Press release

thyssenkrupp continues positive trend in 3rd quarter – transformation into high-performing group of companies progressing as planned

- Order intake, sales and adjusted EBIT significantly higher year on year
- Performance measures taking effect: almost all segments with substantial increases
- Significant improvement in free cash flow before M&A; net income achieved in 3rd quarter
- Earnings forecast for current fiscal year confirmed: adjusted EBIT expected in mid three-digit million euro range; more detailed forecast for free cash flow before M&A
- Martina Merz: “We are on track with our transformation of thyssenkrupp. The environment remains very challenging but we are delivering on those aspects that are in our control.”

In the 3rd quarter of the current 2020/2021 fiscal year, thyssenkrupp continued its good performance of previous quarters and achieved a significant improvement on both the previous quarter and the prior-year figures, which were severely impacted by the coronavirus pandemic. The group of companies recorded a 3rd-quarter order intake[1] of €8.8 billion – almost double the figure for the prior-year period (€4.8 billion). Between April and June, sales increased by 51 percent to €8.7 billion. Adjusted EBIT amounted to €266 million, up significantly from the prior-year figure of €(693) million and also from the prior quarter (€220 million). Almost all segments contributed to this positive performance with their earnings improvements. In particular, Materials Services posted record earnings. For the full year 2020/2021 thyssenkrupp has confirmed the earnings forecast raised recently with the half-year figures.

“We are on track with our transformation of thyssenkrupp. The environment remains very challenging but we are delivering on those aspects that are in our control. The figures show that our numerous restructurings and performance measures are taking effect. With the sale of our mining business and the Infrastructure business unit, we have also achieved major milestones in focusing our portfolio,” says Martina Merz, CEO of thyssenkrupp AG. “This will quickly have a positive effect. Nevertheless, our ‘Performance first’ principle remains our top priority. In other words, we’re on the right course and we’re progressing well. But we’re doing even more and not letting up.”

At the end of July, thyssenkrupp announced the sale of the Mining Technologies business unit to Danish company FLSmidth. In October 2020, the mining business was assigned to the Multi Tracks segment in order to find a new owner. With the sale, thyssenkrupp has successfully divested the first major portfolio company in this segment. In addition, just last week the company announced the sale of the Infrastructure business unit from the Multi Tracks segment to FMC Beteiligungs KG. thyssenkrupp is already in the second phase of due diligence and in constructive negotiations with

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

several potential buyers for the AST stainless steel plant in Terni, Italy and associated sales organization.

Performance of the segments in the 3rd quarter 2020/2021

At **Materials Services**, the continuing strong rise in material prices and the tangible recovery in warehousing and distribution resulted in a substantial increase in order intake (+€1.6 billion) and sales (+€1.4 billion) to €3.6 billion and €3.3 billion, respectively. Adjusted EBIT also reached a new record of €232 million, a significant increase on the prior year (€(75) million). This is attributable, on the one hand, to the increased prices for finished and stainless steel caused by the materials shortage and, on the other hand, to the effects of the consistent transformation based on innovations and optimizations. For example, the ongoing network consolidation resulted in a 5 percent year-on-year reduction in the workforce and a significant increase of 38 percent in productivity (warehouse sales per employee). As a further element of the site network optimization, Materials Services opened a new logistics center in Rotenburg, which will further increase the company's efficiency thanks to its high degree of automation and digitization.

Industrial Components increased both order intake and sales by 40 percent. At Bearings, growth was recorded for industrial applications in particular. After the pandemic-related global market collapse in the prior year the forgings business saw a significant recovery in all regions – both for car and truck components and for undercarriages for construction machinery. At €68 million, adjusted EBIT was significantly higher than a year earlier (€27 million). The forgings business in particular contributed to this thanks to strong market growth and savings achieved by the early introduction of cost reduction and restructuring measures. As a result of increased material costs and unfavorable selling prices, earnings in the Bearings business were slightly lower but overall remained at a high level.

At **Automotive Technology**, order intake and sales in the 3rd quarter increased by 53 and 50 percent, respectively, compared with the weak prior year, which had been impacted by customers' temporary pandemic-related production stoppages. With continued buoyant demand growth in China, the increases resulted mainly from the automotive original equipment business. Customers' growth was curbed by bottlenecks in the supply of semiconductors and various primary materials, accompanied by cost increases for materials and logistics. This also impacted adjusted EBIT which, at €51 million, was nevertheless significantly higher than a year earlier (€(91) million). All business units contributed to the growth in earnings by implementing operational improvements, especially with higher sales volumes, overall better capacity utilization, a more profitable order structure and successful restructuring in areas such as Automotive Body Solutions (formerly part of System Engineering).
The shortage of semiconductors is likely to continue in the 4th quarter of the current fiscal year as well and further impact the automotive supply business, before the supply situation gradually normalizes in the next fiscal year.

Steel Europe also increased order intake and sales compared with the pandemic-impacted prior year. Order intake increased by €1.6 billion to €2.5 billion and sales grew by €1 billion to €2.4 billion. With significantly higher selling prices, business grew strongly, especially in the automotive and component supply industries. However, orders from industrial customers and steel service centers also rose significantly. Despite the strong increase in raw material costs and temporary production restrictions, adjusted EBIT improved substantially to €19 million (prior year: €(309) million). This was reinforced by positive effects resulting from higher capacity utilization, initial successes in the ongoing restructuring program and the performance measures initiated in connection with implementing Steel Strategy 20-30.

“At Steel too, the significant improvement in the 3rd quarter shows that we are making progress,” says Klaus Keysberg, CFO of thyssenkrupp AG and the Executive Board member responsible for the Steel Europe segment. “This is a good thing, but our long-term contract structures mean there is a delay in increased raw material and steel prices feeding through to our revenues and earnings. In addition, there were temporary production restrictions, largely due to the relining of blast furnace 1 initiated in Duisburg in the 3rd quarter.” Keysberg: “The positive effect on earnings will come. We’ll just see it later than our competitors.”

Marine Systems improved its order intake to €153 million (prior year: €123 million). At €396 million, sales were also higher than in the prior-year period (€386 million). The main reason for this was the delivery of the second and third corvettes to the Israeli Navy. At €(9) million, adjusted EBIT was lower than in the prior year (€4 million) due to the postponement of submarine deliveries to the next quarter. Measures to strengthen existing orders and improve margins in new business are progressing as planned. Moreover, in July, the business officially received orders with a volume of around €5.5 billion for the construction of six submarines for Norway and Germany.

Reflecting their very different and specific challenges, the businesses combined in the **Multi Tracks** segment[2] also displayed heterogeneous performances in the 3rd quarter. The stainless steel business greatly profited from the growing pace of market growth and increased its order intake and sales significantly. Springs & Stabilizers also saw increased demand and corresponding growth in sales. In the plant engineering business, sales were still impacted by the lower order intake of prior periods and by a concentration on fewer but more attractive market segments. A further industrial-scale reference project for hydrogen was awarded in the USA. The business is also receiving a growing number of requests for proposal. At Heavy Plate, business declined ahead of the closure planned for September 30, 2021. The Automation Engineering business (formerly part of System Engineering) recorded a steady performance. Overall, the Multi Tracks segment increased order intake by €700 million to €1.5 billion and sales by 16 percent to €1.4 billion. Adjusted EBIT came to a total of €(45) million and was thus significantly improved from the prior year and also from the prior quarter (prior year: €(189) million; prior quarter: €(80) million). Contributions to this came especially from the performance and restructuring measures initiated in the individual businesses, as well as from the improvement in earnings for stainless steel. In plant engineering, in particular, earnings increased thanks to improved project execution at Mining and

[2] Since October 1, 2020, thyssenkrupp has combined in the Multi Tracks segment the minority investment in TK Elevator, the former thyssenkrupp Elevator, and certain businesses from various industries for the majority of which other ownership structures are being considered in the short to medium term. This could involve, for example, the complete or partial sale or also the continuation of the business together with one or more external partners.

Cement as well as lower administrative and selling expenses. In the first 9 months of the 2020/2021 fiscal year, around 700 restructuring and cost reduction measures in almost all units made it possible to significantly reduce the loss. The resulting effect on earnings was around €130 million, nearly €50 million of which in the 3rd quarter. In Germany, the main areas of restructuring in the current fiscal year are the plant engineering business, Automation Engineering and Springs & Stabilizers.

General and administrative expenses were further reduced as planned in the 3rd quarter. The adjusted EBIT of **Corporate Headquarters** came to €(44) million (prior year: €(52) million; prior quarter: €(49) million).

3rd quarter 2020/2021: Key figures for the full group (incl. discontinued operations)

In the 3rd quarter 2020/2021, thyssenkrupp posted net income of €145 million – an increase of €813 million on the prior-year period. This included positive effects of €75 million from the reversal of provisions for restructuring at Steel Europe and Multi Tracks (changes in the structure of measures at Heavy Plate and Springs & Stabilizers) which had been recognized but were then not needed on that scale. After deducting minority interest, net income in the 3rd quarter was €125 million (prior year: €(678) million); earnings per share came to €0.20 (prior year: €(1.09)).

In the 3rd quarter, **free cash flow before M&A** of €(235) million was still in the negative range as expected but had improved significantly compared with both the prior year (€(770) million) and the prior quarter (€(750) million). The earnings improvement in particular contributed to the positive development compared with the prior quarter. As a result, the group's net financial assets decreased slightly to €4 billion (March 31, 2021: €4.2 billion). With cash and cash equivalents and undrawn committed credit lines totaling €10.9 billion, thyssenkrupp continues to have a very good liquidity position.

Total equity improved from €10.4 billion on March 31, 2021 to €10.8 billion, reflecting in particular the net income for the reporting period.

Forecast for fiscal year 2020/2021 confirmed

For the last quarter of the current fiscal year, thyssenkrupp continues to expect a sustained economic recovery and a structural improvement in its businesses. Overall, it is confirming the earnings forecast for 2020/2021 that was raised in the two prior quarters:

Sales are expected to grow in the low two-digit percentage range but will remain below the pre-pandemic level (prior year: €28.9 billion).

thyssenkrupp expects **adjusted EBIT** to increase significantly toward a positive result in the mid three-digit million euro range (prior year: pro forma[3] €(1.8) billion).

[3] 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 has detailed its cash flow expectation for the current fiscal year: **Free cash flow before M & A** will improve significantly towards €(1) billion and lie in a range from €(1.2) billion to €(1.5) billion (prior year: €(5.5) billion). This will depend to a large degree on the increase in net working capital. This increase will take place in the course of sales growth and will depend strongly on raw material prices, which have risen sharply as a result of the economic recovery in all regions of the world and are currently highly volatile. Especially in the second half of the fiscal year, a slowdown in orders for components from our customers in the automotive industry due to the supply situation with semiconductors will temporarily increase net working capital. In addition to the strong year-on-year improvement in earnings, other factors include cash-out for restructurings in the low to mid 3-digit million euro range, the level of capital expenditure exceeding depreciation, and cash inflows from order intake and the payment profile of projects (mainly Multi Tracks, Marine Systems).

Despite the clear improvements, thyssenkrupp expects a **net loss** of up to a mid three-digit million euro amount (prior year €(5.5) billion). This includes restructuring expenses in the mid three-digit million euro range.

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thyssenkrupp in figures – overview of key performance indicators

		Full group				Group – continuing operations[1]			
		9 months ended June 30, 2020	9 months ended June 30, 2021	Change	in %	9 months ended June 30, 2020	9 months ended June 30, 2021	Change	in %
Order intake	million €	25,895	25,260	(635)	(2)	19,781	25,260	5,479	28
Net sales	million €	27,492	24,575	(2,917)	(11)	21,640	24,575	2,934	14
EBITDA[2]	million €	55	1,006	951	++	(544)	1,023	1,567	++
EBIT[3]	million €	(1,066)	284	1,349	++	(1,592)	301	1,893	++
EBIT margin	%	(3.9)	1.2	5.0	++	(7.4)	1.2	8.6	++
Adjusted EBIT[1, 3]	million €	(509)	564	1,073	++	(1,158)	564	1,722	++
Adjusted EBIT margin	%	(1.9)	2.3	4.1	++	(5.4)	2.3	7.6	++
Income/(loss) before tax	million €	(1,317)	5	1,322	++	(1,822)	23	1,845	++
Net income/(loss) or earnings after tax	million €	(1,978)	(168)	1,810	92	(1,949)	(151)	1,798	92
attributable to thyssenkrupp AG's shareholders	million €	(1,998)	(231)	1,767	88	(1,968)	(214)	1,754	89
Earnings per share (EPS)	€	(3.21)	(0.37)	2.84	88	(3.16)	(0.34)	2.82	89
Operating cash flows	million €	(2,464)	(222)	2,242	91	(3,171)	(219)	2,952	93
Cash flow for investments	million €	(978)	(861)	117	12	(854)	(861)	(7)	(1)
Cash flow from divestments	million €	13	973	960	++	8	973	965	++
Free cash flow[4]	million €	(3,429)	(110)	3,319	97	(4,018)	(107)	3,910	97
Free cash flow before M & A[4]	million €	(3,455)	(953)	2,503	72	(4,012)	(953)	3,059	76
Net financial debt (assets) (June 30)	million €	8,461	(3,986)	(12,447)	--				
Total equity (June 30)	million €	(9)	10,756	10,765	++				
Gearing (June 30)	%	—[5]	—[6]	—	—				
Employees (June 30)		155,446	101,592	(53,854)	(35)				

[1] See preliminary remarks.
[2] Compared to 1st half ended March 31, 2021 and related to the Elevator reinvestment the key figure calculation was adjusted.
[3] See reconciliation in segment reporting (Note 09).
[4] See reconciliation in the analysis of the statement of cash flows.
[5] Due to the reported negative total equity (June 30, 2020), the calculation of a meaningful gearing key ratio is not possible.
[6] Due to the strongly positive total equity and the reported net financial receivables, the significance of the gearing key ratio is of no relevance.

		Full group				Group – continuing operations[1]			
		3rd quarter ended June 30, 2020	3rd quarter ended June 30, 2021	Change	in %	3rd quarter ended June 30, 2020	3rd quarter ended June 30, 2021	Change	in %
Order intake	million €	6,693	8,770	2,077	31	4,793	8,770	3,977	83
Net sales	million €	7,710	8,676	966	13	5,765	8,676	2,912	51
EBITDA[2]	million €	(176)	584	760	++	(417)	585	1,002	++
EBIT[3]	million €	(488)	332	821	++	(729)	334	1,063	++
EBIT margin	%	(6.3)	3.8	10.2	++	(12.7)	3.8	16.5	++
Adjusted EBIT[1], [3]	million €	(445)	266	711	++	(693)	266	959	++
Adjusted EBIT margin	%	(5.8)	3.1	8.8	++	(12.0)	3.1	15.1	++
Income/(loss) before tax	million €	(574)	223	797	++	(810)	224	1,034	++
Net income/(loss) or earnings after tax	million €	(668)	145	813	++	(819)	146	965	++
attributable to thyssenkrupp AG's shareholders	million €	(678)	125	803	++	(828)	126	954	++
Earnings per share (EPS)	€	(1.09)	0.20	1.29	++	(1.33)	0.20	1.53	++
Operating cash flows	million €	(484)	(10)	474	98	(1,004)	(10)	994	99
Cash flow for investments	million €	(292)	(259)	34	12	(241)	(259)	(17)	(7)
Cash flow from divestments	million €	16	65	49	++	16	65	49	++
Free cash flow[4]	million €	(760)	(204)	556	73	(1,229)	(204)	1,025	83
Free cash flow before M & A[4]	million €	(770)	(235)	536	70	(1,238)	(235)	1,003	81
Net financial debt (assets) (June 30)	million €	8,461	(3,986)	(12,447)	--				
Total equity (June 30)	million €	(9)	10,756	10,765	++				
Gearing (June 30)	%	—[5]	—[6]	—	—				
Employees (June 30)		155,446	101,592	(53,854)	(35)				

[1] See preliminary remarks.
[2] Compared to 1st half ended March 31, 2021 and related to the Elevator reinvestment the key figure calculation was adjusted.
[3] See reconciliation in segment reporting (Note 09).
[4] See reconciliation in the analysis of the statement of cash flows.
[5] Due to the reported negative total equity (June 30, 2020), the calculation of a meaningful gearing key ratio is not possible.
[6] 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[1] million €		Adjusted EBIT [1), 2)] million €		Employees	
	9 months ended June 30, 2020	9 months ended June 30, 2021	9 months ended June 30, 2020	9 months ended June 30, 2021	9 months ended June 30, 2020	9 months ended June 30, 2021	9 months ended June 30, 2020	9 months ended June 30, 2021	June 30, 2020	June 30, 2021
Materials Services[2]	7,601	9,191	7,599	8,545	(47)	411	(34)	363	16,216	15,454
Industrial Components	1,578	1,924	1,568	1,877	71	247	122	266	12,517	12,937
Automotive Technology[2]	2,916	3,416	3,003	3,459	(160)	245	(54)	234	19,431	19,764
Steel Europe[2]	5,132	7,333	5,263	6,572	(755)	(84)	(617)	87	26,755	26,015
Marine Systems	365	817	1,197	1,450	3	(1)	8	(2)	6,194	6,472
Multi Tracks[2]	3,379	4,273	4,165	4,043	(471)	(355)	(382)	(236)	20,168	18,652
Corporate Headquarters[2]	3	4	3	12	(202)	(162)	(176)	(146)	837	637
Reconciliation[2]	(1,192)	(1,696)	(1,156)	(1,383)	(31)	(1)	(27)	(3)	2,238	1,661
Group continuing operations[2]	**19,781**	**25,260**	**21,640**	**24,575**	**(1,592)**	**301**	**(1,158)**	**564**	**104,356**	**101,592**
Discontinued elevator operations[2]	6,114	0	5,851	0	526	(17)	649	0	51,090	0
Full group	**25,895**	**25,260**	**27,492**	**24,575**	**(1,066)**	**284**	**(509)**	**564**	**155,446**	**101,592**

[1] See reconciliation in segment reporting (Note 09).
[2] See preliminary remarks.

	Order intake million €		Net sales million €		EBIT[1] million €		Adjusted EBIT[1] million €	
	3rd quarter ended June 30, 2020	3rd quarter ended June 30, 2021	3rd quarter ended June 30, 2020	3rd quarter ended June 30, 2021	3rd quarter ended June 30, 2020	3rd quarter ended June 30, 2021	3rd quarter ended June 30, 2020	3rd quarter ended June 30, 2021
Materials Services[2]	2,005	3,612	1,936	3,289	(80)	268	(75)	232
Industrial Components	432	606	452	630	23	59	27	68
Automotive Technology[2]	703	1,076	720	1,077	(87)	55	(91)	51
Steel Europe[2]	913	2,488	1,388	2,416	(317)	55	(309)	19
Marine Systems	123	153	386	396	3	(9)	4	(9)
Multi Tracks[2]	782	1,488	1,228	1,421	(217)	(38)	(189)	(45)
Corporate Headquarters[2]	2	2	1	2	(46)	(52)	(52)	(44)
Reconciliation[2]	(167)	(655)	(345)	(555)	(8)	(3)	(7)	(6)
Group continuing operations[2]	**4,793**	**8,770**	**5,765**	**8,676**	**(729)**	**334**	**(693)**	**266**
Discontinued elevator operations[2]	1,900	0	1,946	0	241	(2)	249	0
Full group	**6,693**	**8,770**	**7,710**	**8,676**	**(488)**	**332**	**(445)**	**266**

[1] See reconciliation in segment reporting (Note 09).
[2] See preliminary remarks.