



## thyssenkrupp grows despite losses at Industrial Solutions and specifies performance targets

- Order intake and sales increased
- Third-quarter earnings affected by additional project expenditures
- Administrative expenses significantly reduced; further savings planned
- Mid-term targets defined for Business Areas
- Free cash flow before M&A to be increased to at least €1 billion by 2020/2021
- Preparations for steel joint venture progressing well and on schedule

Notwithstanding the correction of 3rd quarter and current fiscal year figures of Industrial Solutions and hence of group forecast for thyssenkrupp (see press release of July 31), the technology and industrial group remains on its growth path.

### Third quarter: thyssenkrupp remains on growth path

Despite adverse currency effects, the Group<sup>1</sup> was able to increase its **order intake** and **sales** in the 3rd quarter of the 2017/2018 fiscal year by 7% respectively compared with the prior-year quarter. On a comparable basis, meaning adjusted for currency and portfolio effects, the order intake improved by 10% and sales by 9%. The Group's **adjusted EBIT** of €332 million in the 3rd quarter was, however, below the prior-year figure. As already communicated at the end of July, this is mainly due to additional project expenses of around €200 million in the Industrial Solutions Business Area.

### Significant improvement in adjusted EBIT for first 9 months

thyssenkrupp delivered positive progress across many areas in the first 9 months of the current fiscal year: The Group's **order intake** of €31.1 billion was at about the same level as in the prior year (€31.4 billion); adjusted for currency effects, the order intake increased by 2%. thyssenkrupp's **sales** went up from October to June by 3% to €31.7 billion; on a comparable basis, the increase was 6%. Group **adjusted EBIT** rose in the same period to €1.3 billion (prior year: €1.2 billion).

The materials businesses benefited in particular from the sustained positive trend in the market cycle, leading to strong earnings contributions from both Materials Services and Steel Europe. In the industrial goods businesses, Components Technology and

---

<sup>1</sup> KPIs relate to the Group in its current structure (excluding Steel Americas, including Steel Europe).

Elevator Technology continued to improve in the first 9 months despite the difficult market environment. Due solely to adverse currency effects and higher material costs, operating earnings in both Business Areas are temporarily slightly down compared to the prior year. At Industrial Solutions, however, adjusted EBIT declined in the first 9 months to €-224 million (prior year: €70 million) due to the additional project expenditures previously communicated.

**Free cash flow before M&A** improved significantly in the first 9 months compared with the prior year due to a decrease in working capital in our materials businesses. As expected, however, it remained in negative figures at €-1.6 billion. The main reasons for this, as reported, are the lower order intake and large expenditures from the order backlog at Industrial Solutions.

“We see a mixed picture. The bottom line is, that we are not satisfied with the current results”, said **Guido Kerkhoff, Chairman of the Executive Board of thyssenkrupp AG**. “There’s no point in sugar-coating it. Notably the cash flow is unsatisfactory, and that is not a situation which can be sustained long term. We have to improve significantly across all our businesses. And that is what we are now working hard to deliver.”

### **Positive balance sheet effects from joint venture with Tata**

Following the signing of the joint venture agreements at the end of June, preparations for the start of the joint venture with Tata continue to progress well and on schedule. The next steps on the road to the joint venture consist of the merger control procedures of the relevant regulatory authorities. In addition, thyssenkrupp is working on the carve-out of the steel business in preparation for the joint venture.

The joint venture of our European steel activities with Tata Steel will significantly improve thyssenkrupp’s balance sheet on completion of the transaction. The equity ratio, for example, will increase from around 10% to over 15%, while pension liabilities will decrease by about 50% to approximately €4 billion. As expected, however, the agreement signed in June will lead in the short term to a one-time increase in tax expenses, as it will no longer be possible to recognize loss carry forwards in Germany. As a result of this one-time effect, **net income** for the first nine 9 decreased slightly to €230 million (prior year: €326 million).

The joint venture also has an impact on thyssenkrupp’s reporting structure. From now on, the Steel Europe Business Area will be defined on the balance sheet as a discontinued operation.

## Adjusted full-year targets for 2017/2018 confirmed

In the current fiscal year, thyssenkrupp expects consolidated adjusted EBIT of around €1.8 billion (prior year: €1.722 billion), which is at the lower end of the original guidance range of €1.8 billion to €2.0 billion. Free cash flow before M&A will continue to show a significant year-on-year improvement (prior year: €-855 million), but will be negative due to the lower contribution from Industrial Solutions. Despite these developments, the Group's net income will continue to be significantly better than in the prior year (€271 million).

## Free cash flow before M&A at least €1 billion by fiscal year 2020/2021

Improving performance has priority in all Business Areas. By fiscal year 2020/2021, the Group targets free cash flow before M&A of at least €1 billion. To create transparency on the potential in each business, thyssenkrupp is announcing medium-term targets for the Business Areas and the Group for the first time with a specific time horizon. Also for the first time, thyssenkrupp is publishing cash flow targets at Business Area level. The KPI used for this purpose is cash conversion, which is the ratio of adjusted EBIT to the actual cash inflow in each Business Area.

- In the **Components Technology** Business Area, thyssenkrupp aims for an EBIT margin of over 7% by fiscal year 2020/2021 (FY 2016/2017: 5%). Annual sales growth is targeted to be a mid-single-digit percentage rate, with cash conversion of about 0.5. The main growth driver is the ramp-up of new steering system plants and production lines where the Group has invested heavily in recent years.
- In the **Elevator Technology** Business Area, EBIT is planned to rise to over €1 billion by 2020/2021, with a margin of over 13% (FY 2016/2017: 12%). The elevator business, as an innovation leader, will grow in the low to mid-single digit percentage range and therefore faster than market, with cash conversion increasing over the period to about 1.0. This is to be supported by a reduction in administrative costs, further streamlining of the complex product portfolio and a continuation of restructuring measures. This places the elevator business well on track to attaining its 15% long-term margin target.
- Irrespective of the current challenges in **Industrial Solutions**, thyssenkrupp aims for an EBIT margin of around 6% in plant engineering by 2020/2021 (FY 2016/2017: 2%). Cash flow is targeted to rise by more than €600 million compared with fiscal year 2016/2017. The necessary refocusing of the Business Area around smaller and medium-size orders along with the high-margin service business already set in motion is now being rigorously implemented. In the marine business, the EBIT margin is to be at least positive by fiscal year 2020/2021. Cash flow in this business is expected to rise

- by around €200 million compared with 2016/2017. This is to be achieved by improvements in project execution and continuation of the transformation process already launched in Marine Systems.
- Sales growth in the **Materials Services** Business Area is planned to be in the low single-digit percentage range by 2020/2021, slightly above the market average. The Business Area targets an EBIT margin of around 3% (FY 2016/2017: 2.3%) and cash conversion of 0.7-1.0. For the years ahead, the focus will be on digitization for efficiency gains across the entire value chain, further increasing digital sales through proprietary portals, shops and external marketplaces, plus significant growth in the service sector. At the same time costs will be reduced, for example in administrative areas, and productivity will be increased.
- thyssenkrupp also has ambitious goals for its **headquarters**. In the first 9 months of the current fiscal year, the Group has already decreased its administration expenses by over €100 million or 20% – a significantly faster reduction than planned. In the next fiscal year, the Group will already fall below the €400 million. A substantial further cut in administration costs to well under €400 million is targeted by fiscal year 2020/2021.

**Guido Kerkhoff:** “We now have to focus on what we have in our own hands. There is huge potential in thyssenkrupp’s businesses. It is our job to unlock that potential. If we work hard at it, we will be able to generate an annual cash flow of at least €1 billion from fiscal year 2020/2021. That’s a worthwhile goal. And that is what we are now setting out to achieve.”

**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/en](http://www.thyssenkrupp.com/en)

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

Company blog: <https://engineered.thyssenkrupp.com>



## thyssenkrupp in figures – overview of key performance indicators\*

\* References to the interim management report have been removed. Tables fully available at <https://www.thyssenkrupp.com/en/investors/reporting-and-publications/>

August 9, 2018

Page 5/7

### GROUP WITHOUT STEEL AMERICAS (AM)

		9 months ended June 30, 2017	9 months ended June 30, 2018	Change	in %	3rd quarter ended June 30, 2017	3rd quarter ended June 30, 2018	Change	in %
Order intake	million €	31,456	31,122	(334)	(1)	10,213	10,886	673	7
Net sales	million €	30,772	31,683	911	3	10,437	11,117	681	7
EBIT	million €	985	1,098	113	12	484	243	(241)	(50)
EBIT margin	%	3.2	3.5	0.3	8	4.6	2.2	(2.5)	(53)
Adjusted EBIT	million €	1,222	1,276	54	4	519	332	(187)	(36)
Adjusted EBIT margin	%	4.0	4.0	0.1	1	5.0	3.0	(2.0)	(40)
Income/(loss) before tax	million €	679	814	135	20	396	158	(238)	(60)
Income/(loss) (net of tax)	million €	326	230	(96)	(30)	268	(114)	(382)	--
attributable to thyssenkrupp AG's shareholders	million €	296	190	(106)	(36)	254	(131)	(385)	--
Earnings per share (EPS)	€	0.52	0.31	(0.22)	(42)	0.45	(0.21)	(0.66)	--
Operating cash flows	million €	(1,256)	(797)	460	37	24	60	36	149
Cash flow for investments	million €	(1,067)	(855)	212	20	(432)	(293)	139	32
Cash flow from divestments	million €	62	78	16	26	8	34	26	321
Free cash flow	million €	(2,261)	(1,573)	688	30	(400)	(199)	201	50
Free cash flow before M&A	million €	(2,190)	(1,592)	597	27	(332)	(211)	121	36
Employees (June 30)		157,634	159,655	2,021	1	157,634	159,655	2,021	1

### FULL GROUP

		9 months ended June 30, 2017	9 months ended June 30, 2018	Change	in %	3rd quarter ended June 30, 2017	3rd quarter ended June 30, 2018	Change	in %
Order intake	million €	32,673	31,122	(1,551)	(5)	10,725	10,886	160	1
Net sales	million €	32,013	31,683	(331)	(1)	10,929	11,117	188	2
EBIT	million €	205	1,098	893	435	529	243	(286)	(54)
EBIT margin	%	0.6	3.5	2.8	440	4.8	2.2	(2.7)	(55)
Adjusted EBIT	million €	1,376	1,276	(100)	(7)	620	332	(288)	(46)
Adjusted EBIT margin	%	4.3	4.0	(0.3)	(6)	5.7	3.0	(2.7)	(47)
Income/(loss) before tax	million €	(287)	814	1,101	++	293	158	(135)	(46)
Net income/(loss)	million €	(721)	230	951	++	134	(114)	(248)	--
attributable to thyssenkrupp AG's shareholders	million €	(751)	190	941	++	120	(131)	(251)	--
Earnings per share (EPS)	€	(1.33)	0.31	1.63	++	0.21	(0.21)	(0.42)	--
Operating cash flows	million €	(1,338)	(797)	541	40	1	60	59	++
Cash flow for investments	million €	(1,182)	(855)	327	28	(456)	(293)	162	36
Cash flow from divestments	million €	68	78	10	16	9	34	25	286
Free cash flow	million €	(2,452)	(1,573)	879	36	(445)	(199)	247	55
Free cash flow before M&A	million €	(2,326)	(1,592)	734	32	(377)	(211)	166	44
Net financial debt (June 30)	million €	6,311	3,808	(2,503)	(40)	6,311	3,808	(2,503)	(40)
Total equity (June 30)	million €	2,242	3,341	1,099	49	2,242	3,341	1,099	49
Gearing (June 30)	%	281.5	114.0	(167.5)	(60)	281.5	114.0	(167.5)	(60)
Employees (June 30)		161,781	159,655	(2,126)	(1)	161,781	159,655	(2,126)	(1)

thyssenkrupp AG, thyssenkrupp Allee 1, 45143 Essen, Germany, T: +49 201 844 - 536236, press@thyssenkrupp.com, www.thyssenkrupp.com

Chairman of the Supervisory Board: N.N., Executive Board: Guido Kerkhoff (Chairman), Oliver Burkhard, Dr. Donatus Kaufmann

Company domicile: Duisburg and Essen, Commercial register: Duisburg HR B 9092, Essen HR B 15364

## GROUP – CONTINUING OPERATIONS

		9 months ended June 30, 2017	9 months ended June 30, 2018	Change	in %	3rd quarter ended June 30, 2017	3rd quarter ended June 30, 2018	Change	in %
Order intake	million €	25,881	25,263	(618)	(2)	8,381	8,797	416	5
Net sales	million €	25,218	25,762	544	2	8,504	9,010	505	6
EBIT	million €	655	500	(155)	(24)	260	35	(225)	(86)
EBIT margin	%	2.6	1.9	(0.7)	(25)	3.1	0.4	(2.7)	(87)
Adjusted EBIT	million €	878	648	(230)	(26)	285	97	(187)	(66)
Adjusted EBIT margin	%	3.5	2.5	(1.0)	(28)	3.3	1.1	(2.3)	(68)
Income/(loss) before tax	million €	392	273	(119)	(30)	186	(31)	(217)	--
Income/(loss) (net of tax)	million €	161	(137)	(298)	--	124	(240)	(364)	--
attributable to thyssenkrupp AG's shareholders	million €	133	(173)	(306)	--	110	(254)	(364)	--
Earnings per share (EPS)	€	0.23	(0.28)	(0.51)	--	0.19	(0.41)	(0.60)	--
Operating cash flows	million €	(946)	(1,364)	(418)	(44)	(142)	(228)	(86)	(61)
Cash flow for investments	million €	(635)	(595)	40	6	(246)	(209)	37	15
Cash flow from divestments	million €	47	55	8	17	8	23	15	174
Free cash flow	million €	(1,534)	(1,903)	(369)	(24)	(379)	(414)	(35)	(9)
Free cash flow before M&A	million €	(1,462)	(1,922)	(460)	(31)	(311)	(426)	(116)	(37)
Employees (June 30)		128,584	130,907	2,323	2	128,584	130,907	2,323	2

## THYSSENKRUPP STOCK / ADR MASTER DATA AND KEY FIGURES

ISIN			Number of shares (total)	shares	622,531,741
Shares (Frankfurt, Düsseldorf stock exchanges)	DE 000 750 0001		Closing price end June 2018	€	20.82
ADRs (over-the-counter trading)	US88629Q2075		Stock exchange value end June 2018	million €	12,961
Symbols					
Shares		TKA			
ADRs		TKAMY			

**BUSINESS AREAS**

	Order intake million €		Net sales million €		EBIT million €		Adjusted EBIT million €		Employees	
	9 months ended June 30, 2017	9 months ended June 30, 2018	9 months ended June 30, 2017	9 months ended June 30, 2018	9 months ended June 30, 2017	9 months ended June 30, 2018	9 months ended June 30, 2017	9 months ended June 30, 2018	June 30, 2017	June 30, 2018
Components Technology	5,738	5,889	5,648	5,878	216	232	274	268	32,469	34,126
Elevator Technology	6,038	5,814	5,703	5,538	584	591	662	642	52,460	52,683
Industrial Solutions	4,149	2,823	4,002	3,591	48	(250)	70	(224)	21,678	21,583
Materials Services	10,244	10,957	10,185	10,997	189	215	245	236	19,862	20,148
Steel Europe	6,692	7,029	6,616	7,065	347	597	352	586	27,384	27,090
Corporate	190	242	195	245	(388)	(292)	(370)	(237)	3,781	4,025
Consolidation	(1,594)	(1,633)	(1,577)	(1,631)	(10)	6	(10)	6		
<b>Group without AM</b>	<b>31,456</b>	<b>31,122</b>	<b>30,772</b>	<b>31,683</b>	<b>985</b>	<b>1,098</b>	<b>1,222</b>	<b>1,276</b>	<b>157,634</b>	<b>159,655</b>
Discontinued operations Steel Americas	1,217	0	1,242	0	(779)	0	153	0	4,147	0
<b>Full Group</b>	<b>32,673</b>	<b>31,122</b>	<b>32,013</b>	<b>31,683</b>	<b>205</b>	<b>1,098</b>	<b>1,376</b>	<b>1,276</b>	<b>161,781</b>	<b>159,655</b>
Discontinued steel operations	5,575	5,859	5,554	5,921	329	598	344	627	29,050	28,748
Discontinued operations Steel Americas	1,217	0	1,242	0	(779)	0	153	0	4,147	0
<b>Group continuing operations</b>	<b>25,881</b>	<b>25,263</b>	<b>25,218</b>	<b>25,762</b>	<b>655</b>	<b>500</b>	<b>878</b>	<b>648</b>	<b>128,584</b>	<b>130,907</b>

	Order intake million €		Net sales million €		EBIT million €		Adjusted EBIT million €	
	3rd quarter ended June 30, 2017	3rd quarter ended June 30, 2018	3rd quarter ended June 30, 2017	3rd quarter ended June 30, 2018	3rd quarter ended June 30, 2017	3rd quarter ended June 30, 2018	3rd quarter ended June 30, 2017	3rd quarter ended June 30, 2018
Components Technology	2,000	2,027	1,970	2,043	93	67	99	98
Elevator Technology	2,024	1,981	1,954	1,938	232	203	240	218
Industrial Solutions	1,031	1,053	1,241	1,254	15	(216)	6	(213)
Materials Services	3,430	3,818	3,504	3,863	57	76	73	85
Steel Europe	2,171	2,474	2,337	2,496	231	240	232	228
Corporate	97	73	69	74	(145)	(124)	(131)	(82)
Consolidation	(539)	(540)	(639)	(551)	1	(2)	1	(2)
<b>Group without AM</b>	<b>10,213</b>	<b>10,886</b>	<b>10,437</b>	<b>11,117</b>	<b>484</b>	<b>243</b>	<b>519</b>	<b>332</b>
Discontinued operations Steel Americas	512	0	493	0	45	0	101	0
<b>Full Group</b>	<b>10,725</b>	<b>10,886</b>	<b>10,929</b>	<b>11,117</b>	<b>529</b>	<b>243</b>	<b>620</b>	<b>332</b>
Discontinued steel operations	1,832	2,089	1,932	2,108	224	208	234	234
Discontinued operations Steel Americas	512	0	493	0	45	0	101	0
<b>Group continuing operations</b>	<b>8,381</b>	<b>8,797</b>	<b>8,504</b>	<b>9,010</b>	<b>260</b>	<b>35</b>	<b>285</b>	<b>97</b>