	(239)	3,298	3,734
Consolidation	(923)	(1,055)	(837)	(938)	14	(11)	14	(11)		
<b>Continuing operations</b>	<b>18,282</b>	<b>21,244</b>	<b>18,827</b>	<b>20,335</b>	<b>618</b>	<b>501</b>	<b>699</b>	<b>703</b>	<b>151,682</b>	<b>154,431</b>
Steel Americas	657	873	675	917	(145)	(826)	(139)	51	3,771	4,153
Consolidation	(102)	(168)	(102)	(168)	0	1	0	1	0	0
<b>Group Total</b>	<b>18,837</b>	<b>21,948</b>	<b>19,400</b>	<b>21,084</b>	<b>474</b>	<b>(324)</b>	<b>560</b>	<b>756</b>	<b>155,453</b>	<b>158,584</b>

<sup>1)</sup> See reconciliation in segment reporting (Note 07).

Business Areas	Order intake million €		Net sales million €		EBIT million €		Adjusted EBIT <sup>1)</sup> million €	
	2nd quarter ended March 31, 2016	2nd quarter ended March 31, 2017	2nd quarter ended March 31, 2016	2nd quarter ended March 31, 2017	2nd quarter ended March 31, 2016	2nd quarter ended March 31, 2017	2nd quarter ended March 31, 2016	2nd quarter ended March 31, 2017
Components Technology	1,669	1,979	1,688	1,936	76	66	86	101
Elevator Technology	1,832	2,111	1,752	1,868	171	168	186	207
Industrial Solutions	644	1,959	1,609	1,282	152	20	153	23
Materials Services	2,922	3,683	3,005	3,649	3	93	10	121
Steel Europe	2,183	2,442	1,925	2,371	56	91	65	92
Corporate	36	56	54	67	(122)	(117)	(117)	(123)
Consolidation	(494)	(587)	(445)	(555)	6	(8)	8	(8)
<b>Continuing operations</b>	<b>8,791</b>	<b>11,643</b>	<b>9,588</b>	<b>10,617</b>	<b>341</b>	<b>313</b>	<b>390</b>	<b>412</b>
Steel Americas	286	440	325	470	(61)	(878)	(65)	14
Consolidation	(50)	(90)	(61)	(90)	1	0	0	0
<b>Group Total</b>	<b>9,027</b>	<b>11,993</b>	<b>9,852</b>	<b>10,998</b>	<b>281</b>	<b>(564)</b>	<b>326</b>	<b>427</b>

<sup>1)</sup> See reconciliation in segment reporting (Note 07).