

thyssenkrupp continued its robust business performance in the 2nd quarter

- Group sales in the 2nd quarter of the 2022/2023 fiscal year slightly below the prior-year level; order intake and adjusted EBIT significantly lower than in the prior year as expected
- Free cash flow before M&A significantly improved compared with the previous quarter and year-on-year, but still negative
- Full-year forecast for adjusted EBIT confirmed; free cash flow before M&A adjusted to a slightly positive figure
- Martina Merz: “thyssenkrupp had a robust second quarter. The results show that we are now much stronger and more resilient. The decentralized structure as a group of companies and the focusing of our portfolio are paying off.”

In a challenging environment with persistently high energy prices and high inflation, the thyssenkrupp group of companies continued its robust business performance in the 2nd quarter of the 2022/2023 fiscal year. While **sales** declined only slightly overall compared with the prior-year quarter to €10.1 billion (prior year: €10.6 billion), **order intake** totaling €10.2 billion was significantly lower than a year earlier (€13.6 billion) as expected. This was principally attributable to a normalization of prices at Materials Services and transaction-related declines in the Multi Tracks segment. Moreover, Marine Systems had acquired a major order in the prior-year quarter. As expected, the **adjusted EBIT** of €205 million was below the prior-year level of €802 million. This was principally attributable to significantly higher raw material and energy costs at Steel Europe and to lower prices and the corresponding reduction in margins at Materials Services. The impact was only partly offset by earnings improvements at Automotive Technology, Marine Systems and Multi Tracks – which made a positive earnings contribution for the first time. **Free cash flow before M&A** improved significantly both year-on-year and compared with the previous quarter. The assessment for the further development in the current fiscal year has strengthened; the company is now aiming for a slightly positive figure for this indicator (previously: at least break even). The **forecast** for the other financial indicators (adjusted EBIT, net income) was confirmed.

Martina Merz, CEO of thyssenkrupp AG: “thyssenkrupp had a robust second quarter. The results show that we are now much stronger and more resilient. The decentralized structure as a group of companies and the focusing of our portfolio are paying off. We are systematically and specifically aligning all our segments on future areas that will provide opportunities for high-value development. That applies first and foremost for the green transformation and especially the hydrogen economy. It is now a matter of holding the course that has been taken and further increasing the pace. The change in CEO will not hold back the company in this phase of implementing the transformation. The main strategic initiatives will be systematically continued.”

Performance of the segments in the 2nd quarter 2022/2023

With volumes rising slightly overall in the 2nd quarter of fiscal year 2022/2023, **Materials Services** saw order intake of €3.9 billion, down from the record prior-year figure of €4.5 billion due to normalized material prices. At €3.9 billion, sales were also below the level of €4.5 billion a year earlier. This development was particularly evident in the materials trading and service center business and direct-to-customer business, whereas the North American units posted a slight increase in sales. Adjusted EBIT amounted to €85 million after €336 million a year earlier. The primary reason for this decline were falling margins as a result of lower material prices.

Compared with the prior year, **Industrial Components** increased order intake and sales by 3 percent and 4 percent, respectively, to €0.7 billion in both cases. At €61 million, adjusted EBIT of the segment was below the prior-year level of €65 million. Order intake at **Bearings** was slightly below the prior year due to weaker development in industrial applications. By contrast, the business maintained sales at the prior-year level. Significantly higher starting material and energy costs and lower prices in the wind energy sector in China resulted in a decline in earnings. **Forged Technologies** increased order intake and sales. Thanks to the continued implementation of cost-cutting measures, the business raised adjusted EBIT to slightly above the prior-year level, despite the increase in energy costs.

Automotive Technology improved both order intake and sales by 21 percent to €1.4 billion. Higher customer demand in the automotive serial business in particular had a noticeable impact. However, growth continued to be held back by the restricted availability of semiconductors. The segment increased adjusted EBIT from €3 million to €89 million. This was attributable to operational improvements and a positive one-time effect following settlement with a supplier in respect of quality issues relating to previous years. Strict cost control, the negotiation of new price conditions and efficiency measures compensated the increase in costs such as procurement costs.

Steel Europe increased order intake by 9 percent to €3.7 billion due to significantly higher order volumes, especially from the construction sector and the automotive industry. Despite the slight increase in shipment volumes, sales were 2 percent below the prior year at €3.3 billion. The lower spot market prices were evident here, but longer-term contracts had a stabilizing effect. The significant year-on-year increase in raw material and energy costs resulted in adjusted EBIT of €(14) million (prior year: €479 million). Positive effects from progressive restructurings and the ongoing performance program in connection with implementing the Steel Strategy 20-30 also offset this trend.

Following the acquisition of a major submarine order a year earlier, order intake of €135 million by **Marine Systems** was significantly below the prior-year level of €3.1 billion. Sales rose by 4 percent to €498 million. The business improved adjusted EBIT significantly to €14 million from €3 million in the previous year thanks to the performance measures initiated.

Following the divestment of the stainless steel and mining businesses at the end of January and August 2022, respectively, order intake and sales in the **Multi Tracks** segment stood at €1.0 billion (prior year: €1.3 billion) and €0.8 billion (prior-year: €1.0 billion), respectively. Year-on-year, the majority of the ongoing businesses increased their order intake. All the businesses grew sales compared with the previous year. Both **plant engineering** and **thyssenkrupp nucera** significantly increased sales as a result of progress in major projects. Sales at **Automation Engineering** also benefited from the growth in new business in previous quarters. At **Springs & Stabilizers**, sales were significantly up on the prior year thanks to the pass-through of material and energy price increases. The segment's adjusted EBIT of €7 million was positive for the first time (prior year: €(33) million) due to the success of restructuring measures and improved project execution. All ongoing businesses saw an improvement in earnings.

The adjusted EBIT of **Corporate Headquarters** came to €(41) million (prior year: €(36) million).

2nd quarter 2022/2023: Key figures for the thyssenkrupp group (incl. discontinued operations)

Overall, thyssenkrupp posted a **net loss** of €(203) million in the 2nd quarter of 2022/2023 (prior year: net income of €587 million). The net loss also includes impairment losses of just under €350 million at Steel Europe, which were attributable to the sharp rise in interest rates and the associated increase in the cost of capital. After deducting minority interest, net income in the 2nd quarter was €(223) million (prior year: €565 million); earnings per share came to €(0.36) (prior year: €0.91).

As a result of a decrease in cash tied up in net working capital, **free cash flow before M&A** improved significantly as expected compared with the previous quarter (+€149 million) and the prior year (+€555 million) but remained negative at €(216) million. Taking account of the dividend payment, the group's **net financial assets** decreased accordingly to €2.9 billion as of March 31, 2023 (December 31, 2022: €3.3 billion). Following the redemption of a bond of €1.0 billion at the start of March 2023, thyssenkrupp retained a very good liquidity position totaling €7.4 billion in cash and cash equivalents and undrawn committed credit lines.

Klaus Keysberg, CFO of thyssenkrupp AG: "Thanks to our transformation and performance-improving measures, we are well on track to achieve our target free cash flow before M&A in the current fiscal year. We continue to work apace at enabling the businesses to achieve their full potential and actively supporting the implementation of their individual plans for the future. Performance remains our highest priority and we are continuing our efforts."

Equity amounted to €14.0 billion (December 31, 2022: €14.5 billion). Countereffects came from currency translation losses and the net loss. The equity ratio remained at a comfortable level of just under 40 percent.

Forecast for fiscal year 2022/2023

Subject to the limited reliability of planning due to macroeconomic and geopolitical uncertainties, thyssenkrupp has confirmed its **full-year forecast** for 2022/2023 for adjusted EBIT and net income. A figure in the mid to high three-digit million euro range is anticipated for **adjusted EBIT** (prior year: €2.1 billion). The group of companies expects **net income** to decrease but at least break even. This figure includes the impairment losses recognized at Steel Europe in the 2nd quarter particularly in connection with the higher cost of capital as a result of the recent continuation of interest rate rises.

The assessment for **free cash flow before M&A** for the full year has strengthened. With further expenditures for restructuring and capital spending above the prior-year level, the group of companies now expects an increase to a slightly positive figure (prior year: €(476) million; previously: at least break-even).

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thyssenkrupp in figures – key performance indicators at a glance

		Full group				Group – continuing operations ¹⁾			
		1st half ended March 31, 2022	1st half ended March 31, 2023	Change	in %	1st half ended March 31, 2022	1st half ended March 31, 2023	Change	in %
Order intake	million €	23,960	19,365	(4,596)	(19)	23,960	19,365	(4,596)	(19)
Sales	million €	19,622	19,125	(496)	(3)	19,622	19,125	(496)	(3)
EBITDA	million €	1,581	951	(630)	(40)	1,572	951	(621)	(40)
EBIT ²⁾	million €	1,090	136	(954)	(87)	1,082	136	(945)	(87)
EBIT margin	%	5.6	0.7	(4.8)	(87)	5.5	0.7	(4.8)	(87)
Adjusted EBIT ^{1), 2)}	million €	1,180	373	(807)	(68)	1,180	373	(807)	(68)
Adjusted EBIT margin	%	6.0	1.9	(4.1)	(68)	6.0	1.9	(4.1)	(68)
Income/(loss) before tax	million €	922	32	(890)	(97)	913	32	(882)	(97)
Net income/(loss) or earnings after tax	million €	709	(105)	(814)	--	700	(105)	(805)	--
attributable to thyssenkrupp AG's shareholders	million €	671	(147)	(818)	--	662	(147)	(809)	--
Earnings per share (EPS)	€	1.08	(0.24)	(1.31)	--	1.06	(0.24)	(1.30)	--
Operating cash flows	million €	(1,082)	69	1,151	++	(1,082)	69	1,151	++
Cash flow for investments	million €	(555)	(643)	(87)	(16)	(555)	(643)	(87)	(16)
Cash flow from divestments	million €	578	23	(555)	(96)	578	23	(555)	(96)
Free cash flow ³⁾	million €	(1,060)	(551)	509	48	(1,060)	(551)	509	48
Free cash flow before M&A ³⁾	million €	(1,630)	(581)	1,049	64	(1,630)	(581)	1,049	64
Net financial assets (March 31)	million €	(2,446)	(2,895)	(450)	(18)				
Total equity (March 31)	million €	12,754	13,997	1,243	10				
Gearing (March 31)	%	— ⁴⁾	— ⁴⁾	—	—				
Employees (March 31)		97,542	98,224	682	1				

¹⁾ See preliminary remarks.

²⁾ See reconciliation in segment reporting (Note 08).

³⁾ See reconciliation in the analysis of the statement of cash flows.

⁴⁾ Due to the strongly positive total equity and the reported net financial assets, the significance of the gearing key ratio is of no relevance.

		Full group				Group – continuing operations ¹⁾			
		2nd quarter ended March 31, 2022	2nd quarter ended March 31, 2023	Change	in %	2nd quarter ended March 31, 2022	2nd quarter ended March 31, 2023	Change	in %
Order intake	million €	13,562	10,188	(3,374)	(25)	13,562	10,188	(3,374)	(25)
Sales	million €	10,599	10,107	(492)	(5)	10,599	10,107	(492)	(5)
EBITDA	million €	1,026	466	(560)	(55)	1,018	466	(552)	(54)
EBIT ²⁾	million €	792	(110)	(902)	--	783	(110)	(893)	--
EBIT margin	%	7.5	(1.1)	(8.6)	--	7.4	(1.1)	(8.5)	--
Adjusted EBIT ^{1), 2)}	million €	802	205	(597)	(74)	802	205	(597)	(74)
Adjusted EBIT margin	%	7.6	2.0	(5.5)	(73)	7.6	2.0	(5.5)	(73)
Income/(loss) before tax	million €	718	(135)	(854)	--	710	(135)	(845)	--
Net income/(loss) or earnings after tax	million €	587	(203)	(790)	--	579	(203)	(781)	--
attributable to thyssenkrupp AG's shareholders	million €	565	(223)	(787)	--	556	(223)	(779)	--
Earnings per share (EPS)	€	0.91	(0.36)	(1.26)	--	0.89	(0.36)	(1.25)	--
Operating cash flows	million €	(483)	206	689	++	(483)	206	689	++
Cash flow for investments	million €	(303)	(415)	(113)	(37)	(303)	(415)	(113)	(37)
Cash flow from divestments	million €	553	8	(544)	(98)	553	8	(544)	(98)
Free cash flow ³⁾	million €	(233)	(201)	32	14	(233)	(201)	32	14
Free cash flow before M&A ³⁾	million €	(772)	(216)	555	72	(772)	(216)	555	72
Net financial assets (March 31)	million €	(2,446)	(2,895)	(450)	(18)				
Total equity (March 31)	million €	12,754	13,997	1,243	10				
Gearing (March 31)	%	— ⁴⁾	— ⁴⁾	—	—				
Employees (March 31)		97,542	98,224	682	1				

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	Order intake million €		Sales million €		EBIT ¹⁾ million €		Adjusted EBIT ^{1),2)} million €		Employees	
	1st half ended March 31, 2022	1st half ended March 31, 2023	1st half ended March 31, 2022	1st half ended March 31, 2023	1st half ended March 31, 2022	1st half ended March 31, 2023	1st half ended March 31, 2022	1st half ended March 31, 2023	March 31, 2022	March 31, 2023
Materials Services	8,256	7,250	7,736	7,143	550	114	555	105	15,657	16,234
Industrial Components	1,308	1,508	1,311	1,395	124	99	121	99	12,384	11,900
Automotive Technology	2,205	2,733	2,250	2,680	34	116	41	132	19,880	21,056
Steel Europe	5,869	6,725	6,061	6,260	607	(142)	603	76	25,945	26,109
Marine Systems	3,623	268	853	1,005	2	32	9	34	6,619	7,411
Multi Tracks ²⁾	3,861	1,880	2,533	1,548	(99)	(15)	(34)	(10)	14,878	13,313
Corporate Headquarters	3	5	3	4	(108)	(83)	(88)	(84)	618	611
Reconciliation	(1,165)	(1,005)	(1,126)	(909)	(29)	14	(28)	21	1,561	1,590
Group continuing operations²⁾	23,960	19,365	19,622	19,125	1,082	136	1,180	373	97,542	98,224
Discontinued elevator operations ²⁾	0	0	0	0	9	0	0	0	0	0
Full group	23,960	19,365	19,622	19,125	1,090	136	1,180	373	97,542	98,224

¹⁾ See reconciliation in segment reporting (Note 08).

²⁾ See preliminary remarks.

	Order intake million €		Sales million €		EBIT ¹⁾ million €		Adjusted EBIT ^{1),2)} million €	
	2nd quarter ended March 31, 2022	2nd quarter ended March 31, 2023	2nd quarter ended March 31, 2022	2nd quarter ended March 31, 2023	2nd quarter ended March 31, 2022	2nd quarter ended March 31, 2023	2nd quarter ended March 31, 2022	2nd quarter ended March 31, 2023
Materials Services	4,533	3,901	4,446	3,897	331	91	336	85
Industrial Components	707	725	707	732	67	61	65	61
Automotive Technology	1,115	1,350	1,143	1,378	(4)	88	3	89
Steel Europe	3,389	3,691	3,392	3,315	495	(328)	479	(14)
Marine Systems	3,144	135	476	498	3	14	3	14
Multi Tracks ²⁾	1,294	968	993	769	(49)	3	(33)	7
Corporate Headquarters	2	3	2	2	(47)	(38)	(36)	(41)
Reconciliation	(622)	(586)	(560)	(483)	(14)	(1)	(14)	4
Group continuing operations²⁾	13,562	10,188	10,599	10,107	783	(110)	802	205
Discontinued elevator operations ²⁾	0	0	0	0	9	0	0	0
Full group	13,562	10,188	10,599	10,107	792	(110)	802	205

¹⁾ See reconciliation in segment reporting (Note 08).

²⁾ See preliminary remarks.