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Thyssenkrupp AG

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This report does not constitute a rating action.

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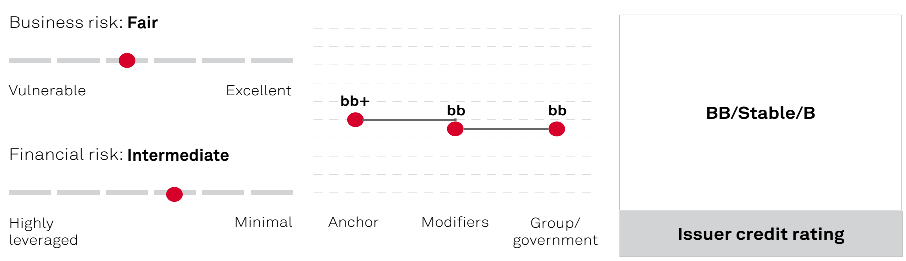
Ratings Score Snapshot



Credit Highlights

Overview

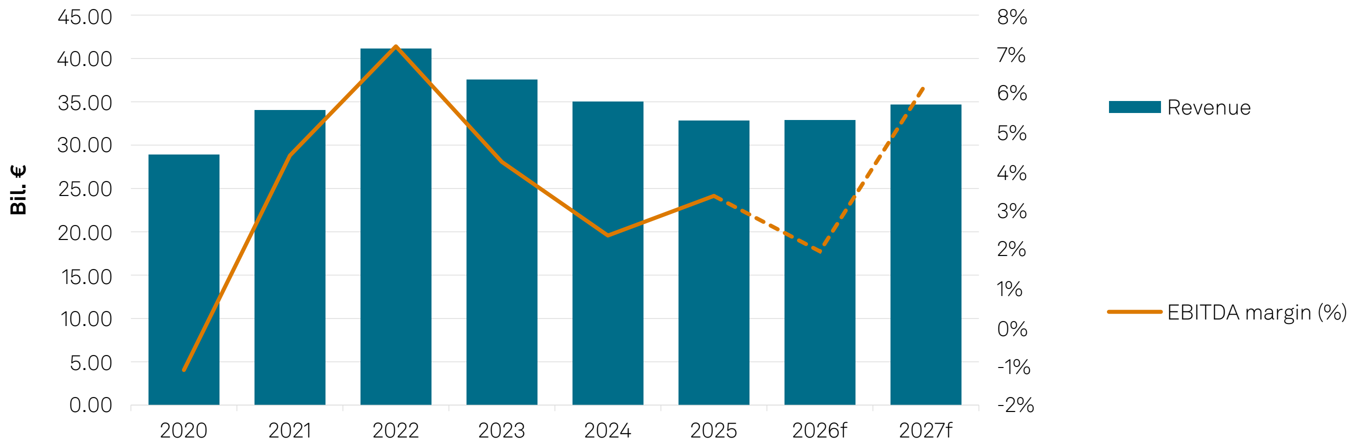
Key strengths	Key risks
Strong technological capabilities, with market-leading positions in multiple industrial segments.	High exposure to cyclical steel (which is sensitive to macroeconomic conditions, global overcapacity, and imports), auto, and large-scale industrial engineering markets.
Sizable scale, with more than €32.5 billion revenue in the fiscal year 2025 (ended Sept. 30, 2025), and good product and end-market diversification with its five operating segments.	Below-average profitability compared with industry peers, demonstrated by S&P Global Ratings-adjusted EBITDA margins of 3.4% in fiscal 2025 and 5.0% to 6.0% in our base-case forecast for 2026.
No net financial debt and low S&P Global Ratings-adjusted debt to EBITDA of about 1.1x, including a high share of pension liabilities (about €4.7 billion as of Sept. 30, 2025).	Ongoing restructuring to improve the competitiveness, operational flexibility, and profitability to prepare for independence of all business segments.
Strong liquidity with about €5.7 billion in cash and about €1.1 billion in credit lines as of Sept. 30, 2025.	Limited prospects of free operating cash flow (FOCF) generation due to high investments in its steel operations to fund the transition to green steel production, overall low profit margins, and annual pension-related outflows of about €0.4 billion.

Thyssenkrupp's new ACES 2030 strategy aims to transform the group into an investment holding company. Management has announced the intention to transform Thyssenkrupp into an investment holding company by 2030 by selling or floating equity stakes of all its business segments leaving no operating activities for the group as such. The decision is based on the five operating segments having few synergies between each other, depending mostly on different end-market dynamics, and having better business prospects on an independent basis with more decision power at the segment level. To achieve capital market readiness, we expect some one-off costs relating to streamlining the operations of the individual segments but also to build the structure for stand-alone businesses operations while at the same time reducing overhead functions at the group headquarter. The headquarters' new role will only focus on the financial management of the entire portfolio. At this point, it is not clear which segment will be spun off next after the successful spin off of Thyssenkrupp Marine Systems (TKMS), which could be a blueprint for further transactions. In the case of its steel operations, the group has received a nonbinding offer from Jindahl Steel International for the acquisition of Thyssenkrupp Steel Europe. We currently do not have visibility of the long-term targeted capital structure for the segments or at the holding level as well as the targeted ownership level or if shares will be allotted to existing shareholders or sold to the market. As the transformation to an investment holding will likely take several years, we will continue to analyze the group as a corporate industrial entity in our base case for fiscal years 2026-2027.

The new strategy is likely to lead to further restructuring and one-off costs which will put pressure on profitability over the short term. The new strategy to independently run the different segments are likely to cause further one-off costs to improve the profitability and separate the operations. For now, the focus for restructuring is on its steel operations, which contributed about 29% to group revenues in fiscal 2025. The new business plan includes a material reduction in capacity from about 11.5 million tons to about 9 million tons including the cutting or outsourcing of more than 11,000 full-time employees. The structural alignment in steel, but also in other segments, has significant one-off costs which we expect to be in the mid-to-high three-digit million amount, which we anticipate will be expensed in fiscal 2026--about €350 million will be cash effective in fiscal 2026. We expect that better utilization rates will benefit Thyssenkrupp's fixed cost structure and flexibility.. The plan to gradually decarbonize its steel production is unchanged, while slightly delayed.

In our view, the weak economic environment overshadowed the group's restructuring benefits, keeping profitability low in fiscal 2025. Lower-than-anticipated revenue, declining by more than 6% to less than €33 billion, leading to lower scale effects, along with additional restructuring expenses, pressured profitability. However, profitability still improved despite this decline, with S&P Global Ratings-adjusted EBITDA exceeding €1 billion and the adjusted EBITDA margin increasing by more than 100 basis points (bps) to about 3.4% in fiscal 2025, from 2.3% in fiscal 2024. For fiscal 2026, the planned restructuring especially of its steel operations will keep the S&P Global Ratings-adjusted margin low at about 2%, excluding the restructuring expenses we would expect profitability to further improve. That said, we forecast a material improvement for fiscal 2027, with some benefits from the restructuring program already unfolding and a better economic environment resulting in an S&P Global Ratings-adjusted EBITDA margin of more than 5%. Furthermore, the recently announced reduction in toll-free steel imports, and higher tariffs on steel imports into the EU should support the recovery in the group's steel business in fiscal 2026 and fiscal 2027.

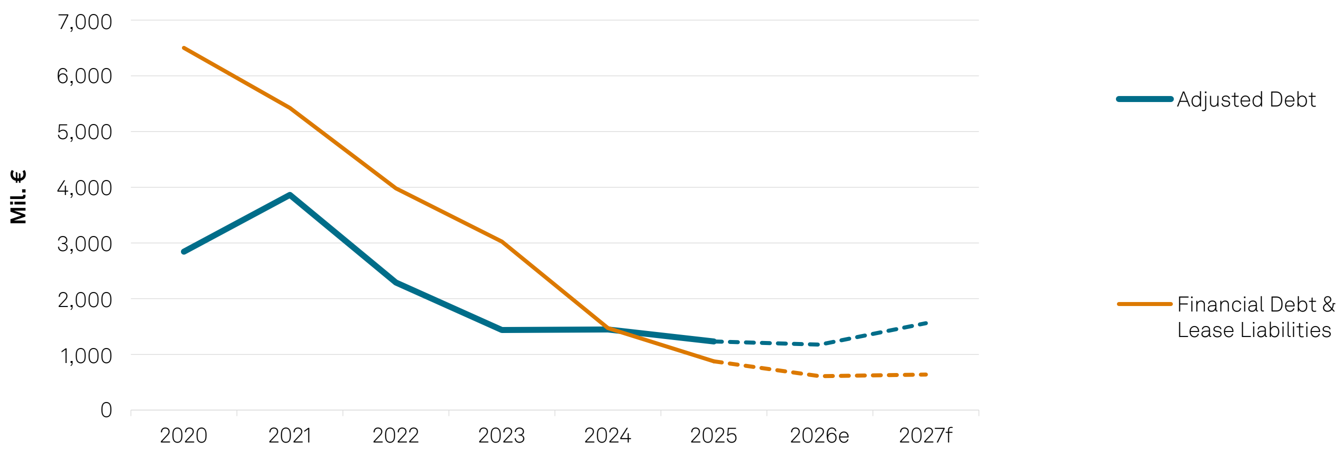
TK's ongoing restructuring measures besides subdued macroeconomic environment constrains EBITDA margins development for fiscal 2026



Bil.--Billion. f--Forecast.. Source: S&P Global Ratings.

In our view, indebtedness will only slightly change despite negative FOCF, thanks to government grants relating to its green steel transformation. Thyssenkrupp's ability to generate FOCF remains heavily constrained in fiscal 2026 and fiscal 2027 by restructuring related provision payouts and the heavy investment program of well above the previous year's capital expenditure (capex) level of €1.6 billion, where capex spent for its steel operations account for more than 50% of the total. In our FOCF calculation, we do not net the grants for the green steel transformation. However, these funds, beside improving profitability in fiscal 2027, will be one cornerstone in keeping indebtedness little changed over the next 24 months, leaving out potential actuarial changes in calculating its pension deficit. The group's FOCF also depends highly on Thyssenkrupp's ability to manage its working capital since its operations have high working capital requirements in periods of strong revenue growth, leading to high working capital cash outflows when steel prices increase and inflows when prices moderate. At the same time, its working capital benefits from advanced payments in its plant engineering and marine system operations.

Debt reduction over time



Mil.--Billion. e--Estimate. Source: S&P Global Ratings.

The strong balance sheet supports the rating and enables transformation of the group. With less than €0.3 billion of financial debt and reported leases of about €0.6 billion and estimated unrestricted cash of about €5 billion at the end of fiscal 2025, Thyssenkrupp has ample liquidity to continue to fund its transformation and performance measures, as well as handling upcoming maturities of about €0.2 billion over the next 12 months. This translates to our S&P Global Ratings-adjusted figures, adding pensions (€4.7 billion), trade receivables (€0.4 billion), and asset retirement obligations (€0.2 billion), S&P Global Ratings-adjusted debt stood at the end of fiscal 2025 at €1.2 billion and is expected to remain little changed in fiscal 2026. However, we note that 51% owned but fully consolidated TKMS had a positive impact on indebtedness given its comfortable net cash position. Thyssenkrupp holds meaningful equity stakes in TKMS and TK Elevator (formerly: Thyssenkrupp Elevator) worth more than €4 billion, which could be utilized to address any financial obligations, if needed. Management remains committed to reducing financial debt on the balance sheet, restructuring the business, and targeting a higher credit rating over the medium term.

Outlook

The stable outlook reflects our view that Thyssenkrupp will notably improve its operating performance and maintain funds from operations (FFO) to debt of more than 30% over the next 12-18 months, including structurally improving cash flow, leaving adjusted debt little changed despite a heavy investment program.

Downside scenario

We could lower the ratings if the group fails to:

- Improve its cost structure and competitiveness, demonstrated by the EBITDA margin gradually increasing to about 5% over the next 12-18 months;

- Post FFO to debt of less than 30% during a cyclical downturn; and
- Generate roughly neutral FOCF, including government grants related to the heavy capex for its steel operations, enabling the group to leave S&P Global Ratings-adjusted debt little changed.

Upside scenario

We could raise our ratings if the group:

- Provides clarity on its future operations, especially regarding its steel operations;
- Posts FFO to debt of more than 45% during a cyclical downturn;
- Strengthens its profitability, with improving EBITDA margins sustainably reaching more than 7%; and
- Demonstrates reduced cash flow volatility and a track record of reducing adjusted debt with cash flow over the cycle.

Our Base-Case Scenario

Assumptions

- Eurozone GDP growth improving to 1.3% in 2025 before marginally declining to 1.2% in 2026, and further recovery to 1.4% in 2027. For the U.S., GDP growth will be about 2.0% in 2025 and 2026 before slightly decreasing to 1.9% in 2027. Asia-Pacific GDP growth of about 4.5% in 2025 with a marginal decline to about 4.4% in 2025 and recovery to 4.5% in 2027.
- Revenue for fiscal 2026 is expected to remain flat before recovering from fiscal 2027 onward. This is primarily due to: Automotive Technology--Decline in revenue mostly owing to weak outlook for the global automotive industry resulting into decline in revenue; and Decarbon Technologies--Decline in revenue due to cautious customer spending resulting from market headwinds, economic uncertainty as well as delayed investment decisions. Material services alongside Steel Europe are expected to post positive revenue growth, which is expected to mostly offset the decline from the Automotive and Decarbon Technologies segments. However, we expect revenue to improve by 5.0%-6.0% from fiscal 2027 onward, assuming growth across all segments including recovery in Automotive and Decarbon technologies.
- S&P Global Ratings-adjusted EBITDA margin to decline considerably to about 2% for fiscal 2026 from 3.4% in fiscal 2025 due to hefty restructuring costs for its Steel division which is expected to more than offset the improved margins reported in all other divisions. For fiscal 2027, as volumes and margins expand in all segments supported by restructuring benefits and improved economic conditions, the S&P Global Ratings-adjusted EBITDA margin is expected to improve to above 5.0%.
- Annual capex spent materially above the previous year's €1.6 billion in fiscal 2026 and fiscal 2027. This is driven by the construction of a hydrogen-capable direct reduction plant in Duisburg to transition to carbon-neutral steel production and rising investments in its steel operations, anticipating good demand in these segments, and including investment toward decarbonization of steel.
- We expect working capital release in fiscal year 2026, similar to previous years, primarily on the back of advanced payments from the marine systems division. However, we expect net working capital to be negative at about €200 million-€400 million from fiscal 2027, reflecting normal requirements on the back of top-line growth.
- Bolt-on acquisitions of about €100 million-€200 million for fiscal 2026 and fiscal 2027.
- Continuing dividend payments of less than €100 million annually over fiscal 2026 and fiscal 2027.

Key metrics

Thyssenkrupp AG--Forecast summary

Period ending	Sep-30-2024	Sep-30-2025	Sep-30-2026	Sep-30-2027
(Mil. EUR)	2024a	2025e	2026f	2027f
Revenue	35,041	32,837	32,500-33,500	34,000-35,000
EBITDA	823	1,105	550-650	1,800-2,200
Capital expenditure (capex)	1,561	1,606	>1,606	>1,606
Free operating cash flow (FOCF)	(146)	47	(700)-(900)	(400)-(800)
Dividends	93	93	~93	~93
Debt (reported)	820	253	<50	<50
Trade receivables sold	403	386	~400	~400
Lease liabilities	653	623	~600	~600
Accessible cash	(5,667)	(4,978)	(4,500) – (4,600)	(3,800)-(4,100)
Asset Retirement Obligations	211	221	~200	~200
Pension and other postretirement debt	5,018	4,742	~4,500	~4,400
Debt (adjusted)	1,448	1,233	1,100-1,200	1,500-1,800
Adjusted ratios				
Debt/EBITDA (x)	1.8	1.1	1.7-1.9	<1.0
FFO/debt (%)	33.2	66.6	>30.0	>60.0
Annual revenue growth (%)	(6.6)	(6.3)	~0	5.0-6.0
EBITDA margin (%)	2.3	3.4	1.5 - 2.0	>5.0

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. EUR--euro.

Company Description

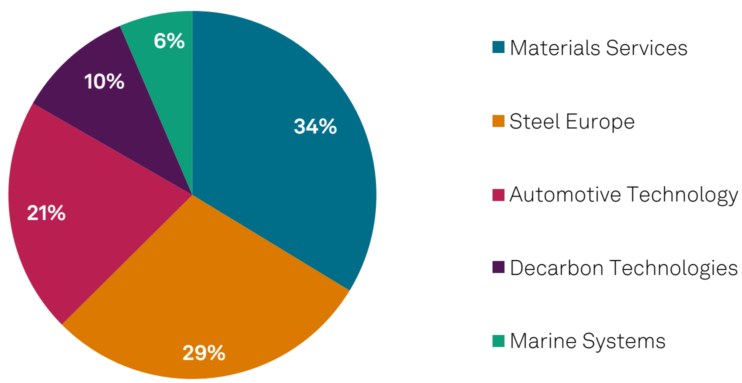
Germany-based Thyssenkrupp is a diversified industrial conglomerate that has active operations in about 48 countries. Starting Oct. 1, 2023, the group structure comprised five operating segments:

- Automotive Technology (21% of fiscal 2025 revenue): Development and production of high-tech components and systems, and automated production systems for the auto industry.
- Decarbon Technologies (10%): Developing technology to enable green transformation across industries. This includes bearings businesses like Thyssenkrupp Rothe Erde, Thyssenkrupp Uhde, Thyssenkrupp Polysius, and Thyssenkrupp nucera.
- Materials Services (34%): One of the world's leading mill-independent materials distributors and service providers.
- Marine Systems (6%): System supplier for submarines and surface vessels, as well as for maritime electronics and security technology. The segment has been spun off as TKMS and since its listing Thyssenkrupp holds 51% of the shares and fully consolidates the entity.
- Steel Europe (29%): Production of high-quality flat-rolled carbon steel for the auto industry and other sectors. It is the largest integrated European steel mill strategically in the center of Europe and seeks a leading role in decarbonizing the steel industry.

Thyssenkrupp generated about €32.8 billion in revenue and about €1,105 million in S&P Global Ratings-adjusted EBITDA across the globe in fiscal 2025. It is a listed group, with about 79% of its capital stock in free float (about 19% owned by private investors and about 60 owned by international mutual funds); the remaining stock (about 21%) is held by the Alfried Krupp von Bohlen und Halbach Foundation.

Material Services account for most revenues

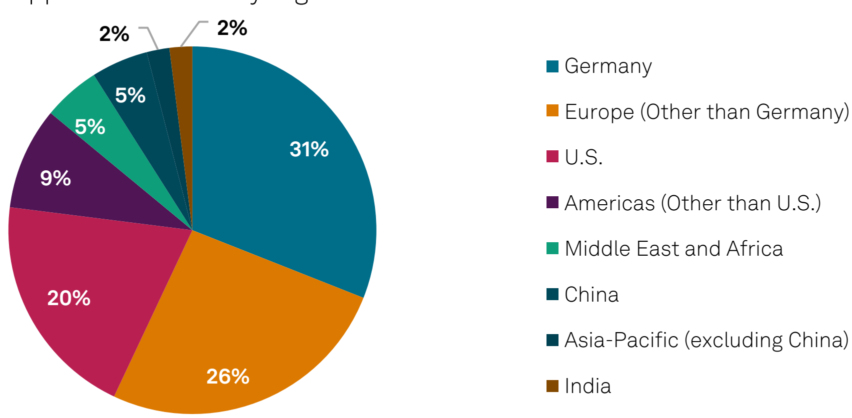
Thyssenkrupp AG--Revenue by segment fiscal 2025



Source: S&P Global Ratings.

Europe accounts for about three-fifth of revenues

Thyssenkrupp AG--Revenue by region fiscal 2025



Source: S&P Global Ratings.

Peer Comparison

thyssenkrupp AG--Peer Comparisons

	Thyssenkrupp AG	ArcelorMittal	Bilfinger SE	ZF Friedrichshafen AG	Schaeffler AG
Foreign currency issuer credit rating	BB/Stable/B	BBB/Stable/A-2	BBB-/Stable/A-3	BB-/Stable/--	BB+/Negative/--
Local currency issuer credit rating	BB/Stable/B	BBB/Stable/A-2	BBB-/Stable/A-3	BB-/Stable/--	BB+/Negative/--

thyssenkrupp AG--Peer Comparisons

Period	Annual	Annual	Annual	Annual	Annual
Period ending	2025-09-30	2024-12-31	2024-12-31	2024-12-31	2024-12-31
Mil.	EUR	EUR	EUR	EUR	EUR
Revenue	32,837	66,282	5,038	41,377	18,188
EBITDA	1,105	6,727	380	2,378	1,486
Funds from operations (FFO)	821	4,870	309	873	811
Interest	211	1,081	43	898	340
Cash interest paid	51	1,088	34	735	261
Operating cash flow (OCF)	1,653	5,334	214	1,178	1,377
Capital expenditure	1,606	5,677	63	2,086	949
Free operating cash flow (FOCF)	47	(343)	151	(908)	428
Discretionary cash flow (DCF)	(46)	(2,159)	78	(1,076)	122
Cash and short-term investments	5,178	6,182	465	3,384	973
Gross available cash	5,178	6,182	465	4,615	973
Debt	1,233	18,308	218	13,464	8,041
Equity	10,560	53,099	1,311	7,532	3,969
EBITDA margin (%)	3.4	10.1	7.5	5.7	8.2
Return on capital (%)	7.1	6.4	19.7	1.2	2.6
EBITDA interest coverage (x)	5.2	6.2	8.9	2.6	4.4
FFO cash interest coverage (x)	17.1	5.5	10.1	2.2	4.1
Debt/EBITDA (x)	1.1	2.7	0.6	5.7	5.4
FFO/debt (%)	66.6	26.6	141.8	6.5	10.1
OCF/debt (%)	134.1	29.1	98.0	8.7	17.1
FOCF/debt (%)	3.8	(1.9)	69.0	(6.7)	5.3
DCF/debt (%)	(3.7)	(11.8)	35.6	(8.0)	1.5

Business Risk

Thyssenkrupp's fair business risk profile is supported by the diversification of its business across several industrial end markets, product lines, and geographies; its leading market position as a steel distributor; and as a Tier 1 supplier of high-tech components for most of its automotive and capital goods operations. The volatile nature of its steel operations, exposure to cyclical end markets, and improving profitability margins (but still below the peer average) constrain the group's business risk.

The group's operating performance heavily depends on its steel operations (€9.8 billion of fiscal 2025 revenue). By nature, steel production and steel distribution operations are more volatile and only have a limited-service share, which leads to more volatile cash flow generation. Thyssenkrupp is a large-scale producer that has a strong presence in more-resilient markets and industries. The group's product mix skews toward premium flat carbon steels, especially for the auto industry (about 50% of revenue) and other steel-using sectors that have demanding quality and service requirements, this results in somewhat less volatility in price and volume compared with that of pure commodity peers. According to the World Steel Association, Thyssenkrupp ranked 42nd among global steel producers in 2024, down from being in the top 15 in 2017. Cheaper steel imports from China resulted in an oversupply and capacity under-usage in the European steel market; we do not expect this to change in the medium term. We expect earnings volatility to persist, given the steel industry's cyclical nature. Steel producers are under pressure to reduce their carbon dioxide emissions and transform their operations to produce green steel, which will require significant investment. Moreover, high energy costs, intense competition from cheaper Asian producers, and weak European demand, have together led to huge losses for Thyssenkrupp's steel business over the last few years. Therefore, the group has taken significant restructuring initiatives for fiscal 2026 to reduce its fixed cost base and increase its cost flexibility by reducing its capacity to about 9 million tons from 11.5 million tons also to reflect the structural lower steel demand from automotive production in Europe. We expect this to weigh considerably on the group's FOCF generation and profitability over the next 24 months. A potential separation of the steel business would reduce the size and diversification of Thyssenkrupp's product portfolio. This would, however, be offset by the lower capital intensity and reduced margin and cash flow volatility. We do not expect that a potential separation of the steel business would materially change our business risk assessment.

The Materials Services segment is one of the leading steel distributors in Europe, the other being ArcelorMittal. It contributed €11.4 billion in fiscal 2025 revenue to the group's total revenue of more than €32.8 billion. Materials Services is the market leader in Germany and holds a leading position within Europe, Eastern Europe, and North America. This reflects its exposure to commodity prices as earnings are depressed when markets are volatile, while cash flow volatility is moderated by offsetting working capital movements.

Thyssenkrupp's Automotive Technology segment (which contributes about €7.0 billion in revenue) produces high-tech components for the auto industry. The product spectrum in the powertrain area includes integrated camshafts and cylinder head modules. In the chassis area, the range incorporates manufactured steering and damper systems and axis module assembly. We view the following as positive:

- Thyssenkrupp's position as a Tier 1 supplier for global auto original equipment manufacturers;
- Its product range contains technologically advanced components such as steering systems; and
- The expected increase in electric vehicle volumes will benefit the business.

This segment also encompasses Forged Technologies, expanding its business scope toward the forging business (catering to customers in the truck, automotive, and construction machine sectors). Although Springs and Stabilizers, along with Automation Engineering and Automotive Body Solutions, is reported under Automotive Technology, however, the group continues with its plan of considering partnerships or new ownership models for these subdivisions. The sale of Automation Engineering was initiated in November 2025. The electrification of automobiles will have a lower effect on Thyssenkrupp than on its peers because a significant portion of the group's product portfolio is already based on technology that is not related to light vehicles with internal combustion engines. Credit negatives include:

- The limited scale and scope of the business compared with large global auto suppliers;
- The segment's somewhat lower profitability compared with other Tier 1 suppliers; and
- High investment needs.

The Decarbon Technologies segment (which contributes about €3.5 billion in revenue) bundles crucial technologies for the energy transition. The product portfolio spans from slewing bearings and rings to plant engineering and project deliver in the chemical and cement/lime industry. The three main companies under the division's umbrella are Rothe Erde, Uhde, and Polysius. Rothe Erde is well-positioned for this market trend with its machinery, specialist technical knowledge, and global production network. It ranks No. 1 worldwide for large slewing bearings for wind turbines and offers growth prospects, in view of the development of the (onshore and offshore) wind energy market. Under its chemical plant engineering business at Uhde, which is a global technology leader in the ammonia chain, this segment aims at the development of conceptual design study for reduced-emission fertilizer plant (with the patented EnviNOx process) and has been exploring opportunities in green ammonia. Furthermore, Polysius, which has been an enabler for the climate-neutral transformation of the cement industry with innovative technologies, such as its patented Oxyfuel process, is expected to start the construction of one of the first carbon-neutral cement plants (aiming for commissioning by fiscal 2029). Thyssenkrupp nucera (a publicly listed company with Thyssenkrupp as majority shareholder), one of the few suppliers offering technologies for industrial-scale production of green hydrogen and the market leader in the chlor-alkali business, further strengthens the group's diversified portfolio.

The Marine Systems segment manufactures surface vessels and submarines and is exposed to project risks, which has in the past led to cash flow volatility, or negative or low earnings contributions. The restructuring has brought notable benefits from fiscal 2023, including an improved EBIT margin, increasing to 5.6% in fiscal 2025 from 1.3% in fiscal 2022. Given this segment contributed limited revenue and EBITDA to the group until fiscal 2025, its effect on the business risk profile remains limited.

We consider Thyssenkrupp's ACES 2030 plan to transform the group into a financial holding company as credit rating neutral for now since the change will take several years to execute and many parameters, like target debt level at holding level or percentage of ownership of its holdings are unknown.

Financial Risk

We base our assessment of Thyssenkrupp's financial risk profile on the group's resilient key credit metrics, even in the case of softer economic conditions and limited FOCF in fiscal 2025 that owes to lower demand and continuing normalization of steel prices. The group's positive gains through its performance program partially offset these negative factors. Overall, we expect negative FOCF generation in our forecast period and its cash flow volatility to remain key constraining factors to our assessment. We estimate these issues will persist over the next 12-18 months.

Thyssenkrupp's adjusted debt stood at €1.2 billion at the end of fiscal 2025, including financial debt of about €250 million, €623 million of lease obligations, about €207 million for asset retirement obligations, and €4.7 billion for pension obligations. We continue to expect, with the softening in the European interest environment, that the discount rate effect on Thyssenkrupp's pension obligation will reverse, leading to substantially higher pension adjustments in the coming year. We exclude €200 million from the cash balance of approximately €5.2 billion as of fiscal 2025 because we assume it will be not available for immediate debt repayments.

Our base-case scenario assumes that Thyssenkrupp's FFO to debt will stay above 30% for the forecast period and its debt to EBITDA will be about 1.7x-1.9x for fiscal 2026 due to considerable decline in EBITDA generation before staying below 1.0x for fiscal 2027. Management remains committed to reducing debt on the balance sheet, restructuring the business, and targets a higher credit rating over the medium term. We expect the group to use the cash held on its balance sheet to pay back its financial debt at maturity. Management has announced a regular dividend as a clear target. We do not expect Thyssenkrupp to increase its dividend or implement any other shareholder-friendly measures until its new APEX performance program is completed and FOCF generation capacity significantly improves.

Debt maturities

- Fiscal 2026: €228 million
- After Fiscal 2026: €27 million

thyssenkrupp AG--Financial Summary

Period ending	Sep-30-2020	Sep-30-2021	Sep-30-2022	Sep-30-2023	Sep-30-2024	Sep-30-2025
Reporting period	2020a	2021a	2022a	2023a	2024a	2025a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	28,899	34,015	41,140	37,536	35,041	32,837
EBITDA	(315)	1,485	2,978	1,590	823	1,105
Funds from operations (FFO)	(667)	1,149	2,466	1,199	480	821
Interest expense	264	205	177	283	293	211
Cash interest paid	222	159	131	116	97	51
Operating cash flow (OCF)	(4,484)	100	618	2,064	1,415	1,653
Capital expenditure	1,334	1,448	1,296	1,757	1,561	1,606
Free operating cash flow (FOCF)	(5,818)	(1,348)	(678)	307	(146)	47
Discretionary cash flow (DCF)	(5,818)	(1,348)	(678)	214	(239)	(46)
Cash and short-term investments	11,547	8,974	7,638	7,339	5,867	5,178
Gross available cash	11,547	8,974	7,638	7,339	5,867	5,178
Debt	2,844	3,863	2,291	1,438	1,448	1,233
Common equity	10,174	10,845	14,742	12,692	10,358	10,560
Adjusted ratios						
EBITDA margin (%)	(1.1)	4.4	7.2	4.2	2.3	3.4
Return on capital (%)	(31.8)	2.2	8.3	(8.5)	(7.1)	7.1
EBITDA interest coverage (x)	(1.2)	7.2	16.8	5.6	2.8	5.2
FFO cash interest coverage (x)	(2.0)	8.2	19.8	11.3	5.9	17.1
Debt/EBITDA (x)	(9.0)	2.6	0.8	0.9	1.8	1.1
FFO/debt (%)	(23.5)	29.7	107.7	83.4	33.2	66.6
OCF/debt (%)	(157.7)	2.6	27.0	143.5	97.8	134.1
FOCF/debt (%)	(204.6)	(34.9)	(29.6)	21.3	(10.1)	3.8
DCF/debt (%)	(204.6)	(34.9)	(29.6)	14.9	(16.5)	(3.7)

Reconciliation Of thyssenkrupp AG Reported Amounts With S&P Global Adjusted Amounts (Mil. EUR)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Sep-30-2025									
Company reported amounts	253	9,767	32,837	1,435	28	33	1,105	1,684	93	1,654
Cash taxes paid	-	-	-	-	-	-	(233)	-	-	-

Reconciliation Of thyssenkrupp AG Reported Amounts With S&P Global Adjusted Amounts (Mil. EUR)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Cash interest paid	-	-	-	-	-	-	(51)	-	-	-
Trade receivables securitizations	386	-	-	-	-	-	-	17	-	-
Lease liabilities	623	-	-	-	-	-	-	-	-	-
Postretirement benefit obligations/ deferred compensation	4,742	-	-	(22)	(22)	175	-	-	-	-
Accessible cash and liquid investments	(4,978)	-	-	-	-	-	-	-	-	-
Capitalized development costs	-	-	-	(48)	(43)	-	-	(48)	-	(48)
Dividends from equity investments	-	-	-	52	-	-	-	-	-	-
Asset-retirement obligations	207	-	-	-	-	3	-	-	-	-
Nonoperating income (expense)	-	-	-	-	1,184	-	-	-	-	-
Noncontrolling/ minority interest	-	793	-	-	-	-	-	-	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	16	16	-	-	-	-	-
EBITDA: Business divestments	-	-	-	(321)	(321)	-	-	-	-	-
EBITDA: other income/ (expense)	-	-	-	(7)	(7)	-	-	-	-	-
Total adjustments	980	793	-	(330)	807	178	(284)	(31)	-	(48)
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	1,233	10,560	32,837	1,105	835	211	821	1,653	93	1,606

Liquidity

Our short-term issuer credit rating on Thyssenkrupp is 'B', reflecting the 'BB' long-term issuer credit rating. We forecast that liquidity sources will exceed potential uses by more than 1.5x over the 12 months from Sept. 30, 2025, and remain above 1.0x for the 12 months thereafter. We also anticipate that Thyssenkrupp's net sources of liquidity will remain positive, even if forecast EBITDA declines by more than 30%. Our liquidity assessment is also supported by the group's prudent financial risk management and well-established relationship with banks.

Principal liquidity sources

- Cash and cash equivalents of about €5.7 billion;
- Access to undrawn bank lines in the form of revolving credit facilities of about €1.1 billion;
- Cash FFO of about €500 million-€550 million over the next 12 months; and
- More than €500 million in working capital inflow in the next 12 months.

Principal liquidity uses

- Short-term debt maturities of about €230 million in the next 12 months, and less than €10 million in the following 12 months;
- About €1 billion in intra-year working capital swings;
- Capex of more than €1.6 billion annually in the next 24 months; and
- Dividends of less than €100 million a year in the next 24 months.

Covenant Analysis

Requirements

There is no covenant for the committed credit lines of about €1.1 billion, or for the bonds outstanding.

Environmental, Social, And Governance

Environmental factors are a negative consideration in our credit rating analysis of Thyssenkrupp, similar to its European steel peers. This mainly recognizes the group's investments and transition plan toward green steel production. As a steel producer (more than 29% of group revenue in fiscal 2025), Thyssenkrupp is exposed to the high risk of changing environmental regulation and more stringent requirements for carbon dioxide emissions. This could force the group to accelerate its transition toward green steel production, which requires high investments and could potentially erode its cost position compared with less regulated producers. Despite ongoing measures to improve its energy efficiency gains (162 gigawatt-hours in fiscal 2025), Thyssenkrupp still consumed about 64 terawatt-hours of energy. We recognize Thyssenkrupp's strong technological capabilities in providing hydrogen technologies as positive, although the scope of its operations (50.2% owned Thyssenkrupp Nucera) is relatively small compared with its steel operations.

Governance factors are a negative consideration. The group adheres to high standards of disclosure, in line with international publicly listed groups. However, we view Thyssenkrupp's lengthy and significant restructuring to restore its profitability, which is progressing but has been pending for several years, as well as multiple unexpected changes in senior management.

Issue Ratings--Recovery Analysis

Key analytical factors

- The 'BB' rating on Thyssenkrupp's senior unsecured notes reflects on meaningful recovery prospects (50%-70%; rounded estimate: 65%) in a default scenario.
- Although nominal recovery prospects for unsecured noteholders might exceed 70%, our criteria cap the recovery rating on the debt at '3' due to the notes' unsecured nature.

- Under our hypothetical scenario, a default would follow the persistent weakness in the industries in which Thyssenkrupp operates. We would also expect operating setbacks to lead to deteriorating financial performance, permanent negative free cash flow, and an inability to refinance key obligations.
- We value Thyssenkrupp as a going concern, given the solid market positions of several of its core divisions.
- Nevertheless, we think many parts of the group could be broken up and sold separately and provide significant value to creditors in a default scenario.

Simulated default assumptions

- Year of default: 2030
- EBITDA at emergence: €1.17 billion (we assume maintenance capex at 2.5% of revenue; cyclical adjustment of 5.0%, which is standard for the sector; and €150 million annual pension amortization)
- Implied enterprise value multiple: 5.0x
- Jurisdiction: Germany

Simplified waterfall

- Gross recovery value: About €5.9 billion
- Adjusted gross enterprise value: About €3.4 billion
- Net recovery value for waterfall after administrative expense (5%) and pension consideration: About €3.27 billion
- First priority claims: €240 million
- Value available for senior unsecured claims: €3.0 billion
- Senior unsecured claims: €1.20 billion
- --Recovery range: 50%-70% (capped at 65%)
- --Recovery rating: 3

All debt amounts include six months of prepetition interest.

Rating Component Scores	
Foreign currency issuer credit rating	**BB/Stable/B**
Local currency issuer credit rating	**BB/Stable/B**
Business risk	**Fair**
Country risk	Low
Industry risk	Moderately High
Competitive position	Fair
Financial risk	**Intermediate**
Cash flow/leverage	Intermediate
Anchor	**bb+**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Moderately Negative (no impact)
Comparable rating analysis	Negative (-1 notch)
Stand-alone credit profile	**bb**

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7 2025
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10 2021
- General Criteria: Group Rating Methodology, July 1 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7 2017
- Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 6 2016
- Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments, Jan. 20 2016
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16 2014
- General Criteria: Methodology: Industry Risk, Nov. 19 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16 2011

Related Research

- Tear Sheet: Thyssenkrupp AG, Oct. 21, 2025
- Industry Credit Outlook Update Europe: Metals and Mining, July 16, 2025
- Industry Credit Outlook 2025: Metals and Mining, Jan. 14, 2025
- Research Update: Germany-Based Thyssenkrupp 'BB' Ratings Affirmed; Outlook Stable, Dec. 19, 2024
- Thyssenkrupp And EP Corporate Form Strategic Partnership To Transform Its Steel Operations, May 8, 2024

Ratings Detail (as of December 22, 2025)*

Thyssenkrupp AG	
Issuer Credit Rating	BB/Stable/B
Senior Unsecured	BB
Short-Term Debt	B
Issuer Credit Ratings History	
21-Dec-2022	BB/Stable/B
13-Dec-2021	BB-/Stable/B
20-Jan-2021	BB-/Negative/B

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.