thyssenkrupp with strong 1st half – full-year forecast confirmed

- Group adjusted EBIT in 1st half up 34 percent to €944 million
- Net income up from €58 million to €344 million
- Free cash flow significantly improved; positive at €168 million in 2nd quarter
- Full-year forecast confirmed
- Planned steel joint venture: Boards decisions expected within first half 2018

The technology and industrial group thyssenkrupp continued its earnings growth in the 2nd quarter of fiscal year 2017/2018. Despite adverse currency effects and higher material costs in the capital goods businesses, the Group increased its **adjusted EBIT**[1] significantly year-on-year by 21 percent to €500 million. Together with the likewise strong 1st quarter, adjusted EBIT after six months adds up to €944 million. thyssenkrupp thus recorded its best 1st half since the start of the Group's transformation. Free cash flow also improved significantly year-on-year and in the 2nd quarter was positive at €168 million.

"Overall we are satisfied with the 1st half and therefore well on track to achieving our targets for the year," says thyssenkrupp CEO Dr. Heinrich Hiesinger. "At the same time we are working systematically on our programs to further improve our performance," Hiesinger adds.

The Group's **order intake** in the 1st half was 5 percent down year-on-year. On a comparable basis, i.e. excluding currency and portfolio effects, it was down 2 percent. thyssenkrupp increased its **sales** from October to March by 1 percent, and on a comparable basis by 4 percent. In the 2nd quarter sales growth excluding currency and portfolio effects was 5 percent. Among the **capital goods businesses**, Components Technology performed positively in the 1st half among other things in car components and components for heavy trucks in Western Europe and China. At Elevator Technology, too, order intake excluding currency effects remained positive above all in North America. Orders in the largely project-based business of Industrial Solutions were down overall, the business having received major orders in the prior year and mainly numerous small and mid-size orders in the reporting period. At the **materials businesses** Materials Services profited from higher volumes as well as the recovery in prices, while Steel Europe benefited mainly from the recovery in prices.

1 KPIs relate to the Group in its current structure (Group without Steel Americas).

The Group's **adjusted EBIT** increased in the 1st half by 34 percent to €944 million (prior year €703 million). The high-margin **capital goods businesses** were influenced by adverse currency effects and higher material costs. Despite these effects Elevator Technology again showed strong 1st half earnings with adjusted EBIT of €424 million (prior year €422 million). As expected, Components Technology was down slightly year-on-year at €170 million (prior year €176 million). This also reflected continued low demand for wind turbine components. Industrial Solutions recorded adjusted EBIT of €(11) million (prior year €64 million). The restructuring initiated in the last fiscal year is expected to provide a significant earnings improvement in the second fiscal half. At the **materials businesses** there was a noticeable earnings improvement in particular at Steel Europe in a continuing good market environment and thanks to performance measures. Adjusted EBIT increased from €119 million to €358 million. Materials Services at €151 million was slightly down from the prior year (€173 million).

thyssenkrupp almost quadrupled its 2nd quarter **net income** year-on-year from €64 million to €253 million. 1st half net income increased even more sharply from €58 million in the prior year to €344 million. After deducting minority interest, net income was €321 million (prior year €42 million); earnings per share came to €0.52 (prior year €0.07).

Free cash flow before M&A in the 1st half improved significantly by €477 million year-on-year but as expected remained negative at €(1,381) million. In the 2nd quarter, however, thyssenkrupp generated a positive cash flow of €168 million, which was likewise a significant improvement from the prior-year quarter (€(139) million). The temporary increase in net working capital in the materials businesses in the 1st quarter was partly offset. Accordingly the Group's **net financial debt** came to €3.5 billion (September 30, 2017: €2.0 billion).

For the **current fiscal year 2017 / 2018** thyssenkrupp **confirms** its **forecast** for the Group. Adjusted EBIT is expected to increase to €1.8 to €2.0 billion (prior year, continuing operations: €1,722 million). On this basis the company forecasts a significant increase in net income versus the prior year (prior year, continuing operations: €271 million). Free cash flow before M&A is expected to be positive again (prior year, continuing operations: €(855) million).

With regard to the planned **steel joint venture**, as announced in mid-April 2018 thyssenkrupp expects that a decision can be made by the Boards in the first half of 2018.

With the planned joint venture thyssenkrupp achieves a key prerequisite for a sharpening of the Group's strategic target and subsequently also the financial targets. The Executive Board will present the further refinement of its strategy to the Supervisory Board after the signing.

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thyssenkrupp in figures – overview of key performance indicators

Group

		1st half ended March 31, 2017	1st half ended March 31, 2018	Change	in %	2nd quarter ended March 31, 2017	2nd quarter ended March 31, 2018	Change	in %
Order intake	million €	21,948	20,237	(1,711)	(8)	11,993	10,496	(1,498)	(12)
Order intake without AM[1]	million €	21,244	20,237	(1,007)	(5)	11,643	10,496	(1,147)	(10)
Net sales	million €	21,084	20,565	(519)	(2)	10,998	10,748	(249)	(2)
Net sales without AM[1]	million €	20,335	20,565	230	1	10,617	10,748	131	1
EBIT[2]	million €	(324)	855	1,179	++	(564)	433	998	++
EBIT without AM[1]	million €	501	855	354	71	313	433	120	38
EBIT margin	%	(1.5)	4.2	5.7	—	(5.1)	4.0	9.2	—
EBIT margin without AM[1]	%	2.5	4.2	1.7	—	2.9	4.0	1.1	—
Adjusted EBIT[2]	million €	756	944	188	25	427	500	73	17
Adjusted EBIT without AM[1]	million €	703	944	241	34	412	500	88	21
Adjusted EBIT margin	%	3.6	4.6	1.0	—	3.9	4.7	0.8	—
Adjusted EBIT margin without AM[1]	%	3.5	4.6	1.1	—	3.9	4.7	0.8	—
EBT[2]	million €	(580)	656	1,236	++	(703)	338	1,041	++
EBT without AM[2]	million €	283	656	373	132	208	338	130	62
Net income (loss) or income (loss) net of tax	million €	(855)	344	1,198	++	(870)	253	1,123	++
attributable to thyssenkrupp AG's shareholders	million €	(871)	321	1,192	++	(879)	243	1,123	++
Net income (loss) or income (loss) net of tax without AM[1]	million €	58	344	285	488	64	253	189	295
attributable to thyssenkrupp AG's shareholders without AM	million €	42	321	279	++	55	243	188	343
Earnings per share (EPS)	€	(1.54)	0.52	2.06	++	(1.55)	0.39	1.94	++
Earnings per share (EPS) without AM[1]	€	0.07	0.52	0.44	++	0.10	0.39	0.29	303
Operating cash flows	million €	(1,340)	(857)	482	36	110	419	309	281
Operating cash flows without AM[1]	million €	(1,281)	(857)	423	33	170	419	249	147
Cash flow for investments	million €	(726)	(561)	165	23	(364)	(272)	92	25
Cash flow for investments without AM[1]	million €	(634)	(561)	73	12	(346)	(272)	74	21
Cash flow from divestments	million €	59	44	(15)	(26)	38	13	(25)	(65)
Cash flow from divestments without AM[1]	million €	54	44	(10)	(19)	34	13	(21)	(61)
Free cash flow	million €	(2,007)	(1,375)	632	32	(216)	161	376	++
Free cash flow without AM[3]	million €	(1,861)	(1,375)	486	26	(142)	161	303	++
Free cash flow before M&A	million €	(1,949)	(1,381)	568	29	(212)	168	380	++
Free cash flow before M&A without AM[3]	million €	(1,858)	(1,381)	477	26	(139)	168	306	++
Net financial debt (March 31)	million €	5,760	3,546	(2,213)	(38)	5,760	3,546	(2,213)	(38)
Total equity (March 31)	million €	2,304	3,335	1,031	45	2,304	3,335	1,031	45
Gearing (March 31)	%	250.0	106.4	(143.6)	—	250.0	106.4	(143.6)	—
Employees (March 31)		158,584	159,693	1,109	1	158,584	159,693	1,109	1
Employees (March 31) without AM[1]		154,431	159,693	5,262	3	154,431	159,693	5,262	3

[1] AM means Steel Americas; See Note 02.
[2] See reconciliation in segment reporting (Note 07).
[3] See reconciliation in the analysis of the statement of cash flows.

Business Areas	Order intake million €		Net sales million €		EBIT[2] million €		Adjusted EBIT[2] million €		Employees	
	1st half ended March 31, 2017[1]	1st half ended March 31, 2018	1st half ended March 31, 2017[1]	1st half ended March 31, 2018	1st half ended March 31, 2017[1]	1st half ended March 31, 2018	1st half ended March 31, 2017[1]	1st half ended March 31, 2018	March 31, 2017[1]	March 31, 2018
Components Technology	3,738	3,863	3,678	3,836	124	164	176	170	31,770	33,768
Elevator Technology	4,014	3,833	3,749	3,600	352	388	422	424	52,378	52,779
Industrial Solutions	3,118	1,770	2,761	2,337	33	(34)	64	(11)	19,349	21,736
Materials Services	6,814	7,139	6,681	7,134	131	139	173	151	19,800	20,107
Steel Europe	4,521	4,555	4,279	4,568	116	358	119	358	27,400	27,255
Corporate	93	169	125	171	(243)	(168)	(239)	(156)	3,734	4,048
Consolidation	(1,055)	(1,093)	(938)	(1,081)	(11)	8	(11)	8		
Group	**21,244**	**20,237**	**20,335**	**20,565**	**501**	**855**	**703**	**944**	**154,431**	**159,693**

[1] Continuing operations (Note 02)
[2] See reconciliation in segment reporting (Note 07).

Business Areas	Order intake million €		Net sales million €		EBIT[2] million €		Adjusted EBIT[2] million €	
	2nd quarter ended March 31, 2017[1]	2nd quarter ended March 31, 2018	2nd quarter ended March 31, 2017[1]	2nd quarter ended March 31, 2018	2nd quarter ended March 31, 2017[1]	2nd quarter ended March 31, 2018	2nd quarter ended March 31, 2017[1]	2nd quarter ended March 31, 2018
Components Technology	1,979	1,942	1,936	1,930	66	89	101	93
Elevator Technology	2,111	1,873	1,868	1,755	168	187	207	204
Industrial Solutions	1,959	924	1,282	1,247	20	(43)	23	(23)
Materials Services	3,683	3,776	3,649	3,904	93	90	121	100
Steel Europe	2,442	2,484	2,371	2,397	91	198	92	198
Corporate	56	78	67	78	(117)	(97)	(123)	(81)
Consolidation	(587)	(583)	(555)	(562)	(8)	9	(8)	9
Group	**11,643**	**10,496**	**10,617**	**10,748**	**313**	**433**	**412**	**500**

[1] Continuing operations (Note 02)
[2] See reconciliation in segment reporting (Note 07).