

## thyssenkrupp starts 2020/2021 fiscal year with tailwind and initial successes in performance improvement – earnings forecast raised

- 1st quarter order intake and adjusted EBIT higher year-on-year
- Performance measures taking effect: all segments except Multi Tracks with positive earnings
- 1st quarter free cash flow before M&A positive at €32 million
- Full-year forecast raised: almost break-even earnings expected
- Martina Merz: “We’re noticing signs of an economic recovery and our measures are starting to bear fruit. But we’re not out of the woods yet.”

thyssenkrupp made a good start to the new fiscal year. In the 1st quarter 2020/2021 the group of companies posted **order intake**<sup>1</sup> totaling €7.8 billion, up 6 percent against the comparable prior-year period – before the outbreak of the coronavirus pandemic. **Sales** from October to December amounted to €7.3 billion (prior year: €7.6 billion). Increasing revenues were recorded by the segments Industrial Components, Automotive Technology and Steel Europe. However, this could not offset partly pandemic-related decreases at Materials Services, Marine Systems and Multi Tracks. Adjusted EBIT at €78 million was significantly higher than the prior-year figure of €(185) million. All segments – except Multi Tracks<sup>2</sup> – made positive earnings contributions. In view of the good 1st quarter performance, thyssenkrupp has raised its **earnings forecast**: for the 2020/2021 fiscal year the group now expects almost break-even adjusted EBIT (previously: expected loss in the mid three-digit million euro range).

“In a continuing uncertain market environment, we had a good first quarter: we’re noticing signs of an economic recovery and our measures to improve performance in the businesses are starting to bear fruit. We’ve posted positive results, but we’re not out of the woods yet. Further efforts are needed to make thyssenkrupp into a powerful group of companies on a long-term basis. That’s why we’re continuing to press ahead with the transformation,” said Martina Merz, CEO of thyssenkrupp AG.

### Performance of the segments in the 1st quarter 2020/2021

**Materials Services** made further progress in implementing its strategic transformation in the 1st quarter. Among other things, the number of logistics sites was reduced and the share of service business was expanded as part of the ongoing network optimization. Overall the segment

<sup>1</sup> Unless otherwise stated, all figures relate to the continuing operations, i.e. excluding the elevator business and individual units from Corporate Headquarters sold at the end of July 2020.

<sup>2</sup> In the Multi Tracks segment, thyssenkrupp has combined its minority stake in TKE, the former thyssenkrupp Elevator, and companies for which other ownership structures are being considered in the short to medium term. This may be for example a complete or partial sale, or the continuation of the business together with one or more external partners.

profited from an improved cost structure and productivity increases as well as from a significant price and volume recovery. Most regions and product units matched their prior-year figures. However, weak demand from the aerospace industry as well as lower stainless steel prices and changes to the product mix in direct-to-customer business had a negative impact on order intake and sales, which declined year-on-year by 10 percent and 12 percent respectively. Adjusted EBIT came to €5 million (prior year: €12 million).

**Industrial Components** increased its order intake by 19 percent and sales by 14 percent. The bearings unit continued to profit clearly from the good order situation in wind energy particularly in Germany and China. The forgings business, too, saw a significant recovery in both car and truck components and undercarriages for construction machinery after the pandemic-related global market collapse. In addition, productivity improved significantly and costs in purchasing and administration were reduced. As a result of the good market situation as well as effects from early and successful cost-reduction measures over the past two years, adjusted EBIT at €101 million was significantly higher than a year earlier (€44 million).

**Automotive Technology** achieved a 3 percent year-on-year improvement in both order intake and sales. The increases resulted mainly from the automotive original equipment business, supported by the ramp-up of new plants and projects, particularly for steering systems, and stable demand in China. In addition, a profitable order structure and efficiency gains in production – such as lower reject rates, non-conformance costs and cycle times – as well as positive effects from restructurings particularly at System Engineering Body led to a significant improvement in adjusted EBIT to €109 million (prior year: €46 million).

In a structurally extremely challenging market environment, order intake and sales at **Steel Europe** were up 17 percent and 7 percent respectively from the prior year. After the unprecedented pandemic-related demand slump in spring and summer 2020, business is now picking up again. Restocking at steel service centers, catch-up effects mainly at automotive customers, and good demand from appliance manufacturers and the construction sector are having a positive impact. As a result of increasing capacity utilization together with an improved product mix and initial effects from the ongoing restructuring with advancing personnel reduction and the initiated performance measures, adjusted EBIT improved significantly to €20 million (prior year: €(127) million).

**Marine Systems** significantly improved its order intake in the first three months of the current fiscal year to €258 million (prior year: €109 million). Positive effects included the expansion of an order for a customer in Asia in the submarine sector and the acquisition of an electronics order for the Royal Navy. Sales were 6 percent lower at €364 million, reflecting pandemic-related temporary delays at suppliers. Adjusted EBIT increased to €5 million (prior year: €1 million).

The businesses in the **Multi Tracks** segment showed a very mixed picture in the 1st quarter: The stainless steel business recorded good demand, but market-related developments on the price and cost side impacted earnings. With limited declines, the plant construction business and the powertrain and battery assembly unit (System Engineering Powertrain) held up comparatively well in the market. In the heavy plate business, business was down ahead of the planned closure. Overall, order intake at Multi Tracks increased by 7 percent. By contrast, sales were significantly lower (down 17 percent), partly due to the focus on more attractive market segments and the cautious award of major new projects in the plant construction business and at System Engineering Powertrain. Adjusted EBIT totaled €(111) million (prior year €(92) million). Extensive performance and restructuring programs with clearly defined cost and personnel reduction targets were implemented and already had a significant loss-reducing effect.

thyssenkrupp continues to make good progress as planned with the reduction of general and administrative costs at **Corporate Headquarters**. Adjusted EBIT at Corporate Headquarters improved to €(54) million (prior year: €(65) million).

### 1st quarter 2020/2021: Key figures for the full group (incl. discontinued operations)

thyssenkrupp significantly increased its **net income** by €239 million to €(125) million in the 1st quarter 2020/2021. On a continuing basis, i.e. adjusted for the earnings contribution of the sold elevator business, quarterly earnings improved by as much as €321 million. After deducting minority interest, net income in the 1st quarter was €(145) million (prior year: €(372) million); earnings per share came to €(0.23) (prior year: €(0.60)).

The increased adjusted EBIT and the significant reduction in the previously customary year-end measures implemented in the 4th quarter resulted in a significantly improved **free cash flow before M&A** of €32 million in the 1st quarter (prior year: €(2.5) billion). Accordingly, the group's **net financial assets** were unchanged from the September 30, 2020 reporting date at €5.1 billion. With cash and cash equivalents and undrawn committed credit lines totaling €12.1 billion, thyssenkrupp continues to have a very good liquidity position.

**Total equity** decreased slightly from €10.2 billion at September 30, 2020 to €9.9 billion. In addition to the net loss for the period, there were negative effects from the lower interest rate level, which necessitated a remeasurement of pension obligations.

### Forecast for fiscal year 2020/2021 raised

Despite the expected recovery of important markets and the visible structural improvements to the businesses, thyssenkrupp still feels it appropriate to offer a cautious outlook overall for the 2020/2021 fiscal year. The economic and geopolitical uncertainties give the group only limited planning reliability for the cyclical materials businesses and for auto components, particularly in the second half of the current fiscal year.

Nevertheless, following the good start to the fiscal year the company has raised its full-year forecast:

Depending in particular on the further progression of the coronavirus pandemic, **sales** will grow in the high single-digit percentage range, but will still remain well below the level prior to the pandemic (previous forecast: growth in the low to mid single-digit percentage range; prior year: €28.9 billion).

Mainly as a result of improved demand in the materials and automotive components businesses, thyssenkrupp expects a significant improvement in **adjusted EBIT** towards almost break-even (previously: loss in the mid three-digit million euro range; prior year: pro forma<sup>3</sup> €(1.8) billion).

As a result of earnings improvements in all segments, **free cash flow before M&A** is expected to improve more strongly than assumed at the start of the fiscal year and based on current estimates move towards €(1) billion (previously: around €(1.5) billion; prior year: €(5.5) billion).

Despite clear operating improvements and the absence of impairment losses on non-current assets from the prior year, thyssenkrupp expects a **net loss** in the high three-digit million euro range (previously: net loss over €1 billion; prior year: €(5.5) billion). This will include expenses for restructurings in the mid three-digit million euro range.

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<sup>3</sup> From fiscal year 2020/2021, in the interests of improved transparency the definition of special items is based more strictly on the treatment under IFRS. Restructuring expenses, impairment losses/reversals, and disposal gains and losses are eliminated.

## thyssenkrupp in figures – overview of key performance indicators

		Full group				Group – continuing operations <sup>1)</sup>			
		1st quarter ended Dec. 31, 2019	1st quarter ended Dec. 31, 2020	Change	in %	1st quarter ended Dec. 31, 2019	1st quarter ended Dec. 31, 2020	Change	in %
Order intake	million €	9,660	7,845	(1,816)	(19)	7,429	7,845	416	6
Net sales	million €	9,674	7,321	(2,352)	(24)	7,629	7,321	(308)	(4)
EBIT <sup>2)</sup>	million €	(115)	20	136	++	(302)	24	326	++
EBIT margin	%	(1.2)	0.3	1.5	++	(4.0)	0.3	4.3	++
Adjusted EBIT <sup>1), 2)</sup>	million €	33	78	45	138	(185)	78	263	++
Adjusted EBIT margin	%	0.3	1.1	0.7	215	(2.5)	1.1	3.6	++
Income/(loss) before tax	million €	(206)	(93)	113	55	(382)	(89)	293	77
Net income/(loss) or earnings after tax	million €	(364)	(125)	239	66	(442)	(121)	321	73
attributable to thyssenkrupp AG's shareholders	million €	(372)	(145)	227	61	(449)	(141)	308	69
Earnings per share (EPS)	€	(0.60)	(0.23)	0.36	61	(0.72)	(0.23)	0.49	68
Operating cash flows	million €	(2,131)	265	2,396	++	(2,109)	265	2,374	++
Cash flow for investments	million €	(327)	(274)	53	16	(295)	(274)	21	7
Cash flow from divestments	million €	4	873	869	++	5	873	868	++
Free cash flow <sup>3)</sup>	million €	(2,453)	864	3,317	++	(2,399)	864	3,263	++
Free cash flow before M & A <sup>3)</sup>	million €	(2,476)	32	2,508	++	(2,407)	32	2,440	++
Net financial debt (assets) (Dec. 31)	million €	7,138	(5,062)	(12,200)	--				
Total equity (Dec. 31)	million €	1,934	9,929	7,995	413				
Gearing (Dec. 31)	%	369.1	— <sup>4)</sup>	—	—				
Employees (Dec. 31)		161,538	103,128	(58,410)	(36)				

<sup>1)</sup> See preliminary remarks.

<sup>2)</sup> See reconciliation in segment reporting (Note 08).

<sup>3)</sup> See reconciliation in the analysis of the statement of cash flows.

<sup>4)</sup> Due to the strongly positive total equity and the reported net financial receivables, the significance of the gearing key ratio is of no relevance.

	Order intake million €		Net sales million €		EBIT <sup>1)</sup> million €		Adjusted EBIT <sup>1), 2)</sup> million €		Employees	
	1st quarter ended Dec. 31, 2019	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2019	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2019	1st quarter ended Dec. 31, 2020	1st quarter ended Dec. 31, 2019	1st quarter ended Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020
Materials Services <sup>2)</sup>	2,750	2,482	2,689	2,368	12	11	12	5	17,196	15,804
Industrial Components	558	662	544	621	43	98	44	101	13,528	12,842
Automotive Technology <sup>2)</sup>	1,148	1,183	1,182	1,215	8	116	46	109	21,705	20,782
Steel Europe <sup>2)</sup>	2,054	2,408	1,797	1,917	(131)	22	(127)	20	27,284	26,336
Marine Systems	109	258	387	364	1	5	1	5	6,136	6,441
Multi Tracks <sup>2)</sup>	1,328	1,425	1,441	1,200	(144)	(184)	(92)	(111)	19,398	18,428
Corporate Headquarters <sup>2)</sup>	1	2	1	5	(82)	(54)	(65)	(54)	1,043	648
Reconciliation <sup>2)</sup>	(518)	(574)	(411)	(370)	(9)	9	(5)	3	2,410	1,847
<b>Group continuing operations<sup>2)</sup></b>	<b>7,429</b>	<b>7,845</b>	<b>7,629</b>	<b>7,321</b>	<b>(302)</b>	<b>24</b>	<b>(185)</b>	<b>78</b>	<b>108,700</b>	<b>103,128</b>
Discontinued elevator operations <sup>2)</sup>	2,232	0	2,044	0	187	(4)	218	0	52,838	0
<b>Full group</b>	<b>9,660</b>	<b>7,845</b>	<b>9,674</b>	<b>7,321</b>	<b>(115)</b>	<b>20</b>	<b>33</b>	<b>78</b>	<b>161,538</b>	<b>103,128</b>

<sup>1)</sup> See reconciliation in segment reporting (Note 08).

<sup>2)</sup> See preliminary remarks.