thyssenkrupp: Greatly improved key financial indicators in fiscal year 2020/2021; progress in transformation to a high-performing group of companies

- Order intake, sales and adjusted EBIT in fiscal year 2020/2021 much higher than in pandemic-weakened prior year
- Performance improved: all segments with significant earnings increases
- Successful progress with portfolio measures in the Multi Tracks segment
- Forecast for the current 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
- CEO Martina Merz: After two years of intensive transformation work, we can now say that the turnaround is evident and thyssenkrupp is heading in the right direction. However, enormous challenges remain."

thyssenkrupp is making significant progress in its transformation to a high-performing group of companies: In fiscal year 2020/2021, the company took important strategic steps and achieved tangible operational improvements compared with the pandemic-weakened prior year. Between October 2020 and September 2021, the group of companies posted an **order intake**[1] totaling €39.6 billion, which was an increase of 41 percent. **Sales** improved by 18 percent to €34.0 billion. **Adjusted EBIT** increased to €796 million (prior year: €(1,759) million). All segments contributed to this positive development with substantial earnings improvements in some cases. In particular, the materials businesses profited from rising volumes and prices. As a result, thyssenkrupp achieved the upper end of the **earnings forecast** range that had been revised upward in May.

Martina Merz, CEO of thyssenkrupp AG: "After a good two years of intensive transformation work, we can now say that the turnaround is evident. thyssenkrupp is going in the right direction. Our performance is improving significantly, which is reflected in our figures. We aim to benefit from this momentum in the next phase of our transformation in order to restore our businesses to profitable growth. However, enormous challenges remain, especially due to the semiconductor shortage and the uncertainties arising from the coronavirus pandemic."

[1] Unless otherwise stated, all indicators refer to continuing operations.

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Optimistic forecasts for the current fiscal year

Against the backdrop of the macroeconomic recovery and the continued expectation of structural improvements in our businesses, thyssenkrupp is optimistic overall for **fiscal year 2021/2022**. Uncertainties and the resulting restrictions on planning reliability exist primarily in respect of the further evolution of supply bottlenecks for semiconductors and other starting products. This will result in temporary difficulties in the current fiscal year. Group sales are expected to grow by a mid-single-digit percentage in fiscal year 2021/2022. **Adjusted EBIT** is anticipated to about double year-on-year to a figure between €1.5 and 1.8 billion. This figure includes a significant improvement in earnings at Steel Europe and a substantially lower loss at Multi Tracks. thyssenkrupp expects **net income** of at least €1 billion, which would be the highest since fiscal year 2007/2008. With further expenditures for restructuring 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.

Klaus Keysberg, CFO of thyssenkrupp AG: “Our consistent implementation of performance and portfolio measures is having an effect. We want to use this momentum. Sustainable profitability and a stable and positive cash flow are the performance metrics by which we want to be measured. We are confident that we can get close to these targets in the current fiscal year.”

Progress in portfolio and performance measures

In the past fiscal year, as announced, thyssenkrupp took important decisions in the Multi Tracks segment and thus made progress in refocusing its portfolio. In July, the agreement to sell the Mining business was signed; the sale of Infrastructure was agreed shortly afterwards. In August, the Carbon Components business unit was sold. Lastly, thyssenkrupp agreed the sale of the Italian stainless steel plant AST in September. A further portfolio measure was the closure of the heavy plate plant in Duisburg, which took place as planned at the end of the past fiscal year.

At Uhde Chlorine Engineers (UCE), thyssenkrupp sees great potential in the field of water electrolysis and aims to benefit from the high demand for green hydrogen. For this reason, the company is looking intensively at the best way to optimize the hydrogen business. thyssenkrupp is currently planning an initial public offering (IPO) as the preferred solution and would retain a majority interest in the business.

In addition to making targeted investments to improve the competitiveness of its businesses, thyssenkrupp has also made further progress in the necessary adjustments to its workforce. Of the more than 12,000 jobs that are to be reduced by fiscal year 2023/2024, thyssenkrupp has found socially acceptable solutions for around 7,800 employees. Many of them have been helped into new employment.

Oliver Burkhard, CHRO and Labor Director of thyssenkrupp AG: "Although this is the largest restructuring program in the history of thyssenkrupp, we are consistently treating our employees responsibly and with decency – and we will continue to do so. Our people and their skills are crucial to the success of thyssenkrupp. The further we progress with our transformation, the more we will be able to refocus on the issues that facilitate innovation and growth, inspire our people and attract talents from outside the company."

Development in the segments in fiscal year 2020/2021

Over the course of the year, **Materials Services** benefited from greatly increased demand and higher material prices. Order intake rose by 29 percent and sales by 24 percent. At €587 million, adjusted EBIT was also significantly above the prior-year level of €(85) million. As well as volumes and prices, the innovation and optimization measures that had been initiated – especially in the areas of digitization and automation – had a positive impact on the segment's margin.

Industrial Components increased order intake and sales by 22 and 20 percent, respectively. Bearings saw growth in the construction machinery sector in particular. However, the other market segments also rebounded from the decline in demand in the previous year. Forged Technologies experienced a significant recovery in all areas of application. At €322 million, adjusted EBIT in the Industrial Components segment was substantially higher than in the prior year (€139 million).

Automotive Technology also benefited from a market recovery. Order intake and sales both improved by 11 percent after customers were forced to shut down production for a time last year as a result of the coronavirus pandemic. Earnings improved significantly, with contributions from all business units. The development of demand was especially dynamic in the 1st half of the year. From the 3rd quarter, Automotive Technology was impacted by the growing supply bottlenecks for semiconductors as well as by increased material and logistics costs. Nevertheless, at €264 million, adjusted EBIT was significantly above the prior-year level of €(166) million.

Compared with the pandemic-weakened prior year, **Steel Europe** increased order intake and sales by a substantial 31 percent and 27 percent, respectively. Adjusted EBIT improved to €116 million from €(820) million a year earlier. Higher demand, increasing market prices and the performance measures implemented as part of the Steel Strategy 20-30 had a positive impact. By the end of the past fiscal year, socially acceptable solutions had been found for more than half of the 3,750 jobs at Steel Europe that were scheduled to be reduced by 2026. By contrast, the strong increase in raw material prices and temporary production restrictions, largely in connection with the necessary upgrade to blast furnace number one in Duisburg, had a dampening effect.

thyssenkrupp is still convinced that a stand-alone solution offers the best future prospects for Steel Europe. However, spinning off the steel business is a very complex undertaking characterized by economic challenges and a large number of uncertainties. A final decision will depend on many factors, some of them external. Among other things, it will require a regulatory framework that offers planning certainty, especially in respect of the green transformation. As well as addressing the usual carve-out issues, thyssenkrupp is currently conducting a feasibility study to explore which conditions are required to achieve a stand-alone solution for the steel business.

Marine Systems significantly increased order intake to €6.7 billion from €2.2 billion in the prior year. As well as the order with a volume of €5.5 billion for six submarines for Norway and Germany, this also included an order from the Italian navy for a submarine project. At €2 billion, sales also improved on the prior-year period (€1.8 billion). The main reasons for this were the delivery of the third F125 frigate to the German navy and the handover of four corvettes in total to the Israeli navy. At €26 million, adjusted EBIT was above the prior-year level of €20 million.

With a rise in orders of 34 percent, the **Multi Tracks** segment[2] saw very dynamic development in new business overall. Sales remained stable at the prior-year level (+2 percent). In line with their specific challenges, the individual businesses in the Multi Tracks segment performed very differently: The **stainless steel business** significantly increased both order intake and sales. **Plant Technology** also posted increases in order intake in all business areas. In particular, the first contracts were won in the key growth market of hydrogen. By contrast, the lower order intake in the prior year was reflected in lower sales. Business declined at **Heavy Plate** prior to its closure at the end of the fiscal year. Adjusted EBIT of the segment was €(298) million overall, which was roughly half the prior-year loss of €(593) million.

At **Corporate Headquarters**, adjusted EBIT further improved to €(194) million from €(221) million in the prior year.

Fiscal year 2020/2021: key performance indicators of the group overall (incl. discontinued operations)

In fiscal year 2020/2021, thyssenkrupp almost broke even with a **net loss** of €(25) million. A year earlier, the company posted net income of €9.6 billion, which included the profit from the sale of the Elevator business. Without this effect, i.e., on the basis of continuing operations, the net loss improved substantially from €(5.5) billion to €(19) million. Earnings per share were €(0.18) (prior year: €15.40) or €(0.17) on the basis of continuing operations, up from €(8.91) in the prior year.

[2] Since October 1, 2020, the Multi Tracks segment is where thyssenkrupp holds its minority interest in TK Elevator, formerly thyssenkrupp Elevator, and certain businesses in various industries for most of which it is considering other ownership structures in the short to medium term. This may be a full or partial disposal, for example, or the continuation of a business with one or more external partners.

Compared with a year earlier, **equity** increased from €10.2 billion to €10.8 billion, which was mainly due to the higher interest rate level and the resulting revaluation of pension obligations. As a result, the **equity ratio** improved slightly to more than 29 percent from 28 percent in the prior year.

In fiscal year 2020/2021, **free cash flow before M&A** of €(1.3) billion was significantly higher than the value of €(4.8) billion a year earlier and within the forecast range. Positive effects came from strong earnings improvements in the segments, while the price-related increase in net current assets especially had a negative impact. Additional effects came from the ongoing expenditures for restructuring and capital spending in future areas for thyssenkrupp that was in excess of depreciation. The group's **net financial assets** decreased accordingly to €3.6 billion (September 30, 2020: €5.1 billion). With cash and cash equivalents and undrawn committed credit lines totaling €10.5 billion, thyssenkrupp has a very good liquidity position.

As the parent-company financial statements of thyssenkrupp AG show an unappropriated loss, **no dividend proposal** for fiscal year 2020/2021 will be presented for resolution at the Annual General Meeting.

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thyssenkrupp in figures – key performance indicators at a glance

THYSSENKRUPP IN FIGURES

		Full group				Group – continuing operations[1]			
		Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change	in %	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change	in %
Order intake	million €	34,891	39,571	4,680	13	28,150	39,571	11,421	41
Net sales	million €	35,443	34,015	(1,427)	(4)	28,899	34,015	5,117	18
EBITDA	million €	14,724	1,416	(13,309)	(90)	(1,079)	1,422	2,500	++
EBIT[2]	million €	10,475	451	(10,024)	(96)	(5,255)	457	5,712	++
EBIT margin	%	29.6	1.3	(28.2)	(96)	(18.2)	1.3	19.5	++
Adjusted EBIT[1, 2]	million €	(1,039)	796	1,836	++	(1,759)	796	2,555	++
Adjusted EBIT margin	%	(2.9)	2.3	5.3	++	(6.1)	2.3	8.4	++
Income/(loss) before tax	million €	10,112	95	(10,017)	(99)	(5,593)	101	5,694	++
Net income/(loss) or earnings after tax	million €	9,592	(25)	(9,617)	--	(5,541)	(19)	5,522	100
attributable to thyssenkrupp AG's shareholders	million €	9,585	(115)	(9,699)	--	(5,547)	(109)	5,439	98
Earnings per share (EPS)	€	15.40	(0.18)	(15.58)	--	(8.91)	(0.17)	8.74	98
Operating cash flows	million €	(3,326)	92	3,418	++	(4,224)	94	4,319	++
Cash flow for investments	million €	(2,352)	(1,485)	867	37	(2,188)	(1,485)	703	32
Cash flow from divestments	million €	14,766	975	(13,791)	(93)	14,783	975	(13,808)	(93)
Free cash flow[3]	million €	9,088	(418)	(9,506)	--	8,371	(416)	(8,786)	--
Free cash flow before M&A [3]	million €	(4,835)	(1,273)	3,562	74	(5,515)	(1,273)	4,241	77
Net financial assets (Sept. 30)	million €	(5,053)	(3,586)	1,467	29				
Total equity (Sept. 30)	million €	10,174	10,845	671	7				
Gearing (Sept. 30)	%	—[4]	—[4]	—	—				
ROCE	%	59.8	3.4	(56.4)	(94)				
thyssenkrupp Value Added	million €	9,073	(622)	(9,695)	--				
Dividend per share	€	—	—	—	—				
Dividend payout	million €	—	—	—	—				
Employees (Sept. 30)		103,598	101,275	(2,323)	(2)				

[1] See preliminary remarks.
[2] See reconciliation in segment reporting (Note 24).
[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 receivables, the significance of the gearing key ratio is of no relevance.

THYSSENKRUPP IN FIGURES

		Full group				Group – continuing operations[1]			
		4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change	in %	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change	in %
Order intake	million €	8,996	14,311	5,315	59	8,369	14,311	5,942	71
Net sales	million €	7,951	9,441	1,489	19	7,258	9,441	2,182	30
EBITDA	million €	14,669	410	(14,259)	(97)	(534)	398	933	++
EBIT[2]	million €	11,540	167	(11,373)	(99)	(3,663)	156	3,819	++
EBIT margin	%	145.1	1.8	(143.4)	(99)	(50.5)	1.7	52.1	++
Adjusted EBIT[1, 2]	million €	(530)	232	763	++	(601)	232	833	++
Adjusted EBIT margin	%	(6.7)	2.5	9.1	++	(8.3)	2.5	10.7	++
Income/(loss) before tax	million €	11,429	89	(11,340)	(99)	(3,771)	78	3,849	++
Net income/(loss) or earnings after tax	million €	11,570	143	(11,427)	(99)	(3,592)	132	3,724	++
attributable to thyssenkrupp AG's shareholders	million €	11,583	116	(11,466)	(99)	(3,579)	105	3,685	++
Earnings per share (EPS)	€	18.61	0.19	(18.42)	(99)	(5.75)	0.17	5.92	++
Operating cash flows	million €	(862)	314	1,176	++	(1,053)	314	1,367	++
Cash flow for investments	million €	(1,374)	(624)	751	55	(1,334)	(624)	710	53
Cash flow from divestments	million €	14,753	2	(14,751)	(100)	14,775	2	(14,773)	(100)
Free cash flow[3]	million €	12,517	(308)	(12,825)	--	12,389	(308)	(12,697)	--
Free cash flow before M&A[3]	million €	(1,380)	(321)	1,059	77	(1,503)	(321)	1,182	79
Net financial assets (Sept. 30)	million €	(5,053)	(3,586)	1,467	29				
Total equity (Sept. 30)	million €	10,174	10,845	671	7				
Gearing (Sept. 30)	%	—[4]	—[4]	—	—				
Employees (Sept. 30)		103,598	101,275	(2,323)	(2)				

[1] See preliminary remarks.
[2] See reconciliation in segment reporting (Note 24).
[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 receivables, the significance of the gearing key ratio is of no relevance.

ORDER INTAKE

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change in %	Change on a comparable basis[1] in %	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change in %	Change on a comparable basis[1] in %
Materials Services[2]	9,886	12,710	29	31	2,285	3,519	54	54
Industrial Components	2,095	2,556	22	25	517	633	22	22
Automotive Technology[2]	4,069	4,506	11	13	1,154	1,090	(6)	(6)
Steel Europe[2]	7,097	9,283	31	31	1,965	1,951	(1)	(1)
Marine Systems	2,235	6,662	++	++	1,870	5,846	++	++
Multi Tracks[2]	4,376	5,883	34	36	997	1,610	62	61
Corporate Headquarters[2]	4	5	25	26	1	1	(23)	(22)
Reconciliation[2]	(1,611)	(2,035)	(26)	—	(419)	(338)	19	—
Group continuing operations[2]	**28,150**	**39,571**	**41**	**42**	**8,369**	**14,311**	**71**	**71**
Discontinued elevator operations[2]	6,741	0	--	--	627	0	--	--
Full group	**34,891**	**39,571**	**13**	**34**	**8,996**	**14,311**	**59**	**66**

[1] Excluding material currency and portfolio effects.
[2] See preliminary remarks.

NET SALES

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change in %	Change on a comparable basis[1] in %	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change in %	Change on a comparable basis[1] in %
Materials Services[2]	9,895	12,315	24	27	2,296	3,770	64	64
Industrial Components	2,099	2,512	20	23	530	635	20	19
Automotive Technology[2]	4,090	4,522	11	13	1,088	1,063	(2)	(3)
Steel Europe[2]	7,023	8,932	27	28	1,760	2,361	34	34
Marine Systems	1,760	2,022	15	15	564	572	1	1
Multi Tracks[2]	5,522	5,651	2	4	1,357	1,608	18	18
Corporate Headquarters[2]	9	13	42	42	7	2	(76)	(76)
Reconciliation[2]	(1,500)	(1,953)	(30)	—	(344)	(571)	(66)	—
Group continuing operations[2]	**28,899**	**34,015**	**18**	**19**	**7,258**	**9,441**	**30**	**30**
Discontinued elevator operations[2]	6,544	0	--	--	693	0	--	--
Full group	**35,443**	**34,015**	**(4)**	**16**	**7,951**	**9,441**	**19**	**27**

[1] Excluding material currency and portfolio effects.
[2] See preliminary remarks.

ADJUSTED EBIT

million €	Year ended Sept. 30, 2020	Year ended Sept. 30, 2021	Change in %	4th quarter ended Sept. 30, 2020	4th quarter ended Sept. 30, 2021	Change in %
Materials Services[1]	(85)	587	++	(51)	225	++
Industrial Components	139	322	++	17	56	++
Automotive Technology[1]	(166)	264	++	(112)	30	++
Steel Europe[1]	(820)	116	++	(203)	29	++
Marine Systems	20	26	27	12	27	++
Multi Tracks[1]	(593)	(298)	50	(211)	(63)	70
Corporate Headquarters[1]	(221)	(194)	13	(46)	(47)	(3)
Reconciliation[1]	(34)	(26)	23	(7)	(23)	--
Group continuing operations[1]	**(1,759)**	**796**	**++**	**(601)**	**232**	**++**
Discontinued elevator operations[1]	720	0	--	70	0	--
Full group	**(1,039)**	**796**	**++**	**(530)**	**232**	**++**

[1] See preliminary remarks.