2013_2014

ANNUAL REPORT
THYSSENKRUPP AG

Developing the future.

ThyssenKrupp

ThyssenKrupp in figures

The Group in figures [1]

		Group total				Continuing operations			
		2012/2013	2013/2014	Change	Change in %	2012/2013	2013/2014	Change	Change in %
Order intake	million €	39,774	41,416	1,642	4	38,636	41,416	2,780	7
Net sales total	million €	39,782	41,304	1,522	4	38,559	41,304	2,745	7
EBITDA	million €	1,212	2,274	1,062	88	1,154	2,088	934	81
EBIT	million €	(552)	1,151	1,703	++	(608)	965	1,573	++
EBIT margin	%	(1.4)	2.8	4.2	—	(1.6)	2.3	3.9	—
Adjusted EBIT	million €	517	1,333	816	158	586	1,333	747	127
Adjusted EBIT margin	%	1.3	3.2	1.9	—	1.5	3.2	1.7	—
EBT	million €	(1,648)	428	2,076	++	(1,706)	242	1,948	++
Net income/(loss) / Income/(loss) (net of tax)	million €	(1,576)	195	1,771	++	(1,629)	9	1,638	++
attributable to ThyssenKrupp AG's shareholders	million €	(1,436)	210	1,646	++	(1,490)	24	1,514	++
Basic earnings per share	€	(2.79)	0.38	3.17	++	(2.90)	0.04	2.94	++
Operating cash flow	million €	786	887	101	13	981	887	(94)	(10)
Cash flow for investments	million €	(1,411)	(1,141)	270	19	(1,313)	(1,141)	172	13
Free cash flow before divestments	million €	(625)	(254)	371	59	(332)	(254)	78	23
Cash flow from divestments	million €	1,221	1,053	(168)	(14)	1,221	1,053	(168)	(14)
Free cash flow	million €	596	799	203	34	889	799	(90)	(10)
Employees (September 30)		156,856	160,745	3,889	2	156,856	160,745	3,889	2
Germany		58,164	59,783	1,619	3	58,164	59,783	1,619	3
Abroad		98,692	100,962	2,270	2	98,692	100,962	2,270	2
Dividend per share	€	—	0.11 [2]	—	—				
Dividend payout	million €	—	62 [2]	—	—				
ROCE	%	(3.8)	9.0	12.8	—				
ThyssenKrupp Value Added	million €	(1,865)	5	1,870	++				
Net financial debt (September 30)	million €	5,038	3,488	(1,550)	(31)				
Total equity (September 30)	million €	2,512	3,199	687	27				
Gearing	%	200.6	109.0	(91.6)	—				

[1] The prior-year figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (cf. Notes 01 and 03).
[2] Proposal to the Annual General Meeting

Following the disposal of the discontinued operation Stainless Global at the end of the 1st quarter 2012/2013 as a result of the combination with the Finnish company Outokumpu, income and expenses were recorded which are directly related to this and represent the discontinued operations. The 29.9% financial interest in Outokumpu obtained as part of the transaction was accounted for by the equity method until the announcement of its sale on November 29, 2013 and its equity method income was not included in EBIT due to its non-operating nature; the sale was closed on February 28, 2014.

Contents

Our fiscal year begins on October 01 and ends on September 30 of the following year.

This annual report was published on November 20, 2014.

Letter to shareholders

DR. HEINRICH HIESINGER
Chairman of the Executive Board

Dear Shareholders,
Ladies and Gentlemen,

The past fiscal year was a very important one for ThyssenKrupp. It represents a milestone in our transformation into an integrated and diversified industrial group on our Strategic Way Forward. We further stabilized your Company by systematically improving our risk profile. At the same time the 2013/2014 fiscal year marks a turning point in our earnings situation. We made further progress in terms of operating performance: Thanks to our growth businesses, but above all as a result of our cost and efficiency measures, we met or exceeded all our targets for the reporting year. For the first time in three years we can once again report a net profit. Against this background, the Executive Board and Supervisory Board propose a return to a dividend payment as a signal to you, our owners.

Does this mean the turnaround is complete? No, for that we need to generate not only a net profit for the year but also stable free cash flow before divestments. That's why we will not let up in our efforts to turn ThyssenKrupp back into a profitably growing company that sustainably satisfies the interests of all stakeholders. The momentum and successes of the past fiscal year show that we are on the right track. This was also recognized by the capital market: In fiscal 2013/2014 ThyssenKrupp's stock outperformed the DAX and DJ STOXX indexes. Although the increasing economic concerns from fall 2014 have left their mark, ThyssenKrupp remains one of the best-performing DAX stocks in calendar 2014 to date.

We have already achieved a lot

- We have increased adjusted EBIT from continuing operations to €1,333 million, more than double the prior-year figure.

- With consolidated net income for the year of €195 million we have returned to the black for the first time in three years; an amount of €210 million is attributable to ThyssenKrupp AG's shareholders.

- Under our efficiency program "impact 2015" we have already achieved savings of €1.6 billion in the last two fiscal years. As a result, we have raised our overall target for September 2015 from €2.3 billion to around €2.5 billion.

- At the end of the fiscal year we had reduced our net financial debt by more than €1.5 billion to €3.5 billion.

Risk profile improved

Three things contributed to improving our risk profile: First the sale of the ThyssenKrupp Steel USA rolling and coating plant in Alabama and the conclusion of a valuable slab supply contract for our ThyssenKrupp CSA steel mill in Brazil. Second the severing of all financial links with Outokumpu. And third we settled a long-standing legal dispute with Deutsche Bahn in connection with the rail cartel. In achieving these milestones, we not only significantly reduced our risks, we also created the conditions for the necessary refinancing and stabilization of our finances.

Solid financing for the years ahead

In December 2013, we first successfully placed an €882 million capital increase, subscribed by mainly long-term investors. We would once again like to thank our shareholders for their trust. In February 2014 we then issued a €1.25 billion bond with a term of five years and eight months. In March 2014 we also concluded a new €2.0 billion syndicated credit facility with our financial partners. Your Company achieved attractive interest rates for both the bond and the credit facility. We see this as further evidence of the trust of the capital market. We are therefore solidly financed for the years ahead.

Improvements in operating business

Our operating business improved across all indicators. The Group achieved sales of €41.3 billion, up 7 percent on a comparable basis. Adjusted EBIT from continuing operations increased to €1,333 million, more than double the year-earlier figure. Each individual quarter of the past fiscal year showed a clear improvement on the corresponding prior-year quarter and also on the outlook for the fiscal year. As expected, free cash flow from continuing operations before divestments was still slightly negative at €(254) million.

Stabilization of balance sheet

We also made important progress on stabilizing our balance sheet. At the end of the fiscal year, our net financial debt stood at €3.5 billion, €1.6 billion lower than a year earlier. Compared with the peak of €6.5 billion in fiscal 2011/2012, we have therefore already reduced our debt by more than 40 percent. In the reporting year there were three key contributory factors to this: the cash inflows from the conclusion of the Outokumpu transaction and the sale of ThyssenKrupp Steel USA, and the capital increase in December 2013.

Equity strengthened

We also significantly strengthened our equity from €2.5 billion at the end of September 2013 to €3.2 billion at the end of the reporting year. As a result, our gearing – the ratio of net financial debt to equity – improved clearly by 91.6 percentage points to 109 percent.

Combined measures taking effect

As you can see, the extensive measures under the Group's Strategic Way Forward are taking hold. The initiatives in our efficiency and cost program impact are having an effect in all areas of the Group. Having once again exceeded our efficiency targets this year, we now aim to achieve total savings of around €2.5 billion by September 2015; that is roughly 8 percent or €200 million more than announced at the start of the fiscal year.

But despite all our efforts to achieve savings, we remain firmly focused on securing the future. For example, in recent years we have consistently increased our research and development spending by an average 10 percent and raised it to an appropriate long-term level for the Group, also based on peer comparisons. In the past three years we have also invested more than €4 billion in expanding existing production facilities or building new ones. This Annual Report provides numerous examples of investments in new factories, for example by Components Technology in the Chinese growth market, and in innovations, for which we utilized the combined strengths and technological capabilities of our business areas.

Culture change shaping working environment

The best programs will only be successful if the people who implement them go about their work with commitment and conviction. ThyssenKrupp's good performance in the past fiscal year is thanks first and foremost to its employees. Alongside their day-to-day business and the various internal programs, our team also made clear progress in implementing the new matrix organization. This process is still ongoing, and our team play is improving all the time. I would like to take this opportunity to thank all our employees sincerely. We can be proud of what we have already achieved together in the transformation of our Company. The new corporate culture based on openness, honesty, transparency, integrity and mutual respect has really taken hold. More and more, the feeling that "WE are ThyssenKrupp" is shaping the way we interact. I am convinced that this was also one of the keys to our business success in fiscal 2013/2014 and will continue to play an important part in our future progress.

Dividend payment – first time for three years

Against the background of our first net profit for three years and our expectation of further improvements going forward, together with the Supervisory Board we have decided to propose the payment of a dividend of €0.11 per share to the Annual General Meeting in January 2015. We are aware that this proposal is no more than a signal. We link the positioning of ThyssenKrupp as a diversified industrial group with the aim of significantly stabilizing and increasing our earnings, cash flow and value added and enabling our shareholders to participate in this appropriately.

We are convinced that we have now created the platform for successful business performance and profitability. But to finance the expansion of our growth businesses, meet our financial obligations with regard to pensions, interest and taxes, and at the same time be able to pay an appropriate dividend, we require EBIT of at least €2 billion. To accomplish this, we have set individual performance targets for each area of the Group which will be implemented systematically. With our matrix organization of businesses, regions and corporate functions we will continue to grow profitably. For us, an integrated, diversified industrial group is characterized by the fact that the sum of its parts generates more value than the individual business units could ever do alone.

Outlook for the current fiscal year

We now come to the outlook for the 2014/2015 fiscal year. Despite increasing uncertainties about the economic climate and limited visibility in the materials businesses, we have confidence in ThyssenKrupp's performance. We are concentrating on the things we can influence ourselves and are convinced that the efficiency measures under the impact program will continue to have a major effect. Against this background, we currently expect

- the Group's sales to grow year-on-year on a comparable basis by a single-digit percentage rate,
- additional savings of €850 million through impact 2015,
- clearly positive EBIT contributions from all business areas with the exception of Steel Americas,
- at least a significant improvement at Steel Americas towards break-even EBIT,
- adjusted EBIT for the Group of at least €1.5 billion,
- clearly positive net income and a further strengthening of equity
- and clear progress with at least break-even free cash flow before divestments.

Of course, we are only midway on the road to becoming an efficient and successful diversified industrial group. The full transformation will take some time. But in the past fiscal year we showed clearly and measurably that we are moving forward step by step. ThyssenKrupp is on the right track – that's something of which my Executive Board colleagues and I are firmly convinced. And we hope we will also be able to convince you, our shareholders!

Yours,

Heinrich Hiesinger

Dr. Heinrich Hiesinger
Chairman of the Executive Board

Essen, November 2014

To our shareholders

Executive Board

DR. HEINRICH HIESINGER, OLIVER BURKHARD, DR. DONATUS KAUFMANN, GUIDO KERKHOFF

Dr. Heinrich Hiesinger

Chairman (CEO), born 1960, member of the Executive Board since October 01, 2010, CEO since January 21, 2011, appointed until September 30, 2020, responsible for the Corporate Functions Communications, Internal Auditing, Strategy/Markets & Development and Technology/Innovation & Sustainability. Responsible for the regions Asia-Pacific and China. The CEOs of the business areas report directly to the CEO of ThyssenKrupp AG.

Oliver Burkhard

born 1972, member of the Executive Board since February 01, 2013, CHRO since April 01, 2013, appointed until January 31, 2016, responsible for the Corporate Functions Human Resources Strategy, People Development & Executive Management, plus Regional Services Germany and Corporate Services. Responsible for the regions Germany/Austria/Switzerland/Liechtenstein, Middle East & Africa, and India. The CHROs of the business areas report directly to the CHRO of ThyssenKrupp AG.

Dr. Donatus Kaufmann

born 1962, member of the Executive Board since February 01, 2014, appointed until January 31, 2017, responsible for the Corporate Functions Compliance and Legal. Responsible for the regions North America (NAFTA) and Western Europe. The business area board members responsible for Compliance and Legal report directly to the Executive Board member of ThyssenKrupp AG responsible for Compliance and Legal.

Guido Kerkhoff

born 1967, member of the Executive Board since April 01, 2011, appointed until March 31, 2016, responsible for the Corporate Functions Controlling/Accounting & Risk, Corporate Finance, Investor Relations, Information Technology Management, Mergers & Acquisitions, Procurement & Supply Management, Taxes & Customs plus Global Shared Services. Responsible for the regions Central/Eastern Europe, Community of Independent States, and Central/South America. The CFOs of the business areas report directly to the CFO of ThyssenKrupp AG.

Supervisory Board

Supervisory Board Members

Prof. Dr. Ulrich Lehner, Düsseldorf
Chairman
Member of the Shareholders' Committee of
Henkel AG & Co. KGaA

Bertin Eichler, Frankfurt/Main
(until January 17, 2014)
Vice Chairman
Former chief cashier and member of the
Executive Committee of the IG Metall trade union

Dr. Sabine Maaßen, Dinslaken
Vice Chairwoman (since January 17, 2014)
Legal counsel to IG Metall

Martin Dreher, Heilbronn
Retail clerk, Chairman of the Works Council of
ThyssenKrupp System Engineering GmbH (Heilbronn),
Chairman of the Works Council Union
ThyssenKrupp Industrial Solutions

Markus Grolms, Frankfurt/Main
IG Metall trade union secretary

Susanne Herberger, Dresden
Engineer (FH) – information technology, Vice Chairwoman
of the Group Works Council, Chairwoman of the
Works Council Union ThyssenKrupp Elevator Technology

Prof. Dr. Hans-Peter Keitel, Essen
Vice President of the Federation of German Industries
(Bundesverband der Deutschen Industrie e.V.)

Ernst-August Kiel, Blumenthal
Fitter, Chairman of the Works Council of ThyssenKrupp Marine
Systems GmbH (Kiel), Chairman of the General Works Council of
ThyssenKrupp Marine Systems, Vice Chairman of the Works
Council Union ThyssenKrupp Industrial Solutions

Dr. Norbert Kluge, Ratingen
(since January 17, 2014)
Diplom-Sozialwirt, Head of Codetermination Support,
Hans Böckler Foundation

Dr. Ralf Nentwig, Essen
Member of the Executive Committee of the Alfried Krupp von
Bohlen und Halbach Foundation

René Obermann, Bonn
(since November 01, 2013)
Chief Executive Officer of Ziggo N.V. (until November 12, 2014)

Prof. Dr. Bernhard Pellens, Bochum
Professor of Business Studies and International
Accounting, Ruhr University Bochum

Klaus Preußler, Essen
(since January 17, 2014)
Industrial clerk, Head of Accounting Department at
ThyssenKrupp Materials International GmbH (Essen)

Peter Remmler, Wolfsburg
Wholesale and export trader, Chairman of the Works Council of
ThyssenKrupp Schulte GmbH (Braunschweig), Chairman
of the Works Council Union ThyssenKrupp Materials Services

Carola Gräfin v. Schmettow, Düsseldorf
Member of the Management Board of
HSBC Trinkaus & Burkhardt AG

Wilhelm Segerath, Duisburg
Automotive bodymaker, Chairman of the Group Works Council
of ThyssenKrupp AG

Carsten Spohr, Munich
Chairman of the Management Board of Deutsche Lufthansa AG

Dr. Lothar Steinebach, Leverkusen
Former member of the Management Board
of Henkel AG & Co. KGaA

Christian Streiff, Paris
Vice President of SAFRAN S.A.

Jürgen R. Thumann, Düsseldorf
Chairman of the Advisory Board of Heitkamp & Thumann Group

Fritz Weber, Schöndorf
Machine setter,Chairman of the General Works Council of ThyssenKrupp Bilstein GmbH, Chairman of the Works Council Union ThyssenKrupp Components Technology

Prof. Dr. Beatrice Weder di Mauro, Frankfurt/Main
(until October 31, 2013)
Professor of Economics, Economic Policy & International Macroeconomics, Johannes Gutenberg University of Mainz

Klaus Wiercimok, Düsseldorf
(until January 17, 2014)
Attorney, Head of Legal Materials Services

As at: November 19, 2014

Supervisory Board Committees

Executive Committee
Prof. Dr. Ulrich Lehner (Chairman)
Dr. Sabine Maaßen
Wilhelm Segerath
Jürgen R. Thumann

Mediation Committee under § 27 (3) Codetermination Act
Prof. Dr. Ulrich Lehner (Chairman)
Dr. Sabine Maaßen
Wilhelm Segerath
Jürgen R. Thumann

Personnel Committee
Prof. Dr. Ulrich Lehner (Chairman)
Dr. Sabine Maaßen
Wilhelm Segerath
Jürgen R. Thumann

Audit Committee
Prof. Dr. Bernhard Pellens (Chairman)
Markus Grolms
Susanne Herberger
Prof. Dr. Ulrich Lehner
Dr. Ralf Nentwig
Wilhelm Segerath

Strategy, Finance and Investment Committee
Dr. Lothar Steinebach (Chairman)
Markus Grolms
Susanne Herberger
Prof. Dr. Hans-Peter Keitel
Prof. Dr. Ulrich Lehner
Dr. Sabine Maaßen
Peter Remmler
Carsten Spohr

Nomination Committee
Prof. Dr. Ulrich Lehner (Chairman)
Prof. Dr. Hans-Peter Keitel
Prof. Dr. Bernhard Pellens
Jürgen R. Thumann

Report by the Supervisory Board

PROF. DR. ULRICH LEHNER
Chairman of the Supervisory Board

Dear Shareholders,

In the following I would like to inform you about the work of the Supervisory Board in the 2013/2014 fiscal year:

Cooperation between Supervisory Board and Executive Board

In fiscal year 2013/2014 the Supervisory Board again regularly advised the Executive Board on the management of the Company and continuously supervised its conduct of business. We satisfied ourselves that business complied with all legal and regulatory requirements at all times. The Executive Board fulfilled its duty to inform and furnished us with regular written and verbal reports containing up-to-date and comprehensive information on all issues of relevance to the Company and the Group relating to strategy, planning, business performance, the risk situation and compliance. This also included information on variances between actual performance and previously reported targets as well as on budget variances (follow-up reporting). In the committees and in full Supervisory Board meetings, the members of the Supervisory Board always had ample opportunity to critically examine the reports and resolution proposals submitted by the Executive Board and contribute suggestions. In particular, we discussed intensively and examined the plausibility of all transactions of importance to the Company on the basis of written and verbal reports by the Executive Board. On numerous occasions the Supervisory Board dealt at length with the risk situation of the Company, the liquidity planning and the equity situation. Thanks to an analysis of the value potential of the Group's businesses and the opportunities and risks of strategic steps, critical operating issues were presented to the Supervisory Board in a clear and differentiated way. Where required by law, the Articles of Association or the rules of procedure for the Executive Board, the Supervisory Board provided its approval of individual business transactions.

In the periods between meetings, the Supervisory Board Chairman and the Chairmen of the Audit Committee and the Strategy, Finance and Investment Committee engaged in a close and regular exchange of views and information with the Executive Board and were informed about major developments. The Supervisory Board Chairman and Audit Committee and Strategy, Finance and Investment Committee Chairmen reported on important findings immediately in the following Supervisory Board or Committee meeting.

Before the Supervisory Board meetings the shareholder and the employee representatives each held separate meetings to discuss the agenda items. There were no indications of conflicts of interest of Executive Board and Supervisory Board members, which must be disclosed to the Supervisory Board immediately and reported to the Annual General Meeting.

Supervisory Board meetings

Seven Supervisory Board meetings – four regular, two extraordinary and one constituent meeting – were held in the reporting year. The average attendance rate was 94.3%. No Supervisory Board member attended fewer than half the meetings. The members of the Executive Board took part in the Supervisory Board meetings unless otherwise determined by the Supervisory Board Chairman.

The first meeting in the reporting year on November 20, 2013 focused on the current business situation and the status of negotiations to sell the Steel Americas business area. The Executive Board then reported on the status of work on the annual financial statements taking into account a possible partial sale of the Steel Americas business area. Further, the corporate and investment planning for the 2013/2014 fiscal year was adopted. We also discussed the effects of the ongoing efficiency enhancement programs with the Executive Board. Further topics included the current rating situation and the effects of rating changes on the costs of refinancing. In connection with the compliance report we dealt in particular with the staffing of the Group’s compliance organization. In addition we discussed the report on the voluntary special audit at length with the Executive Board. We reported on the audit findings and the measures initiated in the last Annual Report. At this meeting we also discussed switching Supervisory Board compensation to fixed compensation. Finally the members of the Supervisory Board discussed the results of the annual efficiency review relating to the organizational procedures for Supervisory Board meetings and the composition of the Supervisory Board.

On the recommendation of the Strategy, Finance and Investment Committee and after detailed discussion, we approved the sale of the ThyssenKrupp Steel USA rolling and coating plant in Alabama to a consortium of ArcelorMittal and Nippon Steel & Sumitomo Metal Corporation in an extraordinary meeting on November 29, 2013. Also in this meeting we approved the conclusion of an agreement with Outokumpu Oyj to transfer 100% of the shares of VDM and AST as well as other smaller activities in the stainless steel service center sector to ThyssenKrupp in return for the financial receivable created in connection with the Inoxum transaction. A further item on the agenda dealt with the parent-company and consolidated financial statements for the year ended September 30, 2013. On the recommendation of the Audit Committee and after discussion with the auditors, we approved the consolidated and parent-company financial statements for the 2012/2013 financial year. Further we discussed and adopted the agenda for the Annual General Meeting on January 17, 2014 – including a change to the Articles of Association on switching Supervisory Board compensation to fixed compensation.

Immediately before the Annual General Meeting on January 17, 2014, the Supervisory Board members convened for a full meeting, in which the Executive Board first reported on the situation of the Group. Other topics included the subsequent Annual General Meeting, the capital increase carried out in December 2013, and deliberations on amending the Executive Board compensation system. At this meeting – following up the findings of the voluntary special audit – we also adopted revised versions of the rules of procedure for the Supervisory Board and the Audit Committee as well as new rules of procedure for the Executive Committee and the Strategy, Finance and Investment Committee. Changes to the rules of procedure for the Executive Board were also resolved, regulating in particular the provision of adequate information to the Supervisory Board in a new reporting procedure and including a summary of all transactions requiring the approval of the Supervisory Board. On the recommendation of the Personnel Committee we appointed Dr. Donatus Kaufmann to the Executive Board of ThyssenKrupp AG for an initial period of three years effective February 01, 2014.

The period of office of the employee representatives ended at the close of the Annual General Meeting on January 17, 2014. Directly after the Annual General Meeting, a constituent meeting of the Supervisory Board took place with the new employee representatives elected at the delegates' meeting on November 08, 2013; in this meeting Dr. Sabine Maaßen was elected as the new Vice Chairwoman of the Supervisory Board. New employee representative members were appointed to the committees. Dr. Lothar Steinebach was elected new Chairman of the Strategy, Finance and Investment Committee. Further, the Supervisory Board adopted an updated declaration of conformity with the German Corporate Governance Code.

In the Supervisory Board meeting on May 16, 2014, the Executive Board first reported on the Group's business situation and the Strategic Way Forward. In connection with the compliance report, we discussed in particular with the Executive Board the implementation of the compliance program at all levels of the Group. Further, the Executive Board reported on the leadership structures in the Group. Another topic was the planned sale of ThyssenKrupp Marine Systems AB to Saab, which we subsequently approved by written procedure in July 2014 on the basis of detailed documents. In the May meeting we also received a report on D&O and crime insurance for Supervisory Board members. In addition, a new organization chart for the Executive Board and new rules of procedure for the Personnel Committee were adopted and the discussion on the further development of the compensation system for the Executive Board was continued.

An extraordinary meeting was held on June 27, 2014 at which the discussion from previous Supervisory Board meetings on the Group's Strategic Way Forward was continued in greater depth. The Supervisory Board approved the proposal by the Executive Board for strategic optimization in a network.

The operating situation and Strategic Way Forward of the Group were once again to the fore in our meeting on September 03, 2014. Another key topic was a presentation of the Elevator Technology business area. The CEO of the business area, Andreas Schierenbeck, presented a detailed report on this which we then discussed. In this meeting we once again dealt with the further development of the Executive Board compensation system. Following further consultations, we approved the new Executive Board compensation system by written procedure in October. Details of the new Executive Board compensation system are presented in the compensation report. With a view to the forthcoming re-election of the shareholder representatives on the Supervisory Board of ThyssenKrupp AG at the Annual General Meeting on January 30, 2015, in our September meeting we discussed an updated version of the targets set by the Supervisory Board for its composition, which was adopted in the subsequent November meeting – as was the election proposal to the Annual General Meeting for the re-election of the shareholder representatives. As in previous years, current developments in corporate governance were also discussed at this year's September meeting. We resolved to submit an unqualified declaration of conformity.

Report on the work of the committees

The primary task of the Supervisory Board's six committees is to prepare decisions and topics for discussion at the full meetings. The Supervisory Board has delegated decision-making powers to the committees where this is legally permissible. The powers of the committees and the requirements on committee members are set out in the rules of procedure for the respective committees, for the Mediation and Nomination Committees in the rules of procedure for the Supervisory Board. The chairmen of the committees provided the Supervisory Board with regular detailed reports on the work of the committees. With the exception of the Audit Committee and the Strategy, Finance and Investment Committee, all committees are chaired by the Supervisory Board Chairman. The compositions of the six committees are shown in the section "Supervisory Board".

The **Executive Committee (Praesidium)** met seven times in the past fiscal year. In addition to preparing the full Supervisory Board meetings, the main subjects of deliberation were the financial position and earnings performance of the Group, the strategic development of the individual business areas, and the Groupwide projects to optimize effectiveness, efficiency and performance. The Executive Committee also dealt at length with the capital increase resolved by the Executive Board on the basis of the authorization resolution passed by the Annual General Meeting on January 20, 2012 and – following prior delegation by the Supervisory Board – gave its approval in the meeting on December 02, 2013. In addition we prepared the Supervisory Board efficiency review. As chairman of the committee, I was also in close contact with the other members of the Executive Committee outside meetings to agree on special projects.

The **Personnel Committee** held six meetings in the 2013/2014 fiscal year to prepare the personnel decisions of the Supervisory Board. Where required, resolutions were passed or recommendations for resolutions made to the Supervisory Board. In addition to discussing the new composition of the Executive Board of ThyssenKrupp AG, the meetings focused in particular on the compensation system and proposals for establishing the performance bonus and additional bonus for the members of the Executive Board. Details of Executive Board compensation are presented in the compensation report.

The **Audit Committee** met six times in the 2013/2014 fiscal year. The Chairman of the Audit Committee was also in regular contact with the financial statement auditors between these meetings. Alongside Executive Board members, the meetings were also attended by representatives of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Essen after the company's election as financial statement auditors by the 2014 Annual General Meeting and subsequent appointment by the Audit Committee. Heads of corporate functions were also available to provide reports and take questions in committee meetings on individual agenda items. The auditors declared to the Audit Committee that no circumstances exist which could lead to the assumption of prejudice on their part. The Audit Committee obtained the required auditors' statement of independence, reviewed their qualification, concluded the fee agreement, and selected the focus themes for the audit. In addition, a Groupwide survey of auditing quality was initiated and the results discussed in the Audit Committee.

In the reporting year the committee's work focused on examining the 2013/2014 parent-company and consolidated financial statements along with the combined management report, the proposal for the appropriation of net income and the auditors' reports, and preparing the Supervisory Board resolution on these items. In addition, the interim financial reports (half-year and quarterly reports) were discussed and adopted, taking into account the auditors' review report. The Audit Committee also monitored the accounting process and discussed the effectiveness of the internal control system, the risk management system and the internal auditing system. Further, the committee heard reports on the degree to which the recommendations of the voluntary special audit regarding the compliance system and internal auditing had been implemented. It also dealt with the main legal disputes and the compliance system in the Group. The committee also discussed the additional services provided by the financial-statement auditors alongside the audit of the financial statements, and dealt with the internal audit results, the audit processes and audit planning for the 2014/2015 fiscal year. In addition an efficiency review of the work of the Audit Committee was carried out.

In an additional meeting in September 2014 the committee members were informed in detail about the status and further development of contract management at ThyssenKrupp. Other subjects discussed included the Compliance 2020 program, D&O and crime insurance for Supervisory Board members, an in-depth report on the implementation of the daproh project, and the scope of consultancy costs at ThyssenKrupp.

The consolidated financial statements and Group management report and the annual financial statements and management report of ThyssenKrupp AG for the year ended September 30, 2013 were the subject of a random review by the German Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung DPR e.V.). The review was completed on August 27, 2014; no errors were detected. The Audit Committee dealt with this review in its meetings on May 12, 2014, August 13, 2014 and November 14, 2014.

The **Strategy, Finance and Investment Committee** held six meetings in the 2013/2014 fiscal year. Discussions focused on the strategic further development of ThyssenKrupp's business model. The effects of various scenarios on the Group and the financing situation were addressed and the advantages of individual options examined. Further, the committee members discussed the Group's corporate and investment planning for the reporting year, taking into account the Group's current rating and financial situation, and prepared corresponding Supervisory Board resolutions. An efficiency review was also carried out in the Strategy, Finance and Investment Committee.

The members of the **Nomination Committee** convened for four meetings in the past fiscal year. Discussions focused on preparing the election of the shareholder representatives on the Supervisory Board at the Annual General Meeting on January 30, 2015. In selecting candidates, the Nomination Committee took into account their qualifications, the recommendations of the German Corporate Governance Code, and the Supervisory Board's own goals with regard to its composition.

There was once again no cause to convene the **Mediation Committee** under § 27 (3) Codetermination Act in the reporting year.

Corporate governance and Declaration of Conformity

The members of the Supervisory Board continued to deal with the German Corporate Governance Code in the reporting year. The Executive Board and Supervisory Board issued an updated Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act (AktG) in the reporting year which has been permanently available on the Company's website since October 01, 2014. In addition the Executive Board – also on behalf of the Supervisory Board – reports on corporate governance at ThyssenKrupp in the corporate governance report and the corporate governance declaration.

Audit of the parent-company and consolidated financial statements

Elected by the Annual General Meeting on January 17, 2014 to audit the financial statements for the 2013/2014 fiscal year, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft audited the parent-company financial statements for the fiscal year October 01, 2013 to September 30, 2014 prepared by the Executive Board in accordance with HGB (German GAAP) rules, and the management report on ThyssenKrupp AG, which is combined with the management report on the Group. The auditors issued an unqualified audit opinion. In accordance with § 315a HGB, the consolidated financial statements of ThyssenKrupp AG for the fiscal year from October 01, 2013 to September 30, 2014, and the management report on the Group, which is combined with the management report on the company, were prepared on the basis of International Financial Reporting Standards (IFRS) as applicable in the European Union. The consolidated financial statements and the combined management report were also given an unqualified audit opinion. The auditors also confirmed that the Executive Board has installed an appropriate reporting and monitoring system which is suitable in its design and handling to identify at an early stage developments which could place the continued existence of the Company at risk.

The Audit Committee and the auditors agreed to continue with the prior-year focus theme in the reporting year: "Management and control of currency and raw material price change risks". A supplementary theme was also determined: "Examination of the central strategy for managing financial and commodity risks in the framework of a standardized Groupwide risk strategy under particular consideration of consistency of the strategy, appropriateness to business models, benchmarking aspects and basic requirements of process and system implementation".

The financial-statement documents and audit reports were discussed in detail in the meetings of the Audit Committee on November 14, 2014 and the Supervisory Board on November 19, 2014. The auditors reported on the main findings of their audit. They also outlined their findings on the internal control and risk management systems in relation to the accounting process and were available to answer questions and provide additional information. The Chairman of the Audit Committee reported in depth at the full Supervisory Board meeting on the Audit Committee's examination of the parent-company and consolidated financial statements. Following our own examination and discussion of the parent-company financial statements, the consolidated financial statements, and the combined management report, in line with the recommendation by the Audit Committee, the Supervisory Board accepted the result of the audit and approved the parent-company and consolidated financial statements. Following our own examination and taking the earnings and financial situation into account, we concurred with the Executive Board's proposal for the appropriation of net income. Together with the Executive Board, we propose to the Annual General Meeting that a dividend of €0.11 per share be paid for the 2013/2014 fiscal year.

Personnel changes on the Supervisory Board and Executive Board

There were three changes on the Supervisory Board of ThyssenKrupp AG, one on the shareholder representatives' side and two on the employee representatives' side. Prof. Dr. Beatrice Weder di Mauro stood down from the Supervisory Board at the close of October 31, 2013. René Obermann was court-appointed as her successor effective November 01, 2013; he then stood for election at the Annual General Meeting on January 17, 2014 and was elected to the Supervisory Board as a shareholder representative.

In connection with the re-election of the employee representatives, Bertin Eichler and Klaus Wiercimok stood down from the Supervisory Board at the close of January 17, 2014 after many years of service. They were succeeded by Dr. Norbert Kluge and Klaus Preußler. The members of the Supervisory Board expressed their thanks to Ms. Weder di Mauro, Mr. Eichler and Mr. Wiercimok for their support over many years.

Dr. Donatus Kaufmann joined the Executive Board of ThyssenKrupp AG on February 01, 2014. He is responsible for the corporate functions Compliance and Legal. In its meeting on November 19, 2014, the Supervisory Board appointed Dr. Heinrich Hiesinger as member and Chairman of the Executive Board of ThyssenKrupp AG for a further five years up to September 30, 2020.

The Supervisory Board thanks the Executive Board members, all employees of the Group worldwide and the employee representatives of all Group companies for their work in the 2013/2014 fiscal year.

The Supervisory Board

Prof. Dr. Ulrich Lehner
Chairman

Essen, November 19, 2014

Corporate governance report

In the following section, the Executive Board and Supervisory Board report on corporate governance at ThyssenKrupp in accordance with section 3.10 of the German Corporate Governance Code. This section also includes the compensation report for the Executive Board.

CORPORATE GOVERNANCE OVERVIEW

Further development of corporate governance

ThyssenKrupp is continuing to develop its understanding of good and responsible corporate governance. Effective February 01, 2014, Dr. Donatus Kaufmann was appointed member of the Executive Board of ThyssenKrupp AG with responsibility for Compliance and Legal. As one of the key areas of his work, the principles and instruments of corporate governance in the Group are being examined in the project Governance@ThyssenKrupp. Beyond the established understanding of corporate governance defined in the German Corporate Governance Code, the project aims to harmonize corporate governance structures throughout the Group and make them more transparent; management responsibility will be further strengthened.

Implementation of the German Corporate Governance Code

In the reporting year the Executive Board and Supervisory Board of ThyssenKrupp AG again dealt intensively with the requirements of the German Corporate Governance Code. The Government Commission on the German Corporate Governance Code made no amendments or additions to the Code in 2014. Detailed explanations of the model tables for management board compensation in the annexes to the Code were issued on September 30, 2014. They were taken into account in Tables 1 and 2 in the compensation report. In accordance with § 161 (1) Stock Corporation Act (AktG), the Executive Board and Supervisory Board issued two joint declarations of conformity in the reporting year, which were published on February 06, 2014 and October 01, 2014. As the declaration of conformity issued on October 01, 2014 refers to the version of the Code of May 13, 2013 which was still valid at the time of issue, the Executive Board and Supervisory Board issued a further declaration of conformity referring to the Code version of June 24, 2014 published on September 30, 2014. This declaration of conformity is available on the Company's website.

Since the amendment to Supervisory Board compensation in § 14 of the Articles of Association came into effect on February 06, 2014, ThyssenKrupp AG has complied with all recommendations of the Government Commission on the German Corporate Governance Code published by the Federal Ministry of Justice in the official section of the Federal Gazette ("Bundesanzeiger"), and will continue to comply with these recommendations in the future.

In addition, ThyssenKrupp AG complies with all suggestions of the German Corporate Governance Code. The declarations of conformity issued in the last five years are permanently available on our website.

Our listed subsidiary Eisen- und Hüttenwerke AG also complies with the Code, taking into account the particularities of its membership of the Group. Individual deviations are presented and explained in the company's declaration of conformity of October 01, 2014.

Three lines of defense model as framework for the internal oversight system

An integrated governance, risk management and compliance model provides the basis for professional and efficient management and control in the Group. As a framework for this internal oversight system, ThyssenKrupp uses the internationally established three lines of defense model adapted to the Group's specific organizational structure. The model shows at which level (line) the various responsibilities for risk management lie within the Group. At the same time it serves to define responsibilities within the corporate governance model.

The first line of defense involves preventing risks wherever they can occur, and where this is not possible identifying and reducing them. To create a fail-safe system for this, highly automated internal controls are implemented in the business processes. As there are cases where this is not fully feasible, further control measures have to be performed by management to ensure the effectiveness of the control system.

The second line of defense, which includes functions such as Groupwide risk management and compliance, provides the framework for the internal control system, the risk management system, and the compliance management system, for example via policies and standard operating procedures. At the same time these functions oversee the Group's risk landscape from the viewpoint of the Group as a whole. Close integration of the internal control system, risk management system and compliance management system maximizes the efficiency of risk prevention and management.

Three lines of defense model

The third line of defense is Corporate Function Internal Auditing, which independently reviews the appropriateness and efficiency of the risk management processes and systems implemented by the first two lines of defense. Internal Auditing reports directly to the Executive Board Chairman and the Audit Committee. Internal Auditing itself is subject to an external quality audit every five years.

The model is subject to external supervision by the financial-statement auditors who take into account the results of the reviews performed by Internal Auditing in their assessment.

Appropriate control and risk management system

Corporate governance at ThyssenKrupp involves dealing responsibly with risks. The continuous and systematic management of business opportunities and risks is fundamental to professional governance. It helps ensure that risks are identified, evaluated and managed at an early stage. The Executive Board reports regularly to the Supervisory Board about the status of the main risks in the Group. The Audit Committee focuses on monitoring the effectiveness of the accounting process and the internal control, risk management and internal auditing system, as well as monitoring the independence of the financial statement auditors. ThyssenKrupp continuously enhances the individual systems and adapts them to changing conditions. Key features of our control and risk management system are described in the opportunity and risk report.

Compliance: Inform, identify, report and act

Compliance in the sense of Groupwide measures to ensure adherence to statutory requirements and internal company policies is a key management and oversight duty at ThyssenKrupp.

The Executive Board of ThyssenKrupp AG has unequivocally expressed its rejection of antitrust violations and corruption in the ThyssenKrupp Compliance Commitment. The compliance commitment clearly states that violations, particularly antitrust violations and corruption, will not be tolerated in any way (zero tolerance). All information concerning misconduct is followed up. To implement the compliance commitment a transparent management culture based on the new Group mission statement is in place and subject to continuous improvement. Information on the mission statement is available on our website at **www.thyssenkrupp.com/en/nachhaltigkeit/unternehmenskultur.html**.

The importance attached to compliance at ThyssenKrupp is underlined by the appointment of Dr. Donatus Kaufmann as member of the Executive Board responsible for Compliance and Legal. As a consequence of his appointment there have been changes to responsibilities and reporting channels; the Chief Compliance Officer now reports directly to Dr. Kaufmann. Below Executive Board level, the heads of the corporate compliance departments and compliance departments of the business areas report directly to the Chief Compliance Officer.

Our compliance program on corruption and antitrust law with its three pillars “inform”, “identify” and “report and act” was rigorously continued in fiscal 2013/2014. Intensive measures to develop the program further were also resolved and in part implemented. The special audit carried out by BDO AG Wirtschaftsprüfungsgesellschaft and Prof. Dr. Hans-Joachim Böcking up to November 2013 confirmed that above all the further development of the compliance-relevant internal control system is well advanced and the compliance function is professionally organized and appropriately staffed. Based on this, a wide range of further development measures was defined and implemented, such as a Groupwide bottom-up risk analysis and a comprehensive project to determine a compliance strategy for the coming years up to 2020.

More information on compliance at ThyssenKrupp can be found in the “Compliance” section of the combined management report.

Supervisory Board targets for its own composition

The Supervisory Board must be composed in such a way that individually and overall its members have the knowledge, skills and professional experience needed to perform its tasks properly. The Supervisory Board proposals for the election of shareholder representatives at the Annual General Meeting on January 30, 2015, for which the Nomination Committee has submitted recommendations, take into account not only the requirements of the law, the Articles of Association and the German Corporate Governance Code, but also the targets the Supervisory Board has set itself for its composition.

In their meetings on September 03, 2014 and November 19, 2014, the Executive Committee, Nomination Committee and Supervisory Board agreed to update the targets for the composition of the Supervisory Board resolved in September 2010 and September 2012. The following concrete targets were resolved:

- Supervisory Board to have sufficient members with international experience, in particular in the expansion markets
- Consideration of special knowledge and experience in the application of accounting principles and internal control processes, expertise in the areas of accounting and auditing
- Consideration of technical expertise
- Consideration of sector-specific knowledge of the company
- Consideration of knowledge of financing strategies and financial instruments

- Experience in corporate management and the development and implementation of corporate strategies

- Avoidance of significant and non-temporary conflicts of interest (existing conflicts of interest or conflicts to be expected in the future) and appropriate handling of other conflicts of interest

- Consideration of an age limit of 75, i.e. if a Supervisory Board member turns 75 during his/her period of office, they should step down from the Supervisory Board (at the close of the next Annual General Meeting after reaching the age of 75)

- 20% share of women members

- On the assumption that the employee representatives generally meet the criteria for independence in accordance with the German Corporate Governance Code, the Supervisory Board sets itself a concrete target for its composition of at least fifteen independent Supervisory Board members. Otherwise the Supervisory Board sets itself a concrete target of at least five independent Supervisory Board members for the composition of the shareholder representative side.

- Supervisory Board members to serve no more than a maximum three periods of office.

Avoiding conflicts of interest

In the reporting year there were no consulting or other service agreements between Supervisory Board members and the Company. Conflicts of interest of Executive Board or Supervisory Board members, which must be disclosed immediately to the Supervisory Board, did not occur.

Details of the other directorships held by Executive Board and Supervisory Board members on statutory supervisory boards or comparable German and non-German control bodies of business enterprises are provided in the sections of the same name under “Additional information”. Details of related party transactions are given in Note 23 to the consolidated financial statements.

Directors’ dealings

According to § 15a Securities Trading Act (WpHG), members of the Executive Board and Supervisory Board and persons close to them are required by law to disclose the purchase and sale of ThyssenKrupp AG shares or related financial instruments whenever the value of the transactions amounts to €5,000 or more within a calendar year. No transactions were reported to us in the 2013/2014 fiscal year.

At September 30, 2014 the total volume of ThyssenKrupp AG shares held by all Executive Board and Supervisory Board members amounted to less than 1% of the shares issued by the Company.

Shareholders and Annual General Meeting

The shareholders of ThyssenKrupp AG exercise their rights at the Company's Annual General Meeting, which is chaired by the Chairman of the Supervisory Board in accordance with the Articles of Association. The Annual General Meeting takes place once a year. Each share confers one vote.

Shareholders can exercise their voting rights at the Annual General Meeting in person or by proxy, for which they can authorize a person of their choice or a Company-nominated proxy acting on their instructions. Proxy voting instructions to Company-nominated proxies can be issued via the internet before and during the Annual General Meeting up to the end of the general debate. Shareholders can also cast their votes in writing by postal vote – without authorizing a proxy. The Annual General Meeting can be viewed live and in full on the Company's website. Also on our website we make all documents and information on the Annual General Meeting available to shareholders in good time. In addition, questions can be addressed to members of our Investor Relations department via an infoline or e-mail.

Transparency through high-quality information

Our dialogue with the capital market is aimed at informing all target groups fully, equally and quickly, and presenting valuation-relevant facts in the highest quality. For example as part of our investor relations work we regularly meet up with analysts and institutional investors. The venues and dates of roadshows and investors' conferences are posted in the Investor Relations section of our website. An intensive dialogue also takes place at analysts' and investors' conferences and in conference calls, which are held on a quarterly basis to present interim reports or the Annual Report and on an ad hoc basis to report on current developments. The presentations for these events are freely available on the website. Our Investor Relations department also makes extensive facts and data available on the website to help analysts and investors better understand and value our businesses and their upside potential. We also offer audio and video recordings of conference calls and major events. We provide information on recurring dates, such as the date of the Annual General Meeting or the publication dates of interim reports, in a financial calendar published in the Annual Report, the interim reports and on the Company's website.

Information about the latest developments in the Group is also provided on our website. All press releases and stock exchange (ad hoc) announcements of ThyssenKrupp AG are published there in German and English in the Press section, and information and images are made available on important events. The Annual Press Conference is also streamed live on the internet for everyone who is interested. The Company's Articles of Association and the rules of procedure for the Executive Board, Supervisory Board and four of its six committees can also be viewed on the website, as can the consolidated financial statements, interim reports and information on implementation of the recommendations and suggestions of the German Corporate Governance Code. All interested parties can subscribe to an electronic newsletter on the website which reports news from the Group.

Deductible in D&O insurance

The Company has taken out directors and officers (D&O) liability insurance for the members of the Executive Board and Supervisory Board with an appropriate deductible pursuant to § 93 (2) sentence 3 Stock Corporation Act (AktG) (Executive Board members) and the German Corporate Governance Code (Supervisory Board members).

Accounting and financial statement auditing by PricewaterhouseCoopers

In line with European Union requirements, ThyssenKrupp prepares the consolidated financial statements and interim reports in accordance with the International Financial Reporting Standards (IFRS). However the statutory parent-company financial statements of ThyssenKrupp AG, on which the dividend payment is based, are drawn up in accordance with German GAAP (HGB).

For the reporting period we once again agreed with the financial-statement auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, that the Chairman of the Audit Committee would be informed immediately of any possible grounds for exclusion or bias arising during the audit insofar as they are not immediately eliminated, and that the auditors would report immediately on any findings or occurrences during the audit which have a significant bearing on the duties of the Supervisory Board. It was also agreed that the auditors would inform the Supervisory Board or make a note in the audit report of any facts ascertained during their examination that conflict with the declaration of conformity issued.

COMPENSATION REPORT

The following compensation report is part of the combined management report.

Performance-based compensation system for the Executive Board

The compensation system applying in the reporting year for the Executive Board members of ThyssenKrupp AG was approved by the Annual General Meeting on January 21, 2011 with a majority of 94.91% of the capital represented.

Based on this, compensation for the Executive Board members comprises non-performance-related and performance-related components. The non-performance-related components are the fixed compensation, fringe benefits and pension plans, while the performance-related components are the performance bonus and the Long Term Incentive plan (LTI) as a component with a long-term incentive effect. On top of this there is if applicable an additional bonus representing a cash flow-related management incentive, on the award of which the Supervisory Board makes a new decision each year.

The Supervisory Board – based on preparation by the Personnel Committee – is responsible for determining individual Executive Board compensation. Criteria for the appropriateness of Executive Board compensation include the duties of the individual Executive Board members, their personal performance, the business situation, the success and prospects of the Company and also the prevailing level of compensation at peer companies and the compensation structure applying in the Company. The performance-related components contain elements that are measured over several years. They therefore set long-term incentives and focus the compensation structure on the sustainable development of the Company. As a general rule, up to 20% of variable compensation can be based on individual performance, and extraordinary events are not taken into account.

All Executive Board member contracts provide for a severance payment in the event of early termination without cause. The severance payment is limited to a maximum of two years' compensation including benefits (severance payment cap) and compensates no more than the remaining term of the employment agreement. A promise of payments in the event of early termination due to a change of control does not exist.

Fixed compensation and fringe benefits

Since the last review at October 01, 2010, the fixed compensation for an ordinary Executive Board member has been €670,000 per year, paid out as non-performance-related basic compensation in monthly installments as a salary. The Executive Board members also receive fringe benefits, mainly comprising the use of a company car, telephone as well as insurance premiums. Individual Executive Board members have to pay tax on these fringe benefits as compensation components. The benefits apply in principle to all Executive Board members; the amount varies according to personal situation.

Performance bonus

The first component of the performance-related compensation is the performance bonus. In accordance with the existing performance bonus rules, the amount of the performance bonus is dependent on the Group's EBIT (earnings before interest and taxes) and ROCE (return on capital employed), each of which is considered equally as a criterion. For example, if EBIT is €1.1 billion and ROCE is 9.5%, the performance bonus for the fiscal year for an ordinary Executive Board member is €1 million. If EBIT is €825 million and ROCE is 7.125%, it is €750,000, if EBIT is €1.65 billion and ROCE is 14.25%, it is €1.5 million. The performance bonus is paid out to the Executive Board members after its establishment by the Supervisory Board; a quarter of the performance bonus must be converted into ThyssenKrupp AG stock rights (virtual shares) to be paid out after a three-year lock-up period (deferral).

Long Term Incentive plan (LTI)

The second component of performance-related compensation is the LTI with a long-term incentive effect, which has been granted since fiscal year 2010/2011 and replaced the earlier Mid Term Incentive plan (MTI). The LTI system is as follows:

Decisive factors for the development of the LTI are the value generated in the Group, measured on the basis of ThyssenKrupp Value Added (TKVA), and the share price development of ThyssenKrupp AG. For a specified initial value, which for an ordinary Executive Board member amounts to €500,000, virtual shares are granted. These so-called stock rights are not stock options. The number of stock rights issued to an Executive Board member is calculated from the specified initial value divided by the average stock price in the 1st quarter of the performance period. As benefits granted (Table 1), these stock rights are stated as part of compensation at their value at grant date, calculated in accordance with international accounting standards. The number of stock rights issued is adjusted at the end of the respective three-year performance period. The basis for this is a comparison of average TKVA in the three-year performance period – beginning October 01 of the fiscal year in which the stock rights were granted – with the average TKVA of the previous three fiscal years. This compensation component therefore covers in total a period of six years. For example, an increase in TKVA by €200 million results in a 5% increase in stock rights; a decrease by the same amount results in a 10% reduction. For the 4th installment of the LTI granted to Executive Board members in January 2014 it is also the case that the average TKVA in the performance period may not be lower than €(2.0) billion for payment to be made. More information on TKVA is provided in the section "Management of the Group" in the management report. At the end of the performance period, the granted stock rights are paid out on the basis of ThyssenKrupp's average share price in the first three months after the end of the performance period.

Additional bonus

The system of variable Executive Board compensation comprising performance bonus and LTI requires supplementation under certain constellations. In the reporting year as in the preceding years, for example, the negative development of TKVA in the performance period compared with the three preceding fiscal years means there will be no payment from the LTI plan due to its long-term focus. In difficult economic years, which demand particular efforts of the Executive Board, the work of the Executive Board should however be appropriately rewarded. Otherwise, in view of the tasks facing the Executive Board and its particular responsibility the competitiveness of our executive remuneration would be impaired. It must also be considered that high financial discipline is essential in critical times. For this reason an additional performance-related compensation element based on a cash flow-related indicator has again been established for the reporting year. This indicator is the ratio of funds from operations to total debt (FFO/TD). The achievement of set targets by the Executive Board is to be rewarded with an additional bonus. The additional bonus is based 50% on the year-end values and 50% on the annual average values of FFO/TD; with a year-end value of, for example, 12.5% and an annual average value of 10.8%, the bonus is €450,000. To ensure the sustainability and multi-year assessment basis required by the Act on the Appropriateness of Management Board Compensation (VorstAG) particularly in the ratio between short-term and long-term compensation, 55% of the additional bonus is converted into ThyssenKrupp stock rights and paid out after a three-year lock-up period (as with the performance bonus).

Compensation caps

Under the recommendation in section 4.2.3 paragraph 2, sentence 6 of the German Corporate Governance Code, the compensation of Executive Board members must be capped both in total and with regard to its variable components. The total compensation of an ordinary Executive Board member is limited to €4 million per year, and that of the Executive Board Chairman to €8 million per year. The Supervisory Board has set the following annual caps for payments from the individual performance-based compensation components: €3 million for the performance bonus, €1.5 million for the LTI, and €1.35 million for the additional bonus. For the Executive Board Chairman the caps are double these amounts.

Pensions

Pensions are paid to former Executive Board members who have either reached pension age or become permanently incapacitated for work. Transitional allowances are not paid upon premature termination or non-renewal of service contracts.

The pension of an Executive Board member appointed before September 30, 2012 is a percentage of the final fixed salary they received before their employment contract ended. This percentage increases with the duration of the Executive Board member's appointment. In general it is 30% at the start of the first five-year period of appointment (as for Mr. Kerkhoff), 50% at the start of the second and 60% at the start of the third. Dr. Hiesinger's pension is 50%. Current pensions are adjusted annually in line with the consumer price index. For Executive Board members appointed after September 30, 2012 (Mr. Burkhard and Dr. Kaufmann), this final-salary pension plan was switched to a defined-contribution pension plan, with the annual pension contribution ("module") currently amounting to 40% of the annual fixed salary. Dr. Kaufmann's pension will be paid in principle as a lump sum.

Under the surviving dependants' benefits plan, a surviving partner receives 60% of the pension and each dependent child 20%, up to a maximum of 100% of the pension amount. In the case of Dr. Kaufmann, surviving dependants will receive the amount of the pension contributions plus interest at the time the pension becomes payable.

Total Executive Board compensation 2013/2014

For the first time, compensation for individual Executive Board members in the 2013/2014 fiscal year is disclosed on the basis of the standardized model tables recommended in the German Corporate Governance Code in the version published on September 30, 2014. A key feature of these model tables is the separate statement of the benefits granted (Table 1) and the actual allocations (Table 2). For the benefits granted, the target values (payable on 100% target achievement) and the minimum and maximum values that can be achieved are also stated. In addition, stock-based compensation is stated separately (Table 3).

Table 1: Executive Board compensation 2013/2014 (benefits granted)

		Dr. Heinrich Hiesinger				Guido Kerkhoff				Oliver Burkhard				Dr. Donatus Kaufmann			
		Chairman of the Executive Board since January 21, 2011				Ordinary member of the Executive Board since April 01, 2011				Ordinary member of the Executive Board since February 01, 2013				Ordinary member of the Executive Board since February 01, 2014			
all figures in €000's		2012/2013 Initial value [1]	2012/2013 Initial value [1]	2013/2014 Minimum	2013/2014 Maximum [2]	2012/2013 Initial value [1]	2012/2013 Initial value [1]	2013/2014 Minimum	2013/2014 Maximum [2]	2012/2013 Initial value [1]	2012/2013 Initial value [1]	2013/2014 Minimum	2013/2014 Maximum [2]	2012/2013 Initial value [1]	2012/2013 Initial value [1]	2013/2014 Minimum	2013/2014 Maximum [2]
Fixed compensation		1,340	1,340	1,340	1,340	670	670	670	670	447	670	670	670	—	447	447	447
Fringe benefits		28	182	182	182	27	82	82	82	21	24	24	24	—	29	29	29
Total		1,368	1,522	1,522	1,522	697	752	752	752	468	694	694	694	—	476	476	476
One-year variable compensation	Performance bonus (cash)	1,500	1,500	—	4,500	750	750	—	2,250	500	750	—	2,250	—	500	—	1,500
	Additional bonus (cash)	405	405	—	1,215	203	203	—	608	135	203	—	608	—	135	—	405
Multi-year variable compensation	Performance bonus in stock rights 2013/2014 - 2016/2017	—	500	—	1,500	—	250	—	750	—	250	—	750	—	167	—	500
	Performance bonus in stock rights 2012/2013 - 2015/2016	500	—	—	—	250	—	—	—	167	—	—	—	—	—	—	—
	Additional bonus in stock rights 2013/2014 - 2016/2017	—	495	—	1,485	—	248	—	743	—	248	—	743	—	165	—	495
	Additional bonus in stock rights 2012/2013 - 2015/2016	495	—	—	—	248	—	—	—	165	—	—	—	—	—	—	—
	4th installment LTI 2013/2014 - 2016/2017	—	1,022	—	3,000	—	511	—	1,500	—	511	—	1,500	—	342	—	1,000
	3rd installment LTI 2012/2013 - 2015/2016	995	—	—	—	497	—	—	—	331	—	—	—	—	—	—	—
Total		5,263	5,444	1,522	13,222	2,645	2,714	752	6,603	1,766	2,656	694	6,545	—	1,785	476	4,376
Service cost [3][4]		1,238	1,267	1,267	1,267	510	504	504	504	379	626	626	626	—	163	163	163
Total		6,501	6,711	2,789	14,489	3,155	3,218	1,256	7,107	2,145	3,282	1,320	7,171	—	1,948	639	4,539
HGB total [5]		4,908	5,426	—	—	2,466	2,704	—	—	1,646	2,646	—	—	—	1,779	—	—

[1] The target values are given for the performance bonus in stock rights and the additional bonus in stock rights. The fair values at grant date for the performance bonus in stock rights are €511K (prior year: €408K) for Dr. Hiesinger, €255K (prior year: €204K) for Mr. Kerkhoff, €255K (prior year: €136K) for Mr. Burkhard, and €170K for Dr. Kaufmann. For the additional bonus in stock rights, the fair values at grant date are €428K (prior year: €571K) for Dr. Hiesinger, €214K (prior year: €286K) for Mr. Kerkhoff, €214K (prior year: €190K) for Mr. Burkhard, and €143,000 for Dr. Kaufmann.

[2] In addition to the individual caps stated in the “Maximum” column, total annual compensation is limited to €8.0 million (Executive Board Chairman) and €4.0 million (ordinary Executive Board member). Prorated limits apply for appointments/departures during the year.

[3] All figures in accordance with IFRS. Service costs in accordance with HGB are €908K (prior year: €867K) for Dr. Hiesinger, €329K (prior year: €325K) for Mr. Kerkhoff, €401K (prior year: €242K) for Mr. Burkhard, and €135K for Dr. Kaufmann. The present values of the obligations amount to €6,391K (IFRS)/€3,902K (HGB) (prior year: €3,810K (IFRS)/€2,700K (HGB)) for Dr. Hiesinger, €2,347K (IFRS)/€1,250K (HGB) (prior year: €1,263K (IFRS)/€818K (HGB)) for Mr. Kerkhoff, €1,322K (IFRS)/€691K (HGB) (prior year: €379K (IFRS)/€242K (HGB)) for Mr. Burkhard, and €164K (IFRS)/€135K (HGB) for Dr. Kaufmann. Cf. footnote 4 for calculation method.

[4] To improve the comparability of the final salary-based and defined-contribution pension plans as well as comparability with the prior-year figures, service cost and present value are prorated in line with Executive Board membership in the fiscal year. To take account of the vesting of contractual pension rights of Executive Board members, further provisions were recognized for Dr. Hiesinger and Mr. Kerkhoff in the prior year. Taking these provisions into account and without proration, the service costs are €5K (IFRS)/€4K (HGB) (prior year: €8,934K (IFRS)/€5,570K (HGB)) for Dr. Hiesinger and €3K (IFRS)/€2K (HGB) (prior year: €2,329K (IFRS)/€1,174K (HGB)) for Mr. Kerkhoff. The present values of the obligations are then €14,568K (IFRS)/€8,855K (HGB) (prior year: €11,276K (IFRS)/€7,953K (HGB)) for Dr. Hiesinger and €4,364K (IFRS)/€2,159K (HGB) (prior year: €3,093K (IFRS)/€1,888K (HGB)) for Mr. Kerkhoff.

[5] Total compensation in accordance with HGB. In deviation from the amounts shown above for performance bonus (cash) and additional bonus (cash), this includes the amounts paid out in accordance with Table 2 and the fair value at grant date for the performance bonus in stock rights and the additional bonus in stock rights (cf. footnote 1). In accordance with HGB, service cost is not included.

Table 2: Executive Board compensation 2013/2014 (allocations)

		Dr. Heinrich Hiesinger		Guido Kerkhoff		Oliver Burkhard		Dr. Donatus Kaufmann	
		Chairman of the Executive Board since January 21, 2011		Ordinary member of the Executive Board since April 01, 2011		Ordinary member of the Executive Board since February 01, 2013		Ordinary member of the Executive Board since February 01, 2014	
all figures in €000's		**2012/2013**	**2013/2014**	**2012/2013**	**2013/2014**	**2012/2013**	**2013/2014**	**2012/2013**	**2013/2014**
Fixed compensation		1,340	1,340	670	670	447	670	—	447
Fringe benefits		28	182	27	82	21	24	—	29
Total		1,368	1,522	697	752	468	694	—	476
One-year variable compensation	Performance bonus (cash)	1,133	1,581	566	791	377	791	—	527
	Additional bonus (cash)	433	362	216	181	144	181	—	121
Multi-year variable compensation	Performance bonus in stock rights 2010/2011 - 2013/2014	—	221	—	61	—	—	—	—
	Performance bonus in stock rights 2009/2010 - 2012/2013	—	—	—	—	—	—	—	—
	Additional bonus in stock rights 2010/2011 - 2013/2014	—	228	—	63	—	—	—	—
	Additional bonus in stock rights 2009/2010 - 2012/2013	—	—	—	—	—	—	—	—
	1st installment LTI 2010/2011 - 2013/2014	—	—	—	—	—	—	—	—
	8th installment MTI 2009/2010 - 2012/2013	—	—	—	—	—	—	—	—
Total		2,934	3,914	1,479	1,848	989	1,666	—	1,124
Service cost [1]		1,238	1,267	510	504	379	626	—	163
Total		4,172	5,181	1,989	2,352	1,368	2,292	—	1,287

[1] For evaluation of service cost, see footnotes 3 and 4 to Table 1.

Table 3: Stock-based Executive Board compensation (number of stock rights granted and cost of stock-based compensation in fiscal year)

		Dr. Heinrich Hiesinger		Guido Kerkhoff		Oliver Burkhard		Dr. Donatus Kaufmann	
		Chairman of the Executive Board since January 21, 2011		Ordinary member of the Executive Board since April 01, 2011		Ordinary member of the Executive Board since February 01, 2013		Ordinary member of the Executive Board since February 01, 2014	
		2012/2013	**2013/2014**	**2012/2013**	**2013/2014**	**2012/2013**	**2013/2014**	**2012/2013**	**2013/2014**
Number of stock rights granted	Performance bonus in stock rights	23,076	24,581	11,538	12,291	7,692	12,291	—	8,194
	Additional bonus in stock rights	32,302	20,609	16,150	10,305	10,767	10,305	—	6,870
	LTI 2013/2014 -2016/2017	—	54,406	—	27,203	—	27,203	—	18,135
	LTI 2012/2013 -2015/2016	57,972	—	28,986	—	19,324	—	—	—
Cost of stock-based compensation in fiscal year in €000's		1,607	3,167	812	1,566	506	1,175	—	580

Total compensation for Executive Board members active in the respective fiscal year calculated in accordance with German GAAP (HGB) for work in the reporting year amounted to €12.6 million. The corresponding prior-year value was €24.9 million, including remuneration and compensatory payments to the Executive Board members Dr. Berlien, Dr. Claassen, Mr. Eichler and Mr. Labonte who stood down in fiscal year 2012/2013. The individual amounts paid to the Executive Board members who stood down in 2012/2013 can be found in the 2012/2013 Annual Report. The requirement for appropriateness was also taken into account when determining the individual performance-related compensation.

No further benefits have been promised to any Executive Board members in the event that they leave their post. ThyssenKrupp has no knowledge of benefits or corresponding promises given to members of the Executive Board by third parties in connection with their Executive Board positions. As in previous years, no loans or advance payments were granted to members of the Executive Board, nor were any guarantees or other commitments entered into in their favor.

The 1st installment of the LTI, which became due in the past fiscal year, resulted in no payment due to the sharp drop in average TKVA. In January 2014 the Executive Board members were granted new stock rights under the 4th installment of the LTI. Under the 2nd to 4th installments of the LTI, the active Executive Board members and those who stood down in fiscal year 2012/2013 have a total of 504,596 stock rights which have been awarded but are not yet payable.

Total compensation paid to former members of the Executive Board and their surviving dependants amounted to €17.7 million (prior year: €15.1 million). For pension obligations benefiting former Executive Board members and their surviving dependants, an amount of €267.7 million (prior year: €248.7 million) was accrued in the financial statements under IFRS; an amount of €196.9 million (prior year: €197.8 million) was accrued in the financial statements under German GAAP (HGB).

Modified Executive Board compensation system from fiscal year 2014/2015

Based on the recommendation of the Personnel Committee, the Supervisory Board of ThyssenKrupp AG examined the previous compensation system for Executive Board members and resolved to adapt it. The modified compensation system comes into effect from fiscal year 2014/2015 and will be presented to the Annual General Meeting for approval on January 30, 2015. The modified compensation system continues to meet the statutory and regulatory requirements of the Stock Corporation Act and the German Corporate Governance Code.

From fiscal year 2014/2015, Executive Board compensation will comprise the four components fixed salary (including fringe benefits), performance bonus, LTI and company pension. The weighting of the longer-term LTI will be strengthened and shifted to a ratio of 40% (performance bonus) to 60% (LTI). The previous bonus deferral, under which a quarter of the bonus had to be converted into stock rights of ThyssenKrupp AG, will no longer apply in the future. Likewise, the additional bonus is no longer included in the modified compensation system. In addition, special compensation can be granted at the discretion of the Supervisory Board in the event of exceptional performance or success. This will improve the transparency and simplicity of the system. Further, the selection and design of the performance indicators will strengthen the incentive effect and ensure that the system is consistent with those applied at lower management levels.

In the future, the performance bonus will be the only one-year variable element of compensation. The level of the performance bonus will continue to be dependent on the EBIT (earnings before interest and taxes) and ROCE (return on capital employed) of the Group; free cash flow (FCF) before divestments will be added as a new element. From the 2014/2015 fiscal year, the indicators EBIT and FCF before divestments will each receive a weighting of 40% and ROCE a weighting of 20%. The target figures for these indicators will be based on the corporate planning (budget); in addition, threshold values will be defined for all three indicators, below or above which a further deterioration or improvement of earnings will have no effect on target achievement. The Supervisory Board will review the target and threshold values and thus the degree of stretch annually and adapt them if necessary. In addition to these three weighted performance indicators, there will also be a multiplicative correction factor. This will allow the Supervisory Board to adapt and individually differentiate the overall target achievement calculated from the aforementioned performance indicators in a range of +/– 20%. The correction factor will be based equally on a sustainability multiplier and a discretionary factor. The sustainability multiplier will be based on criteria and targets from indirect financial areas, such as employees, innovations, customers, environment and corporate social responsibility. The discretionary factor will be set by the Supervisory Board to evaluate overall performance.

In another change as of the 2014/2015 fiscal year, the Long Term Incentive plan – granted since fiscal 2010/2011 – will be developed further. Key factors for the development of the LTI will continue to be value generation, measured by ThyssenKrupp Value Added (TKVA), and the performance of the Company's stock. For a specified initial value in euros, stock rights (virtual shares) will be granted as previously, the number of which will be calculated from the initial value divided by the average stock price in the 1st quarter of the performance period. The basis for adapting the number of issued stock rights will no longer be calculated by comparing the average TKVA of the three-year performance period with the average TKVA of the previous three fiscal years, but by comparing the average TKVA in the performance period with a target value of 0. The number of stock rights increases by 1% for every €20 million of average TKVA above 0 and decreases by 1% for every €10 million of average TKVA below 0. Payment is then based on this number and the average ThyssenKrupp share price in the 1st quarter of the fiscal year following the end of the performance period. For the LTI, the Supervisory Board will also review the target and threshold values and thus the degree of stretch regularly and adapt them if necessary.

As part of the modification of performance-related compensation for Executive Board members, the caps for the performance bonus and LTI will also be adapted. From fiscal 2014/2015, the maximum target achievement for the performance bonus will be reduced from 300% to 200%. The cap for payments from the LTI will also be reduced from 300% to 250% of the initial value. The existing aggregate cap for overall compensation of €4 million per year for an ordinary Executive Board member and €8 million per year for the Executive Board Chairman remains in place.

Stock-based compensation for further executives

Alongside the Executive Board, further selected executives of the Group worldwide receive part of their remuneration in the form of stock-based compensation, the LTI. In terms of structure and the way it functions, this is comparable with the LTI for the Executive Board, but the initial values and the increase in stock rights are measured differently.

In detail: For a certain initial value, stock rights (virtual shares) are granted which are not stock options. The number of stock rights is calculated from the specified initial value divided by the average stock price in the 1st quarter of the three-year performance period. The number of stock rights issued is then adjusted at the end of the respective three-year performance period. The basis for this is a comparison of average TKVA in the three-year performance period with the average TKVA of the previous three years. An increase in TKVA by €200 million results in a 10% increase in the number of stock rights; a decrease by the same amount results likewise in a reduction of 10%. At the end of the performance period the stock rights are paid out on the basis of ThyssenKrupp's average share price in the first three months after the end of the performance period. Payments under the LTI are limited to three times the respective initial value.

The LTI is therefore a Groupwide, global compensation instrument related to long-term performance. The aim of the LTI is to strengthen executives' identification with ThyssenKrupp and loyalty to the Group. Linked not only to the share price but also to TKVA, the LTI provides an additional incentive to create value through value-based management geared to achieving the Group's goals.

In the reporting year, the LTI program resulted in expense of €67.8 million (prior year: €20.6 million).

In addition, selected executives receive a variable compensation component in such a way that 20% of the bonus awarded for each fiscal year is converted into ThyssenKrupp AG stock rights tied to the ThyssenKrupp share price and is only paid out in cash after the expiration of three fiscal years on the basis of the average ThyssenKrupp share price in the 4th quarter of the third fiscal year.

Appropriate Supervisory Board compensation

The compensation of the Supervisory Board is subject to § 14 of the Articles of Association. In addition to reimbursement of their expenses and a meeting attendance fee of €500, Supervisory Board members receive annual base compensation of €50,000.

The annual compensation for the Supervisory Board Chairman is €200,000 and for the Vice Chairman/Chairwoman €150,000. This also covers membership and chairs of committees. The other Supervisory Board members receive premiums for the chairs/membership of specified committees which are also defined in § 14 of the Articles of Association. Supervisory Board members who serve on the Supervisory Board or a committee for only part of the fiscal year receive prorated compensation.

The members of the Supervisory Board will receive total compensation, including meeting attendance fees, for the reporting year of €1.68 million (prior year: €1.55 million). The individual members will receive the amounts listed in the following table:

Supervisory Board compensation 2013/2014

in €[1]	Fixed compensation	Compensation for committee work	Meeting attendance fee	Total compensation
Prof. Dr. Ulrich Lehner (Chairman since April 01, 2013)	200,000 [100,137]	—[2] [50,000]	15,500 [9,000]	215,500 [159,137]
Dr. Gerhard Cromme (Chairman until March 31, 2013)	— [74,795]	—[2] [43,630]	— [8,500]	— [126,925]
Dr. Sabine Maaßen (Vice Chairwoman since January 17, 2014)	125,000 [50,000]	—[2] [—]	7,000 [3,500]	132,000 [53,500]
Bertin Eichler (Vice Chairman until January 17, 2014)	50,000 [100,000]	—[2] [47,222]	7,000 [11,500]	57,000 [158,722]
Martin Dreher	50,000 [50,000]	— [—]	3,500 [3,500]	53,500 [53,500]
Markus Grolms	50,000 [47,619]	19,167 [10,417]	7,500 [3,500]	76,667 [61,536]
Susanne Herberger	50,000 [50,000]	32,500 [25,000]	9,000 [7,500]	91,500 [82,500]
Bernd Kalwa (until December 28, 2012)	— [12,192]	— [3,048]	— [2,000]	— [17,240]
Prof. Dr. Hans-Peter Keitel	50,000 [47,619]	23,958 [12,500]	7,500 [4,000]	81,458 [64,119]
Ernst-August Kiel	50,000 [50,000]	— [—]	3,500 [3,500]	53,500 [53,500]
Dr. Norbert Kluge (since January 17, 2014)	37,500 [—]	— [—]	2,000 [—]	39,500 [—]
Dr. Ralf Nentwig (since January 01, 2013)	50,000 [37,397]	20,000 [4,760]	6,500 [3,000]	76,500 [45,157]
René Obermann (since November 01, 2013)	45,833 [—]	— [—]	3,000 [—]	48,833 [—]
Prof. Dr. Bernhard Pellens	50,000 [50,000]	52,500 [25,000]	8,500 [8,000]	111,000 [83,000]
Klaus Preußler (since January 17, 2014)	37,500 [—]	— [—]	2,000 [—]	39,500 [—]
Peter Remmler	50,000 [50,000]	12,500 [4,760]	6,500 [3,500]	69,000 [58,260]
Dr. Kersten v. Schenk (until April 19, 2013)	— [27,534]	— [6,884]	— [3,000]	— [37,418]
Carola Gräfin v. Schmettow	50,000 [50,000]	— [—]	3,500 [3,500]	53,500 [53,500]
Wilhelm Segerath	50,000 [50,000]	45,000 [37,500]	10,500 [11,500]	105,500 [99,000]
Carsten Spohr (since April 19, 2013)	50,000 [18,836]	12,500 [4,760]	5,500 [500]	68,000 [24,096]
Peer Steinbrück (until December 31, 2012)	— [8,402]	— [2,100]	— [—]	— [10,502]
Dr. Lothar Steinebach (since April 19, 2013)	50,000 [22,603]	21,875 [4,760]	6,000 [1,000]	77,875 [28,363]
Christian Streiff	50,000 [50,000]	— [—]	2,500 [3,500]	52,500 [53,500]
Jürgen R. Thumann	50,000 [50,000]	37,500 [25,000]	8,500 [10,000]	96,000 [85,000]
Fritz Weber (since January 15, 2013)	50,000 [35,479]	— [—]	3,500 [2,000]	53,500 [37,479]
Prof. Dr. Beatrice Weder di Mauro (until October 31, 2013)	4,167 [50,000]	1,041 [—]	— [4,500]	5,208 [54,500]
Klaus Wiercimok (until January 17, 2014)	16,667 [50,000]	— [—]	1,500 [3,500]	18,167 [53,500]
Total	1,266,667 [1,132,613]	278,541 [307,341]	130,500 [114,000]	1,675,708 [1,553,954]

[1] Prior-year figures in brackets

[2] Covered by fixed compensation in accordance with § 14 (3) of the Articles of Association

The employee representatives who belong to trade unions have stated that they will transfer their compensation to the Hans Böckler Foundation in accordance with the policies of the German Federation of Trade Unions.

Members of the Supervisory Board will additionally receive compensation of €80,992 (prior year: €79,069) for supervisory board directorships at Group companies in fiscal 2013/2014. The individual members of the Supervisory Board will receive the amounts shown in the following table:

Compensation from supervisory board directorships within the Group

in €	2012/2013	2013/2014
Martin Dreher	15,399	23,297
Susanne Herberger	19,664	16,500
Bernd Kalwa (until December 28, 2012)	4,158	—
Ernst-August Kiel	19,350	18,745
Peter Remmler	16,500	17,000
Fritz Weber (since January 15, 2013)	3,998	5,450
Total	79,069	80,992

In the reporting year Supervisory Board members received no further compensation or benefits for personal services rendered, in particular advisory and mediatory services. As in previous years, no loans or advance payments were granted to members of the Supervisory Board, nor were any guarantees or other commitments entered into in their favor.

ThyssenKrupp stock

Significant operating improvements and systematic risk reduction were the main value drivers for ThyssenKrupp's stock in fiscal 2013/2014. The high level of acceptance of these measures on the capital market and among shareholders is reflected in the stock's positive performance. At the end of the fiscal year, ThyssenKrupp's stock significantly outperformed the benchmark DAX and DJ STOXX indexes.

Key data of ThyssenKrupp stock

		2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Capital stock	million €	1,317	1,317	1,317	1,317	1,449
Number of shares (total)	million shares	514.5	514.5	514.5	514.5	565.9
Stock exchange value end September	million €	12,306	9,543	8,510	9,096	11,757
Closing price end September	€	23.92	18.55	16.54	17.68	20.78
High	€	28.07	35.84	22.86	19.05	22.72
Low	€	19.82	18.55	11.58	13.16	16.60
Dividend per share	€	0.45	0.45	—	—	0.11 [1]
Dividend yield	%	1.9	2.4	—	—	0.5 [1]
Dividend payout	million €	209	232	—	—	62 [1]
Earnings per share [2]	€	1.77	(2.71)	(8.24)	(2.79)	0.38
Number of shares (outstanding [3])	million shares	464.0	476.2	515	515	557
Trading volume (daily average)	million shares	3.4	3.2	4.1	3.7	2.4

[1] Proposal to the Annual General Meeting
[2] The prior-year figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (see Notes 01 and 03).
[3] Weighted average

Value potential from Strategic Way Forward a key driver for the stock

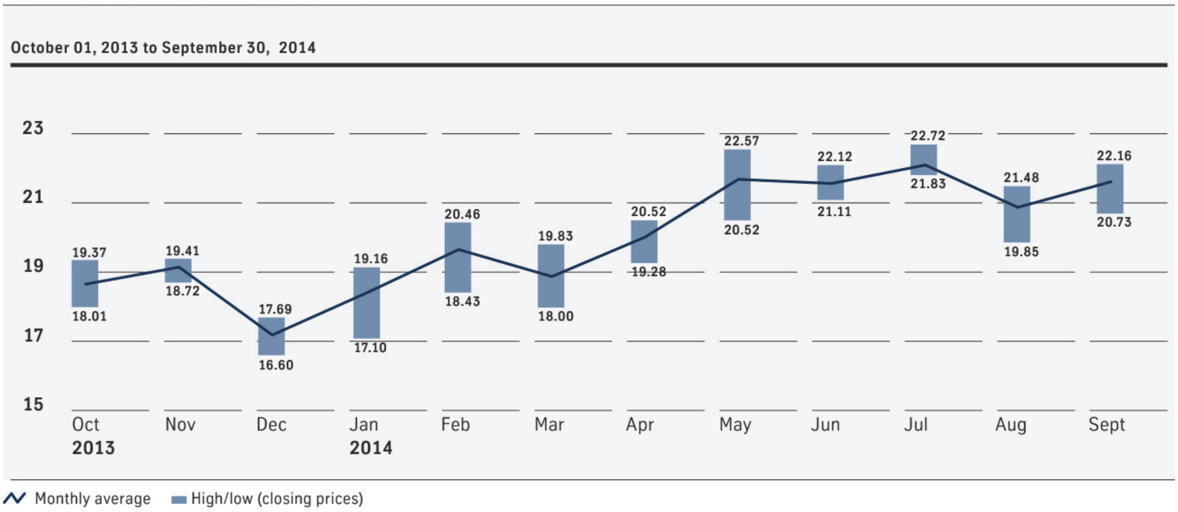
In the 1st fiscal half, the stock profited in particular from the sale of the ThyssenKrupp Steel USA rolling and coating plant with a long-term slab supply contract for ThyssenKrupp CSA, the ending of all financial links with Outokumpu, and the Group's successful financing measures on the equity and debt side. In addition, our Capital Market Day in London in December 2013, focused on our high-growth capital goods businesses Elevator Technology and Industrial Solutions, had a positive impact on the valuation of our stock.

In the 2nd half, the stock profited in particular from the raised forecast for adjusted EBIT and net income announced in mid-May and mid-August 2014 .

Performance of ThyssenKrupp stock relative to DAX and DJSTOXX, indexed

On September 30, 2014, ThyssenKrupp's stock stood at €20.78, up around 18% from September 30, 2013, thus recording the highest gain in the DAX index. In the same period the DAX and DJ STOXX gained 10% and around 14% respectively. At the start of the 2014/2015 fiscal year, geopolitical risks and economic concerns impacted the performance of the indexes and ThyssenKrupp's stock.

Highs and lows of ThyssenKrupp stock in €



Broker field trips and investors' conferences: efficient dialogue platforms for investors and company

The positioning of ThyssenKrupp as a diversified industrial group offers clear upside potential. Together with our benchmarking ambition we want to achieve a situation where the Group's stock market value reflects the fair value of all our businesses.

A key role in this is played by the commitment of our leadership teams to their operating and strategic goals and their systematic involvement in the dialogue with investors and analysts. Broker field trips to ThyssenKrupp – company visits and management meetings organized by brokers for international investor groups – are an efficient platform for this. They can last up to a full day, and give participating investors the opportunity to meet and talk in depth with Group Executive Board members as well as executives and industry experts from our business areas. Five of these field trips took place from February to June 2014. In addition, we also took part in numerous investors' conferences in the past fiscal year, with operational management from the business areas more strongly involved in the dialogue with the capital market. ThyssenKrupp took part in a total of 14 investors' conferences in 2013/2014.

Capital increase confirms confidence in long-term strategy

On December 02, 2013 the Executive Board decided to increase the capital stock of ThyssenKrupp AG by a nominal €131,709,191.68, i.e. around 10% of the capital stock, by issuing 51,448,903 new shares excluding shareholders' subscription rights. On December 03, 2013 the newly issued shares were placed with German and international institutional investors at a price of €17.15 per share in an accelerated book building process. The placement resulted in gross proceeds of €882.3 million, which contributed to strengthening equity and reducing net financial debt. The speed of the placement and the fact that it was almost three times oversubscribed by mainly long-term investors confirms the trust of the capital market in our long-term strategy.

The capital stock of ThyssenKrupp AG is now €1,448,801,144.32 and is divided into 565,937,947 no-par shares. Each share grants one vote at the Annual General Meeting.

Shareholder structure – North America main region for free float

The Alfried Krupp von Bohlen und Halbach Foundation, Essen, with a holding of 23.03% of the capital stock – which is not included in free float – is the biggest shareholder, followed by Cevian Capital, St. Helier, with a holding of 15.08%. The remaining shares are widely held internationally. Private investors hold approx. 10% of the capital stock. In terms of daily trading volume in ThyssenKrupp stock, by far the biggest role is played by market participants from the UK and the USA. North America is ThyssenKrupp's main region for free-float shareholders. US and Canadian investors held around 20% of the free float at the end of September 2014, with investors in the UK accounting for around 9% and in Germany for roughly 5%.

ThyssenKrupp AG currently holds no treasury shares. The free float generally taken into account in the weighting of ThyssenKrupp's stock in stock indexes accounts for 76.97% of the capital stock.

ADR program facilitates access to ThyssenKrupp stock for North American investors

In November 2014 ThyssenKrupp launched a Sponsored Level I ADR program to further accommodate the strong interest of North American investors. ADRs (American Depositary Receipts) are certificates representing shares of stock which allow US investors to indirectly hold shares in a non-US company and trade them in the USA. This makes it easier for US investors to invest in ThyssenKrupp. Using targeted investor relations measures we will further extend our reach in this important capital market and thus support the spread of ThyssenKrupp ADRs among US investors. Under our ADR program, one ADR represents one share. The depositary bank for the program is Deutsche Bank.

ThyssenKrupp ADRs master data

Structure	Sponsored Level I ADR
Ratio	1 ADR : 1 share
Trading	Over-the-counter (OTC)
Ticker symbol	TKAMY
CUSIP	88629Q 207
ISIN	US88629Q2075

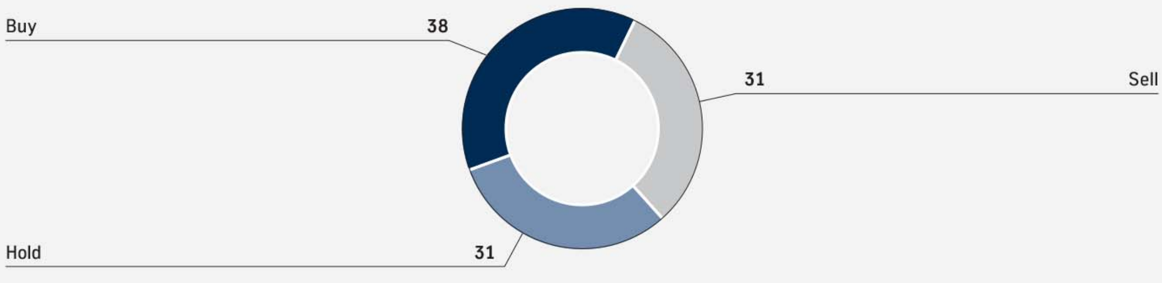
Analyst recommendations for ThyssenKrupp stock mainly positive

There are currently 27 analysts from international investment banks and brokers regularly covering the strategic and operating development of ThyssenKrupp and making recommendations on the stock for investors around the world. Financial analysts are therefore important multipliers for ThyssenKrupp's equity story. Our Investor Relations team provides convincing, valuation-relevant information and engages continuously with analysts to help attract investors' interest in our stock and gain new shareholders.

The value potential that analysts currently attach to ThyssenKrupp's stock is reflected in their recommendations. At September 30, 2014, around 70% of the analysts regularly covering ThyssenKrupp recommended buying or holding the stock.

Analyst recommendations for ThyssenKrupp stock

at September 30, 2014



Dividend proposal of €0.11 per share

Under the Strategic Way Forward, we have significantly reduced the Group's risk portfolio and substantially improved our performance profile. Our net financial debt and gearing are considerably lower, adjusted EBIT has more than doubled year-on-year, and we have generated positive net income for the first time in three years.

Although we are still some way from achieving our sustainable minimum requirements and our medium- and long-term goals, we reached some important milestones in the reporting year and expect to make further clear progress in the fiscal year now started.

Against this background we feel it is appropriate and financially justifiable to resume dividend payments. The Executive Board and Supervisory Board will therefore propose to the Annual General Meeting on January 30, 2015 that a dividend of €0.11 per share be paid for the 2013/2014 fiscal year.

This is a signal that we link our positioning as a diversified industrial group with a clear ambition to secure a sustainable dividend by stabilizing and significantly improving our earnings and cash flow profile and thus enable our shareholders to participate appropriately in the progress made in implementing our Strategic Way Forward and the associated improvement in our income and balance sheet figures.

Your contact with Investor Relations

The team at Investor Relations is at your disposal to provide further information on ThyssenKrupp's stock and the value potential of the Company. We also provide extensive facts and data on our website. If you would like to contact our Investor Relations team or find out about the dates planned in the 2015/2016 financial calendar, you will find all the necessary information in the overview at the end of this Annual Report or on our website at **www.thyssenkrupp.com** under Investor Relations.

ThyssenKrupp stock master data

ISIN (International Stock Identification Number)	DE 000 750 0001
Stock exchanges	Frankfurt (Prime Standard), Düsseldorf
Symbols	
Frankfurt, Düsseldorf stock exchanges	TKA
Bloomberg (Xetra trading)	TKA GY
Reuters (Xetra trading)	TKAG.DE

Combined management report

Preliminary remarks

Combined management report

As in the prior year, this management report combines the management report on the Group and the management report on ThyssenKrupp AG. This combined management report is published in the ThyssenKrupp Group's annual report in place of the management report on the Group. In it we report on the course of business including business performance as well as the position and the expected development of the Group and of ThyssenKrupp AG. The information on ThyssenKrupp AG is presented in a separate section of the report on the economic position with disclosures in accordance with HGB.

Adoption of GAS 20

The new German Accounting Standard 20 (GAS 20) "Group management report" was adopted for this annual report. This has led to numerous amendments and additions to the management report:

- In the chapter "Fundamental information about the Group", the section "Management of the Group" describing the key performance indicators for the internal management of the Group has been adjusted accordingly. These "key performance indicators" correspond to the most important financial key performance indicators in accordance with GAS 20. Non-financial key performance indicators pursuant to GAS 20 are referred to at ThyssenKrupp as indirect financial indicators, none of which are among the most important key performance indicators. For this reason only indirect financial targets are defined, with a report on the corresponding target achievement levels being provided in the sections Employees, Technology and Innovations, Environment, Climate and Energy, and Purchasing.

- Under GAS 20 the key performance indicators form the basis for describing the course of business in the reporting year and for the forecast for the current fiscal year. In this annual report, the Group's actual performance in the reporting year is compared with the forecast in the prior-year annual report. The forecast for the current fiscal year presented in this report will then be compared with actual developments in the 2014/2015 annual report.

- New requirements have also been implemented in the opportunity and risk report. In addition to a detailed presentation of the corresponding systems, we have also carried out an assessment of the material individual risks in the risk categories. Furthermore the opportunity and risk report is now combined with the forecast report.

- Further disclosures required in connection with GAS 20 have been added to various passages in the management report.

- The reportable segments according to IFRS 8 (see also Note 24) are the six business areas in which the Group's business operations are combined. The segment-related information required under GAS 20 is therefore covered by the disclosures on the business areas.

Fundamental information about the Group

Profile and organizational structure

At ThyssenKrupp we work with passion and expertise to develop high-quality products and intelligent industrial processes and services that create sustainable infrastructures and promote efficient use of resources. We combine our engineering capabilities with traditional strengths in materials. This means we create value for our customers worldwide and can successfully exploit the diverse opportunities in the markets of the future. Competence, diversity and global reach define ThyssenKrupp. We engage as entrepreneurs with a passion to perform.

The high standards we set ourselves and our shared values are documented in our mission statement.

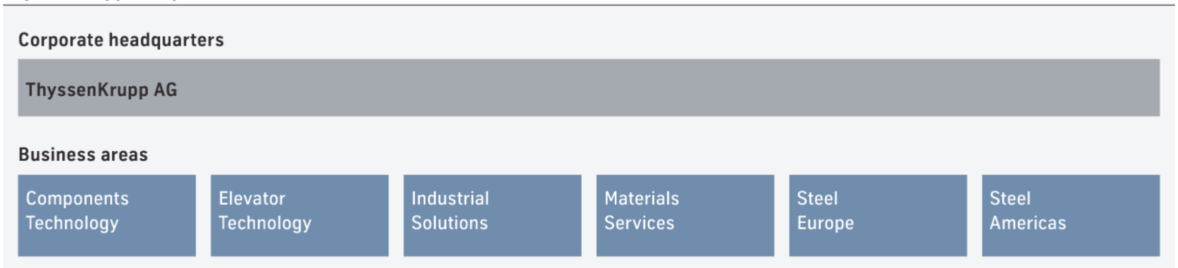
Capability profile

For us, technical progress and innovations are key factors in managing global growth and the use of finite resources in a sustainable way. Together with our customers, our engineers develop sustainable solutions to the challenges of the future in the areas "Mechanical", "Plant" and "Materials". Our engineering expertise enables our customers to gain an edge in the global market and manufacture innovative products in a cost- and resource-efficient way. In the "Mechanical" area we design and manufacture high-quality components for the automotive, machinery, energy and construction sectors. We also produce innovative technological goods such as modern elevator systems, which are used for example in the Freedom Tower in New York City. The "Plant" area extends from the engineering, planning and construction of complete industrial facilities to a global service network and advanced naval technology. Our capabilities in the "Material" area include custom material solutions, efficient materials manufacturing and processing, and materials services.

Organizational and management structure

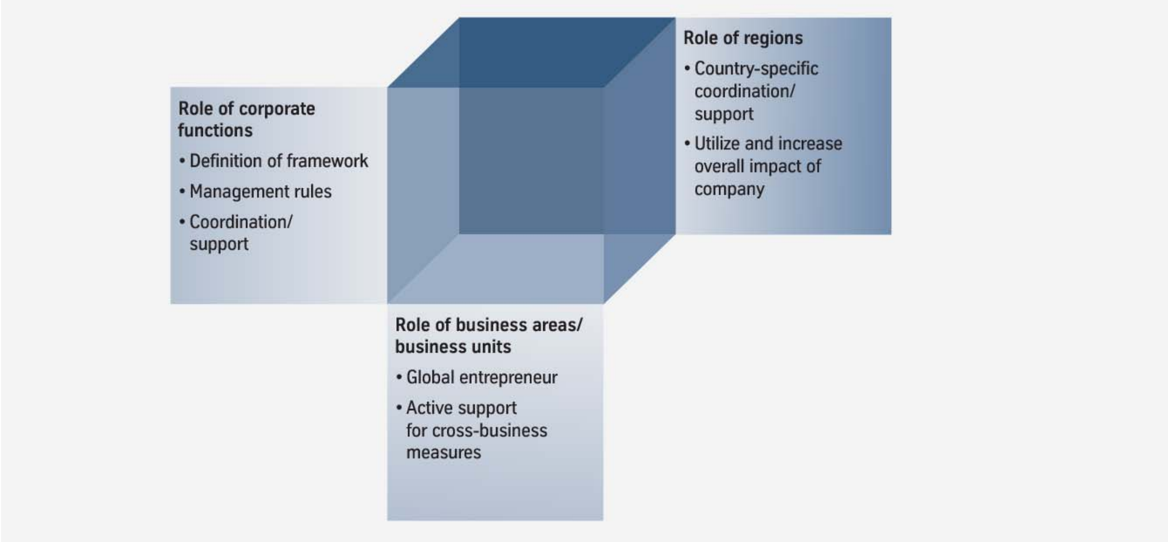
Our business operations are organized in six business areas: Components Technology, Elevator Technology, Industrial Solutions, Materials Services, Steel Europe and Steel Americas. The business areas are divided into business units and Group companies. In 78 countries, 546 subsidiaries and 30 investments accounted for by the equity method are included in the consolidated financial statements.

ThyssenKrupp Group



The Group is led strategically by ThyssenKrupp AG. Founded in 1999 as a stock corporation under German law, the Company has dual domiciles in Essen und Duisburg. Corporate headquarters is located in the ThyssenKrupp Quarter in Essen. Regional headquarters operate in North and South America, China, India and the Asia-Pacific region.

Group management structure: matrix organization



The Group's Strategic Way Forward is focused on greater global connectedness and cooperation. To this end, we operate in a matrix structure made up of operating businesses, corporate functions and regions. Within this structure, roles, processes and reporting lines have been redefined and administrative functions adapted to the new leadership structure. The new, more efficient structures and processes are currently being implemented in the business units of the business areas and regions. In addition, key functions currently performed locally are to be combined and organized competitively in in-house service centers of a "Global Shared Services" unit. This concerns site-independent activities such as certain accounting, IT, real estate management and human resources processes. Overall, the new Global Shared Services structure will include six centers worldwide, with the existing center in Essen as well as new centers in Bochum in Germany and Gdansk in Poland, a site in India and regional centers in China and Brazil. The service center in Gdansk started operation with certain accounting processes at the end of September 2014, the service centers in Bochum and Brazil will follow at the end of 2014 and beginning of 2015.

The Group's structure will be routinely reviewed in the future as part of the annual strategy process in order to ensure it is continuously enhanced and adapted in line with changing conditions. As a result of stronger Groupwide integration and harmonization, the number of legally independent companies in the Group will be further reduced.

Portfolio changes

On February 26, 2014 we completed the sale of the ThyssenKrupp Steel USA rolling and coating plant in Calvert/Alabama to a consortium of ArcelorMittal and Nippon Steel & Sumitomo Metal Corporation. On completion of the transaction we received a purchase price of US$1.55 billion; added to this came purchase price adjustments, in particular for increased net working capital. At the same time a valuable long-term slab supply contract was agreed that will provide a sustainable solution for the ThyssenKrupp CSA steel mill in Brazil. The consortium will purchase two million tons of slabs per year from ThyssenKrupp CSA up to 2019. The agreement alone will reliably secure a minimum 40% capacity utilization of the mill for several years. In addition, stronger penetration of the slab markets in South and North America will further increase ThyssenKrupp CSA's capacity utilization. With the sale and the slab supply contract we have created important conditions for further improvements to our cash flow profile and key financial ratios. We are concentrating now on further operating improvements at the Brazilian plant, where clear progress has already been made in technical performance and efficiency.

On February 28, 2014 we transferred to Outokumpu (OTK) the financial receivable created in connection with the Inoxum sale and in return acquired the VDM and AST groups as well as a number of European stainless steel service centers from OTK. In addition, to fulfill the requirements of the EU Commission we disposed of our 29.9% interest in OTK and ended all other financial links with OTK. Within ThyssenKrupp the acquired companies have been integrated into the Materials Services business area to take advantage of the market presence of the existing distribution network. Over the past few months we have developed a comprehensive new business plan for both VDM and AST. For AST this provides for an intensification and restructuring of sales of cold-rolled products as well as extensive restructuring measures in production and administration with a significant reduction in personnel. The details are currently the subject of intensive negotiations with the stakeholders. At VDM the focus is on intensifying and supporting the identified restructuring programs, which will also involve a substantial reduction in personnel, as well as on growth initiatives.

More details on the transactions can be found in Notes 02 and 03.

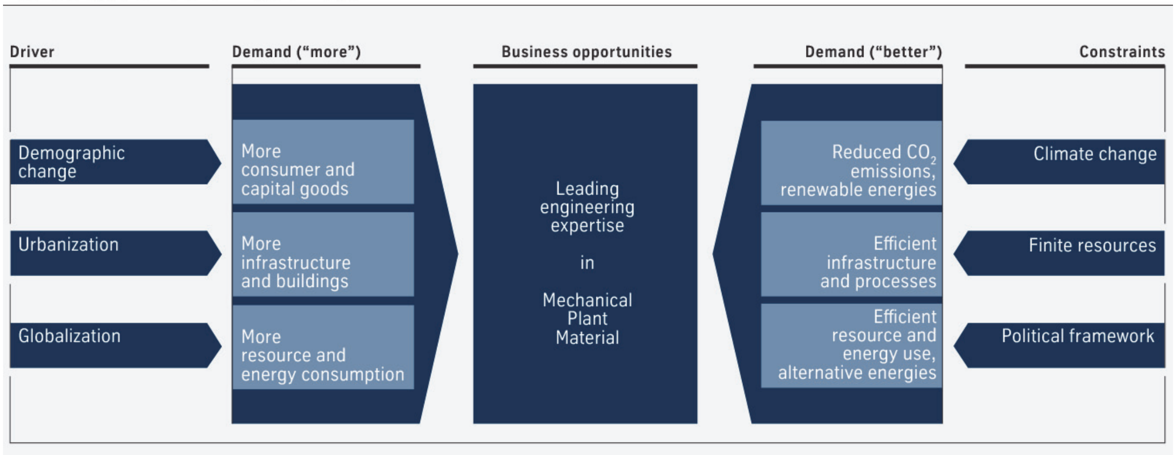
Strategic Way Forward

Positioning as a diversified industrial group

ThyssenKrupp is a diversified industrial group with traditional strengths in materials and a growing share of capital goods and services businesses. Our engineering expertise in the areas "Mechanical", "Plant" and "Material" provides a strong basis from which we can follow the development trends on the global sales markets, create growth on the markets of the future and generate stable earnings, cash and value-added contributions.

To achieve this we use an approach we call "More & Better". Demographic change, the globalization of goods flows and the rapid growth of mega cities mean that global demand is rising all the time. The world needs "more" consumer and capital goods, infrastructure, energy and raw materials. However, this growing demand is set against the finite nature of natural resources. Concerns over climate change and the environment together with stricter regulations call for "better" solutions. We need to use resources more efficiently, reduce the environmental impact of producing consumer and capital goods, and build sustainable infrastructure.

Business opportunities for ThyssenKrupp



With its engineering expertise, ThyssenKrupp offers solutions to these challenges and with its technologies, materials, industrial processes and services already meets requirements for "more" and "better" in many areas – both in industrialized countries and in emerging markets. This creates value for our customers and gives us a clear competitive edge.

Our positioning as a diversified industrial group is linked to a clear ambition to generate higher and more stable earnings, cash flow and value added. We aim to achieve this through a stronger focus on profitable capital goods and services businesses with lower volatility and capital intensity and on the global growth regions and industries. We aim to boost our earnings strength through efficiency gains and/or profitable growth in the business areas while systematically leveraging synergies within the Group.

We have greatly reduced the share of more volatile and capital-intensive businesses in our portfolio; at the end of the reporting year steel producing businesses accounted for less than 30% of the business areas' sales, and capital goods and services businesses for over 70%.

We are strengthening our focus on the growth regions in Asia, South America and the USA through efficient regional structures and a common market identity.

To leverage synergies in the Group, we connect together and collaborate across functions, businesses and regions, for example in research and development projects under the InCar Plus program or in the transfer of manufacturing know-how from our components to our elevator business. But we expect the biggest synergies in the next few years to come from professional management and consolidation under our purchasing and materials cost reduction initiative synergize+, a unified IT infrastructure, data and process harmonization, and global shared services.

In addition, all businesses in our portfolio have to meet clear minimum requirements or implement a convincing business plan to fulfill these requirements: All business units must sustainably generate positive earnings, positive cash flows and positive value added (TKVA) across the cycle and at the same time achieve industry-leading positions in terms of profitability.

Successful implementation of the Strategic Way Forward

The program for positioning ThyssenKrupp as a diversified industrial group is the Strategic Way Forward, which we have been implementing rigorously since May 2011. In particular with the sale of ThyssenKrupp Steel USA and the slab supply contract for ThyssenKrupp CSA, the ending of financial links with OTK and our successful financing measures, we significantly reduced our risk profile in the reporting year, strengthened our key financial ratios and secured value and liquidity for the company. Now, alongside our performance initiatives and the changes in our corporate culture, leadership and structure, we can also focus on the further development of our HR strategy and the strategic management of our customers and markets.

The four action areas in detail:

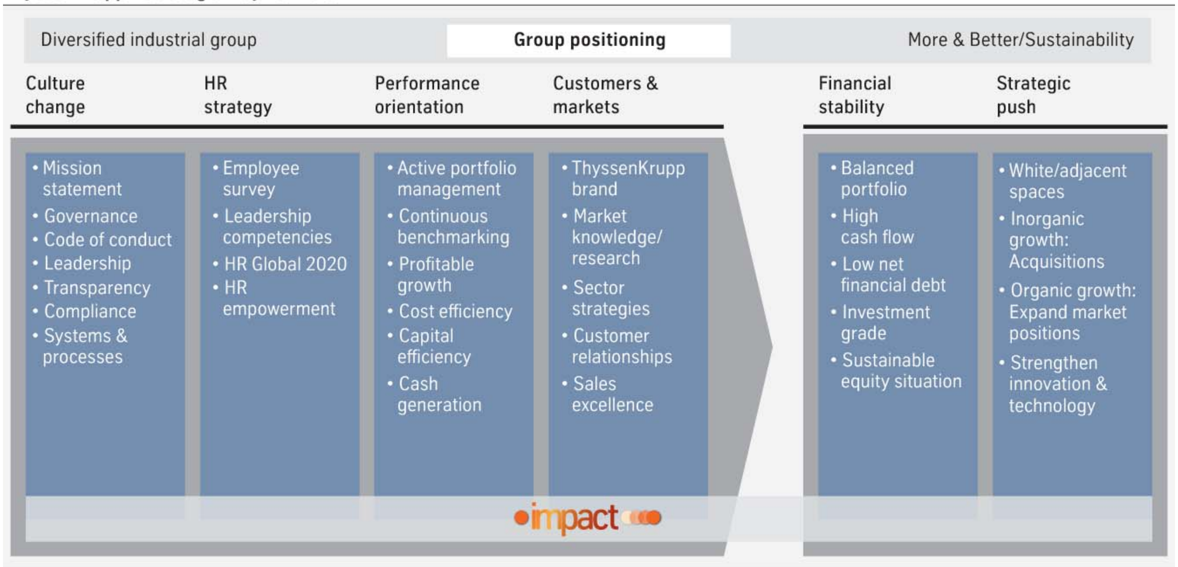
- **Culture change**: We are changing our corporate culture and the way we work together. We see this as the basis for significantly improving the Group's operating performance. The pillars of the new corporate culture are: Groupwide collaboration, a stronger focus on customers and performance, clearly defined processes, and greater transparency, openness, honesty and mutual respect. We work in a network structure and have set ourselves high standards in our mission statement. These include full compliance with the law and internal policies, and excellent governance.

- **HR strategy**: Lasting business success can only be achieved when performance and corporate culture are in tune with each other. HR strategy plays a major role in this. For example in the past fiscal year leadership principles were developed and competences defined to establish a common understanding of leadership for the whole Group in keeping with our mission statement. A further example is our first Groupwide employee survey, carried out in September/October 2014. We will use the results to develop instruments and improvement measures for the Group worldwide and initiate and optimize the transfer of best practices.

- **Performance orientation**: To support our performance orientation we once again conducted benchmarking projects in numerous businesses in the reporting year. These structured comparisons enable us to systematically pinpoint gaps versus best in class and identify and implement measures to close them. Our performance assessments and ultimately also our portfolio decisions are based on the performance indicators earnings, cash flow and value added compared with competitors. The corporate program impact combines initiatives and measures to improve these indicators. The aim of the efficiency program "impact 2015" is to achieve a cumulative positive EBIT effect of around €2.5 billion from performance measures in the three fiscal years 2012/2013 through 2014/2015. Of this target we have already achieved €1.6 billion. For 2014/2015 we are targeting additional EBIT effects of €850 million.

- **Customers & Markets**: Customer and market orientation is a key success factor in the marketplace. We want to move even closer to our customers and systematically utilize the integrated strength of the Group. A major initiative for this is the strengthening of our brand: With a common market and brand image we will be in a better position to win and retain customers. Further initiatives and projects we are working on include structured customer surveys, the expansion of key account management, the systematic sharing of industry and market knowledge throughout the Group, and the increased use of customer management systems.

ThyssenKrupp - Strategic Way Forward



By systematically addressing these four strategic action areas, we will stabilize our finances and gain strategic latitude for investment and research and development so that we can continue to expand both in the emerging growth regions and in the industrialized countries in the coming years.

More information on the strengthening of strategically important growth areas and our research and development activities is provided in the report on the economic position in the section "Capital expenditures" and under "Technology and Innovations".

Management of the Group

Our profitability, value and liquidity-oriented performance indicators apply throughout the Group and represent the basis for operational and strategic management decisions. They are used for target setting, performance measurement and compensation design.

The key performance indicators are adjusted earnings before interest and taxes (adjusted EBIT), ThyssenKrupp Value Added (TKVA) and free cash flow before divestments (FCF before divestments).

As part of the annual strategy process long-term targets are defined, also at business area level. Based on these long-term targets, management develops short and medium term targets for the budget and medium term plans to be subsequently prepared by all Group companies.

ThyssenKrupp – Key performance indicators

Profitability	Value added	Liquidity
Operating earnings +/- operational components of financial income **EBIT** -/+ special items **Adjusted EBIT**	**EBIT** -/+ cost of capital [1] **TKVA**	Operating cash flows - cash flows from investing activities relating to investments **FCF before divestments**

[1] Cost of capital = WACC × Capital Employed

Adjusted EBIT

EBIT measures the profitability of a unit. It is made up of the elements of the income statement that are operational in nature. It is calculated as operating income plus or minus income and expense from items of financial income/expense that are characterized as operational. This includes income and expense from investments where there is a long-term intention to hold the assets. Adjusted EBIT is EBIT adjusted for special items. In comparison with EBIT it ensures improved comparability in multi-period analyses. Special items include disposal losses and gains, restructuring charges, impairment charges as well as other non-operating expense and income.

Group EBIT, the EBIT of the business areas and the special items are described in detail in the sections “Group review” and “Business area review” in the report on the economic position.

TKVA

TKVA is the value created in a reporting period; it permits comparison of the financial performance of businesses with different capital intensity. TKVA is calculated as EBIT minus or plus the cost of capital employed in the business. To obtain the cost of capital, capital employed is multiplied by the weighted average cost of capital (WACC), which includes equity, debt and the interest rate for pension provisions.

Information on TKVA in the reporting year can also be found in the section “Group review”.

FCF before divestments

FCF before divestments permits a liquidity-based assessment of performance in a period by measuring cash flows from operating activities after capital expenditures. It does not include the effects from divestments contained in cash flows from investing activities. This increases the link to operating activities and facilitates comparability in multi-period analyses. FCF before divestments is measured as operating cash flow less the portion of cash flow from investing activities attributable to capital expenditures. More information on the development of FCF before divestments is provided in the section “Group review”.

Definition changes from 2014/2015

Beginning with the new fiscal year the definitions of EBIT, adjusted EBIT and capital employed are being modified with regard to the treatment of capitalized borrowing costs. In EBIT and adjusted EBIT, depreciation of capitalized borrowing costs is no longer reversed. Analogously, capitalized borrowing costs become part of capital employed again. In addition, from fiscal 2014/2015 we will include upward correction factors in capital employed which will lead to an increase in the performance requirements for positive TKVA. We will also no longer increase EBIT at business area level, especially at business areas with long-term construction contracts, by an imputed earnings contribution derived from net advance payments surpluses and the interest and financing effects attainable with them. The definitions of EBIT and adjusted EBIT will be adjusted accordingly from fiscal 2014/2015. Analogously, net advance payments surpluses will no longer be included when calculating capital employed. Likewise our adjusted EBIT forecast for the Group and the business areas is already based on the new definitions; more information on this is provided in the forecast report.

Adjusted EBIT after definition changes

	2013/2014		
million €	without definition changes	pro forma incl. definition changes	Change
Components Technology	269	268	(1)
Elevator Technology	751	674	(77)
Industrial Solutions	738	420	(318)
Materials Services	213	212	(1)
Steel Europe	216	206	(10)
Steel Americas	(60)	(68)	(8)
Corporate	(424)	(426)	(2)
Consolidation	(370)	28	398
Group	1,333	1,314	(19)

Adjusted EBIT margin after definition changes

	2013/2014		
in %	without definition changes	pro forma incl. definition changes	Change
Components Technology	4.4	4.3	(0.1)
Elevator Technology	11.7	10.5	(1.2)
Industrial Solutions	11.8	6.7	(5.1)
Materials Services	1.6	1.6	0.0
Steel Europe	2.4	2.3	(0.1)
Steel Americas	(2.9)	(3.3)	(0.4)
Corporate	—	—	—
Consolidation	—	—	—
Group	3.2	3.2	0.0

Targets

The multi-year profile of our key performance indicators shows that the measures under the Strategic Way Forward are taking effect. Although we more than doubled adjusted EBIT in the past fiscal year and expect a further significant improvement in fiscal 2014/2015, we are still some way from our sustainable minimum requirement. Ambitious targets for the financial indicators as well as targeted improvements in strategic areas, including via indirect financial indicators, are therefore important elements of the Strategic Way Forward.

Financial targets

We are working hard to generate strong, stable free cash flow again in order to provide the funds needed to expand our growth businesses and pay a solid dividend to our shareholders. This requires EBIT of at least €2 billion. We are convinced that we will achieve the earnings growth needed for this minimum requirement and beyond by strictly following the Strategic Way Forward in all business areas:

- **Components Technology** – Profitable growth, medium to long-term return to EBIT margins of 6 to 8% through successful ramp-up of new plants and continuation of efficiency and restructuring measures

- **Elevator Technology** – Profitable growth and efficiency and restructuring measures for continuing improvements to EBIT margin by 0.5 to 0.7 percentage points per year to 15% long-term and an EBIT contribution of €1 billion

- **Industrial Solutions** – Sales expansion by on average more than 5% per year to €8 billion long-term through implementation of the new growth strategy with a sustainable EBIT margin of 6 to 7%

- **Materials Services** – Return to higher margin levels with recovery of materials markets and successful restructuring of VDM and AST

- **Steel Europe** – EBIT improvement through the efficiency program “Best-in-Class Reloaded” to earn sustainably more than the cost of capital across the cycle

- **Steel Americas** – Further operating improvement with positive EBIT contributions

We expect that further progress on our Strategic Way Forward will again be clearly visible in another significant improvement in our key performance indicators in fiscal 2014/2015. Against the background of significantly increased economic uncertainties and with visibility for large parts of our materials and components businesses in the current economic climate not extending far beyond a quarter, we aim to achieve adjusted EBIT of at least €1.5 billion, a significant improvement in value added (TKVA) and at least breakeven FCF before divestments in fiscal 2014/2015. The targets are already based on the new definitions. More information on the definition changes is provided in this section under “Management of the Group”, and more information on the forecast for the current fiscal year can be found in the forecast report.

Indirect financial targets

The systematic management of indirect financial parameters contributes to improvements in financial performance indicators. For example, sustainable increases in energy efficiency have a positive impact on production costs, which ultimately means earnings, cash flow and value added can be increased. Consistently high and efficient investment in research and development secures innovativeness, improves our product and service portfolio and opens up new markets. This creates significant potential for the financial targets. In the past fiscal year topic areas in which we aim to achieve ambitious target levels were identified in a structured process in the areas People, Technology and Innovations, and Environment, Climate and Energy. The indirect financial targets and strategic objectives defined in September 2014 by the Sustainability Committee are subject to annual review. The Committee is made up of the Group Executive Board, the CEOs of the business areas and heads of corporate functions.

People

- Health and safety at work are a top priority at ThyssenKrupp. For this reason, the aim is to more than halve the accident frequency rate compared with fiscal 2011/2012: to 3.8 accidents per 1 million hours worked in fiscal 2014/2015.

- Increasing diversity in our workforce and leadership team, particularly in terms of age, gender and origin, is key to our management capability. In an initial step we therefore aim to increase the share of females in management positions worldwide to 15% by fiscal 2019/2020.

Technology and Innovations

- In recent years, research and development spending has been increased significantly to an appropriate level for the Group based on benchmarks with peer companies. By means of an R&D intensity of around 2.5% of sales (excluding trading and distribution businesses) we aim to secure continuing innovativeness and the efficiency of research spending.

Environment, Climate and Energy

- The energy efficiency potential of the operating units was identified in the reporting year and is now to be systematically leveraged. The aim by fiscal 2019/2020 is to increase energy efficiency sustainably by 3.5 TWh compared with 2012/2013.

- Operational energy management will be systematically improved. By fiscal 2019/2020 all relevant operations worldwide will have implemented ISO 50001 energy management systems.

- Existing environmental management systems will be further expanded. By fiscal 2019/2020 all relevant operations worldwide will have environmental management systems meeting the requirements of ISO 14001.

Purchasing

- ThyssenKrupp has documented the sustainability requirements it places on suppliers, e.g. in the areas of compliance and environmental protection, in a ThyssenKrupp Supplier Code of Conduct. Adherence to this code is to be reviewed by means of 100 supplier audits annually.

Information on improvements already achieved and the associated management processes can be found in the corresponding sections.

Report on the economic position

Summarized assessment by the Executive Board

The development of our key performance indicators and balance sheet ratios in fiscal 2013/2014 demonstrates clearly that the measures introduced under the Strategic Way Forward are taking effect. ThyssenKrupp's performance profile improved significantly in the past fiscal year and its risk portfolio was substantially reduced. In a generally difficult business climate we achieved or exceeded the targets for efficiency and earnings improvement and debt reduction formulated at the beginning of the period. We more than doubled adjusted EBIT compared with the prior year. For the first time in three years we also generated positive net income. Net financial debt and gearing were significantly reduced in the reporting year. For more information, see the section “Forecast-actual comparison”.

Risks reduced

Important measures were taken that significantly reduced our risk profile, strengthened our financial ratios and secured value and liquidity for the company: These were the sale of ThyssenKrupp Steel USA and the slab supply contract for ThyssenKrupp CSA, the ending of financial links with OTK, the successful financing measures, the settlement with Deutsche Bahn and the elimination of significant healthcare obligations due to the winding-down of a non-operating subsidiary. The further transformation of ThyssenKrupp into a powerful, profitable, value-creating diversified industrial group will be continued on a solid financial foundation and with a greatly reduced risk portfolio. More information on risks is provided in the opportunity and risk report.

Operating and strategic milestones achieved

Adjusted EBIT from continuing operations was significantly higher year-on-year in all quarters of fiscal 2013/2014 and for the year as a whole came to €1,333 million, 127% up from the prior year and also significantly higher than our forecast at the beginning of the reporting year; this reflects our stronger performance focus and progress in implementing the measures under the impact program. All business areas except Steel Americas made clear positive contributions; Steel Americas remained negative with adjusted EBIT of €(60) million but reduced its losses by €435 million year-on-year and generated positive adjusted EBITDA. All the capital goods businesses increased their earnings year-on-year; at €1,758 million their profits were significantly higher than those of the materials businesses, which even including Steel Americas generated a clear profit for the first time in two years at €369 million. Adjusted EBIT at Corporate came to €(424) million and consolidation to €(370) million. For the first time in three years the full Group generated positive net income of €195 million; net income attributable to the shareholders of ThyssenKrupp AG was €210 million.

Balance sheet ratios improved

As expected, free cash flow from continuing operations before divestments at €(254) million remained slightly negative due to the settlement payment to Deutsche Bahn and an increase in net working capital due to business growth and portfolio changes (including at ThyssenKrupp Steel USA until completion of the sale and at VDM and AST after their transfer at the end of February 2014). However, thanks to the capital increase at the beginning of December 2013 and the cash inflows from the closing of the OTK transaction and the sale of ThyssenKrupp Steel USA, the full Group's net financial debt decreased compared with September 30, 2013 from €5.0 billion to €3.5 billion, equity increased from €2.5 billion to €3.2 billion, and gearing was reduced significantly by 91.6 percentage points to 109.0%. These figures also already include a cash outflow of €279 million incurred in the 2nd quarter 2013/2014 as a result of the winding-down of the non-operating US subsidiary The Budd Company in a Chapter 11 case. In this connection healthcare obligations of €691 million were also shed, meaning no more cash outflows will result from these in the future.

With cash, cash equivalents and committed undrawn credit lines totaling €7.8 billion at September 30, 2014 and a balanced and extended maturity profile, ThyssenKrupp is solidly financed.

Key figures for the full Group and the continuing operations versus the prior year are shown in the following table:

The Group in figures [1]

		Group total				Continuing operations			
		2012/2013	2013/2014	Change	Change in %	2012/2013	2013/2014	Change	Change in %
Order intake	million €	39,774	41,416	1,642	4	38,636	41,416	2,780	7
Net sales total	million €	39,782	41,304	1,522	4	38,559	41,304	2,745	7
EBITDA	million €	1,212	2,274	1,062	88	1,154	2,088	934	81
EBIT	million €	(552)	1,151	1,703	++	(608)	965	1,573	++
EBIT margin	%	(1.4)	2.8	4.2	—	(1.6)	2.3	3.9	—
Adjusted EBIT	million €	517	1,333	816	158	586	1,333	747	127
Adjusted EBIT margin	%	1.3	3.2	1.9	—	1.5	3.2	1.7	—
EBT	million €	(1,648)	428	2,076	++	(1,706)	242	1,948	++
Net income/(loss) / Income/(loss) (net of tax)	million €	(1,576)	195	1,771	++	(1,629)	9	1,638	++
attributable to ThyssenKrupp AG's shareholders	million €	(1,436)	210	1,646	++	(1,490)	24	1,514	++
Basic earnings per share	€	(2.79)	0.38	3.17	++	(2.90)	0.04	2.94	++
Operating cash flow	million €	786	887	101	13	981	887	(94)	(10)
Cash flow for investments	million €	(1,411)	(1,141)	270	19	(1,313)	(1,141)	172	13
Free cash flow before divestments	million €	(625)	(254)	371	59	(332)	(254)	78	23
Cash flow from divestments	million €	1,221	1,053	(168)	(14)	1,221	1,053	(168)	(14)
Free cash flow	million €	596	799	203	34	889	799	(90)	(10)
Employees (September 30)		156,856	160,745	3,889	2	156,856	160,745	3,889	2
Germany		58,164	59,783	1,619	3	58,164	59,783	1,619	3
Abroad		98,692	100,962	2,270	2	98,692	100,962	2,270	2
Dividend per share	€	—	0.11 [2]	—	—				
Dividend payout	million €	—	62 [2]	—	—				
ROCE	%	(3.8)	9.0	12.8	—				
ThyssenKrupp Value Added	million €	(1,865)	5	1,870	++				
Net financial debt (September 30)	million €	5,038	3,488	(1,550)	(31)				
Total equity (September 30)	million €	2,512	3,199	687	27				
Gearing	%	200.6	109.0	(91.6)	—				

[1] The prior-year figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (cf. Notes 01 and 03).
[2] Proposal to the Annual General Meeting

Forecast-actual comparison

ThyssenKrupp achieved or exceeded the targets formulated at the beginning of the fiscal year for increasing efficiency and earnings and reducing debt. We more than doubled adjusted EBIT year-on-year. Also, for the first time in three years we generated positive net income. We significantly reduced net financial debt and gearing in the reporting year. The fact that we raised our earnings forecasts over the fiscal year and achieved or exceeded our earnings targets particularly reflects the efficiency measures under the impact program and the structural and operational progress at Steel Americas. For example, at €1 billion we significantly exceeded the impact target of €850 million for 2013/2014 set at the beginning of the reporting year, and at Steel Americas we generated positive adjusted EBITDA a year earlier than expected. More information on the drivers of earnings performance is provided in the sections "Group review" and "Business area review".

Details of the forecast updates over the year – issued on publication of the interim reports on the 1st half and the first 9 months – and of target achievement are provided in the following chart:

Forecast for fiscal year 2013/2014 and target achievement

	Forecast in annual report 2012/2013	Update in interim report 1st half 2013/2014	Update in interim report 9 months 2013/2014	Actual fiscal year 2013/2014
Sales of continuing operations	Growth in mid-single digit % range [1), 2)]	Growth on comparable basis in mid to higher single digit % range [3)]		+ 7% [5)]
Components Technology	increase			+ 10% [5)]
Elevator Technology	increase			+ 8% [5)]
Industrial Solutions	increase			+ 15% [5)]
Materials Services	slight increase [1)]	increase [4)]		+ 5% [5)]
Steel Europe	decrease			(3)% [5)]
Steel Americas	increase [2)]	[3)]		+ 18% [5)]
Adjusted EBIT from continuing operations	~ €1 billion [1), 2)]	almost double [3), 4)] (prior year €586 million)	double	€1,333 million + 127%
Components Technology	positive			€269 million
Elevator Technology	improved earnings + margin			+ 11% + 0.7% points
Industrial Solutions	improved			+ 15%
Materials Services	positive [1)]	[4)]		€213 million
Steel Europe	improved			+ 51%
Steel Americas	reduction in losses [2)]	significant reduction in losses [3)]		(88)%
Net income	significant improvement towards break-even [1), 2)]	[3), 4)]	break-even to slightly positive	€195 million
Net financial debt	significant reduction			€(1.6) billion
Gearing	significant reduction			(91.6)% points
Capex	at prior-year level			(19)%

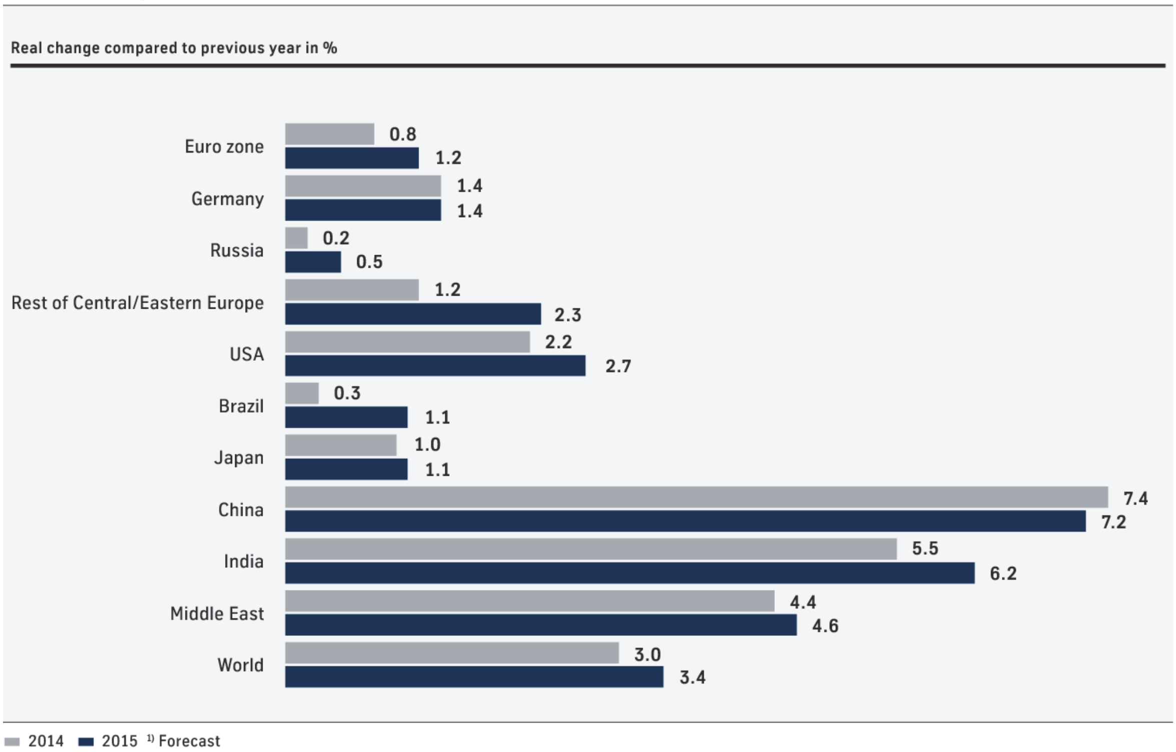
1) excl. effects of the planned transfer of VDM & AST
2) incl. disposal group ThyssenKrupp Steel USA
3) incl. disposal group ThyssenKrupp Steel USA up to completion of the sale at the end of February 2014
4) incl. contributions from VDM and AST transferred at the end of February 2014
5) Change in sales on a comparable basis

Macro and sector environment

Global economy slow in 2014 – outlook for 2015 increasingly uncertain

The global economic recovery faltered this year. A broad self-sustaining upturn across all regions is not expected. This assessment is based to a large extent on the geopolitical uncertainties connected with the Ukraine crisis and the developments in the Middle East which are now being felt in the form of subdued economic indicators and weaker business and consumer spending. Global economic growth in 2014 will therefore be only slightly higher than the year before. Based on continued highly expansionary monetary policy, growth in the industrialized nations will increase to almost 2% this year. Current forecasts for 2015 indicate at best moderate expansion of just over 2%. Growth in the emerging economies will slow from just under 5% last year to just over 4% in 2014; in 2015 the rate of growth should approach the 5% mark again. Overall we expect the global economy to grow at a rate of 3% in 2014, only marginally higher than the year before. For 2015 we expect heterogeneous rates of expansion and – with the lowering of forecasts over recent weeks – no more than moderately stronger global economic growth overall provided the crises in Ukraine and the Middle East do not escalate further and the continuing uncertainties do not further impact business and consumer spending.

Gross domestic product 2014[1], 2015[1]



[1] Forecast

The economic recovery in the euro zone continues to proceed very heterogeneously and slowly and is characterized by periods of stagnation and decline – particularly in major member states such as France and Italy. Progress is being observed in some crisis countries such as Spain, Portugal, Ireland and partly also in Greece. However, necessary reforms and structural adjustments in some countries will continue to limit growth opportunities. Gross domestic product (GDP) is therefore expected to show only moderate growth of less than 1% this year. With forecasts trending downwards, only marginally stronger growth is currently expected for 2015.

While the German economy is expected to expand in 2014, current indicators show that the effects of the weak growth climate in the euro zone and the crises in Ukraine and the Middle East will be felt here too and negatively impact the economic outlook. Overall growth in German GDP will be driven mainly by domestic demand. In addition to necessary maintenance capital investment, there will also be at least some growth capital expenditures due to rising capacity utilization and continued favorable financing conditions. Consumer spending will also increase thanks to rising incomes and a continuing solid labor market. However, foreign trade is expected to generate only little growth impetus. Overall German GDP will increase by 1.4% at most in both 2014 and 2015.

After a weather-related weak start to the year, the US economy has since picked up considerably. In view of the advanced deleveraging process among private households and continued improvements on the labor market, consumer spending is expected to accelerate as incomes rise. With economic conditions more favorable and business confidence higher, capital spending will also increase. The US economy will expand by just over 2% in 2014. In the coming year growth could be slightly higher.

GDP growth in China is expected to slow slightly both this year and next to just over 7%. While foreign trade should deliver slightly stronger growth impetus, the targeted shift towards greater consumption-led growth is not yet likely to be enough to offset weaker business spending. GDP growth in India will quicken slightly in 2014 on the back of slightly better foreign demand and accelerated implementation of ongoing infrastructure projects. However, the pace of expansion will fall well short of the growth rates achieved in the past decade. Economic growth in Brazil is slowing sharply and will virtually stagnate this year. Consumer spending, business spending and foreign trade have been weak in the year to date. What is needed in particular is an improvement in the conditions for investment, for example through reduced bureaucracy, simplification of the tax system, and infrastructure expansion. In 2015 growth will again be modest at best. Due to the continuing crises and large capital withdrawals, the Russian economy is expected to do little more than stagnate both this year and in 2015.

Industrial activity generally losing momentum with increased uncertainties

Automotive – Global demand for passenger cars and light trucks continues to expand overall. In the USA sales of light vehicles in the period January to September 2014 came to 12.4 million units, up 5% from the same period last year. In China passenger car sales were 13% higher at 13.1 million units. The European market as a whole also showed growth year-on-year, with sales of light vehicles up 2% at 12.1 million units, but there were wide regional differences. New registrations on the German market climbed 3% to 2.3 million. Other European markets recorded significantly larger gains. Double-digit year-on-year sales increases were reported in Spain, Sweden, Portugal, Ireland and Greece. However, in Russia, Turkey, the Netherlands, Austria and Switzerland new registrations were down from the year before. In the emerging markets Brazil and India there are likewise no signs of improvement in sales. In Brazil 2.4 million light vehicles were sold in the period January to September, down 9% year-on-year. In India passenger car sales were level with the year before at 1.9 million units.

We expect global production of passenger cars and light trucks to increase by 4% to 85.5 million units in the current year; for 2015 we forecast slightly slower growth of 3% to 88.2 million units. Once again there will be wide regional differences. In China further strong growth of 8% to 24.4 million units is predicted. In the USA growth will slow from 5% to 3%. After shrinking by 13% this year, Brazilian auto production is expected to show 4% growth in the coming year. We expect output in Germany to continue to increase in 2014, though at a slightly slower rate than for the whole of western Europe. However, for 2015 we anticipate a 2% decline in Germany compared with 1% growth in production in western Europe overall.

Important sales markets

	2013	2014[1]	2015[1]
Vehicle production, million cars and light trucks			
World	82.5	85.5	88.2
Western Europe	12.6	13.1	13.3
Germany	5.5	5.7	5.6
USA	10.8	11.4	11.8
Japan	9.0	9.2	8.5
China	20.8	22.6	24.4
Brazil	3.4	3.0	3.1
Machinery production, real, in % versus prior year			
Germany	(1.4)	0.5	2.0
USA	2.3	6.8	5.7
Japan	3.4	10.2	5.9
China	8.6	8.9	7.4
Construction output, real, in % versus prior year			
Germany	2.1	3.5	2.5
USA	6.8	3.5	6.0
China	9.5	8.3	6.9
India	3.6	6.5	6.6
Demand for finished steel, million tons			
World	1,531	1,562	1,594
Germany	38.1	38.9	39.4
USA	96	102	104
China	741	748	754

[1] Forecast

Machinery – After a generally difficult 2013 machinery output is trending upwards again this year in most countries. Despite slightly weaker economic growth the Chinese machinery sector could expand by around 9% in 2014 mainly owing to new projects to bolster the economy, though growth is expected to slow slightly in 2015. US machinery output is picking up well, with growth of almost 7% this year and a further 6% in 2015 on the back of improved industrial activity. Output in the countries of the European Union is expected to expand again in 2014 – albeit in many cases only moderately – with an overall increase of around 0.5%. Stronger growth rates of over 3% are currently forecast for 2015.

Activity in Germany's export-oriented machinery sector has been very sluggish in the year to date. Up until beyond the first half of the year, order intake was flat year-on-year. Export orders deteriorated, but there was a small rise in orders from the domestic market. An increasing loss of business with Russia has so far been partly offset by order growth in countries outside Europe. On account of the weak order situation, machinery output is now only slightly higher year-on-year. Orders in the German plant construction sector in the year to date have also been disappointing. In the 1st quarter 2014 order intake was down 47% year-on-year. Owing to the weak order situation and the geopolitical uncertainties, at best only marginal output growth is forecast for the German machinery sector as a whole in 2014; the higher expansion rates currently forecast for 2015 will depend on an improvement in global economic activity .

Construction – After a weak year last year, construction activity in western Europe has picked up in 2014. This year and in 2015 construction output is expected to increase by over 2%. The US real estate market seems to be continuing its recovery. Building permits and housing starts were up sharply year-on-year well into the second half of the year. Property prices – based on the S&P Case Shiller home price index – showed double-digit growth rates up to the summer. US construction output growth will exceed 3% in 2014 and accelerate further next year to 6%. Output in the German construction sector increased by over 5% in the period up to August 2014, though recently growth rates have been negative. Orders up to July 2014 were only around 1% up from the corresponding prior-year period. Overall companies have been working down their high order backlogs. The housing market continues to benefit from low interest rates and the positive labor market, as reflected in the positive trend in building permits. Construction activity in Germany is expected to rise by over 3% in 2014 and increase again in 2015, albeit at a slightly slower pace. In China, construction output will grow by around 8% this year and 7% next year, a slightly lower rate than in previous years.

Steel – The situation on the European flat carbon steel market in 2014 was marked by higher volumes compared with last year but also by continuing pressure on steel prices. Especially in the first quarter, output in steel-consuming industries grew strongly, leading to increased steel demand. This was additionally boosted by moderate seasonal restocking by users and distributors. From the 2nd quarter 2014 steel demand stalled again slightly but remained above the prior-year level. With materials readily available at short notice and stock levels adequate, steel customers became more cautious again. As a result, shipments by European flat steel suppliers to the EU market decreased again slightly. At the same time, imports from third countries increased; significantly more flat steel was imported in particular from the CIS states and also from Asia, aided in some cases by the firmer euro exchange rate in the first months of this year. Steel prices on the European spot markets, which had been quite robust in the first months of the year, slipped again from the spring. The downward pressure was reinforced by the large fall in iron ore prices since the turn of the year. In September European steel prices stabilized slightly; however, against the background of the increased economic uncertainty caused in particular by the ongoing geopolitical crises, the normal post-holiday period recovery in demand was moderate.

In the USA, the extreme weather conditions in the 1st quarter 2014 dampened the economy and the steel market. Subsequently steel demand recovered strongly. A continuing limited supply on the part of the US steel industry caused a sharp rise in steel prices in April and May – in strong contrast to the trend on other markets. However, prices came under some pressure again afterwards, though the price gap remained large. The reason for the decline was an increase in supply resulting both from higher imports and increased US output. On the back of strong growth in relevant steel-using industries such as the auto, energy and housing sectors, steel demand in the US will increase steeply over the full year 2014.

Growth in demand on the global steel market will remain subdued next year. Global steel demand is expected to grow by around 2%, as in 2014, which is slower than overall economic growth. This is mainly due to China, where steel demand is expected to rise by only 1%, mainly as a result of the weak real estate market. However, in most other emerging countries growth will be more robust, and stronger than in 2014. With the economic recovery remaining moderate, we predict an increase in demand on the EU market of around 2%, after almost 3% this year. The risks in trade with markets outside the EU have recently increased further. For Germany too the outlook has darkened: Steel demand will rise by only just over 1% to approx. 39.4 million tons in 2015 – after increasing by 2% this year. With growth of 2%, the steel market in the USA is also expected to lose momentum year-on-year.

Group review

Course of business

Capital goods businesses drive growth in orders and sales

ThyssenKrupp held up well overall in a continuing challenging economic climate in fiscal 2013/2014; key drivers for the growth in orders and sales were the solid performances of the capital goods businesses.

Order intake from continuing operations came to €41.4 billion, up 7% year-on-year; on a comparable basis, i.e. excluding currency and portfolio effects, order intake increased by 7% year-on-year. Despite negative exchange rate effects all the capital goods businesses improved significantly year-on-year; on a comparable basis their order intake increased on average by 10%. Components Technology recorded strong year-on-year gains in all quarters and an overall increase on a comparable basis of 10% in the full year; the demand recovery for auto components strengthened and the improvement in industrial components from the weak prior year continued. Order intake at Elevator Technology was mainly driven by improved demand in China, the USA and South Korea, gaining year-on-year on a comparable basis in all quarters and reaching a new record level, as did orders in hand. Industrial Solutions exceeded its prior-year order intake by 13% on a comparable basis, profiting in particular from a major order at Marine Systems. Orders in hand at Elevator Technology and Industrial Solutions at September 30, 2014 totaled €18.1 billion, virtually unchanged from the high prior-year level and forming a strong base for profitable sales growth in these businesses.

Order intake in the business areas of the materials activities was influenced by portfolio measures: With effect from March 01, 2014 Materials Services includes the contributions of the VDM and AST groups transferred from OTK, but orders also improved on a comparable basis due to higher volumes – aided in particular by numerous sales initiatives. Against continuing high price pressure, new orders at Steel Europe were down year-on-year, partly as a result of the disposal of the tailored blanks business; on a comparable basis average order volumes in the reporting period were slightly higher year-on-year. Following firmer demand partly due to restocking in the 1st fiscal half, order intake from the spring was more subdued. Despite the sale of ThyssenKrupp Steel USA at the end of February 2014, order intake at Steel Americas increased by 8% and order volumes by 19%.

Order intake by business area

million €	2012/2013	2013/2014	Change in %	Change on a comparable basis [1] in %
Components Technology	5,715	6,157	8	10
Elevator Technology	6,520	6,819	5	8
Industrial Solutions	5,283	5,732	8	13
Materials Services	11,663	13,682	17	5
Steel Europe	9,515	8,919	(6)	(1)
Steel Americas	2,056	2,215	8	20
Corporate	190	177	(7)	(7)
Consolidation	(2,306)	(2,285)	—	—
Order intake of the continuing operations	38,636	41,416	7	7
Stainless Global	1,319	0	—	—
Consolidation	(181)	0	—	—
Order intake of the Group	39,774	41,416	4	—

[1] excluding currency and portfolio effects

Sales from continuing operations at €41.3 billion were higher year-on-year in all business areas except Steel Europe, where sales fell due to disposals and lower prices; on a comparable basis sales increased year-on-year by 7%, profiting in particular from strong growth and high orders in hand in the capital goods operations. Elevator Technology and Industrial Solutions achieved new record sales levels.

Order intake and sales of the full Group were also higher year-on-year, even though the 1st quarter of the prior year still included contributions from the discontinued operation Stainless Global.

Sales by business area

million €	2012/2013	2013/2014	Change in %	Change on a comparable basis [1] in %
Components Technology	5,712	6,172	8	10
Elevator Technology	6,155	6,416	4	8
Industrial Solutions	5,641	6,271	11	15
Materials Services	11,700	13,660	17	5
Steel Europe	9,620	8,857	(8)	(3)
Steel Americas	1,867	2,060	10	18
Corporate	190	177	(7)	(7)
Consolidation	(2,326)	(2,309)	—	—
Sales of the continuing operations	38,559	41,304	7	7
Stainless Global	1,402	0	—	—
Consolidation	(179)	0	—	—
Sales of the Group	39,782	41,304	4	—

[1] excluding currency and portfolio effects

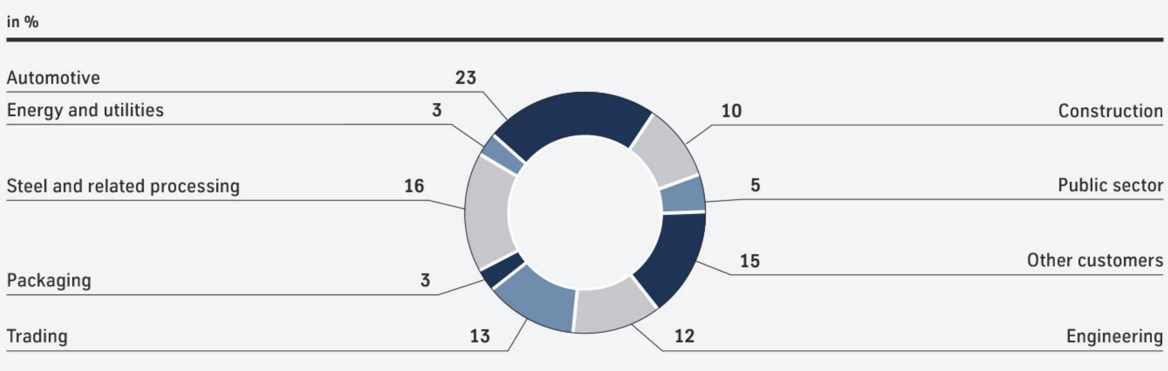
Germany remained the most important sales market for ThyssenKrupp in 2013/2014 – though its share of sales declined slightly. Business with customers in North America and Asia gained in importance in both absolute and relative terms; in particular this reflects the disproportionate growth of Industrial Solutions' plant engineering business in the USA and the strong growth of Components Technology, Elevator Technology and Materials Services in China.

Sales by region

million €	2012/2013	2013/2014	Change in %
Germany	12,168	12,201	0
Europe (excl. Germany)	11,275	11,341	1
North and Central America	8,364	9,041	8
South America	2,052	1,997	(3)
Asia/Pacific	5,061	5,694	13
Africa	862	1,030	19
Worldwide	39,782	41,304	4

The auto industry remained ThyssenKrupp's largest customer group accounting for 23% of sales; however, this share declined slightly overall as a result of lower sales at Steel Europe due in part to the disposal of Tailored Blanks. Business with customers in the engineering sector gained in importance in both absolute and relative terms; in particular this reflects the disproportionate growth of Industrial Solutions' plant engineering business. The share of sales to the steel and steel-related processing sectors also increased. This includes the sales contributions of the VDM and AST units transferred from OTK and assigned to Materials Services.

Sales by customer group 2013/2014



impact program taking effect – adjusted EBIT more than doubled year-on-year

In a still difficult and highly competitive climate we more than doubled adjusted EBIT from continuing operations year-on-year to €1,333 million, despite negative exchange rate effects. The positive trend in earnings reflects in particular the high efficiency gains made under the impact program; at €1 billion, we significantly exceeded the €850 million impact target for 2013/2014 set at the beginning of the reporting year.

In all the capital goods operations sales, margins and adjusted EBIT were higher year-on-year. Components Technology profited above all from performance improvements due to restructuring and efficiency measures initiated in the prior year. Elevator Technology and Industrial Solutions increased their earnings and margins year-on-year in all quarters. Elevator Technology profited from a continuous margin improvement resulting from the performance optimization and restructuring measures; adjusted EBIT margin was 0.7 percentage points higher year-on-year at 11.7%. The significant earnings improvements at Industrial Solutions reflect order billings for fertilizer contracts at Process Technologies and efficiency enhancement measures in all business units.

In the materials businesses, adjusted EBIT – with the exception of declines at Materials Services – was also significantly higher year-on-year. Despite continuing high price pressure and intense competition, adjusted EBIT at Materials Services excluding portfolio effects (without VDM and AST) was level with the prior year, helped by numerous efficiency enhancement measures and sales initiatives. The new business unit Special Materials with the units VDM and AST, which are currently undergoing a comprehensive restructuring process, impacted earnings with a negative contribution of €(24) million. At Steel Europe, the measures under the "Best-in-Class Reloaded" program started to take effect; year-on-year, adjusted EBIT increased by 51%. Steel Americas remained negative with adjusted EBIT of €(60) million. Thanks to efficiency and volume gains as well as positive effects from market prices in the USA, however, the losses were reduced by €435 million compared with the prior year, and adjusted EBITDA was positive.

Including the discontinued operations the Group's adjusted EBIT increased from €517 million to €1,333 million in the reporting year, reflecting improvements in the continuing operations and the absence of the operating losses at Stainless Global from the 1st quarter of the prior year with the completion of the disposal.

Adjusted EBIT by business area [1)]

million €	2012/2013	2013/2014	Change in %
Components Technology	240	269	12
Elevator Technology	675	751	11
Industrial Solutions	640	738	15
Materials Services	236	213	(10)
Steel Europe	143	216	51
Steel Americas	(495)	(60)	88
Corporate	(425)	(424)	0
Consolidation	(428)	(370)	—
Adjusted EBIT of the continuing operations	586	1,333	127
Stainless Global	(68)	0	—
Consolidation	(1)	0	—
Adjusted EBIT of the Group	517	1,333	158

1) The prior-year figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (cf. Notes. 01 and 03).

Earnings impacted by special items

EBIT from continuing operations was impacted by net special items of €368 million; in the prior year, in which high impairment charges were recorded, special items came to €1,194 million.

At Components Technology, special items totaling €34 million were recognized, mainly due to restructuring charges for personnel measures in the construction equipment components business (Berco) and the automotive business in the chassis unit (steering systems). Elevator Technology recorded total special items of €195 million, mainly resulting from restructurings and from provisions for compensation claims in connection with former activities of the business in Europe. Industrial Solutions reported net positive special items of €2 million, with restructuring charges being offset in particular by the disposal gain from the sale of ThyssenKrupp Marine Systems AB (formerly Kockums). Materials Services recorded special items of €113 million, which mainly related to the restructuring of VDM and AST and the operations in Russia and

Spain, the closure of the rail equipment business and provisions for compensation claims. At Steel Europe special items of €24 million were recognized, primarily as a result of restructurings under the “Best-in-Class Reloaded” program. Steel Americas recorded net positive special items of €132 million due to income from the disposal of ThyssenKrupp Steel USA. Earnings at Corporate were impacted by net special items of €137 million; the loss on the disposal of the OTK shareholding was partly offset by income from the deconsolidation of the non-operating US subsidiary The Budd Company.

Special items from continuing operations [1]

million €	2012/2013	2013/2014	Change in %
EBIT	(608)	965	++
+/- Disposal losses/gains	(118)	(50)	58
+ Restructuring expenses	284	244	(14)
+/- Impairment/reversal of impairment	679	49	(93)
+ Other non-operating expenses	378	158	(58)
- Other non-operating income	(29)	(33)	(14)
Adjusted EBIT	586	1,333	127

[1] The prior-year figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (cf. Notes. 01 and 03).

Positive net income for the first time in three years

After special items EBIT from continuing operations came to €965 million; the prior-year figure was €(608) million. After-tax earnings from continuing operations increased accordingly by around €1.6 billion to €9 million.

On this basis the full Group generated net income of €195 million; net income attributable to the shareholders of ThyssenKrupp AG was €210 million. The net income included income attributable to the discontinued operations in the net amount of €186 million. This mainly stems from the 1st quarter 2013/2014, when provisions were reversed for the obligation to offset any negative financial consequences for OTK under merger control requirements in connection with the sale of Inoxum to OTK. Earnings per share improved year-on-year from €(2.79) to €0.38.

ThyssenKrupp Value Added (TKVA)

In the past fiscal year the Group generated TKVA of €5 million, compared with €(1,865) million a year earlier. All the business areas except Elevator Technology improved significantly year-on-year. Due to higher restructuring charges, Elevator Technology fell just short of its prior-year level. The biggest increase was achieved by Steel Americas; in addition to operational improvements in the reporting year this also reflects high impairment charges in the prior year. The biggest value contribution with the highest EBIT and lowest capital intensity was again generated by Industrial Solutions. The materials businesses improved significantly but continued to generate large negative contributions. Details on TKVA and its main components are shown in the following table:

ThyssenKrupp Value Added (TKVA) by business area [1]

	2012/2013				2013/2014				
	EBIT (million €)	Average capital employed (million €)	WACC (%)	TKVA (million €)	EBIT (million €)	Average capital employed (million €)	WACC (%)	TKVA (million €)	Change TKVA (million €)
Group	(552)	14,591	9.0	(1,865)	1,151	12,727	9.0	5	1,870
Thereof:									
Components Technology	168	2,978	9.0	(100)	235	2,900	9.0	(26)	74
Elevator Technology	611	2,353	8.0	423	556	2,231	8.0	378	(45)
Industrial Solutions	658	1,472	9.0	525	740	1,399	9.0	614	89
Materials Services	(6)	2,808	9.0	(258)	100	3,305	9.0	(198)	60
Steel Europe	62	5,198	9.5	(432)	192	4,594	9.5	(245)	187
Steel Americas	(1,180)	3,202	10.0	(1,500)	72	2,456	10.0	(174)	1,326

[1] The prior-year figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (cf. Notes. 01 and 03).

More information on the importance of TKVA and EBIT for the management of the Group is contained in the section “Fundamental information about the Group”, subsection “Management of the Group”.

Capital expenditures

Capital allocation further improved, share of capital goods businesses in investment mix further strengthened

ThyssenKrupp invested a total of €1.141 million in the reporting year, 19% or €270 million less than a year earlier. The decline was mainly attributable to the materials businesses, in particular the discontinued operation Stainless Global, whose capital expenditures were still included up to completion of the disposal at the end of the 1st quarter 2012/2013. 44% or €501 million of the capital expenditure was in our capital goods businesses, mainly in Components Technology.

Investments by business area

million €	2012/2013	2013/2014	Change in %
Components Technology	389	356	(8)
Elevator Technology	143	87	(39)
Industrial Solutions	63	58	(8)
Materials Services	76	104	37
Steel Europe	408	404	(1)
Steel Americas	170	89	(48)
Corporate/Consolidation	64	43	(32)
Investments of the continuing operations	1,313	1,141	(13)
Stainless Global/Consolidation	98	0	—
Investments of the Group	1,411	1,141	(19)

Components Technology – Components Technology invested a total of €356 million, mostly in growth projects. The expansion of our manufacturing sites in line with customer requirements was continued as planned. The emphasis was on new component plants for automotive customers in the industry's global growth markets, focusing particularly on China. Two new plants for springs/stabilizers and steering systems were put into operation in Chengdu and Shanghai, respectively. The products are intended for the Chinese market, which has become established as one of the most important automobile markets with continuing high growth rates. A further plant for cylinder head modules was opened in Changzhou, China in early November 2014; the innovative cylinder head modules allow more efficient engine assembly and are in high demand worldwide. The construction of an almost identical plant was begun in Brazil; it is due to start operation in 2015.

Elevator Technology – At €87 million, capital expenditures at Elevator Technology were down from the prior year, mainly due to reduced acquisitions. In the reporting period the focus was again on extending and modernizing our plants, i.e. on investment to increase efficiency and support our major growth plans. In Germany the Neuhausen site is being expanded into a state-of-the-art technology park. In addition we are planning to build a research and development tower in Rottweil to test and certify high-speed elevators. A new multifunction building, to be used among other things to train elevator technicians, is being built at the Songjiang elevator plant in China.

Industrial Solutions – The business area invested a total of €58 million in important projects to ensure long-term profitable growth. Regional clusters were set up in all the major growth regions to focus on local markets. In the USA, for example, a branch office of Resource Technologies in Denver was expanded into a central location from which Process Technologies now also operates and is already working on projects in connection with the shale gas boom as well as developing new business. To widen our service network and increase service sales, Resource Technologies in particular invested further in service centers in South America. In addition Industrial Solutions strengthened its technology portfolio with various patent applications and in-house R&D efforts.

Materials Services – Capital expenditures at Materials Services came to €104 million. The funds were used in particular to further develop our industry-specific product ranges, logistics capabilities and services: A new competence and coordination center for the oil and gas industry is being set up. A new base for the aerospace industry began operation in India following the one in Tunisia. Our warehousing and processing capacities for the auto industry in Mexico were modernized and expanded. €25 million of the spending went on VDM and AST.

Steel Europe – The business area invested a total of €404 million in both maintenance projects and programs to support our differentiation initiatives. One major project was the relining of blast furnace 2 in Duisburg-Schwelgern, which after a 21-year campaign was brought up to date in summer 2014. In parallel we upgraded a converter plant to increase energy efficiency and process reliability. We also revamped a continuous caster, improving the cleanness and surface quality of our products; the use of a new cooling technology permits a further improvement in slab quality and a widening of the product range. We also invested in hot strip production, looking to optimize quality and product mix while strengthening our focus on high-margin segments.

Steel Americas – Capital expenditures at Steel Americas came to €89 million in the reporting year, compared with €170 million a year earlier. The large decrease was mainly due to the disposal of ThyssenKrupp Steel USA. Spending at the Brazilian steel mill was mainly concentrated on projects to meet government environmental requirements. Another focus was the optimization of the shipment infrastructure with a view to further developing the local market as a core point of the future sales strategy – e.g. expanding slab storage capacities and upgrading rail and road access.

Corporate – At Corporate, investment in property, plant and equipment and intangible assets came to €57 million in the reporting year. In addition to spending on IT systems in connection with the IT infrastructure standardization and data and process harmonization, a large part of the investment was on centrally purchased software licenses for SAP and Microsoft. Another major area was spending on property, which is consolidated centrally for the whole Group at Real Estate. On behalf of the Elevator Technology business area Real Estate is carrying out the construction of a multifunction building including logistics hall in Neuhausen. In addition, Real Estate invested in the building of a new fire station at the Rasselstein plant for the Steel Europe business area. Cash was acquired in connection with the take-back of VDM and AST, so capital expenditures for Corporate/consolidation came to €43 million in total.

Financing

Principles and aims of financial management

The financing of the Group is handled centrally by ThyssenKrupp AG. It is based on a multi-year financial planning system and a monthly rolling liquidity planning system covering a planning period of up to a year. The cash inflows from our operating activities are our main source of liquidity. Our cash management systems allow Group companies to use surplus funds of other units to cover their liquidity requirements. This reduces the volume of external financing and thus interest expense. External financing requirements are covered using money and equity market instruments such as bonds, bonded loans or commercial papers. We also make use of committed credit facilities in various currencies and with various terms, as well as selected off-balance financing instruments such as factoring programs and operating leases. Information on the available credit facilities is provided in Note 17.

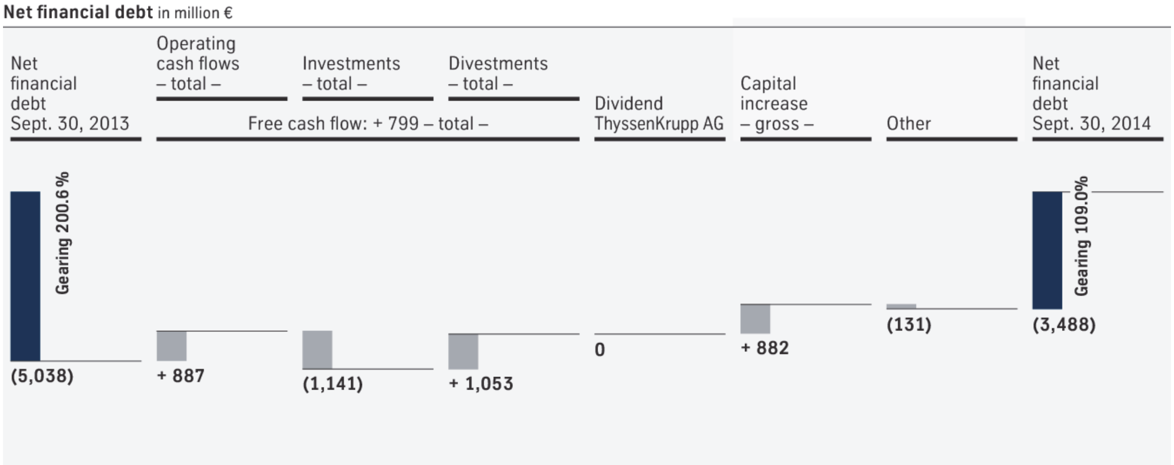
Central financing enables us to act as a single entity on the capital markets. This strengthens our negotiating position vis-à-vis banks and other market players and makes it easier for us to raise or invest capital on the best-possible terms and conditions.

Cash flow and net financial debt

In fiscal 2013/2014 we again generated significant positive free cash flow and made clear progress with our goal of reducing net financial debt and gearing. However, free cash flow before divestments at €(254) million was still slightly negative in the reporting year due to the compensation payment to Deutsche Bahn and a higher net working capital requirement due to business growth and portfolio effects.

There was a net cash inflow from divestments – mainly the sale of ThyssenKrupp Steel USA – of €1,053 million, while investments in the Group came to €1,141 million. The impact of individual factors on our net financial debt in the reporting year is shown in the following graphic:

Net financial debt in million €



For technical reasons not fully to scale

Net financial debt is calculated as the difference between the cash and cash equivalents shown in the statement of financial position plus current other financial assets available for sale, and non-current and current financial debt; the corresponding assets and liabilities of the disposal groups are also taken into account.

The net financial debt of the full Group at September 30, 2014 stood at €3,488 million, down significantly from the level at September 30, 2013 (€5,038 million). Taking into account cash, cash equivalents, committed undrawn credit lines and the balanced maturity structure, ThyssenKrupp is solidly financed.

ThyssenKrupp AG has agreements with banks which contain certain conditions in the event that the gearing ratio (net financial debt to equity) in the consolidated financial statements exceeds 150% at the closing date (September 30).

At September 30, 2014 the gearing ratio was 109.0% and therefore back within the gearing limit of 150% agreed in some credit agreements, unlike in the prior year.

At September 30, 2014 the Group's available liquidity came to €7.8 billion, consisting of €4.0 billion cash and cash equivalents and €3.8 billion committed undrawn credit lines. Additional financing possibilities were available to us under a commercial paper program with a limit of €1.5 billion. Under the program commercial papers can be issued with a term of up to 364 days depending on investor demand. At September 30, 2014 the program had not been used.

The available liquidity offers enough scope to cover debt maturities. The gross financial debt repayable in fiscal 2014/2015 amounts to €1.0 billion.

The financing and liquidity of the Group were secured at all times in the reporting year.

Financing measures

Capital increase three times oversubscribed – On December 02, 2013 the Executive Board decided to increase the capital stock of ThyssenKrupp AG by a nominal €131,709,191.68, i.e. around 10% of the capital stock, by issuing 51,448,903 new shares excluding shareholders' subscription rights. On December 03, 2013 the newly issued shares were placed with German and international institutional investors at a price of €17.15 per share in an accelerated bookbuilding process. The placement resulted in gross proceeds of €882.3 million, which contributed to strengthening equity and reducing net financial debt. The capital stock of ThyssenKrupp AG is now €1,448,801,144.32 and is divided into 565,937,947 no par bearer shares. The speed of the placement and the fact that it was almost three times oversubscribed by mainly long-term investors confirms the trust of the capital market in the long-term strategy of ThyssenKrupp.

Bond successfully placed – On February 19, 2014 ThyssenKrupp AG issued a €1.25 billion bond with a maturity of five years and eight months under its €10 billion debt issuance program. With an order book of over €6 billion the bond was very well received by the capital market. The bond carries a coupon of 3.125% p.a. at an issue price of 99.201%. The issue took advantage of the good market environment and achieved a historically favorable coupon for ThyssenKrupp. It also extended the maturity profile of the company's financial debt and strengthened the capital market share of its financing mix.

New syndicated credit line agreed – On March 28, 2014 ThyssenKrupp agreed a new €2.0 billion syndicated credit line with its financial partners. The facility has an initial term to March 28, 2017. At the end of the first and second years it can be extended by a year in each case with the approval of the lenders. The new credit line replaces the €2.5 billion credit facility that would have expired in July 2014. At the closing date the credit facility had not been used.

Rating

We have been rated by Moody's and Standard & Poor's since 2001 and by Fitch since 2003. In December 2013 Fitch lowered ThyssenKrupp's rating from BBB- to BB+. Our ratings are therefore below investment grade. All three ratings have a negative outlook. A negative outlook means that the rating agency monitors the rating more closely and then reviews it, normally within a period of 12 to 18 months.

Rating

	Short-term rating	Long-term rating	Outlook
Standard & Poor's	BB	B	negative
Moody's	Ba1	Not Prime	negative
Fitch	BB+	B	negative

Business area review

The Group's operations are organized in business areas. In a generally difficult business environment all business areas generated positive adjusted EBIT both on a cumulative basis over the fiscal year and in each quarter. The only exception was the Steel Americas business area, which significantly reduced its losses year-on-year but remained negative overall.

Components Technology

Components Technology in figures [1)]

		2012/2013	2013/2014	Change in %
Order intake	million €	5,715	6,157	8
Sales	million €	5,712	6,172	8
EBIT	million €	168	235	40
EBIT margin	%	2.9	3.8	—
Adjusted EBIT	million €	240	269	12
Adjusted EBIT margin	%	4.2	4.4	—
Employees (September 30)		27,737	28,941	4

[1)] The prior-year figures have been adjusted due to the catch-up of depreciation for Berco (cf. Note 03).

The Components Technology business area produces and markets high-tech components worldwide for the automotive and machinery sectors. In the auto sector the product range includes assembled camshafts, cylinder head modules with integrated camshafts, and crankshafts (Powertrain), steering and damping systems, springs and stabilizers as well as the assembly of axle modules (Chassis). In the machinery sector Components Technology supplies components for construction equipment, wind turbines and numerous general engineering applications. This broad spectrum of products is based on years of experience in both forging and cold forming. Together with expertise in machining and complex assembly processes, Components Technology has development and manufacturing know-how for high-performance components along the entire value chain.

Order intake and sales higher

The 2013/2014 fiscal year was characterized overall by a strong performance in the relevant markets. Components Technology achieved order intake of €6.2 billion – a year-on-year increase of 8% - despite negative currency translation effects mainly from the US dollar and Brazilian real; on a comparable basis the growth was 10%.

In the automotive business the recovery in car and truck components in western Europe continued. In China and the NAFTA region, particularly the USA, business profited from the growth in passenger car production. In the USA the demand recovery for truck and off-road vehicles also strengthened. However, the markets in India and Brazil remained weak due to economic uncertainty. New product launches and the build-out and ramp-up of our new plants contributed to our good overall performance. In view of the growing market opportunities in Asia, we opened two new Chassis plants in China in the reporting year, manufacturing springs and stabilizers as well as steering and damper systems for the mid-size and premium segments. In the Powertrain business we laid the foundation stone in spring 2014 for a new plant for the production of cylinder head modules in Brazil; these allow more efficient engine assembly for automotive manufacturers and are accordingly in strong demand worldwide.

In the industrial components business the recovery from the weak prior-year levels continued. Demand in China in particular resulted in higher orders for wind turbine components. However, there was no reversal in the weak demand trend for construction equipment components in western Europe.

Following the trend in orders, sales also increased significantly year-on-year, by 8% to €6.2 billion, on a comparable basis by 10%.

Earnings and margins higher

At €269 million, adjusted EBIT of Components Technology was higher year-on-year, reflecting increased sales and above all performance improvements due to restructuring and efficiency measures introduced in the prior year under the corporate program impact. Earnings continue to include startup costs for new plants, products and production ramp-ups, and were additionally impacted in the Powertrain business by expenses to rectify damage to press lines for crankshafts, in part in preparation for a major repair. Adjusted EBIT margin at 4.4% was slightly up from the prior-year level of 4.2%.

EBIT for the reporting year contains special items mainly resulting from restructuring expenses for personnel measures in the industrial business with construction equipment components (Berco) and the automotive business of Chassis (steering systems).

Elevator Technology

Elevator Technology in figures

		2012/2013	2013/2014	Change in %
Orders in hand (September 30)	million €	3,586	4,103	14
Order intake	million €	6,520	6,819	5
Sales	million €	6,155	6,416	4
EBIT	million €	611	556	(9)
EBIT margin	%	9.9	8.7	—
Adjusted EBIT	million €	675	751	11
Adjusted EBIT margin	%	11.0	11.7	—
Employees (September 30)		49,112	50,282	2

The Elevator Technology business area supplies passenger and freight elevators, escalators and moving walks, passenger boarding bridges, stair and platform lifts as well as providing service for the entire product range. Over 900 locations form a tight-knit sales and service network keeping us close to customers.

Order intake high despite negative exchange rate effects; orders in hand at record level

Despite negative exchange rate effects, order intake in fiscal year 2013/2014 was 5% higher than the year before at €6.8 billion – a new record level. On a comparable basis, i.e. above all excluding negative exchange rate effects from our business in America and Asia, the growth in order intake was 8%, mainly reflecting the positive situation in China, the USA and South Korea. In these countries Elevator Technology continues to profit from increased demand for new installations. At €4.1 billion, orders in hand also reached a new all-time high.

Elevator Technology continued to invest in the expansion and modernization of its plants, pressing ahead in particular with investments to increase efficiency and support its growth strategy. In Germany the Neuhausen location is being expanded into a modern technology park. We are also planning to build a research and development tower in Rottweil for the testing and certification of high-speed elevators. In the Songjiang elevator plant in China a new multi-function building is under construction which will be used among other things for training elevator service technicians.

Pleasing sales growth

In the reporting year Elevator Technology also achieved new record sales of €6.4 billion, 4% up from the prior year. On a comparable basis the increase was 8%. We achieved high growth rates particularly in China and South Korea as well as in North and South America, driven by the strong demand for new installations.

impact program having an effect

Elevator Technology improved its adjusted EBIT year-on-year by 11% to €751 million despite negative exchange rate effects. Adjusted EBIT margin gained 0.7 percentage points year-on-year and at 11.7% was fully in line with our target for the fiscal year. The earnings and margin improvement mainly reflects a pleasing operating performance and the positive effects of performance optimization and restructuring measures under the corporate program impact. Our continuous progress can also be seen in the quarterly trend; adjusted EBIT and margin have been higher year-on-year for eight quarters in a row.

EBIT came to €556 million in the fiscal year. It includes special items of €195 million, mainly for restructuring measures and provisions for compensation claims in connection with former operations of the business in Europe.

Industrial Solutions

Industrial Solutions in figures

		2012/2013	2013/2014	Change in %
Orders in hand (September 30)	million €	14,641	13,974	(5)
Order intake	million €	5,283	5,732	8
thereof Marine Systems [1]	million €	364	1,479	306
Sales	million €	5,641	6,271	11
thereof Marine Systems [1]	million €	1,334	1,743	31
EBIT	million €	658	740	12
EBIT margin	%	11.7	11.8	—
Adjusted EBIT	million €	640	738	15
Adjusted EBIT margin	%	11.3	11.8	—
Employees (September 30)		18,841	18,546	(2)

[1] including other shareholdings and consolidation

On the Group's Strategic Way Forward we reached key milestones in the integration and regionalization of the plant engineering business. To better exploit global market opportunities in engineering as a major growth area for the Group, in January 2014 we combined the previously separate companies ThyssenKrupp Uhde and ThyssenKrupp Resource Technologies (created from ThyssenKrupp Polysius and ThyssenKrupp Fördertechnik) under the roof of ThyssenKrupp Industrial Solutions. As a global, integrated engineering and construction company, ThyssenKrupp Industrial Solutions focuses market strategy, presents a single face to the customer and supports the global exchange of knowledge and engineering and project management capability across all its businesses. This will help us achieve our growth targets and increase efficiency.

In addition to the plant engineering operations, managed by the two business units Process Technologies (previously Uhde) and Resource Technologies, the Industrial Solutions business area also comprises the System Engineering and Marine Systems business units. The product portfolio encompasses chemical plants and refineries (Process Technologies), equipment for the cement industry and innovative solutions for the mining and processing of raw materials (Resource Technologies), production systems for the auto industry (System Engineering), and naval shipbuilding (Marine Systems).

Double-digit growth in order intake and sales

The markets of Industrial Solutions performed positively for the most part in fiscal 2013/2014. Due particularly to a major order at Marine Systems, order intake was up 8% from an already high prior-year level at €5.7 billion. On a comparable basis – adjusted in particular for exchange rate effects – the increase was 13%. Sales rose 11% to €6.3 billion; on a comparable basis sales were 15% higher.

Process Technologies was unable to match its very high order intake of the previous year, which was mainly driven by the shale gas boom and large orders for fertilizer plants worth around €1.2 billion in the USA. However, in the reporting year we profited from sales realized from these orders and see opportunities for further follow-up orders for fertilizer and polymer plants together with associated infrastructure and logistics projects in the USA and Canada.

Resource Technologies recorded brisk demand primarily for cement plants. With cement lines in Algeria, Bolivia and Saudi Arabia, we won major orders in key growth regions in the reporting year. Owing to the generally weaker demand and corresponding intense competition for new mining equipment, there was a slight decline overall in order intake; however our high order backlog and balanced product portfolio with an increasing share of repair and service business will secure a stable business situation with slightly increasing sales.

The market for System Engineering showed a slight decline year-on-year. However, we continue to see good project opportunities in production systems for both the automotive and aerospace industries.

The high level of new orders at Marine Systems in 2013/2014 was mainly due to a major contract received in the 1st quarter to supply two submarines to Singapore; sales realized from the high order backlog contributed to the strong growth in sales. In view of the announcement by the Swedish government that future naval shipbuilding programs will be carried out nationally, we reached agreement with Saab at the end of June 2014 on the sale of the Swedish shipyard ThyssenKrupp Marine Systems AB (formerly Kockums) with sites in Malmö, Karlskrona and Muskö. The sale was completed on July 22, 2014. We are concentrating our naval shipbuilding operations at the sites in Kiel, Hamburg and Emden. These operations deliver a reliable contribution to the Group's earnings.

Industrial Solutions operates globally. We have continued to implement our regionalization plan to combine our strengths in the markets and intensify our efforts in the area of strategic market and customer development. In the past fiscal year regional clusters were established in all key growth regions to address the local markets. For example in the USA a branch of Resource Technologies in Denver was extended and developed into a central location from which Process Technologies now also operates and as well as winning new orders is also working on projects in connection with the shale gas boom.

The generally solid order situation of the Industrial Solutions business area gives us a continuing high order backlog of €14.0 billion, providing long-term planning certainty and securing capacity utilization for the next two to three years.

Significant earnings improvement, continuing good margin quality

Adjusted EBIT in fiscal 2013/2014 improved by a significant 15% year-on-year to €738 million. The earnings improvement profited from order billings in the fertilizer business of Process Technologies and efficiency gains in all business units. Adjusted EBIT margin also increased year-on-year and was again well within the double digit target corridor at 11.8% (prior year 11.3%). Earnings were influenced slightly by positive special items of €2 million; restructuring charges were more than offset mainly by the disposal gain from the sale of ThyssenKrupp Marine Systems AB. EBIT came to €740 million.

Materials Services

Materials Services in figures

		2012/2013	2013/2014	Change in %
Order intake	million €	11,663	13,682	17
Sales	million €	11,700	13,660	17
EBIT	million €	(6)	100	++
EBIT margin	%	(0.1)	0.7	—
Adjusted EBIT	million €	236	213	(10)
Adjusted EBIT margin	%	2.0	1.6	—
Employees (September 30)		26,978	30,289	12

With some 500 locations in 45 countries, the business area specializes in materials distribution and technical services. In connection with the ending of all financial links with OTK, the full VDM group, the AST group with its plants and the Italian service center as well as further stainless steel service centers in Germany, France, Spain and Turkey were transferred to ThyssenKrupp and assigned to Materials Services with effect from February 28, 2014. These companies and units have been included in the business area's figures since March 01, 2014. AST in particular will profit from the business area's global distribution organization in the future.

Business expanded in almost all regions

Order intake and sales each reached €13.7 billion in the reporting year, a year-on-year increase of 17%; on a comparable basis – in particular excluding Special Materials (VDM and AST) – the increase was 5%, with volumes significantly higher. A dampening effect – despite some stabilization and increases in the 2nd fiscal half – came from the lower average prices for rolled steel, stainless steel, nonferrous metals and plastics, and also for most raw materials. Added to this were product mix changes in the direct-to-customer and raw materials business, our withdrawal from warehouse business in Russia, and the closure of the railway equipment operations. However, in connection with the high growth in volumes there was an above-average increase in sales in our direct-to-customer and raw materials trading businesses. Sales of plastics also expanded significantly. Services for the aerospace industry remained stable at a high level. The same was true of our service center business for the automotive sector. Sales of steel mill services were lower year-on-year for portfolio reasons.

In 2013/2014 the companies in the Materials Services business area sold 12.8 million tons of materials, an increase of 20% year-on-year. In addition, over 600,000 tons of high-performance materials and stainless steel was sold by Special Materials. Warehouse shipments of metals were up more than 2% year-on-year at 5.6 million tons. Excluding the Russian business they increased by 5%. We also significantly increased the volume of direct-to-customer business and despite strong competition sold 3.7 million tons of flat steel, profiles and tubes worldwide, 23% more than the year before. In the reporting year we increased sales of raw materials by two thirds to 3.7 million tons, mainly due to much higher shipments of coke/coal and nickel ores; sales of metals and alloys were also higher thanks mainly to the slightly improved situation of key customers in the stainless steel industry.

Materials Services is systematically enhancing its portfolio of products, logistics and services. A new competence and coordination center is currently being set up for the oil and gas industry. After Tunisia, a new base for the aerospace industry started operation in India. In Mexico our warehousing and processing capacities for the automotive industry were modernized and expanded. We opened a new steel service center in the US state of Alabama. Furthermore online systems were introduced to enhance the quality of our customer information and customer services: In North America our "Online Metals" platform is growing at a high double-digit rate; in 2013/2014 we set up four new service and logistics centers to handle internet orders. Also in the USA we set up a new customer web portal which met with a very good response from our business partners. The materials warehousing business in Germany also adopted this portal solution in the reporting year. There are concrete plans for further upgrades and rollouts in other countries.

The performance programs in connection with impact – primarily aimed at optimizing our logistics network, operating structure, and administration – were continued with high intensity worldwide; in all regions and business units the number of employees was adjusted in line with the market situation. In Europe the number of legal entities was further reduced. At the same time the harmonization and optimization of the IT landscape was systematically continued; more than 7,500 users in the business area now work on a standard SAP template.

The transfer of VDM, AST and the stainless steel service centers added more than 5,000 people to the Materials Services workforce. The integration of the service centers in Germany, France, Spain and Turkey into the existing business area organization is complete. In recent months we have developed a comprehensive new business plan for both VDM and AST. For AST this provides for an intensification and restructuring of sales of cold-rolled products as well as extensive restructuring measures in production and administration with a significant reduction in personnel. The details are currently the subject of intensive negotiations with the various stakeholders. At VDM the focus is on intensifying and supporting the identified efficiency programs, which will also involve a substantial reduction in personnel, as well as on growth initiatives.

Adjusted EBIT down from prior year due to lower prices and portfolio changes

Excluding the portfolio changes (without VDM and AST), Materials Services maintained its adjusted EBIT at the prior-year level in a persistently difficult price and competitive environment with the support of numerous efficiency enhancement measures and sales initiatives. The VDM and AST units of Special Materials, which are currently undergoing an extensive restructuring process, weighed down earnings with a total negative contribution of €(24) million.

EBIT came to €100 million, up €106 million from the prior year. While the prior year was impacted by special items of €242 million, mainly for expense in connection with the rail cartel, the special items in the reporting year mainly comprised restructuring charges for VDM and AST, the business in Russia and Spain, the closure of the railway equipment operations, and provisions for compensation claims. These were partly offset by income from the purchase price allocation for the assets and liabilities of the VDM and AST groups acquired from OTK and from the sale of an investment in the raw materials distribution business.

Steel Europe

Steel Europe in figures

		2012/2013	2013/2014	Change in %
Order intake	million €	9,515	8,919	(6)
Sales	million €	9,620	8,857	(8)
EBIT	million €	62	192	210
EBIT margin	%	0.6	2.2	—
Adjusted EBIT	million €	143	216	51
Adjusted EBIT margin	%	1.5	2.4	—
Employees (September 30)		26,961	26,231	(3)

The Steel Europe business area stands for the development, production and marketing of premium flat carbon steel, mainly in the European market. Key customers are the auto industry and other steel-using sectors. The range also includes products for attractive specialist markets such as the packaging industry.

Orders and sales down due to disposals and lower prices

Steel Europe's volume of business in the reporting year was lower year-on-year. The decline was due partly to the disposal of the tailored blanks business, which was still included on a prorated basis in the prior-year figures. Another contributory factor were continued inadequate steel prices on the European market. The decline in spot market prices over the course of the year and compared with the prior year also pushed down our selling prices. The value of orders received was 6% lower year-on-year at €8.9 billion. On a comparable basis the reduction was 1%, though comparable order volumes were slightly higher on average than a year earlier. While demand in the 1st half of the fiscal year was slightly higher and firmer as a result of stock building, order intake was more subdued from the spring. Customers became more cautious again with their orders, especially as material availability increased due to higher imports.

Sales fell by 8% to €8.9 billion; on a comparable basis the drop in sales was 3%. The main reason was lower average net selling prices; from the 2nd fiscal quarter the previous negative trend in spot market prices was reflected in mainly lower price agreements with our customers. Shipments were virtually stable year-on-year at 11.4 million tons; on a comparable basis shipments increased by 1%. A drop in production due to operational problems in the 3rd quarter and significant disruptions to our production and shipping logistics over several weeks following a storm had a major impact. However, there was a significant increase in shipments of medium-wide strip, which like other flat steel products profited from the improved workload of the automotive industry and its suppliers. Sales of heavy plate increased by a double digit percentage. Shipments of tinplate were also higher.

Increased crude steel production, rolled steel production level with prior year

At 12.2 million tons, crude steel production including supplies from Hüttenwerke Krupp Mannesmann (HKM) was 5% higher year-on-year. Production and slab purchases from HKM were increased in the months leading up to the relining of blast furnace 2 in Duisburg which started in June 2014. Also in the summer months we began purchasing slabs again for a limited period from our Brazilian plant ThyssenKrupp CSA to optimize the supply of starting material during the reline. Owing to the delayed completion of the modernization of continuous caster 1, the blast furnace did not go back into operation until mid-October. Rolled steel production for customers was level with the prior year at 11.9 million tons. In the 3rd quarter the storm together with operational problems led to temporary stoppages which caused production losses at the hot strip mills and in the processing operations. In the summer months production was additionally impacted by scheduled rebuilds and modernization work on various facilities. As a result the production of rolled steel was lower year-on-year in the 2nd half of the reporting year.

"Best-in-Class Reloaded" taking effect: EBIT significantly higher in difficult market environment

Adjusted EBIT increased by €73 million to €216 million in a persistently difficult market environment. Excluding the profit of tailored blanks still contained a year earlier, the operating earnings improvement was even more pronounced. Steel prices remained inadequate – dropping again year-on-year – but the systematic implementation of measures under the "Best-in-Class Reloaded" program had positive effects on earnings. Reduced raw material costs also contributed to the improvement. Special items had a minor effect on earnings; EBIT increased by €130 million to €192 million; in the prior year it was weighed down by significant restructuring expenses.

Against the background that the difficult market conditions are expected to continue – particularly with regard to steel prices – management remains focused on driving forward the implementation of measures under "Best-in-Class Reloaded". Many of the cost reduction and efficiency targets have already been achieved to a notable degree and are reflected in earnings. These efforts will be systematically continued, and differentiation initiatives and intensified sales efforts will be launched to support cost-reduction measures.

Steel Americas

Steel Americas in figures

		2012/2013	2013/2014	Change in %
Order intake	million €	2,056	2,215	8
Sales	million €	1,867	2,060	10
EBIT	million €	(1,180)	72	++
EBIT margin	%	—	3.5	—
Adjusted EBIT	million €	(495)	(60)	88
Adjusted EBIT margin	%	—	(2.9)	—
Employees (September 30)		4,112	3,466	(16)

With its steel mill in Brazil (ThyssenKrupp CSA) the Steel Americas business area supplies in particular the American market with high-quality slabs. As part of the Strategic Way Forward ThyssenKrupp had decided to sell the ThyssenKrupp Steel USA rolling and coating plant in Calvert/Alabama; a contract on the sale was signed with a consortium of ArcelorMittal and Nippon Steel & Sumitomo Metal Corporation on November 29, 2013, and the closing took place on February 26, 2014. The agreement also includes a long-term slab supply contract for the Brazilian steel mill. Consequently, the Steel Americas business area – which had been classified as a discontinued operation in accordance with IFRS – was reclassified as a continuing operation at the end of the 2012/2013 fiscal year; within the business area, ThyssenKrupp Steel USA was reported as a disposal group until the end of February 2014.

Increases in orders, sales and production

At €2.2 billion, order intake in the 2013/2014 fiscal year was up 8% year-on-year despite negative exchange rate and portfolio effects. The contributions from ThyssenKrupp Steel USA are included up to the closing of the sale at the end of February 2014. On a comparable basis new orders increased by 20%. Order volumes were 19% higher at 4.4 million tons. At €2.1 billion, sales were 10% higher than a year earlier, reflecting in particular higher shipments; on a comparable basis sales increased by 18%. The Brazilian steel mill raised slab production to 4.1 million tons, 16% up from the year before. 2.5 million tons of slabs was supplied to the rolling and coating plant in Calvert/Alabama and 0.3 million tons to Steel Europe. With demand for the high-quality slabs strong, good progress is being made with building a customer base in North and South America.

Clear improvement in EBIT

Adjusted EBIT in 2013/2014 improved by €435 million to €(60) million. This strong growth was due in particular to higher and more efficient capacity utilization, cost optimization, lower and structurally improved reducing agent consumption and savings measures from the corporate program impact as well as positive price effects on the North American flat steel market. The improvement was also due to the absence of negative earnings contributions from ThyssenKrupp Steel USA and negative effects from an unscheduled several week-long stoppage of blast furnace 2, which impacted the prior year.

EBIT came to €72 million, €1,252 million higher than the year before; in addition to operating improvements this was due to high positive special items from the disposal of the US site in Calvert in the 2nd quarter, while by contrast the prior year was impacted by high impairment charges.

The change in the number of employees mainly reflects the reallocation at the beginning of the reporting year of a steel mill service provider working for ThyssenKrupp CSA from Materials Services to Steel Americas, and the sale of the ThyssenKrupp Steel USA rolling and coating plant in February 2014.

Corporate at ThyssenKrupp AG

The Group is managed centrally by ThyssenKrupp AG as corporate headquarters. Corporate comprises the Group's head office, the shared service activities, the regional headquarters and other companies such as general holding or financing companies which cannot be allocated to the operating businesses of the individual business areas. To achieve greater global integration, the Group has adopted a three-dimensional management structure made up of operating businesses, functions and regions. As part of this new management model, new regional headquarters have been established; they are based in North and South America, China, India, and the Asia-Pacific region.

The shared services activities comprise Business Services (finance and human resources), IT and Real Estate including non-operating real estate. Sales of services by Corporate companies to Group companies and external customers came to €177 million in the reporting year, €13 million less than in the previous year.

Adjusted EBIT at Corporate was €(424) million, almost unchanged from the year before. The start-up of the regional organization and initiatives was offset by the reduction in administrative costs achieved under ACT and increased efficiency of the shared services companies. As a result of special items, mainly income from the deconsolidation of the non-operating US company The Budd Company in connection with its winding down in a Chapter 11 case, and a loss from the completion of the sale of the OTK investment, EBIT came to €(561) million, compared with €(500) million a year earlier.

Stainless Global (discontinued operation)

The merger of the Stainless Global business area with the Finnish company OTK was completed on December 28, 2012. In the 1st quarter 2012/2013 up to its exit from the Group, Stainless Global achieved order intake of €1.3 billion, sales of €1.4 billion and EBIT of €72 million. After the exit, income and expenses were recorded up to September 30, 2013 which were directly associated with the sale of Stainless Global and impacted EBIT in the amount of €15 million. In 2013/2014 further income and expenses occurred which resulted in net EBIT of €186 million. These relate mainly to the 1st quarter 2013/2014 and reflect the reversal of provisions recognized in connection with the sale of Inoxum to OTK for the obligation to offset any negative financial consequences for OTK under merger control requirements.

Results of operations and financial position

The following section mainly contains an analysis of the earnings situation based on the statement of income, an analysis of liquidity based on the statement of cash flows, and an analysis of the statement of financial position. Information on financing and capital expenditures is provided in the section "Group review".

Analysis of the statement of income

At €41,304 million, net sales from continuing operations in fiscal 2013/2014 were €2,745 million or 7% higher than a year earlier; this increase reflects above all strong growth in the capital goods operations and the sales of VDM and AST included in the reporting year for the first time with effect from March 01, 2014. Cost of sales from continuing operations increased by €1,316 million or 4% and thus at a much lower rate than sales. The increase was mainly due to higher material expense; this was partly offset by the absence of impairment losses at ThyssenKrupp CSA and ThyssenKrupp Steel USA which were recognized in the prior year. Gross profit from continuing operations improved correspondingly by €1,429 million to €6,166 million, while gross profit margin increased to 15%.

Both the €88 million increase in selling expenses from continuing operations and the €29 million rise in general and administrative expenses from continuing operations resulted mainly from the first-time consolidation of VDM and AST in the reporting year. In the case of general and administrative expenses this was partly offset by reduced restructuring and impairment expenses.

The €44 million rise in other income from continuing operations was due mainly to the €34 million gain from the acquisition of VDM and AST.

The clear €337 million decrease in other expenses from continuing operations related mainly to the provisions recognized in the prior year in connection with the so-called rail cartel and the valuation of a long-term freight contract.

Other gains attributable to continuing operations were €169 million higher than a year earlier. This was mainly due to the winding-down in the reporting year of the non-operating US company The Budd Company and the sale of ThyssenKrupp Steel USA; this was partly offset by the gains from the disposal of the tailored blanks business recognized only in the prior year.

The €116 million improvement in income attributable to the continuing operations from investments accounted for using the equity method was mainly due to the recognition of lower losses as a result of the cessation of equity method accounting for the shares in Outokumpu Oyj (OTK) in the 1st quarter 2013/2014. The €396 million rise in financing income from continuing operations was mainly the result of higher exchange rate gains in connection with finance transactions; this was partly offset by lower income from derivatives. The €390 million increase in financing expense from continuing operations was mainly due to higher currency losses in connection with finance transactions and to the loss from the sale of the shareholding in OTK; this was partly offset by the absence of the writedown of the financial receivable from OTK recognized in the prior year.

The income from continuing operations (before tax) of €242 million resulted in tax expense from continuing operations of €233 million in the reporting year, mainly in connection with non-tax-deductible expense from the OTK shareholding and its sale and – as in the prior year – valuation allowances for deferred tax assets.

After taking into account income taxes, income from continuing operations came to €9 million.

The discontinued operations achieved income of €186 million in the reporting year compared with €53 million a year earlier. The €133 million increase was mainly due to a €279 million improvement in current income to €186 million; this mainly reflects the reversal of the provision for possible effects from merger control requirements in connection with the sale of Inoxum to OTK. This was partly offset by the €146 million gain on the disposal of the stainless steel business recognized only in the prior year.

Including the after-tax income from discontinued operations, net income of €195 million was posted in the reporting year, compared with a net loss of €1,576 million a year earlier.

In the reporting year, earnings per share based on the net income attributable to the shareholders of ThyssenKrupp AG came to €0.38, a year-on-year improvement of €3.17. Earnings per share from continuing operations came to €0.04, compared with a €2.90 loss a year earlier.

Consolidated statement of income

million €, earnings per share in €	Year ended Sept. 30, 2013*	Year ended Sept. 30, 2014
Net sales	38,559	41,304
Cost of sales	(33,822)	(35,138)
Gross margin	4,737	6,166
Research and development cost	(264)	(300)
Selling expenses	(2,758)	(2,846)
General and administrative expenses	(2,150)	(2,179)
Other income	225	269
Other expenses	(572)	(235)
Other gains/(losses), net	73	242
Income/(loss) from operations	(709)	1,117
Income from companies accounted for using the equity method	(112)	4
Finance income	504	900
Finance expenses	(1,389)	(1,779)
Financial income/(expense), net	(997)	(875)
Income/(loss) from continuing operations before income taxes	(1,706)	242
Income tax (expense)/income	77	(233)
Income/(loss) from continuing operations (net of tax)	(1,629)	9
Discontinued operations (net of tax)	53	186
Net income/(loss)	(1,576)	195
Thereof:		
ThyssenKrupp AG's stockholders	(1,436)	210
Non-controlling interest	(140)	(15)
Net income/(loss)	(1,576)	195
Basic and diluted earnings per share based on		
Income/(loss) from continuing operations (attributable to ThyssenKrupp AG's stockholders)	(2.90)	0.04
Net income/(loss) (attributable to ThyssenKrupp AG's stockholders)	(2.79)	0.38

See accompanying notes to the consolidated financial statements.
* The prior-year figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (cf. Notes 01 and 03)

Analysis of the statement of cash flows

The amounts taken into account in the statement of cash flows correspond to the item "Cash and cash equivalents" as reported in the statement of financial position and also include the cash and cash equivalents relating to the disposal groups including the discontinued operations until the time of their actual sale. For the 1st quarter 2012/2013 the discontinued operations include cash flows attributable to the operations of Stainless Global.

In the reporting year there was a net cash inflow from operating activities of €887 million. The €101 million increase resulted mainly from the absence of the cash outflows from discontinued operations reported in the prior year in the amount of €195 million. The cash inflows from continuing operations decreased by €94 million to €887 million; strongly improved net income before impairment losses, deferred taxes and income from investments accounted for using the equity method was partly offset by a significantly lower release of working capital in operating assets and liabilities.

Investing activities resulted in a net cash outflow of €88 million, compared with €190 million the year before. The reduction mainly reflects the absence of the €98 million capital expenditures in the discontinued operations reported a year earlier. Cash outflows from continuing operations were almost unchanged from the year before at €88 million. Proceeds from disposals of consolidated companies in the reporting year related mainly to the sale of ThyssenKrupp Steel USA, while the prior year was impacted in particular by the sale of the stainless steel business to OTK. In addition, the winding-down of the previously consolidated non-operating US subsidiary The Budd Company in a Chapter 11 case resulted in a €279 million disposal of cash and cash equivalents in the 2nd quarter 2013/2014.

Free cash flow, i.e. the sum of operating cash flows and cash flows from investing activities, increased by a total of €203 million to a positive €799 million. The absence of prior-year €293 million negative free cash flow from the discontinued operations was partly offset by a €90 million reduction in free cash flow in the continuing operations in the reporting period mainly as a result of the operating cash flow situation.

Financing activities resulted in a net cash outflow of €666 million, compared with a cash inflow of €1,051 million a year earlier. As well as the absence of cash inflows from the discontinued operations, the difference of €1,717 million included €1,478 million attributable to the continuing operations. This mainly reflected two partly offsetting effects: In the reporting year there was a €1,430 million net repayment of borrowings, while in the prior year there were net proceeds from borrowings of €1,081 million. The associated €2,511 million reduction was partly offset by cash inflows of €878 million from the capital increase carried out in December 2013.

Consolidated statement of cash flows

million €	Year ended Sept. 30, 2013*	Year ended Sept. 30, 2014
Net income/(loss)	(1,576)	195
Adjustments to reconcile net income/(loss) to operating cash flows:		
Discontinued operations (net of tax)	(53)	(186)
Deferred income taxes, net	(280)	(51)
Depreciation, amortization and impairment of non-current assets	2,069	1,147
Reversals of impairment losses of non-current assets	(7)	(4)
(Income)/loss from companies accounted for using the equity method, net of dividends received	113	(3)
(Gain)/loss on disposal of non-current assets	(147)	(305)
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
- inventories	434	(30)
- trade accounts receivable	146	(409)
- accrued pension and similar obligations	(142)	(217)
- other provisions	355	94
- trade accounts payable	(9)	474
- other assets/liabilities not related to investing or financing activities	78	182
Operating cash flows - continuing operations	**981**	**887**
Operating cash flows - discontinued operations	(195)	0
Operating cash flows - total	**786**	**887**
Purchase of investments accounted for using the equity method and non-current financial assets	(40)	(3)
Expenditures for acquisitions of consolidated companies net of cash acquired	(35)	28
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(1,120)	(1,071)
Capital expenditures for intangible assets (inclusive of advance payments)	(118)	(95)
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	30	24
Proceeds from disposals of previously consolidated companies net of cash disposed	1,098	1,249
Cash and cash equivalents disposed of due to loss of control over companies consolidated so far but not sold	0	(279)
Proceeds from disposals of property, plant and equipment and investment property	88	56
Proceeds from disposals of intangible assets	5	3
Cash flows from investing activities - continuing operations	**(92)**	**(88)**
Cash flows from investing activities - discontinued operations	(98)	0
Cash flows from investing activities - total	**(190)**	**(88)**
Proceeds from issuance of bonds	1,600	1,250
Repayment of bonds	(1,000)	(1,000)
Proceeds from liabilities to financial institutions	3,156	1,059
Repayments of liabilities to financial institutions	(2,658)	(2,481)
(Repayments on)/proceeds from notes payable and other loans	(11)	(256)
Decrease in bills of exchange	(6)	(2)
Decrease in current securities	2	1
Proceeds from capital increases	0	878
Profit attributable to non-controlling interest	(39)	(33)
Expenditures for acquisitions of shares of already consolidated companies	(7)	(9)
Financing of discontinued operations	(279)	0
Other financing activities	54	(73)
Cash flows from financing activities - continuing operations	**812**	**(666)**
Cash flows from financing activities - discontinued operations	239	0
Cash flows from financing activities - total	**1,051**	**(666)**
Net increase/(decrease) in cash and cash equivalents - total	1,647	133
Effect of exchange rate changes on cash and cash equivalents	(165)	27
Cash and cash equivalents at beginning of year	2,347	3,829
Cash and cash equivalents at end of year - total	**3,829**	**3,989**
[thereof cash and cash equivalents within the disposal groups]	[16]	[10]
[thereof cash and cash equivalents within the discontinued operations]	[0]	[0]
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows of continuing operations:		
Interest received	120	131
Interest paid	(573)	(515)
Dividends received	63	60
Income taxes paid	(327)	(345)

See Note 35 to the consolidated financial statements.

* The prior-year figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (cf. Notes 01 and 03).

Analysis of the statement of financial position

Compared with September 30, 2013, total assets increased altogether by €748 million to €36,045 million. This includes a currency translation-related increase of €646 million, mainly due to the sharp decline in the US dollar exchange rate.

Despite an exchange rate-related increase of €361 million, non-current assets decreased altogether by €130 million. This reflected a number of partly offsetting effects. The €824 million increase in property, plant and equipment resulted, besides currency effects, mainly from the acquisition and first-time consolidation of the operations of VDM and AST in connection with the ending of all financial links with OTK. This was partly offset by the €962 million reduction in other financial assets, due mainly to the transfer from ThyssenKrupp to OTK at the end of February 2014 of the financial receivable created in connection with the sale of Inoxum. Also, the disposal of our 29.9% shareholding in OTK to meet the requirements of the EU in this connection was the main reason for the €310 million decrease in investments accounted for using the equity method. The €102 million increase in intangible assets was mostly currency translation-related. The €107 million increase in other non-current non-financial assets mainly reflected refund entitlements in connection with non-income taxes. The €113 million rise in deferred tax assets resulted from numerous different, partly offsetting effects in Germany and abroad.

Current assets increased by a total of €878 million; this included a currency translation-related increase of €286 million.

At €7,420 million, inventories at September 30, 2014 were €1,069 million higher than at September 30, 2013. The rise was mainly due to the first-time consolidation of VDM and AST and the reclassification of the disposal group Berco at March 31, 2014.

Trade accounts receivable increased altogether by €826 million to €5,782 million. As well as the aforementioned first-time consolidation of VDM and AST and the reclassification of Berco, this also reflected increased receivables in connection with long-term construction contracts and exchange rate effects.

The €116 million decrease in other current financial assets was mainly due to the repayment of a receivable from OTK.

The €383 million increase in other current non-financial assets was mainly due to advance payments made in connection with the procurement of inventories and other advance payments as well as higher refund entitlements in connection with non-income taxes.

The €166 million increase in cash and cash equivalents mainly related to proceeds of €878 million from the capital increase carried out in December 2013 and proceeds of €1,250 million from the issue of a bond in February 2014; the €799 million positive free cash flow generated in the reporting year also contributed. This was partly offset by the €1,000 million repayment of a bond in June 2014 and €1,680 million repayment of other financial debt.

Assets held for sale were a significant €1,501 million lower at €42 million, mainly as a result of the disposal of ThyssenKrupp Steel USA and the aforementioned reclassification of Berco.

Total equity at September 30, 2014 was €3,199 million, up €687 million from a year earlier. The main reason was the capital increase carried out at the beginning of December 2013, which raised total equity by €878 million. The net income of €195 million achieved in the reporting year and the currency translation gains of €141 million recognized in other comprehensive income also contributed to the increase. This was partly offset by losses (after taxes) of €514 million from the revaluation of pensions and similar obligations. The equity ratio improved to 8.9%.

Non-current liabilities decreased by a total of €319 million. This included a €478 million reduction in non-current financial debt, mainly reflecting a €979 million reduction in liabilities to financial institutions. This was partly offset by the aforementioned issue of a €1,250 million bond, which in turn was partly offset by the reclassification of a €750 million bond due in March 2015 to current financial debt. Accrued pension and similar obligations were virtually unchanged overall; lower provisions for healthcare obligations in connection with the winding-down of The Budd Company were offset by an increase as a result of the updated interest rates used for the revaluation of pension obligations at September 30, 2014.

Current liabilities increased in total by €380 million; this included a €172 million increase due to currency translation effects.

The €168 million reduction in other current provisions was mainly the result of the reversal of a provision recognized in the prior year for possible effects from merger control requirements in connection with the sale of Inoxum to OTK. In addition, a provision recognized in the prior year was utilized in the reporting year on the basis of a settlement reached with Deutsche Bahn in connection with the so-called rail cartel.

At €4,925 million, trade accounts payable were up by a clear €1,212 million from the prior-year level. As well as exchange rate effects, this was mainly due to the first-time consolidation of VDM and AST and the reclassification of Berco. The €906 million decrease in current financial debt was mainly connected with the €1,000 million repayment of a bond in June 2014 and the €406 million reduction in liabilities to financial institutions; in addition there was the €150 million repayment of a note payable in May 2014. This was partly offset by the above mentioned reclassification of a bond classified as non-current in the prior year. The €138 million increase in other current financial liabilities mainly reflected the accounting for derivatives, this was partly offset by a reduction in liabilities to associated companies. Higher liabilities in connection with long-term construction contracts and a rise in liabilities in the personnel area and from non-income taxes were the main reasons together with exchange rate effects for the €386 million increase in other current non-financial liabilities.

The €254 million reduction in liabilities associated with assets held for sale mainly reflected the reclassification of the disposal group Berco.

Consolidated statement of financial position

Assets million €	Sept. 30, 2013*	Sept. 30, 2014
Intangible assets	4,206	4,308
Property, plant and equipment	7,484	8,308
Investment property	287	283
Investments accounted for using the equity method	949	639
Other financial assets	1,019	57
Other non-financial assets	335	442
Deferred tax assets	1,662	1,775
Total non-current assets	**15,942**	**15,812**
Inventories	6,351	7,420
Trade accounts receivable	4,956	5,782
Other financial assets	500	384
Other non-financial assets	2,069	2,452
Current income tax assets	123	174
Cash and cash equivalents	3,813	3,979
Assets held for sale	1,543	42
Total current assets	**19,355**	**20,233**
Total assets	**35,297**	**36,045**

Equity and liabilities million €	Sept. 30, 2013*	Sept. 30, 2014
Capital stock	1,317	1,449
Additional paid in capital	4,684	5,434
Retained earnings	(3,816)	(4,144)
Cumulative other comprehensive income	58	242
thereof relating to disposal groups/discontinued operations (Sept. 30, 2013: 2; Sept. 30, 2014: 1)		
Equity attributable to ThyssenKrupp AG's stockholders	**2,243**	**2,981**
Non-controlling interest	269	218
Total equity	**2,512**	**3,199**
Accrued pension and similar obligations	7,348	7,354
Provisions for other employee benefits	270	357
Other provisions	676	741
Deferred tax liabilities	52	49
Financial debt	6,955	6,477
Other financial liabilities	3	3
Other non-financial liabilities	1	5
Total non-current liabilities	**15,305**	**14,986**
Provisions for employee benefits	298	311
Other provisions	1,363	1,195
Current income tax liabilities	234	193
Financial debt	1,911	1,005
Trade accounts payable	3,713	4,925
Other financial liabilities	1,241	1,379
Other non-financial liabilities	8,455	8,841
Liabilities associated with assets held for sale	265	11
Total current liabilities	**17,480**	**17,860**
Total liabilities	**32,785**	**32,846**
Total equity and liabilities	**35,297**	**36,045**

See accompanying notes to the consolidated financial statements.
* The prior-year figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (cf. Notes 01 and 03).

Assets not recognized and off-balance financing instruments

In addition to the assets recognized in the balance sheet, the Group also uses non-recognized assets. These are mainly leased or rented assets (operating leases). More details on this can be found under Note 21. The main off-balance financing instruments we use are factoring programs. More details can be found under Note 10. Should financing instruments of this kind no longer be available in the future, we have adequate available credit lines. This also applies to the non-recourse factoring of receivables, which the Group sold in connection with ordinary business activities in the amount of €1.4 billion at the closing date; in the prior year the amount was €1 billion.

ThyssenKrupp AG

ThyssenKrupp AG is the parent company of the ThyssenKrupp Group. The Executive Board of ThyssenKrupp AG is responsible for the management of the Company and the Group. This includes above all defining corporate strategy and allocating resources as well as executive and financial management. The annual financial statements of ThyssenKrupp AG were prepared according to the rules of the German Commercial Code (HGB), the management report is combined with the management report on the Group; this and the consolidated financial statements were prepared on the basis of International Financial Reporting Standards (IFRS) pursuant to § 315a HGB. The most important goal in the parent-company financial statements is to secure sustainable dividend capability by presenting a corresponding unappropriated profit on the basis of clearly positive HGB net income on average over several years.

Course of business, future development and risk position

Course of business 2013/2014

The business performance and position of ThyssenKrupp AG is mainly determined by the business performance and success of the Group. We report on this in detail in the sections "Group review", "Business area review", and "Results of operations and financial position".

Expected development 2014/2015 with material opportunities and risks

The expected development of ThyssenKrupp AG in the 2014/2015 fiscal year also depends mainly on the development of the Group as a whole and its opportunity and risk position. This is the subject of the forecast, opportunity and risk report of the Group. To this extent the information provided there on the expected development and risk position of the Group also applies to the future development and risk position of ThyssenKrupp AG.

As parent company of the Group, ThyssenKrupp AG receives income in particular from its equity investments. Net income from investments comprises profits and losses transferred from domestic subsidiaries and dividends distributed by foreign subsidiaries. The positive expectations for the Group's business performance in 2014/2015 should also be reflected in the income of ThyssenKrupp AG. Income from write-ups on shares in affiliated companies and income from inter-company disposals of financial assets, which led to high non-period income in fiscal 2013/2014, are not expected from the current perspective. Overall we expect an unappropriated profit at ThyssenKrupp AG in 2014/2015 that will allow our shareholders to share appropriately in the earnings of the Group.

Capital expenditures

ThyssenKrupp AG invested €2,115 million internally in fixed assets in the 2013/2014 fiscal year. Of this €32 million was for software licenses as intangible assets, mainly in connection with data and process harmonization. The €12 million additions to property, plant and equipment mainly related to the ThyssenKrupp Quarter in Essen, including €4 million attributable to property, plant and equipment under construction.

Of the €2,071 million additions to financial assets, €1,850 million related to shares in affiliated companies. This mainly reflected the transfer of ThyssenKrupp Elevator AG to ThyssenKrupp Technologies Beteiligungen GmbH. A further €216 million related to loans to affiliated companies due to long-term loans granted to ThyssenKrupp Finance USA, Inc.

The €3,083 million net book value of disposals of shares and loans to affiliated companies resulted in the amount of €609 million mainly from the transfer of shares of ThyssenKrupp Elevator AG to ThyssenKrupp Technologies Beteiligungen GmbH (€563 million), and in the amount of €2,774 million from the repayment of internal loans by various Group companies, mainly ThyssenKrupp Nederland Holding B.V. and ThyssenKrupp Finance USA, Inc.

Results of operations

The net income of ThyssenKrupp AG in the reporting year was €1,535 million (prior year €772 million).

Net income from investments decreased by €548 million to €285 million. Income from profit and loss transfer agreements was down by €374 million to €578 million. In particular, income from ThyssenKrupp Technologies Beteiligungen GmbH decreased by €312 million to €311 million (prior year €623 million). In addition, profit transfers from ThyssenKrupp Elevator AG (€31 million; prior year €124 million) and Thyssen Stahl GmbH (€157 million; prior year €184 million) in the reporting year were overall €151 million lower than a year earlier. In addition, expenses from loss transfers increased by €174 million in total, mainly including €200 million from ThyssenKrupp Materials International GmbH.

The €476 million increase in other operating income was mainly due to the €1,423 million proceeds from the disposal of financial assets. This mainly reflected the transfer of ThyssenKrupp Elevator AG to ThyssenKrupp Technologies Beteiligungen GmbH. There were also write-ups on the carrying values of two investments in the amount of €580 million. This was partly offset by €207 million lower income from reversals of provisions, mainly reflecting the €200 million adjustment to the risk valuation of a former investment in the prior year. The reduction in income also reflects the absence of income tax allocations (prior year €27 million), a write-up of securities classed as operating assets (prior year €37 million), and income tax refunds in connection with the transfer of income from subsidiaries (prior year €27 million). This was partly offset by a €164 million increase in income from disposals of financial assets compared with the year before.

In fiscal 2013/2014 no writedowns of financial assets or securities classed as operating assets were necessary (prior year €857 million). The writedowns of financial assets at investee companies in the prior year included €460 million on the shares in OTK and the €300 million writedown of a loan due to the transfer of the credit risk from ThyssenKrupp Nederland B.V. vis-à-vis OTK. There was also a €95 million writedown on the shares in ThyssenKrupp Italia S.r.l.

The €45 million reduction in general administrative expenses was mainly the result of personnel expense of €43 million, including payroll and payroll deductions of €24 million and a €19 million decrease in allocations to pension provisions. In connection with the refinancing of OTK, ThyssenKrupp AG signed an agreement with OTK in fiscal 2013/2014 among other things on the transfer of the VDM and AST groups. In this connection a loan given to ThyssenKrupp Nederland Holding B.V. was exchanged for a receivable from OTK and a writedown of financial receivables was recognized in other operating expense. This swap resulted in an expense of €40 million. This was partly offset by the absence in the reporting year of expenses from income tax refunds in connection with the transfer of income from subsidiaries (prior year €102 million). Net interest includes interest expense and income both from intra-Group and external financing. Net interest expense increased by €16 million to €393 million.

Income from ordinary activities came to €1,529 million, compared with income of €689 million in the prior year.

Income taxes include income from previous years as well as taxes in the reporting period. Under a recognition option for an excess of deferred tax assets over deferred tax liabilities, deferred taxes are not included in tax expense.

After income taxes, net income was €1,535 million (prior year €772 million).

Financial position

Total assets increased year-on-year by €466 million to €37,786 million. At September 30, 2014, fixed assets as a percentage of total assets were 2 percentage points lower at 67%.

Fixed assets decreased by €454 million to €25,418 million. The reduction related mainly to loans to affiliated companies; this was offset in particular by an increase in shares in affiliated companies.

In total, shares in affiliated companies increased by €1,821 million to €21,052 million. This was mainly due to the transfer of ThyssenKrupp Elevator AG in the amount of €1,850 million to ThyssenKrupp Technologies Beteiligungen GmbH, and the associated €609 million disposal. In addition, impairment losses recognized in previous years for shares of ThyssenKrupp North America Inc. (€470 million) and ThyssenKrupp UK Plc. (€110 million) were reversed in the reporting year in the total amount of €580 million; the write-up of the shares of ThyssenKrupp North America Inc. is mainly a consequence of the disposal of ThyssenKrupp Steel USA, LLC. New long-term loan agreements were concluded between ThyssenKrupp AG and individual Group companies and existing loan agreements were increased in fiscal 2013/2014. The resultant additions came to €216 million. This mainly reflected an intra-group loan to ThyssenKrupp Finance USA, Inc. This was partly offset by a reduction of €2,774 million relating to repaid inter-Group loans mainly of ThyssenKrupp Finance USA, Inc. and ThyssenKrupp Nederlands Holding B.V., so ThyssenKrupp AG's net loans decreased by €2,258 million to €3,749 million.

Receivables and liabilities from/to affiliated companies are significant items in the balance sheet of ThyssenKrupp AG. They reflect the central importance of ThyssenKrupp AG in the Group's cash management system. At September 30, 2014 receivables from affiliated companies were up by €606 million from the prior year to €9,151 million, mainly due to higher intercompany account balances (€995 million). This was partly offset by a €366 million decrease in other receivables and a €27 million decrease in receivables from affiliated companies from tax allocations.

ThyssenKrupp AG bears liability from the internal transfer of pension obligations. In the past fiscal year, these obligations under miscellaneous assets decreased by €49 million to €620 million. Correspondingly they were recognized under pension obligations. This was partly offset by a €20 million increase in other receivables and other assets due to higher receivables for sales tax.

At September 30, 2014 cash in hand and cash at banks was €323 million higher year-on-year at €2,474 million.

Total equity increased by €2,417 million to €5,951 million at September 30, 2014. This increase resulted from the issue of 51,448,903 new shares, which increased capital stock by €132 million to €1,449 million. In this connection €750 million was paid into additional paid-in capital owing to the premium on the new shares. In addition total equity increased in the reporting year on account of the net income of €1,535 million generated in fiscal 2013/2014. The net income includes in particular €1,414 million income from the disposal of financial assets and €580 million income from write-ups of financial assets. The equity ratio therefore increased to 16% (prior year 10%).

The reduction in pension provisions includes the aforementioned €49 million internal transfer of pension obligations and €22 million pension payments. This was partly offset by €22 million accrued interest on pension provisions and an €18 million allocation to pension provisions.

In February 2014 ThyssenKrupp AG issued a €1.25 billion bond with a maturity of five years and eight months under its €10 billion debt issuance program. It carries a coupon of 3.125% p.a. at an issue price of 99.201%. The issue took advantage of the good market environment and achieved a historically favorable coupon for ThyssenKrupp. It also extended the maturity profile of the Company's financial debt and strengthened the capital market share of its financing mix.

Liabilities to affiliated companies are mainly deposits by subsidiaries in the Group's central financial clearing system. Liabilities to affiliated companies were €490 million lower year-on-year at €24,639 million. The decrease was mainly due to the repayment of loans in the amount of €26 million by subsidiaries to ThyssenKrupp AG and a €327 million reduction in intercompany liabilities. Other liabilities to affiliated companies were also €35 million lower, mainly reflecting the absence of liabilities to affiliated companies from intercompany tax allocations (prior year €102 million).

More information on the financial position of ThyssenKrupp AG is contained in the Notes to the parent company financial statements.

Unappropriated income and proposal for the appropriation of net income

The legal basis for distribution of a dividend is the unappropriated income of ThyssenKrupp AG calculated in accordance with HGB. The annual financial statements show unappropriated income of €1,535 million. The Executive Board and Supervisory Board therefore propose to the Annual General Meeting that the unappropriated income for the 2013/2014 fiscal year in the amount of €1,535 million be used as follows: Distribution of a dividend of €0.11 per eligible share and the remaining amount to be carried forward.

Statement of financial position of ThyssenKrupp AG

Assets

in million €	Sept. 30, 2013	Sept. 30, 2014
Fixed assets		
Purchased intangible assets	22	47
Property, plant and equipment	387	371
Financial assets	25,463	25,000
	25,872	25,418
Operating assets		
Receivables and other assets	9,268	9,847
Cash on hand and cash at banks	2,151	2,474
	11,419	12,321
Prepaid expenses and deferred charges	29	47
Total assets	37,320	37,786

Equity and liabilities

in million €	Sept. 30, 2013	Sept. 30, 2014
Total equity		
Capital stock	1,317	1,449
Additional paid-in capital	723	1,473
Other retained earnings	1,127	1,494
Unappropriated net income/loss	367	1,535
	3,534	5,951
Provisions		
Accrued pension and similar obligations	1,137	1,098
Other provisions	342	297
	1,479	1,395
Liabilities		
Bonds	4,600	4,850
Liabilities to financial institutions	2,086	546
Liabilities to affiliated companies	25,129	24,654
Other liablities	488	388
	32,303	30,438
Deferred income	4	2
Total equity and liabilities	37,320	37,786

Statement of income of ThyssenKrupp AG

million €	2012/2013	2013/2014
Net income from investments	833	285
Other operating income	1,817	2,293
Writedowns of financial assets and securities classed as operating assets	(857)	0
General administrative costs	(567)	(522)
Other operating expense	(160)	(134)
Net interest	(377)	(393)
Income from ordinary activities	689	1,529
Income taxes	83	6
Net loss/Net income	772	1,535
Profit appropriation		
Net income/net loss	772	1,535
Allocation to other retained earnings	405	0
Unappropriated net income/loss	367	1,535

Compliance

The Groupwide compliance program focusing on anti-corruption policies and antitrust law with its three pillars “inform”, “identify” and “report and act” was rigorously continued in the 2013/2014 fiscal year. Intensive measures aimed at developing the program further were also resolved and in part implemented. The special audit carried out by BDO AG Wirtschaftsprüfungsgesellschaft and Prof. Dr. Hans-Joachim Böcking up to November 2013 confirmed that above all the further development of the compliance-relevant internal control system is well advanced and the compliance function is professionally organized and appropriately staffed. Based on this, a wide range of further measures was defined and implemented, such as a Groupwide bottom-up risk analysis and a comprehensive project to determine a compliance strategy for the coming years up to 2020.

New Executive Board member for Compliance and Legal

Dr. Donatus Kaufmann joined the Executive Board of ThyssenKrupp AG on February 01, 2014 and took charge of the new Compliance and Legal directorate. Consequently there have been changes to responsibilities and reporting channels; the Chief Compliance Officer now reports directly to Dr. Kaufmann.

Further development of the compliance program

We once again continuously developed our compliance program in the reporting year. For example, the compliance organization was adjusted in line with the new Group structure resulting from the ACT project. Work continued in particular on increasing the number of compliance staff. Most compliance officer positions at corporate and business area level have now been filled. Regional compliance officers will be appointed in line with progress in the regionalization of the Group.

The compliance officers and regional compliance officers advise, inform and educate employees around the world about important legal requirements and internal policies; among other things they carry out proactive compliance audits and investigate suspected cases of non-compliance. In the business areas and Group companies they are supported by a network of around 320 compliance managers – generally managing directors of Group companies – who ensure the compliance program is implemented at operating level in their areas of responsibility.

The findings of the aforementioned special audit also show that we are moving in the right direction. Cooperation with the auditors and their recommendations also provided further impetus for the continuous development of the compliance program.

Groupwide risk assessment

We carried out a Groupwide bottom-up risk assessment in the reporting period with a significantly wider scope than the previous top-down assessment. Based on a detailed questionnaire we analyzed objective risks at Group company level in the areas of antitrust law and corruption prevention as well as in other risk areas (export controls, sanctions lists, money laundering) and the degree of implementation of the compliance program at the individual Group companies. In a second step, workshops were held at over 100 Group companies on the basis of the identified risks to develop measures to manage them.

The risk analysis is having a positive impact at various levels of the Group. From the Group perspective and for the regions it enables compliance activities to be managed in a significantly more targeted and efficient way. In addition, the business areas can include the results of the risk analysis in their strategies and manage their business activities according to the risks identified. At operating level, the risk analysis helps local officers perform their duties with greater focus and reduce compliance risks in their operations directly by introducing mitigating measures.

Compliance Strategy 2020

Based on the current status of our compliance program, the findings of the special audit and in particular the insights gained from the Groupwide risk assessment, the compliance organization carried out a project under the strategic leadership of the new Executive Board member for Compliance and Legal to determine ThyssenKrupp's future compliance strategy up to 2020.

The starting point for the Compliance Strategy 2020 is the establishment of a holistic understanding of compliance in the Group. This means that in addition to the core topics of the compliance program – antitrust law and corruption prevention – compliance will be seen as a cross-functional endeavor for the Group in the future; the aim is to ensure full compliance with all laws and internal policies.

In this connection, the Executive Board has decided to include the areas of combating money laundering, data protection, and the Italian compliance law 231 alongside the existing core topics of antitrust law and corruption prevention. The compliance function will continue its intensive compliance activities in the area of existential core risks – with full content management, consultation and monitoring authority – in accordance with the defined compliance program. The new areas have been added because they are closely related to the previous core tasks and will generate synergies through the use of the existing compliance organization. The establishment and implementation of compliance measures in these new areas will therefore be a key area of Corporate Function Compliance's work in fiscal year 2014/2015.

In line with the holistic view of compliance in the Group, additional topics (e.g. export controls and sanctions lists) have been identified which are to be managed fully and systematically on a risk-oriented basis in the future. The aim is to ensure the observance of compliance-related organizational and oversight duties and minimize material risks. In each case, responsibility for compliance (centralized or local) remains with the competent corporate function or business area, with Corporate Function Compliance acting as advisor, coordinator and consolidator. Some of these additional areas were included in the risk analysis. In the future, reporting to the Executive Board will be consolidated to take in all identified areas. This holistic view will facilitate the sharing of knowledge and allow greater synergies in organization, processes and methods.

In addition to identifying areas to be covered, the Compliance Strategy 2020 project has also developed a vision for compliance at ThyssenKrupp with a "roadmap" for the coming years up to 2020. The project involved not only all employees from the compliance function but also the compliance managers and staff from various other functions and the business areas. The project was also based on an extensive benchmarking study carried out with comparable companies and with the involvement of external compliance consultants.

The aim of the compliance strategy is to develop measures under seven main strategic objectives that will help anchor compliance systemically in the Group. In addition to the aforementioned **holistic compliance approach**, the main strategic objectives include the creation of a **sustainable integrity and compliance culture.** Particular emphasis here is placed on the importance of personal integrity and individual responsibility for compliance with rules and laws. We want to create an open compliance culture in which it is possible to admit to mistakes and learn from them. A further objective is to focus more strongly on the **strategic value added by compliance**. The compliance function is to be established and seen as a strategic business partner and for example involved in relevant strategic decisions by the businesses. This calls for a **needs-based organization and a comprehensive compliance program;** this includes a clearer allocation of roles and responsibilities, effective and efficient program management with appropriate staff levels, and in particular an organization and allocation of tasks structured in line with the needs of the Group.

If these goals are to be achieved, the **personal commitment of our employees** is essential. Compliance must speak to employees on both an emotional and a rational level, for example through suitable communications measures. By implementing all measures from the compliance program throughout the Group and integrating compliance into business processes, the aim is to **maximize the penetration of the compliance culture** in the Group. At the same time, there should be a greater focus on **practice-based, understandable and solution-oriented** activities, for example taking specific business, regional and cultural requirements into consideration.

To achieve these main strategic objectives, numerous individual measures have been defined that will be implemented gradually in line with risks and resources. These measures will impact all levels of the compliance program, e.g. to focus the role of compliance managers, tailor communications to addressees – especially for the regions – and strengthen cross-functional cooperation.

Continuous implementation of the compliance program

In parallel with the Compliance Strategy 2020 project, the existing compliance activities were also implemented continuously. A key role in this was played by the antitrust and corruption prevention training courses held by the compliance officers to educate our employees about compliance requirements and risks as well as possible sanctions; they are a central component of the "inform" pillar of the compliance program. Compliance requirements in the form of Groupwide policies are based on applicable laws and also help implement international standards. They are continuously adapted in line with legal changes. In the reporting year, almost 6,000 employees worldwide attended classroom courses on antitrust law and corruption prevention. As part of the third cycle of the compliance e-learning program initiated in August 2012, almost 45,000 employees (anticorruption) and over 38,000 employees (antitrust) had successfully completed the training courses as of the end of the reporting year. Based on a cut-off point of eight weeks after registration, the program has currently been completed by 98.3% of those registered. Our subsidiaries in the USA and Canada have their own programs.

We also provide compliance advice on key business transactions, e.g. in connection with major projects and M&A projects or on the engagement of intermediaries. For this the employees can contact their compliance officers in the business areas, regions and at Corporate or call our central hotline. The compliance officers advise the operating units on integrating compliance into their business processes.

The "identify" pillar of the compliance program focuses on regularly reviewing critical business operations based on a risk-oriented, structured audit process. An additional element in the identification of compliance risks is our whistleblower system. Alongside the options of directly contacting a supervisor or the compliance department, this provides employees with a further channel for reporting possible infringements of laws or policies without revealing their identity. The system was presented in detail in the 2012/2013 Annual Report.

The third pillar "report and act" signifies intensive compliance reporting in all three dimensions of the ThyssenKrupp matrix. In the event of proven antitrust law infringements or corruption, we systematically impose sanctions on the employees concerned.

The basis for successfully implementing the compliance program is a corporate culture that stands for values such as openness, transparency and credibility. Our employees bear personal responsibility and our managers also bear corporate responsibility for compliance and base their actions on these values. The further development of our compliance strategy described here ultimately also serves to support the change required in the mindset and behavior of our employees and so contribute to establishing an even stronger compliance culture throughout the Group. Only in this way can we sustainably implement our clear commitment to ensuring that violations at ThyssenKrupp, particularly violations of antitrust and anticorruption rules, are not tolerated under any circumstances (zero tolerance).

More information on individual compliance risks can be found in the opportunity and risk report.

Employees

On September 30, 2014 ThyssenKrupp employed 160,745 people worldwide, 3,889 or 2.5% more than a year earlier. This growth was mainly due to the transfer of 5,085 VDM and AST employees from OTK to ThyssenKrupp. It was partially offset by the sale of ThyssenKrupp Steel USA with 1,522 employees and ThyssenKrupp Marine Systems AB with 819 employees. Overall there was a net, mainly operational increase of approx. 1,200 employees: A reduction of approx. 1,600 employees at Steel Europe, Steel Americas, Materials Services and Corporate under various initiatives and measures as part of the corporate program impact was offset by an increase – mainly outside Germany – of around 2,800 employees at our high-growth capital goods businesses as part of their efforts to develop new customers and markets in the Americas and Asia. As the result of internal restructuring, 1,412 employees moved from the Materials Services business area to the Steel Americas business area.

Employees by business area (September 30)

	2010	2011	2012	2013	2014	Change in %
Components Technology	29,144	31,270	28,011	27,737	28,941	4.3
Elevator Technology	44,024	46,243	47,561	49,112	50,282	2.4
Industrial Solutions	18,460	18,773	18,111	18,841	18,546	(1.6)
Materials Services	33,856	36,568	27,595	26,978	30,289	12.3
Steel Europe	34,711	28,843	27,761	26,961	26,231	(2.7)
Steel Americas	3,319	4,060	3,992	4,112	3,466	(15.7)
Corporate	2,597	2,803	3,084	3,115	2,990	(4.0)
Employees of the continuing operations	166,111	168,560	156,115	156,856	160,745	2.5
Stainless Global	11,235	11,490	11,846	0	0	—
Employees of the Group	177,346	180,050	167,961	156,856	160,745	2.5

Compared with September 30, 2013 the headcount in Germany rose by 1,619 to 59,783; without the transfer of the VDM employees, the German workforce would have decreased. At September 30, 2014, 19% of all employees were based in Europe outside Germany, 13% each in the NAFTA region and South America, 17% in Asia – in particular China and India – and 1% in Africa.

Employees by region (September 30)

	2010	2011	2012	2013	2014	Change in %
Germany	71,072	69,122	64,380	58,164	59,783	2.8
Europe (excl. Germany)	39,712	36,319	34,701	29,921	30,606	2.3
North and Central America	22,788	24,518	22,116	20,564	20,555	0.0
South America	19,629	22,568	21,320	22,078	21,426	(3.0)
Asia/Pacific	21,544	24,742	24,170	24,907	26,968	8.3
Africa	2,601	2,781	1,274	1,222	1,407	15.1
Worldwide	177,346	180,050	167,961	156,856	160,745	2.5

New “HR Global 2020” strategy developed

ThyssenKrupp has developed a new global human resources (HR) strategy as part of the Group’s Strategic Way Forward. Sustainably engaged employees and a culture of leadership excellence are key elements of this. Building on a value-based performance culture, ThyssenKrupp wants to offer its employees a challenging and motivating work environment. The focus is on a clear positioning as an employer of choice, life-long learning and individual development opportunities.

Central initiatives aimed at implementing and sustainably anchoring the HR strategy include the first ever Groupwide employee survey, the continuing establishment of a safety and health culture, and systematic diversity management. This includes initiatives for specific target groups such as leaders or young talents.

HR Global 2020

Change to perform
- Active change management
- Flexible & competitive workforce
- Performance culture
- Diversity & inclusion

Lead to engage
- Leadership excellence
- Occupational safety & health culture
- Engaged workforce
- WE – collaborate as one

Enable to grow
- Employer of choice
- Strong talent pipeline & workforce base
- Continuous learning
- Innovative culture

HR Empowerment
- State-of-the-art HR solutions
- Efficient HR processes & IT
- Strong customer orientation
- Professional labor relations
- Dynamic & inclusive HR community
- Integral part of business

First Groupwide employee survey

ThyssenKrupp attaches great importance to having a good corporate culture characterized by openness, honesty and mutual respect. Continuous work to improve this culture is part of our Strategic Way Forward and is embodied in our Group Mission Statement. Open feedback from our employees on leadership, cooperation and health in the company is a valuable source of information for this work. That is why ThyssenKrupp carried out its first ever Groupwide employee survey in September/October 2014. Under the motto "Tell it like it is", employees in all business areas at 1,680 locations in over 70 countries were invited to take part. Based on the findings of the survey, tools and measures for improvement and the exchange of best practices are being launched and developed in organizational units around the world in the current fiscal year. Change is a management task, but employees should have the opportunity to play their part – on this basis, a follow-up process will commence in January 2015 aimed at introducing concrete improvements in all business units.

Diversity as a personnel policy tool

The Diversity Management program implemented in 2014 is aimed at utilizing differences between our employees as a strategic resource and thus leveraging the potential offered by diversity in all company processes. Diversity & Inclusion is therefore a key driver in transforming our corporate culture into a value-based performance culture.

At present women make up 14.5% of our total workforce. The share of females in management positions rose from 6.9% at December 31, 2013 to 8.8% at the end of the reporting year. Our goal is to increase the share of females in management positions worldwide to 15% by fiscal 2019/2020.

Additional Group HR indicators (September 30)

		2012/2013	2013/2014
Personnel expense [1]	million €	8,499	8,445
Share of females in the total workforce	%	14.4	14.5
Apprentice training rate [2]	%	5.6	5.4
Sickness absence rate	%	3.2	3.1
Accidents (per 1 million hours worked)		5.9	4.8

[1] The prior-year figures have been adjusted due to the adoption of IAS 19R (cf. Note 01)
[2] In Germany

Occupational safety and health management

ThyssenKrupp significantly developed its occupational safety and health policy in the reporting year. Safety at work and the protection and promotion of health are integral to all business processes and therefore included in all technical, organizational, economic and social considerations from the initial planning phase. This fundamental understanding of a progressive safety and health culture puts people at the center of all activities.

The monitoring of occupational safety and health management was also significantly expanded. For example, the Groupwide employee survey included a total of 34 aspects relating to the safety and health culture, including mental workload. These aspects are supplemented by other indicators such as accident figures.

The accident figures reflect the sustainable success of the global occupational safety and health programs. Accident frequency once again fell significantly, decreasing by 18.6% year-on-year to 4.8 accidents per 1 million hours worked. ThyssenKrupp has thus taken a further step towards its goal of reducing accident frequency by half in the three-year period to the end of the 2014/2015 fiscal year. The executive development programs aimed at strengthening the safety culture made an important contribution to this positive trend; these programs were renewed and expanded internationally, with the focus on the USA and Mexico.

ThyssenKrupp PerspActive – promoting a strong, value-based performance and dialogue culture

We want to assist our executives in their development and performance and create a stable performance and dialogue culture. ThyssenKrupp PerspActive, our management development and assessment system, sustainably supports this objective and strengthens our value-based performance culture. For example, the ThyssenKrupp Leadership Competencies give executives the necessary orientation and create a common understanding of the leadership and collaboration culture we are aiming to achieve.

Placement processes

The recruitment process introduced in 2011/2012 for the first management level below business area management boards has made it possible to design internal career paths in a more targeted way and thus make more systematic use of development opportunities for managers with development potential. In the past fiscal year, almost 80% of the vacancies at this level were filled by internal managers from the Groupwide potential pools and succession plans. The recruitment process was also introduced for the second management level so as to be able to plan developments there in more targeted fashion and fill vacancies internally across business areas and regions.

Potential programs

Managers with the potential to take on higher-level functions are systematically prepared for the strategic challenges and future requirements this involves in our Groupwide potential programs. The programs make an important contribution to developing the skills of these managers and tying them to the Group long-term, which in turn allows vacant management and other key positions to be filled with the best internal candidates.

TK Talents – establishment of Groupwide talent management program below highest management levels

In order to identify talents below the top three management levels even earlier, we are currently implementing a worldwide systematic talent management program called “TK Talents”. In four newly defined talent pools, talents are identified at an early stage, developed in targeted fashion and installed in key positions.

TK Talents gives us greater transparency into talents at ThyssenKrupp and creates a further important means of tying them to the Group. It also gives ambitious talents better development opportunities and positions ThyssenKrupp more strongly as an attractive employer.

Total Rewards & Performance Management – introduction of a Groupwide compensation policy

Based closely on the compensation policy introduced in 2011/2012 for managers at the level below business area management boards, we introduced a Groupwide compensation policy for managers at the subsequent management levels in the reporting year. Common KPIs and increased transparency help strengthen the performance focus of our executives and thus support the strategic and operational management of the Group.

ThyssenKrupp Academy – Groupwide learning for change and development

The ThyssenKrupp Academy widened its range of activities further in the reporting year. In addition to the established Leadership Academy, further areas have now been set up under the academy’s roof: Change Practice, Functional Schools, and the coordination of the Group’s global learning activities. As a result, the ThyssenKrupp Academy is developing from an internal management development specialist to a global, strategic transformation driver.

Leadership Academy – With its range of programs, the Leadership Academy supports ThyssenKrupp leaders throughout the Group to communicate, reflect on and implement the new leadership philosophy. In 2013/2014 the Leadership Academy conducted 86 programs attended by a total of 900 leaders. The popularity and satisfaction levels of these core programs underline their importance for the Groupwide culture change. In addition to the 360 degree feedback process, many participants praised the practical nature of the programs and the exchange of views with colleagues across the Group. Optional deep dive programs offered alongside the core programs give leaders the opportunity to work on individual ThyssenKrupp Leadership Competencies in greater detail.

Change Practice – Change Practice supports ThyssenKrupp leaders in driving change at their companies or in their areas of responsibility. Together with the leaders, tailored change processes are designed and implemented on the basis of current business requirements. The combination of Leadership Academy and Change Practice provides the link between individual learning and organizational change and thus ensures that the culture change is driven forward on a sustainable, broad-based basis.

Functional Schools – The Functional Schools impart up-to-date specialist knowledge and support the implementation of ThyssenKrupp's new direction by providing training, fostering networks and facilitating exchanges among experts from throughout the Group. For example, the Project Management (PM) Campus offers a range of training and certification programs to help project and site managers at ThyssenKrupp Industrial Solutions plan and manage complex projects for their customers. The programs of the Procurement and Supply Management (PSM) Campus launched in 2014 are aimed at PSM staff from all business areas and offer practical training and efficient coaching to establish the new roles – important strategic elements in the development of a world class procurement organization at ThyssenKrupp as defined under the synergize+ project.

Apprentice training rate in Germany 5.4%

In many countries around the world we offer young people attractive apprenticeships and study opportunities. In Germany alone, around 3,200 young people were aiming to graduate from an apprenticeship in one of 51 different occupations or an integrated degree program in the reporting year. The majority of these programs are in industrial or technical areas. Our highly dedicated 129 full-time trainers and numerous training officers teach not only technical skills but also methodological and social competencies. As a result, 95% of apprentices passed their final exams in the reporting year. At the same time, 916 young people started an apprenticeship at ThyssenKrupp. The apprentice training rate was 5.4%.

Focus on graduate recruitment

Our entry programs are tailored to the specific needs of the different target groups. The best of our interns are included in our "Next Generation" intern program. They study subjects that will be of particular interest to ThyssenKrupp in the future. In selected seminars – on subjects such as presenting, moderating and conflict resolution – they are systematically prepared for their future career in the Group. A further key aim of the program is to build and strengthen contacts in the Group.

For graduates with an interest in research, the doctoral student program "Your Innovation" provides an opportunity to work on the latest technologies in the Group. In the "Create (y)our future" program, graduate trainees get to know various activities and business areas. Preparations for taking on key positions in the Group are rounded out by foreign project assignments.

Our online careers portal is now firmly established as a central medium for gathering information and submitting job applications. Almost all applicants visit the website beforehand to find out more about our Company. In recent years ThyssenKrupp has received numerous awards for its careers website in Germany. This successful careers portal and associated applicant management system is currently being rolled out internationally.

To advance the new structural organization and cooperation created as part of ACT in the area of HR marketing and recruiting, we have launched the Group project "Global Sourcing & Recruiting @ ThyssenKrupp". This project develops and establishes generally accepted standards and best practices throughout the Group.

Technology and innovations

Innovation strategy

ThyssenKrupp brings together demanding engineering disciplines, specifically in the areas “Mechanical”, “Plant” and “Material”, which are essential in meeting rising demand from the growing world population for consumer and capital goods. Globalization, with its steadily growing energy and resource consumption, and increasing urbanization, with the associated need for infrastructure and buildings, are further challenges for which we develop innovative products and technologies. In all of this, we need to take existing constraints into account, such as scarcity of natural resources, climate change, and political conditions.

Our innovative strength is based on a global research and development (R&D) network. ThyssenKrupp has almost 3,000 employees working at more than 100 development centers in Europe, Asia, and North and South America. Collaboration with external partners such as universities and research institutes is a further pillar of our R&D network. The innovations arising from our R&D activities are reflected in around 1,500 newly registered industrial property rights, growing ThyssenKrupp’s patent portfolio to more than 16,000 patents and utility models.

Spending on research and development came to €708 million in the past fiscal year, an increase of 9% year-on-year. With an adjusted R&D intensity – excluding trading and distribution – of 2.3%, expenditure rose to an appropriate level for the Group, also based on peer comparisons, that ensures the effectiveness and efficiency of our activities. Our goal is an adjusted R&D intensity of around 2.5% in order to secure our innovativeness in the long term.

Research and development

million €	2012/2013	2013/2014	Change in %
Research and development costs	269	300	12
Amortization of capitalized development costs	47	44	(6)
Order-related development costs	331	364	10
Expenditure on research and development of the Group	647	708	9

In addition, development costs of €18 million were capitalized in 2013/2014, compared with €19 million in the prior year. Their share of the overall research and development costs – the capitalization ratio – decreased slightly from 6.6% a year ago to 5.7%, mainly due to rising R&D costs.

New structure: Technology, Innovation & Sustainability

In order to better structure the Group’s innovation activities and expand them further we created the corporate function Technology, Innovation & Sustainability in the reporting year. Similar functions have been set up in the business areas and regions. The Corporate Function defines the framework conditions for research and development, and coordinates and supports R&D work in the business areas and the regions. It also systematically identifies future growth fields and provides initial assistance with addressing them.

Sustainability and research and development are now also integrated so as to ensure that expertise with regard to products, production and sustainability is shared to the mutual benefit of all concerned. The creation of this corporate function enables us to leverage synergies and increases the transparency and efficiency of research work. Technology, innovation and sustainability are now also a fixture of the regular strategy and innovation dialogue with the business areas.

Key development areas

We make targeted use of our synergies as a diversified industrial group to develop future business fields for ThyssenKrupp. Our systemic approach to innovation is based on cooperation beyond traditional sector and technology boundaries. This applies both to collaborations between business areas in the Group and to joint projects with external industrial partners. Our aim is to provide our customers with optimized end-to-end solutions.

In the future, value creation will increasingly address areas such as climate change, the energy transition, improved resource efficiency, and expanded recycling. A key role will be played by technologies needed to transition the energy system from fossil fuels to renewables.

The Carbon2Chem project is a good example of our approach to research. The long-term aim of this project is for the steel mill gases from our Duisburg plant – including the CO_2 they contain – to be used in an industrial network as a starting material for producing chemicals. The chemical processes are to be powered by excess electricity from renewable sources. This cross-sector project has the potential to help make the energy transition to renewables a success and sustainably reduce the cumulative CO_2 emissions of the industrial network. ThyssenKrupp carried out preliminary studies last year together with the Max Planck Institute for Chemical Energy Conversion in Mülheim. In addition to the Max Planck Institute, the project also involves other research facilities and leading companies from the chemical, electrical and energy sectors. The state of North Rhine-Westphalia will also give its support to this long-term project.

Urban Mobility is another cross-sector initiative which involves researchers from the Steel Europe and Elevator Technology business areas, the TechCenter Control Technology and ThyssenKrupp AG. It is focused on intelligent infrastructure, among other things for the last intermodal mile – i.e. to facilitate moving between the stops of various modes of transport or from stops to heavily frequented buildings. Here again, our aim is to develop an integrated concept that goes beyond traditional system boundaries. Elevators, escalators and moving walks – integrated in special steel structures – will be central components of this concept.

Innovations in the business areas

Components Technology, Industrial Solutions, Steel Europe: InCar plus – In the reporting year we presented the results of the InCar plus development project. Eight Group companies at 15 sites cooperated on this project for the automotive industry. They came from the business areas Components Technology, one of the world's foremost component suppliers, Industrial Solutions, which with its System Engineering business unit is one of the market leaders for engine and transmission assembly and body-in-white lines, and Steel Europe, a leading international materials partner to the automotive OEMs.

InCar plus demonstrates our synergies as a diversified industrial group. 40 new components and solutions for the automotive industry were developed under the project. The focus is on eco-friendly designs for energy efficiency, e-mobility and weight reduction. The InCar-plus innovations can be used in body, chassis, steering and powertrain applications. Whether it's sustainability, weight, costs or performance – each InCar plus innovation is superior to the current state of the art in at least one of these categories. The components offer customers savings of up to 50% on weight and up to 20% on cost. As a contribution to sustainable mobility, InCar plus innovations enable savings of up to eight grams of CO_2 per kilometer driven. Looking at the overall life cycle of a car, including production and recycling, InCar plus represents savings of 1.6 tons of CO_2 per vehicle.

Thanks to cooperation between parts, production and materials specialists, InCar plus solutions have a high degree of maturity. The ability to integrate them into production gives our customers an important edge in terms of time and costs. In the following we present selected examples of InCar plus innovations:

- New steel composite – The hybrid material TriBond makes it possible to unite different, in part conflicting material properties in one product. The composite is made up of several different steel grades. In this way, completely new properties can be realized that cannot be produced in homogeneous materials. For example, a three-layer TriBond variant for InCar plus has a high-strength core sandwiched between outer layers of ductile, readily formable steel. The structure of TriBond is flexible. Different steel grades can be combined in varying thickness ratios. This opens up a wide range of products for applications-oriented and tailored materials .

- Solutions for hybrid and electric motors – While there is no need to reduce the weight of electric motors in stationary applications, the situation is different when it comes to drives for hybrid or electric vehicles. Weight savings here, in particular lower translational and rotational masses, can have a major influence on energy requirements. ThyssenKrupp therefore redesigned the rotor of the electric motor, which in the past has always been a solid shaft. The result is a hollow lightweight rotor that reduces weight by up to 16%. At the same time, around 800 cubic centimeters of additional packaging space in the rotor's hollow interior can be used for example to accommodate an active rotor cooling system to further improve efficiency. On the materials side, high- and ultrahigh-strength electrical steel grades were developed under InCar plus that help significantly increase the torque of an electric motor compared with the previous best standard grade. The new grades ensure lower magnetic flux leakage in permanent magnet-excited synchronous machines. They also allow savings on materials and thus lower costs.

- Carbon fiber components – Several components made from carbon-fiber reinforced plastic (CFRP) were developed under the InCar plus project. The parts are not only much lighter than their conventional counterparts, their manufacturing processes have been tested and optimized to such a degree that they can be produced much more simply and at lower cost in the future. For example, an InCar plus shock absorber tube made from CFRP weighs up to 45% less than an aluminum shock tube. Using CFRP for specific steering column parts, the InCar plus team achieved weight savings per component of up to 60%, and 25% for the complete steering column. In wheels for luxury-class vehicles, ThyssenKrupp shows that a combination of a CFRP rim and a steel wheel disk can not only be lighter than a forged aluminum wheel but also extremely attractive.

Elevator Technology: Two-speed moving walk – To meet the growing demand for intelligent urban infrastructure, Elevator Technology offers a new solution. The innovative ACCELL is the only moving walk in the world that combines smooth speed changes with the very highest safety standards for passenger transportation. The new technology cuts passenger travel time by around two thirds compared with conventional moving walks. The walk starts at 0.65 meters per second before the pallet band accelerates smoothly in the central section to 2 meters per second. Passengers can cover a distance of 270 meters in just 140 seconds instead of 415 seconds using conventional solutions.

Elevator Technology: Networked elevators for preventive service – The Elevator Technology business area in collaboration with Microsoft can now offer an extended service life based on the "internet of things". The solution uses networked elevator sensors that send their data directly to the cloud. These data are processed intelligently and made available to Elevator Technology's service engineers in clear form from a central point. This significantly improves the company's service and maintenance business. The solution combines various Microsoft systems for the internet of things, such as the Azure Intelligent System Service and Azure Machine Learning. The data are delivered by thousands of monitoring sensors; from door sensors to shaft settings to cab speed, these systems deliver a comprehensive overview of the elevator's status.

Industrial Solutions: Redox flow batteries – The aim of future energy systems in Germany and elsewhere is to guarantee a sustainable and reliable supply of energy from renewable sources. The amount of electricity generated by wind turbines and photovoltaic systems is heavily dependent on weather conditions. So ThyssenKrupp is developing energy storage devices for utilities and operators of renewable energy generation plants. Large volumes of energy are stored electrochemically in so-called redox flow batteries. The biggest advantages of these batteries are high efficiency, a modular structure, and the separate scalability of maximum performance and the quantity of energy stored – matched to the requirements in each case. In addition, unlike pumped or compressed-air storage devices, they are not dependent on geographical factors and can be used almost anywhere.

Industrial Solutions will start operation of a redox flow battery as a test facility in early 2015. This facility is an important stepping stone on the path from laboratory scale to industrial scale storage devices. The goal is to produce a storage device for industrial use with an initial output of 20 megawatts and a capacity of 200 megawatt hours.

Industrial Solutions: Energy saving chlorine production – Chlorine is used in the synthesis of almost two thirds of all chemical products. It is needed among other things to synthesize plastics, medicines, pesticides, products for the treatment of drinking water, and high-purity silicon for electronic and photovoltaic applications. Producing chlorine from table salt by electrolysis is a very energy-intensive process.

The Industrial Solutions business area in collaboration with Bayer Material Science has developed a new electrolysis technology to produce chlorine using innovative cathode technology. The new solution allows electricity savings of over 30% compared with conventional methods. This is made possible by the use of an oxygen depolarized cathode combined with an innovative new cathode chamber design. While the process is a variant of the established membrane electrolysis method, it also differs significantly from it in that it follows a different reaction equation and does not produce any hydrogen.

Environment, climate and energy

By continuously developing its environmental and energy management system, ThyssenKrupp aims to improve its energy and resource efficiency and minimize environmental impact. In this we hold ourselves to the highest standards.

Environmental and climate protection

Our sites around the world utilize state-of-the-art environmental protection technologies. We make continuous investments in equipment such as dust filters, wastewater treatment facilities and oil separators, and to optimize vehicle fleets in our service activities. Ongoing expenditure on air pollution control, waste management, water and soil protection, noise control and nature conservation increased by 7% to €581 million in the reporting year, mainly due to higher energy costs for the operation of environmental protection equipment.

Our binding target for environmental protection is for all Group companies with environmentally relevant operations to have implemented an environmental management system in line with the international standard ISO 14001 by the 2019/2020 fiscal year. This will ensure that environmental protection activities at our sites are systematically developed as part of a continuous improvement process. This requirement currently applies to over 70 companies, more than two thirds of which already comply with the standard. More than 50% of ThyssenKrupp's total workforce is already covered by ISO 14001.

Regular audits and examinations are also carried out to ensure compliance with the relevant requirements, in particular legal regulations. In the EU Emissions Trading System (ETS), extensive CO_2 monitoring systems have been installed at the affected sites. In calendar year 2013, CO_2 emissions governed by emissions trading amounted to around 19.3 million tons. For the same period we were allocated emission allowances for 18.7 million tons. The marginal difference was covered by reserves from the second trading period (up to 2012).

Further progress was made in the multi-stage environmental approval process for the steel mill in Rio de Janeiro in the reporting year. An amended official agreement on the operating license was signed with the Brazilian environmental authorities with a term of 24 months. The measures recommended by the authorities and improvements proposed by independent auditors will be implemented in this period.

Energy efficiency

With an annual energy consumption of more than 80 TWh, energy efficiency is a key competitive factor for ThyssenKrupp. For this reason we launched a Groupwide energy efficiency program in the reporting year aimed at achieving sustainable efficiency gains of 3.5 TWh by fiscal 2019/2020. The program is being implemented through concrete projects at the individual sites, e.g. through improved utilization of waste heat, reduction of stand-by times, and replacement of plant components. In addition, efficiency and benchmark analyses and expert workshops are carried out on an ongoing basis.

The efficiency improvements are based on a systematic energy management system in our production and service processes. As part of this, Group companies with relevant energy consumption must organize their energy management systems in line with the requirements of the ambitious ISO 50001 standard, again by fiscal 2019/2020. Of the almost 60 companies affected, more than 10 already met these requirements in the reporting year. Around two thirds of our annual energy consumption is covered by this standard.

Further information on environment, climate and energy can be found in the opportunity and risk report and on our website.

Environment, climate and energy indicators

	2012/2013	2013/2014	Change in %
Ongoing expenditure on environmental protection (in million €)	542	581	7
Investment in environmental protection (in million €)	36	32	(11)
ISO 14001 implementation rate (as % of relevant companies at September 30)	—	69	new indicator
ISO 50001 implementation rate (as % of relevant companies at September 30)	—	19	new indicator

Purchasing

Together with our customers and suppliers, we develop solutions for innovative, sustainable and environmentally friendly products and processes. Close partnerships with strategically selected suppliers enable us to secure important competitive advantages. We pool purchasing volumes, create knowledge networks and utilize advanced procurement tools. Together with our suppliers, this enables us to reduce material costs and make an important contribution to improving our operating performance.

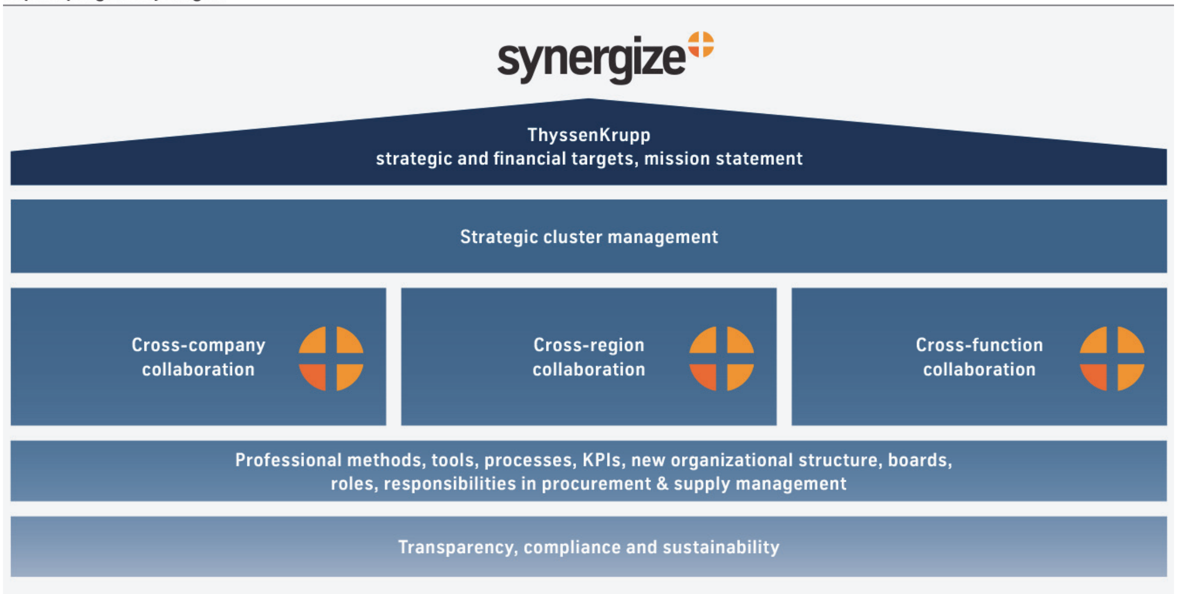
Corporate program synergize+

As part of the impact program, synergize+ is harmonizing procurement activities throughout the Group and focusing them systematically on ThyssenKrupp's strategic and financial objectives.

Organizing procurement and supply management activities consistently across businesses, functions and regions will ensure a common strategic focus and permit the effective management of purchasing volumes and organizational structures.

We use strategic cluster management to improve on traditional consolidation models. This not only allows us to leverage economies of scale when awarding purchasing volumes to a focused group of carefully selected suppliers; we also apply effective levers to harness new opportunities on the international supply markets. In the reporting year, the volume of purchasing covered by strategic management rose to 65%, and our aim is to increase this level further to 90%.

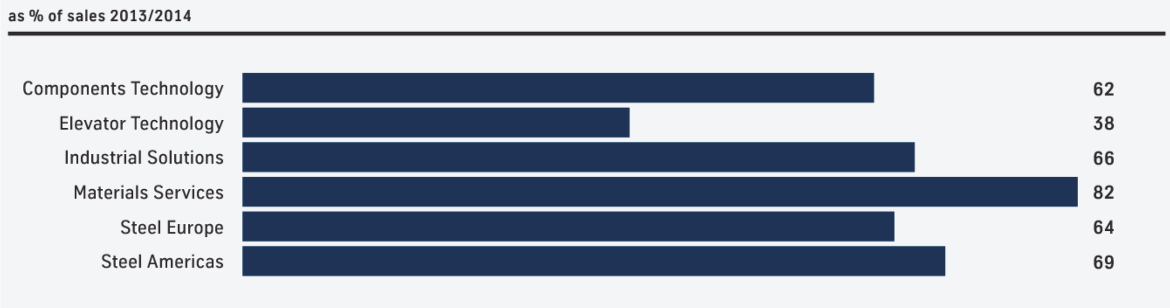
impact program synergize+



Materials expense

The Group's materials expense increased year-on-year by 2% to €26.4 billion. At the same its percentage of sales decreased slightly from 65% to 64%. In line with the varying nature of their operations, the percentages of the business areas ranged between 38% at Elevator Technology and 82% at Materials Services, as shown by the following graphic:

Materials expense of business areas



Our global purchasing organization once again secured the supply of materials to our plants in the reporting year. More information is provided in the opportunity and risk report under procurement risks.

Materials expense by business area

million €	2012/2013	2013/2014	Change in %
Components Technology	3,473	3,801	9
Elevator Technology	2,289	2,455	7
Industrial Solutions	3,672	4,111	12
Materials Services	9,613	11,191	16
Steel Europe	6,464	5,669	(12)
Steel Americas	1,555	1,414	(9)
Corporate	81	49	(40)
Consolidation	(2,242)	(2,260)	—
Materials expense of the continuing operations	24,905	26,430	6
Stainless Global	1,208	0	—
Consolidation	(178)	0	—
Materials expense of the Group	25,935	26,430	2

Sustainability in supplier management

Sustainability in supplier management plays an important role in our global procurement activities. To promote sustainability in our supply chain we have established the ThyssenKrupp Supplier Code of Conduct, which sets out the requirements we make on our suppliers and is based on the principles of the United Nations Global Compact and the UN Universal Declaration of Human Rights. Our aim for the coming years is to work only with suppliers who have signed this Supplier Code of Conduct and operate in line with its principles and requirements. In the future, compliance with these principles and requirements will be examined by risk-based supplier audits of at least 100 suppliers each year. This procedure was successfully tested in 27 audits in the reporting year. Defined processes and responsibilities for the ThyssenKrupp Supplier Code of Conduct, risk analysis and supplier development ensure Groupwide transparency and follow-up.

Subsequent events

No reportable events occurred between the end of the reporting year (September 30, 2014) and the date of authorization for issuance (November 14, 2014).

Forecast, opportunity and risk report

2014/2015 FORECAST

Overall assessment by the Executive Board

Against the background of rapidly rising uncertainty over the economic climate and limited visibility in particular in the materials businesses, we take a generally cautious view of developments in the 2014/2015 fiscal year. We expect a very mixed picture in the regions and sectors and – with the lowering of forecasts over recent weeks – moderately higher global economic growth at best overall. However, in light of the marked increase in geopolitical risks and the worsening of the economic outlook, this cannot yet be seen as certain. Nevertheless we expect further progress on our Strategic Way Forward, in particular through the efficiency measures under impact, to be clearly reflected in another significant improvement in our key performance indicators in the 2014/2015 fiscal year.

Key assumptions

The expected improvement in our key performance indicators is based on the assumption that there will be no further escalation of the geopolitical crises with potentially negative impacts particularly on our more cyclical materials and components businesses.

We therefore assume that the current trends will continue – slow and heterogeneous development in the euro zone, likewise heterogeneous and net sideways development in the emerging economies, more favorable economic development in the USA.

On this basis we expect generally subdued growth in the core markets for our materials and components businesses, though here visibility does not extend much beyond a quarter in the current economic environment.

We expect moderate – low single-digit percentage – growth in demand for materials in Europe, the USA and worldwide, assuming no major dislocations on the raw materials markets and continuing intense competition.

For the global auto industry we forecast a slowdown overall with wide regional differences. Output is likely to pick up sharply again in China and also increase, albeit at slower rates, in the USA and in Western Europe as a whole; but for Germany we expect a decline. Auto production in Brazil should recover slightly after a steep decline.

The high order backlog with good earnings quality at Elevator Technology and Industrial Solutions already secures profitable sales growth for these businesses well into the fiscal year.

More information on the economic conditions is provided in the section "Macro and sector environment".

Clear increase expected in adjusted EBIT, TKVA and FCF before divestments

In the following we describe the expected developments for ThyssenKrupp in the 2014/2015 fiscal year based on the above-mentioned assumptions; the forecast and pro forma comparative prior-year figures for the adjusted EBIT of the Group and the business areas and for TKVA are based on the new KPI definitions (more information on the definition changes is provided in the section "Fundamental information about the Group" under "Management of the Group").

On a comparable basis, the **Group's sales**, like the sales of the capital goods and materials distribution businesses, are expected to grow year-on-year by a single-digit percentage rate; we predict sales growth in the steel businesses will be slightly weaker by comparison (Group sales 2013/2014: €41.3 billion).

The Group's **adjusted EBIT** is expected to improve to at least €1.5 billion (adjusted EBIT 2013/2014: €1.3 billion). With the exception of Steel Americas all business areas will make clearly positive contributions; based on operating progress we expect at least a significant improvement towards break-even EBIT at Steel Americas (adjusted EBIT 2013/2014: €(68) million). In addition the expected growth in our highly profitable capital goods businesses and the Groupwide efforts to enhance performance under the impact program will contribute to improving the Group's earnings.

- Capital goods businesses
  - At Components Technology we expect a slight increase in earnings (adjusted EBIT 2013/2014: €268 million) as a result of progress with the ramp-up of the new plants as well as the restructuring and efficiency programs.
  - At Elevator Technology we expect earnings improvements from sales growth and also an improvement in adjusted EBIT margin by 0.5 to 0.7 percentage points from restructuring and efficiency measures (adjusted EBIT 2013/2014: €674 million, adjusted EBIT margin 2013/14: 10.5%).
  - At Industrial Solutions we anticipate a slight improvement in earnings due to increasing sales (adjusted EBIT 2013/14: €420 million).
- Materials businesses
  - At Materials Services we expect earnings to improve slightly as a result of progress with the restructuring and efficiency programs and sales initiatives (adjusted EBIT 2013/2014: €212 million).
  - Steel Europe is expected to generate a significantly increased earnings contribution as a result of efficiency gains and differentiation initiatives under "Best-in-Class Reloaded" (adjusted EBIT 2013/2014: €206 million).

Our goal continues to be to strengthen our **equity** with clearly positive net income; for fiscal 2014/2015 we expect a significant improvement year-on-year (income 2013/2014: €195 million).

The Group's **TKVA** is therefore also expected to show a clear improvement (TKVA 2013/2014: €(213) million).

We are also working hard to improve cash generation from operating activities on a sustainable basis; for the 2014/2015 fiscal year we expect to make clear progress and achieve at least break-even **free cash flow before divestments** (free cash flow before divestments 2013/2014: €(254) million).

Capital spending in the Group will be around €1.5 billion (capital expenditures 2013/2014: €1,141 million).

If the expected increases for earnings and cash flow materialize, we will take this into account – if economically justifiable – in our **dividend proposal** to the Annual General Meeting.

Opportunity and risk report

Opportunities

Overall assessment by the Executive Board: ThyssenKrupp with opportunities as a diversified industrial group

Thanks to a continued focus on sustainable products and processes in combination with the engineering expertise of our employees and further implementation of impact in all business areas, we see considerable opportunities as a diversified industrial group.

Definitions

ThyssenKrupp defines opportunities as events or developments that enhance our ability to exceed the Group's targets. Opportunity management encompasses all measures involved in the systematic and transparent management of opportunities. Through integration of the planning and reporting processes in controlling with the strategy processes, opportunity management is an important element of the strategic and value-based management of the Group.

Opportunity management process

The Strategic Dialogue is a structured process that takes place each year at ThyssenKrupp in which strategies including opportunities and risks arising from relevant market and technology trends are systematically addressed and discussed in all business areas. This standardized Groupwide procedure is also the basis for the Group's Strategic Way Forward. Close integration with the Strategic Dialogue means that opportunity management too is based on a strategic medium to long term approach in some cases going far beyond the forecast period.

Following on from the Strategic Dialogue, all business areas record opportunities and risks in operational plans and monthly reports to facilitate assessment and evaluation of the current earnings and liquidity situation of the individual businesses. The graphic "Opportunity and risk reporting at ThyssenKrupp" in the risk report shows how these report elements are integrated in the standard reporting system.

In addition, we systematically analyze the regions in which we see the biggest opportunities for ThyssenKrupp in the future. We step up our cross-business regional activities in these regions accordingly. The management of our opportunities is a task shared by all the Group's decision makers – from the Executive Board of ThyssenKrupp AG to the business area management boards and managements of the Group companies through to regional officers and project leaders with market responsibility.

Strategic opportunities for the Group

In addition to internal improvements, the Group's Strategic Way Forward is focused on global growth drivers. In a constantly changing environment we continuously evolve our company in order to meet the global challenges of the future with competitive solutions. In making our decisions we look at where the Group can profit from the global trends of demographic change, urbanization and globalization, while taking account of constraints such as the finite nature of natural resources.

With our engineering expertise in "Mechanical", "Plant" and "Material" we enable our customers to serve the need for "more" with better solutions and so gain a competitive edge. This in turn impacts positively on our own performance capabilities.

For example, in the reporting year we implemented the InCar plus project, the result of intensified research and development; details are presented in the section "Technology and Innovations".

We also take a holistic approach in our research projects. From the outset we consider every step in the product lifecycle, from initial project idea to end-of-life recycling and including processes such as design, engineering and marketing. This reduces the risk of realizing too late and only after major development effort that a new product idea doesn't fit the market.

ThyssenKrupp already has many points of contact with the “Industry 4.0” project. This is a term that describes a digitally connected production world in which product development, different stages of manufacturing and different production sites exchange data automatically via the internet. The aims include greater flexibility in production, lower costs, higher quality and reduced environmental impacts.

Our corporate program impact creates the framework for our Strategic Way Forward and plays a major role, together with business and theme-specific programs, in increasing the efficiency of the Group and reducing costs across all business areas and corporate functions. Also within the framework of impact we are evolving our organizational structure to support the strategic expansion of our activities.

Details of our corporate strategy including impact are contained in the section “Fundamental information about the Group”, subsection “Strategic Way Forward”.

In our development projects we are also always guided by the Group’s financial scope. Unfavorable economic conditions may result in delays in implementing existing opportunities. More on this and on other risks can be found in the risk report.

Operational opportunities of the business areas

Components Technology – Growing global demand for personal mobility and freight transportation is a key business driver for the Components Technology business area. For us as one of the major engineering partners and component and module suppliers to the auto industry, further growth opportunities are arising in these sectors. This applies particularly to the emerging markets in North and South America as well as Asia. With new production sites in Brazil, China, India and Mexico we have positioned ourselves well in these markets and could moderately exceed our forecasts there given positive economic conditions. At the same time our products can support the strong trend towards efficient and environmentally friendly mobility. Challenging political targets worldwide to reduce CO_2 emissions in the auto sector add to this need. In the relevant areas of weight reduction and optimization of internal combustion engines, we offer our customers state-of-the-art solutions and are working to extend our lead. Already our customers include almost all the major car and truck manufacturers.

In the wind industry there is growth potential in both the onshore and offshore sectors. Wind power is one of the fastest growing renewable energy forms in the world. In Europe this trend is supported by mandatory renewable energy targets set by the EU. Wind power will play a dominant role in meeting these. The technological trend towards ever bigger and more efficient turbines reinforces the need for high-performance components. Older and smaller wind turbines are being replaced and upgraded. In the area of onshore turbines we also see growth impetus coming from new investments in wind farms.

Elevator Technology – The Elevator Technology business area is one of the world’s leading suppliers of people moving systems. The markets for elevators, escalators, moving walks, passenger boarding bridges and stair and platform lifts offer attractive growth and profit opportunities in times of increasing globalization and urbanization. Our broad product range, which includes standard systems, custom solutions as well as full service and modernization packages, and our local presence with around 50,000 employees at over 900 locations can open up new market and customer opportunities. If the global economy performs better than predicted, further moderate improvements in our key performance indicators are possible. Our innovative products meet the highest standards in terms of technology and environmental performance. In addition, implementation of the measures defined under the impact program will continuously improve efficiency and further increase the competitiveness of Elevator Technology

Industrial Solutions – For the Industrial Solutions business area we see good growth opportunities on the relevant markets despite growing competition and political uncertainties. These opportunities lie above all in the expansion of project business and service activities and in a further strengthening of innovation and technology. To increase competitiveness and exploit global growth opportunities in our markets even more effectively Resource Technologies and Process Technologies were merged at the beginning of 2014. The integration process will be continued – with further mergers outside Germany to strengthen regional growth and with the harmonization of project management and administration. Further improvements in project management could result in us slightly exceeding our EBIT forecast.

In the marine sector export projects provide a continuing strong outlook for submarines. Our high order backlog gives us a strong workload and the opportunity to further develop our products. With the sale of the Swedish shipbuilding operation ThyssenKrupp Marine Systems AB (formerly Kockums AB) to the Saab group in July 2014 we succeeded in disposing of less profitable sites and concentrating our shipbuilding activities on the sites in Kiel, Hamburg and Emden.

Materials Services – Services are gaining further importance for Materials Services as producers and processors focus more strongly on their core business. The opportunities for the business area arise from customer orientation, specific market and sector know-how, global connections and broad expertise in project management. Under the impact program Materials Services has defined extensive measures to further improve the cost situation. Operational opportunities will derive from the systematic and sustained implementation of the corresponding initiatives, which in the best case may lead to us slightly exceeding our forecast. In addition the systematic and sustained implementation of the restructuring and optimization programs for the new units VDM and AST with regard to production, purchasing, organizational structure, personnel and sales will be of major importance for the business area and involve opportunities.

Steel Europe – The Steel Europe business area is focused on the market for premium flat carbon steel, which like the steel market as a whole continues to be affected by slow economic activity in Europe. Weak demand and high overcapacities have sharply reduced prices and earnings in the steel industry, though Steel Europe continues to fare better than most of its peers. Should prices recover more strongly than predicted or raw material costs decline, Steel Europe could achieve further improvements on its forecasts.

To improve the earnings situation the optimization program “Best-in-Class Reloaded” was launched in fiscal 2011/2012, aimed at increasing customer focus, improving the cost position and strengthening our technological and logistical capabilities. Measures were developed in the reporting year to fully meet the savings target of around €600 million by the end of fiscal 2014/2015.

In addition the technological capabilities of Steel Europe were strengthened by targeted investment projects such as the modernization of a continuous caster and the hot strip mill in Duisburg-Beeckerwerth, which will enable us to optimize our product and customer portfolio.

Overall, even in a difficult market environment the Steel Europe business area is well placed to participate sustainably in the major global trends of urbanization, increasing mobility and more efficient use of scarce resources – all of which require the use of intelligent steel products.

Steel Americas – We are confident that the stabilization of operational processes will continue in the coming year, further strengthening operational opportunities in the business area. The optimization of sales activities should result in deeper penetration of the Brazilian and international slab markets. This will create further sales opportunities and support the further ramp-up of production towards nominal capacity.

The corporate efficiency program impact and the Group’s purchasing program synergize+ are being vigorously implemented at ThyssenKrupp CSA, so the trend towards further performance improvements should continue in the coming year. In addition, positive effects are expected from stronger technical cooperation with Steel Europe. Opportunities in cash flow – in the best case going far beyond the forecast – result in particular from the use of tax credits given a further ramp-up of sales volumes on the domestic Brazilian market.

Risks

Overall assessment by the Executive Board: Risks at ThyssenKrupp reduced, existence of the Group secured

In the reporting year we significantly improved the Group's risk profile by finding a sustainable solution for Steel Americas and ending financial links with OTK. Transparent and systematic risk management played a major role in efficiently managing risks in the Group.

From the current perspective the Group's risks are contained and there are no risks that threaten the Group's ability to continue as a going concern.

Definitions

ThyssenKrupp defines risk as events or developments that reduce our ability to achieve the Group's goals. Risk management encompasses all measures involved in the systematic and transparent management of risks. With its integral link to planning and reporting processes in controlling, risk management is an important element of the value-based management of the Group and goes far beyond the early identification of risks required by law.

We continuously enhance the Group's risk management system based on the internationally recognized COSO model, and promptly implement requirements and suggestions of the Executive Board and the Supervisory Board Audit Committee.

Standardized risk management processes ensure that the Executive Board and Supervisory Board are informed promptly and in a structured way about the Group's current risk situation. However, despite comprehensive risk analysis, the occurrence of risks cannot be systematically ruled out.

Risk strategy and risk policy

The Group's risk policy guidelines, integrated in the Group's risk management policy, set the framework for meeting the requirements of proper, consistent and forward-looking risk management and its integration into corporate strategy. They apply to all Group units and joint ventures controlled by ThyssenKrupp. The organizational anchoring of Group risk management in operational and strategic controlling facilitates active and holistic risk management integrated with planning and reporting processes.

Our risk strategy is focused on securing the existence of the company and, beyond this, increasing the value of the company sustainably. Business success requires opportunities to be recognized and associated risks to be identified and evaluated. Opportunities should be optimally exploited and business risks should be entered into consciously and responsibly and managed proactively to the extent that an appropriate increase in value can be achieved. Risks threatening the Group's ability to continue as a going concern must be avoided. Efficient, forward-looking risk management therefore serves the interests of capital providers and other stakeholders.

The aims of risk management at ThyssenKrupp are to increase risk awareness and establish a value-based risk culture at all corporate levels. Risks and opportunities are analyzed transparently and are systematically incorporated into business decisions.

Risk management process

ThyssenKrupp has defined four Groupwide risk management sub-processes: identify and report risks early, assess risks consistently, control risks and develop measures, and monitor risks and track measures. We continually improve our methods and tools to identify, assess, control and report risks.

The efficient design of our various risk management instruments ensures that the sub-processes are integrated in a continuous risk management loop and all risk managers are involved appropriately in the process.

In all our risk management instruments we focus on deviations in the key performance indicators adjusted EBIT and FCF before divestments. The following graphic outlines our various approaches:

Opportunity and risk reporting at ThyssenKrupp

Opportunities and risks in estimation	Opportunities and risks in budget	Risk mapping	Risk scenarios	Provisions for risks
Goal/content Identification and assessment of opportunities and risks not included in current estimation	**Goal/content** Identification and assessment of opportunities and risks not included in budget	**Goal/content** Identification and assessment of risks in all operating units not included in estimation and budget planning	**Goal/content** Analysis of concentration risks based on defined common scenarios	**Goal/content** Analysis of main provisions for risks/measures monitoring
Time horizon Current fiscal year	**Time horizon** Following fiscal year	**Time horizon** Planning period	**Time horizon** Scenario-dependent	**Time horizon** Current fiscal year
Interval Monthly	**Intervall** Yearly	**Interval** Twice yearly	**Interval** At least yearly	**Interval** Four times yearly

Standard reporting		Risk and Internal Control Committee and Audit Committee
Monthly reporting	Budget reporting	**Interval** Four meetings yearly

The opportunities and risks not included in the monthly updated projections or in the budget are part of standard business area reporting and make an important contribution to integrated business management during the year and to corporate planning. As part of these approaches we analyze earnings and cash flow corridors beyond the forecasts on the basis of various scenarios.

A global IT risk management tool used in all Group companies for preparing an integrated risk map ensures that earnings and cash risks are recorded locally by the operational risk managers and reported through a series of approval and aggregation processes via the business area management boards to corporate level. The requirements for all consolidated Group entities in the risk mapping process include formulating risk management measures for identified and assessed risks and systematically monitoring their implementation. By looking at risks throughout the three-year planning period the risk mapping process goes beyond the period covered by the forecast.

As part of the planning process and on an ad hoc basis we also analyze macroeconomic concentration risks based on Groupwide risk scenarios taking into account centrally defined interdependencies and risk premises. The risk scenarios assume a further escalation of the geopolitical risks and are designed with a probability of occurrence of less than 10%.

Risks already recognized via balance sheet provisions are also the subject of standardized analyses and risk reporting, ensuring systematic risk management for these risks too.

Ad hoc risks are communicated immediately to the risk management officers and are also documented via the established reporting channels.

Roles and responsibilities

Risk management at ThyssenKrupp is a combined top-down/bottom-up process. Binding system standards are formulated top-down by the Group and apply to all operating entities. Responsibility for measuring and controlling risks along the value chain lies with the functional managers in the operating entities (bottom up). The Executive Board of ThyssenKrupp AG is responsible for Group management and establishes risk policy principles.

Risk responsibility at ThyssenKrupp

The material Group risks identified in the risk maps as well as the results of the analyses of risk scenarios and risk provisions are discussed and validated in meetings of the interdisciplinary Risk and Internal Control Committee (RICC) held once every quarter and chaired by the CFO. In this way we systematically prepare subsequent risk reporting to the Executive Board and Audit Committee. The RICC meetings are attended by all Group officers responsible for governance, risk and compliance. This interdisciplinary approach at committee level makes a key contribution to improving corporate governance processes in the Group.

Group risk management has the task of continuously developing the risk management system towards best practice standard and adapting it to new insights and requirements where needed. In the Group policy on risk management we have formulated binding requirements for the risk management process and defined the individual risk management tools on a standard Groupwide basis. Group risk management also includes challenging and systematically analyzing the business models, strategies and concrete measures of the operating entities.

All operating entities are required to establish an appropriate risk management system in their area of responsibility in keeping with the binding requirements for the risk management system defined by the Group. Risk managers (board members) and risk officers must be nominated for all operating entities.

All employees must take a conscious and responsible approach to risks and opportunities within their own areas of responsibility. Codes of conduct and corporate policies are a component of risk policy and must be complied with by all employees.

While corporate risk management is responsible for the organization of the system and the operating entities bear responsibility for local risk management, the corporate functions and regions have a supporting role in the risk management process. They are responsible for function and country-specific coordination and so can supply functional and regional input. Through transparent access to the risk reports of the operating entities they are able to validate the risks on a cross-business basis.

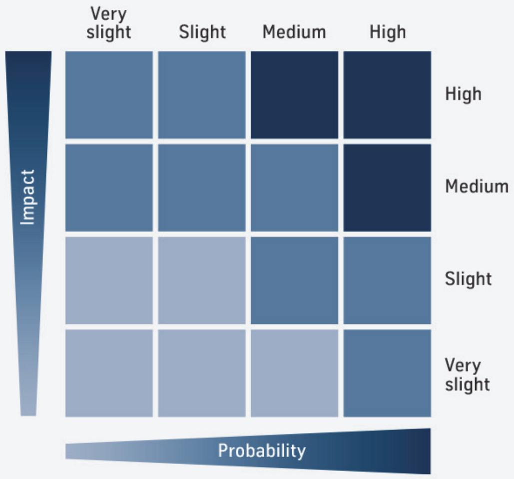
We regularly train our employees on individual risk management instruments and also use our Groupwide web-based IT risk management tool to provide targeted information and training material.

Internal Auditing uses the information from the risk maps in the IT tool for its risk-oriented audit planning. The internal audits structured on this basis contribute to the efficient monitoring of the risk management system and deliver insights to increase the quality of the information and further improve risk management in the Group.

Risk assessment

Identified risks are assessed consistently. Based on probability of occurrence and impact in the planning period we define risk classes according to the following graphic. In the sections below the main individual risks in defined risk categories are classified as high, medium or low:

Risk classes at ThyssenKrupp



Impact	Definition
Very slight	< €50 million
Slight	≥ €50 million to < €250 million
Medium	≥ €250 million to < €500 million
High	≥ €500 million

Probability	Definition
Very slight	< 10%
Slight	≥ 10% to < 25%
Medium	≥ 25% to < 50%
High	≥ 50%

High risk Medium risk Low risk

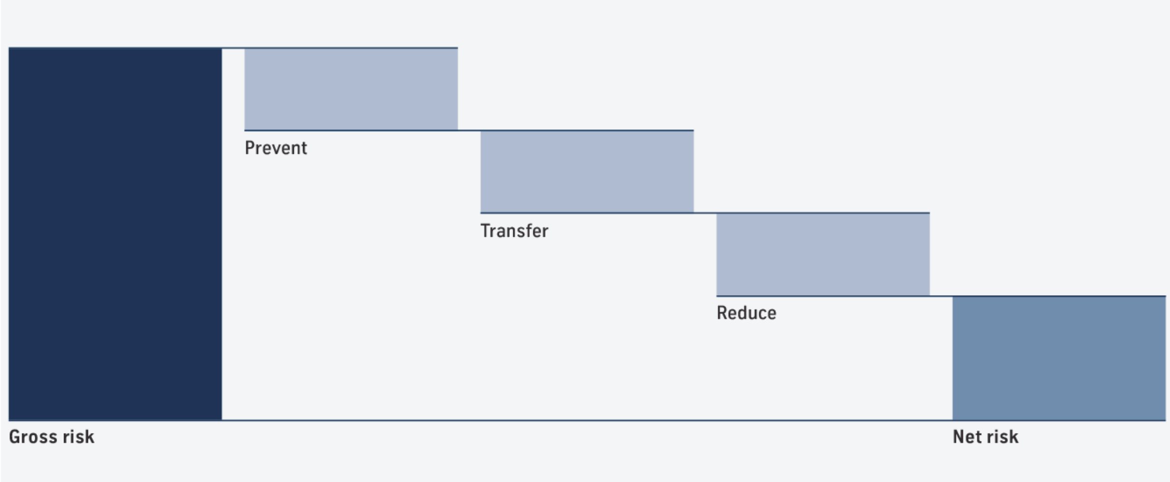
Risk control

Risk control is a key sub-process in risk management and an important task at the level of the operational risk managers. The use of various risk control measures is part of responsible local risk management to shift risks outside of our core processes or to reduce or avoid them altogether.

Balance sheet provisions for risks ensure that the risks taken in the Group are covered and monitored.

Risk presentation is by the net method, i.e. taking into account existing risk control measures that reduce gross risk. This is illustrated in the following graphic:

Risk management measures at ThyssenKrupp



We prevent risks by following the risk policy principles and not entering into transactions if they infringe ThyssenKrupp codes of conduct or policies. These mainly include the zero-tolerance principle in compliance-related matters and the prohibition of speculation set out in the finance policy.

We transfer risks in cases where the financial scale of a risk can be minimized by central measures such as insurance policies. More information is contained in the section below on risk transfer.

We reduce risks by taking appropriate targeted measures. More information on the individual initiatives can be found in the section “Operational risks of the business areas”.

Risk transfer through central service provider

As central service provider ThyssenKrupp Risk and Insurance Services again handled the Groupwide transfer of risks to insurers in the reporting year. The scope and design of insurance cover are determined on the basis of structured risk assessments in which insurable risks at the Group companies are identified, evaluated and reduced or eliminated through specific protection plans. Depending on the Group’s risk-bearing ability we agree appropriate deductibles for individual classes of insurance.

Binding standards are in place for all Group companies to keep risk prevention at a sustainable and appropriately high level. These standards were developed by experts from all areas of the Group under the leadership of ThyssenKrupp Risk and Insurance Services and are updated on an ongoing basis. Internal and external auditors regularly check compliance with these standards.

To limit the risk of insurer insolvency, we spread the risk over numerous insurers taking into account the ratings given to these insurers by recognized agencies.

Control and risk management in the Group accounting process

The internal control system at ThyssenKrupp comprises all the principles, processes and measures introduced with the aim of ensuring the security and efficiency of business management, the reliability of financial reporting and compliance with laws and policies. As part of the harmonization of business processes we are systematically and continuously developing the internal control system using a standardized risk control matrix.

Various process-integrated and process-independent monitoring measures in the accounting process help ensure that implemented controls allow compliant financial reporting despite possible risks.

A standard, regularly updated accounting policy for the consolidated financial statements is available to all employees concerned via an internal internet platform. For consolidation we use a Group tool based on standard software. In this way we ensure consistent procedures and minimize possible risks of misstatements in the Group's accounting and external reporting.

ThyssenKrupp has clearly defined the sub-processes involved in financial reporting and assigned clear responsibilities for them. An appropriate segregation of functions and application of the dual-control principle reduce the risk of fraudulent conduct.

Corporate Function Controlling, Accounting & Risk is responsible for the preparation of the consolidated financial statements and issues binding instructions to the local units with regard to content and timing. In this way we ensure consistent accounting practices throughout the Group with minimum scope for discretion in connection with the recognition, measurement and reporting of assets and liabilities. Group-owned shared service centers support the local units in preparing local financial statements. Regular training takes place for all employees involved in the accounting process.

We perform regular central system backups on the IT systems used in the consolidation process in order to avoid data losses and system failures. The security strategy also includes system controls, manual spot checks by experienced employees, and custom authorizations and access controls to prevent misuse of finance systems.

Internal Auditing regularly checks the effectiveness of the internal control and risk management systems and is therefore integrated in the overall process.

By means of these coordinated processes, systems and controls we ensure that the Group's accounting is reliable and complies with IFRS, German GAAP (HGB) and other relevant standards and laws.

Macroeconomic risks

The Groupwide risk scenarios outlined in the section on the risk management process are based mainly on macroeconomic risks due to the current economic environment. In particular a further escalation of violence in crisis regions or other exogenous shocks could have major impacts on the global economy that would also affect ThyssenKrupp.

Our current economic assessment is presented in detail in the section "Macro and sector environment" in the report on the economic position. In the event of a severe exogenous shock the impacts of individual economic risks would be medium. More information on this subject can be found in the section "Sales risks".

Financial risks

Central responsibilities of ThyssenKrupp AG as parent company include the coordination and management of financial requirements within the Group and securing the financial independence of the company as a whole. To this end we optimize Group financing and limit the financial risks. The individual risks identified in this risk category are classified as low.

Default risk – We enter into financial instrument transactions in the financing area only with counterparties who have a very high credit standing and/or are covered by a deposit guarantee fund. Transactions are concluded only within specified counterparty risk limits. Outstanding receivables and default risks in connection with supplies and services are constantly monitored by the Group companies; in some cases they are additionally insured under commercial credit policies. The credit standing of key account customers is monitored particularly closely.

Liquidity risk – To secure the solvency and financial flexibility of the Group at all times, we maintain long-term credit facilities and cash funds on the basis of a multi-year financial planning system and a liquidity planning system on a rolling monthly basis. The cash pooling system and external financings are concentrated mainly on ThyssenKrupp AG and specific financing companies. We use the cash pooling system to allocate resources to Group companies internally according to requirements.

ThyssenKrupp AG has entered into agreements with banks which require that the ratio of net financial debt to equity (gearing) in the consolidated financial statements must not exceed 150% at the closing date (September 30). At September 30, 2014 the gearing ratio was 109.0%, 91.6 percentage points lower than at September 30, 2013. The main reasons for the improvement in gearing versus September 30, 2013 were the capital increase carried out in early December 2013 and the proceeds from the sale of ThyssenKrupp Steel USA in February 2014.

At September 30, 2014 the Group's available liquidity amounted to €7.8 billion, consisting of €4.0 billion cash and cash equivalents and €3.8 billion undrawn committed credit lines. The available liquidity offers enough scope to cover debt maturities. The gross financial debt repayable in fiscal year 2014/2015 amounts to €1.0 billion.

Market risk – Various measures are used to mitigate or eliminate the risk of fluctuations in the fair values or future cash flows from financial instruments due to market changes. These mainly include off-exchange traded foreign currency forward contracts, interest rate swaps, interest-rate/foreign currency swaps and commodity forward contracts with banks and commercial partners. To hedge against commodity price risks we also use exchange-traded futures. The use of derivative financial instruments is extensively monitored, with checks being carried out on the basis of policies in the framework of regular reporting.

Currency risk – To contain the risks of our numerous payment flows in different currencies – in particular in US dollars – we have developed Groupwide policies for foreign currency management. All companies of the Group are required to hedge foreign currency positions at the time of their inception; companies based in the euro zone hedge via our central clearing office. Translation risks arising from the conversion of foreign currency positions are generally not hedged.

Interest rate risk – To cover our capital requirements we have procured funds on the international money and capital markets in different currencies and with various maturities. The resulting financial liabilities and our financial investments are partially exposed to risks from changing interest rates. To manage these risks, regular interest rate risk analyses are prepared, the results of which feed into our risk management system.

Risks associated with disposals, acquisitions and restructurings

Continuous optimization of the Group portfolio is one of the key pillars of our Strategic Way Forward. Active portfolio management in connection with the disposal or acquisition of businesses is associated with risks. The same applies to restructurings within our existing businesses. The risks identified in this category, which we classify in each case as low, are monitored continuously and provisions are recognized where required.

Two main risks in this risk category were successfully reduced in the reporting year:

- The sale of the ThyssenKrupp Steel USA rolling and coating plant to a consortium of ArcelorMittal and Nippon Steel & Sumitomo Metal Corporation in February 2014 and the slab supply contract for ThyssenKrupp CSA signed in the same context represent a major step in the decoupling of the two plants. They allow the Group to reduce risks from the originally planned cross-currency area tandem model as well as price risks in connection with market entry in the USA.

- Also in February 2014, ThyssenKrupp transferred its subordinated financial receivable to OTK and in exchange took over the VDM and AST groups and a number of European stainless steel service centers. As part of this transaction ThyssenKrupp divested its 29.9% shareholding in OTK and ended all other financial links with OTK. On completion of the transaction, the value and default risks from the shareholding in OTK and from the vendor loans granted were eliminated.

Procurement risks

To manufacture our high-quality products many of our business processes require raw materials and energy as well as freight capacities which we source on the relevant procurement markets. Depending on market situation, procurement prices can vary considerably and impact on our cost structures. Also, suppliers may be lost, which might in turn jeopardize our production and the fulfilment of contractual obligations towards our customers. The individual risks identified in this category are medium. We counteract these risks where possible through adjusted selling prices and alternative procurement sources to secure our competitiveness.

To hedge against raw material price swings, in particular for nickel and copper, we also use derivative financial instruments – mainly commodity forward transactions. The use of such instruments is subject to strict rules. Details of these risk areas are provided in Note 22.

Risks related to rising energy prices due to charges for renewable energies in Germany are countered by structured energy procurement. We operate sustainably and are working across the Group to save energy and recycle waste. Long-term we are looking to secure energy efficiency in the Group and develop new power-saving technologies also for our customers. This will help avoid greenhouse gas emissions and conserve natural resources.

Further information on procurement risks can be found in the section “Operational risks of the business areas”.

Production risks

Our production facilities are exposed to the risk of business interruptions and property damage. In addition to the cost of repairing damage, there is above all the risk that a business interruption might result in production losses and thus jeopardize the fulfilment of our contractual obligations towards our customers. We counter business interruption risks through regular preventive maintenance and through modernization and investment in our machinery and production facilities. In close consultation with our central service provider ThyssenKrupp Risk and Insurance Services we take out appropriate insurance and so transfer risks to an external service provider. The remaining financial risks in this risk category are classified as medium.

Further details on production risks can be found in the section “Operational risks of the business areas”.

Sales risks

A lack of positive impetus from the global economy and the markets relevant to ThyssenKrupp could expose the Group to economic risks. Lower growth rates in the emerging economies and unresolved debt crises particularly in the euro zone could diminish our market prospects. We monitor and evaluate economic and other country-specific conditions continuously so as to be able to take action quickly. We counter sales risks resulting from dependence on individual markets and industries by focusing systematically on the markets of the future. As a diversified industrial group with leading engineering expertise ThyssenKrupp operates globally, maintains good, longstanding customer relationships and pursues active strategic market and customer development. A market-oriented adjustment or relocation of capacities is one conceivable measure to control risk.

Our high degree of diversification with multi-layered product and customer structures helps ensure that ThyssenKrupp remains largely independent of regional crises on sales markets. In addition we operate a professional receivables management system to counter the risk of bad debt. Barring possible economic slumps we classify the individual sales risks as low.

Further details on sales risks are provided in the section “Operational risks of the business areas”.

Order risks

We frequently execute major orders for our customers involving a high degree of complexity and long project lead times. Cost overruns and/or delays in individual project phases cannot be ruled out. Particularly in the Industrial Solutions business area the management of major contracts is a core challenge. Individual identified order risks are currently classified as low. To minimize these risks we continuously improve our management systems so that we are aware of current order status at all times and able to take necessary measures quickly if required.

Before entering into contracts we check the credit standing of our customers carefully. We deploy experienced project managers for order execution. Through transparent monitoring of order status we ensure that payments are made promptly according to order progress and payment defaults are minimized.

Risks from trade restrictions

Due to the global nature of its business ThyssenKrupp is exposed to possible risks stemming from trade restrictions such as tariffs, export restrictions, special customs regulations, embargoes, far-reaching economic sanctions against certain countries, persons, businesses and organizations, as well as other protectionist or politically motivated restraints. These restrictions can not only impede our business activities in individual national markets; violations could lead to severe penalties, sanctions, reputational damage and damage claims.

We take strict care to comply with customs and export control regulations and other trade restrictions. For example, In parallel with the sanctions introduced against Iran in 2010 by the EU, Germany and the USA, the Executive Board decided to end all business relations with Iran. Since then no new contracts with Iranian customers or suppliers or with Iran as the country of destination have been entered into. Pre-existing contracts have for the most part been completed.

Regulatory risks

New laws and other changes in the legal framework at national and international level could entail risks for our business activities if they lead to higher costs or other disadvantages for ThyssenKrupp compared with our competitors.

We support the discussion processes on regulatory efforts through close working contacts with the relevant institutions and also work through industry associations to reduce possible risks such as further rising energy costs. The current Environmental and Energy Aid Guidelines of the EU Commission and the reform of Germany’s Renewable Energy Sources Act (EEG) adopted in June 2014 show consideration of our interests whereas the evaluation of the treatment of in-house electricity announced for 2017 carries a significant potential threat.

The EU Commission’s state aid case against Germany regarding EEG 2012 is still ongoing but given the political statements we currently assume only a low risk for the Group.

Regarding the EU emissions trading system there is a continuing significant risk of higher costs if CO_2 allowance costs rise sharply in the third trading period (up to 2020), as politically desired in part, or in the long term (from 2020). As an energy-intensive industrial and services group we face earnings risks if we are not able to pass on the additional costs to our customers, or only to a limited extent. ThyssenKrupp supports effective climate protection efforts and is taking part in the discussion processes directly and via industry associations.

Further regulatory risks may ensue from changes to the tax framework over time. For example in Brazil tax benefits granted at state level, from which ThyssenKrupp CSA also profits, are currently being examined by the constitutional court. Should the court cases result in the benefits being removed and/or reduced, high risks in the form of substantial back taxes plus additional costs in Brazil cannot be excluded.

Environmental risks

In our production plants there are in some cases process-related risks of air and water pollution. In addition, risks may arise from pollution and mining subsidence due to past business operations on Group-owned land no longer used today. However the risks identified in this category are classified as low.

To minimize risks we invest continuously and sustainably in environmental protection and scheduled remediation and maintain a close dialogue with authorities, local communities and political representatives. ThyssenKrupp recognizes adequate provisions for pollution remediation.

Legal risks associated with third-party claims

Legal risks may result from claims and actions against our Group companies as well as from administrative proceedings. We carefully examine claims asserted by third parties for merit. Legal disputes in and out of court are supported by in-house counsel and where necessary external counsel. The individual risks identified in this area are classified as low or medium. We recognize provisions for legal risks where payment obligations are considered likely and can be reliably estimated.

The main third-party claims are as follows:

Former shareholders of Thyssen and of Krupp petitioned per § 305 UmwG (Reorganization Act, before amendment) for a judicial review of the share exchange ratios used in the merger of Thyssen AG and Fried. Krupp AG Hoesch-Krupp to form ThyssenKrupp AG. The proceedings are pending with the Düsseldorf Regional Court. Should a ruling be made in favor of the petitioners, the Court would require settlement to be made via an additional cash payment plus interest. The additional payment would be required to be made to all affected shareholders, even if they were not petitioners in the judicial proceedings. However, the Group expects no such payments to become due as the exchange ratios were duly determined, negotiated between unrelated parties and audited and confirmed by the court-appointed merger auditor, and differ only insignificantly from the value ratio determined by the expert appointed by the Düsseldorf Regional Court.

In connection with the rail cartel various companies of the Deutsche Bahn group (DB) filed a claim against ThyssenKrupp GfT Gleistechnik, ThyssenKrupp Materials International and further cartel participants. In this connection DB estimated the total damages caused by all participants in the cartel at approx. €550 million plus interest of approx. €300 million. A settlement to the action was agreed with DB and has entered into effect. The payment agreed in the settlement was effected in February 2014. Other companies, particularly local transport services, have also asserted or announced damage claims in or mostly out of court in connection with the rail cartel. ThyssenKrupp has recognized provisions for risks in connection with the claims for damages.

Claims for damages have been filed against ThyssenKrupp AG and companies of the ThyssenKrupp Group in connection with the elevator cartel. ThyssenKrupp has recognized provisions for risks in connection with the claims for damages.

In connection with the majority interest previously held by the Industrial Solutions business area in the Greek shipyard Hellenic Shipyards (HSY) and the construction of submarines for the Greek Navy, the Greek government has filed legal and arbitration actions to claim compensation of €2.1 billion and reimbursement of a €115 million installment payment from ThyssenKrupp Industrial Solutions AG and ThyssenKrupp Marine Systems GmbH as well as from HSY and the current majority shareholder of HSY. To date the Greek government has concretized claims only in a double-digit million euro amount, relating exclusively to its contract with HSY. The claims asserted against the ThyssenKrupp companies appear unfounded. All contractual obligations of ThyssenKrupp Marine Systems and other ThyssenKrupp companies vis-à-vis the Greek government have been fulfilled since 2010.

In addition further legal and arbitration actions and official investigations and proceedings as well as claims have been filed against ThyssenKrupp companies or may be initiated or filed in the future. They include for example legal, arbitration and out-of-court disputes as well as official investigations in connection with the construction, the tax concessions granted, and operation of the Brazilian steel plant, which could lead to payment of damages and fines or tax charges. Disputes in connection with the acquisition or disposal of companies or company units may lead to partial repayment of the purchase price or to the payment of damages or to tax charges. Furthermore, damage claims may be payable to contractual partners, customers, consortium partners and subcontractors under performance contracts. Predicting the progress and results of lawsuits involves considerable difficulties and uncertainties. This means that lawsuits not disclosed separately could also individually or together with other legal disputes have a negative and also potentially major future impact on the Group's net assets, financial position and results of operations. However, at present ThyssenKrupp does not expect pending lawsuits not explained separately in this section to have a major negative impact on the Group's net assets, financial position and results of operations.

Compliance risks

We operate a strict compliance program focused on reducing the risk of antitrust and corruption violations. This focus is justified due to the enormous potential for damage with these offenses – both financial and in terms of reputation. For this reason compliance risks in general are classified as high.

Acting on an anonymous tip, the Federal Cartel Office has been investigating ThyssenKrupp Steel Europe and other companies since the end of February 2013 based on an initial suspicion of price fixing in the delivery of certain steel products to the German auto industry and its suppliers over a period dating back to 1998. ThyssenKrupp has launched its own investigation into the allegations with the support of external lawyers. The amnesty program we carried out in 2013 produced no leads regarding the ongoing investigations. The investigations by the Federal Cartel Office are ongoing. Our internal investigations, launched in response to the investigations by the Federal Cartel Office, are far advanced but not yet complete. Based on the facts currently known to us, significant adverse consequences with regard to the Group's asset, financial and earnings situation cannot be ruled out.

In 2013 the public prosecutor's office in Bremen launched an investigation into (former) officers of Atlas Elektronik GmbH on suspicion of bribing foreign officials and tax evasion in connection with commission payments to an agent in Greek naval projects. These payments, which were mainly made before the shareholding in Atlas was acquired by ThyssenKrupp in 2006, were the subject of an internal compliance investigation after Atlas was acquired. Business relations with the agent were then terminated and in 2010 Atlas reported the matter to the public prosecutor and the Bremen internal revenue service. At the time the public prosecutor stated there was no initial suspicion of criminally relevant acts. In a parallel civil law dispute before Bremen district court concerning alleged compensation entitlements of the agent, Atlas then agreed, at the suggestion of the district court and after a review by an external counsel, to enter into a court settlement after the district court issued an indicative court order making clear that it would otherwise allow the agent's claim. Atlas Elektronik is a joint company of ThyssenKrupp and Airbus. The company is cooperating fully with the authorities and in consultation with the public prosecutor is assisting the further clarification of the matter through its own internal investigation. The case is being closely monitored by the owners.

Risks associated with information security

Our IT-based business processes are exposed to various risks associated with information security, which we classify as medium. Human error, organizational or technical processes and/or security vulnerabilities in information processing can create risks that threaten the confidentiality, availability and integrity of information. For this reason we continually review our processes and technologies. Systems are updated immediately as necessary. The IT-based integration of our business processes is subject to the condition that the risks involved for our Group companies and business partners are continuously minimized.

In the reporting year we again carried out measures to further improve our information security management and security technologies. A group of IT security experts set up for the Group supports the early identification of risks.

To secure the sustainability of implemented and planned measures the Group companies are required to regularly demonstrate the maturity levels of their established information security management systems (ISMS). Sensitizing our employees to the risks involved in handling business-related information is a very important issue to us. In this connection we carry out communication campaigns and secure the requisite technical support. Regular information security congresses are held at which information and experiences with proactive measures to improve information security and manage risk are exchanged at international level.

Furthermore, business processes and data centers at selected Group companies have achieved security certification, documenting the standards achieved above all to our customers. In addition, vulnerability analyses are carried out with the support of our IT security team and external experts to verify the security of the infrastructure and if necessary increase protection.

Together with the Group's data protection officer, our experts ensure that personal data are processed in accordance with the rules of the German Data Protection Act. All these measures will allow us to continue to protect the Group's business data as well as the privacy of our business partners and employees, and to respond appropriately to potential new risks.

Personnel risks

To be successful as a diversified industrial group with leading engineering expertise we need dedicated and highly qualified employees and managers. There is a risk of not being able to find key personnel to fill vacancies or losing competent employees. The individual personnel risks are classified as medium.

ThyssenKrupp positions itself as an attractive employer and promotes the long-term retention of employees in the Group. This involves offering development programs, career prospects and attractive incentive systems for managers and providing targeted support for employees. We inform interested young people about career opportunities at ThyssenKrupp from an early stage and support apprentices as they start work. We cooperate with key universities and establish contact with students from an early stage to secure the young talent we need for our workforce

Risks associated with pension obligations

The fund assets used to cover pension liabilities are exposed to capital market risks, which we classify as medium. To minimize these risks, the individual investment forms are selected and weighted on the basis of studies by independent experts. The aim is to align the investments so that the associated pension obligations can be permanently fulfilled in respect of the current and future income from the investments. Pension obligations are exposed to risks from increased life expectancies of beneficiaries and from requirements to adjust pension amounts on a regular basis. In addition, payments to pension funds may increase substantially in some countries in the future due to stricter statutory requirements. In individual cases, the premature cancellation of a pension plan may necessitate an additional allocation.

Operational risks of the business areas

Components Technology – The Components Technology business area is a global supplier of automotive and industrial components and as such is dependent on the international economic situation and exposed to various general risks in its different areas of business.

For the core markets of the business area slight growth is expected in all product segments. However this is subject to major uncertainty. Low growth rates in the emerging economies, slowing momentum in Brazil and Eastern Europe, and continuing high budget deficits in Western Europe and the USA could present risks for our market prospects.

To lessen the risk of dependency on individual markets the business area is expanding its customer base and further strengthening its international presence, especially in Asia. In addition, extensive early warning indicators have been put in place to allow a fast response to a possible economic slowdown.

In addition to the economic risks, the business area is exposed to risks from consolidation in the auto components industry, price and structural risks in China and further rising price pressure intensified by auto manufacturers' cost reduction programs.

The wind energy industry offers opportunities in both the onshore and offshore sectors. Risks lie generally in dependence on national funding systems. In Germany uncertainties remain regarding grid connection and financing of further offshore projects. We are countering this risk with new technologies and innovations. At the same time pressure on selling prices remains high as a result of intense competition. We are countering this price pressure with optimizations and efficiency enhancements under the corporate program impact.

On the procurement side there are risks that steeply rising raw material prices cannot be passed on in full to customers or only with delays. The business area counters these risks by framing contracts with customers accordingly.

Further general risks for the business area concern the impact of changes in exchange rates on sales and earnings, both translation and transaction effects. In addition, unplanned impacts on earnings cannot be ruled out in association with ongoing technological innovations and improvements. On top of this there are potential risks from unexpected yield and quality problems and the associated warranty obligations. Components Technology uses extensive production and quality assurance systems to avoid or limit such risks as far as possible.

Elevator Technology – The risk structure of Elevator Technology is mainly determined by two factors: the different areas of business and the different regions in which the business area operates.

The service and modernization business is comparatively independent of the general economic situation. To secure the maintenance portfolio and prevent possible losses of maintenance units, the business area pursues corresponding customer retention strategies. In addition we continuously implement efficiency programs to counter rising personnel and procurement costs.

The new installations business is closely linked with the construction sector and is therefore exposed to greater fluctuations. However due to the longer project times, downturns can be anticipated so countermeasures and capacity adjustments can be carried out at an early stage. Risks, particularly in the execution of complex major projects, are countered by the use of project management measures. Rising material prices cannot be passed on to customers in all regions. This risk is offset by efficiency improvements in production and optimized procurement activities

Accident risks cannot be ruled out completely during the installation, maintenance and use of the business area's products A safety-oriented corporate culture, employee selection and corresponding training programs on safe conduct on job sites (Safety First) counter the risk of employee accidents. The selection and training of our installation and service employees ensures maximum safety and quality of the products we install and service, providing users with best-possible protection. Our goal is to rule out accidents involving users as far as possible, as such accidents carry a major risk of loss of reputation.

Despite its increasing business activities in the Asian markets, where business is more dependent on new installations and therefore on construction activity, Elevator Technology manages to balance risks internally as it also operates on the established markets in Europe and the Americas. Potential economic risks in the emerging nations are countered by expanding the modernization and service business and improving efficiency. The high personnel turnover typically encountered in China for example is countered by appropriate personnel programs. The business area's regional diversification and associated international nature gives rise to exchange rate risks but these are reduced by a high level of local value creation and the use of financial instruments.

Continuing global economic uncertainty carries further risk potential for Elevator Technology, mainly the risk of bad debt and project delays. In addition, competition could intensify on all markets and increase price pressure. The business area counters these risks with professional project management in association with extensive checks of customers' credit standing. Customer retention strategies, high service quality, efficiency programs and not least innovative and sustainable product solutions help contain the risk of increasing price pressure.

Industrial Solutions – In addition to raw material prices, political developments in important sales regions (particularly in the MENA region, Russia/Ukraine and Iraq) could negatively impact the project situation at Industrial Solutions, especially in the plant construction business, leading to project deferrals or cancellations. Specific risks in the execution of major long-term contracts and technically complex orders are countered by professional and result-oriented project and claims management, intensive project monitoring and the increased use of project management measures.

In the plant construction business increasing price and terms competition particularly from Asian suppliers could negatively impact margin quality.

Materials Services – The global materials and service business of Materials Services is subject to cyclical swings in demand and prices on the procurement and sales sides – in some cases to a greater extent than other businesses. This has a significant impact on our net working capital. Fast delivery with minimum capital employed is a key success factor for our business model. We therefore work continually to optimize our logistics and the entire supply chain. Cost-reduction measures under the impact program increase efficiency and profitability. Systematic improvements to net working capital management help us effectively optimize inventories and minimize the risks of bad debt.

In addition we contain cyclical risks by our worldwide presence, broad customer base and high degree of diversification. This results in a significant spread of risks. Alongside our core markets in Europe and North America, we are also successful in growth markets such as Eastern Europe and Asia and will continue to participate in their growth in the future.

We drew up business plans for the restructuring and development of the new units VDM and AST in the reporting year. The plans are sustainable but will be challenging in the planning period. We are countering these risks with increased initiatives to exploit market opportunities.

Steel Europe – Risks going forward for the Steel Europe business area include in particular risks on the sales and procurement markets, risks from exchange-rate fluctuations, from the emissions trading system and the Renewable Energies Act. If the economy were to deteriorate, the risk of customer insolvencies would increase.

To contain the risk of cyclical demand fluctuations the business area optimizes costs in all areas, adjusts production levels in good time and focuses on less cyclical high-end market segments. The risk of customer insolvencies is minimized by intensified monitoring, using commercial credit insurance facilities and other appropriate instruments, and adjusting payment conditions. Constant optimization of supply chains reduces risks to quality and delivery performance.

Steel Europe continues to counter intense competition on the market for flat steel products with systematic strengths in technological expertise allowing differentiation from the competition.

The business area has integrated a business and technical risk controlling system for property insurance into its risk management process. Additional investment and maintenance budgets are available to further optimize fire prevention. The risks of other business interruptions are reduced by ongoing preventive maintenance, modernization and investment. In the event of business interruptions, business continuity plans are in place specifying measures for remedying damage.

The move towards renewable energies in Germany and the expansion of the electricity grids this requires will make power consumption more expensive in the long term. Possible future taxation of self-produced and self-consumed electricity from 2017 represents a significant threat for the company. This is exacerbated by regulatory requirements placed on the electricity and gas networks of our large production sites and the possible introduction of capacity markets, which could result in further cost impacts. The business area is countering the risk of rising electricity prices by increasing the supply of in-house produced electricity.

The conflict in Ukraine could result in significant price increases particularly in winter 2014/2015 if the important natural gas transit pipelines to the EU are shut off. We are countering this risk by hedging a large part of our winter consumption requirements.

Based on model calculations we could face significant costs for emissions allowances in the third trading period of the EU emissions trading system. As an energy-intensive industrial and services group we face risks to our earnings situation if we are unable to pass on the additional costs to our customers, or only to a limited extent. However, these risks are mitigated by emissions allowances held and hedging transactions.

The risk of rising raw materials prices is countered by using alternative procurement sources and/or passing on the price increase to customers.

Steel Americas – Following the sale of the processing facilities in Alabama production-related risks are limited to the steel mill in Brazil. The business interruptions that occurred on a large scale in fiscal 2012/2013, particularly in iron production and in the power plant, were significantly reduced by efficient early warning systems, regular risk meetings and reports, and preventive maintenance.

Risks typical to the industry include future market prices for raw materials on the procurement side (particularly iron ore and coking coal) and for steel (particularly in Brazil and the USA) on the selling side. Our close relations with our partner and co-shareholder Vale reduce procurement risks for iron ore. The implementation of our own sales organization in Brazil represents an early response to sales risks following the disposal of the site in the USA and creates the basis for building further long-term customer relationships on the national and international markets. Active risk minimization is served by increasing revenues in local currency and the use of input tax credits. The short to medium term prospects for prices and volumes on the Brazilian steel market are critical.

Risks associated with fluctuations of the exchange rate of the Brazilian real against the US dollar are minimized by exchange rate hedges and optimization of the cash flow portfolio in accordance with the requirements of the finance policy.

Further risks typical to Brazil relate to the fast-changing legal situation. Above all, new rules in tax legislation call for fast and careful action. To counter such fiscal risks at an early stage the steel mill and the tax department of the regional headquarters in South America cooperate closely.

Legal information

Corporate governance declaration

The corporate governance statement issued in accordance with § 289a HGB is part of the combined management report. It contains the declaration of conformity in accordance with § 161 AktG, relevant information on corporate governance practices, a description of how the Executive Board and Supervisory Board operate as well as the composition and method of operation of their committees.

Declaration of conformity in accordance with § 161 AktG

Under § 161 AktG the executive board and supervisory board of a listed German stock corporation are required to issue an annual declaration stating whether the German Corporate Governance Code has been and is being observed and which of the Code's recommendations have not been or are not being applied and why. The Executive Board and Supervisory Board of ThyssenKrupp AG issued the following declaration in the reporting year, which was published on the Company's website at http://www.thyssenkrupp.com/en/investor/kodex-entsprechenserklaerung.html on October 01, 2014:

ThyssenKrupp

Declaration by the Executive Board and the Supervisory Board
of ThyssenKrupp AG
on the recommendations of the
"Government Commission on the German Corporate Governance Code"
in accordance with Art. 161 of the Stock Corporation Act (AktG)

Since issuing its last declaration of conformity on February 06, 2014, ThyssenKrupp AG has complied with all recommendations of the Government Commission on the German Corporate Governance Code (Code) as amended on May 13, 2013, published by the Federal Ministry of Justice in the official section of the Federal Gazette ("Bundesanzeiger"), and will continue to comply with these recommendations in the future.

Duisburg/Essen, August 11, 2014/September 3, 2014

For the Supervisory Board

- Lehner -

For the Executive Board

- Hiesinger -

Relevant information on corporate governance practices

Implementation of the rules of the German Corporate Governance Code

ThyssenKrupp AG regularly reviews compliance with the recommendations and suggestions of the German Corporate Governance Code. It also voluntarily follows the Code's suggestions.

Compliance: Inform, identify, report and act

Compliance, in the sense of Groupwide measures to ensure adherence to statutory requirements and internal company policies is a key management and oversight duty at ThyssenKrupp. The Executive Board of ThyssenKrupp AG has unequivocally expressed its rejection of antitrust violations and corruption in the ThyssenKrupp Compliance Commitment. ThyssenKrupp has made a clear commitment to compliance with laws and internal policies: Any violations, in particular antitrust or corruption violations, will be met with zero tolerance. All reports of misconduct will be investigated. To implement the Compliance Commitment a transparent management culture based on the Group's mission statement is subject to continuous improvement. Information on the mission statement can be found on our website at **www.thyssenkrupp.com/en/nachhaltigkeit/unternehmenskultur.html**.

The compliance program focusing on anti-corruption policies and antitrust law with its three pillars "inform", "identify" and "report and act" was rigorously continued in the 2013/2014 fiscal year. Intensive measures aimed at developing the program further were also resolved and in part already implemented. The special audit carried out by BDO AG Wirtschaftsprüfungsgesellschaft and Prof. Dr. Hans-Joachim Böcking up to November 2013 confirmed that above all the further development of the compliance-relevant internal control system is well advanced and the compliance function is professionally organized and appropriately staffed. Based on this, a wide range of further measures was defined and implemented, such as a Groupwide risk analysis and a comprehensive project to determine a compliance strategy for the coming years up to 2020.

More information on compliance at ThyssenKrupp including information on the compliance program, the compliance organization, facts and figures can be found at **http://www.thyssenkrupp.com/en/konzern/compliance.html**.

Group mission statement as framework for a sustainable corporate culture

In our Group mission statement we describe how we see ourselves as a Group – "WE are ThyssenKrupp". It strengthens employees' identity with the Company, provides orientation and serves as the basis for everything we do. It therefore also plays a key role in our Groupwide culture change, which is bringing us closer to the standards defined in the mission statement. The Group mission statement was developed in 2011 by employees from all over the world. Together they defined ThyssenKrupp's aims on our path to becoming a diversified industrial group.

Further key corporate principles

While the Group mission statement describes our goals and standards, the concrete principles and ground rules for our work and our behavior towards business partners and the public are summarized in the ThyssenKrupp Code of Conduct. This provides employees, managers and board members alike with guidelines on subjects such as compliance, equality and non-discrimination, cooperation with the employee representatives, occupational health and safety, sustainable environmental and climate protection, as well as data protection and information security. Suppliers are required to follow the ThyssenKrupp Supplier Code of Conduct. In addition ThyssenKrupp has signed the United Nations Global Compact, the BME Code of Conduct, and the Diversity Charter.

The principles are implemented through the existing programs and management systems, details of which are presented above all in the sustainability section of our website. Further information on relevant developments in the reporting year can also be found in the combined management report.

How the Executive Board and Supervisory Board operate and composition and method of operation of their committees

The composition of the Executive Board is described in the section "Executive Board". The Executive Board has no committees. The work of the Executive Board is governed by the Rules of Procedure for the Executive Board, which can be found at **http://www.thyssenkrupp.com/en/investor/vorstand.html**. The distribution of directorates among the individual members of the Executive Board is shown in the organization chart, which is part of the Rules of Procedure. The Executive Board's duties to supply information and report to the Supervisory Board and its committees are set out in detail in a separate reporting procedure, which likewise forms part of the Rules of Procedure for the Executive Board.

The composition of the Supervisory Board of ThyssenKrupp AG is governed by German law and the detailed provisions of § 9 of the Articles of Association; the Articles of Association can be found at **http://www.thyssenkrupp.com/en/investor/satzung.html**. In addition the Supervisory Board has adopted targets for its composition which are presented in the corporate governance report. The current composition of the Supervisory Board is presented in the section "Supervisory Board", which also details the current composition of the six Supervisory Board committees. As an independent member of the Supervisory Board with expertise in accounting and auditing in the meaning of § 100 (5) AktG, Prof. Dr. Bernhard Pellens is Chairman of the Audit Committee.

The work of the Supervisory Board is governed by Rules of Procedure, which are available on the internet at **http://www.thyssenkrupp.com/en/investor/aufsichtsrat.html**. The composition of the individual committees and their method of operation are described in the Rules of Procedure for the Supervisory Board and, with the exception of the Mediation Committee and the Nomination Committee, in the rules of procedure for each of the other committees.

More details on the work of the Executive Board, Supervisory Board and its committees are provided in the section "Supervisory Board".

Compensation report

Contained in the corporate governance report, the compensation report in accordance with § 289 (2) no. 5, § 315 (2) no. 4 HGB is part of the combined management report.

Takeover-related disclosures

The following information, valid September 30, 2014, is presented in accordance with § 289 (4), § 315 (4) HGB. Details under § 289 (4), § 315 (4) HGB, which do not apply at ThyssenKrupp, are not mentioned.

Composition of capital stock

The capital stock of ThyssenKrupp AG amounts to €1,448,801,144.32 and consists of 565,937,947 no-par value bearer shares. Each share carries the same rights and grants one vote at the Annual General Meeting.

Direct and indirect shareholdings exceeding 10% of the voting rights

At the date of issuance the following shareholdings in the Company exceed 10% of the voting rights:

- Direct shareholding of Alfried Krupp von Bohlen und Halbach Foundation, Essen, in the amount of 23.03% of the voting rights of ThyssenKrupp AG;

- Indirect shareholding of Cevian Capital II GP Limited, St. Helier, Jersey, in the amount of 15.08% of the voting rights. Voting rights are attributed to it by its controlled company Cevian Capital II Master Fund LP, Cayman Islands, which has a direct shareholding of 12.23% of the voting rights of ThyssenKrupp AG.

Appointment and dismissal of Executive Board members, amendments to the Articles of Association

The appointment and dismissal of members of the Executive Board of ThyssenKrupp AG is subject to § 84 and § 85 AktG and § 31 Codetermination Act (MitbestG) in conjunction with § 6 of the Articles of Association. Amendments to the Articles of Association are subject to the approval of the Annual General Meeting with a majority of at least three quarters of the capital stock represented; §§ 179 ff. AktG apply. Under § 11 (9) of the Articles of Association, the Supervisory Board is authorized to resolve amendments to the Articles of Association which relate only to their wording. If the authorized capital pursuant to § 5 (5) of the Articles of Association has not been used or has been only partly used by January 16, 2019, the Supervisory Board may also amend the wording of § 5.

Authorization of the Executive Board to issue shares and exclude subscription rights

Authorized capital – Under § 5 (5) of the Articles of Association, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the Company's capital stock on one or more occasions on or before January 16, 201 by up to €370 million by issuing up to 144,531,250 new no-par value bearer shares in exchange for cash and/or contributions in kind (authorized capital).

It may exclude shareholders' subscription rights with the approval of the Supervisory Board in the following cases:

- to round off fractional amounts;

- to the extent necessary to grant holders, or creditors in the case of registered securities, of option or conversion rights or conversion obligations issued by ThyssenKrupp AG or its Group companies subscription rights to new shares as would be due to them as shareholders after exercise of the option or conversion rights or after fulfillment of the conversion obligations;

- if the issue price of new shares issued for capital increases in exchange for cash contributions is not significantly lower than the stock market price of already listed shares at the time the final issue price is determined, which should be as close as possible to the time the shares are issued, and the shares issued in total do not exceed 10% of the capital stock either at the time this authorization becomes effective or at the time it is exercised. There shall be counted towards this limit of 10% of the capital stock the share of the capital stock attributable to treasury shares which are sold from the time this authorization becomes effective in direct or analogous application of § 186 (3) sentence 4 AktG, as well as the share of the capital stock attributable to shares relating to conversion and/or option rights and/or conversion obligations from bonds issued with exclusion of subscription rights according to § 186 (3) sentence 4 AktG from the time this authorization becomes effective in accordance with the authorization of the Annual General Meeting on January 17, 2014;

- in the event of capital increases in exchange for contributions in kind.

Under the aforesaid authorizations the total shares issued with subscription rights excluded for capital increases in exchange for cash and/or contributions in kind may not exceed 20% of the capital stock either at the time the authorization becomes effective or at the time it is exercised. Up to the issue of shares without subscription rights, there shall be counted towards the aforesaid 20% limit (i) treasury shares sold with subscription rights excluded, and (ii) shares to be issued to service bonds with conversion and/or option rights, insofar as the bonds were issued on the basis of the authorization of the Annual General Meeting of January 17, 2014 with shareholder subscription rights excluded.

The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further content and conditions of the share issue.

Conditional capital – Under § 5 (6) of the Articles of Association the Company's capital stock is conditionally increased by up to €250,000,000, divided into up to 97,656,250 no-par bearer shares (conditional capital). The conditional capital increase will only be implemented to the extent that the holders or creditors of option or conversion rights or those with an obligation to convert warrant or convertible bonds issued against cash contribution that are issued or guaranteed by the Company or a subordinate Group company on or before January 16, 2019 based on the authorization of the Executive Board by resolution by the Annual General Meeting passed on January 17, 2014 actually use their option or conversion rights or, to the extent that they are obliged to convert, fulfill their obligation to convert or to the extent that the Company exercises an option to grant shares of the Company in whole or in part instead of payment of the cash amount due provided no cash compensation is granted or no treasury shares or shares of another listed company are used for servicing in each case. New shares are issued at the option or conversion price to be determined in each case according to the above mentioned authorization resolution. The new shares participate in profits from the start of the fiscal year in which they are created. To the extent legally permissible the Executive Board, subject to the approval of the Supervisory Board, may determine the profit participation of new shares differently than § 60 (2) AktG. The Executive Board is authorized, subject to the approval of the Supervisory Board, to determine the further details of the conditional capital increase.

Authorization of the Executive Board to repurchase stock

By resolution of the Annual General Meeting of January 21, 2010 the Company was authorized until January 20, 2015 to repurchase treasury shares up to a total of 10% of the capital stock at the time of the resolution of €1,317,091,952.64. The authorization may be exercised in whole or in installments, once or several times, in pursuit of one or several purposes by the Company or by third parties for the account of the Company. At the discretion of the Executive Board, the buy-back may be effected on the open market or by means of a public offer or a public invitation to tender or by means of equity derivatives (put or call options or a combination of both). The counter value per share paid by the Company (excluding incidental costs) may not be more than 5% higher or lower than the price determined on the day of trading by the opening auction in the Xetra trading system (or a comparable successor system).

If the shares are repurchased by means of a public offer or invitation to tender, the purchase price or the limits of the price range per share (excluding incidental costs) may not be more than 10% higher or lower than the average closing price in the Xetra trading system (or a comparable successor system) on the three trading days before the date of the public announcement of the offer or invitation to tender.

If, after announcement of a public offer or invitation to tender, the relevant price is subject to significant changes, the offer or invitation may be amended. In this case the price is based on the average price over the three days of trading before the public announcement of an amendment. The public offer or invitation to tender may specify further conditions. If the offer is over-subscribed or, in the case of an invitation to tender, not all of several equal offers can be accepted, they must be accepted on a quota basis. Priority may be given to small lots of up to 100 shares per shareholder.

If the shares are repurchased by means of equity derivatives, the options may only be honored with shares purchased under observance of the principle of equal treatment. The term of the options must end on January 20, 2015 at the latest. Each purchase of treasury shares by means of equity derivatives is limited to a maximum of 5% of the capital stock of the Company at the time of the resolution by the Annual General Meeting. Any right of shareholders to conclude such option transactions with the Company shall be excluded, applying Art. 186 (3) sentence 4 AktG.

The Executive Board is authorized to use the repurchased shares for all legally permissible purposes. In particular it may cancel the shares, sell them by means other than on the open market or by offer to shareholders or sell them in exchange for a contribution in kind, use them to discharge conversion rights in respect of convertible bonds issued by the Company or the Company's subsidiaries, and issue them to employees of the Company and affiliated companies as well as members of the management boards of affiliated companies to satisfy rights or obligations to acquire Company shares granted to the aforementioned group of people. The Supervisory Board is authorized to use the repurchased stock to satisfy rights or obligations to acquire Company shares granted to members of the Executive Board of the Company. In the latter five cases, the shareholders' subscription rights are excluded. The Supervisory Board may determine that measures of the Executive Board regarding the purchase and use of treasury shares under this authorization are subject to its approval.

Authorization of the Executive Board to issue warrant and convertible bonds and to exclude subscription rights to these warrant or convertible bonds

By resolution of the Annual General Meeting of January 17, 2014 the Executive Board was authorized, with the approval of the Supervisory Board, to take the following measures on or before January 16, 2019:

- to issue once or several times bearer or registered warrant and/or convertible bonds (together "bonds") in the total par value of up to €2 billion with or without limited terms, and to grant to or impose on the holders or creditors of convertible bonds conversion rights or obligations for no-par bearer shares of the Company with a total share of the capital stock of up to €250 million in accordance with the conditions of these bonds. The bonds can also be issued by a subordinate Group company of the Company; in this event the Executive Board is authorized, with the approval of the Supervisory Board, to guarantee the bonds for the Company and to grant to or impose on the holders or creditors of these bonds option or conversion rights or obligations for no-par bearer shares of the Company.

- The bonds are divided into partial bonds. In the event of a warrant bond issue, one or several options are attached to each partial bond which entitle the holder or creditor to purchase no-par bearer shares of the Company in accordance with the option conditions determined by the Executive Board. The option conditions may specify that the option price can also be settled by transfer of partial bonds and if appropriate a cash surcharge. Where fractional shares occur, the option or bond conditions may specify that these fractional shares can be added together for the purchase of whole shares, if appropriate subject to payment of a surcharge.

- In the event of a convertible bond issue, the holders of bearer bonds or creditors of partial bonds obtain the right to convert their partial bonds into no-par bearer shares of the Company in accordance with the convertible bond conditions determined by the Executive Board. The conversion ratio is calculated by dividing the par value or, if lower, the issuing amount of a partial bond by the fixed conversion price for a no-par bearer share of the Company. The ratio may be rounded up or down; in addition, it may be specified that a cash surcharge must be paid and that non-convertible fractional amounts must be grouped together and/or compensated in cash. The bond conditions can specify a variable conversion ratio (subject to the minimum price specified below) within a pre-defined range depending on the development of the price of the no-par shares of the Company during the term of the bond.

- The bond conditions may also provide the Company with the right in the event of a conversion or exercise of an option not to issue new no-par shares, but to pay a cash amount corresponding to the weighted average closing price of the shares in the electronic trading system of Frankfurt Stock Exchange over a period specified in the bond conditions in lieu of the shares which would otherwise be issued. The bond conditions may also specify that, at the Company's discretion, the bond with option rights or conversion rights or obligations attached is to be converted not into new shares from conditional capital but into existing shares of the Company or another listed company, or that the option right can be fulfilled by delivering such shares. The bond conditions may also include a combination of these performance options.

- The bond conditions may also provide the Company with the right to grant the holders or creditors of a bond with option rights or conversion rights or obligations which has reached maturity (this also includes maturity due to termination) non-par shares of the Company or another listed company in lieu of part or all of the payable cash payment.

- The convertible bond conditions may also include an obligation to convert at the end of the term (or earlier or at the time of a specified event). The convertible bond conditions may entitle the Company to fully or partly offset in cash any difference between the par value or lower issuing amount of the convertible bond and the product of conversion price and conversion ratio.

- With the exception of cases where a right to offer alternative performance or a conversion obligation applies, the fixed option or conversion price for a no-par share of the Company must be no lower than 80% of the weighted average closing price of the no-par shares of the Company in the electronic trading system of Frankfurt Stock Exchange over the last 10 trading days before the Executive Board passes the resolution to issue the bond with option or conversion rights or conversion obligations attached, or – in the event that a subscription right is granted – no lower than 80% of the weighted average trading price of the no-par shares of the Company in the electronic trading system of Frankfurt Stock Exchange during the subscription period with the exception of the days of the subscription period necessary to ensure the option or conversion price can be announced in due time in accordance with § 186 (2) sentence 2 AktG. § 9 (1) AktG and § 199 AktG remain unaffected.

- In the cases where a right to offer alternative performance or a conversion obligation applies, the option or conversion price in accordance with the bond conditions must correspond at least to the above minimum price or the weighted average closing price of the no-par shares of the Company in the electronic trading system of Frankfurt Stock Exchange over the 10 trading days before the final maturity date or another specified date, even if this average price is lower than the aforesaid minimum price (80%). § 9 (1) AktG and § 199 AktG remain unaffected.

- Notwithstanding § 9 (1) AktG, the option or conversion price may be reduced under a dilution protection clause as defined in the conditions if during the option or conversion period the Company (i) increases the capital stock through a capital increase from Company funds or (ii) increases the capital stock or sells treasury stock granting an exclusive subscription right to its shareholders or (iii) issues, grants or guarantees further bonds with option or conversion rights or obligations granting an exclusive subscription right to its shareholders, and in cases (ii) and (iii) the owners of existing option or conversion rights or obligations are not granted subscription rights such as they would have held after exercising the option or conversion right or after fulfilling the conversion obligation. The reduction of the option or conversion price may also be effected by a cash payment upon exercise of the option or conversion right or upon fulfillment of a conversion obligation. In addition, the conditions may require modification of the option or conversion rights or conversion obligations in the case of a capital reduction or other measures or events which are associated with an economic dilution of the value of the option rights or conversion rights or conversion obligations (e.g. dividends, third parties gaining control).

- To the extent that shareholders are not permitted to subscribe to the bonds directly, the statutory subscription rights will be granted to shareholders in such a way that the bonds are acquired by a bank or banking syndicate which undertakes to offer them to the shareholders for subscription. If the bonds are issued by a subordinate Group company, the Company must ensure that statutory subscription rights are granted to the shareholders of the Company within the meaning of the sentence above.

- However, the Executive Board is authorized, subject to the approval of the Supervisory Board, to exclude shareholders' subscription rights in the following cases:

  - to eliminate fractional amounts;

  - to the extent necessary to grant holders, or creditors in the case of registered securities, of option or conversion rights or obligations previously issued by ThyssenKrupp AG or its Group companies subscription rights to new shares as would be due to them as shareholders after exercise of the option or conversion rights or after fulfillment of a conversion obligation;

  - in the case of bonds issued against cash payment, to the extent that the Executive Board, after due review, reaches the conclusion that the issuing price of the bonds is not significantly lower than their theoretical fair value, calculated using recognized, in particular financial mathematics methods. However, this authorization to exclude subscription rights only applies to bonds issued with an option right or conversion right or obligation, with an option or conversion right or a conversion obligation for shares with a share of the capital stock that may not exceed 10% of the capital stock in total either on the date this authorization becomes effective or – if this value is lower – on the date the authorization is exercised. There shall be counted towards this limit of 10% of the capital stock the share of the capital stock attributable to shares which during the period between granting of this authorization and the issue excluding subscription rights in accordance with § 186 (3) sentence 4 AktG utilizing this authorization of bonds with conversion and/or option rights or conversion obligations excluding subscription rights are either issued under an authorization of the Executive Board to exclude subscription rights in direct or analogous application of § 186 (3) sentence 4 AktG or sold as acquired treasury stock in corresponding application of § 186 (3) sentence 4 AktG.

- The total number of bonds issued excluding subscription rights under the above authorizations is limited to the number of bonds with an option or conversion right or a conversion obligation for shares with a share of the capital stock that must not exceed 20% of the capital stock in total, either at the time this authorization enters into force or – if this value is lower – at the time it is exercised. There shall be counted towards the above 20% limit (i) treasury shares which during the term of this authorization until the issue excluding subscription rights of the bonds with option and/or conversion rights or obligations are sold excluding subscription rights, and (ii) shares which during the term of this authorization until the issue excluding subscription rights of bonds with option and/or conversion rights or obligations are issued excluding subscription rights from authorized capital.

- The Executive Board is authorized, subject to Supervisory Board approval, to determine the further details of the issuing of the bonds, in particular interest rate, issuing price, term and denomination, dilution protection provisions, option or conversion period as well as the conversion and option price within the above framework, or to fix them in agreement with the boards of the Group company issuing the option or convertible bond.

Key agreements subject to conditions

ThyssenKrupp AG is party to the following agreements that contain certain conditions in the event of a change of control as a result of a takeover bid:

- The Company has concluded an agreement with a banking consortium on a committed credit facility in the amount of €2.0 billion. Each member of the banking consortium has the right under certain conditions to cancel its share in the credit facility and its share in outstanding loans and demand their repayment if one or more shareholders who act in a concerted manner towards ThyssenKrupp AG with shareholders other than the Alfried Krupp von Bohlen und Halbach Foundation, together hold more than 50% of the voting rights or capital stock of ThyssenKrupp AG.

- In the fiscal years 2011/2012, 2012/2013 and 2013/2014 the Company issued bonds and a private placement in the total amount of €4.2 billion. It is also guarantor of the further bond issued in 2008/2009 by its subsidiary ThyssenKrupp Finance Nederland B.V. in the total amount of €1 billion. A change of control, i.e. cases where a third party or third parties acting in a concerted manner towards ThyssenKrupp AG acquire or hold more than 50% of the capital stock or more than 50% of the voting shares of ThyssenKrupp AG, may under certain conditions lead to the early redemption of the bonds including interest.

- The Company is party to a shareholders' agreement in respect of Atlas Elektronik GmbH (joint venture) under which the co-shareholder Airbus Defence and Space GmbH has a call option on specific assets and liabilities of the joint venture at fair value in the event that a competitor of the joint venture or of the co-shareholder directly or indirectly acquires a controlling interest in the Company. If the call option is exercised, ThyssenKrupp Technologies AG (today operating under the name ThyssenKrupp Technologies Beteiligungen GmbH) is entitled to purchase all the co-shareholder's shares in the joint venture at fair value plus 5% premium. If the call option is not exercised, the co-shareholder has a put option in respect of the shares in the joint venture at the specified purchase price conditions.

Consolidated financial statements

ThyssenKrupp AG — Consolidated statement of financial position

Assets

million €	Note	Sept. 30, 2013*	Sept. 30, 2014
Intangible assets	04	4,206	4,308
Property, plant and equipment	05, 29	7,484	8,308
Investment property	06	287	283
Investments accounted for using the equity method	07	949	639
Other financial assets	11	1,019	57
Other non-financial assets	12	335	442
Deferred tax assets	32	1,662	1,775
Total non-current assets		15,942	15,812
Inventories	09	6,351	7,420
Trade accounts receivable	10	4,956	5,782
Other financial assets	11	500	384
Other non-financial assets	12	2,069	2,452
Current income tax assets		123	174
Cash and cash equivalents		3,813	3,979
Assets held for sale	03	1,543	42
Total current assets		19,355	20,233
Total assets		35,297	36,045

Equity and liabilities

million €	Note	Sept. 30, 2013*	Sept. 30, 2014
Capital stock		1,317	1,449
Additional paid in capital		4,684	5,434
Retained earnings		(3,816)	(4,144)
Cumulative other comprehensive income		58	242
thereof relating to disposal groups/discontinued operations (Sept. 30, 2013: 2; Sept. 30, 2014: 1)			
Equity attributable to ThyssenKrupp AG's stockholders		2,243	2,981
Non-controlling interest		269	218
Total equity	13	2,512	3,199
Accrued pension and similar obligations	15	7,348	7,354
Provisions for other employee benefits	16	270	357
Other provisions	16	676	741
Deferred tax liabilities	32	52	49
Financial debt	17	6,955	6,477
Other financial liabilities	19	3	3
Other non-financial liabilities	20	1	5
Total non-current liabilities		15,305	14,986
Provisions for employee benefits	16	298	311
Other provisions	16	1,363	1,195
Current income tax liabilities		234	193
Financial debt	17	1,911	1,005
Trade accounts payable	18	3,713	4,925
Other financial liabilities	19	1,241	1,379
Other non-financial liabilities	20	8,455	8,841
Liabilities associated with assets held for sale	03	265	11
Total current liabilities		17,480	17,860
Total liabilities		32,785	32,846
Total equity and liabilities		35,297	36,045

See accompanying notes to the consolidated financial statements.
* Figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (see Note 01 and 03).

ThyssenKrupp AG — Consolidated statement of income

million €, earnings per share in €	Note	Year ended Sept. 30, 2013*	Year ended Sept. 30, 2014
Net sales	24, 26	38,559	41,304
Cost of sales	04, 05	(33,822)	(35,138)
Gross margin		4,737	6,166
Research and development cost		(264)	(300)
Selling expenses		(2,758)	(2,846)
General and administrative expenses		(2,150)	(2,179)
Other income	27	225	269
Other expenses	04, 28	(572)	(235)
Other gains/(losses), net	29	73	242
Income/(loss) from operations		(709)	1,117
Income from companies accounted for using the equity method		(112)	4
Finance income		504	900
Finance expenses		(1,389)	(1,779)
Financial income/(expense), net	31	(997)	(875)
Income/(loss) from continuing operations before income taxes		(1,706)	242
Income tax (expense)/income	32	77	(233)
Income/(loss) from continuing operations (net of tax)		(1,629)	9
Discontinued operations (net of tax)	03	53	186
Net income/(loss)		(1,576)	195
Thereof:			
ThyssenKrupp AG's stockholders		(1,436)	210
Non-controlling interest		(140)	(15)
Net income/(loss)		(1,576)	195
Basic and diluted earnings per share based on	33		
Income/(loss) from continuing operations (attributable to ThyssenKrupp AG's stockholders)		(2.90)	0.04
Net income/(loss) (attributable to ThyssenKrupp AG's stockholders)		(2.79)	0.38

See accompanying notes to the consolidated financial statements.
* Figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (see Note 01 and 03).

ThyssenKrupp AG — Consolidated statement of comprehensive income

million €	Year ended Sept. 30, 2013*	Year ended Sept. 30, 2014
Net income/(loss)	(1,576)	195
Items of other comprehensive income that will not be reclassified to profit or loss in future periods:		
Other comprehensive income from remeasurements of pensions and similar obligations		
Change	166	(765)
Tax effect	(60)	251
Other comprehensive income from remeasurements of pensions and similar obligations, net	106	(514)
Share of unrealized gains/(losses) of investments accounted for using the equity-method	(16)	(13)
Subtotal of items of other comprehensive income that will not be reclassified to profit or loss in future periods:	90	(527)
Items of other comprehensive income that will be reclassified to profit or loss in future periods:		
Foreign currency translation adjustment		
Change in unrealized gains/(losses), net	(389)	221
Net realized (gains)/losses	7	(80)
Net unrealized gains/(losses)	(382)	141
Unrealized gains/(losses) from available-for-sale financial assets		
Change in unrealized gains/(losses), net	(7)	5
Net realized (gains)/losses	0	0
Tax effect	3	0
Net unrealized gains/(losses)	(4)	5
Unrealized (losses)/gains on derivative financial instruments (cash flow hedges)		
Change in unrealized gains/(losses), net	(43)	6
Net realized (gains)/losses	(10)	2
Tax effect	17	(5)
Net unrealized gains/(losses)	(36)	3
Share of unrealized gains/(losses) of investments accounted for using the equity-method	(19)	36
Subtotal of items of other comprehensive income that will be reclassified to profit or loss in future periods:	(441)	185
Other comprehensive income	(351)	(342)
Total comprehensive income	(1,927)	(147)
Attributable to:		
ThyssenKrupp AG's stockholders*	(1,758)	(131)
Non-controlling interest*	(169)	(16)
Total comprehensive income attributable to ThyssenKrupp AG's stockholders refers to:		
Continuing operations	(1,800)	(317)
Discontinued operations	42	186

See accompanying notes to the consolidated financial statements.
* Figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (see Note 01 and 03).

ThyssenKrupp AG — Consolidated statement of changes in equity

		Equity attributable to ThyssenKrupp AG's stockholders									
					Cumulative other comprehensive income						
million € (except number of shares)	Number of shares outstanding	Capital stock	Additional paid in capital	Retained earnings	Foreign currency translation adjustment	Available-for-sale financial assets	Derivative financial instruments (cash flow hedges)	Share of investments accounted for using the equity method	Total	Non-controlling interest	Total equity
Balance as of Sept. 30, 2012	514,489,044	1,317	4,684	(2,485)	463	7	(32)	32	3,986	540	4,526
Adjustment due to retrospective adoption of IAS 19R				8					8		8
Balance as of Oct. 01, 2012	514,489,044	1,317	4,684	(2,477)	463	7	(32)	32	3,994	540	4,534
Net income/(loss)*				(1,436)					(1,436)	(140)	(1,576)
Other comprehensive income**				90	(356)	(4)	(33)	(19)	(322)	(29)	(351)
Total comprehensive income*				(1,346)	(356)	(4)	(33)	(19)	(1,758)	(169)	(1,927)
Profit attributable to non-controlling interest									0	(39)	(39)
Other changes				7					7	(63)	(56)
Balance as of Sept. 30, 2013*	514,489,044	1,317	4,684	(3,816)	107	3	(65)	13	2,243	269	2,512
Net income/(loss)				210					210	(15)	195
Other comprehensive income				(525)	141	3	4	36	(341)	(1)	(342)
Total comprehensive income				(315)	141	3	4	36	(131)	(16)	(147)
Profit attributable to non-controlling interest									0	(33)	(33)
Capital increase	51,448,903	132	750	(3)					879		879
Other changes				(10)					(10)	(2)	(12)
Balance as of Sept. 30, 2014	565,937,947	1,449	5,434	(4,144)	248	6	(61)	49	2,981	218	3,199

See accompanying notes to the consolidated financial statements.
* Figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (see Note 01 and 03).
** Figures have been adjusted due to the adoption of IAS 19R (see Note 01).

ThyssenKrupp AG — Consolidated statement of cash flows

million €	Year ended Sept. 30, 2013*	Year ended Sept. 30, 2014
Net income/(loss)	(1,576)	195
Adjustments to reconcile net income/(loss) to operating cash flows:		
Discontinued operations (net of tax)	(53)	(186)
Deferred income taxes, net	(280)	(51)
Depreciation, amortization and impairment of non-current assets	2,069	1,147
Reversals of impairment losses of non-current assets	(7)	(4)
(Income)/loss from companies accounted for using the equity method, net of dividends received	113	(3)
(Gain)/loss on disposal of non-current assets	(147)	(305)
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
- inventories	434	(30)
- trade accounts receivable	146	(409)
- accrued pension and similar obligations	(142)	(217)
- other provisions	355	94
- trade accounts payable	(9)	474
- other assets/liabilities not related to investing or financing activities	78	182
Operating cash flows - continuing operations	981	887
Operating cash flows - discontinued operations	(195)	0
Operating cash flows - total	786	887
Purchase of investments accounted for using the equity method and non-current financial assets	(40)	(3)
Expenditures for acquisitions of consolidated companies net of cash acquired	(35)	28
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(1,120)	(1,071)
Capital expenditures for intangible assets (inclusive of advance payments)	(118)	(95)
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	30	24
Proceeds from disposals of previously consolidated companies net of cash disposed	1,098	1,249
Cash and cash equivalents disposed of due to loss of control over companies consolidated so far but not sold	0	(279)
Proceeds from disposals of property, plant and equipment and investment property	88	56
Proceeds from disposals of intangible assets	5	3
Cash flows from investing activities - continuing operations	(92)	(88)
Cash flows from investing activities - discontinued operations	(98)	0
Cash flows from investing activities - total	(190)	(88)
Proceeds from issuance of bonds	1,600	1,250
Repayment of bonds	(1,000)	(1,000)
Proceeds from liabilities to financial institutions	3,156	1,059
Repayments of liabilities to financial institutions	(2,658)	(2,481)
(Repayments on)/proceeds from notes payable and other loans	(11)	(256)
Increase/(decrease) in bills of exchange	(6)	(2)
(Increase)/decrease in current securities	2	1
Proceeds from capital increases	0	878
Profit attributable to non-controlling interest	(39)	(33)
Expenditures for acquisitions of shares of already consolidated companies	(7)	(9)
Financing of discontinued operations	(279)	0
Other financing activities	54	(73)
Cash flows from financing activities - continuing operations	812	(666)
Cash flows from financing activities - discontinued operations	239	0
Cash flows from financing activities - total	1,051	(666)
Net increase/(decrease) in cash and cash equivalents - total	1,647	133
Effect of exchange rate changes on cash and cash equivalents	(165)	27
Cash and cash equivalents at beginning of year	2,347	3,829
Cash and cash equivalents at end of year - total	3,829	3,989
[thereof cash and cash equivalents within the disposal groups]	[16]	[10]
[thereof cash and cash equivalents within the discontinued operations]	[0]	[0]
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows of continuing operations:		
Interest received	120	131
Interest paid	(573)	(515)
Dividends received	63	60
Income taxes paid	(327)	(345)

See Note 35 to the consolidated financial statements.
* Figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (see Note 01 and 03).

ThyssenKrupp AG — Notes to the consolidated financial statements

Corporate Information

ThyssenKrupp Aktiengesellschaft (“ThyssenKrupp AG” or “Company”) is a publicly traded corporation domiciled in Duisburg and Essen in Germany. The consolidated financial statements of ThyssenKrupp AG and its subsidiaries, collectively the “Group”, for the year ended September 30, 2014, were authorized for issuance in accordance with a resolution of the Executive Board on November 14, 2014.

Statement of compliance

Applying Art. 315a of the German Commercial Code (HGB), the Group’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations of the International Accounting Standards Board (IASB) effective within the EU in accordance with the Regulation No. 1606/2002 of the European Parliament and the Council concerning the use of International Accounting Standards.

01 Summary of significant accounting policies

The consolidated financial statements are presented in Euros since this is the currency in which the majority of the Group’s transactions are denominated, with all amounts rounded to the nearest million except when otherwise indicated; this may result in differences compared to the unrounded figures.

Consolidation

The Group’s consolidated financial statements include the accounts of ThyssenKrupp AG and all significant entities which are directly or indirectly controlled by ThyssenKrupp AG. Control is achieved where ThyssenKrupp AG possesses more than half of the voting rights of a company or has in another way the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority’s proportion of the fair values of the identifiable assets, liabilities and contingent liabilities recognized.

All significant intercompany transactions and balances between Group entities are eliminated on consolidation.

Included in the Group consolidated financial statements are 145 (2012/2013: 149) domestic and 401 (2012/2013: 395) foreign-controlled entities that are consolidated. During the fiscal year 2013/2014, 46 entities were consolidated for the first time. During the same period, the scope of consolidation was reduced by 44 entities of which 30 resulted from the internal merging of Group entities.

11 (2012/2013: 12) controlled subsidiaries are not consolidated because their combined influence on the Group’s net assets, financial position and results of operations is not material. Their net sales amount to 0.03%, their income/(loss) before tax amounts to 0.02% and their total equity amounts to 0.07% of the Group’s respective balances. These non-consolidated subsidiaries are measured at fair value or at cost when the fair value of unlisted equity instruments cannot be reliably measured; they are presented under the “Other financial assets, non-current” line item.

Investments in associates are accounted for using the equity method of accounting. An associate is an entity over which the Group is in a position to exercise significant influence, but not control, through participation in the financial and operating policies. Significant influence is presumed when the Group holds 20% or more of the voting rights ("Associated Companies"). Where a Group entity transacts with an associate of the Group, unrealized profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

The Group reports its interests in jointly-controlled entities (Joint Ventures) using the equity method of accounting. Where the Group transacts with its jointly-controlled entities, unrealized profits and losses are eliminated to the extent of the Group's interest in the joint venture.

The Group has 10 (2012/2013: 9) Associated Companies and 20 (2012/2013: 20) Joint Ventures that are accounted for using the equity method of accounting. Another 11 (2012/2013: 12) Associated Companies are measured at fair value or at cost when the fair value of unlisted equity instruments cannot be reliably measured because their combined influence on the Group's net assets, financial position and results of operations is not material.; they are presented under the "Other financial assets, non-current" line item. The income before tax of the immaterial Associated Companies amounts to 0.67% and their total equity to 0.35% of the Group's respective balances.

A complete listing of the Group's subsidiaries and equity interests is published in the German Federal Gazette and is available on the ThyssenKrupp website at **www.thyssenkrupp.com/en/investor/geschaeftsberichte.html**.

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly-controlled entity at the date of acquisition. Goodwill is recognized as an asset and is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired.

Goodwill arising on the acquisition of an associate or a jointly-controlled entity is included within the carrying amount of the associate or the jointly-controlled entity, respectively. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary, associate or jointly-controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Foreign currency translation

The functional and reporting currency of ThyssenKrupp AG and its relevant European subsidiaries is the Euro (€). Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in the net profit or loss for the period.

Financial statements of the foreign subsidiaries included in the Group consolidated financial statements where the functional currency is other than the Euro are translated using their functional currency which is generally the respective local currency. The translation is performed using the current rate method, in which balance sheet amounts are translated to the reporting currency using the rates of exchange prevailing on the balance sheet date, while income statement amounts are translated using the period's average exchange rates. Net exchange gains or losses resulting from the translation of foreign financial statements are accumulated and included in equity. Such translation differences are recognized as income or as expenses in the period in which the operation is disposed of.

Companies that manage their sales, purchases, and financing substantially not in their local currency use the currency of their primary economic environment as their functional currency. Using the functional currency in these cases involves translating non-monetary items such as non-current assets, including scheduled depreciation, and equity to the functional currency using the average exchange rates of the respective year of addition. All other balance sheet line items are translated using the exchange rate as of the balance sheet date and all other income statement line items are translated using the period's average exchange rates. The resulting translation differences are included in the consolidated statement of income as "Other operating income or expenses". Thereafter, the functional currency financial statements are translated into the reporting currency using the current rate method.

The exchange rates of those currencies significant to the Group have developed as follows:

Currencies

	Exchange rate as of (Basis €1)		Annual average exchange rate for the year ended	
	Sept. 30, 2013	Sept. 30, 2014	Sept. 30, 2013	Sept. 30, 2014
US Dollar	1.35	1.26	1.31	1.36
Brazilian Real	3.04	3.08	2.76	3.10
Chinese Renminbi Yuan	8.26	7.73	8.12	8.35

Intangible assets

Intangible assets with finite useful lives are capitalized at cost and amortized on a straight-line basis generally over a period of 3 to 15 years, depending on their estimated useful lives. Technology resulting from the acquisition of Howaldtswerke-Deutsche Werft (HDW) is amortized over a period of 40 years. Useful lives are examined on an annual basis and adjusted when applicable on a prospective basis. The amortization expense of intangible assets is primarily included in the "cost of sales" line item in the consolidated statement of income.

Goodwill is stated at cost and tested for impairment annually or on such other occasions that events or changes in circumstances indicate that it might be impaired. Goodwill impairment losses are included in other operating expenses.

Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and impairment losses. Capitalized production costs for self constructed assets include costs of material, direct labour, and allocable material and manufacturing overhead. Borrowing costs directly attributable to the production of assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Administrative costs are capitalized only if such costs are directly related to production. Maintenance and repair costs (day-to-day servicing) are expensed as incurred. The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing parts and major inspection of such an item if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. Where fixtures and equipment comprise of significant parts having different useful lives those parts are depreciated separately.

Fixtures and equipment are depreciated over the customary useful life using the straight-line method. Upon sale or retirement, the acquisition or production cost and related accumulated depreciation are removed from the balance sheet and any gain or loss is included in the consolidated statement of income.

The following useful lives are used as a basis for calculating depreciation:

Useful lives of property and equipment

Buildings (incl. investment property)	10 to 50 years
Building and land improvements	15 to 25 years
Technical machinery and equipment	8 to 25 years
Factory and office equipment	3 to 10 years

Investment property

Investment property consists of investments in land and buildings that are held to earn rental income or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. Investment property is stated at cost less accumulated depreciation and impairment losses. The fair value of the Group's investment property is stated in Note 06.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its intangible assets, property, plant and equipment and investment property to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the greater of the fair value less cost to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market conditions. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the Cash Generating Unit to which the asset belongs.

Goodwill arising on acquisition is allocated to the Cash Generating Units that are expected to benefit from the synergies of the acquisition. Those groups of Cash Generating Units represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The recoverable amount of the Cash Generating Unit that carries a goodwill is tested for impairment annually as of September 30, or on such other occasions that events or changes in circumstances indicate that it might be impaired. For more details refer to Note 04.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

In case of impairment losses related to Cash Generating Units that carry a goodwill the carrying amount of any goodwill allocated to the Cash Generating Unit is reduced first. If the amount of impairment losses exceeds the carrying amount of goodwill, the difference is generally allocated proportionally to the remaining non-current assets of the Cash Generating Unit to reduce their carrying amounts accordingly.

Where an impairment loss subsequently reverses, the carrying amount of the asset (Cash Generating Unit) is increased to the revised estimate of its recoverable amount. The revised amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (Cash Generating Unit) in prior years. A reversal of an impairment loss is recognized as income immediately. However, impairment losses of goodwill may not be reversed.

Leases

Leases are classified as either finance or operating. Lease transactions whereby the Group is the lessee and bears substantially all the risks and rewards incidental to ownership of an asset are accounted for as a finance lease. Accordingly, the Group capitalizes the leased asset at the lower of the fair value or the present value of the minimum lease payments and subsequently depreciates the leased asset over the shorter of the lease term and its useful life. In addition, the Group records a corresponding lease obligation on the balance sheet which is subsequently settled and carried forward using the effective interest method. All other lease agreements entered into by the Group, as a lessee, are accounted for as operating leases whereby the lease payments are expensed on a straight-line basis.

Lease transactions whereby the Group is the lessor and transfers substantially all of the benefits and risks incident to the ownership of property, are accounted for as a sale and financing of the leased asset. The Group recognizes a receivable at an amount equal to the net investment in the lease and includes interest income in the consolidated income statement. All other lease agreements entered into by the Group, as a lessor, are accounted for as operating leases whereby the leased asset remains on the Group's balance sheet and is depreciated. Scheduled lease payments are recognized in income on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of acquisition/manufacturing cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling costs. In general, inventories are valued using the average cost method. Manufacturing cost includes direct material, labor and allocable material and manufacturing overhead based on normal operating capacity.

Financial instruments

A financial instrument is any contract that at the same time gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized as soon as ThyssenKrupp becomes a contracting party to the financial instrument. In cases where trade date and settlement date do not coincide, for non-derivative financial instruments the settlement date is used for initial recognition or derecognition, while for derivatives the trade date is used. Financial instruments stated as financial assets or financial liabilities are generally not offset; they are only offset when a legal right to set-off exists at that time and settlement on a net basis is intended.

Determining fair value

The fair value of financial instruments is generally equal to the amount the Group would receive or pay if it exchanged or settled the financial instruments on the balance sheet date. If available, quoted market prices are used for financial instruments, especially for those categorized as available-for-sale financial assets. Otherwise, fair values are calculated based on the market conditions prevailing on the balance sheet date – interest rates, exchange rates, commodity prices – using middle rates or prices. In doing so, fair values are calculated using common methods, such as the option pricing models for currency and interest rate options or the discounted cash flow method for interest rate swaps. The fair values of some derivatives are based on external valuations by our financial partners.

Financial assets

In particular, financial assets include trade accounts receivable, cash and cash equivalents, derivative financial assets, as well as equity instruments and bonds held. Financial assets are initially recognized at fair value. This includes any transaction costs directly attributable to the acquisition of financial assets, which are not carried at fair value through profit or loss in future periods. The fair values recognized on the balance sheet usually reflect the market prices of the financial assets.

Trade accounts receivable and other current receivables

Receivables are accounted for at amortized cost less valuation allowances.

Impairments in the form of individual allowances for doubtful accounts adequately consider default risk. When there is objective evidence of default, the receivable concerned is derecognized. Receivables that are immaterial, and receivables of similar default risk, are grouped together and tested collectively for impairment based on past experience. Partially, impairments are accounted for using separate allowance accounts. Whether default risk is recognized by means of an allowance account or a direct derecognition of the receivable depends on the probability of default and the reliability of its estimation.

Receivables that do not bear interest or bear below market interest rates and have an expected term of more than one year are discounted with the discount subsequently amortized to interest income over the term of the receivable.

The Group sells undivided interests in certain trade accounts and notes receivable both on an ongoing and one-time basis to special purpose entities, which are not required to be consolidated, or to other lending institutions. Financial assets sold under these arrangements are excluded from accounts receivable in the Group's balance sheet at the time of sale if it is assured that the cash flows related to those receivables will be passed through to the acquirer and substantially all risks and rewards have been transferred. If substantially all risks and rewards have neither been transferred nor retained, financial assets are excluded from the books at the time of the sale if it is assured that the cash flows of the receivables will be passed through to the acquirer and the acquirer has gained control over the receivables. If substantially all risks and rewards have been retained financial assets remain in the Group's balance sheet as collateral for borrowings.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits as well as financial assets that are readily convertible to cash and which are only subject to an insignificant risk of change in value, they are measured at amortized cost.

Financial assets held for trading

Derivatives that are not part of an effective hedge accounting in accordance with IAS 39 must be assigned to this category when the fair value is positive as of measurement date. Gains or losses resulting from changes in fair value are recognized in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets not assigned to any of the above categories (trade accounts receivable and other current receivables, cash and cash equivalents, and financial assets held for trading). This category includes primarily equity and debt instruments which are in general measured at fair value. Gains or losses resulting from the measurement of available-for-sale financial assets are recognized directly in equity, with the exception of impairment losses and foreign currency conversion effects. On disposal of these financial assets, a cumulative gain or loss recognized directly in equity until then is recognized in profit or loss of the respective period. When the fair value of unlisted equity instruments cannot be reliably measured, they are measured at cost.

Financial assets measured at fair value through profit or loss

The Group does not use the option to categorize financial assets at fair value through profit or loss when initially recognized.

Impairment of financial assets

At each balance sheet date, an assessment is made of whether there is any objective evidence that the carrying amounts of financial assets not carried at fair value through profit or loss are impaired. Objective evidence includes, for example, considerable financial difficulty of the debtor obligor, disappearance of an active market, and significant changes in the technological, market, economic or legal environment. A significant or prolonged decline in the fair value of an equity instrument is an objective evidence of impairment.

The impairment loss on a financial asset carried at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. An impairment loss is recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

If the decrease in fair value of an available-for-sale financial asset was previously recognized directly in equity, such loss is transferred from equity to profit or loss as soon as an objective evidence of an impairment loss exists. The amount of the impairment represents the difference between historical cost (less any redemption and amortization) and the current fair value less any impairment loss on that financial asset previously recognized in profit or loss. Impairment losses on equity instruments classified as available-for-sale and recognized in the income statement are not reversed through profit or loss, but rather through equity. The amount of any reversal of any write-down of debt instruments, which objectively occurred after the impairment was recognized, is recognized in profit or loss.

Financial liabilities

Financial liabilities are liabilities that must be settled in cash or other financial assets. These especially include trade accounts payable, derivative financial liabilities and components of financial debt, mainly bonds and other securitized liabilities, liabilities to financial institutions and finance lease liabilities. Financial liabilities are initially carried at fair value. This includes any transaction costs directly attributable to the acquisition of financial liabilities, which are not carried at fair value through profit or loss in future periods.

Trade accounts payable and other non-derivative financial liabilities

Trade accounts payable and other non-derivative financial liabilities are in general measured at amortized cost using the effective interest method. Finance charges, including premiums payable on redemption or settlement, are periodically accrued using the effective interest method and increase the liabilities' carrying amounts unless they have already been settled in the period in which they were incurred.

Financial liabilities carried at fair value through profit or loss

The Group does not use the option to categorize financial liabilities at fair value through profit or loss when initially recognized.

Financial liabilities held for trading

Derivatives that are not part of an effective hedge accounting in accordance with IAS 39 must be classified as "held for trading" and thus carried at fair value through profit or loss. In the event of negative fair values, such derivatives are recognized as "financial liabilities held for trading".

Derivative financial instruments

The Group generally uses derivative financial instruments to hedge its exposure to foreign currency exchange rate, interest rate and commodity price risks arising from operational, financing and investment activities. Derivatives are used generally to hedge existing or anticipated underlying transactions. Such derivatives and so-called “embedded derivatives”, which are an integral part of a non-derivative host contract and must be accounted for separately, are measured initially and subsequently at fair value through profit or loss. Gains or losses due to fluctuations in fair value are recognized immediately in profit or loss.

If derivatives are used to hedge the exposure to variability in cash flows and to hedge balance sheet items, the hedging relationship qualifies for hedge accounting under IAS 39 if certain conditions are met. This can reduce volatility in the income statement. There are three types of hedging relationships: fair value hedge, cash flow hedge and hedge of a net investment in a foreign operation.

In a fair value hedge, which is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, the hedging instrument is stated at fair value and any changes in fair value are immediately recognized in profit or loss. Changes in fair value of a hedged asset, liability or firm commitment, which are attributable to a particular hedged risk, are also recognized in profit or loss. Given a perfect hedge, changes in fair value of the underlying and hedging transactions are almost entirely offset. If the asset or liability is measured at amortized cost according to general accounting guidelines, its carrying amount must be adjusted for the cumulative changes in fair value resulting from the hedged risk. However, if the hedged item (e.g. available-for-sale security) is recognized at fair value without influencing the income statement in accordance with the general accounting guidelines, changes in fair value resulting from the hedged risk are recognized in profit or loss, contrary to the general guidelines.

A cash flow hedge is a hedge of the exposure to variability in cash flows associated with a recognized asset or liability, a highly probable forecast transaction, or foreign currency risk of a firm commitment. The effective portion of the fluctuations in fair value is immediately recognized in equity. The effective portion is reclassified from equity to profit or loss in the same period during which the hedged underlying transaction affects profit or loss. If a hedge subsequently results in the recognition of a non-financial asset (e.g. property, plant and equipment or inventories), then the fluctuations in fair value that were recognized in equity affect the value of the non-financial asset. When measuring the effectiveness between the underlying hedged transaction and the hedging instrument the remaining ineffective portion of the hedge and adjustments due to interest rate changes are immediately recognized in the consolidated statement of income. In the case of currency risks, the effectiveness of the hedging relationship is established by including changes in value due to spot rate changes as a hedged risk and excluding the interest component.

When the hedging instrument expires or is sold, terminated or exercised, or the hedging relationship is discontinued, but the forecast underlying transaction is still expected to occur, the cumulative gain or loss on the hedging instrument that has been recognized in equity remains separately in equity until the forecast transaction occurs. It is recognized in profit or loss as detailed above when the transaction affects the income statement. If the hedged forecast transaction is no longer expected to occur, any related cumulative unrealized gain or loss recognized in equity is recognized immediately in the consolidated statement of income.

The Group mainly uses cash flow hedges to hedge its exposure to changes in foreign currency rates, interest rates and commodity prices. In addition, the Group carries out hedging in accordance with the basic principles of risk management under which existing risks are hedged economically, but the hedges do not comply with the strict hedge accounting requirements under IAS 39. The Group does not use hedge accounting for foreign currency derivatives that have been concluded to hedge foreign currency risks arising from monetary balance sheet items. Thus, the effects from the foreign currency conversion of balance sheet items recognized in profit or loss are offset against the fluctuations in fair value of derivatives, which are also recognized in profit or loss.

Currently, the Group does not apply hedging of a net investment in a foreign operation.

More information about financial instruments is provided in Note 22.

Deferred income taxes

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit as well as for unused tax losses or credits. In principle, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax assets and liabilities are also recognized on temporary differences arising from business combinations except to the extent they arise from goodwill that is not taken into account for tax purposes.

Deferred taxes are calculated at the enacted or substantially enacted tax rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited to the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also recognized directly in equity.

Cumulative other comprehensive income

The equity line item “Cumulative other comprehensive income” includes changes in the equity of the Group that were not recognized in the consolidated statement of income of the period, except those resulting from investments by owners and distributions to owners. Cumulative other comprehensive income includes foreign currency translation adjustments, unrealized holding gains and losses on available-for-sale financial assets and on derivative financial instruments as well as the share of the other comprehensive income of associates and joint ventures accounted for using the equity method. Remeasurements of pensions and similar obligations are reported in retained earnings in the period that they are recognized as other comprehensive income.

Accrued pension and similar obligations

The Group’s net obligation for defined benefit and other postretirement benefit plans have been calculated for each plan using the projected unit credit method as of the balance sheet date. A quarterly valuation of pensions and health care obligations is performed on the basis of updated interest rates and fair values of plan assets.

As far as the fair value of plan assets related to pensions or similar obligations exceeds the corresponding obligation, the recognition of an asset in respect to such surplus is limited. As far as in connection with plan assets minimum funding requirements related to past service exist, an additional liability may need to be recognized in case the economic benefit of a surplus – already taking into account the contributions to be made in respect of the minimum funding requirements – is limited. The limit is determined by unrecognized past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan (asset ceiling).

With the exception of net interest, all income and expenses related to defined benefit plans are recognized in income from operations. Net interest included in net periodic pension cost is recognized in net financial income/(expense) in the Group's consolidated statement of income.

The Group's obligations for contributions to defined contribution plans are recognized as expense in income from operations as incurred.

The effects of remeasurements of pensions and similar obligations are recognized in other comprehensive income in the consolidated statement of comprehensive income. They consist of actuarial gains and losses, the return on plan assets and changes in the effects of asset ceiling excluding amounts already included in net interest. Deferred taxes relating to remeasurements are also recognized in other comprehensive income.

The Group also maintains multi-employer plans. In principle, these multi-employer plans contain defined benefit plans as well as defined contribution plans. With respect to defined benefit multi-employer plans these are accounted for in the same way as any other defined benefit plan in case the required information is available. Otherwise these plans are accounted for as defined contribution plans. In particular in the USA, Sweden and in the Netherlands, there exist multi-employer defined benefit plans that are accounted for as defined contribution plans due to the fact that the pension obligations and the plan assets cannot be assigned to the participating employers.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event which will result in a probable outflow of economic benefits that can be reasonably estimated. The amount recognized represents best estimate of the settlement amount of the present obligation as of the balance sheet date. Expected reimbursements of third parties are not offset but recorded as a separate asset if it is virtually certain that the reimbursements will be received. Where the effect of the time value of money is material, provisions are discounted using a market rate.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Provisions for restructuring costs are recognized when the Group has a detailed formal plan for the restructuring and has notified the affected parties.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Share-based compensation

The Group has management incentive plans which grant stock rights to executive and senior employees. The fair value of these rights is calculated on the date of grant and on each balance sheet date and recognized as an expense on a straight-line basis over the vesting period with a corresponding increase in provisions. Furthermore a portion of the variable compensation is granted as share appreciation rights to the Executive Board members of ThyssenKrupp AG and additional selected executive employees. For both types of compensation, the provision is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the provision are recognized as part of income from operations.

See also information provided in Note 14.

Revenue recognition

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer and the amount of revenue can be measured reliably. Revenue from services is recognized when services are rendered. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue is recognized net of applicable provisions for discounts and allowances.

Construction contract revenue and expense are accounted for using the percentage-of-completion method, which recognizes revenue as performance of the contract progresses. The contract progress is determined based on the percentage of costs incurred to date to total estimated cost for each contract after giving effect to the most recent estimates of total cost. If the construction takes a substantial period of time, contract costs also include borrowing costs that are directly attributable.

Contracts where the Group provides engineering services are also accounted for like construction contracts. Construction contracts under the percentage-of-completion method are measured at construction cost plus profits earned based on the percentage of the contract completed.

Revenues net of advance payments received are recognized as trade accounts receivable in the balance sheet. Variations in contract work and claims are included to the extent that it is probable that they will be approved by the customer and the amount can be reliably measured. Reliably measurable incentive payments are recognized if it is probable that the specified performance standards will be met or exceeded.

Where the income of a construction contract cannot be estimated reliably, contract revenue that is probable to be recovered is recognized to the extent of contract costs incurred. Contract costs are recognized as expenses in the period in which they are incurred.

Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Revenues from contracts with multiple element arrangements, such as those including both goods and services, are recognized as each element is earned based on objective evidence of the relative fair value of each element.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable. Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Government grants

Government grants are recognized only if there is reasonable assurance that the associated conditions will be met and the grants will be received. Grants related to assets are reported as a reduction of cost of the assets concerned with a corresponding reduction of depreciation and amortization in subsequent periods. Grants related to income are stated as other operating income in the periods in which the expenses intended to be compensated by the grant are recognized.

Research and development costs

Research costs are expensed as incurred.

Development costs, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if the product or process is technically and commercially feasible, it is intented to complete the intangible asset, there is a market for the output of the intangible asset, the attributable expenditure can be measured reliably, and the Group has sufficient resources to complete development. Other development costs are expensed as incurred. Capitalized development costs of completed projects are stated at cost less accumulated

Amortization and impairment losses. Costs include direct costs of material, direct labour, and allocable material and manufacturing overhead. Borrowing costs directly attributable to a production of assets that necessarily takes a substantial period of time to get the assets ready for their intended use, are included in the cost of those assets until the assets are ready for their intended use. Administrative costs are capitalized only if such costs are directly related to production. Capitalized development costs of projects not yet completed are reviewed for impairment annually or more frequently when an indicator of impairment arises during the reporting year.

Earnings per share

Basic earnings per share amounts are calculated by dividing net income/(loss) attributable to ThyssenKrupp AG's shareholders by the weighted average number of shares outstanding. Shares sold during the period and shares reacquired during the period are weighted for the portion of the period that they were outstanding.

Segment reporting

In accordance with the so-called management approach, segment reporting of the ThyssenKrupp Group is based on the internal organizational and reporting structure. The data used to determine the internal key figures are derived from the IFRS consolidated financial statements.

Single assets held for sale, disposal groups and discontinued operations

A single non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The Group reports assets and liabilities as a disposal group, that will be disposed of by sale or otherwise in a single transaction, which collectively meet the held for sale criteria as specified in IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The Group reports the assets and liabilities of a disposal group separately in the balance sheet line item "assets held for sale/disposal" and "liabilities associated with assets held for sale/disposal", respectively. Unless a disposal group qualifies for discontinued operations reporting, the revenues and expenses of the disposal group remain within continuing operations until the date of disposal. The Group reports the results of a disposal group that also qualifies as a component of the Group as discontinued operations if it represents a separate major line of business or geographical area of operations. The Group reports the results of discontinued operations in the period in which they occur separately within the consolidated statement of income as "discontinued operations (net of tax)". All prior period consolidated statements of income are adjusted to report the results of the component within discontinued operations. In the consolidated statement of cash flows the cash flows resulting from discontinued operations are presented separately from cash flows resulting from continuing operations; prior year presentation has been adjusted accordingly. In order to present the proportion of income/loss attributable to discontinued operations, net sales and expenses arising from intercompany transactions are recognized provided that these transactions will not continue after the disposal of the discontinued operations.

On initial classification as held for sale, non-current assets are recognized at the lower of the carrying amount and fair value less costs to sell and depreciation and amortization ceases. A disposal group is initially measured in line with the respective IFRS standards to determine the carrying amount of the disposal group which is then compared to the fair value less costs to sell of the group in order to recognize the group at the lower of both amounts. Impairment losses on initial classification as held for sale are included in profit or loss, as are gains and losses on subsequent remeasurement, but not in excess of the cumulative impairment loss.

If the change to a disposal plan means that the criteria for classification as a discontinued operation are no longer met, the corresponding disposal group must be presented as a continuing operation again under IFRS 5. As a result, the consolidated statement of income for the reporting year and also the prior year has to be adjusted so that the expenses and income of the disposal group are re-included in income from continuing operations. Analogously in the consolidated statement of cash flows the cash inflows and outflows of the disposal group are reclassified to continuing operations for both reporting years. However despite the changed classification, the assets and liabilities of the disposal group continue to be presented separately in the consolidated statement of financial position for the prior year under "Assets held for sale" and "Liabilities associated with assets held for sale", and are only re-included in the individual line items of the consolidated statement of financial position for the reporting year. The disposal group that is no longer classified as held for sale is measured at the lower of carrying amount and recoverable amount.

Financial statement classification

Certain line items on the consolidated balance sheet and in the consolidated statement of income have been combined. These items are disclosed separately in the Notes to the consolidated financial statements. Certain reclassifications have been made to the prior year presentation to conform to that of the current year.

In general the Group classifies assets and liabilities as current when they are expected to be realized or settled within twelve months after the balance sheet date. Group companies that have operating cycles longer than twelve months classify assets and liabilities as current if they are expected to be realized within the company’s normal operating cycle.

Use of estimates

The preparation of the Group consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting estimates and judgements made by Management in the application of IFRS that have a significant effect on the consolidated financial statements are presented in Note 25.

Recently adopted accounting standards

In fiscal year 2013/2014, ThyssenKrupp adopted the following standards, interpretations and amended standards:

In December 2010 the IASB issued an amendment to IAS 12 “Income Taxes”. Under IAS 12, the measurement of deferred taxes depends on whether the carrying amount of an asset is recovered through use or sale. Such assessment is often difficult, in particular when the asset is measured using the fair value model in IAS 40 for investment property. The amendment introduces a presumption that in general an investment property is recovered through sale. The application of the amended standard is compulsory for fiscal years beginning on or after January 01, 2012. In the context of the endorsement, the IASB defers the mandatory effective date from January 01, 2012 to January 01, 2013. The amended standard does not have any impact on the Group’s consolidated financial statements because currently investment property is accounted for at cost less accumulated depreciation.

In May 2011 the IASB issued the new standard IFRS 13 “Fair Value Measurement”. IFRS 13 contains a definition of fair value and rules on how to determine it if other IFRS standards require fair value measurement; the standard itself does not prescribe in which cases fair value is to be used. With the exception of the standards explicitly excluded in IFRS 13, IFRS 13 defines standard disclosure requirements for all assets and liabilities that are measured at fair value and for all assets and liabilities for which disclosure of fair value in the notes to the consolidated financial statements is required; in particular it widens the disclosure requirements for non-financial assets. The new standard is compulsory for fiscal years beginning on or after January 01, 2013 and shall be applied prospectively. In the first year of application comparative information is not required. The adoption of the new standard does not have a material impact on the Group’s consolidated financial statements, but results in additional disclosures.

In June 2011 the IASB issued amendments to IAS 19 “Employee Benefits” (IAS 19R). The amendments mainly concern the elimination of deferred recognition of actuarial gains and losses (corridor method) in favour of immediate recognition in other comprehensive income in equity and the recognition of a net interest expense or income resulting from net liabilities or assets of a pension plan which is determined by using the discount rate. Furthermore an immediate recognition of the total past service costs is required, the exposure of other administration costs as part of net periodic pension cost as well as the distribution of costs resulting from top-up payments to employees under early retirement over the period in which they are earned. Furthermore additional disclosure regarding the characteristics of pension plans and the associated risks for the entity is required. The amendments to IAS 19 are compulsory for fiscal years beginning on or after January 01, 2013. The adoption of the amended standard results in additional disclosures. The elimination of deferred recognition of actuarial gains and losses (corridor method) does not have any impacts on ThyssenKrupp as actuarial gains and losses have already been recognized in other comprehensive income in equity so far.

The adoption of IAS 19R impacted the consolidated statement of financial position and the consolidated statement of income as presented below:

IAS 19R - Consolidated statement of financial position

	Oct. 01, 2012			Sept. 30, 2013		
million €	Before IAS 19R adjustment	IAS 19R adjustment	After IAS 19R adjustment	Before IAS 19R adjustment*	IAS 19R adjustment	After IAS 19R adjustment
Total assets	38,284	(4)	38,280	35,296	1	35,297
Total equity	4,526	8	4,534	2,515	(3)	2,512
Total non-current liabilities	13,797	(12)	13,785	15,301	4	15,305
thereof: Accrued pension and similar obligations	7,708	(12)	7,696	7,344	4	7,348
Total equity and liabilities	38,284	(4)	38,280	35,296	1	35,297

* Inclusive of IAS 19R adjustment as of October 01, 2012 and the catch-up of depreciation for Berco.

IAS 19R - Consolidated statement of income

	Year ended Sept. 30, 2013		
million €	Before IAS 19R adjustment	IAS 19R adjustment	After IAS 19R adjustment
Income/(loss) from operations	(700)	(9)	(709)
Financial income/(expense), net	(952)	(45)	(997)
Income/(loss) from operations before income taxes	(1,652)	(54)	(1,706)
Income tax (expense)/income	59	18	77
Income/(loss) from operations (net of tax)	(1,593)	(36)	(1,629)

Assuming the Group had continued applying IAS 19 without the amendments as published in June 2011, net interest expense in 2013/2014 would have been approx. €39 million lower and accrued pensions as of September 30, 2014 would have been approx. €2 million higher. Net periodic pension cost without including administration cost would have been approx. €2 million lower. In 2013/2014, expenses related to early retirement obligations would have been approx. €4 million lower.

In October 2011 the IASB issued the IFRIC interpretation 20 “Stripping Costs in the Production Phase of a Surface Mine”. The interpretation regulates the accounting for stripping costs in the production phase of a surface mine. The interpretation clarifies under which conditions an asset must be recognized for the relating stripping measures and how initial and subsequent measurement of this asset has to be determined. The interpretation is compulsory for fiscal years beginning on or after January 01, 2013. This interpretation has no relevance for the Group’s consolidated financial statements.

In December 2011 the IASB issued an amendment to IFRS 7 “Financial Instruments: Disclosures” which requires disclosures in the context of certain offsetting arrangements. The obligation for disclosures has to be applied regardless of whether the offsetting arrangements result in any actual offsetting of the respective financial assets and financial liabilities. The new disclosure requirements shall simplify comparing financial statements prepared in accordance with IFRS and financial statements prepared in accordance with US GAAP. The amendment is compulsory for fiscal years beginning on or after January 01, 2013 and shall be applied retrospectively. First time adoption implies extended disclosures.

In May 2012 the IASB issued the fourth omnibus standard “Improvements to IFRSs” as part of its annual improvement process project. This standard slightly adjusts five standards (IFRS 1 “First-time Adoption of IFRS”, IAS 1 “Presentation of Financial Statements“, IAS 16 “Property, Plant and Equipment“, IAS 32 “Financial Instruments: Presentation“, IAS 34 “Interim Financial Reporting“). The amendments are effective for fiscal years beginning on or after January 01, 2013. The adoption of the amendment does not have a material impact on the Group’s consolidated financial statements.

Issued accounting standards that have not been adopted in fiscal year 2013/2014

The following standards, interpretations and amendments have been issued by the IASB. Their adoption has not been mandatory for 2013/2014 and must be endorsed partially by the EU:

In November 2009 the IASB issued the new standard IFRS 9 “Financial Instruments” on the classification and measurement of financial assets. This standard is the first part of the three-part project to replace completely IAS 39 “Financial Instruments: Recognition and Measurement”. In accordance with the approach of IFRS 9 financial assets are measured at amortized cost or fair value. The classification to one of the two measurement categories is based on how an entity manages its financial instruments (so called business model) and the contractual cash flow characteristics of the financial assets. In October 2010 the IASB issued requirements on the accounting for financial liabilities which amend IFRS 9 “Financial Instruments” and complete the classification and measurement phase of the IASB’s project to replace IAS 39 “Financial Instruments: Recognition and Measurement”. With the new requirements, an entity choosing to measure liability at fair value will recognize the portion of the change in its fair value due to changes in the entity’s own credit risk in other comprehensive income within equity and not in profit and loss. Issuing amendments to IFRS 9 “Financial Instruments” and to IFRS 7 “Financial Instruments: Disclosures” in December 2011, the IASB defers the mandatory effective date of IFRS 9 from January 01, 2013 to January 01, 2015. In addition the amendment provides relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9; earlier application is permitted. Instead, additional transition disclosures have been added to IFRS 7 to help users of the financial statements to understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments. In November 2013 the IASB issued amendments to IFRS 9 “Financial Instruments“ (Hedge Accounting and Amendments to IFRS 9; IFRS 7 and IAS 39). The amendments to IFRS 9 establish a new model that represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. In addition extensive disclosures are required. Moreover recognizing fair value changes of liabilities due to credit rating within equity will be possible to be earlier adopted without applying the complete regulations of IFRS 9. Furthermore the IASB decided to abandon the mandatory date of January 01, 2015; a new date should be decided upon when the entire IFRS 9 project is closer to completion. In July 2014 the IASB issued the final version of IFRS 9 "Financial Instruments". The new version includes revised requirements for the classification and measurement of financial assets and for the first time regulations on the impairment of financial instruments; with the new "expected loss model" losses are recognized earlier because both existing and expected losses are recognized. The new regulations must be applied for fiscal years beginning on or after January 01, 2018. In general they must be applied retrospectively, but various transition options are allowed; earlier application is permitted. The EU has not yet endorsed the standard. Currently, Management is not able to finally assess what impact adoption of the standard will have – if endorsed by the EU in the current version.

In May 2011 the IASB issued three new standards dealing with various aspects of interests in entities: IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities". At the same time it issued amended versions of IAS 27 "Separate Financial Statements" (2011) and IAS 28 "Investments in Associates and Joint Ventures" (2011). The new and amended standards are applicable for fiscal years beginning on or after January 01, 2013. In the context of the endorsement, the IASB defers the mandatory effective date for fiscal years beginning on or after January 01, 2014; the option of an earlier adoption has not been used by ThyssenKrupp.

IFRS 10 introduces a single definition for the concept of control for all entities, thus creating a standard basis for determining whether a parent-subsidiary relationship exists and should be included in the scope of consolidation. The standard contains comprehensive guidance for determining whether control exists. It completely replaces SIC-12 "Consolidation – Special Purpose Entities" and partly replaces IAS 27 "Consolidated and Separate Financial Statements". Based on the current assessment, the adoption of IFRS 10 will not significantly change the scope of consolidation.

IFRS 11 prescribes the accounting for circumstances in which an entity exercises joint control of a joint venture or joint operation. The new standard replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". The adoption of IFRS 11 will imply that the joint arrangement Hüttenwerke Krupp Mannesmann GmbH currently accounted for using the equity method of accounting is no longer considered to be a joint venture but a joint operation. This results in including the assets and liabilities on a pro rata basis in the Group's consolidated financial statements.

IFRS 12 combines in one standard all disclosure requirements for interests in other entities, including interests in subsidiaries, associates, joint arrangements and structured entities. The new standard replaces the previous disclosure requirements in IAS 27 "Consolidated and Separate Financial Statements", IAS 28 "Investments in Associates", IAS 31 "Interests in Joint Ventures" and SIC-12 "Consolidation – Special Purpose Entities". The adoption of IFRS 12 will extend significantly the Group's disclosures.

The amended IAS 27 now focuses solely on accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when separate financial statements according to IFRS are presented. This will have no impact on the Group's consolidated financial statements.

The amended IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This will have no material impact on the Group's consolidated financial statements.

In December 2011 the IASB issued an amendment to IAS 32 "Financial Instruments: Presentation" which clarifies the requirements for offsetting financial assets and financial liabilities to eliminate existing inconsistencies in current practice. The amendment is compulsory for fiscal years beginning on or after January 01, 2014 and shall be applied retrospectively; the option of an earlier adoption has not been used by ThyssenKrupp. Currently, Management does not expect the adoption of the amendment to have a material impact on the Group's consolidated financial statements.

In June 2012 the IASB issued "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance" Amendments to IFRS 10, IFRS 11 and IFRS 12. The amendments clarify the transition guidance and provides transition reliefs for the before mentioned Standards. Such as IFRS 10, IFRS 11 and IFRS 12, the amendments are effective for fiscal years beginning on or after January 01, 2013. In the context of the endorsement, the IASB defers the mandatory effective date to fiscal years beginning on or after January 01, 2014; the option of an earlier adoption has not been used by ThyssenKrupp.

In October 2012 the IASB issued "Investment Entities" as amendments to IFRS 10, IFRS 12 and IAS 27 regarding the accounting of investment entities. The amendments define investment entities and provide an exception to the general consolidation requirements of subsidiaries in IFRS 10; instead of consolidating those subsidiaries are measured at fair value through profit or loss. In addition the amendments set out disclosure requirements for investment entities. The amendments are effective for fiscal years beginning on or after January 01, 2014, the option of an earlier adoption has not been used by ThyssenKrupp. Currently, Management does not expect the amendments to have any relevance for the Group's consolidated financial statements.

In May 2013 the IASB issued IFRIC 21 "Levies", an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". The interpretation determines the accounting for levies imposed by governments, other than income taxes according to IAS 12, and clarifies in particular when an entity should recognize a liability to pay a levy. The interpretation is effective for fiscal years beginning on or after January 01, 2014, the option of an earlier adoption has not been used by ThyssenKrupp. Currently, Management does not expect the interpretation to have a material impact on the Group's consolidated financial statements.

In May 2013 the IASB issued "Recoverable Amount for Disclosures for Non-Financial Assets (Amendments to IAS 36)" that address changes of the disclosure requirements of IAS 36. The amendments realize the IASB's original intention that the scope of the disclosures is limited to the recoverable amount of non-financial assets for which an impairment loss has been recognized or reversed during the period if that amount is based on fair value less costs of disposal. In addition the disclosure requirements have been amended when the recoverable amount is based on fair value less costs of disposal. The amendments are effective retrospectively for fiscal years beginning on or after January 01, 2014, the option of an earlier adoption has not been used by ThyssenKrupp. Currently, Management does not expect the amendments to have a material impact on the Group's consolidated financial statements.

In June 2013 the IASB issued "Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)" that amends IAS 39 Financial Instruments. The amendments allow hedge accounting to continue in a situation where a derivative, which has been designed as a hedging instrument, is novated to effect clearing with a central counterparty as a result of law or regulation, if specific conditions are met. The amendments are effective retrospectively for fiscal years beginning on or after January 01, 2014, the option of an earlier adoption has not been used by ThyssenKrupp. Currently, Management does not expect the amendments to have a material impact on the Group's consolidated financial statements.

In November 2013 the IASB issued narrow-scope amendments to IAS 19 “Employee Benefits“ titled “Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)“. The amendments are applicable to recognizing contributions of employees or third parties to defined benefit plans. Hereby it will be allowed to recognize employees’ or third parties’ contributions as a reduction of current service costs in the period in which the corresponding servicing has been rendered if the contributions are independent of the number of years of employee service. The amendments to IAS 19 are to be applied for fiscal years beginning on or after July 01, 2014; earlier application is permitted. The EU has not yet endorsed the amendments. Currently, Management does not expect the amendments – if endorsed by the EU in the current version – to have a material impact on the Group’s consolidated financial statements.

In December 2013 the IASB issued the annual improvements for the 2010 to 2012 cycle and for the current 2011 to 2013 cycle as part of its annual improvement process project. In the context of the 2010 to 2012 cycle clarifications and smaller amendments of seven standards were published: IFRS 2 “Share-based Payment“, IFRS 3 “Business Combinations“, IFRS 8 “Operating Segments“, IFRS 13 “Fair Value Measurement“, IAS 16 “Property, Plant and Equipment“, IAS 24 “Related Party Disclosures“ and IAS 38 “Intangible Assets“. In the context of the 2011 to 2013 cycle clarifications and smaller amendments of four standards were published: IFRS 1 “First-time Adoption of IFRS”, IFRS 3 “Business Combinations“, IFRS 13 “Fair Value Measurement“ and IAS 40 “Investment Property“. The amendments are effective for fiscal years beginning on or after July 01, 2014; earlier application is permitted. The EU has not yet endorsed the amendments. Currently, Management does not expect the amendments – if endorsed by the EU in the current version – to have a material impact on the Group’s consolidated financial statements.

In May 2014 the IASB issued amendments to IFRS 11 “Joint Arrangements” clarifying that both the initial and subsequent acquisition of interests in a joint operation that constitutes a business must be accounted for in line with the principles of IFRS 3 “Business Combinations” except where these principles conflict with the guidance in IFRS 11. In addition, the disclosure requirements of IFRS 3 must be met. The amendments are to be applied for fiscal years beginning on or after January 01, 2016; earlier application is permitted. The EU has not yet endorsed the amendments. Currently, Management does not expect the amendments – if endorsed by the EU in the current version – to have a material impact on the Group’s consolidated financial statements.

In May 2014 the IASB issued amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets” providing additional guidelines for determining an acceptable method of depreciation or amortization. The amendments clarify that revenue-based methods are not appropriate for calculating the depreciation of property, plant and equipment and are only appropriate in limited circumstances for calculating the amortization of intangible assets. The amendments are to be applied for fiscal years beginning on or after January 01, 2016; earlier application is permitted. The EU has not yet endorsed the amendments. Currently, Management does not expect the amendments – if endorsed by the EU in the current version – to have a material impact on the Group’s consolidated financial statements.

In May 2014 the IASB issued the new standard IFRS 15 “Revenue from Contracts with Customers”. The purpose of the new standard on revenue recognition is to bring together the large number of existing guidelines contained in various standards and interpretations. At the same time it establishes uniform core principles to be applied to all industries and all types of revenue transactions. A 5-step model is used to determine at which point in time or over which period of time revenues are to be recognized and in what amount. The standard also includes further detailed guidance and extended disclosure requirements. The new standard has to be applied for fiscal years beginning on or after January 01, 2017. In general it must be applied retrospectively, but various transition options are allowed; earlier application is permitted. The EU has not yet endorsed the standard. Currently, Management is not able to finally assess what impact adoption of the standard will have – if endorsed by the EU in the current version.

In September 2014 the IASB issued amendments to IFRS 10 “Consolidated Financial Statements“ and IAS 28 “Investments in Associates and Joint Ventures (2011)“. The amendments address a well-known inconsistency between the two standards regarding the accounting of the sale or contribution of assets between an investor and its associate or joint venture. When a transaction involves a business in accordance with IFRS 3, a full gain or loss has to be recognized by the investor, when the transaction involves assets that do not constitute a business, only a partial gain or loss has to be recognized. The amendments are to be applied for fiscal years beginning on or after January 01, 2016; earlier application is permitted. The EU has not yet endorsed the amendments. Currently, Management does not expect the amendments – if endorsed by the EU in the current version – to have a material impact on the Group’s consolidated financial statements.

In September 2014 the IASB issued the annual improvements for the 2012 to 2014 cycle. In the context amendments of four standards were published: IFRS 5 “Non-current Assets held for Sale and Discontinued Operations”, IFRS 7 “Financial Instruments: Disclosures“, IAS 19 “Employee Benefits“ and IAS 34“ Interim Financial Reporting“. The amendments are effective for fiscal years beginning on or after January 01, 2016 and has to be applied prospectively or retrospectively depending on the respective amendment; earlier application is permitted. The EU has not yet endorsed the amendments. Currently, Management does not expect the amendments – if endorsed by the EU in the current version – to have a material impact on the Group’s consolidated financial statements.

02 Acquisitions and disposals

Year ended September 30, 2014

In connection with the necessary refinancing of Outokumpu (OTK), ThyssenKrupp AG signed a contract with OTK on November 29, 2013 which provides among other things for the transfer of 100% of the shares in VDM and AST and other smaller stainless steel service center activities to ThyssenKrupp. This transfer was completed on February 28, 2014. The VDM group is headquartered in Germany and produces high-performance materials used among other areas in the aerospace and energy generation sectors. The Italian-based AST group produces stainless steel. The transfer also included the Italian service centers as well as other stainless steel service centers in Willich (Germany), Tours (France), Barcelona (Spain) and Gebze (Turkey). In addition to the company shares, financial receivables of €303 million owed to OTK by the VDM and AST groups were also acquired.

The new companies are being integrated in the Materials Services business area so as to achieve maximum benefit from the market presence of the existing distribution network. The business models and plans of VDM and AST have been analyzed over the past few months. For AST, a comprehensive new business plan has been developed which provides for an intensification and restructuring of sales of cold-rolled products as well as extensive restructuring measures in production and administration with a significant reduction in personnel. The details will be the subject of intensive negotiations with the stakeholders in the coming months. At VDM the focus is now on intensifying and supporting the identified restructuring programs and growth initiatives.

The purchase price was €953 million at the closing and was settled by transferring from ThyssenKrupp to OTK the financial receivable created as part of the sale of Inoxum. The financial receivable was stated at €969 million as of December 31, 2013 and was written down by €16 million to match the purchase price in the 2nd quarter ended March 31, 2014. Under the contractually stipulated adjustment mechanisms, OTK made a €41 million compensation payment in the 3rd quarter which was recognized in equity as a post-closing purchase price adjustment.

As of February 28, 2014, the purchase price allocation was made as set out in the table below. Compared to the preliminary amounts as of the acquisition date, deviations occurred regarding intangible assets, property, plant and equipment, current provisions and deferred taxes. In total, the consideration transferred is €34 million below the market value; this amount is recognized as a profit within other income. At the time of sale by OTK, required by a condition imposed by the EU, there was a need for comprehensive restructurings regarding the sales object, but the criteria for the recognition of restructuring provisions were not met at that time.

Acquisition of VDM /AST group

million €	
Goodwill	0
Other intangible assets	48
Property, plant and equipment	572
Investment property	12
Investments accounted for using the equity method	8
Other financial assets	1
Other non-financial assets	10
Deferred tax assets	67
Inventories	839
Trade accounts receivable	410
Other current financial assets	35
Other current non-financial assets	47
Current income tax assets	5
Cash and cash equivalents	10
Total assets acquired	2,064
Accrued pension and similar obligations	132
Other non-current provisions	20
Deferred tax liabilities	52
Non-current financial debt	17
Other non-current non-financial liabilities	1
Other current provisions	42
Current income tax liablilities	6
Current financial debt	310
Trade accounts payable	671
Other current financial liabilities	114
Other current non-financial liabilities	55
Total liabilities assumed	1,420
Net assets acquired	644
Non-controlling interest	1
(Gain) resulting from the acquisition	34
Purchase prices *	609
thereof: paid in cash and cash equivalents	0

* without purchase price for financial receivables.

Since the new acquired companies joined the ThyssenKrupp Group effective as of February 28, 2014, they generated sales of approx. €1.7 billion and a loss before taxes of €55 million, which are included in the consolidated income statement of the year ended September 30, 2014. If the acquisition had taken place on October 01, 2013, the companies of VDM, AST and the new service centers would have contributed sales of approx. €3.0 billion and losses before taxes of approx. €124 million to the Group's consolidated statement of income.

Furthermore in the year ended September 30, 2014, the Group acquired additional smaller companies that are, on an individual basis, immaterial. Based on the values as of the acquisition date, these acquisitions affected in total the Group's consolidated financial statements as presented below:

Acquisitions year ended Sept. 30, 2014

million €	Year ended Sept. 30, 2014
Goodwill	7
Other intangible assets	6
Inventories	1
Trade accounts receivable	1
Cash and cash equivalents	1
Total assets acquired	16
Trade accounts payable	1
Other current financial liabilities	2
Other current non-financial liabilities	1
Total liabilities assumed	4
Net assets acquired	12
Non-controlling interest	0
Purchase prices	12
thereof: paid in cash and cash equivalents	8

The disposal of the Steel Americas business area was initiated as of September 30, 2012 as part of the Strategic Way Forward; as a result to the change in the disposal plan as of September 30, 2013, only ThyssenKrupp Steel USA met the requirements for presentation as a disposal group. The sale of ThyssenKrupp Steel USA to a consortium of ArcelorMittal and Nippon Steel & Sumitomo Metal Corporation was closed on February 26, 2014. Overall, this disposal, the exit of the non-operating US subsidiary The Budd Company under Chapter 11 proceedings at the end of March 2014 as well as further smaller disposals had the following impact on the consolidated financial statements on the basis of the values as of the respective disposal date:

Disposals year ended Sept. 30, 2014

million €	Year ended Sept. 30, 2014
Other intangible assets	10
Property, plant and equipment	822
Other non-current financial assets	1
Deferred tax assets	258
Inventories	338
Trade accounts receivable	238
Other current non-financial assets	12
Cash and cash equivalents	373
Total assets disposed of	2,052
Accrued pension and similar obligations	711
Other non-current provisions	6
Non-current financial debt	2
Other current provisions	20
Current financial debt	1
Trade accounts payable	113
Other current financial liabilities	8
Other current non-financial liabilities	117
Total liabilities disposed of	978
Net assets disposed of	1,074
Cumulative other comprehensive income	(66)
Non-controlling interest	0
Gain/(loss) resulting from the disposals	305
Selling prices	1,313
thereof: received in cash and cash equivalents	1,269

Year ended September 30, 2013

In the year ended September 30, 2013 the Group acquired companies that are, on an individual basis, immaterial. Based on the values as of the acquisition date, these acquisitions affected in total the Group’s consolidated financial statements as presented below:

Acquisitions year ended Sept. 30, 2013

million €	Year ended Sept. 30, 2013
Goodwill	43
Other intangible assets	38
Property, plant and equipment	3
Investments accounted for using the equity method	(5)
Deferred tax assets	1
Inventories	13
Trade accounts receivable	8
Other current non-financial assets	3
Cash and cash equivalents	7
Total assets acquired	111
Accrued pension and similar obligations	1
Deferred tax liabilities	7
Non-current financial debt	1
Other current provisions	7
Trade accounts payable	2
Other current financial liabilities	2
Other current non-financial liabilities	10
Total liabilities assumed	30
Net assets acquired	81
Non-controlling interest	0
Purchase prices	81
thereof: paid in cash and cash equivalents	62

After the disposal of the Stainless Global business area had been initiated as part of the strategic development program as of September 30, 2011, the transaction was completed with the combination with the Finnish company OTK on December 28, 2012. In addition, as part of the portfolio optimization, the ThyssenKrupp Tailored Blanks group excluding the Chinese operations in the Steel Europe business area was sold in fiscal year 2012/2013. The ThyssenKrupp Tailored Blanks group was classified as a disposal group as of September 30, 2012 because the disposal had been initiated; the disposal, excluding the Chinese operations, was completed at the end of July 2013. These two disposals as well as further smaller disposals that were, on an individual basis, immaterial, affected in total the Group's consolidated financial statements as presented below based on the values as of the disposal date:

Disposals year ended Sept. 30, 2013

million €	Year ended Sept. 30, 2013
Goodwill	9
Other intangible assets	30
Property, plant and equipment	1,911
Investment property	12
Investments accounted for using the equity method	22
Other non-current financial assets	2
Other non-current non-financial assets	29
Deferred tax assets	90
Inventories	1,850
Trade accounts receivable	655
Other current financial assets	62
Other current non-financial assets	97
Current income tax assets	19
Cash and cash equivalents	168
Total assets disposed of	4,956
Accrued pension and similar obligations	361
Provisions for other non-current employee benefits	26
Other non-current provisions	106
Deferred tax liabilities	93
Non-current financial debt	39
Other non-current financial liabilities	76
Other non-current non-financial liabilities	1
Provisions for current employee benefits	4
Other current provisions	64
Current income tax liablilities	6
Current financial debt	153
Trade accounts payable	1,282
Other current financial liabilities	2,346
Other current non-financial liabilities	134
Total liabilities disposed of	4,691
Net assets disposed of	265
Cumulative other comprehensive income	1
Non-controlling interest	(57)
Gain/(loss) resulting from the disposals	265
Selling prices	474
thereof: received in cash and cash equivalents	250

03 Discontinued operations and disposal groups

As part of the portfolio optimization program and the concept for the further strategic development the Group has initiated the sale of several businesses. With the exception of the Stainless Global business area these transactions have not met the requirements of IFRS 5 for a presentation as a discontinued operation. Therefore, revenues and expenses will continue to be presented as income from continuing operations until the date of the disposal. For entities for which the disposal has not been completed as of September 30 of the respective fiscal year, the assets and liabilities of the disposal groups and of the discontinued operations have been disclosed separately in the consolidated balance sheet as of September 30 of this fiscal year as “assets held for sale” and “liabilities associated with assets held for sale”.

The Stainless Global business area met the criteria for presentation as a discontinued operation from September 30, 2011 until completion of the combination with the Finnish company OTK on December 28, 2012. Therefore, for the Stainless Global business area all income and expenses for the prior year and all income and expenses for the reporting period until December 28, 2012 as well as income and expenses incurred after the disposal but directly related to the disposal of Stainless Global are presented separately in the consolidated statement of income in the line item "Discontinued operations (net of tax)".

Disposal groups as of September 30, 2014

In September 2012 the disposal of the ThyssenKrupp Tailored Blanks group has been initiated in the Steel Europe business area. Tailored Blanks is supplier of body systems to the auto industry which produces tailored steel blanks. After the approval has been given by the responsible regulatory authorities, with the exemption of the Changchun companies the sale to the Chinese steel producer Wuhan Iron and Steel Corporation (WISCO) was completed as of July 31, 2013.

The assets and liabilities of the Changchun companies in China which are still part of the disposal group as of September 30, 2014 are presented in the following table:

Disposal group Tailored Blanks China

million €	Sept. 30, 2014
Property, plant and equipment	9
Inventories	6
Trade accounts receivable	12
Other current financial assets	4
Other current non-financial assets	1
Cash and cash equivalents	10
Assets held for sale	42
Current income tax liabilities	1
Trade accounts payable	9
Other current non-financial liabilities	1
Liabilities associated with assets held for sale	11

In September 2012 the disposal of the Berco group had been initiated in the Components Technology business area. In the context of the initiated disposal an impairment loss of €4 million on intangible assets and of €131 million on property, plant and equipment was recognized in cost of sales in the 4th quarter of 2011/2012 resulting from the write-down of the assets to fair value less costs to sell. At the same time a deferred tax asset of €1 million was recognized. As a result of unforeseen restructuring requirements, which could only be implemented with the cooperation of employee and government representatives, the one-year period required by IFRS 5 extended beyond September 30, 2013 without disadvantage to existing sale opportunities. As a result of a sharp drop in demand of unforeseen proportions from key customers in the mining and construction equipment sectors, a sale at an appropriate value can no longer be expected in the near future. For this reason, effective March 31, 2014 the assets and liabilities of the Berco group are no longer reported as a disposal group, i.e. as of September 30, 2014 they are no longer contained in the line items “Assets held for sale” or “Liabilities associated with assets held for sale”, but are once again allocated to the respective balance sheet items.

Following the reclassification of the Berco group as of March 31, 2014, the €6 million depreciation not charged since October 01, 2012 due to classification as a disposal group has to be caught up; of this, €4 million relates to the year ended September 30, 2013 and €2 million to the 1st half year ended March 31, 2014.

In the Steel Americas business area the change to the plan of sale as of September 30, 2013 meant that instead of the entire business area classifying as a discontinued operation / disposal group, only the ThyssenKrupp Steel USA portion met the criteria for presentation as a disposal group.

The ThyssenKrupp Steel USA disposal group comprised the ThyssenKrupp Steel USA rolling and coating plant in Calvert/Alabama; it was classified as such for the last time as of December 31, 2013. On November 29, 2013 ThyssenKrupp signed a contract with a consortium of ArcelorMittal and Nippon Steel & Sumitomo Metal Corporation on the sale of the disposal group. At the beginning of February 2014 the approval of the relevant regulatory authorities had been received. On completion of the transaction on February 26, 2014, ThyssenKrupp received a purchase price of US$1.55 billion; added to this came preliminary purchase price adjustments, in particular for increased net working capital. At the same time a valuable slab supply contract was agreed under which the consortium will purchase 2 million tons of slabs a year from ThyssenKrupp CSA until 2019. The sale resulted in a gain on disposal before taxes of €141 million.

Disposal groups as of September 30, 2013

In September 2012 the disposal of the ThyssenKrupp Tailored Blanks group has been initiated in the Steel Europe business area. Tailored Blanks is supplier of body systems to the auto industry which produces tailored steel blanks. After the approval has been given the responsible regulatory authorities, with the exemption of the Chinese activities the sale to the Chinese steel producer Wuhan Iron and Steel Corporation (WISCO) was completed as of July 31, 2013. The Chinese activities were still subject to approval by the local authorities. The completion was expected in December 2013. The assets and liabilities of the Chinese activities which were part of the disposal group as of September 30, 2013 are presented in the following table:

Disposal group Tailored Blanks China

million €	Sept. 30, 2013
Property, plant and equipment	8
Inventories	5
Trade accounts receivable	8
Other current non-financial assets	1
Cash and cash equivalents	4
Assets held for sale	26
Trade accounts payable	2
Liabilities associated with assets held for sale	2

In addition in September 2012 the disposal of the Berco group has been initiated in the Components Technology business area. Berco is a leading global supplier of undercarriages, based mainly on forged components, for the construction machinery sector and offers a broad range of parts and services for both OEMs and the aftermarket. Its products are used in machinery from large mining equipment to mini excavators. In the context of the initiated disposal an impairment loss of €4 million on intangible assets and of €131 million on property, plant and equipment was recognized in cost of sales in the 4th quarter of 2011/2012 resulting from the write-down of the assets to fair value less costs to sell. At the same time a deferred tax asset of €1 million was recognized. As a result of unforeseen restructuring requirements, which could only be implemented with the cooperation of employee and government representatives, the one-year period required by IFRS 5 extended beyond September 30, 2013 without disadvantage to existing sale opportunities. The assets and liabilities of the disposal group as of September 30, 2013 are presented in the following table:

Disposal group Berco group

million €	Sept. 30, 2013
Other intangible assets	2
Property, plant and equipment*	33
Deferred assets	14
Inventories	193
Trade accounts receivable	47
Other current financial assets	1
Other current non-financial assets	23
Current income tax assets	1
Cash and cash equivalents	4
Assets held for sale*	318
Accrued pension and similar obligations	29
Other non-current provisions	1
Other current provisions	19
Current financial debt	1
Trade accounts payable	82
Other current financial liabilities	2
Other current non-financial liabilities	44
Liabilities associated with assets held for sale	178

* Figures have been adjusted due to the catch-up of depreciation.

As of September 30, 2012 the entire Steel Americas business area was classified as a discontinued operation and disposal group, respectively. Due to the change to the plan of sale, as of September 30, 2013 only the ThyssenKrupp Steel USA portion met the conditions for presentation as a disposal group. The ThyssenKrupp Steel USA disposal group comprised the ThyssenKrupp Steel USA rolling and coating plant in Calvert/Alabama.

In connection with the initiated sale, measurement at fair value less costs to sell resulted as of September 30, 2013 in impairment losses of €2 million on intangible assets and €335 million on property, plant and equipment, which were reported in the amount of €328 million in cost of sales, €3 million in selling expenses, and €6 million in general and administrative expenses of the year end September 30, 2013. As a result of circumstances beyond the company's control, the one-year period required by IFRS 5 extended beyond September 30, 2013 without disadvantage to existing sale opportunities. The assets and liabilities of the disposal group as of September 30, 2013 are shown in the following table:

Disposal group Thyssen Krupp Steel USA

million €	Sept. 30, 2013
Other intangible assets	7
Property, plant and equipment	811
Inventories	251
Trade accounts receivable	118
Other current financial assets	1
Other current non-financial assets	3
Cash and cash equivalents	8
Assets held for sale	1,199
Non-current financial debt	2
Current financial debt	2
Trade accounts payable	22
Other current financial liabilities	17
Other current non-financial liabilities	42
Liabilities associated with assets held for sale	85

The necessary adjustments to the change to the plan of sale had the following impacts on income/(loss) of the year ended September 30, 2013:

Pre-tax income/(loss) impacts of the changed plan of sale

million €	Year ended Sept. 30, 2013
Elimination of total impairment in accordance with IFRS 5 as of March 30, 2013	683
Impairment in accordance with IFRS 5 of TKS USA in 2012/2013	(337)
Catch up of amortization and depreciation of TK CSA in 2012/2013	(136)
Impairment in accordance with IFRS 5/IAS 36 of TK CSA as of Sept. 30, 2013	(249)

For an explanation of the impairment losses in accordance with IFRS 5/IAS 36 in connection with the ThyssenKrupp CSA reclassification, see Note 05.

As of November 29, 2013, ThyssenKrupp entered into an agreement with a consortium of ArcelorMittal and Nippon Steel & Sumitomo Metal Corporation on the sale of the disposal group. The closing was subject to the approval of the competent regulatory authorities. In this context it was contractually agreed that the consortium will purchase 2 million metric tons of slabs per year from ThyssenKrupp CSA up to 2019.

In the meantime the disposal has been consummated.

Discontinued operation Stainless Global business area

As of September 2011 as part of its program for the further strategic development, the corporate, organizational and contractual conditions for creating a separate Stainless Global and consequently the conditions for the presentation as a discontinued operation were established.

In the context with the initiated disposal, as of September 30, 2011 the measurement of discontinued operations at fair value less cost to sell based on internal calculations and market observations resulted in an impairment loss of €510 million. Thereof, €45 million applied to goodwill and the remaining impairment loss was allocated to property, plant and equipment. The expense is recognized in income/(loss) of discontinued operations of the year ended September 30, 2011.

On January 31, 2012, the agreement to combine the Finnish stainless steel producer OTK and Stainless Global was signed. The EU Commission approved the combination in November 2012. Based on the contract with OTK about the intented sale, in 2011/2012 the measurement resulted in an additional impairment loss of €400 million that was allocated to property, plant and equipment. The expense is recognized in income/(loss) of discontinued operations of the year ended September 30, 2012.

Furthermore, due to the shut down of the Krefeld melt shop by the end of 2013, an impairment loss of €42 million on property, plant and equipment was recognized in income/(loss) of discontinued operations of the year ended September 30, 2012. In May 2012, Stainless Global agreed with the relevant works council on a social plan in connection with the consolidation measures regarding the relocation of the Düsseldorf-Benrath facility and the connected personnel reduction. The social plan includes early retirement models and compensations for employees leaving Stainless Global. Further, it includes compensations for employees being relocated. The social plan will apply accordingly to the planned closure of the Krefeld melt shop in the event the transaction is completed. As of September 30, 2012 the overall costs in connection with that social plan have been recognized as a restructuring provision of €58 million in the aggregate for Düsseldorf-Benrath and Krefeld.

On December 28, 2012 the combination of the Stainless Global business area with the Finnish company OTK was completed. In this context ThyssenKrupp received €1 billion in cash from OTK for receivables owed by the contributed Inoxum companies. In addition OTK took on the external net financial debt and pension obligations. ThyssenKrupp holds a share of 29.9% in OTK and a financial receivable outstanding against OTK with a former value of €969 million and an original maximum term of 9 years. Under the purchase agreement, this financial receivable could be adjusted by a maximum of €200 million in the event of negative financial consequences arising for OTK from conditions imposed under merger control law.

In the context of the necessary refinancing of OTK ThyssenKrupp AG signed a contract with OTK on November 29, 2013 transferring 100% of the shares of VDM and AST and of other smaller activities in the stainless steel service center sector to ThyssenKrupp. In exchange, the contract provided for the transfer from ThyssenKrupp to OTK of the financial receivable created in connection with the Inoxum sale. As a consequence of the transaction the obligation to offset any negative financial consequences for OTK under merger control requirements in connection with the sale of Inoxum to OTK up to the amount of €200 million was omitted.

To meet the requirements of the EU Commission ThyssenKrupp AG will fully divest its 29.9% interest in OTK and all financial links with OTK Group will be ended. With the clearance by the EU Commission on February 12, 2014, the approval of almost all the regulatory authorities for the transaction has been received. The closing took place on February 28, 2014, and after a write-down of €16 million ThyssenKrupp's financial receivable from OTK from the Inoxum transaction was transferred to OTK with a fair value of €953 million.

The results of the Stainless Global business area that classified as a discontinued operation until December 28, 2012 are presented in the following table. In addition the table includes income and expense incurred after the disposal but directly related to the disposal of Stainless Global. In the year ended September 30, 2014, this mainly reflects the income from the reversal of provisions after there was no longer an obligation to offset any negative financial consequences for OTK under merger control requirements. In the year ended September 30, 2013, these items resulted in a net expense of €6 million and mainly comprised transaction-related interest income, transaction costs and expenses for staff transfers.

Discontinued operation Stainless Global

million €	Year ended Sept. 30, 2012	Year ended Sept. 30, 2013
Net sales	1,268	0
Other income	18	0
Expenses	(1,375)	186
Ordinary income/(loss) from discontinued operations (before taxes)	(89)	186
Income tax (expense)/income	(4)	0
Ordinary income/(loss) from discontinued operations (net of tax)	(93)	186
Gain/(loss) recognized on measurement adjustments of discontinued operations (before taxes)	146	0
Income tax (expense)/income	—	—
Gain/(loss) recognized on measurement adjustments of discontinued operations (net of tax)	146	0
Discontinued operations (net of tax)	53	186
thereof:		
ThyssenKrupp AG's stockholders	54	186
Non-controlling interest	(1)	0

The 29.9% shareholding in OTK obtained after the disposal of the Stainless Global business area was accounted for in the consolidated financial statements according to the equity method. As of December 31, 2012 this shareholding was initially reported with a value of €491 million, based on the share price at the time of the transaction (€0.79) multiplied by the number of OTK shares received. The fair value of the acquired shares at the time of the transaction was determined in a purchase price allocation and finalized as of November 29, 2013. Adjusted for the share in OTK's losses and effects from the purchase price allocation, the carrying amount of the investment as of November 29, 2013 was €253 million. As of September 30, 2013, the carrying amount of the investment was €305 million.

In connection with the negotiations with OTK, an agreement was reached on November 29, 2013 to sell the 29.9% share in OTK to fulfill the EU Commission conditions. This means that as of the same date the investment in OTK meets the criteria for classification as an asset held for sale. The impairment test carried out immediately before classification as an asset held for sale resulted in an impairment loss of €17 million on November 29, 2013 because the recoverable amount of €236 million, based on the quoted market price for one OTK share of €0.38 on November 29, 2013, was lower than the carrying amount of the investment of €253 million. The fair value less cost to sell of the OTK shareholding at December 31, 2013 came to €255 million based on the OTK share price of €0.41 on the balance sheet date. As this fair value was higher than the carrying amount of €253 million immediately before classification as an asset held for sale, the impairment loss of €17 million recognized on November 29, 2013 had to be reversed. Compared with the carrying amount of €305 milion as of September 30, 2013 the carrying value of the investment was therefore €52 million lower.

Furthermore in connection with the agreement a share derivative liability in the amount of €224 million was recognized for the first time as of December 31, 2013, resulting from the fact that the purchase price for the investment in OTK is contractually fixed at €0.05 per share. Taking into account the earnings impact of €52 million resulting from the reduction of the carrying amount of the investment, the total charge to financial income/(expense), net was €276 million. Furthermore in connection with the contract a share derivative liability in the amount of €224 million was recognized for the first time as of December 31, 2013, resulting from the fact that the purchase price for the investment in OTK was contractually fixed at €0.05 per share. Taking into account the earnings impact of €52 million resulting from the reduction of the carrying amount of the investment, the total charge to financial income/(expense), net was €276 million in the 1st quarter 2013/2014. In connection with the disposal of the investment on February 28, 2014, the share derivative was derecognized and income of €2 million recognized, reflecting the fact that due to the €253 million limit on the reversal of impairment losses a write-up to fair value less cost to sell of €255 million was not possible as of December 31, 2013. This was partially offset by expense of €13 million from the recycling of the foreign currency translation adjustment previously recognized as equity in other comprehensive income.

Notes to the consolidated statement of financial position

04 Intangible assets

Changes in the Group's intangible assets were as follows:

Changes in intangible assets

million €	Franchises, trademarks and similar rights and values as well as licenses thereto	Development costs, internally developed software and website	Goodwill	Total
Gross amounts				
Balance as of Sept. 30, 2012	1,363	578	4,169	6,110
Currency differences	(27)	(4)	(111)	(142)
Acquisitions/divestitures of businesses	31	0	4	35
Additions	47	19	12	78
Transfers	14	1	0	15
Disposals	(14)	(13)	0	(27)
Reclassification due to the presentation as assets held for sale	20	0	0	20
Balance as of Sept. 30, 2013	1,434	581	4,074	6,089
Currency differences	25	5	100	130
Acquisitions/divestitures of businesses	90	18	6	114
Additions	50	18	1	69
Transfers	19	16	0	35
Disposals	(13)	(7)	0	(20)
Reclassification due to the presentation as assets held for sale	12	0	0	12
Balance as of Sept. 30, 2014	1,617	631	4,181	6,429
Accumulated amortization and impairment losses				
Balance as of Sept. 30, 2012	843	357	619	1,819
Currency differences	(20)	(2)	(18)	(40)
Acquisitions/divestitures of businesses	3	0	(20)	(17)
Amortization expense	80	44	0	124
Impairment losses	7	3	0	10
Reversals of impairment losses	0	(1)	-	(1)
Transfers	2	(1)	0	1
Disposals	(10)	(12)	0	(22)
Reclassification due to the presentation as assets held for sale	9	0	0	9
Balance as of Sept. 30, 2013	914	388	581	1,883
Currency differences	18	4	23	45
Acquisitions/divestitures of businesses	55	4	3	62
Amortization expense	85	41	0	126
Impairment losses	3	3	0	6
Reversals of impairment losses	0	0	-	0
Transfers	7	0	0	7
Disposals	(11)	(7)	0	(18)
Reclassification due to the presentation as assets held for sale	10	0	0	10
Balance as of Sept. 30, 2014	1,081	433	607	2,121
Net amounts				
as of Sept. 30, 2012	520	221	3,550	4,291
as of Sept. 30, 2013	520	193	3,493	4,206
as of Sept. 30, 2014	536	198	3,574	4,308

Impairment of goodwill

Goodwill impairment losses are included in other expenses.

Impairment of other intangible assets

Impairment losses of intangible assets other than goodwill are included in cost of sales.

Goodwill

Goodwill (excluding goodwill of equity method investments) has been allocated to cash generating units within all business areas. The recoverable amount of each cash generating unit is determined based on a value in use calculation using after-tax cash flow projections based on bottom-up prepared financial budgets approved by ThyssenKrupp AG's management covering a four-year period. The budgeted last year is generally used to determine the cash flows beyond the budgeted period and modified to calculate the perpetuity having regard to additional assumptions. A business specific, sustained growth rate is taken into account to extrapolate the budgeted last year; as a rule this growth rate amounts to 1.5%. The weighted average cost of capital discount rate is based on a risk-free interest rate of 2.0% and a market risk premium of 6.0%. Moreover for each CGU an individual beta derived from the relevant peer group, a debt capital spread and an individual capital structure is used. In addition CGU specific tax rates and country risk premiums are used. To discount cash flows initially after-tax discount rates are applied. Subsequently the pre-tax discount rates are derived from these after-tax discount rates based on an iterative calculation as follows:

Pre tax discount rates

	Ranges	
%	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Components Technology	12.3 - 16.1	9.6 - 12.4
Elevator Technology	10.3 - 15.8	8.5 - 12.8
Industrial Solutions	10.5 - 14.4	8.1 - 14.0
Materials Services	8.8 - 13.9	7.6 - 12.8
Steel Europe	12.1	11.0
Corporate	13.2	10.9

The values in use for the CGUs are determined based on both historical data and expected forecast market performance. The values assigned to the key assumptions are generally consistent with external information sources.

25 CGUs were identified in the ThyssenKrupp Group, of which 18 report goodwill. Total goodwill amounts to €3,574 million as of September 30, 2014. 67% of this goodwill relates to the CGUs Steel Europe, Americas, Process Technologies and Marine Systems, as shown in the following table:

Significant goodwill

CGU (Business Area)	Carrying amount of goodwill allocated to CGU (million €)	Proportion of total goodwill (in %)	Pre-tax discount rate (in %)	Growth rate (in %)	Description of key assumptions of budgeting	Procedure used to determine key assumptions
Steel Europe (Steel Europe)	299	8%	11.0%	1.5%	- Selling prices - Procurement prices - Production and sales volumes - Business cycles	Internal estimates of sales and purchasing departments concerned and consideration of economic assumptions set by ThyssenKrupp AG and external market studies
Americas (Elevator Technology)	899	25%	9.5%	1.5%	- Procurement prices - Exchange rates and interest rates	Consideration of economic assumptions set by ThyssenKrupp AG and external market studies
Process Technologies (Industrial Solutions)	256	7%	12.9%	1.5%	- Market growth rates - Business cycles	Consideration of economic assumptions set by ThyssenKrupp AG and external market studies as well as deduction of future demand and propensity to invest from the current development of end-product prices
Marine Systems (Industrial Solutions)	947	26%	8.1%	1.5%	- Market growth rates	Consideration of long-term budget plans of potential customers and if appropriate concrete negotiations with customers, tightened competitive situation and at the same time decreased budgets of the customer countries

For none of the CGUs a goodwill impairment resulted from the annual impairment test because the recoverable amount of all CGUs was higher than the respective carrying amount. The recoverable amount of the CGU Metals Services exceeded the carrying amount of the respective CGU by less than 10%.

Critical goodwill

CGU (Business Area)	Carrying amount of goodwill allocated to CGU (million €)	Carrying amount of CGU (million €)	Recoverable amount of CGU (million €)	Discount rate (in %)	Description of key assumptions of budgeting	Procedure used to determine key assumptions
Metals Services (Materials Services)	141	1,975	2,089	12.8%	- Selling prices - Procurement prices - Market growth rates - Business cycles	Consideration of expected economic development with the help of the expected business perspective of ThyssenKrupp AG

A one-percentage-point increase in the discount rate would result in a goodwill impairment in the Metals Services CGU of €51 million.

The change in the carrying amount of goodwill (excluding goodwill of investments accounted for using the equity method) is as follows:

Net amounts of goodwill

million €	Components Technology	Elevator Technology	Industrial Solutions	Materials Services	Steel Europe	Steel Americas	Corporate	Stainless Global	Total*
Balance as of Sept. 30, 2012	242	1,376	1,281	327	305	0	19	0	3,550
Currency differences	(7)	(56)	(15)	(14)	(2)	0	0	(1)	(95)
Acquisitions/(divestitures)	0	22	8	(1)	(4)	0	0	1	26
Additions	0	9	0	3	0	0	0	0	12
Reclassification due to the presentation as assets held for sale	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
Balance as of Sept. 30, 2013	235	1,351	1,274	315	299	0	19	0	3,493
Currency differences	3	68	3	4	0	0	0	0	78
Acquisitions/(divestitures)	0	2	0	0	0	0	0	0	2
Additions	0	1	0	0	0	0	0	0	1
Reclassification due to the presentation as assets held for sale	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
Balance as of Sept. 30, 2014	238	1,422	1,277	319	299	0	19	0	3,574

* excluding goodwill of investments accounted for using the equity method

05 Property, plant and equipment

Changes in the Group's property, plant and equipment were as follows:

Changes in property, plant and equipment

million €	Land, leasehold rights and buildings including buildings on third-party land	Technical machinery and equipment	Other equipment, factory and office equipment	Assets under finance lease	Assets under operating lease	Construction in progress	Total
Gross amounts							
Balance as of Sept. 30, 2012	4,618	13,405	1,831	148	0	626	20,628
Currency differences	(75)	(382)	(29)	(2)	0	(13)	(501)
Acquisitions/divestitures of businesses	7	(20)	(4)	0	0	1	(16)
Additions	75	441	105	11	0	363	995
Transfers	50	345	14	(12)	0	(280)	117
Disposals	(70)	(258)	(82)	(16)	0	(2)	(428)
Reclassification due to the presentation as assets held for sale	635	5,694	18	5	0	6	6,358
Balance as of Sept. 30, 2013	5,240	19,225	1,853	134	0	701	27,153
Currency differences	79	513	14	2	0	14	622
Acquisitions/divestitures of businesses	297	1,216	139	33	0	20	1,705
Additions	108	477	118	8	0	304	1,015
Transfers	82	389	42	(4)	0	(420)	89
Disposals	(53)	(303)	(88)	(7)	0	(3)	(454)
Reclassification due to the presentation as assets held for sale	58	355	28	0	0	3	444
Balance as of Sept. 30, 2014	5,811	21,872	2,106	166	0	619	30,574
Accumulated depreciation and impairment losses							
Balance as of Sept. 30, 2012	2,454	10,636	1,394	85	0	6	14,575
Currency differences	(33)	(270)	(19)	(1)	0	0	(323)
Acquisitions/divestitures of businesses	5	(20)	(4)	0	0	0	(19)
Depreciation expense	118	717	134	10	0	0	979
Impairment losses	38	271	0	0	0	1	310
Reversals of impairment losses	0	(3)	0	0	0	0	(3)
Transfers	(2)	3	0	(6)	0	(1)	(6)
Disposals	(47)	(239)	(79)	(11)	0	0	(376)
Reclassification due to the presentation as assets held for sale	444	4,048	15	4	0	21	4,532
Balance as of Sept. 30, 2013	2,977	15,143	1,441	81	0	27	19,669
Currency differences	47	380	10	1	0	0	438
Acquisitions/divestitures of businesses	107	941	104	17	0	(17)	1,152
Depreciation expense	118	709	146	10	0	0	983
Impairment losses	7	10	9	0	0	0	26
Reversals of impairment losses	(1)	(2)	0	0	0	0	(3)
Transfers	(4)	1	0	(2)	0	(2)	(7)
Disposals	(31)	(286)	(81)	(7)	0	0	(405)
Reclassification due to the presentation as assets held for sale	51	335	27	0	0	0	413
Balance as of Sept. 30, 2014	3,271	17,231	1,656	100	0	8	22,266
Net amounts							
as of Sept. 30, 2012	2,164	2,769	437	63	0	620	6,053
as of Sept. 30, 2013	2,263	4,082	412	53	0	674	7,484
as of Sept. 30, 2014	2,540	4,641	450	66	0	611	8,308

Impairment losses of property, plant and equipment are for the most part included in cost of sales and to a minor extent in selling and administrative expenses.

As of the reporting date September 30, 2013 the reclassification of the Steel Americas business area as a continuing operation and associated re-presentation of the business area's assets and liabilities relating to the ThyssenKrupp CSA portion in the statement of financial position in accordance with IFRS 5 made it necessary to measure the assets at the lower recoverable amounts in accordance with IAS 36 (see Note 03). This resulted in impairment losses of €249 million. €26 million of the total impairment relates to land and buildings and €223 million to technical machinery and equipment. The recoverable amounts used to calculate the impairment losses correspond in each case to the values in use. A discount rate of 11.1% was used to calculate the values in use.

In 2012/2013 impairment losses of €37 million were recorded in the Components Technology business area in the Rothe Erde operating unit due to structural changes in the US energy market. €11 million of the total impairment relates to land and buildings and €26 million to technical machinery and equipment. The recoverable amounts used to calculate the impairment losses correspond in each case to the values in use. A discount rate of 10.0% was used to calculate the values in use.

Property, plant and equipment include leased buildings, technical machinery and equipment and other equipment that have been capitalized, where the terms of the lease require the Group, as lessee, to assume substantially all of the benefits and risks of use of the leased asset (finance lease).

Assets under finance lease

	Gross amounts		Accumulated depreciation and impairment losses		Net amounts	
million €	**Sept. 30, 2013**	**Sept. 30, 2014**	**Sept. 30, 2013**	**Sept. 30, 2014**	**Sept. 30, 2013**	**Sept. 30, 2014**
Land, leasehold rights and buildings including buildings on third-party land	59	73	30	34	29	39
Technical machinery and equipment	52	63	35	45	17	18
Other equipment, factory and office equipment	23	30	16	21	7	9
Total	134	166	81	100	53	66

Property, plant and equipment have been pledged as security for financial debt of €95 million (2013: €47 million).

06 Investment property

Changes in the Group's investment property were as follows:

Changes of investment property

million €	**2013**	**2014**
Gross amounts		
Balance as of Sept. 30, 2012 and Sept. 30, 2013, respectively	421	418
Currency differences	0	0
Acquisitions/divestitures of businesses	0	22
Additions	1	1
Transfers	27	12
Disposals	(31)	(33)
Reclassification due to the presentation as assets held for sale	0	0
Balance as of Sept. 30, 2013 and 2014, respectively	418	420
Accumulated depreciation and impairment losses		
Balance as of Sept. 30, 2012 and Sept. 30, 2013, respectively	138	131
Currency differences	0	0
Acquisitions/divestitures of businesses	0	11
Depreciation expense	1	1
Impairment losses	3	3
Reversals of impairment losses	0	0
Transfers	7	6
Disposals	(18)	(15)
Reclassification due to the presentation as assets held for sale	0	0
Balance as of Sept. 30, 2013 and 2014, respectively	131	137
Net amounts		
as of Sept. 30, 2012	283	
Balance as of Sep. 30, 2013 and 2014, respectively	287	283

The fair value of the Group's investment property is determined using various internationally accepted valuation methods such as the gross rental method, discounted cash flow method, asset value method and comparison to current market prices of similar real estate. Investment property located in Germany is primarily determined based on internally prepared valuations using the gross rental method which is regulated in Germany by the "Verordnung über Grundsätze für die Ermittlung der Verkehrswerte von Grundstücken – WertV" (level 2 and level 3 of the fair value hierarchy). Investment property located outside Germany is generally determined by external appraisers (level 2 and level 3 of the fair value hierarchy).

As of September 30, 2014, the total fair value of the Group's investment property is €351 million (2013: €348 million) of which €20 million (2013: €3 million) are based on valuations of external appraisers.

Additions which are disclosed in the gross amounts do not include any subsequent expenditure (2013: €0 million).

The lease of investment property resulted in rental income of €12 million (2012/2013: €14 million) and direct operating expense of €5 million (2012/2013: €7 million). Direct operating expense of €8 million (2012/2013: €7 million) resulted from investment property that does not generate rental income.

07 Investments accounted for using the equity method

Investments in associates

As of September 30, 2014, the carrying amount of investments in associates accounted for using the equity method is €36 million (2013: €347 million). The income of investments in associates accounted for using the equity method is €(55) million (2012/2013: €(175) million). As of September 30, 2013, the fair value of an investment in an associate accounted for using the equity method for which there is a published price quotation was €303 million; the investment concerned was OTK that was disposed of as of February 28, 2014.

Summarized financial information of associates accounted for using the equity method is presented in the table below. The information given represents 100% and not the Group's interest in the associates:

Financial information of associates

million €	Sept. 30, 2013	Sept. 30, 2014
Total assets	9,803	911
Total liabilities	7,444	859

million €	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Net sales	6,925	670
Net income/(loss)	(649)	(31)

In 2013/2014, the unrecognized share of losses of an associate accounted for using the equity method was €9 million (2012/2013: €5 million). There were cumulative unrecognized losses of €20 million (2012/2013: €11 million).

Joint ventures

The following table shows the summarized financial information of the Group's joint ventures. The information given represents the Group's interest in the joint ventures:

Financial information of joint ventures

million €	Sept. 30, 2013	Sept. 30, 2014
Current assets	1,112	1,134
Non-current assets	701	666
Current liabilities	499	479
Non-current liabilities	697	712

million €	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Net sales	2,726	2,441
Net income/(loss)	80	86

The associates and joint ventures are included in the list of the Group's subsidiaries and equity interests that is published in the German Federal Gazette and is available on the ThyssenKrupp website at **www.thyssenkrupp.com/en/investor/geschaeftsberichte.html**.

08 Operating lease as lessor

The Group is the lessor of various commercial real estates under operating lease agreements.

As of September 30, the future minimum lease payments to be received on non-cancellable operating leases are as follows:

Future minimum lease payments

million €	Sept. 30, 2013	Sept. 30, 2014
Not later than one year	16	11
Between one and five years	31	19
Later than five years	28	20
Total	75	50

The amounts reflected as future minimum lease payments do not contain any contingent rentals. No contingent rentals have been recognized in the consolidated statements of income in 2013/2014 and in 2012/2013, respectively.

09 Inventories

Inventories

million €	Sept. 30, 2013	Sept. 30, 2014
Raw materials	1,328	1,471
Supplies	423	507
Work in process	1,642	1,978
Finished products, merchandise	2,958	3,464
Total	6,351	7,420

Inventories of €4 million (2013: €4 million) have a remaining term of more than one year. Inventories of €35,138 million (2013: €33,822 million) are recognized as cost of sales during the period. Included in cost of sales are write-downs of inventories of €75 million (2013: €94 million).

10 Trade accounts receivable

Trade accounts receivable

million €	Sept. 30, 2013	Sept. 30, 2014
Receivables from sales of goods and services	4,146	4,599
Amounts due from customers for construction work	810	1,183
Total	4,956	5,782

Receivables from the sales of goods and services in the amount of €574 million (2013: €221 million) have a remaining term of more than one year. As of September 30, 2014 cumulative impairment losses of €353 million (2013: €302 million) are recognized for doubtful accounts.

As of the reporting date trade accounts receivable were as follows:

Analysis of structure

	Carrying amount	thereof:	thereof: not impaired but past due as of balance sheet date						thereof:
million €	Trade accounts receivable	neither impaired nor past due as of balance sheet date	past due up to 30 days	past due 31 to 60 days	past due 61 to 90 days	past due 91 to 180 days	past due 181 to 360 days	past due more than 360 days	impaired as of balance sheet date
Sept. 30, 2013	4,956	4,094	296	113	86	111	84	36	136
Sept. 30, 2014	5,782	4,803	358	135	116	127	83	41	119

Amounts due from customers for construction work are calculated as follows:

Receivables for construction work

million €	Sept. 30, 2013	Sept. 30, 2014
Contract costs incurred and recognized contract profits (less recognized losses)	3,552	4,630
Less advance payments received	(2,742)	(3,447)
Total	810	1,183

Advanced payments received are collateralized by assets of €233 million (2013: €595 million). Sales from construction contracts of €8,816 million were recognized in the period (2012/2013: €8,145 million).

The Group primarily sells credit insured trade accounts receivable under existing programs on a revolving basis as well as under one-time transactions.

The amount of receivables sold and derecognized from the balance sheet as of September 30, 2014, was €260 million (2013: €42 million), resulting in net proceeds in the amount of €258 million (2012/2013: €42 million). The increase in receivables sold relates to the acquisition of VDM and AST from OTK.

In some cases, when the Group sells receivables it retains rights and immaterial obligations; these retained interests mainly consist of servicing as well as providing limited cash reserve accounts. The recognized assets and provided guarantees which serve as a cash reserve account amounted to €1 million (2013: €1 million) as of September 30, 2014.

11 Other financial assets

Other financial assets

million €	Sept. 30, 2013 current	Sept. 30, 2013 non-current	Sept. 30, 2014 current	Sept. 30, 2014 non-current
Loans and receivables	441	995	304	29
Available-for-sale financial assets	4	24	5	28
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)	48	—	62	—
Derivatives that qualify for hedge accounting	7	—	13	—
Total	500	1,019	384	57

Other financial assets in the amount of €66 million (2013: €1,314 million) have a remaining term of more than one year. The decrease of non-current other financial assets mainly results from the transfer of the financial receivable from ThyssenKrupp to OTK created in connection with the sale of Inoxum as of February 28, 2014. As of September 30, 2014 cumulative impairments amount to €23 million (2013: €21 million) regarding current other financial assets and €71 million (2013: €349 million) regarding non-current other financial assets. In 2013, the impairment on non-current other financial assets in the amount of €349 million refered with €279 million to the impairment of the financial receivable outstanding against OTK that equals the present value of expected future cash flows.

As of the reporting date other financial assets were as follows:

Analysis of structure

million €	Carrying amount: Other financial assets	thereof: neither impaired nor past due as of balance sheet date	thereof: not impaired but past due as of balance sheet date: past due up to 30 days	past due 31 to 60 days	past due 61 to 90 days	past due 91 to 180 days	past due 181 to 360 days	past due more than 360 days	thereof: impaired as of balance sheet date
Sept. 30, 2013	1,519	545	0	0	0	0	0	0	974
Sept. 30, 2014	441	435	0	0	0	0	0	0	6

12 Other non-financial assets

Other non-financial assets

million €	Sept. 30, 2013 current	Sept. 30, 2013 non-current	Sept. 30, 2014 current	Sept. 30, 2014 non-current
Advance payments on intangible assets	—	45	—	49
Advance payments on property, plant and equipment	—	144	—	161
Advance payments to suppliers of inventories and to other current non-financial assets	1,322	—	1,539	—
Prepayments	125	—	160	—
Others	622	146	753	232
Total	2,069	335	2,452	442

Other non-financial assets in the amount of €1,126 million (2013: €1,090 million) have a remaining term of more than one year. As of September 30, 2014 cumulative impairments amount to €24 million (2013: €25 million) regarding current other non-financial assets and €229 million (2013: €222 million) regarding non-current other non-financial assets. In 2013, impairments regarding non-current other non-financial assets mainly related to the Steel Americas business area.

13 Total Equity

€11 million, €1 million and €11 million of the balance of cumulative other comprehensive income result from associates as of Sept. 30, 2012, Sept. 30, 2013 and Sept. 30, 2014, respectively. €10 million (2012/2013: €(10) million) of the changes of cumulative other comprehensive income result from associates.

Capital stock

The capital stock of ThyssenKrupp AG consists of 565,937,947 (2013: 514,489,044) no-par bearer shares of stock, all of which have been issued and are fully paid, with 565,937,947 outstanding as of September 30, 2014 (2013: 514,489,044). Each share of common stock has a stated value of €2.56.

On December 02, 2013, the Executive Board of ThyssenKrupp AG with the approval of the Executive Committee of the Supervisory Board resolved in accordance with the authorization under § 5, par. 5 of the Articles of Association of the Company to increase the capital stock of ThyssenKrupp AG by 10 per cent by issuing 51,448,903 new no par bearer shares in the Company and to exclude subscription rights.

On December 03, 2013, the announced capital increase was successfully completed in an accelerated bookbuilding process. The newly issued 51,448,903 no par shares in ThyssenKrupp AG were placed with German and international institutional investors at a price of €17.15 per share. The placement resulted in gross proceeds of €882 million, the transaction costs incurred were recognized directly in equity.

All shares grant the same rights. The stockholders are entitled to receive dividends as declared and are entitled to one vote per share at the stockholders' meetings.

Additional paid in capital

Additional paid in capital include the effects of the business combination of Thyssen and Krupp as well as premiums resulting from capital increases at subsidiaries with non-controlling interest.

Retained earnings

Retained earnings include prior years' undistributed consolidated income. In addition, this line item includes the remeasurement effects of pensions and similar obligations.

Management of capital

As of September 30, 2014 the Group's equity ratio was 8.9% (2013: 7.1%) and its gearing was 109.0% (2013: 200.6%). In contrast to the previous year, the gearing limit of 150% agreed in some credit agreements was met again as of September 30, 2014. In the 4th quarter of the fiscal year 2012/2013 ThyssenKrupp had reached precautionarily agreements with the banks involved to waive the gearing covenant test for all financial instruments concerned, so the financial instruments were available to the Group at any time. Among the ThyssenKrupp Group's most important financial goals are a sustainable appreciation of entity value and ensuring solvency at all times. Creating sufficient liquidity reserves is therefore of great importance.

The ThyssenKrupp Group's financial risks are assessed on the basis of ratings by rating agencies:

Rating

	Lang-term-rating	Short-term rating	Outlook
Standard & Poor's	BB	B	negative
Moody's	Ba1	Not Prime	negative
Fitch	BB+	B	negative

In December 2013 Fitch lowered ThyssenKrupp's rating from BBB- to BB+. For this reason our ratings are below investment grade. All three ratings have a negative outlook. Achieving investment grade status with all rating agencies is a major priority for ThyssenKrupp. For the financing of the ThyssenKrupp Group, an investment grade rating in the "BBB" range leads to an optimum of capital costs. But even in the current rating situation, ThyssenKrupp demonstrated that it has access to a broad investor base with the issue of a €1.25 billion bond in February 2014 with a historically favorable coupon. Capital management at ThyssenKrupp is based on debt ratios published by rating agencies, which measure cash-flow-to-debt ratios for a specific period. ThyssenKrupp is not subject to capital requirements under its articles of association.

Authorizations

The following authorizations were issued by resolution of the Annual General Meeting on January 17, 2014:

In revocation of the partly used authorization to increase the capital stock issued by the Annual General Meeting on January 20, 2012, the Executive Board was authorized, with the approval of the Supervisory Board, to increase the capital stock on one or more occasions on or before January 16, 2019 by up to €370 million by issuing up to 144,531,250 new no-par bearer shares in exchange for cash and/or contributions in kind (authorized capital). The shareholders are in principle entitled to subscription rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude shareholder subscription rights in certain cases; the option of excluding subscription rights is limited to 20% of the capital stock. § 5, par. 5 of the Articles of Association of ThyssenKrupp AG has been reworded accordingly.

The Executive Board was authorized, with the approval of the Supervisory Board, to issue once or several times bearer of registered warrant and/or convertible bonds in the total par value of up to €2 billion with or without limited terms, and to grant to or impose on the holders or creditors of convertible bonds conversion rights or obligations for no-par bearer shares of ThyssenKrupp AG with a total share of the capital stock up to €250 million in accordance with the conditions of these bonds. The authorization is valid until January 16, 2019. The Executive Board is authorized, subject to the approval of the Supervisory Board, to exclude shareholders' subscription rights in certain cases.

Furthermore, the Executive Board was authorized to conditionally increase the capital stock by up to €250 million by issue of up to 97,626,250 new no-par bearer shares (conditional capital). The conditional capital increase serves the granting of no-par bearer shares upon exercise of conversion or option rights, upon fulfilment of corresponding conversion obligations or upon exercise of an option of the ThyssenKrupp AG to grant no-par shares of the ThyssenKrupp AG in whole or in part instead of payment of the cash amount due to the holders or creditors of convertible or warrant bonds that are issued by ThyssenKrupp AG or a subordinate Group company against cash contribution on or before January 16, 2019 as a result of the authorization resolution passed by the Annual General Meeting on January 17, 2014. New shares are issued at the option or conversion price to be determined in each case according to the above mentioned authorization resolution. A new paragraph 6 has been inserted in § 5 of the Articles of Association of ThyssenKrupp AG.

In addition, by resolution of the Annual General Meeting on January 21, 2010, ThyssenKrupp is authorized through January 20, 2015, to purchase treasury stock for certain defined purposes up to a total of 10% of the capital stock at the time of the resolution. Treasury stock can also be purchased by using equity derivatives (put or call options or a combination of both).

Dividend

The Executive Board and Supervisory Board have agreed to propose to the Annual General Meeting a dividend in the amount of €0.11 per share entitled to dividend to be distributed from unappropriated net income of the stand-alone entity ThyssenKrupp AG for fiscal year 2013/2014 as determined in conformity with the principles of the German Commercial Code (HGB) and to carry forward the remaining net income. This would result in a dividend payout of €62 million in total. No dividend was paid for fiscal years 2012/2013 and 2011/2012, respectively.

14 Share-based compensation

Management incentive plans

In 2003, ThyssenKrupp implemented a performance based mid-term incentive plan (MTI) which issues stock rights to eligible participants. All Executive Board members of ThyssenKrupp AG are eligible to participate. Starting with the second installment which was issued in 2004, the group of beneficiaries was expanded to include the former segment lead companies as well as several other selected executive employees. As of fiscal year 2010/2011 the previous MTI continues with modified parameters as long-term incentive plan LTI. Besides the Executive Board members of ThyssenKrupp AG and of the business areas, management board members and additional selected executives are plan participants. As of September 30, 2014, 1,550,149 stock rights were issued in the 2nd installment, 1,895,595 stock rights in the 3rd installment and 1,823,318 stock rights in the 4th installment of the LTI.

The number of stock rights issued will be adjusted at the end of each performance period based on the average economic value added (EVA) over the three-year performance period, beginning October 01 of the year the stock rights were granted, compared to the average EVA over the previous three fiscal year period. At the end of the performance period the stock rights will be settled in cash based on the average price of ThyssenKrupp stock during the three month period immediately following the performance period.

To determine the fair value of the stock rights used to calculate the pro-rata liability as of the balance sheet date forward prices of the ThyssenKrupp stock are calculated taking into account partial caps starting in the 3rd installment. The forward calculation is carried out for predefined periods (averaging periods) taking into account the ThyssenKrupp stock price and the Euro interest rate curve as of the balance sheet date and the dividends assumed to be paid until the maturity of the stock rights. The following assumptions were used for the determination of the fair values as of September 30, 2013 and as of September 30, 2014, respectively:

Incentive plans - Year ended Sept. 30, 2013

	1st installment LTI	2nd installment LTI	3rd installment LTI
Maturity	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015
Averaging period	Oct. 01 to Dec. 31, 2013	Oct. 01 to Dec. 31, 2014	Oct. 01 to Dec. 31, 2015
ThyssenKrupp stock price as of balance sheet date	€17.68	€17.68	€17.68
Assumed dividend payment(s) per stock until maturity	—	—	€0.00 on Jan. 20, 2014 €0.45 on Feb. 02, 2015
Average dividend yield	—	—	1.22%
Average interest rate (averaging period)	0.18%	0.44%	0.59%
Fair value as of Sept. 30, 2013			
- without caps	€17.67	€17.66	€17.21
- with caps	€17.67	€17.66	€17.21

Incentive plans - Year ended Sept. 30, 2014

	2nd installment LTI	3rd installment LTI	4th installment LTI
Maturity	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016
Averaging period	Oct. 01 to Dec. 31, 2014	Oct. 01 to Dec. 31, 2015	Oct. 01 to Dec. 31, 2016
ThyssenKrupp stock price as of balance sheet date	€20.78	€20.78	€20.78
Assumed dividend payment(s) per stock until maturity	—	€0.18 on Feb. 02, 2015	€0.18 on Feb. 02, 2015 €0.25 on Feb. 01, 2016
Average dividend yield	—	0.78%	0.99%
Average interest rate (averaging period)	0.14%	0.18%	0.20%
Fair value as of Sept. 30, 2014			
- without caps	€20.77	€20.59	€20.34
- with caps	€20.77	€20.59	€18.63

In the 2nd quarter of 2013/2014, stock rights granted in the 1st installment of the LTI expired without any payment due to the decline of the average ThyssenKrupp EVA over the three-year performance period compared to the average EVA over the previous three fiscal year period. In the 2nd quarter of 2012/2013, also the 8th installment of the MTI expired without any payment due to the strong decline of the average ThyssenKrupp EVA over the three-year performance period compared to the average ThyssenKrupp EVA over the previous three fiscal year period. In 2013/2014 the Group recorded an expense of €71.9 million from the obligations of the incentive plans (2012/2013: €24.8 million); thereof no expense is presented in income/(loss) of discontinued operations of the previous year. The liability arising from the LTI amounts to €109.4 million as of September 30, 2014 (2013: €37.5 million).

In September 2010 the structure of the variable compensation for members of the Executive Board of ThyssenKrupp AG was modified. 25% of the performance bonus granted for each fiscal year will now be converted into ThyssenKrupp AG stock rights to be paid out after a three-year lock-up period. The number of stock rights is calculated by dividing 25% of the performance bonus by the average ThyssenKrupp share price in the 4th quarter of the fiscal year for which the performance bonus is granted. After expiration of three fiscal years, the payout amount is calculated by multiplying the number of stock rights by the average ThyssenKrupp share price in the 4th quarter of the 3rd fiscal year. In addition, for each stock right the dividend amount which would have been paid for these three fiscal years is also paid out. Insofar as the Executive Board members of ThyssenKrupp AG are granted an additional bonus alongside the performance bonus, as in the previous fiscal years since 2009/2010, 55% of this additional bonus will also be converted into stock rights and treated in accordance with the performance bonus model. In the 3rd quarter ended June 30, 2011, the structure of the variable compensation for additional executive employees was modified. 20% of the performance bonus granted for the respective fiscal year will be obligatorily converted into ThyssenKrupp AG stock rights to be paid out after the expiration of three fiscal years based on the average ThyssenKrupp share price in the 4th quarter of the 3rd fiscal year. The Group recorded expenses of €6 million (2012/2013: €5 million) associated with this compensation component; the resultant obligation as of September 30, 2014 amounts to €15 million (2013: €11million); in 2013/2014 a payment of €2 million occurred relating to the stock rights granted in 2009/2010.

Employee share purchase program

In fiscal year 2013/2014 the employee share purchase program was not offered. In fiscal year 2012/2013 the employee share purchase program of Great Britain resulted in a compensation expense of €0.4 million.

15 Accrued pension and similar obligations

Accured pension and similar obligations

million €	Sept. 30, 2013*	Sept. 30, 2014
Accrued pension liability	6,427	7,153
Accrued postretirement obligations other than pensions	698	10
Other accrued pension-related obligations	252	191
Reclassification due to the presentation as liabilities associated with assets held for sale	(29)	0
Total	7,348	7,354

* Figures have been adjusted due to the adoption of IAS 19R.

Accrued pension liability

The Group maintains defined benefit pension plans and defined contribution plans that mainly cover employees in Germany, the USA, Great Britain and Liechtenstein and represent approx. 96% of the ThyssenKrupp Group’s total pension obligations, so the information below mainly applies to the above-mentioned countries. In some other countries, eligible employees also receive benefits in accordance with the respective local requirements.

For historical reasons a wide variety of voluntary defined benefit pension plans (DB plans) exist in Germany based on different risk profiles. As a rule they provide benefits in the event of invalidity and/or death or on reaching a specified age limit, and are based exclusively on individual or collective arrangements. In Germany there is no legal requirement to provide employer-funded pension benefits.

In the past the mostly employer-funded pension plans in Germany generally provided a life-long pension based on defined benefits. For the most part benefits were defined according to an employee's length of service and final pay or based on career-average earnings or a fixed amount. In addition benefits were indexed to inflation. Because such pension plans were partly closed many years ago, they mainly cover terminated employees with vested pension rights and pensioners. For new employees coming into the Group, these pension plans are no longer available.

In contrast, the pensions plans introduced at ThyssenKrupp in Germany at the end of the 1990s and start of the new millennium and currently open to new employees are defined-contribution pension plans with a risk-optimized payout form. Benefits are paid either as a lump-sum or in installments or in the form of a life-long pension, though this is subject to a lower-risk fixed cost-of-living adjustment of 1% p.a. In addition, all employees have the option of participating in defined-contribution deferred-compensation pension plans in the form of direct insurance or direct pension commitments so that the employee bears a much greater responsibility for making adequate provision for old age. The deferred compensation currently earns interest at a rate of 4% or 6%. The risk relating to the amount of interest paid is contained by regular review and adjustment of the interest rates and partial restriction of the maximum permissible deferred compensation amounts.

There is no legal or regulatory minimum funding requirement for pension plans in Germany. To this extent only a small share of the domestic DB plans at ThyssenKrupp are covered by offsettable assets held in trust by way of a Contractual Trust Arrangement (CTA). ThyssenKrupp is therefore exposed to only a small investment risk in this connection, which is accommodated through investment guidelines and a broad mix and spread of asset categories. The low level of external funding for German pension plan obligations reflects the objective of the CTA, which is not to fund the benefits in full but to secure only those benefits not protected by the mutual pension guarantee association (Pensionssicherungsverein auf Gegenseitigkeit (PSVaG)) in the event of insolvency.

Most of the defined contribution plans (DC plans) in Germany are in the form of employer- or employee-funded direct insurance plans, but the share of these is immaterial in comparison with the defined benefit plans.

The majority of Group companies outside Germany also provide pension plans for their employees. These plans are in some cases based on statutory requirements or collective agreements, but in other cases they are provided by the Group companies on a voluntary basis.

The range of benefits provided under the plans differs widely depending on local arrangements, extending from DC plans to final-salary defined-benefit schemes with regular pension payment.

In the USA, hourly paid employees receive benefits based on years of service. Salaried employee benefits are typically based on years of service and salary history. The main DB plans in the USA are frozen related to future servicing, so the employees (with few exceptions, e.g. some collectively agreed employment contracts) accrue benefits mainly under DC plans.

In Great Britain, employee benefits are based on years of service and an employee's final salary before retirement. In this country DB plans for current employees play a less important role today because only few current employees continue to accrue benefits under these plans. Over the past years most current employees have been transitioned to DC plans with no risk for the ThyssenKrupp Group. The risk from DB plans therefore relates to the vested rights of terminated employees, which will be claimed at a later time, and to current pension benefit payments.

In Liechtenstein there is in the broadest sense a statutory requirement to offer all employees in the mandatory social insurance scheme a defined contribution pension plan, which is implemented in the form of a company pension fund (Pensionskasse).

Partly due to legal minimum funding requirements, the pension plans outside Germany are funded to a much greater extent by externally separated assets. Minimum funding requirements for employee pension plans outside Germany are set out inter alia in the "Employee Retirement Income Security Act of 1974" in conjunction with the "Pension Protection Act of 2006" in the USA, the "Pension Act 1995" in conjunction with the "Pension Act 2004" in Great Britain, and the employee retirement benefits act "Gesetz über die betriebliche Personalvorsorge (BPVG)" in Liechtenstein, which require for example full external funding of the obligations or a financing under a capital funding system. For more information on the breakdown and investment strategy for plan assets, please refer to the remarks on plan assets.

Material risks associated with the different types of pension plans include above all financial risks as well as risks in the areas of inflation and biometrics.

Inflation risks which could lead to an increase in benefit obligations exist because some of the plans are based on (final) salary and in some cases annual pension modules are directly linked to current salaries (defined contribution plans). To this extent a rise in salaries above the salary/career trends assumed in the valuation of the obligation would also require a direct increase in the provisions (past service effect in the case of (final) salary pensions) or the future service cost (defined contribution plans).

In addition, further charges could result from the need for a cost-of-living adjustment in excess of the assumed pension trend during the pension payment phase, which would lead to an immediate increase in the provisions. A significant number of the pension plans in Germany are required by law to provide a cost-of-living adjustment. A cost-of-living adjustment may also be required under (collective bargaining) agreements or agreed on a voluntary/discretionary basis.

Biometric risks can result either from early benefit claims (risk of sudden changes to the balance sheet after death or invalidity) or from underestimated life expectancies (longevity risk) and could likewise result in costs to the company due to unexpected increases in provisions and early cash outflows.

Risks from changes to the discount rate are purely balance sheet-related, i.e. the provisions are adjusted directly against equity without affecting income. Cash outflows are not affected.

The breakdown of total of pension plans by active employees, terminated employees with vested benefits and pensioners is as follows:

Breakdown of total of pension plans by beneficaries

	Sept. 30, 2013			Sept. 30, 2014		
million €	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Active employees	106,102	23,215	129,317	109,777	26,912	136,689
Terminated employees with vested benefits	21,132	7,776	28,908	22,036	7,394	29,430
Pensioners	129,005	16,186	145,191	127,171	15,732	142,903
Total	256,239	47,177	303,416	258,984	50,038	309,022

Changes in defined benefit obligations and plan assets

The reconciliation of the changes in the defined benefit obligations and the fair value of plan assets are as follows:

Defined benefit obligations and plan assets

	Sept. 30, 2013*			Sept. 30, 2014		
million €	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Change in defined benefit obligations (DBO):						
DBO at beginning of fiscal year	6,542	2,419	8,961	6,238	2,183	8,421
Service cost	97	34	131	95	29	124
Interest expense	219	78	297	212	83	295
Remeasurement: Actuarial (gains)/losses from experience adjustments	(6)	(2)	(8)	26	(12)	14
Remeasurement: Actuarial (gains)/losses from changes in demographic assumptions	0	30	30	1	3	4
Remeasurement: Actuarial (gains)/losses from changes in financial assumptions	76	(106)	(30)	662	167	829
Past service cost (inclusive of curtailments)	21	(2)	19	(5)	(1)	(6)
Settlements	0	(11)	(11)	0	0	0
Currency differences	0	(81)	(81)	0	126	126
Participant contributions	0	13	13	0	13	13
Benefit payments	(404)	(125)	(529)	(400)	(137)	(537)
Settlement payments	0	(37)	(37)	0	0	0
Termination benefits	0	0	0	0	1	1
Acquisitions/(divestitures)	(307)	(27)	(334)	103	18	121
Others	0	0	0	0	0	0
DBO at end of fiscal year	6,238	2,183	8,421	6,932	2,473	9,405
Change in plan assets:						
Fair value of plan assets at beginning of fiscal year	200	1,882	2,082	199	1,855	2,054
Interest income	7	63	70	7	72	79
Remeasurement: Actuarial gains/(losses) on plan assets, excluding amounts included in interest income	7	42	49	9	76	85
Currency differences	0	(67)	(67)	0	114	114
Employer contributions	2	79	81	0	70	70
Participant contributions	0	13	13	0	13	13
Benefit payments	(13)	(115)	(128)	0	(123)	(123)
Settlement payments	0	(37)	(37)	0	0	0
Acquisitions/(divestitures)	(4)	1	(3)	0	18	18
Administration cost	0	(6)	(6)	0	(5)	(5)
Others	0	0	0	0	0	0
Fair value of plan assets at end of fiscal year	199	1,855	2,054	215	2,090	2,305

* Figures have been adjusted due to the adoption of IAS 19R.

As of the balance sheet date, defined benefit obligations of €9,405 million (2013: €8,421 million) in total related to plans that are wholly unfunded in the amount of €6,344 million (2013: €5,773 million) and to plans that are wholly or partly funded in the amount of €3,061 million (2013: €2,648 million).

Change of net defined benefit liability and asset ceiling

The net defined benefit liability changed as follows:

Net defined benefit liability

	Sept. 30, 2013			Sept. 30, 2014		
million €	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Net defined benefit liability at beginning of fiscal year	6,342	573	6,915	6,039	358	6,397
Service cost less net interest expense/income	309	51	360	300	41	341
Remeasurements	63	(126)	(63)	680	70	750
Currency differences	0	(16)	(16)	0	14	14
Past service cost (inclusive of curtailments)	21	(2)	19	(5)	(1)	(6)
Settlements	0	(11)	(11)	0	0	0
Employer contributions	(2)	(79)	(81)	0	(70)	(70)
Participant contributions	0	0	0	0	0	0
Benefit payments	(391)	(10)	(401)	(400)	(14)	(414)
Settlement payments	0	0	0	0	0	0
Acquisitions/(divestitures)	(303)	(28)	(331)	103	0	103
Administration cost	0	6	6	0	5	5
Others	0	0	0	0	0	0
Net defined benefit liability at end of fiscal year	6,039	358	6,397	6,717	403	7,120
thereof: accrued pension liability	6,039	388	6,427	6,717	436	7,153
thereof: other non-financial assets	0	(30)	(30)	0	(33)	(33)

The amount calculated in accordance with the asset ceiling rules and minimum funding requirements changed as follows:

Asset ceiling (inclusive of minimum funding)

	Sept. 30, 2013			Sept. 30, 2014		
million €	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Net amount at beginning of fiscal year	0	35	35	0	29	29
Interest expense/(income)	0	2	2	0	1	1
Remeasurement: Limitation of asset ceiling exclusive of amounts included in interest expense/income	0	(6)	(6)	0	(12)	(12)
Currency differences	0	(2)	(2)	0	2	2
Acquisitions/(divestitures)	0	0	0	0	0	0
Others	0	0	0	0	0	0
Net amount at end of fiscal year	0	29	29	0	20	20

Net periodic pension cost

The net periodic pension cost for the defined benefit plans were as follows:

Net periodic pension cost

	Year ended Sept. 30, 2013*			Year ended Sept. 30, 2014		
million €	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Service cost	97	34	131	95	29	124
Net interest cost	212	15	227	205	12	217
Administration cost	0	6	6	0	5	5
Past service cost	19	1	20	(1)	0	(1)
Settlement and curtailment loss/(gain)	2	(14)	(12)	(4)	(1)	(5)
Termination benefit expense	0	0	0	0	1	1
Net periodic pension cost	330	42	372	295	46	341

* Figures have been adjusted due to the adoption of IAS 19R.

The above presented net periodic pension cost for defined benefit plans in the amount of €295 million (2012/2013: €330 million) in Germany and of €46 million (2012/2013: €42 million) outside Germany include in 2012/2013 €5 million and €0 million, respectively, attributable to discontinued operations. These costs are presented in income/(loss) from discontinued operations in the consolidated statement of income.

Assumptions

The assumptions for discount rates, the rates of compensation increase and the rates of pension progression on which the calculation of the obligations is based were derived in accordance with standard principles and established for each country as a function of their respective economic conditions. Discount rates are generally determined based on market yields of AA-rated corporate bonds of appropriate term and currency. As a result of numerous ratings downgrades for euro corporate bonds and the strong volatility of the financial markets, the discount rate for pension obligations in Germany was 2.60% as of September 30, 2014, compared with 3.50% in the prior year.

The Group applied the following weighted average assumptions to determine benefit obligations:

Weighted-average assumptions

	Sept. 30, 2013			Sept. 30, 2014		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Discount rate	3.50	3.88	3.60	2.60	3.28	2.78
Rate of compensation increase	2.50	2.30	2.45	2.50	1.83	2.32
Rate of pension progression	1.50	1.91	1.56	1.50	1.98	1.55

Accrued pensions in Germany are recognized on the basis of the “2005 G tables” of Prof. Dr. Klaus Heubeck, with modifications for certain beneficiary groups to take into account a longer life expectancy. In the other countries the following biometric tables were generally used: USA: RP-2000 Mortality Table for Males and Females using generational Projection by Scale AA, Great Britain: Series Tables partly modified, and Liechtenstein: BVG2010 Gen.

Alternative assumptions (in each case weighted-average rate of all domestic and foreign pension obligations) would result in the following changes in the defined benefit obligation and the corresponding reverse changes in equity. The table shows the effects of the change in one assumption with all other assumptions remaining unchanged:

Sensitivity analysis

		Change of the defined benefit obligation (€ million)	
		Germany	Outside Germany
Discount rate	Increase by 0.5 percentage point	(400)	(161)
	Decrease by 0.5 percentage point	427	174
Rate of compensation increase	Increase by 0.5 percentage point	23	5
	Decrease by 0.5 percentage point	(23)	(5)
Rate of pension progression	Increase by 0.25 percentage point	162	15
	Decrease by 0.25 percentage point	(157)	(15)
Mortality probability	Decrease by 10.0 percentage point	236	85

To test the sensitivity of the defined benefit obligation due to a change in the mortality and life expectancy assumptions, an alternative analysis was carried out on the basis of 10% lower mortality probabilities from retirement age. For beneficiaries currently aged 63 to 65, this roughly corresponds to a one year increase in life expectancy on entering retirement.

Plan assets

In the Group, the majority of reported plan assets associated with the funded pension plans are located in the USA, Great Britain and to a lesser extent in Germany and some other European countries. The Group invests in diversified portfolios consisting of an array of asset classes that attempt to maximize returns while minimizing volatility. The asset classes mainly include national and international stocks, fixed income government and non-government securities, real estate and shares in highly diversified funds. Plan assets do not include any direct investments in ThyssenKrupp debt securities, equity securities or real estate.

The Group uses professional investment managers to invest plan assets based on specific investment guidelines. The Investment Committees of the respective plan consist of senior financial management especially from treasury and other appropriate executives. The Investment Committees meet regularly to review the risks and performance of the major pension funds and approve the selection and retention of external managers.

For the Group's main pension funds, regular asset liability studies are also carried out, in which actuaries conduct a detailed analysis of the structure of the pension obligations (among other things in terms of age structure, duration, possible interest rate/inflation risks). On this basis the investment strategy and target portfolio of the pension funds are then defined and updated.

The processes established for managing and monitoring the plan assets as described above are used to counter the usual risks associated with capital market investment – counterparty, liquidity/market and other risks.

As described above, the major pension obligations exist in Germany, the USA, Great Britain and Liechtenstein. The plan assets in these countries amount to 89% of the total plan assets as of September 30, 2014 (2013: 89%). As of the balance sheet date the portfolio of these pension funds comprises the following asset categories:

Asset allocation of major pension funds Sept. 30, 2014

		Fair value (€ million)		
Asset categories	Total	Quoted market price in an active market	No quoted market price in an active market	Portion of plan assets (in %)
Equity securities	779	759	20	38
Bonds	1,079	1,078	1	53
Derivatives	0	0	0	0
Cash and cash equivalents	81	81	0	4
Others	111	51	60	5
Total	2,050	1,969	81	100

In the prior year the portfolio of the major pension funds broke down as follows:

Asset allocation of major pension funds Sept. 30, 2013

		Fair value (€ million)		
Asset categories	Total	Quoted market price in an active market	No quoted market price in an active market	Portion of plan assets (in %)
Equity securities	814	778	36	44
Bonds	864	861	3	47
Derivatives	0	0	0	0
Cash and cash equivalents	72	72	0	4
Others	87	48	39	5
Total	1,837	1,759	78	100

The Group's target portfolio structure has been developed based on asset-liability studies that were performed for the major pension funds within the Group.

In general, the Group's funding policy is to contribute amounts to the plans sufficient to meet the minimum statutory funding requirements relevant in the country in which the plan is located. In the USA, certain plans require minimum funding based on collective bargaining agreements. The Group may from time to time make additional contributions at its own discretion. ThyssenKrupp's expected contribution in fiscal year 2014/2015 is €53 million related to its funded plans, all of which is expected to be as cash contributions.

Pension benefit payments

In fiscal year 2013/2014, pension benefit payments for plans in Germany of €400 million (2012/2013: €404 million) were mainly from provisions, and pension benefit payments for non-German plans of €137 million (2012/2013: €162 million) were made mainly from plan assets. The estimated future pension benefits to be paid by the Group's defined benefit pension plans are as follows:

Estimated future pension benefit payments

million €	Germany	Outside Germany	Total
(for fiscal year)			
2014/2015	435	125	560
2015/2016	414	123	537
2016/2017	406	123	529
2017/2018	401	125	526
2018/2019	399	126	525
2019/2020-2023/2024	1,900	633	2,533
Total	3,955	1,255	5,210

The duration of defined benefit plans amounts to 12 years for Germany and to 14 years for the other countries.

Defined Contribution Plans (DC plans)

The Group also maintains domestic and foreign defined contribution plans. Amounts contributed by the Group under such plans are based upon percentage of the employees' salary or the amount of contributions made by the employees. The total cost of pension plans accounted for as defined contribution plans in the current fiscal year was €124 million (2012/2013: €127 million). In addition, contributions paid to public/state pension insurance institutions amounted to €539 million (2012/2013: €578 million).

Accrued postretirement obligations other than pensions

The Group provides certain postretirement health care and life insurance benefits to retired employees in the USA who meet certain minimum requirements regarding age and length of service. Until March 31, 2014 The Budd Company Inc. had significant healthcare obligations to former employees. The Budd Company Inc. is an inactive company of the ThyssenKrupp Group that previously operated in the automotive supply sector among others. On March 31, 2014 the company filed for Chapter 11 bankruptcy protection. The Budd Company Inc. and its healthcare obligations are therefore outside the responsibility of the ThyssenKrupp Group and no longer included in the consolidated financial statements from this date. The obligations will be settled as part of the bankruptcy plan under the supervision of the bankruptcy court using the company's remaining assets.

Changes in accumulated postretirement benefit obligations

The changes in accumulated postretirement benefit obligations are as follows:

Accumulated postretirement benefit obligation

million €	Sept. 30, 2013	Sept. 30, 2014
Accumulated postretirement benefit obligation at beginning of fiscal year	850	698
Service cost	1	0
Interest expense/(income)	29	15
Remeasurement: Actuarial (gains)/losses from experience adjustments	(16)	1
Remeasurement: Actuarial (gains)/losses from changes in demographic assumptions	(26)	0
Remeasurement: Actuarial (gains)/losses from changes in financial assumptions	(69)	16
Past service cost	(2)	0
Curtailments	(1)	0
Settlements	0	0
Currency differences	(34)	(3)
Benefit payments	(34)	(20)
Settlement payments	0	0
Termination benefits	0	0
Acquisitions/(divestitures)	0	(697)
Others	0	0
Accumulated postretirement benefit obligation at end of fiscal year	698	10

The present value of postretirement benefit obligations corresponds to the provision recognized.

Net periodic postretirement benefit cost

The net periodic postretirement benefit cost for health care obligations is as follows:

Net periodic postretirement benefit cost

million €	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Service cost	1	0
Net interest cost	29	15
Past service cost	(2)	0
Settlement and curtailment loss/(gain)	(1)	0
Net periodic postretirement benefit cost	27	15

Assumptions

The determination of the accumulated postretirement benefit obligations is based on the following weighted average assumptions:

Weighted-average assumptions

%	Sept. 30, 2013	Sept. 30, 2014
Discount rate	4.25	3.75
Health care cost trend rate for the following year	9.09	9.09
Ultimate health care cost trend rate (expected in 2032)	4.98	4.98

Other accrued pension related obligations

In particular German companies have obligations resulting from partial retirement agreements. Under these agreements, employees work additional time prior to retirement, which is subsequently paid for in installments after retirement. In addition, employees receive a supplement on top of their pay. For these obligations, accruals in the amount of €163 million (2013: €215 million, adjusted due to the adoption of IAS 19R) were recognized in accordance with IAS 19 “Employee Benefits”.

16 Provisions for employee benefits and other provisions

Provisions for employee benefits and other provisions

million €	Employee benefits	Product warranties and product defects	Other contractual costs	Restruc-turings	Decom-missioning obligations	Environ-mental obligations	Litigation risks	Other obligations	Total
Balance as of Sept. 30, 2013	568	489	104	273	235	26	178	734	2,607
Currency differences	6	11	1	0	0	0	1	6	25
Acquisitions/ (divestitures)	25	(14)	1	7	8	(3)	5	31	60
Additions	350	155	74	252	12	3	109	165	1,120
Accretion	9	0	0	3	(2)	0	1	1	12
Amounts utilized	(245)	(56)	(45)	(145)	(13)	(2)	(63)	(227)	(796)
Reversals	(44)	(87)	(47)	(12)	(3)	(1)	(32)	(219)	(445)
Reclassification due to the presentation as liabilities associated with assets held for sale	0	2	1	15	1	0	1	1	21
Balance as of Sept. 30, 2014	669	500	89	393	238	23	200	492	2,604

As of September 30, 2014, €1,506 million (2013: €1,661 million) of the total of provisions for employee benefits and other provisions are current, while €1,098 million (2013: €946 million) are non-current. Provisions of €1,184 million (2013: €1,029 million) have a remaining term of more than one year.

Provisions for employee compensation and benefit costs primarily represent employment anniversary bonuses and obligations for the management incentive plans, while social plan and related costs pertaining to personnel related structural measures are reflected in the provision for restructuring activities. Pension related obligations for partial retirement agreements and early retirement programs, partly resulting from restructurings, are part of the provision for pensions and similar obligations.

Product warranties and product defects represent the Group's responsibility for the proper functioning of the goods sold (product warranty) as well as the obligation that arise from the use of the products sold (product defect).

Provisions for other contractual costs represent pending losses from uncompleted contracts.

The provision for restructurings consists of provisions for employee termination benefits and exit costs which have been established by operating divisions for costs incurred in connection with activities which do not generate any future economic benefits for the Group. With the exemption of Steel Americas restructurings are being carried out in all business areas The additions to restructuring provisions in the fiscal year in the amount of €252 million in total consists of €108 million within the Elevator Technology business area, €37 million within the Steel Europe business area, €35 million within the Materials Services business area and €62 million within the Components Technology business area.

The provision for decommissioning obligations mainly consists of obligations associated with mining activities and recultivating landfills. Obligations associated with mining activities and recultivating landfills are generally handled over long periods of time, in some cases more than 30 years. The technical parameters are very complex. As a result, uncertainty exists with regard to the timing and concrete amount of the expenses.

Provisions for environmental obligations refer primarily to rehabilitating contaminated sites, redevelopment and water protection measures.

Provisions for other obligations and provisions for litigation risks include an €-amount in the two-digit millions for claims for compensation in connection with the rail cartel, as well as an €-amount in the two-digit millions for claims for compensation in connection with the elevator cartel. For filed claims for damages, provisions for litigation risks are recognized insofar as individual claims meet the requirements of IAS 37 for probability of occurrence and can be reliably estimated.

17 Financial debt

Financial debt

Carrying amounts in million €	Sept. 30, 2013	Sept. 30, 2014
Bonds	4,584	5,074
Notes payable	430	442
Liabilities to financial institutions	1,782	802
Finance lease liabilities	43	42
Other loans	116	117
Non-current financial debt	6,955	6,477
Bonds	998	750
Notes payable	150	0
Commercial paper	100	0
Liabilities to financial institutions	625	221
Acceptance payables	4	2
Finance lease liabilities	10	17
Other loans	24	15
Current financial debt	1,911	1,005
Financial debt	8,866	7,482

Current financial debt includes financial debt with a remaining term up to one year, while the non-current financial debt has a remaining term of more than one year.

Financial debt in the amount of €95 million (2013: €47 million) is collateralized by real estate.

As of September 30, 2014, the financial debt reflects a total discount in the amount of €28 million (2013: €21 million), which is offset by a total premium in the amount of €1 million (2013: €1 million). Amortization of discounts and premiums of financial debt is included in “financial income/(expense), net”.

In the context of the presentation of disposal groups and discontinued operations no financial debt (2013: €5 million) were reclassified to the balance sheet line item “liabilities associated with assets held for sale”.

Bonds and notes payable

	Carrying amount in million € Sept. 30, 2013	Carrying amount in million € Sept. 30, 2014	Notional amount in million € Sept. 30, 2014	Interest rate in %	Fair value in million € Sept. 30, 2014	Maturity Date
ThyssenKrupp Finance Nederland B.V. bond (€1,000 million) 2009/2016	996	997	1,000	8.500	1,101	02/25/2016
ThyssenKrupp AG bond (€1,000 million) 2009/2014	998	—	—	—	—	06/18/2014
ThyssenKrupp AG bond (€750 million) 2005/2015	750	750	750	4.375	762	03/18/2015
ThyssenKrupp AG bond (€1,250 million) 2012/2017	1,245	1,247	1,250	4.375	1,328	02/28/2017
ThyssenKrupp AG bond (€1,600 million) 2013/2018	1,593	1,594	1,600	4.000	1,717	08/27/2018
ThyssenKrupp AG bond (€1,250 million) 2014/2019	—	1,236	1,250	3.125	1,312	10/25/2019
ThyssenKrupp AG note loan (€150 million) 2008/2014	150	—	—	—	—	05/21/2014
ThyssenKrupp AG note loan (€80 million) 2008/2016	80	80	80	5.710	86	09/15/2016
ThyssenKrupp AG note loan (€50 million) 2011/2016	50	50	50	4.750	53	03/11/2016
ThyssenKrupp AG note loan (€150 million) 2011/2016	150	150	150	4.900	161	03/11/2016
ThyssenKrupp AG note loan (€50 million) 2011/2016	50	50	50	4.750	53	03/29/2016
ThyssenKrupp AG note loan (€50 million) 2011/2016	31	31	31	4.750	33	04/12/2016
ThyssenKrupp AG note loan (€70 million) 2012/2017	69	69	70	3.550	75	10/02/2017
ThyssenKrupp AG note loan (€8 million) 2014/2018	—	8	8	2.250	8	12/30/2018
ThyssenKrupp AG note loan (€4 million) 2014/2019	—	4	4	2.500	4	12/30/2019
Total	6,162	6,266	6,293		6,693	

In February 2014 ThyssenKrupp AG issued a €1.25 billion bond with a maturity of 5 years and 8 months.

ThyssenKrupp AG has assumed the unconditional and irrevocable guarantee for the payments pursuant to the terms and conditions of the bond of ThyssenKrupp Finance Nederland B.V.

As of September 30, 2014, the financing structure of liabilities to financial institutions, commercial papers and other loans comprise the following:

Liabilities to financial institutions, commercial paper and other loans

	Carrying amount in million € Sept. 30, 2013	Carrying amount in million € Sept. 30, 2014	Amount thereof in Euro	Weighted average interest rate % Sept. 30, 2014	Amount thereof in USD	Weighted average interest rate % Sept. 30, 2014	Amount thereof in other currencies	Fair value in million € Sept. 30, 2014
Bilateral credits (at variable interest rates)	921	—	—	—	—	—	—	—
Commercial paper	100	—	—	—	—	—	—	—
Other credits at variable interest rates	901	643	110	2.43	0	0.00	533	643
Credits at fixed interest rates	725	512	213	5.32	8	0.32	291	503
Total	2,647	1,155	323	4.33	8	0.32	824	1,146

As of September 30, 2014, ThyssenKrupp has available a €2.0 billion syndicated joint credit multi-currency-facility agreement. The agreement was fixed in March 2014 and has an initial term to March 28, 2017. At the end of the first and second year it can be extended by a year in each case with the approval of the lenders. The facility agreement was not utilized as of the balance sheet date.

In addition to the syndicated joint credit multi-currency-facility agreement there are revolving credit agreements of €1.8 billion in total with banking institutions whereby ThyssenKrupp AG, ThyssenKrupp Finance USA, Inc. or ThyssenKrupp Finance Nederland B.V. can borrow in Euros, U.S. dollars or in British pounds Sterling. As of September 30, 2014, the credit agreements were not drawn.

In total the Group has available unused, committed credit lines amounting to €3.8 billion.

The Group's Commercial Paper Program also provides up to €1.5 billion in additional financing. Commercial papers are debt instruments which can be issued under our program with a term of up to 364 days depending on investor demand. As of September 30, 2014, the program was not used.

As of the balance sheet date the future minimum lease payments reconcile to their present value (= finance lease liability) as follows:

Reconciliation future minimum lease payments to present value of finance lease liability

	Sept. 30, 2013			Sept. 30, 2014		
million €	Future minimum lease payments	Interest	Present value (finance lease liabilities)	Future minimum lease payments	Interest	Present value (finance lease liabilities)
Not later than one year	13	3	10	21	4	17
Between one and five years	36	9	27	38	10	28
Later than five years	27	11	16	23	9	14
Total	76	23	53	82	23	59

Maturity of financial debt is as follows:

Maturity of financial debt

million € (for fiscal year)	Total financial debt	thereof: Liabilities to financial institutions
2014/2015	1,005	221
2015/2016	1,679	305
2016/2017	1,373	116
2017/2018	1,792	121
2018/2019	97	84
thereafter	1,536	176
Total	7,482	1,023

18 Trade accounts payable

Trade accounts payable in the amount of €263 million (2013: €230 million) have a remaining term of more than one year.

19 Other financial liabilities

Other financial liabilities

	Sept. 30, 2013		Sept. 30, 2014	
million €	current	non-current	current	non-current
Financial liabilities measured at amortized cost	1,007	3	936	3
Derivatives that do not qualify for hedge accounting	172	—	280	—
Derivatives that qualify for hedge accounting	62	—	163	—
Total	1,241	3	1,379	3

Other financial liabilities amounting to €139 million (2013: €33 million) have a remaining term of more than one year.

20 Other non-financial liabilities

Other non-financial liabilities

	Sept. 30, 2013		Sept. 30, 2014	
million €	current	non-current	current	non-current
Amounts due to customers for construction work	4,930	—	4,959	—
Advance payments	1,314	—	1,331	—
Selling and buying market related liabilities	794	—	932	—
Liabilities due to put options	12	—	12	—
Liabilities to the employees	733	—	834	—
Liabilities for social security	87	—	101	—
Deferred income	60	—	61	—
Tax liabilities (without income taxes)	218	—	297	—
Other	307	1	314	5
Total	8,455	1	8,841	5

Other non-financial liabilities amounting to €3,427 million (2013: €3,485 million) have a remaining term of more than one year.

Amounts due to customers for construction work are calculated as follows:

Liabilities for construction work

million €	Sept. 30, 2013	Sept. 30, 2014
Contract costs incurred and recognized contract profits (less recognized losses)	9,353	8,251
Less advance payments received	(14,283)	(13,210)
Total	(4,930)	(4,959)

21 Contingencies and commitments

Contingencies

ThyssenKrupp AG as well as, in individual cases, its subsidiaries have issued or have had guarantees issued in favour of customers or lenders. The following table shows obligations under guarantees where the principal debtor is not a consolidated Group company:

Contingencies

	Maximum potential amount of future payments as of		Provision as of	
million €	Sept. 30, 2013	Sept. 30, 2014	Sept. 30, 2013	Sept. 30, 2014
Advance payment bonds	256	282	1	1
Performance bonds	117	124	1	2
Third party credit guarantee	89	8	0	0
Residual value guarantees	61	61	2	2
Other guarantees	74	29	1	0
Total	597	504	5	5

Guarantees include contingent liabilities of associates of €0 million (2013: €80 million) and contingent liabilities of joint ventures of €407 million (2013: €419 million). Contingent liabilities of joint ventures include €196 million (2013: €189 million) that apply to the shares of the other joint venturers.

The terms of these guarantees depend on the type of guarantee and may range from three months to ten years (e.g. rental payment guarantees).

The basis for possible payments under the guarantees is always the non-performance of the principal debtor under a contractual agreement, e.g. late delivery, delivery of non-conforming goods under a contract, non-performance with respect to the warranted quality or default under a loan agreement.

All guarantees are issued by or issued by instruction of ThyssenKrupp AG or subsidiaries upon request of the principal debtor obligated by the underlying contractual relationship and are subject to recourse provisions in case of default. Is such a principal debtor is a company owned fully or partially by a foreign third party, such third party is generally requested to provide additional collateral in a corresponding amount.

ThyssenKrupp bears joint and several liability as a member of certain civil law partnerships, ordinary partnerships and consortiums.

Former stockholders of Thyssen and of Krupp have petitioned per Art. 305 UmwG (Reorganization Act, before amendment) for a judicial review of the share exchange ratios used in the merger of Thyssen AG and Fried. Krupp AG Hoesch-Krupp to form ThyssenKrupp AG. The proceedings are pending with the Düsseldorf Regional Court. Should a ruling be made in favor of the petitioners, the Court would require settlement to be made via an additional cash payment plus interest. The additional payment would be required to be made to all affected stockholders, even if they were not petitioners in the judicial proceedings. However, the Group expects no such payments to become due as the exchange ratios were duly determined, negotiated between unrelated parties and audited and confirmed by the court-appointed merger auditor, and differ only insignificantly from the value ratio determined by the expert appointed by the Düsseldorf Regional Court.

In connection with the rail cartel various companies of the Deutsche Bahn group (DB) filed a claim against ThyssenKrupp GfT Gleistechnik, ThyssenKrupp Materials International and further cartel participants. In this connection DB estimated the total damages caused by all participants in the cartel at approx. €550 million plus interest of approx. €300 million. A settlement to the action was agreed with DB and has entered into effect. The payment agreed in the settlement was effected in February 2014. Other companies, particularly local transport services, have also asserted or announced damage claims in or mostly out of court in connection with the rail cartel. ThyssenKrupp has recognized provisions for risks in connection with the claims for damages.

Claims for damages have been filed against ThyssenKrupp AG and companies of the ThyssenKrupp Group in connection with the elevator cartel. ThyssenKrupp has recognized provisions for risks in connection with the claims for damages.

Acting on an anonymous tip, the Federal Cartel Office has been investigating ThyssenKrupp Steel Europe and other companies since the end of February 2013 based on an initial suspicion of price fixing in the delivery of certain steel products to the German auto industry and its suppliers over a period dating back to 1998. ThyssenKrupp has launched its own investigation into the allegations with the support of external lawyers. The amnesty program we carried out in 2013 produced no leads regarding the ongoing investigations. The investigations by the Federal Cartel Office are ongoing. Our internal investigations, launched in response to the investigations by the Federal Cartel Office, are far advanced but not yet complete. Based on the facts currently known to us, significant adverse consequences with regard to the Group's asset, financial and earnings situation cannot be ruled out.

In connection with the majority interest previously held by the Industrial Solutions business area in the Greek shipyard Hellenic Shipyards (HSY) and the construction of submarines for the Greek Navy, the Greek government has filed legal and arbitration actions to claim compensation of €2.1 billion and reimbursement of a €115 million installment payment from ThyssenKrupp Industrial Solutions AG and ThyssenKrupp Marine Systems GmbH as well as from HSY and the current majority shareholder of HSY. To date the Greek government has concretized claims only in a double-digit million euro amount, relating exclusively to its contact with HSY. The claims asserted against the ThyssenKrupp companies appear unfounded. All contractual obligations of ThyssenKrupp Marine Systems and other ThyssenKrupp companies vis-à-vis the Greek government have been fulfilled since 2010.

In addition further legal and arbitration actions and official investigations and proceedings as well as claims have been filed against ThyssenKrupp companies or may be initiated or filed in the future. They include for example legal, arbitration and out-of-court disputes as well as official investigations in connection with the construction, tax concessions granted, and operation of the Brazilian steel plant, which could lead to payment of damages and fines or tax charges. Disputes in connection with the acquisition or disposal of companies or company units which may lead to partial repayment of the purchase price or to the payment of damages or to tax charges. Furthermore, damage claims may be payable to contractual partners, customers, consortium partners and subcontractors under performance contracts. Predicting the progress and results of lawsuits involves considerable difficulties and uncertainties. This means that lawsuits not disclosed separately could also individually or together with other legal disputes have a negative and also potentially major future impact on the Group's net assets, financial position and results of operations. However, at present ThyssenKrupp does not expect pending lawsuits not explained separately in this section to have a major negative impact on the Group's net assets, financial position and results of operations.

Commitments and other contingencies

The Group is the lessee to property, plant and equipment classified as operating leases. Rental expense amounting to €322 million (2012/2013: €324 million) resulting from rental contracts, long-term leases and leasing contracts classified as operating leases was incurred in fiscal 2013/2014. It comprises as follows:

Expense resulting from operating lease contracts

million €	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Minimum rental payments	324	322
Contingent rental payments	0	0
less income from sublease agreements	0	0
Total	324	322

The future minimum rental payments, excluding accrued interest from such non-cancellable contracts that have an initial or remaining term of more than one year as of the balance sheet date are (at face amounts):

Future minimum rental payments

million €	Sept. 30, 2013	Sept. 30, 2014
Not later than one year	237	237
Between one and five years	482	463
Later than five years	158	73
Total	877	773

The future minimum rental income from non-cancelable sublease contracts amounting to €2 million (2012/2013: €1 million) is not included in the total of future minimum rental payments.

The commitment to enter into investment projects amounts to €430 million (2013: €506 million) as of September 30, 2014 and relates mainly to property, plant and equipment of the Steel Europe and Components Technology business areas.

Payment commitments and obligations to make further contributions to corporations and cooperative associations exist in the total amount of €13 million (2013: €3 million). In addition, other financial commitments exist in the amount of €2,967 million (2013: €2,737 million), primarily from the commitments to purchase coking coal, coal and lime under long term supply contracts and obligations under ship-charter contracts in the Steel Europe and Steel Americas business areas as well as purchasing commitments resulting from the Group's electricity and gas supply contracts. In addition, in the Steel Europe and Steel Americas business areas long term iron ore and iron ore pellets supply contracts exist which will result in purchasing commitments over a period of up to 10 years. Due to the high volatility of iron ore prices, the measurement of the complete purchasing commitments is based on the iron ore price as of the current balance sheet date resulting in purchasing commitments of €9,067 million (2013: €14,770 million) in total.

Based on the risk bearing ability of the Group or the Group companies, there exist adequate deductibles in the various classes of insurance. One or more damages at these units could impact the Group's net assets, financial position and results of operations.

22 Financial instruments

The following table shows financial assets and liabilities by measurement categories and classes. Finance lease receivables and liabilities, and derivatives that qualify for hedge accounting are also included although they are not part of any IAS 39 measurement category.

Financial instruments as of Sept. 30, 2013

		Measurement in accordance with IAS 39			Measurement in accordance with IAS 17	
million €	Carrying amount on balance sheet Sept. 30, 2013	(Amortized) cost	Fair value recognized in profit or loss	Fair value recognized in equity	Amortized cost	Fair value Sept. 30, 2013
Trade accounts receivable, net (excluding finance lease)	4,905	4,905				4,905
Loans and receivables		4,905				4,905
Finance lease receivables	51				51	51
Other financial assets	1,519	1,454	48	17		1,519
Loans and receivables		1,436				1,436
Available-for-sale financial assets		18		10		28
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)			48			48
Derivatives that qualify for hedge accounting			0	7		7
Cash and cash equivalents	3,813	3,813				3,813
Loans and receivables		3,813				3,813
Total of financial assets	10,288					
thereof by measurement categories of IAS 39:						
Loans and receivables	10,154	10,154				10,154
Available-for-sale financial assets	28	18		10		28
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)	48		48			48
Financial debt (excluding finance lease)	8,813	8,813				9,154
Financial liabilities measured at amortized cost		8,813				9,154
Finance lease liabilities	53				53	53
Trade accounts payable	3,713	3,712				3,712
Financial liabilities measured at amortized cost		3,712				3,712
Other financial liabilities	1,244	1,010	172	62		1,244
Financial liabilities measured at amortized cost		1,010				1,010
Derivatives that do not qualify for hedge accounting (Financial liabilities held for trading)			172			172
Derivatives that qualify for hedge accounting			0	62		62
Total of financial liabilities	13,823					
thereof by measurement categories of IAS 39:						
Financial liabilities measured at amortized cost	13,535	13,535				13,876
Derivatives that do not qualify for hedge accounting (Financial liabilities held for trading)	172		172			172

Financial instruments as of Sept. 30, 2014

		Measurement in accordance with IAS 39			Measurement in accordance with IAS 17	
million €	Carrying amount on balance sheet Sept. 30, 2014	(Amortized) cost	Fair value recognized in profit or loss	Fair value recognized in equity	Amortized cost	Fair value Sept. 30, 2014
Trade accounts receivable, net (excluding finance lease)	5,732	5,732				5,732
Loans and receivables		5,732				5,732
Finance lease receivables	50				50	50
Other financial assets	441	350	62	29		441
Loans and receivables		333				333
Available-for-sale financial assets		17		16		33
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)			62			62
Derivatives that qualify for hedge accounting			0	13		13
Cash and cash equivalents	3,979	3,979				3,979
Loans and receivables		3,979				3,979
Total of financial assets	10,202					
thereof by measurement categories of IAS 39:						
Loans and receivables	10,044	10,044				10,044
Available-for-sale financial assets	33	17		16		33
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)	62		62			62
Financial debt (excluding finance lease)	7,423	7,423				7,841
Financial liabilities measured at amortized cost		7,423				7,841
Finance lease liabilities	59				59	59
Trade accounts payable	4,925	4,925				4,925
Financial liabilities measured at amortized cost		4,925				4,925
Other financial liabilities	1,382	939	280	163		1,382
Financial liabilities measured at amortized cost		939				939
Derivatives that do not qualify for hedge accounting (Financial liabilities held for trading)			280			280
Derivatives that qualify for hedge accounting			0	163		163
Total of financial liabilities	13,789					
thereof by measurement categories of IAS 39:						
Financial liabilities measured at amortized cost	13,287	13,287				13,705
Derivatives that do not qualify for hedge accounting (Financial liabilities held for trading)	280		280			280

The carrying amounts of trade accounts receivable, other current receivables as well as cash and cash equivalents equal their fair values. The fair value of loans equals the present value of expected cash flows which are discounted on the basis of interest rates prevailing on the balance sheet date.

Available-for-sale financial assets primarily include equity and debt instruments. They are in general measured at fair value, which is based to the extent available on market prices as of the balance sheet date. When no quoted market prices in an active market are available and the fair value cannot be reliably measured, equity instruments are measured at cost.

The fair value of foreign currency forward transactions is determined on the basis of the middle spot exchange rate applicable as of the balance sheet date, and taking account of forward premiums or discounts arising for the respective remaining contract term compared to the contracted forward exchange rate. Common methods for calculating option prices are used for foreign currency options. The fair value of an option is influenced not only by the remaining term of an option, but also by other factors, such as current amount and volatility of the underlying exchange or base rate.

Interest rate swaps and cross currency swaps are measured at fair value by discounting expected cash flows on the basis of market interest rates applicable for the remaining contract term. In the case of cross currency swaps, the exchange rates for each foreign currency, in which cash flows occur, are also included.

The fair value of commodity futures is based on published price quotations. It is measured as of the balance sheet date, both internally and by external financial partners.

The carrying amounts of trade accounts receivable and other current liabilities equal their fair values. The fair value of fixed rate liabilities equals the present value of expected cash flows. Discounting is based on interest rates applicable as of the balance sheet date. The carrying amounts of floating rate liabilities equal their fair values.

Financial assets and liabilities measured at fair value could be categorized in the following three level fair value hierarchy:

Fair value hierarchy as of Sept. 30, 2013

million €	Balance as of Sept. 30, 2013	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)	48	0	48	0
Derivatives that qualify for hedge accounting	0	0	0	0
Fair value recognized in equity				
Available-for-sale financial assets	10	8	2	0
Derivatives that qualify for hedge accounting	7	0	7	0
Total	65	8	57	0
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)	172	0	80	92
Derivatives that qualify for hedge accounting	0	0	0	0
Fair value recognized in equity				
Derivatives that qualify for hedge accounting	62	0	62	0
Total	234	0	142	92

Fair value hierarchy as of Sept. 30, 2014

million €	Balance as of Sept. 30, 2014	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)	62	0	62	0
Derivatives that qualify for hedge accounting	0	0	0	0
Fair value recognized in equity				
Available-for-sale financial assets	16	13	3	0
Derivatives that qualify for hedge accounting	13	0	13	0
Total	91	13	78	0
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)	280	0	181	99
Derivatives that qualify for hedge accounting	0	0	0	0
Fair value recognized in equity				
Derivatives that qualify for hedge accounting	163	0	163	0
Total	443	0	344	99

The fair value hierarchy reflects the significance of the inputs used to determine fair values. Financial instruments with fair value measurement based on quoted prices in active markets are disclosed in Level 1. In Level 2 determination of fair values is based on observable inputs, e.g. foreign exchange rates. Level 3 comprises financial instruments for which the fair value measurement is based on unobservable inputs.

The following table shows the reconciliation of level 3 financial instruments:

Reconciliation level 3 financial instruments in million €

Balance as of Sept. 30, 2013	(92)
Changes recognized through profit or loss	(7)
Balance as of Sept. 30, 2014	(99)

The financial liability, which is based on individual valuation parameters and recognized at fair value, comprises a freight derivative which was valued according to the contractually agreed minimum volume on the basis of recognized hedge models taking into account the market data prevailing at the closing date. The resulting income effect is recognized in the consolidated statement of income under "Other expenses".

Netting of financial assets and financial liabilities

The following two tables show to what extent financial assets and financial liabilities meet the offsetting criteria under IAS 32 and are set off in the statement of financial position and to what extent master netting arrangements exist which do not meet the offsetting criteria. In general, master netting arrangements exist only for derivative financial instruments in the ThyssenKrupp Group. Excepted from this are embedded derivatives.

Sept. 30, 2013: Financial assets and financial liabilities subject to enforceable master netting arrangements

	Amounts that meet offsetting criteria			Amounts that do not meet offsetting criteria			
million €	Gross amounts	Amounts set off in the statement of financial position	Net amounts recognized	Derivative financial instruments	Potential offsetting	Cash collateral	Potential net amounts
Derivatives with positive fair values	52	0	52	52	25	0	27
Derivatives with negative fair values	285	54	231	231	25	6	200

Sept. 30, 2014: Financial assets and financial liabilities subject to enforceable master netting arrangements

	Amounts that meet offsetting criteria			Amounts that do not meet offsetting criteria			
million €	Gross amounts	Amounts set off in the statement of financial position	Net amounts recognized	Derivative financial instruments	Potential offsetting	Cash collateral	Potential net amounts
Derivatives with positive fair values	71	0	71	71	56	0	15
Derivatives with negative fair values	469	31	438	438	56	3	379

The Group enters into derivative financial instruments mainly on the basis of master agreements that do not meet the offsetting criteria under IAS; in these cases a right of offsetting is enforceable only on termination of the contract on the grounds of a major breach of contract or insolvency of one of the contractual parties. The gross amounts for these derivatives are therefore presented separately in the statement of financial position. An exception from this are futures, for which the fair values are settled daily on the basis of margin calls. These derivatives meet the offsetting criteria under IAS 32 and are therefore shown as net amounts in the statement of financial position.

The following table shows net gains and losses from financial instruments by measurement categories. Gains or losses arising from finance lease and from derivatives that qualify for hedge accounting are not included, as they are not part of any IAS 39 measurement category.

Net gains and losses from financial instruments

million €	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Loans and receivables	(404)	161
Available-for-sale financial assets	30	(210)
Derivatives that do not qualify for hedge accounting (Financial assets/liabilities held for trading)	(91)	(136)
Financial liabilities measured at amortized cost	(354)	(605)

Net gains under “loans and receivables” mainly comprises interest income on financial receivables as well as gains and losses on foreign currency receivables. In the previous year also valuation allowances were included.

The category “available-for-sale financial assets” mainly includes the expense resulting from the disposal of the investment in OTK and current earnings from equity and debt instruments.

Gains and losses arising from changes in fair value of foreign currency, interest rate and commodity derivatives that do not comply with the hedge accounting requirements under IAS 39 are included in the “derivatives that do not qualify for hedge accounting” category.

The category “financial liabilities measured at amortized cost” mainly comprises of interest expenses on financial liabilities as well as gains and losses on foreign currency liabilities.

Included in net gains and losses are exchange differences of €79 million (2012/2013: €5 million).

Derivative financial instruments

The Group uses various derivative financial instruments, including foreign currency forward contracts, foreign currency options, interest rate swaps, cross currency swaps and commodity forward contracts. Derivative financial instruments are generally used to hedge existing or anticipated underlying transactions so as to reduce foreign currency, interest rate and commodity price risks.

The following table shows the notional amounts and fair values of derivatives used within the Group:

Derivative financial instruments

million €	Notional amount Sept. 30, 2013	Fair value Sept. 30, 2013	Notional amount Sept. 30, 2014	Fair value Sept. 30, 2014
Assets				
Foreign currency derivatives that do not qualify for hedge accounting	2,477	36	721	22
Foreign currency derivatives qualifying as cash flow hedges	106	2	200	11
Embedded derivatives	67	3	100	4
Interest rate derivatives qualifying as cash flow hedges*	224	2	0	0
Commodity derivatives that do not qualify for hedge accounting	213	9	435	36
Commodity derivatives qualifying as cash flow hedges	31	3	26	2
Total	3,118	55	1,482	75
Liabilities				
Foreign currency derivatives that do not qualify for hedge accounting	1,854	68	3,185	130
Foreign currency derivatives qualifying as cash flow hedges	179	6	266	16
Embedded derivatives	65	3	98	5
Interest rate derivatives qualifying as cash flow hedges*	1,095	21	1,538	106
Commodity derivatives that do not qualify for hedge accounting**	388	101	625	145
Commodity derivatives qualifying as cash flow hedges	157	35	199	41
Total	3,738	234	5,911	443

* inclusive of cross currency swaps
** inclusive of freight derivatives

Derivatives that qualify for hedge accounting

Hedge accounting in accordance with IAS 39 is used to hedge foreign currency risks of firm commitments, future receivables and liabilities denominated in foreign currency, commodity price risks arising from sales and purchase transactions, and interest rate and foreign currency risks from non-current financings.

Cash flow hedges

Cash flow hedges are mainly used to hedge future cash flows against foreign currency and commodity price risks arising from future sales and purchase transactions as well as interest rate and foreign currency risks from non-current liabilities. These derivatives are measured at fair value, divided into an effective and ineffective portion. Until realization of the hedged underlying transaction, the effective portion of fluctuations in fair value of these derivatives is recognized directly in equity in the cumulative other comprehensive income position, while the ineffective portion is recognized in profit or loss. The cumulative gain or loss recognized in equity is reclassified to profit or loss in the same period during which the future underlying transactions (hedged items) affect profit or loss. As of 30 September 2014, hedging instruments with positive fair value totaled €13 million (2013: €7 million) and those with negative fair value totaled €163 million (2013: €62 million). For the 2013/2014 fiscal year, €84 million (2012/2013: €(106) million) (before tax) in unrealized gains or losses have been recognized directly in equity in the cumulative other comprehensive income position. Cash flows from future transactions are currently hedged for a maximum of 60 months.

During the current fiscal year, €0 million (2013: €3 million) of cumulative other comprehensive income were reclassified to sales in profit or loss as a result of the underlying transactions being realized during the year. €1 million thereof was included in discontinued operations of the year ended September 30, 2013. In addition, €10 million (2013: €2 million) of cumulative other comprehensive income were reclassified to increase cost of inventories, as the hedged commodities were recognized, although the underlying transaction had not yet been taken to profit or loss. This resulted in increased expenses of €10 million in 2013/2014. Furthermore, €0 million (2013: €2 million) of cumulative other comprehensive income were reclassified and increased cost of property, plant and equipment. Thereof income of €0 million impacted earnings in 2013/2014. In addition, income of €0 million of that reclassified amount is expected to impact earnings in 2014/2015 and income of €2 million in subsequent fiscal years.

As of September 30, 2014, net income from the ineffective portions of derivatives classified as cash flow hedges totaled €(18) million (2012/2013: €(17) million).

The cancellation of cash flow hedges during the current fiscal year resulted in earnings of €0 million (2012/2013: €0 million) due to reclassification from cumulative other comprehensive income. These fluctuations in fair value of derivatives originally recognized in equity were reclassified to profit or loss when the hedged underlying transaction was no longer probable to occur.

In the subsequent fiscal year fluctuations in fair value of derivatives included in cumulative other comprehensive income as of the reporting date is expected to impact earnings by income of €40 million. During the 2015/2016 fiscal year, earnings are expected to be impacted by expenses of €43 million, during the 2016/2017 fiscal year by expenses of €2 million and during the following fiscal years by expenses of €4 million.

Fair value hedges

Fair value hedges are mainly used to hedge the exposure to changes in fair value of a firm commitment and exposure to inventory price risks as well as to hedge interest rate risks. These commodity and interest rate derivatives are measured at fair value. The carrying amounts of the corresponding underlying transactions are adjusted for the change of the fair values of the hedged risks. As of September 30, 2013 and 2014, respectively, these hedging instruments were not used.

Derivates that do not qualify for hedge accounting

If a hedging relationship does not meet the requirements for hedge accounting in accordance with the conditions under IAS 39 or hedge accounting is economically not reasonable, the derivative financial instrument is recognized as a derivative that does not qualify for hedge accounting. The resulting impact on profit or loss is shown in the table on net gains and losses from financial instruments by measurement categories. This item also includes embedded derivatives. They exist in the ThyssenKrupp Group in the way that regular supply and service transactions with suppliers and customers abroad are not concluded in the functional currency (local currency) of either contracting parties.

Financial risks

The management of ThyssenKrupp AG has implemented a risk management system that is monitored by the Supervisory Board. The general conditions for compliance with the requirements for proper and future-oriented risk management within the Group are set out in the risk management principles. These principles aim at encouraging all Group members of staff to responsibly deal with risks as well as supporting a sustained process to improve risk awareness. The Group guideline on risk management and other Group guidelines specify risk management processes, compulsory limitations, and the application of financial instruments. The risk management system aims at identifying, analyzing, managing, controlling and communicating risks promptly throughout the Group. ThyssenKrupp Group's risk environment is updated at least twice a year by carrying out a risk inventory in all Group companies. The results of the risk inventory process are communicated to both ThyssenKrupp AG's Executive Board and the Supervisory Board's audit committee. Risk management reporting is a continuous process and part of regular Group reporting. Group guidelines and information systems are checked regularly and adapted to current developments. In addition, our Corporate Function Internal Auditing regularly checks whether Group companies comply with risk management system requirements.

Being a global Group, ThyssenKrupp is exposed to credit, liquidity and market risks (foreign currency, interest rate and commodity price risks) during the course of ordinary activities. The aim of risk management is to limit the risks arising from operating activities and associated financing requirements by applying selected derivate and non-derivative hedging instruments.

Credit risk (counterparty default risk)

To the Group, financial instruments bear default risk resulting from one party's possible failure to meet its payment obligations, with the maximum default risk being equal to the positive fair value of the respective financial instrument. During crises, default risks take on greater significance; we are managing them very carefully by our business policy. In order to minimize default risk, the ThyssenKrupp Group only enters into financial instruments for financing purposes with contracting parties that have a very good credit standing or are members of a deposit protection fund. For further risk minimizing transactions are concluded in compliance with specified risk limits. In the operative area, receivables and default risks are monitored by Group companies on an ongoing basis and partially covered by merchandise credit insurance. Risks arising from the delivery of goods to major customers are subject to a special credit watch. In addition, letters of credit and indemnity bonds are used to hedge receivables from major customers. However, receivables from these contracting parties do not reach levels that would result in extraordinary risk concentrations. Default risk is taken into account by valuation allowances.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents. Managing liquidity risk, and therefore allocating resources and hedging the Group's financial independence, are some of the central tasks of ThyssenKrupp AG. In order to be able to ensure the Group's solvency and financial flexibility at all times, long-term credit limits and cash and cash equivalents are reserved on the basis of perennial financial planning and monthly rolling liquidity planning. Cash pooling and external financing focus primarily on ThyssenKrupp AG and specific financing companies. Our financing is also secured for the next fiscal year.

As of September 30, 2014 the gearing limit of 150% agreed in some credit agreements was met again. Refer also to the explanation in Note 13 in chapter “Management of capital”.

Cash pooling and external financing focus primarily on ThyssenKrupp AG and specific financing companies. Funds are provided internally to Group companies according to need.

The following table shows future undiscounted cash outflows from financial liabilities based on contractual agreements:

Future undiscounted cash outflows as of Sept. 30, 2013

million €	Carrying amount Sept. 30, 2013	Cash flows in 2013/2014	Cash flows in 2014/2015	Cash flows between 2015/2016 and 2017/2018	Cash flows after 2017/2018
Bonds	5,582	1,329	1,253	4,236	0
Liabilities to financial institutions	2,407	727	317	1,008	749
Finance lease liabilities	53	13	15	20	28
Other financial debt	824	306	26	476	145
Trade accounts payable	3,712	3,449	250	12	1
Derivative financial liabilities that do not qualify for hedge accounting	172	89	15	37	36
Derivative financial liabilities that qualify for hedge accounting	62	19	14	34	0
Other financial liabilities	1,010	984	22	3	0

Future undiscounted cash outflows as of Sept. 30, 2014

million €	Carrying amount Sept. 30, 2014	Cash flows in 2014/2015	Cash flows in 2015/2016	Cash flows between 2016/2017 and 2018/2019	Cash flows after 2018/2019
Bonds	5,824	1,012	1,242	3,150	1,289
Liabilities to financial institutions	1,023	326	360	391	209
Finance lease liabilities	59	21	13	25	23
Other financial debt	576	36	388	102	145
Trade accounts payable	4,925	4,662	250	12	1
Derivative financial liabilities that do not qualify for hedge accounting	280	162	46	45	28
Derivative financial liabilities that qualify for hedge accounting	163	114	52	10	0
Other financial liabilities	939	906	29	4	0

Cash flows from derivatives are offset by cash flows from hedged underlying transactions, which have not been considered in the analysis of maturities. If cash flows from the hedged underlying transactions were also considered, the cash flows shown in the table would be accordingly lower.

Market risks

Market risk is the risk that fair values or future cash flows of non-derivative or derivative financial instruments will fluctuate due to changes in risk factors. Among market risks relevant to ThyssenKrupp are foreign currency, interest rate, commodity price, and especially raw material price risks. Associated with these risks are fluctuations in income, equity and cash flow. The objective of risk management is to eliminate or limit emerging risks by taking appropriate precautions, especially by applying derivatives. The application of derivatives is subject to strict controls set up on the basis of guidelines as part of regular reporting. The Group primarily concludes over-the-counter (OTC) forward foreign currency transactions, interest rate swaps, cross currency derivatives and commodity forward contracts with banks and trading partners. In addition, exchange-traded futures are used to hedge commodity prices.

The following analysis and amounts determined by means of sensitivity analyses represent hypothetical, future-oriented data that can differ from actual outcomes because of unforeseeable developments in financial markets. Moreover, non-financial or non-quantifiable risks, such as business risks, are not considered here.

Foreign currency risk exposures

The international nature of our business activities generates numerous cash flows in different currencies – especially in US dollars. Hedging the resulting currency risk exposures is an essential part of our risk management.

Group-wide regulations form the basis for ThyssenKrupp Group's currency management. Principally, all group companies are obliged to hedge foreign currency positions at the time of inception. Affiliated companies based in the Euro zone are obliged to submit all unhedged positions from trade activities in major transaction currencies to a central clearing office. Depending on the derivatives' hedging purpose and resulting accounting treatment, the offered positions are either hedged under a portfolio hedge approach or directly hedged with banks on a back-to-back basis taking into account the respective maturity. Financial transactions and the transactions undertaken by our subsidiaries outside the Euro zone are hedged in close cooperation with central Group management. Compliance with the Group's requirements is regularly ascertained by our Corporate Function Internal Auditing.

Foreign currency hedging is used to fix prices on the basis of hedging rates as protection against any unfavorable exchange rate fluctuations in the future. Hedging periods are generally based on the maturities of underlying transactions. Foreign currency derivative contracts usually have maturities of twelve months or less, but can also be up to 60 months in single exceptional cases.

The US dollar is the only relevant risk variable for sensitivity analyses under IFRS 7, as the vast majority of foreign currency cash flows occurs in US dollars. As hedging transactions are generally used to hedge underlying transactions, opposite effects in underlying and hedging transactions are almost entirely offset over the total period. Thus, the currency risk exposure described here results from hedging relationships with off-balance sheet underlying transactions, i.e. hedges of firm commitments and forecasted sales. Based on our analysis, the US dollar exposure as of September 30, 2014 was as follows:

If the Euro had been 10% stronger against the US dollar as of September 30, 2014, the hedge reserve in equity and fair value of hedging transactions would have been €5 million (2013: €16 million) lower and earnings resulting from the measurement as of the balance sheet date €60 million (2012/2013: €138 million) higher. If the Euro had been 10% weaker against the US dollar as of September 30, 2014, the hedge reserve in equity and fair value of hedging transactions would have been €6 million (2013: €19 million) higher and earnings resulting from the measurement as of the balance sheet date €75 million (2012/2013: €172 million) lower.

Interest rate risk

Due to the international focus of ThyssenKrupp's business activities, the Group procures liquidity to cover its financial needs in international money and capital markets in different currencies and with various maturities. Some of the resulting financial debt and financial investments are exposed to interest rate risk. The Group's central interest rate management manages and optimizes interest rate risk. This includes regular interest analyses. In some cases, the Group uses derivatives to hedge interest rate risk. These instruments are contracted with the objective of minimizing interest rate volatilities and finance costs for underlying transactions.

As of September 30, 2013 and 2014, respectively, all interest derivatives are immediately and directly allocated to particular financings as cash flow hedges. Consequently, as of the balance sheet dates all interest derivatives qualify for hedge accounting.

Cross currency swaps have been contracted in connection with the US dollar financing activities.

Interest rate instruments can result in cash flow risks, opportunity effects, as well as interest rate risks affecting the balance sheet and earnings. Refinancing and variable-rate financial instruments are subject to cash flow risk which expresses the uncertainty of future interest payments. Cash flow risk is measured by means of cash flow sensitivity. Opportunity effects arise from non-derivatives, as these are measured at amortized cost rather than fair value, in contrast to interest derivatives. This difference, the so-called opportunity effect, affects neither the balance sheet nor the statement of income. On-balance sheet interest rate risks affecting equity result from the measurement of interest derivatives qualifying as cash flow hedges. Interest rate risks affecting earnings arise from the remaining interest rate derivatives not qualifying for hedge accounting. Opportunity effects and interest rate risks affecting the balance sheet and earnings are determined by calculating fair value sensitivity analyses and changes.

As of September 30, 2014, a +100/(20) basis point parallel shift in yield curves is assumed for all currencies in interest analyses. In fiscal year 2008/2009 the parallel downward shift was reduced to (20) basis points to consider the reduced interest level as a result of the financial crisis and to avoid negative interest rates. Due to the still relatively low interest level this approach is also maintained for the current analysis. Based on the assumptions of the analysis negative interest rates are not taken into account. The analysis results in the opportunities (positive values) and risks (negative values) shown in the following table:

Interest analysis as of Sept. 30, 2014

	Changes in all yield curves as of Sept. 30, 2014 by	
million €	+ 100 basis points	(20) basis points
Cash flow risk	30	(5)
Opportunity effects	206	(40)
Interest rate risks resulting from interest rate derivatives affecting balance sheet	(3)	1
Interest rate risks resulting from interest rate derivatives affecting earnings	0	0

In the previous year the analysis resulted in the opportunities (positive values) and risks (negative values) shown in the following table:

Interest analysis as of Sept. 30, 2013

	Changes in all yield curves as of Sept. 30, 2013 by	
million €	+ 100 basis points	(20) basis points
Cash flow risk	19	(4)
Opportunity effects	201	(42)
Interest rate risks resulting from interest rate derivatives affecting balance sheet	(3)	1
Interest rate risks resulting from interest rate derivatives affecting earnings	0	0

If, as of September 30, 2014, all yield curves combined had been 100 basis points higher, the hedge reserve in equity and fair value of the relevant interest derivatives would have been €3 million (2013: €3 million) lower and earnings resulting from the measurement as of the balance sheet date €30 million (2012/2013: €19 million) higher. If, as of September 30, 2014, all yield curves combined had been 20 basis points lower, the hedge reserve in equity and fair value of the relevant interest derivatives would have been €1 million (2013: €1 million) higher and earnings resulting from the measurement as of the balance sheet date €5 million (2012/2013: €4 million) lower.

Commodity price risks

The Group uses various nonferrous metals, especially nickel, as well as commodities such as ore, coal, coke and energy, for different production processes. Furthermore extensive additional freight capacities are needed. Purchase prices for commodities, energy and freight capacity can vary significantly depending on market conditions.

This causes commodity price risks which can affect income, equity and cash flow. We react with adjusted selling prices and alternative purchasing resources to ensure our competitiveness. To minimize risks arising from commodity price volatilities, the Group also uses derivatives, especially for copper, nickel, tin and aluminium. The contracting of such financial derivatives is subject to strict guidelines which are checked for compliance by internal auditing. The nonferrous metals are generally hedged by a central system. Only marketable instruments are used, as there are mainly commodity forward contracts. Commodity forward contracts are measured at fair value. Fluctuations in fair value are recognized predominately in profit or loss under sales revenue or cost of sales. Sometimes cash flow hedge accounting is used when commodity derivatives are immediately and directly allocated to a particular firm commitment. In some cases, fair value hedges are used to hedge the exposure to changes in fair value of a firm commitment and exposure to inventory price risks.

Risks resulting from rising energy prices are limited by structuring procurement on the electricity market and concluding or extending long-term natural gas contracts. These contracts are subject to the so-called “own use exemption” and therefore not carried as derivatives.

To minimize the risk of fluctuating freight prices, the Group uses among other things long-term fixed price contracts, of which one contract is recognized as a commodity forward transaction measured at fair value.

Only hypothetical changes in market prices for derivatives are included in scenario analysis, required for financial instruments under IFRS 7. Offsetting effects from underlying transactions are not taken into account and would reduce their effect significantly.

As of September 30, 2014 a +20/(20)% shift in market prices for non-ferrous metals and freight rates is assumed. If an increase of 20% in market prices for said non-ferrous metals and freight rates is assumed, the estimated hypothetical impact on profit or loss resulting from the measurement as of the balance sheet date is €2 million (2012/2013: €13 million), and on equity €10 million (2013: €7 million). If a decrease of 20% in market prices for said non-ferrous metals and freight rates is assumed, the estimated hypothetical impact on profit or loss resulting from the measurement as of the balance sheet date is €9 million (2012/2013: €(13) million), and on equity €(19) million (2013: €(2) million).

23 Related parties

Based on the notification received in accordance with German Securities Trade Act (WpHG) Art. 21 para. 1 as of December 03, 2013, the Alfried Krupp von Bohlen und Halbach Foundation holds an interest of 23.03% in ThyssenKrupp AG; based on a voluntary notification of the Foundation as of September 30, 2014, the interest in ThyssenKrupp AG as of September 30, 2014 is unchanged. Outside the services and considerations provided for in the by-laws (Article 21 of the Articles of Association of ThyssenKrupp AG), there are no other significant delivery and service relations.

In 2012/2013 and 2013/2014, the Group has business relations with non-consolidated subsidiaries, associates and joint ventures. Transactions with these related parties result in general from the delivery and service relations in the ordinary course of business; the extent of the business relations is presented in the following table:

Related party transactions

	Sales		Supplies and services		Receivables		Payables	
million €	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014	Sept. 30, 2013	Sept. 30, 2014	Sept. 30, 2013	Sept. 30, 2014
Non-consolidated subsidiaries	1	0	0	0	1	1	1	1
Associates	176	65	245	120	1,282	0	23	2
Joint ventures	287	242	1,530	1,594	2	2	314	68

As of September 30, 2013 receivables from associated companies included a financial receivable from OTK with a former value of €969 million and an original maximum term of nine years. Under the terms of the purchase agreement the financial receivable could be adjusted by a maximum €200 million to account for any negative financial consequences for OTK under merger control requirements. Receivables from associates as of September 30, 2013 also contained a €250 million receivable from OTK under a credit line with a maximum term up to the end of December 2013. In addition, ThyssenKrupp had granted OTK a supplier finance backup facility in the amount of €82 million, which was not drawn at September 30, 2013 and cancelled effective as of January 02, 2014. In addition the Group had contingent liabilities for OTK in the amount of €74 million which were contained in the contingent liabilities of associates as of September 30, 2013 disclosed in Note 21.

Compensation of current Executive and Supervisory Board members

The Group's key management personnel compensation which has to be disclosed in accordance with IAS 24 comprises of the compensation of the current Executive and Supervisory Board members.

Compensation of the current Executive Board members is as follows:

Compensation of Executive Board members

Thousand €	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Short-term benefits (without share-based compensation)	9,071	7,979
Post-employment benefits	21,132	797
Severance payments in the context of termination	10,494	0
Share-based compensation	5,354	4,576
Total	46,051	13,352

Service cost and past service cost resulting from the pension obligations of the current members of the Executive Board are disclosed as post-employment benefits. The disclosure of share-based compensation refers to the fair value at grant date.

In addition, in fiscal year 2013/2014, the Executive Board members did not receive any payments from share-based compensation (2012/2013: €0 million); in fiscal year 2012/2013 exemptions existed for Executive board members severance agreements had been fixed with.

As of September 30, 2013 and 2014, respectively, no loans or advance payments were granted to members of the Executive Board; also as in the previous year no contingencies were assumed for the benefit of Executive Board members.

Compensation of the current Supervisory Board members is as follows:

Compensation of Supervisory Board members

Thousand €	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Short-term benefits	1,554	1,676

In addition, members of the Supervisory Board of ThyssenKrupp AG received compensation of €81 thousand in fiscal 2013/2014 (2012/2013: €79 thousand) for supervisory board mandates at Group subsidiaries.

As of September 30, 2013 and 2014, respectively, no loans or advance payments were granted to members of the Supervisory Board; also as in the previous year no contingencies were assumed for the benefit of Supervisory Board members.

For individualized presentation and further details of Executive and Supervisory Board compensation refer to the presentation of the audited compensation report which is part of the "Corporate Governance" chapter of the annual report.

Compensation of former Executive and Supervisory Board members

Total compensation paid to former members of the Executive Board and their surviving dependants amounted to €17.7 million (2012/2013: €15.1 million). Under IFRS an amount of €267.7 million (2013: €248.7 million) is accrued for pension obligations benefiting former Executive Board members and their surviving dependants.

24 Segment reporting

ThyssenKrupp is organized in the following operating business areas that represent the Group's activities within capital goods and materials. The business areas are in line with the internal organizational and reporting structure and represent the segments in accordance with IFRS 8. The Stainless Global business area is classified as discontinued operation; after the disposal at the end of the 1st quarter ended December 31, 2012, income and expense directly related to the disposal of Stainless Global is reported here.

Components Technology

This business area offers efficient and innovative components for the automotive, construction and engineering sectors as well as for wind turbines.

Elevator Technology

This business area is active in the construction, modernization and servicing of elevators, escalators, moving walks, stair and platform lifts as well as passenger boarding bridges. Alongside a full range of installations for the volume market, the business area also delivers customized solutions.

Industrial Solutions

Industrial Solutions is a leading international supplier in special and large-scale plant construction as well as naval shipbuilding.

Materials Services

The business area is focused on the global distribution of materials and the provision of complex technical services for the production and manufacturing sectors. In connection with the ending of all financial links with OTK the full VDM group, the AST group with its plants and the Italian service center as well as further stainless steel service centers in Germany, France, Spain and Turkey were assigned to the business area with effect from February 28, 2014.

Steel Europe

This business area brings together the premium flat carbon steel activities, from intelligent material solutions to finished parts.

Steel Americas

This business area includes the production, processing and marketing of high-quality steel products in North and South America. It contains mainly the steelmaking and processing plants in Brazil and until sale on February 26, 2014 in the USA.

Corporate

Corporate comprises the Group's head office and the shared services activities that includes Business Services (finance and human resources), IT and Real Estate including non-operating real estate. In addition, part of Corporate are the regional headquarters as well as additional companies that could not be assigned to the operational business of the individual business areas.

Corporate EBIT consists of:

EBIT Corporate

million €	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Corporate administration	(364)	(385)
Pension expenses	(28)	(17)
R&D promotion	(6)	(6)
Risk and insurance services	6	6
Other items	(67)	(133)
EBIT Corporate Headquarter	(459)	(535)
EBIT Business Services	(19)	(8)
EBIT IT-Services	(8)	(2)
EBIT Real Estate	(14)	(16)
EBIT Corporate	(500)	(561)

Stainless Global

This former business area was a supplier of flat stainless steel products and high performance materials such as nickel alloys and titanium. This segment was classified as a discontinued operation until its disposal as of December 28, 2012; after the disposal at the end of the 1st quarter ended December 31, 2012, income and expense directly related to the disposal of Stainless Global is reported here.

Consolidation

Consolidation essentially contains the elimination of intercompany profits in inventories and the reversal of intercompany interest income.

The accounting principles for the segments are the same as those described for the Group in the summary of significant accounting principles. In accordance with the management approach which is applicable to segment reporting all figures presented are inclusive of disposal groups and discontinued operations.

ThyssenKrupp's key earnings performance indicator is EBIT. EBIT cannot be taken directly from the consolidated statement of income prepared in accordance with the IFRS rules. Factors that can only be optimized and assesses at Group level – in particular non-operating financial income/expense and income taxes – are disregarded in assessing operating units. EBIT contains only components of financial income/expense that are operational in nature. Finance income and finance expenses are in general non-operational in character; an exemption is income and expense from investments. The 29.9% interest in OTK held by ThyssenKrupp following the sale of Stainless Global was accounted for using the equity method until the announcement of its sale on November 29, 2013 and its equity method income/(expense) was reported under Corporate as a financial interest due to its non-operating nature and was not included in EBIT; the sale was closed on February 28, 2014. Furthermore in EBIT it's taken into account the fact that the receipt of advance payments, particulary in the segments with long-term construction contracts, is an integral part of risk management and of operation business. To recognize these advance payments, and the interest and financing effects attainable with them, in our value management, the EBIT of the relevant segment is increased by an inputed earnings contribution.

Inter-segment pricing is determined on an arm's length basis.

Segment information for the year ending Sept. 30, 2013

million €	Components Technology	Elevator Technology	Industrial Solutions	Materials Services	Steel Europe	Steel Americas	Corporate	Stainless Global*	Consoli-dation	Group
For the fiscal year ended Sept. 30, 2013										
External sales	5,702	6,151	5,626	11,385	7,911	1,673	66	1,268	0	39,782
Internal sales within the Group	10	4	15	315	1,709	194	124	134	(2,505)	0
Total sales	5,712	6,155	5,641	11,700	9,620	1,867	190	1,402	(2,505)	39,782
Income from companies accounted for using the equity method	0	1	4	5	53	0	(175)	1	0	(111)
Aggregate investment in investees accounted for using the equity method	14	4	163	46	404	0	318	0	0	949
Interest income**	37	57	94	62	11	2	454	1	(553)	165
Interest expense**	(69)	(27)	(44)	(94)	(62)	(217)	(777)	(46)	553	(783)
EBIT**	168	611	658	(6)	62	(1,180)	(500)	57	(422)	(552)
Adjusted EBIT**	240	675	640	236	143	(495)	(425)	(68)	(429)	517
Segment assets**	5,547	6,864	11,124	8,960	7,589	3,998	18,045	52	(26,881)	35,298
Depreciation and amortization expense**	268	80	60	90	441	136	40	0	(7)	1,108
Impairment losses of intangible assets, property, plant and equipment and investment property	44	9	0	0	18	586	3	2	0	662
Impairment losses of investments accounted for using the equity method and of financial assets	0	0	0	14	0	0	279	0	0	293
Reversals of impairment losses of intangible assets, property, plant and equipment and investment property	1	1	0	2	0	0	0	0	0	4
Reversals of impairment losses of investments accounted for using the equity method and of financial assets	0	0	0	0	0	0	0	0	0	0
Segment liabilities**	3,526	4,284	9,290	5,260	4,450	5,639	26,908	0	(26,573)	32,784
Significant non-cash items	(115)	(160)	(125)	(183)	(227)	3	(80)	(10)	0	(897)
Capital expenditures (intangible assets, property, plant, equipment and investment property)	389	105	63	77	372	170	60	99	0	1,335

* Discontinued operation
** Figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (see Note 01 and 03).

Segment information for the year ending Sept. 30, 2014

million €	Components Technology	Elevator Technology	Industrial Solutions	Materials Services	Steel Europe	Steel Americas	Corporate	Stainless Global*	Consoli-dation	Group
For the fiscal year ended Sept. 30, 2014										
External sales	6,165	6,412	6,223	13,220	7,358	1,875	51	0	0	41,304
Internal sales within the Group	7	4	48	440	1,499	185	126	0	(2,309)	0
Total sales	6,172	6,416	6,271	13,660	8,857	2,060	177	0	(2,309)	41,304
Income from companies accounted for using the equity method	(8)	0	4	(5)	64	0	(51)	0	0	4
Aggregate investment in investees accounted for using the equity method	6	4	136	46	433	0	14	0	0	639
Interest income	40	65	93	68	16	14	346	0	(509)	133
Interest expense	(80)	(38)	(43)	(109)	(60)	(143)	(772)	0	509	(736)
EBIT	235	556	740	100	192	72	(561)	186	(369)	1,151
Adjusted EBIT	269	751	738	213	216	(60)	(424)	0	(370)	1,333
Segment assets	5,893	8,371	11,016	11,266	7,602	4,289	15,615	0	(28,007)	36,045
Depreciation and amortization expense	279	77	59	128	413	115	46	0	(7)	1,110
Impairment losses of intangible assets, property, plant and equipment and investment property	0	9	2	12	0	9	3	0	0	35
Impairment losses of investments accounted for using the equity method and of financial assets	0	0	0	0	0	0	0	0	0	0
Reversals of impairment losses of intangible assets, property, plant and equipment and investment property	0	0	0	0	3	0	0	0	0	3
Segment liabilities	3,774	5,954	9,069	7,011	4,591	2,817	27,653	0	(28,023)	32,846
Significant non-cash items	(111)	(307)	(126)	(117)	(88)	5	56	0	0	(688)
Capital expenditures (intangible assets, property, plant, equipment and investment property)	356	76	56	103	404	88	58	0	25	1,166

* Discontinued operation

The reconciliations of sales, income from companies accounted for using the equity method and of EBIT to EBT according to the statement of income as well as of interest income and interest expense to the corresponding amounts of continuing operations are presented below:

Reconciliation of sales

million €	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Sales as presented in segment reporting	39,782	41,304
- Sales of Stainless Global	(1,402)	0
+ Sales of discontinued operation to Group companies	134	0
+ Sales of Group companies to discontinued operation	45	0
Sales as presented in the statement of income	38,559	41,304

Sales in the amount of €0 million (2012/2013: €45 million) result from sales of Group companies to Stainless Global. They mainly related to services provided by the Steel Europe business area to Stainless Global.

Reconciliation of income from companies accounted for using the equity method

million €	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Income from companies accounted for using the equity method as presented in segment reporting	(111)	4
- Income form companies accounted for using the equity method of Stainless Global	(1)	0
Income from companies accounted for using the equity method as presented in the statement of income	(112)	4

Reconciliation of interest income

million €	Year ended Sept. 30, 2013*	Year ended Sept. 30, 2014
Interest income as presented in segment reporting	165	133
- Interest income of Stainless Global	(1)	0
Consolidation	0	0
Interest income of continuing operations	164	133

* Figures have been adjusted due to the adoption of IAS 19R (see Note 01).

Reconciliation of interest expense

million €	Year ended Sept. 30, 2013*	Year ended Sept. 30, 2014
Interest expense as presented in segment reporting	(783)	(736)
- Interest expense of Stainless Global	46	0
Consolidation	(47)	2
Interest expense of continuing operations	(784)	(734)

* Figures have been adjusted due to the adoption of IAS 19R (see Note 01).

Reconciliation of EBIT to EBT

million €	Year ended Sept. 30, 2013*	Year ended Sept. 30, 2014
Adjusted EBIT as presented in segment reporting	517	1,333
Special items	(1,069)	(182)
EBIT as presented in segment reporting	(552)	1,151
- Depreciation of capitalized borrowing costs eliminated in EBIT	(20)	(20)
+ Non-operating income/(expense) from companies accounted for using the equity method	(175)	(52)
+ Finance income	514	900
- Finance expense	(1,400)	(1,779)
- Items of finance income assigned to EBIT based on economic classification	(22)	(19)
+ Items of finance expense assigned to EBIT based on economic classification	7	247
EBT - Group	(1,648)	428
- EBT Stainless Global	(58)	(186)
EBT as presented in the statement of income	(1,706)	242

* Figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (see Note 01 and 03).

The aggregate investment in investees accounted for using the equity method reconciles to the aggregate amount according to the statement of financial position as presented below:

Reconciliation investment in investees accounted for using the equity method

million €	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Aggregate investment in investees accounted for using the equity method as presented in segment reporting	949	639
- aggregate investment in investees accounted for using the equity method that are held for sale	0	0
Aggregate investment in investees accounted for using the equity method as presented in the statement of financial position	949	639

In presenting information for geographical areas, allocation of sales is based on the location of the customer. Allocation of segment assets and capital expenditures is based on the location of the assets. Capital expenditures are presented in line with the definition of the cash flow statement.

There are no individual customers that generate sales values that are material to the Group's consolidated net sales.

External sales by regions

million €	Germany	USA	Other countries	Group
External sales (location of the customer)				
Year ended Sept. 30, 2013*	12,168	6,253	21,361	39,782
Year ended Sept. 30, 2014	12,201	6,923	22,180	41,304

* inclusive of discontinued operation

Non-current assets by regions*

million €	Germany	USA	Brasil	Other countries	Group
Non-current assets (intangible assets, property, plant and equipment, investment property and other non-financial assets) (location of the assets)					
Sept. 30, 2013	6,160	2,289	2,013	2,715	13,177
Sept. 30, 2014	6,382	1,310	2,165	3,493	13,350

* inclusive of disposal groups

25 Accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management estimates and assumptions that affect reported amounts and related disclosures. All estimates and assumptions are made to the best of management's knowledge and belief in order to fairly present the Groups financial position and results of operations. The following accounting policies are significantly impacted by management's estimates and judgements.

Business combinations

As a result of acquisitions the Group recognized goodwill in its balance sheet. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair value. One of the most significant estimates relates to the determination of the fair value of these asset and liabilities. Land, buildings and equipment are usually independently appraised while marketable securities are valued at market price. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Group either consults with an independent external valuation expert or develops the fair value internally, using an appropriate valuation technique which is generally based on a forecast of the total expected future net cash flows. These evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Goodwill

As stated in the accounting policy in Note 01, the Group tests annually and in addition if any indicators exist, whether goodwill has suffered an impairment. If there is an indication, the recoverable amount of the cash-generating unit has to be estimated which is the greater of the fair value less costs to sell and the value in use. The determination of the value in use involves making adjustments and estimates related to the projection and discounting of future cash flows (see Note 04). Although management believes the assumptions used to calculate recoverable amounts are appropriate, any unforeseen changes in these assumptions could result in impairment charges to goodwill which could adversely affect the future financial position and operating results.

Recoverability of assets

At each balance sheet date, the Group assesses whether there is any indication that the carrying amounts of its property, plant and equipment, investment property or intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the greater of the fair value less costs to sell and the value in use. In assessing the value in use, discounted future cash flows from the related assets have to be determined. Estimating the discounted future cash flows involves significant assumptions, including particularly those regarding future sale prices and sale volumes, costs and discount rates. Although management believes that its estimates of the relevant expected useful lives, its assumptions concerning the economic environment and developments in the industries in which the Group operates and its estimations of the discounted future cash flows are appropriate, changes in the assumptions or circumstances could require changes in the analysis. This could lead to additional impairment charges in the future or to reversal of impairments if the trends identified by management reverse or the assumptions or estimates prove incorrect.

Other provisions

The recognition and measurement of other provisions are based on the estimation of the probability of a future outflow of resources as well as empirical values and the circumstances known at the reporting date. This means that the actual later outflow of resources may differ from the other provisions, see also the remarks under Note 16.

Measurement of single assets held for sale, disposal groups and discontinued operations

Single assets held for sale as well as disposal groups and discontinued operations are measured at fair value less costs to sell. The determination of fair value less costs to sell can be based on estimations and assumptions of the management that carry a certain degree of uncertainty. The assumptions used are described in Note 03.

Revenue recognition on construction contracts

Certain Group entities, particularly in the Elevator Technology and Industrial Solutions business areas, conduct a portion of their business under construction contracts which are accounted for using the percentage-of-completion method, recognizing revenue as performance on the contract progresses. This method requires accurate estimates of the extent of progress towards completion. Depending on the methodology to determine contract progress, the significant estimates include total contract costs, remaining costs to completion, total contract revenues, contract risks and other judgements. The managements of the operating companies continually review all estimates involved in such construction contracts and adjust them as necessary.

Income taxes

The Group operates and earns income in numerous countries and is subject to changing tax laws in multiple jurisdictions within the countries. Significant judgements are necessary in determining the worldwide income tax liabilities. Although management believes they have made reasonable estimates about the ultimate resolution of tax uncertainties, no assurance can be given that the final tax outcome of these matters will be consistent with what is reflected in the historical income tax provisions. Such differences could have an effect on the income tax liabilities and deferred tax liabilities in the period in which such determinations are made.

At each balance sheet date, the Group assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to, among other things, benefits that could be realized from available tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available tax strategies are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Group’s ability to utilize future tax benefits. See Note 32 for further information on potential tax benefits for which no deferred tax asset is recognized.

Employee benefits

The Group accounts for pension and other postretirement benefits in accordance with actuarial valuations. These valuations rely on statistical and other factors in order to anticipate future events. These factors include key actuarial assumptions including the discount rate, expected salary increases, mortality rates and health care cost trend rates. These actuarial assumptions may differ materially from actual developments due to changing market and economic conditions and therefore result in a significant change in postretirement employee benefit obligations, of equity and the related future expense. (See Note 15 for further information regarding employee benefits).

Legal contingencies

ThyssenKrupp companies are parties to litigations related to a number of matters as described in Note 21. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. For the assessments internal and external lawyers are used. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against ThyssenKrupp companies or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Notes to the consolidated statement of income

26 Net sales

Net sales include revenues resulting from the rendering of services of €5,312 million (2012/2013: €6,203 million) as well as sales from construction contracts of €8,816 million (2012/2013: €8,145 million).

27 Other income

Other income

million €	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Gains from premiums and from grants	11	15
Insurance compensation	30	41
Miscellaneous	184	213
Total	225	269

Miscellaneous other income includes a profit of €34 million from the acquisition of the shares in VDM and AST. Moreover, this item includes a multitude of minor single items resulting from the 546 (2012/2013: 544) consolidated entities.

28 Other expenses

Other expenses

million €	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Additions to /reversals of provisions	54	107
Goodwill impairment	0	0
Other taxes	42	45
Miscellaneous	476	83
Total	572	235

Miscellaneous other expenses include €1 million (2012/2013: €94 million) resulting from changes in fair value measurement of a cargo derivative. In addition miscellaneous other expenses include a multitude of minor single items resulting from the 546 (2012/2013: 544) consolidated entities.

29 Other gains/(losses), net

Other gains/(losses), net

million €	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Gains/(losses) on the disposal of intangible assets, net	(1)	0
Gains/(losses) on the disposal of property, plant and equipment, net	17	(16)
Gains/(losses) on the disposal of investment property, net	6	8
Gains/(losses) on the disposal of subsidiaries, net	118	303
Miscellaneous	(67)	(53)
Total	73	242

In the year ended September 30, 2014, the line item “gains/(losses) on the disposal of subsidiaries, net” includes gains within the Steel Americas business area on the sale of ThyssenKrupp Steel USA and gains within Corporate on the exit of the non-operating US company The Budd Company

30 Government grants

In the preceding fiscal year, government grants to compensate expenses of the Group were recognized in the amount of €16 million (2012/2013: €12 million).

Payment of the above-mentioned government grants is subject to certain conditions which are currently assumed to be met.

31 Financial income/(expense), net

Financial income/(expense), net

million €	Year ended Sept. 30, 2013*	Year ended Sept. 30, 2014
Income from companies accounted for using the equity method	(112)	4
Interest income from financial receivables	164	133
Income from investments	15	17
Other finance income	325	750
Finance income	504	900
Interest expense from financial debt	(530)	(502)
Net interest cost of pensions and similar obligations	(254)	(232)
Expenses from investments	0	(236)
Other finance expenses	(605)	(809)
Finance expenses	(1,389)	(1,779)
Total	(997)	(875)

* Figures have been adjusted due to the adoption of IAS 19R (see Note 01).

The line item “income from companies accounted for using the equity method” includes expenses of €52 million incurred in the 1st half year ended March 31, 2014 resulting from the investment in OTK accounted for using the equity method; these expenses comprise the 1st quarter 2013/2014 pro rata losses of OTK from October 01, 2013 to November 29, 2013 as well as the measurement at fair value (2012/2013: pro rata losses €175 million). Furthermore, the line item “expenses from investments” includes losses of €235 million on the disposal of the investment in OTK.

The line item “other finance income” includes interest income from financial assets that are not measured at fair value through profit or loss of €75 million (2012/2013: €0 million) and the line item “other finance expenses” include interest expense from financial liabilities that are not measured at fair value through profit or loss of €117 million (2012/2013: €28 million). Furthermore in the year ended Sept. 30, 2013, “other finance expenses” included €279 million resulting from the impairment of the financial receivable outstanding against OTK.

Borrowing costs in the amount of €15 million (2012/2013: €23 million) were capitalized during the period which reduced interest expense from financial debt. If financing is directly allocable to a certain investment, the actual borrowing costs are capitalized. If no direct allocation is possible, the Group’s average borrowing interest rate of the current period is taken into account to calculate the borrowing costs; it amounts to 5.5% for fiscal year 2013/2014 (2012/2013: 5.7%).

32 Income taxes

Income tax expense/(benefit) for the year ended September 30, 2014 and the previous year consists of the following:

Break-down of income tax expense/(benefit)

million €	Year ended Sept. 30, 2013*	Year ended Sept. 30, 2014
Current income tax expense for the reporting period	310	277
Deferred income tax benefit for the reporting period	(249)	(40)
Current income tax expense/(benefit) for prior periods	(107)	7
Deferred income tax benefit for prior periods	(31)	(11)
Total	(77)	233
This total breaks down to:		
Current income tax expense/(benefit) Germany	(46)	21
Current income tax expense foreign	249	263
Deferred income tax benefit Germany	(254)	(41)
Deferred income tax benefit foreign	(26)	(10)

* Figures have been adjusted due to the adoption of IAS 19R (see Note 01).

The German corporate income tax law applicable for 2013/2014 sets a statutory income tax rate of 15% (2012/2013: 15%) plus a solidarity surcharge of 5.5%. On average, the Group's German companies are subject to a trade tax rate of 15.7% (2012/2013: 15.7%). Therefore, at year-end September 30, 2014, deferred taxes of German companies are calculated with a combined income tax rate (including solidarity surcharge) of 31.5% (2012/2013: 31.5%).

The applicable tax rates for companies outside Germany range from 5.7% to 38.0% (2012/2013: 5.7% to 38.0%). In fiscal year 2013/2014, changes in foreign tax rates resulted in deferred tax expense in the amount of €7 million (2012/2013: €36 million deferred tax benefit).

The components of income taxes recognized in total equity are as follows:

Income taxes recognized in total equity

million €	Year ended Sept. 30, 2013*	Year ended Sept. 30, 2014
Income tax expense/(benefit) as presented on the statement of income	(77)	233
Income tax expense on discontinued operations	5	0
Income non-effective tax effect on other comprehensive income		
Continuing operations	43	(246)
Discontinued operations	(3)	0
Other income non-effective changes	0	(1)
Total	(32)	(14)

* Figures have been adjusted due to the adoption of IAS 19R (see Note 01).

As of September 30, 2014, domestic corporate tax losses carried forward amount to €1,406 million (2013: €1,302 million), domestic trade tax losses carried forward amount to €469 million (2013: €588 million), and interest carried forward amount to €717 million (2013: €657 million). In addition, foreign tax losses carried forward amount to €6,833 million (2013: €5,214 million), in particular €2,660 million (2013: €2,102 million) in Brazil, €2,299 million (2013: €1,962 million) in the USA, and €739 million (2013: €29 million) in Italy, and foreign tax credits amount to €49 million (2013: €50 million). In fiscal year 2013/2014, deferred tax benefit in the amount of €138 million (2012/2013: €261 million) is attributable to tax losses carried forward, interest carried forward and foreign tax credits.

Deferred tax assets are recognized only to the extent that the realization of such tax benefits is probable. In determining the related valuation allowance, all positive and negative factors, including prospective results, are taken into consideration in estimating whether sufficient taxable income will be generated to realize deferred tax assets. These estimates can change depending on the future course of events. As of September 30, 2014, the recognition of deferred tax assets for tax losses carried forward and interest carried forward in the German tax group in the amount of €316 (2013: €370 million) as well as for tax losses carried forward in the US tax group in the amount of €823 million (2013: €523 million) is supported by substantial evidence for sufficient future taxable income.

As of September 30, 2014, tax losses carried forward for which no deferred tax asset is recognized amount to €4,951 million (2013: €3,288 million). According to tax legislation as of September 30, 2014, an amount of €4,785 million (2013: €2,703 million) of these tax losses may be carried forward indefinitely and in unlimited amounts whereas an amount of €166 million (2013: €585 million) of these tax losses carried forward will expire over the next 20 years if not utilized.

As of September 30, 2014, unrecognized deferred tax assets for tax losses carried forward amount of €1,360 million (2013: €987 million). In addition, as of September 30, 2014, no deferred tax asset is recognized for foreign tax credits in the amount of €10 million (2013: €5 million) and for deductible temporary differences in the amount of €2,604 million (2013: €2,649 million).

In fiscal year 2013/2014, the benefit arising from previously unrecognized tax losses, foreign tax credits and temporary differences that are used to reduce the Group's tax expense amounts to €25 million (2012/2013: €31 million).

As of September 30, 2014, taxable temporary differences from undistributed profits of subsidiaries in the Group for which no deferred tax liability is recognized, as such profits are not to be distributed in the foreseeable future, amount to €494 million (2012/2013: €496 million).

Significant components of the deferred tax assets and liabilities are as follows:

Inventory of deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
million €	Sept. 30, 2013*	Sept. 30, 2014	Sept. 30, 2013	Sept. 30, 2014
Intangible assets	123	108	424	466
Property, plant and equipment	968	866	516	519
Financial assets	74	48	33	12
Inventories	600	189	225	593
Other assets	780	728	494	425
Accrued pension and similar obligations	573	620	7	9
Other provisions	206	239	368	400
Other liabilities	846	1,355	806	466
Tax loss carried forward	1,956	2,468	—	—
Interest carried forward	181	197	—	—
Foreign tax credits	50	49	—	—
Gross value	6,357	6,867	2,873	2,890
Valuation allowance	(1,874)	(2,251)	—	—
Offset	(2,821)	(2,841)	(2,821)	(2,841)
Balance sheet amount	1,662	1,775	52	49

* Figures have been adjusted due to the adoption of IAS 19R (see Note 01).

Deferred tax assets and liabilities are offset if they pertain to future tax effects for the same taxable entity towards the same taxation authority. Deferred tax assets of €100 million relate to consolidation items as of September 30, 2014 (2013: €48 million).

For fiscal year 2013/2014, the income tax expense of €233 million presented in the financial statements is €157 million higher than the expected income tax expense of €76 million which would result if the German combined income tax rate of 31.5% were applied to the Group's income before taxes. For fiscal year 2012/2013, the reported income tax benefit of €(77) million is €460 million lower than the expected income tax benefit of €(537) million calculated with a German combined tax rate of 31.5%. The following table reconciles the expected income tax expense/(benefit) to the income tax expense/(benefit) presented in the statement of income.

Tax rate reconciliation

million €	Year ended Sept. 30, 2013*	in %	Year ended Sept. 30, 2014	in %
Expected income tax expense/(benefit)	(537)	31.5	76	31.5
Tax rate differentials to the German combined income tax rate	(13)	0.8	11	4.5
Changes in tax rates or laws	(36)	2.1	7	2.9
Tax consequences of disposal of businesses	(3)	0.2	(5)	(2.1)
Permanent items	170	(10.0)	51	21.1
Change in valuation allowance	446	(26.2)	98	40.5
Tax benefit not related to the reporting period	(138)	8.1	(4)	(1.7)
Income/(loss) from companies accounted for using the equity method	37	(2.2)	0	0.0
Other, net	(3)	0.2	(1)	(0.4)
Income tax expense/(benefit) as presented on the statement of income	(77)	4.5	233	96.3

* Figures have been adjusted due to the adoption of IAS 19R (see Note 01).

33 Earnings per share

Basic earnings per share is calculated as follows:

Earnings per share

	Year ended Sept. 30, 2013*		Year ended Sept. 30, 2014	
	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €
Income/(loss) from continuing operations (net of tax) (attributable to ThyssenKrupp AG's stockholders)	(1,490)	(2.90)	24	0.04
Income/(loss) from discontinued operations (net of tax) (attributable to ThyssenKrupp AG's stockholders)	54	0.11	186	0.34
Net income/(loss) (attributable to ThyssenKrupp AG's stockholders)	(1,436)	(2.79)	210	0.38
Weighted average shares	514,489,044		557,077,302	

* Figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (see Note 01 and 03).

Relevant number of common shares for the determination of earnings per share

Earnings per share have been calculated by dividing net income/(loss) attributable to common stockholders of ThyssenKrupp AG (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Shares sold during the period and shares reacquired during the period have been weighted for the portion of the period that they were outstanding.

In the year ended September 30, 2014 the weighted average number of shares increased as a result of the capital increase carried out at the beginning of December 2013 (see Note 13).

There were no dilutive securities in the periods presented.

34 Additional disclosures on the consolidated statement of income

Personnel expenses included in the consolidated statement of income are comprised of:

Personnel expenses

million €	Year ended Sept. 30, 2013*	Year ended Sept. 30, 2014
Wages and salaries	6,443	6,501
Social security taxes	1,165	1,149
Net periodic pension costs - defined benefit**	145	119
Net periodic pension costs - defined contribution	127	124
Net periodic postretirement benefit cost/(income) other than pensions**	(2)	0
Other expenses for pensions and retirements	308	212
Related fringe benefits	313	340
Total	8,499	8,445

* Figures have been adjusted due to the adoption of IAS 19R (see Note 01).
** Excluding net interest that is recognized as part of financial expenses.

The annual average number of employees is as follows:

Annual average number of employees

	Year ended Sept. 30, 2013	Year ended Sept. 30, 2014
Components Technology	27,739	28,364
Elevator Technology	48,282	49,556
Industrial Solutions	18,483	18,874
Materials Services	26,298	28,357
Steel Europe	27,546	26,343
Steel Americas	4,050	4,256
Corporate	3,105	2,950
Stainless Global	1,968	0
Total	157,471	158,700
This total breaks down to:		
Wage earners	86,559	86,917
Salaried employees	67,061	68,038
Trainees	3,851	3,745

Auditors' fees and services

For the services performed by the Group auditors PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft and the companies of the worldwide PricewaterhouseCoopers association the following fees (including expenses) were recognized as expenses:

Fees of Group auditor

	Year ended Sept. 30, 2013		Year ended Sept. 30, 2014	
million €	Total	thereof Germany	Total	thereof Germany
Audit fees	14	7	14	6
Audit-related fees	4	1	4	2
Tax fees	1	0	1	0
Fees for other services	0	0	0	0
Total	19	8	19	8

The audit fees include mainly fees for the year-end audit of the consolidated financial statements, and the statutory auditing of ThyssenKrupp AG and the subsidiaries included in the consolidated financial statements. The audit-related fees essentially comprise the auditors' review of the interim consolidated financial statements and the fees for due diligence services in connection with acquisitions and disposals. The tax fees include in particular fees for tax consulting services for current and planned transactions, for the preparation of tax returns, for tax due diligence services, for tax advice in connection with projects and Group-internal reorganizations as well as tax advice for employees sent to work abroad. The fees for other services are mainly fees for project-related consulting services.

Notes to the consolidated statement of cash flows

35 Additional information on the consolidated statement of cash flows

The liquid funds considered in the consolidated statement of cash flows correspond to the "Cash and cash equivalents" line item in the consolidated statement of financial position taking into account the cash and cash equivalents attributable to the disposal groups inclusive of discontinued operations.

Non-cash investing activities

In fiscal 2013/2014, the acquisition and first-time consolidation of companies created an increase in non-current assets of €730 million (2012/2013: €51 million).

The non-cash addition of assets under capital leases in fiscal 2013/2014 amounted to €8 million (2012/2013: €11 million).

In connection with the second construction stage of the “ThyssenKrupp Quarter” located in Essen, there was a non-cash addition of property, plant and equipment of €44 million in fiscal 2013/2014 (2012/2013: €41 million).

In the context of the agreement to combine the Finnish stainless steel producer OTK and the ThyssenKrupp’s stainless steel operations there was a non-cash addition of financial receivables of €1,248 million in fiscal 2012/2013.

Non-cash financing activities

In fiscal 2013/2014, the acquisition and first-time consolidation of companies resulted in an increase in gross financial debt of €313 million (2012/2013: €1 million).

In connection with the second construction stage of the “ThyssenKrupp Quarter” located in Essen, there was a non-cash increase in financial debt of €44 million in fiscal 2013/2014 (2012/2013: €42 million).

In the context of the agreement to combine the Finnish stainless steel producer OTK and the ThyssenKrupp’s stainless steel operations there was a non-cash decrease of financial debt of €1,229 million in fiscal 2012/2013.

Subsequent events

36 Subsequent events

No reportable events occurred.

Other information

37 Declarations of conformity with the German Corporate Governance Code in accordance with Art. 161 of the German Stock Corporation Act (AktG)

The Executive Board and the Supervisory Board of ThyssenKrupp AG issued the declaration of conformity in accordance with Art. 161 of the Stock Corporation Act (AktG) and made it publicly available to the shareholders on the company’s website on October 01, 2014.

The declaration of conformity of our exchange-listed subsidiary Eisen- und Hüttenwerke AG was issued on October 01, 2014 and is now publicly available to the shareholders on the company’s website.

38 Application of Art. 264 Par. 3 and Art. 264b of German Commercial Code (HGB)

The following domestic subsidiaries in the legal form of a capital corporation or a commercial partnership as defined in Art. 264a partly made use of the exemption clause included in Art. 264 Par. 3 and Art. 264b of German Commercial Code:

A

AWG Industrieanlagen und Wassertechnik GmbH Berlin	Berlin

B

Becker & Co. GmbH	Neuwied
Berco Deutschland GmbH	Ennepetal
Blohm + Voss Marine Systems GmbH	Hamburg
Blohm + Voss Shipyards & Services GmbH	Hamburg
Brüninghaus Schmiede GmbH	Grünwald
Buckau-Walther GmbH	Grünwald

C

Christian Hein GmbH	Langenhagen

D

DWR - Deutsche Gesellschaft für Weißblechrecycling mbH	Andernach

E

EH Güterverkehr GmbH	Duisburg
Eisenmetall Handelsgesellschaft mbH	Gelsenkirchen
ELEG Europäische Lift + Escalator GmbH	Düsseldorf
Emder Werft und Dockbetriebe GmbH	Emden
Erich Weit GmbH	Munich

G

GWH Aufzüge GmbH	Himmelstadt

H

Haisch Aufzüge GmbH	Gingen/Fils
Hanseatische Aufzugsbau GmbH	Rostock
Herzog Coilex GmbH	Stuttgart
Hoesch Hohenlimburg GmbH	Hagen

I

IKL Ingenieurkontor Lübeck GmbH	Kiel
Innovative Meerestechnik GmbH	Emden

J

Jacob Bek GmbH	Ulm

K

KBS Kokereibetriebsgesellschaft Schwelgern GmbH	Duisburg
Kraemer & Freund Handel GmbH	Hagen
Krupp Industrietechnik Gesellschaft mit beschränkter Haftung	Grünwald

L

LiftEquip GmbH Elevator Components	Neuhausen a.d.F.

M

Max Cochius GmbH	Berlin
MgF Magnesium Flachprodukte GmbH	Freiberg
MONTAN GmbH Assekuranz-Makler	Düsseldorf

O

Otto Wolff Handelsgesellschaft mbH	Essen

P

Peiniger International GmbH	Grünwald

R

Rasselstein Verwaltungs GmbH	Neuwied
Reisebüro Dr. Tigges GmbH	Essen

S

Springs and Stabilizers Holding GmbH	Essen
Stahlhauser Liegenschaften Verwaltungsgesellschaft mbH	Essen
SVG Steinwerder Verwaltungsgesellschaft mbH	Hamburg

T

Tepper Aufzüge GmbH	Münster
Thyssen Liegenschaften Verwaltungs- und Verwertungs GmbH & Co. KG Industrie	Essen
Thyssen Liegenschaften Verwaltungs- und Verwertungs GmbH & Co. KG Stahl	Essen
Thyssen Stahl GmbH	Düsseldorf
ThyssenKrupp Academy GmbH	Düsseldorf
ThyssenKrupp Access Solutions GmbH	Essen
ThyssenKrupp AdMin GmbH	Düsseldorf
ThyssenKrupp Aerospace Germany GmbH	Rodgau
ThyssenKrupp Aufzüge GmbH	Stuttgart
ThyssenKrupp Aufzugswerke GmbH	Neuhausen a.d.F.
ThyssenKrupp Automotive Systems GmbH	Essen
ThyssenKrupp Bilstein GmbH	Ennepetal
ThyssenKrupp Business Services GmbH	Essen
ThyssenKrupp DeliCate GmbH	Düsseldorf
ThyssenKrupp Dienstleistungen GmbH	Düsseldorf
ThyssenKrupp Electrical Steel Verwaltungsgesellschaft mbH	Gelsenkirchen
ThyssenKrupp Elevator (CENE) GmbH	Essen
ThyssenKrupp Elevator (CENE) Infrastruktur GmbH	Essen
ThyssenKrupp Elevator AG	Düsseldorf
ThyssenKrupp Elevator Innovation GmbH	Essen
ThyssenKrupp Elevator Research GmbH	Düsseldorf
ThyssenKrupp Encasa GmbH	Neuss
ThyssenKrupp Facilities Services GmbH	Düsseldorf
ThyssenKrupp Fahrtreppen GmbH	Hamburg
ThyssenKrupp Federn GmbH	Hagen
ThyssenKrupp Federn und Stabilisatoren GmbH	Hagen
ThyssenKrupp Fördertechnik GmbH	Essen
ThyssenKrupp Gerlach GmbH	Homburg/Saar
ThyssenKrupp GfT Gleistechnik GmbH	Essen
ThyssenKrupp Grundbesitz Verwaltungs GmbH	Essen
ThyssenKrupp Grundbesitz-Vermietungs GmbH & Co. KG	Essen
ThyssenKrupp Immobilien Verwaltungs GmbH & Co. KG Krupp Hoesch Stahl	Essen
ThyssenKrupp Immobilien Verwaltungs GmbH & Co. KG Stahl	Essen
ThyssenKrupp Immobilienentwicklungs Concordiahütte GmbH	Oberhausen
ThyssenKrupp Immobilienentwicklungs Krefeld GmbH	Oberhausen
ThyssenKrupp Industrial Services Holding GmbH	Düsseldorf
ThyssenKrupp Industrial Solutions AG	Hamburg
ThyssenKrupp Information Services GmbH	Düsseldorf
ThyssenKrupp IT Services GmbH	Essen
ThyssenKrupp Management Consulting GmbH	Düsseldorf
ThyssenKrupp Mannex GmbH	Essen
ThyssenKrupp Marine Systems GmbH	Kiel
ThyssenKrupp Materials International GmbH	Essen
ThyssenKrupp Metallurgical Products GmbH	Essen
ThyssenKrupp MetalServ GmbH	Essen
ThyssenKrupp Plastics GmbH	Essen
ThyssenKrupp Presta Chemnitz GmbH	Chemnitz
ThyssenKrupp Presta Esslingen GmbH	Esslingen
ThyssenKrupp Presta Ilsenburg GmbH	Ilsenburg
ThyssenKrupp Presta SteerTec GmbH	Düsseldorf
ThyssenKrupp Presta SteerTec Mülheim GmbH	Mülheim
ThyssenKrupp Rasselstein GmbH	Andernach
ThyssenKrupp Real Estate GmbH	Essen

ThyssenKrupp Resource Technologies GmbH	Beckum
ThyssenKrupp Risk and Insurance Services GmbH	Essen
ThyssenKrupp Rothe Erde GmbH	Dortmund
ThyssenKrupp Sägenstahlcenter GmbH	Duisburg
ThyssenKrupp Schulte GmbH	Essen
ThyssenKrupp Stahlkontor GmbH	Düsseldorf
ThyssenKrupp Stahl-Service-Center GmbH	Krefeld
ThyssenKrupp Steel Europe AG	Duisburg
ThyssenKrupp Steel Zweite Beteiligungsgesellschaft mbH	Duisburg
ThyssenKrupp System Engineering GmbH	Essen
ThyssenKrupp Technologies Beteiligungen GmbH	Essen
ThyssenKrupp Transrapid GmbH	Kassel
ThyssenKrupp Uhde GmbH	Dortmund
ThyssenKrupp Uhde Engineering Services GmbH	Haltern am See
ThyssenKrupp Valvetrain GmbH	Ilsenburg
ThyssenKrupp Vermietungs GmbH	Duisburg

U

Uhde High Pressure Technologies GmbH	Hagen
Uhde Inventa-Fischer GmbH	Berlin
Uhde Services and Consulting GmbH	Dortmund

V

Vermögensverwaltungsgesellschaft TAUS mbH	Grünwald
Vermögensverwaltungsgesellschaft TKAS mbH	Grünwald
Vermögensverwaltungsgesellschaft TKW mbH	Grünwald

X

Xtend new media Holding GmbH	Grünwald

The following Dutch subsidiaries made use of the exemption clause included in Art. 2:403 of the Civil Code of the Netherlands:

T

ThyssenKrupp Nederland Holding B.V.	Roermond
Thyssenkrupp Nederland Intermediate B.V.	Roermond
ThyssenKrupp Slab International B.V.	Brielle
ThyssenKrupp Veerhaven B.V.	Rotterdam

U

Uhde Fertilizer Technology B.V.	Amsterdam

39 List of the Group’s subsidiaries and equity interests

A complete listing of the Group’s subsidiaries and equity interests is published in the German Federal Gazette and is available on the ThyssenKrupp website at **www.thyssenkrupp.com/en/investor/geschaeftsberichte.html**.

Independent Auditors' Report

To ThyssenKrupp AG, Duisburg and Essen

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ThyssenKrupp AG, Duisburg and Essen, and its subsidiaries, which comprise the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and notes to the consolidated financial statements for the business year from October 1, 2013 to September 30, 2014.

Board of Managing Directors' Responsibility for the Consolidated Financial Statements

The Board of Managing Directors of ThyssenKrupp AG is responsible for the preparation of these consolidated financial statements. This responsibility includes preparing these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and the supplementary requirements of German law pursuant to § 315a Abs. 1 HGB ("Handelsgesetzbuch": German Commercial Code), to give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The Board of Managing Directors is also responsible for the internal controls as the Board of Managing Directors determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) and additionally observed the International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

According to § 322 Abs. 3 Satz 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply in all material respects with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at September 30, 2014 as well as the results of operations for the business year then ended, in accordance with these requirements.

Report on the Group Management Report

We have audited the accompanying group management report of ThyssenKrupp AG which is combined with the management report of the company for the business year from October 1, 2013 to September 30, 2014. The Board of Managing Directors of ThyssenKrupp AG is responsible for the preparation of the combined management report in accordance with the requirements of German commercial law applicable pursuant to § 315a Abs. 1 HGB. We conducted our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the combined management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Accordingly, we are required to plan and perform the audit of the combined management report to obtain reasonable assurance about whether the combined management report is consistent with the consolidated financial statements and the audit findings, and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

According to § 322 Abs. 3 Satz 1 HGB, we state that our audit of the combined management report has not led to any reservations.

In our opinion, based on the findings of our audit of the consolidated financial statements and combined management report, the combined management report is consistent with the consolidated financial statements, and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Essen, November 14, 2014

PricewaterhouseCoopers

Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft

Prof. Dr. Norbert Winkeljohann	Volker Linke
Wirtschaftsprüfer	Wirtschaftsprüfer

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Essen, November 14, 2014

ThyssenKrupp AG

The Executive Board

Hiesinger

Burkhard   Kaufmann   Kerkhoff

Additional information

Multi-year overview

ThyssenKrupp Group [1]

		Group total							Continuing operations			
							2013/2014 vs. 2012/2013				2013/2014 vs. 2012/2013	
		2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	Change	Change in %	2012/2013	2013/2014	Change	Change in %
Results of operations												
Net sales	million €	42,621	49,092	47,045	39,782	41,304	1,522	4	38,559	41,304	2,745	7
Gross profit	million €	6,362	5,109	1,713	4,786	6,166	1,380	29	4,737	6,166	1,429	30
EBITDA	million €	2,769	3,385	1,544	1,212	2,274	1,062	88	1,154	2,088	934	81
EBIT	million €	1,346	(988)	(4,370)	(552)	1,151	1,703	++	(608)	965	1,573	++
EBT	million €	1,135	(1,578)	(5,067)	(1,648)	428	2,076	++	(1,706)	242	1,948	++
Net income/(loss)	million €	927	(1,783)	(5,042)	(1,576)	195	1,771	++				
Earnings per share (EPS)	€	1.77	(2.71)	(8.24)	(2.79)	0.38	3.17	++	(2.90)	0.04	2.94	++
Gross margin	%	14.9	10.4	3.6	12.0	14.9	2.9	—	12.3	14.9	2.6	—
EBITDA margin	%	6.5	6.9	3.3	3.0	5.5	2.5	—	3.0	5.1	2.1	—
EBIT margin	%	3.2	(2.0)	(9.3)	(1.4)	2.8	4.2	—	(1.6)	2.3	3.9	—
EBT margin	%	2.7	(3.2)	(10.8)	(4.1)	1.0	5.1	—	(4.4)	0.6	5.0	—
Return on equity (before taxes)	%	10.9	(15.2)	(112.0)	(65.6)	13.4	79.0	—				
Personnel expense per employee	€	49,605	50,208	53,132	53,972	53,214	(758)	(1)				
Sales per employee	€	241,017	273,441	275,193	252,631	260,265	7,634	3				
Assets/liabilities situation												
Non-current assets	million €	22,953	21,548	18,301	16,817	15,821	(996)	(6)				
Current assets	million €	20,759	22,055	19,983	18,480	20,224	1,744	9				
Total assets	million €	43,712	43,603	38,284	35,297	36,045	748	2				
Total equity	million €	10,388	10,382	4,526	2,512	3,199	687	27				
Liabilities	million €	33,324	33,221	33,758	32,785	32,846	61	0				
Accrued pension and similar obligations	million €	8,211	7,297	8,086	7,376	7,354	(22)	0				
Financial debt non-current	million €	6,163	6,555	5,972	6,957	6,477	(480)	(7)				
Financial debt current	million €	1,298	596	2,181	1,914	1,005	(909)	(47)				
Financial debt non-current/ current	million €	7,461	7,151	8,153	8,871	7,482	(1,389)	(16)				
Trade accounts payable	million €	5,471	6,259	5,234	3,819	4,934	1,115	29				
Equity ratio	%	23.8	23.8	11.8	7.1	8.9	1.8	—				
Gearing	%	36.4	34.5	128.1	200.6	109.0	(91.6)	—				
Inventory turnover	days	70.3	73.7	69.9	61.5	64.7	3.2	5				
Average collection period	days	49.7	43.8	46.5	46.4	50.5	4.1	9				

[1] The prior-year figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (cf. Notes 01 and 03).

ThyssenKrupp Group

		Group total							Continuing operations			
							2013/2014 vs. 2012/2013				2013/2014 vs. 2012/2013	
		2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	Change	Change in %	2012/2013	2013/2014	Change	Change in %
Value management												
Capital employed [1] (average)	million €	20,767	23,223	21,488	14,591	12,727	(1,864)	(13)				
ROCE [1]	%	6.5	(4.3)	(20.3)	(3.8)	9.0	12.8	—				
Weighted average cost of capital (WACC)	%	8.5	8.5	8.5	9.0	9.0	—	—				
Cash flows/ financing situation												
Operating cash flows	million €	868	776	(386)	786	887	101	13	981	887	(94)	(10)
Cash flows for investments	million €	(3,512)	(2,771)	(2,204)	(1,411)	(1,141)	270	19	(1,313)	(1,141)	172	13
Free cash flow before divestments	million €	(2,644)	(1,995)	(2,590)	(625)	(254)	371	59	(332)	(254)	78	23
Cash flows from divestments	million €	553	424	854	1,221	1,053	(168)	(14)	1,221	1,053	(168)	(14)
Free cash flow	million €	(2,091)	(1,571)	(1,736)	596	799	203	34	889	799	(90)	(10)
Cash flows from financing activities	million €	256	1,527	498	1,051	(666)	(1,717)	--	812	(666)	(1,478)	--
Cash and cash equivalents	million €	3,681	3,573	2,353	3,833	3,994	161	4				
Net financial debt	million €	3,780	3,578	5,800	5,038	3,488	(1,550)	(31)				
Internal financing capability		0.3	0.3	(0.3)	4.1	10.1	6.0	146				
Debt to cash flow ratio		4.4	4.6	(15.0)	6.4	3.9	(2.5)	(39)				
ThyssenKrupp AG												
Net income/(loss)	million €	800	494	(3,184)	772	1,535	763	99				
Dividend per share	€	0.45	0.45	—	—	0.11 [2]	—	—				
Dividend payout	million €	209	232	—	—	62 [2]	—	—				

[1] The prior-year figures have been adjusted due to the adoption of IAS 19R and the catch-up of depreciation for Berco (cf. Note 03).
[2] Proposal to the Annual General Meeting

Other directorships held by Executive Board members

Dr. Heinrich Hiesinger
Chairman
Within the Group:
- • ThyssenKrupp Elevator AG (Chair)
- • ThyssenKrupp Steel Europe AG (Chair)
- – ThyssenKrupp (China) Ltd./PR China (Chair)

Oliver Burkhard
PEAG Holding GmbH (Chair)
Within the Group:
- • ThyssenKrupp Bilstein GmbH
- • ThyssenKrupp Elevator AG
- • ThyssenKrupp Industrial Solutions AG
- • ThyssenKrupp Materials International GmbH
- • ThyssenKrupp Rothe Erde GmbH (Vice Chair)
- • ThyssenKrupp Steel Europe AG

Dr. Donatus Kaufmann
Within the Group:
- • ThyssenKrupp Industrial Solutions AG

Guido Kerkhoff
Within the Group:
- • ThyssenKrupp Elevator AG
- • ThyssenKrupp Industrial Solutions AG (Chair)
- • ThyssenKrupp Materials International GmbH (Chair)
- – ThyssenKrupp North America, Inc./USA (Chair)

• Membership of supervisory boards within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2014)
– Membership of comparable German and non-German control bodies of business enterprises within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2014)

Other directorships held by Supervisory Board members

Prof. Dr. Ulrich Lehner, Düsseldorf
Chairman
Member of the Shareholders' Committee of Henkel AG & Co. KGaA
- Deutsche Telekom AG (Chair)
- E.ON SE
- Porsche Automobil Holding SE
- – Henkel AG & Co. KGaA (Member of the Shareholders' Committee)
- – Novartis AG/Switzerland (Member of the Board of Directors) (until February 27, 2015)

Dr. Sabine Maaßen, Dinslaken
Vice Chairwoman (since January 17, 2014)
Legal Counsel, IG Metall
- Daimler AG

Martin Dreher, Heilbronn
Retail clerk, Chairman of the Works Council of ThyssenKrupp System Engineering GmbH (Heilbronn), Chairman of the Works Council Union ThyssenKrupp Industrial Solutions
Within the Group:
- ThyssenKrupp System Engineering GmbH
- ThyssenKrupp Industrial Solutions AG

Markus Grolms, Frankfurt/Main
IG Metall trade union secretary
——

Susanne Herberger, Dresden
Engineer (FH) – information technology, Vice Chairwoman of the Group Works Council, Chairwoman of the Works Council Union ThyssenKrupp Elevator Technology,
Within the Group:
- ThyssenKrupp Elevator AG

Prof. Dr. Hans-Peter Keitel, Essen
Vice President of the Federation of German Industries (Bundesverband der Deutschen Industrie e.V.)
- Airbus Defence and Space GmbH
- National-Bank AG
- RWE AG
- Voith GmbH
- – Airbus N.V./Niederlande (Board and Nomination Committee)

Ernst-August Kiel, Blumenthal
Fitter, Chairman of the Works Council of ThyssenKrupp Marine Systems GmbH (Kiel), Chairman of the General Works Council of ThyssenKrupp Marine Systems, Vice Chairman of the Works Council Union ThyssenKrupp Industrial Solutions
Within the Group:
- ThyssenKrupp Industrial Solutions AG

Dr. Norbert Kluge, Ratingen
(since January 17, 2014)
Diplom-Sozialwirt, Head of Codetermination Support dept. at the Hans Böckler Foundation
——

Dr. Ralf Nentwig, Essen
Member of the Executive Committee of the Alfried Krupp von Bohlen und Halbach Foundation
- – Margarethe Krupp-Stiftung für Wohnungsfürsorge (Vice Chairman of the Supervisory Board)

René Obermann, Bonn
(since November 01, 2013)
Chief Executive Officer of Ziggo N.V. (until November 12, 2014)
- E.ON SE

Prof. Dr. Bernhard Pellens, Bochum
Professor of Business Studies and International Accounting, Ruhr University Bochum
- LVM Pensionsfonds-AG
- – AKAFÖ Akademisches Förderungswerk Bochum (Member of the Board of Administration)

Klaus Preußler, Essen
(since January 17, 2014)
Industrial clerk, Head of Accounting at ThyssenKrupp Materials International GmbH (Essen)
——

Peter Remmler, Wolfsburg
Wholesale and export trader, Chairman of the Works Council of ThyssenKrupp Schulte GmbH (Braunschweig), Chairman of the Works Council Union ThyssenKrupp Materials Services
Within the Group:
- ThyssenKrupp Materials International GmbH

Carola Gräfin v. Schmettow, Düsseldorf
Member of the Management Board of HSBC Trinkaus & Burkhardt AG
- BVV Versicherungsverein des Bankgewerbes a.G. (Member of the Supervisory Board)
- – HSBC Global Asset Management Deutschland GmbH (Chairwoman of the Supervisory Board)
- – HSBC Trinkaus & Burkhardt (International) S.A./Luxembourg (Member of the Supervisory Board)
- – HSBC Trinkaus Investment Managers S.A./Luxembourg (Chairwoman of the Supervisory Board)
- – Internationale Kapitalanlagegesellschaft mbH (Chairwoman of the Supervisory Board)

• Membership of other supervisory boards within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2014)
– Membership of comparable German and non-German control bodies of business enterprises within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2014)

Wilhelm Segerath, Duisburg
Automotive body maker, Chairman of the Group Works Council of ThyssenKrupp AG
– PEAG Holding GmbH (Member of the Advisory Board)

Carstan Spohr, Munich
Chairman of the Executive Board of Deutsche Lufthansa AG
• Lufthansa Technik AG (Chairman)
– Dr. August Oetker KG (Member of the Advisory Board)

Dr. Lothar Steinebach, Leverkusen
Former Member of the Management Board of Henkel AG & Co. KGaA
• ALTANA AG
• Carl Zeiss AG
• Ralf Schmitz GmbH & Co. KGaA
– Air Berlin PLC (Member of the Board of Directors)
– Diem Client Partner AG/Switzerland (Member of the Board of Directors)

Christian Streiff, Paris
Vice President of SAFRAN S.A.
– Bridgepoint Ltd./United Kingdom
– Crédit Agricole S.A./France
– SAFRAN S.A./France (Vice President)
– TI Automotive Ltd./United Kingdom

Jürgen R. Thumann, Düsseldorf
Chairman of the Advisory Board of Heitkamp & Thumann Group
– Heitkamp & Thumann Group (Chairman of the Advisory Board)

Fritz Weber, Schöndorf
Machine setter, Chairman of the General Works Council of ThyssenKrupp Bilstein GmbH, Chairman of the Works Council Union ThyssenKrupp Components Technology
Within the Group:
• ThyssenKrupp Bilstein GmbH

Prof. Dr. Beatrice Weder di Mauro (at the close of October 31, 2013) and Bertin Eichler and Klaus Wiercimok (at the close of January 17, 2014) left the Supervisory Board in the course of the 2013/2014 fiscal year. Insofar as they held other directorships at the time of their departure, these are listed below:

Prof. Dr. Beatrice Weder di Mauro, Frankfurt/Main
(until October 31, 2013)
Professor of Economics, Economic Policy & International Macroeconomics at the Johannes Gutenberg University of Mainz
• Robert Bosch GmbH
– Roche AG/Switzerland (Member of the Board of Directors)
– UBS AG/Switzerland (Member of the Board of Directors)

Bertin Eichler, Frankfurt/Main
Vice Chairman (until January 17, 2014)
Former chief cashier and member of the Executive Committee of the IG Metall trade union
• BMW AG
– BGAG Beteiligungsgesellschaft der Gewerkschaften GmbH (Chairman of the Advisory Board)
– Treuhandverwaltung IGEMET GmbH (Chairman of the Supervisory Board)
– Volksfürsorge AG (Member of the Advisory Board)

Klaus Wiercimok, Düsseldorf
(until January 17, 2014)
Attorney, Head of Legal Materials Services

• Membership of other supervisory boards within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2014)
– Membership of comparable German and non-German control bodies of business enterprises within the meaning of § 125 of the German Stock Corporation Act (AktG) (as of September 30, 2014)

Glossary

A

Average collection period
Trade accounts receivable divided by sales, multiplied by 360 (the lower the ratio, the faster customers pay)

C

Capital Employed
Interest-bearing invested capital

Coating
Corrosion protection for carbon steel by the application of a metallic or organic coating

Compliance
Adherence to laws and company policies

Corporate Governance
Term for responsible corporate management and control geared to long-term value creation

Corporate governance declaration
Declaration by a stock corporation under Art. 289a German GAAP (HGB) containing a description of how the executive board and supervisory board operate, declaration of conformity and information about governance practices

Cost of capital (WACC)
Minimum return required by capital providers (Weighted Average Cost of Capital)

COSO
Committee of Sponsoring Organizations of the Treadway Commission

D

DAX
Deutscher Aktien-Index (German Stock Index), compiled by Deutsche Börse. The index reflects the performance of the 30 largest and strongest-selling German stocks, including ThyssenKrupp stock.

Declaration of conformity
Declaration by Executive Board and Supervisory Board in accordance with Art. 161 Stock Corporation Act (AktG) on the implementation of the recommendations of the Government Commission on the German Corporate Governance Code

DJ STOXX
Dow Jones STOXX 600, compiled by index provider Stoxx Ltd. It lists the performance of 600 companies from 18 European countries.

E

EBIT
Earnings Before Interest, Taxes

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortization

EBT
Earnings Before Taxes

Equity ratio
Ratio of total equity to balance sheet total (the higher the ratio, the lower the indebtedness)

Emerging markets
Up and coming markets of Asia, Latin America and Eastern Europe

F

Fraud
Action which, by willful intent or gross negligence, causes damage to a company or third party through deception, concealment or breach of trust.

Free cash flow (before divestments)
Operating cash flows less cash flows from investing activities

Free float
Shareholding generally taken into account in the weighting of ThyssenKrupp's stock in stock indices such as the DAX or DJ STOXX

FFO/Total Debt
Ratio of operating cash flow before changes in net working capital to total debt (the higher the ratio, the better a company's ability to pay its debts from operating activities). FFO stands for Funds From Operations.

G

Gearing
Ratio of financial liabilities to total equity (the lower the ratio, the higher the share of total equity in the interest-bearing capital employed)

Gross income
Net sales less cost of sales

I

impact
Corporate program to enhance performance and implement the company strategy

Internal financing strength
Ratio of operating cash flows to cash flows from investing activities

International Financial Reporting Standards (IFRS)
The standard international accounting rules are intended to make company data more comparable. Under an EU resolution, accounting and reporting at exchange-listed companies must be done in accordance with these rules.

Inventory turnover
Inventories divided by sales, multiplied by 360 (the lower the ratio, the faster the inventory turnover)

L

Long/Mid Term Incentive plan (LTI/MTI)
Long-term/mid-term variable compensation for executive board members and other selected executives through stock rights

M

Matrix organization
Company management structure reflecting multiple dimensions such as business, function and region.

O

Operating cash flow
Increase/decrease in cash and cash equivalents outside of investing, disposal or financing activities

R

R&D ratio
Share of research and development expenditure as a percentage of sales (excluding trade and distribution)

Rating
Ratings are used to assess the future ability of a company to meet its payment obligations on time and in full. They are based on an analysis of quantitative and qualitative factors.

ROCE
Return on Capital Employed

S

Slab
Compact block of crude steel as starting product for sheet or strip

SWOT analysis
Instrument for analyzing situations and identifying strategies. SWOT stands for Strengths, Weaknesses, Opportunities and Threats.

synergize+
Program for the Groupwide management of all purchasing activities. It is part of the impact performance initiative.

T

ThyssenKrupp Value Added (TKVA)
Central indicator for value-based management, comparing earnings before taxes and interest with cost of capital

Index

List of abbreviations

A

ADR
American Depositary Receipt
AktG
German Stock Corporation Act (Aktiengesetz)
AÜG
Temporary Employment Act (Arbeitnehmerüberlassungsgesetz)

B

BIC
Brazil, India, China
BME
German Association of Materials Management, Purchasing and Logistics (Bundesverband Materialwirtschaft, Einkauf und Logistik e.V.)

C

CESR
Committee of European Securities Regulators
CGU
Cash Generating Unit
CO_2
Carbon dioxide

D

DAX
German stock index
DCGK
German Corporate Governance Code (Deutscher Corporate Governance Kodex)
DJ STOXX
Dow Jones STOXX

E

EEG
German Renewable Energy Act
EPS
Earnings per Share

F

FCF
Free cash flow
FFO/TD
Funds From Operations/Total Debt

G

GAS
German Accounting Standard

H

HGB
German Commercial Code

I

IAS
International Accounting Standards
IASB
International Accounting Standards Board
IFRIC
International Financial Reporting Interpretations Committee and interpretation of IFRIC
IFRS
International Financial Reporting Standards
IT
Information technology

L

LTI
Long-Term Incentive plan

M

MENA
Middle East & North Africa
MitbestG
German Codetermination Law
MTI
Mid-Term Incentive plan

O

OTC
Over-the-counter, in finance an off-exchange transaction between financial market players

R

ROCE
Return on Capital Employed

S

SPE
Special Purpose Entity

T

TKVA
ThyssenKrupp Value Added

V

VorstAG
Act on the Appropriateness of Management Remuneration

W

WACC
Weighted Average Cost of Capital
WpHG
German Securities Trading Act

Index of tables and graphics

Contact and 2015/2016 dates

For more information please contact:

Communications
Telephone +49 201 844-536043
Fax +49 201 844-536041
E-mail press@thyssenkrupp.com

Investor Relations
E-mail ir@thyssenkrupp.com

Institutional investors and analysts
Telephone +49 201 844-536464
Fax +49 201 8456-531000

Private investors
Telephone +49 201 844-536367
Fax +49 201 8456-531000

Address
ThyssenKrupp AG
ThyssenKrupp Allee 1, 45143 Essen, Germany
Postfach, 45063 Essen, Germany
Telephone +49 201 844-0
Fax +49 201 844-536000
E-mail info@thyssenkrupp.com
www.thyssenkrupp.com

2015/2016 dates

January 30, 2015
Annual General Meeting

February 13, 2015
Interim report
1st quarter 2014/2015 (October to December)
Conference call with analysts and investors

May 12, 2015
Interim report
1st half 2014/2015 (October to March)
Conference call with analysts and investors

August 13, 2015
Interim report
9 months 2014/2015 (October to June)
Conference call with analysts and investors

November 19, 2015
Annual press conference
Analysts' and investors' conference

January 29, 2016
Annual General Meeting

Forward-looking statements
This document contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond ThyssenKrupp's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. ThyssenKrupp does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of these materials.

Rounding differences and rates of change
Percentages and figures in this report may include rounding differences. The signs used to indicate rates of change are based on economic aspects: Improvements are indicated by a plus (+) sign, deteriorations are shown in brackets ( ). Very high positive and negative rates of change (≥500% or ≤(100)%) are indicated by ++ and −− respectively.

Variances for technical reasons
For technical reasons there may be variances between the accounting documents contained in this annual report and those submitted to the Federal Gazette (Bundesanzeiger).

This English version of the annual report is a translation of the original German version; in the event of variances, the German version shall take precedence over the English translation.

Both language versions of the annual report can be downloaded from the internet at **www.thyssenkrupp.com**.

ThyssenKrupp AG
ThyssenKrupp Allee 1
45143 Essen, Germany
www.thyssenkrupp.com