

Transformation of the group of companies progressing: thyssenkrupp makes a good start to the 2021/2022 fiscal year and confirms full-year forecast

- 1st-quarter order intake, sales and adjusted EBIT significantly higher year-on-year
- Structural improvement in business and further steps successfully implemented to narrow the focus of the portfolio
- Free cash flow before M&A clearly negative, as expected, due to considerable impacts on working capital
- Full-year forecast for the current 2021/2022 fiscal year: improvement in adjusted EBIT to between €1.5 and 1.8 billion, net income of at least €1 billion and break-even in free cash flow before M&A expected
- Klaus Keysberg: “We had a good first quarter. The turnaround at thyssenkrupp is in full swing. We’ve made important progress in improving our performance and narrowing the focus of our portfolio.”

thyssenkrupp made a good start to the new fiscal year. In the first quarter 2021/2022, the group of companies posted **order intake**¹ totaling €10.4 billion, an increase of 33 percent or €2.6 billion compared with the prior-year period. **Sales** from October to December rose by 23 percent to €9 billion (prior year: €7.3 billion). **Adjusted EBIT** came to €378 million and was thus also significantly above the prior-year figure of €78 million and above the figure of €232 million for the previous quarter. The drivers were the positive effects of performance measures and increasing revenues, especially at Materials Services, Steel Europe and Multi Tracks. thyssenkrupp has confirmed its full-year **forecast** for 2021/2022. Compared with the prior year, the group of companies expects a substantial improvement in adjusted EBIT to between €1.5 and 1.8 billion.

“We had a good first quarter. The turnaround at thyssenkrupp is in full swing. We’ve made important progress in improving our performance and narrowing the focus of our portfolio. But we’re still not where we want to be which is why we’re not letting up and continue to work at full speed on implementing our plan. Our next major milestone is to reach break-even in cash flow. This is in line with our forecast for the current fiscal year, which we are clearly confirming”, said Klaus Keysberg, CFO of thyssenkrupp AG.

¹ Unless otherwise stated, all indicators refer to continuing operations, i.e., excluding the Elevator Technology business divested at the end of July 2020 and individual Corporate Headquarters units.

In recent months, thyssenkrupp has pushed ahead with a total of four transactions and thus continued to narrow the focus of the portfolio. In July 2021, the sale of the mining business was signed. The Carbon Components and Infrastructure businesses were sold in August and November 2021, respectively. In addition, the closure of the heavy plate mill in Duisburg was completed. At the end of January 2022, thyssenkrupp concluded the sale of the stainless steel plant (AST) in Terni, Italy, including the associated distribution organization, to Italian company Arvedi.

Performance of the segments in the 1st quarter 2021/2022

Due to higher material prices, **Materials Services** posted a significant increase in order intake (+€1.2 billion) to €3.7 billion and in sales (+€0.9 billion) to €3.3 billion in the 1st quarter of the current 2021/2022 fiscal year. At €219 million, adjusted EBIT was also significantly above the prior-year level of €5 million. Here, there was an impact from the increase in finished and stainless steel prices caused by the materials shortage and also the effects of the systematic implementation of the transformation with ongoing network optimization, restructuring and innovation.

At **Industrial Components**, order intake and sales declined by 9 and 3 percent, respectively. Whereas Forgings benefited particularly from growth in the industrial business, Bearings saw a decline in demand, especially in the wind energy sector in China. As expected, this reflects pull-forward effects in the prior-year quarter that were facilitated by subsidies. At €56 million, adjusted EBIT of the segment was below the prior-year level of €101 million. This was due not only to the decline in sales growth at Bearings but also to the increase in material, energy and freight costs which could not be offset in full by efficiency and cost-cutting measures.

At **Automotive Technology**, growth in both order intake and sales was below the prior-year level at 8 and 9 percent, respectively. It was impacted in particular by the ongoing shortages in the supply of semiconductors and other starting products, which led to a decline in customer call-offs in the automotive serial business especially. Earnings were additionally impacted by weakening demand development in China as well as by the higher costs for raw materials, packaging, freight and energies. As a result, adjusted EBIT of €38 million was down from €109 million a year earlier. The negative effects were partly offset by strict cost control, flexibility in personnel deployment and negotiating new price conditions.

In the 1st quarter, the **Steel Europe** business was also negatively impacted by supply shortages and the associated weak customer call-offs, especially from the automotive industry and suppliers. Compared with the prior year, there was a decrease in both order intake volume and shipments. However, higher prices resulted in an overall increase of 3 percent in order intake to €2.5 billion and of 39 percent in sales to €2.7 billion. Despite strong increases in raw material and

energy costs, adjusted EBIT rose substantially to €124 million (prior year: €20 million), due especially to the noticeable upturn in average selling prices. This also reflects positive effects from ongoing restructuring and performance measures in connection with implementing the Steel Strategy 20-30.

Marine Systems significantly improved its order intake in the first three months of the current fiscal year to €479 million (prior year: €258 million). A positive effect came from orders in the areas of maintenance, service and marine electronics, as well as add-ons to existing orders in the surface vessel business. At €377 million, sales also improved on the prior-year period (€364 million). At €6 million, adjusted EBIT was above the prior-year level of €5 million.

With a rise in orders of 80 percent to €2.6 billion, the **Multi Tracks** segment saw very dynamic development in new business overall. The main driver of this growth was **thyssenkrupp nucera**, which received an order to supply an electrolysis plant for one of the world's largest projects to produce green hydrogen in Saudi Arabia. In addition, **plant engineering** posted a higher order intake, especially in chemical plant construction. The segment's sales rose by 28 percent to €1.5 billion. The positive market environment for the **stainless steel business** also contributed to this development, which benefited greatly from rising volumes and raw material prices. At €(1) million, adjusted EBIT of the segment more or less broke even (prior year: €(111) million).

At Corporate Headquarters, thyssenkrupp succeeded in further reducing administrative expenses. The adjusted EBIT of **Corporate Headquarters** came to €(51) million (prior year: €(54) million).

1st quarter 2021/2022: Key figures for the full group (incl. discontinued operations)

thyssenkrupp significantly increased **net income** by €247 million to €122 million in the 1st quarter 2021/2022. After deducting minority interest, net income in the 1st quarter was €106 million (prior year: €(145) million); earnings per share came to €0.17 (prior year: €(0.23)).

At €(858) million, **free cash flow before M&A** was clearly negative and below the prior year (€32 million), as had been expected. Preparations for stronger demand in the following quarters and ongoing bottlenecks in the supply chain with the resulting delays in customer call-offs, especially from automotive customers, led to a temporary rise in working capital. This effect was amplified by increased prices. Compared with the balance sheet date, the group's **net financial assets** decreased accordingly to €2.7 billion (September 30, 2021: €3.6 billion). With cash and cash equivalents and undrawn committed credit lines totaling €8.3 billion, thyssenkrupp retained a very good liquidity position as of December 31, 2021. The sale of the stainless steel business also resulted in an improvement of more than €600 million in the group's net financial position, effective January 31, 2022.

Compared with September 30, 2021, **total equity** increased from €10.8 billion to €11.4 billion. As well as the net income achieved, the higher interest rate level and the resulting revaluation of pension obligations delivered positive effects.

Forecast for fiscal year 2021/2022 confirmed

Against the backdrop of the ongoing economic recovery and the continuation of structural improvements in its businesses, thyssenkrupp is optimistic overall for **fiscal year 2021/2022** and confirms its forecast. In view of the existing uncertainties (including supply bottlenecks for starting products and increasing input costs), the company remains cautious and continues to formulate its earnings and free cash flow forecasts as ranges.

Adjusted EBIT is anticipated to improve significantly year-on-year to between €1.5 and 1.8 billion (prior year: €796 million). With further restructuring payments and a continuation of the current high level of capital spending in future areas for thyssenkrupp, **free cash flow before M&A** is forecast to increase significantly to around break-even (prior year: €(1.3) billion).

The group expects **net income** of at least €1 billion (prior year: €(25) million).

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thyssenkrupp in figures – key performance indicators at a glance

		Full group				Group – continuing operations ¹⁾			
		1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	Change	in %	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	Change	in %
Order intake	million €	7,845	10,398	2,554	33	7,845	10,398	2,554	33
Sales	million €	7,321	9,023	1,701	23	7,321	9,023	1,701	23
EBITDA	million €	250	554	304	++	254	554	301	++
EBIT ²⁾	million €	20	298	278	++	24	298	274	++
EBIT margin	%	0.3	3.3	3.0	++	0.3	3.3	3.0	++
Adjusted EBIT ²⁾	million €	78	378	300	++	78	378	300	++
Adjusted EBIT margin	%	1.1	4.2	3.1	++	1.1	4.2	3.1	++
Income/(loss) before tax	million €	(93)	203	297	++	(89)	203	293	++
Net income/(loss) or earnings after tax	million €	(125)	122	247	++	(121)	122	243	++
attributable to thyssenkrupp AG's shareholders	million €	(145)	106	251	++	(141)	106	247	++
Earnings per share (EPS)	€	(0.23)	0.17	0.40	++	(0.23)	0.17	0.40	++
Operating cash flows	million €	265	(599)	(864)	--	265	(599)	(863)	--
Cash flow for investments	million €	(274)	(253)	21	8	(274)	(253)	21	8
Cash flow from divestments	million €	873	25	(848)	(97)	873	25	(848)	(97)
Free cash flow ³⁾	million €	864	(827)	(1,691)	--	864	(827)	(1,691)	--
Free cash flow before M&A ³⁾	million €	32	(858)	(891)	--	32	(858)	(891)	--
Net financial assets (Dec. 31)	million €	(5,062)	(2,701)	2,361	47				
Total equity (Dec. 31)	million €	9,929	11,425	1,497	15				
Gearing (Dec. 31)	%	— ⁴⁾	— ⁴⁾	—	—				
Employees (Dec. 31)		103,128	100,386	(2,742)	(3)				

¹⁾ See preliminary remarks.

²⁾ See reconciliation in segment reporting (Note 09).

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 €		Sales million €		EBIT ¹⁾ million €		Adjusted EBIT ¹⁾ million €		Employees	
	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021
Materials Services	2,482	3,722	2,368	3,290	11	219	5	219	15,804	15,454
Industrial Components	662	601	621	604	98	57	101	56	12,842	12,591
Automotive Technology	1,183	1,090	1,215	1,106	116	38	109	38	19,672	19,695
Steel Europe	2,408	2,481	1,917	2,669	22	112	20	124	26,336	26,247
Marine Systems	258	479	364	377	5	(2)	5	6	6,441	6,555
Multi Tracks ²⁾	1,425	2,567	1,200	1,540	(184)	(50)	(111)	(1)	19,538	17,661
Corporate Headquarters	2	1	5	2	(54)	(61)	(54)	(51)	648	622
Reconciliation	(574)	(543)	(370)	(565)	9	(15)	3	(14)	1,847	1,561
Group continuing operations²⁾	7,845	10,398	7,321	9,023	24	298	78	378	103,128	100,386
Discontinued elevator operations ²⁾	0	0	0	0	(4)	0	0	0	0	0
Full group	7,845	10,398	7,321	9,023	20	298	78	378	103,128	100,386

¹⁾ See reconciliation in segment reporting (Note 09).

²⁾ See preliminary remarks.