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Interim report 1st quarter 2015/2016
October 1 – December 31, 2015
thyssenkrupp AG



thyssenkrupp

thyssenkrupp in figures

Group									
		Full Group				Continuing operations			
		1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015	Change	in %	1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015	Change	in %
Order intake	million €	10,094	9,810	(284)	(3)	10,094	9,810	(284)	(3)
Net sales	million €	10,044	9,548	(496)	(5)	10,044	9,548	(496)	(5)
EBITDA	million €	587	489	(97)	(17)	590	489	(101)	(17)
EBIT	million €	281	193	(88)	(31)	285	193	(92)	(32)
EBIT margin	%	2.8	2.0	(0.8)	—	2.8	2.0	(0.8)	—
Adjusted EBIT	million €	317	234	(83)	(26)	317	234	(83)	(26)
Adjusted EBIT margin	%	3.2	2.5	(0.7)	—	3.2	2.5	(0.7)	—
EBT	million €	147	34	(113)	(77)	151	34	(118)	(78)
Net income/(loss) / Income/(loss) (net of tax) attributable to thyssenkrupp AG's shareholders	million €	43	(54)	(97)	--	47	(54)	(100)	--
Basic earnings per share	€	0.09	(0.04)	(0.13)	--	0.10	(0.04)	(0.14)	--
Operating cash flow	million €	(386)	(598)	(212)	(55)	(382)	(598)	(217)	(57)
Cash flow for investments	million €	(265)	(254)	11	4	(265)	(254)	11	4
Cash flow from divestments	million €	110	5	(105)	(96)	110	5	(105)	(96)
Free cash flow	million €	(541)	(847)	(306)	(57)	(537)	(847)	(310)	(58)
Free cash flow before M&A	million €	(612)	(847)	(235)	(38)	(609)	(847)	(238)	(39)
Net financial debt (Dec. 31)	million €	4,212	4,384	172	4				
Total equity (Dec. 31)	million €	2,907	3,355	448	15				
Gearing (Dec. 31)	%	144.9	130.7	(14.2)	—				
Employees (Dec. 31)		155,407	155,387	(20)	0				

thyssenkrupp stock / ADR master data and key figures

ISIN		Number of shares (total)	shares	565,937,947
Shares (Frankfurt, Düsseldorf stock exchanges)	DE0007500001	Closing price end December 2015	€	18.34
ADRs (over-the-counter trading)	US88629Q2075	Stock exchange value end December 2015	million €	10,379
Symbols				
Shares	TKA			
ADRs	TKAMY			

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

Interim management report

Report on the economic position

Summary

Capital goods businesses and “impact” with stabilizing effect in difficult materials environment

- Group's order intake, sales and earnings down year-on-year due to sharp deterioration in materials markets
- All capital goods businesses with increased order intake and sales (partly also for exchange rate reasons), earnings level with or higher than a year earlier
- Materials businesses under pressure from imports, selective reduction of shipments at Steel Europe
- €250 million efficiency gains from “impact” partially offset significant margin pressure
- Adjusted EBIT, net income and free cash flow of the Group lower as expected
- Overall performance within full-year forecast corridor (see forecast report)

Macro and sector environment

Global economy still lacking momentum – economic risks remain high

- At best moderate global growth in 2016; expectations lowered slightly with uncertainties still high
- Slightly stronger economic growth in industrialized countries
- Growth expectations for emerging economies lowered further
- USA: GDP forecast down slightly overall; further improvements on labor market and in real estate sector to offset weaker data for industry and foreign trade
- Germany and euro zone: GDP forecast unchanged overall; positive/gradually improving labor market situation with positive impact on consumer spending
- China: Slowing economic growth; transformation process towards stronger domestic economy still accompanied by expansionary monetary and fiscal policies
- Brazil: Further sharp downward revision of GDP forecast; political uncertainties, further fall in raw material/oil prices, high inflation and unemployment
- Russia: GDP also expected to contract in 2016; sharply declining oil prices and sanctions
- Numerous geopolitical flashpoints continue to pose risks to global economy; interest rate liftoff in the USA represents potential growth risk, especially for emerging economies; high financial market volatility in China
- Iran: Lifting of sanctions with positive impact on economic growth and opportunities for international capital goods producers; potentially added pressure on oil prices due to increased supply

Gross domestic product

Real change compared to previous year in %	2015 ¹⁾	2016 ¹⁾
Euro zone	1.6	1.7
Germany	1.7	1.9
Russia	(3.7)	(0.4)
Rest of Central/Eastern Europe	1.1	2.2
USA	2.4	2.7
Brazil	(3.7)	(2.5)
Japan	0.7	1.0
China	6.9	6.5
India	7.3	7.5
Middle East	3.2	2.9
World	3.0	3.2

¹⁾ Forecast

Sources: IHS, IMF, consensus forecasts, misc. banks and research institutes, own estimates

Automotive

- Forecast for global car and light truck production raised slightly; positive sales trend in NAFTA (in particular light trucks in the USA), Europe and China
- Chinese car sales volatile in 2015; average 5% sales growth expected over next few years
- Brazil: Sales and production expectations for 2016 once again scaled back slightly

Machinery

- Following slight fall in US machinery production in 2015, moderate growth expected for 2016
- Growth forecast for Chinese machinery sector in 2016 lowered
- German machinery sector with slight drop in output in 2015 and zero growth in 2016

Construction

- Continued strong recovery of US construction sector; number of building permits and housing starts recently showing two-digit year-on-year growth rates, property prices continuing to increase
- Expansion of Indian construction sector expected to be slightly more subdued in 2016; slowdown in China confirmed
- Forecast for German construction output in 2016 raised slightly

Important sales markets

	2015 ¹⁾	2016 ¹⁾
Vehicle production, million cars and light trucks		
World	85.8	88.6
Western Europe (incl. Germany)	14.0	14.4
Germany	5.8	5.9
USA	11.8	12.4
Japan	8.7	8.9
China	23.2	24.4
Brazil	2.3	2.1
Machinery production, real, in % versus prior year		
Germany	(0.5)	0.0
USA	(0.4)	2.5
Japan	(0.7)	0.8
China	4.0	3.0
Construction output, real, in % versus prior year		
Germany	1.0	2.0
USA	5.5	6.5
China	4.0	3.0
India	5.5	6.0

¹⁾ Forecast

Sources: IHS, Oxford Economics, national associations, own estimates

Steel

- Demand for finished steel declined in 2015, in particular in China
- EU carbon flat steel market under increasing import pressure, especially from China; German steel distributors destocking, real consumption stable overall

Group review

Course of business

Order intake, sales and adjusted EBIT down overall, gains at capital goods businesses

- Growth, partly for exchange rate reasons, at all capital goods businesses not enough to offset volume- and price-related decreases at materials businesses

Order intake by business area

million €	1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015	Change in %	Change on a comparable basis ¹⁾ in %
Components Technology	1,621	1,649	2	(3)
Elevator Technology	1,868	1,992	7	2
Industrial Solutions	1,075	1,530	42	41
Materials Services	3,546	2,846	(20)	(12)
Steel Europe	2,095	1,846	(12)	(10)
Steel Americas	475	371	(22)	(32)
Corporate	47	57	21	(4)
Consolidation	(633)	(482)	—	—
Order intake of the continuing operations / Group	10,094	9,810	(3)	(3)

¹⁾ Excluding currency and portfolio effects

- Overall, capital goods businesses with significant year-on-year improvements, also on a comparable basis; Industrial Solutions with major cement plant order in Saudi Arabia
- All materials businesses down from prior year, also on comparable basis (in particular excluding sale of VDM and RIP at Materials Services), with significantly lower prices and volumes overall

Net sales by business area

million €	1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015	Change in %	Change on a comparable basis ¹⁾ in %
Components Technology	1,597	1,650	3	(1)
Elevator Technology	1,712	1,869	9	4
Industrial Solutions	1,377	1,506	9	8
Materials Services	3,421	2,821	(18)	(12)
Steel Europe	1,985	1,723	(13)	(12)
Steel Americas	502	350	(30)	(29)
Corporate	45	60	34	97
Consolidation	(595)	(432)	—	—
Net sales of the continuing operations / Group	10,044	9,548	(5)	(5)

¹⁾ Excluding currency and portfolio effects

- Growth at all capital goods businesses supported by solid market positions and global setup with corresponding positive exchange rate effects
- Sales declining at material businesses; very difficult environment with sharp fall in material prices

Adjusted EBIT by business area

million €	1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015	Change
Components Technology	67	71	4
Elevator Technology	178	203	25
Industrial Solutions	92	90	(1)
Materials Services	2	3	1
Steel Europe	79	51	(28)
Steel Americas	0	(74)	(74)
Corporate	(102)	(117)	(15)
Consolidation	1	7	—
Adjusted EBIT of the continuing operations / Group	317	234	(83)

- All capital goods businesses level or higher year-on-year; at Elevator Technology adjusted EBIT and margin higher year-on-year for 13th time in a row
- All materials businesses level or lower year-on-year in a difficult environment; numerous efficiency measures unable to offset strong price and margin pressure
- Corporate: Higher costs from ramp-up of corporate initiatives partly offset by improved earnings in service business

Earnings impacted by special items

Special items by business area

million €	1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015	Change
Components Technology	0	0	0
Elevator Technology	2	10	8
Industrial Solutions	(3)	1	4
Materials Services	16	4	(11)
Steel Europe	(1)	1	1
Steel Americas	11	10	(1)
Corporate	5	15	10
Consolidation	1	0	—
Special items of the continuing operations	32	41	10
Stainless Global	4	0	(4)
Consolidation	0	0	—
Special items of the Group	36	41	5

- Special items, mainly arising from or in connection with M&A transactions and restructuring measures, slightly higher than a year earlier
 - Elevator Technology: In particular restructuring measures in Europe and Africa
 - Steel Americas: In particular due to updated valuation of a long-term freight contract
 - Corporate: In particular expense from divestment projects

Net income lower year-on-year

- At €(54) million, the Group's net income was lower than a year earlier, in particular due to lower adjusted EBIT
- €23 million of this net loss attributable to shareholders of thyssenkrupp AG (prior-year net income: €50 million), after deduction of non-controlling interest
- Earnings per share: €(0.04) (prior year: €0.09)

Capital expenditures

Capital spending at prior-year level; slightly higher share at capital goods businesses

- Share accounted for by capital goods businesses up to 45%; only decrease at Elevator Technology (acquisition of Lift & Engineering Services Ltd. in the UK in prior year)
- Modernization of IT and harmonization of systems landscape at all business areas and Corporate to enhance efficiency, lower costs and as a basis for Industry 4.0

Investments by business area

million €	1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015	Change in %
Components Technology	74	78	6
Elevator Technology	28	21	(27)
Industrial Solutions	12	15	20
Materials Services	22	14	(34)
Steel Europe	100	86	(14)
Steel Americas	10	30	210
Corporate	14	11	(25)
Consolidation	5	(2)	—
Investments of the continuing operations / Group	265	254	(4)

Components Technology

- Construction and expansion of production sites in growth regions and regions with cost advantages:
 - Conventional and electric steering systems: Mexico (also for US market), China, Eastern Europe
 - Camshafts: Mexico (also for US market), Eastern Europe
 - Crankshafts: Europe, Brazil (efficiency gains through automation)
 - Rotor bearings for wind turbines: Germany and Slovakia

Elevator Technology

- New plant in Indian growth market

Industrial Solutions

- Marine Systems: Modernization of Kiel shipyard
- Resource Technologies: Portfolio expansion in standard machinery business to strengthen position in mining and mineral processing sectors

Materials Services

- In particular expansion and modernization of warehousing and service activities in Europe

Steel Europe

- Measures to improve pollution control, in particular good progress on construction of world's biggest fabric filter to capture dust from a sinter plant
- New ladle furnace at BOF meltshop 2 to produce high-quality grades as part of focus on premium products, in particular ultrahigh-strength steels for the automotive industry

Steel Americas

- Pollution control and continued technical optimization

Corporate

- Mainly property investments, which are consolidated centrally for the Group by Asset Management

Financing

Cash flow and net financial debt

- FCF before M&A at €(847) million as expected down from prior year due to lower earnings and increase in net working capital
- Net financial debt correspondingly higher at €4,384 million at December 31, 2015
- Ratio of net financial debt to equity (gearing) at 130.7% higher than at September 30, 2015 (103.2%), but lower than a year earlier (144.9%) due to higher equity
- Available liquidity of €7.4 billion (€3.6 billion cash and cash equivalents and €3.8 billion undrawn committed credit lines)

Successful financing measure

- €100 million note loan placed in December 2015 with a maturity of three years; interest rate of 0.931% p. a. thanks to favorable interest rate environment

Current ratings unchanged

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

Business area review

Components Technology

Components Technology in figures

		1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015	Change in %
Order intake	million €	1,621	1,649	2
Net sales	million €	1,597	1,650	3
EBIT	million €	67	71	6
EBIT margin	%	4.2	4.3	—
Adjusted EBIT	million €	67	71	6
Adjusted EBIT margin	%	4.2	4.3	—
Employees (Dec. 31)		29,162	29,772	2

Order intake and sales slightly higher year-on-year

- Continued robust growth in demand for car components in Europe and USA
- Higher demand in China particularly as a result of tax cut on new vehicles with engines 1.6 liters or smaller, after slowdown in prior quarter
- Car markets in Brazil and Russia remain in sharp decline
- Truck markets (>6 t) in China and Brazil remain in sharp decline; US truck market subdued after strong growth in prior year
- Sales of industrial components up by 9%: Growth in wind energy sector, especially in Europe, Brazil and China; sales of construction machinery components weak worldwide

Adjusted EBIT higher – supported by sustained efficiency and cost-reduction measures

- Slight improvement in margin mainly due to efficiency measures and cost reductions in production and purchasing
- Improvements in car and wind energy components outweigh downturn in components for trucks and construction machinery and market weakness in Brazil

Major orders for electric power assisted steering systems

- Major orders from international automobile manufacturers in past twelve months with total sales over product life cycle of around €7 billion
- Growth potential in high-volume midsize and compact segments and in major automobile sales markets such as China and North America
- Technological prerequisite for electronic driver assist systems and fuel saving of up to half a liter per hundred kilometers compared with conventional hydraulic steering systems

Elevator Technology

Elevator Technology in figures

		1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015	Change in %
Orders in hand (Dec. 31)	million €	4,277	5,051	18
Order intake	million €	1,868	1,992	7
Net sales	million €	1,712	1,869	9
EBIT	million €	176	193	10
EBIT margin	%	10.3	10.3	—
Adjusted EBIT	million €	178	203	14
Adjusted EBIT margin	%	10.4	10.9	—
Employees (Dec. 31)		51,044	51,644	1

Further increase in orders in hand, order intake and sales

- Orders in hand at new record level
- Order intake: Higher demand in new installations business in the USA, South Korea, and the Middle East, plus positive exchange-rate effects; Europe slightly lower year-on-year; number of new installations in China higher year-on-year following acquisition of majority shareholding in Marohn
- Sales: Strong growth in the USA, China and South Korea, supported by positive exchange-rate effects; Europe level with prior year

Systematic and sustained efficiency improvement: Further increase in adjusted EBIT and margin

- Further improvement in adjusted EBIT margin by 0.5 percentage points against prior-year quarter – despite continued difficult market situation in Europe
- Effective efficiency and restructuring measures under “impact” as well as positive exchange-rate effects

With MAX, Multi and ACCEL, further important strategic milestones reached in Q1

- MAX: Preventive service and maintenance solution brought to market
 - Elevator data transmitted to service technicians via internet
 - Can eliminate or significantly reduce down times
- MULTI: Fully functional 1:3 scale model in Gijón, Spain
 - Several cabs in one shaft
 - Can move vertically and for first time also horizontally using Transrapid linear motor technology
 - Completely new possibilities in terms of building height, design and use
- ACCEL: Game-changing, efficient passenger transportation system for cities and airports presented at leading aircraft industry show in Munich
 - New moving walk also uses Transrapid linear motor technology
 - With top speed of up to 12 km/h takes travelers to airport gate four times faster than previously

Industrial Solutions

Industrial Solutions in figures

		1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015	Change in %
Orders in hand (Dec. 31)	million €	13,493	12,337	(9)
Order intake	million €	1,075	1,530	42
Net sales	million €	1,377	1,506	9
EBIT	million €	95	90	(5)
EBIT margin	%	6.9	6.0	—
Adjusted EBIT	million €	92	90	(2)
Adjusted EBIT margin	%	6.7	6.0	—
Employees (Dec. 31)		18,690	19,518	4

Orders growing faster than sales

- Resource Technologies with strong start to new fiscal year: Major order from Yamama for cement plant in Saudi Arabia; also several midsize cement and mining orders from customers in the USA, Canada, Australia and Serbia
- Decline in order intake at Process Technologies: Customers cautious on account of falling oil and raw material prices; but negotiations at advanced stage for high order volume
- Further increase in order intake at System Engineering: Continued brisk demand for vehicle production systems in Europe and Asia; order for body-in-white systems for leading German automobile manufacturer
- Marine Systems: Maintenance and service contracts lower year-on-year; documents submitted for Australian "SEA 1000" submarine program
- High order backlog provides good visibility and capacity utilization
- Sales increase in all business units; only slight project-related decline at Process Technologies

Efficiency measures working: Adjusted EBIT with continuing good margin quality

- Adjusted EBIT at prior-year level; margin remains within target range of 6 to 7%
- Underpinned by "impact" measures, particularly synergies from integration of plant engineering business, optimization of sales and purchasing processes, and cost reduction measures

Measures initiated for sustainable profitable sales growth in challenging market environment

- Customer-oriented development and marketing of new technical solutions for products and machinery
- Optimized system integration along value chain
- Expansion of repair and maintenance services through increased regional presence and closeness to customers
- Cross-business regional market development
- Research and development particularly into innovative energy storage solutions (redox flow) for opportunities in growing renewable energies market

Materials Services

Materials Services in figures

		1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015	Change in %
Order intake	million €	3,546	2,846	(20)
Net sales	million €	3,421	2,821	(18)
EBIT	million €	(14)	(1)	93
EBIT margin	%	(0.4)	0.0	—
Adjusted EBIT	million €	2	3	43
Adjusted EBIT margin	%	0.1	0.1	—
Employees (Dec. 31)		22,423	20,009	(11)

Significant price fall, decline in demand, and portfolio changes weigh on order intake and sales

- VDM and RIP sold in prior year, no longer included in figures for reporting quarter
- Sales lower year-on-year in all areas – except Aerospace and AST; strong price and competitive pressure for practically all materials
 - Aerospace: Growth in business with new customers and new long-term contracts
 - AST: Absence of strike-related impacts from prior year and improvements and volume growth in production and sales
- Warehousing and processing business: Sales virtually level year-on-year at 1.3 million tons; volumes higher in Eastern Europe and at auto-related service center operations, declines in other regions
- International materials trading and direct-to-customer business: Sharp decline in volumes to 0.9 million tons, exceptionally large individual order in prior year
- Raw material sales: Higher at 0.9 million tons due particularly to higher nickel ore sales, but coke and coal volumes lower

Adjusted EBIT at prior-year level; extensive package of measures under way to stabilize earnings

- Adjusted EBIT in distribution and service business down significantly year-on-year; AST positive
- Measures accelerated to improve earnings, reduce costs and reduce capital employed

Digitization initiative to strengthen customer focus, win new customers and optimize all business processes now also launched in Europe

- Online platform for B2B business with existing customers in the USA now also launched in Germany, functions widened in several steps
- Principle of successful US-based “OnlineMetals” retail shop with broad product and service range launched in several European countries in the current fiscal year

Steel Europe

Steel Europe in figures

		1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015	Change in %
Order intake	million €	2,095	1,846	(12)
Net sales	million €	1,985	1,723	(13)
EBIT	million €	80	50	(37)
EBIT margin	%	4.0	2.9	—
Adjusted EBIT	million €	79	51	(36)
Adjusted EBIT margin	%	4.0	2.9	—
Employees (Dec. 31)		27,740	27,493	(1)

Order intake and sales down due to lower prices and volumes

- Order intake and sales down due to increasing import pressure in Europe
- Corresponding increase in customer caution in addition to seasonal destocking at end of calendar year
- 1st-quarter order volumes reduced by 4% year-on-year to 2.6 million tons, shipments reduced by 8% to 2.4 million tons
- Demand and shipments to automotive producers and suppliers stable; strong demand for high-quality grain-oriented electrical steel resulting from Ecodesign Directive for transformers

Sustained efficiency measures and differentiation initiatives soften decline in adjusted EBIT

- Adjusted EBIT severely impacted by lower volumes and prices; situation eased only slightly by lower raw material costs which in any case were inflated again by weaker euro
- Stabilizing effect of sustained cost reduction programs and positive product-mix effects; positive effects of successful restructuring at Electrical Steel supported by market recovery

“one steel” program launched to secure long-term competitiveness in clouded economic climate

- Aim is to achieve leading position in Europe in all relevant markets and sectors with effective IT infrastructure, efficient processes, and performance- and customer-oriented culture to secure goal of earning more than cost of capital
- Key levers: Stronger market and customer orientation, further efficiency gains in production, further optimization of product range towards high-margin grades, accelerated development and delivery of innovations, and clear performance improvements in the supply chain

Steel Americas

Steel Americas in figures

		1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015	Change in %
Order intake	million €	475	371	(22)
Net sales	million €	502	350	(30)
EBIT	million €	(11)	(84)	--
EBIT margin	%	(2.2)	(24.0)	—
Adjusted EBIT	million €	0	(74)	--
Adjusted EBIT margin	%	0.0	(21.2)	—
Employees (Dec. 31)		3,348	3,783	13

Decline in order intake and sales

- Decline in order intake due to lower prices and volumes, order volumes down 14% year-on-year at 0.9 million tons
- Decline in sales on slightly higher shipment volumes as a result of increased price pressure in the USA and South America
- Shipments up 3% from prior year at 1.1 million tons, of which 0.5 million tons of slabs to AM/NS rolling and coating plant in Calvert/Alabama and 0.1 million tons to Steel Europe
- Good progress with building further long-term customer relationships

Adjusted EBIT lower year-on-year in difficult price environment

- Higher shipments, efficiency gains and production volumes outweighed by negative price effects
- Adjusted EBIT impacted by €20 million negative closing-date effects on input tax credits

“UP” program to further strengthen competitive position

- New efficiency program “UP” (“Ultimate Performance”) launched
- Aim: Sustainable improvement in slab costs along entire value chain

Corporate

Earnings improvements in service area, higher costs due to ramp-up of corporate initiatives

- Efficiency gains at Global Shared Services
- Higher costs due to ramp-up of corporate program uniTe and provisions for other employee obligations

Results of operations and financial position

Analysis of the statement of financial position

Non-current assets

- €235 million increase in current assets compared with September 30, 2015, mainly due to exchange rates
- Increase in refund entitlements in connection with non-income taxes included in other non-financial assets

Current assets

- €273 million net decrease in current assets mainly due to sharp reduction in cash and cash equivalents by €887 million to €3,648 million, primarily as a result of negative free cash flow of €847 million in the reporting quarter
- Besides translation-related increases, mainly increases in trade accounts receivable in connection with construction contracts and higher inventories in materials business
- Increase in advance payments for inventories included in other non-financial assets and higher refund entitlements in connection with non-income taxes

Total equity

- Total equity up by €48 million compared with September 30, 2015 to €3,355 million
- €54 million net loss for the period outweighed in particular by €114 million currency translation gains recognized in other comprehensive income

Non-current liabilities

- €84 million increase in non-current liabilities compared with September 30, 2015 mainly because of higher financial debt due to placement of a three-year note loan in December 2015

Current liabilities

- €170 million net reduction in current liabilities
- Sharply reduced trade accounts payable mainly in materials and components business
- Decrease in provisions for employee benefits mainly due to utilization
- Significant increase in non-financial liabilities in connection with construction contracts

Analysis of the statement of income

Income from operations

- Net sales in 1st quarter 2015/2016 €9,548 million, down €496 million or 5% from a year earlier
- Price and volume-related decreases in sales in the materials businesses and absence of sales of VDM divested in fiscal year 2014/2015
- Sales increases in particular due to growth in elevator and plant engineering businesses
- Decrease in cost of sales largely proportionate with decrease in sales; gross profit margin unchanged at 16%
- €54 million improvement in other gains/losses to a gain of €10 million mainly due to currency translation of refund entitlements in connection with non-income taxes

Financial income/expense and income tax

- €127 million increase in finance income mainly due to higher exchange rate gains in connection with finance transactions
- €174 million net increase in finance expenses mainly due to higher exchange rate losses in connection with finance transactions
- Reductions in finance expenses mainly due to lower interest expense on non-current other provisions
- Tax expense of €87 million affected by withholding tax expense and, as in prior year, by valuation allowances for deferred tax assets

Earnings per share

- Earnings per share based on net income for the period attributable to thyssenkrupp AG shareholders down year-on-year by €0.13 to a loss of €0.04
- Earnings per share from continuing operations down year-on-year by €0.14 to a loss of €0.04

Analysis of the statement of cash flows

Free cash flow

- Negative free cash flow €306 million below prior year at €847 million
- Change mainly due to €212 million increase in negative operating cash flows to €598 million
- Deterioration in operating cash flows mainly due to lower net income before impairment losses and deferred tax expense and net increase in capital employed in operating assets and liabilities
- €94 million increase in cash outflows from investing activities mainly due to absence of prior-year proceeds from the disposal of the service activities of the RIP group in Brazil

Cash flows from financing activities

- €68 million cash outflows from financing activities in reporting quarter compared with €164 million cash inflows in the corresponding prior-year quarter
- €232 million change mainly due to lower proceeds from borrowings and repayments in reporting quarter of liabilities to Group companies in connection with Group financing

Compliance

Compliance – a question of mindset

- Our corporate culture is based on performance and values. Our values are anchored in particular in thyssenkrupp's mission statement, code of conduct and compliance commitment
- Honesty, respect and mutual appreciation characterize our interactions with each other and are the basis for our business relations with customers, suppliers and other market players
- More information on thyssenkrupp compliance program, culture and strategy in 2014/2015 Annual Report

Subsequent events

No reportable events occurred between the end of the reporting period (December 31, 2015) and the date of authorization for issuance (February 8, 2016).

Forecast, opportunity and risk report

2015/2016 forecast

Overall assessment by the Executive Board

- Sharp deterioration in materials environment at start of new fiscal year: Materials businesses hit by heavy destocking, customer caution and high import pressure
- Continued solid performance of capital goods businesses
- Performance overall still within full-year forecast corridor
- However target achievement is based in particular on assumption of a significant recovery of materials markets in second fiscal half compared with conditions in first fiscal quarter which we believe will not last

For further key assumptions and expected economic conditions see forecast section and “Macro and sector environment” in the report on the economic position in the 2014/2015 Annual Report and this interim report.

2015/2016 forecast: Clear increase in net income and tkVA; adjusted EBIT between €1.6 – 1.9 billion; FCF before M&A level with prior year

- **Group sales** on a comparable basis expected to be level with prior year (prior year: €42.8 billion)
 - Capital goods businesses with organic growth at Components Technology and Elevator Technology in single-digit percentage range; largely sideways movement at Industrial Solutions
 - Materials businesses weaker against high import pressure
- **Adjusted EBIT** of Group expected between €1.6 – 1.9 billion (prior year: €1,676 million), supported by €850 million planned EBIT effects from “impact”
- Capital goods businesses:
 - Components Technology: Adjusted EBIT expected at least level with prior year (prior year: €313 million) thanks to further ramp-up of new plants and efficiency programs, despite high price and margin pressure
 - Elevator Technology: Improvement in adjusted EBIT from sales growth and an increase in adjusted EBIT margin by 0.5 to 0.7 percentage points from restructuring and efficiency measures (prior year: €794 million; 11.0%)
 - Industrial Solutions: Sales, margin and therefore adjusted EBIT expected at prior-year level (prior year: €424 million)
- Materials businesses:
 - Materials Services: Striving for adjusted EBIT at prior-year level (prior year: €206 million); positive effects due to absence of impacts from strike at AST in prior year and progress with restructuring and efficiency programs and sales initiatives; partly offset by margin pressure on materials markets and absence of income from divested operations
 - Steel Europe: Striving for earnings at prior-year level (prior year: €492 million) in a steel market characterized by high import and margin pressure
 - Steel Americas: In a weak Brazilian steel market and difficult price environment, striving for adjusted EBIT at prior-year level (prior year: €(138) million) as a result of operational progress and efficiency programs
- **Net income** expected to increase significantly year-on-year (prior year: €268 million) partly due to reduced impact from special items
- **tkVA** of the Group therefore also expected to be significantly higher (proforma prior-year comparative with current weighted average cost of capital: €(238) million)
- **FCF before M&A** expected at prior-year level (prior year: €115 million)
- **Capital spending** of the Group expected to be around €1.5 billion (prior year: €1,235 million)

Opportunities and risks

Opportunities

- Strong and stable earnings, cash flow and value added through positioning as diversified industrial group
- Opportunities through integrated Group management and utilization of advantages in interplay between business areas, regions, corporate functions and service units
- Strategic and operational opportunities described in 2014/2015 Annual Report continue to apply

Risks

- No significant changes in Group's risk profile in reporting quarter; no risks threatening Group's ability to continue as a going concern; detailed information on risks in 2014/2015 Annual Report continues to apply
- Economic risks from numerous geopolitical flashpoints, continuing recession in Brazil and slower growth in China; increasing volatility in external environment; increased uncertainty over global economy and effects on Group's business models
- Investigations by Bremen public prosecutor's office:
 - Besides Greece, business relationships of Atlas Elektronik in Turkey being investigated for irregularities
 - In corruption investigations begun by Bremen public prosecutor in 2013 into projects in Greece first reference by public prosecutor to threat of mid to high two digit million euro fine
 - Full cooperation of Atlas Elektronik with the authorities

Condensed interim financial statements

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thyssenkrupp AG — Consolidated statement of financial position

Assets

million €	Note	Sept. 30, 2015	Dec. 31, 2015
Intangible assets		4,529	4,564
Property, plant and equipment		8,728	8,770
Investment property		239	238
Investments accounted for using the equity method		303	331
Other financial assets		47	44
Other non-financial assets		343	433
Deferred tax assets		2,031	2,075
Total non-current assets		16,220	16,455
Inventories		6,945	7,202
Trade accounts receivable		5,118	5,300
Other financial assets		319	347
Other non-financial assets		2,397	2,523
Current income tax assets		160	182
Cash and cash equivalents		4,535	3,648
Total current assets		19,474	19,201
Total assets		35,694	35,656

Equity and liabilities

million €	Note	Sept. 30, 2015	Dec. 31, 2015
Capital stock		1,449	1,449
Additional paid in capital		5,434	5,434
Retained earnings		(4,123)	(4,121)
Cumulative other comprehensive income		422	535
Equity attributable to thyssenkrupp AG's stockholders		3,182	3,297
Non-controlling interest		125	58
Total equity		3,307	3,355
Accrued pension and similar obligations	01	7,654	7,592
Provisions for other employee benefits		339	361
Other provisions		906	878
Deferred tax liabilities		53	94
Financial debt	02	6,385	6,495
Other financial liabilities		2	4
Other non-financial liabilities		5	5
Total non-current liabilities		15,344	15,428
Provisions for current employee benefits		362	254
Other provisions		1,066	1,093
Current income tax liabilities		241	222
Financial debt		1,570	1,543
Trade accounts payable		4,985	4,419
Other financial liabilities		1,226	1,253
Other non-financial liabilities		7,593	8,089
Total current liabilities		17,043	16,873
Total liabilities		32,387	32,301
Total equity and liabilities		35,694	35,656

See accompanying selected notes.

thyssenkrupp AG —

Consolidated statement of income

million €, earnings per share in €	Note	1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015
Net sales	05	10,044	9,548
Cost of sales		(8,414)	(8,015)
Gross margin		1,630	1,533
Research and development cost		(72)	(81)
Selling expenses		(700)	(703)
General and administrative expenses		(543)	(557)
Other income		53	46
Other expenses		(43)	(38)
Other gains/(losses), net		(44)	10
Income/(loss) from operations		281	211
Income from companies accounted for using the equity method		17	16
Finance income		243	370
Finance expenses		(390)	(564)
Financial income/(expense), net		(130)	(178)
Income/(loss) from continuing operations before income taxes		151	34
Income tax (expense)/income		(104)	(87)
Income/(loss) from continuing operations (net of tax)		47	(54)
Discontinued operations (net of tax)		(4)	0
Net income/(loss)		43	(54)
Thereof:			
thyssenkrupp AG's stockholders		50	(23)
Non-controlling interest		(7)	(30)
Net income/(loss)		43	(54)
Basic and diluted earnings per share	06		
Income/(loss) from continuing operations (attributable to thyssenkrupp AG's stockholders)		0.10	(0.04)
Net income/(loss) (attributable to thyssenkrupp AG's stockholders)		0.09	(0.04)

See accompanying selected notes.

thyssenkrupp AG — Consolidated statement of comprehensive income

million €	1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015
Net income/(loss)	43	(54)
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 in unrealized gains/(losses), net	(538)	5
Tax effect	164	3
Other comprehensive income from remeasurements of pensions and similar obligations, net	(374)	8
Share of unrealized gains/(losses) of investments accounted for using the equity-method	0	3
Subtotals of items of other comprehensive income that will not be reclassified to profit or loss in future periods	(374)	11
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	20	114
Net realized (gains)/losses	18	0
Net unrealized (gains)/losses	38	114
Unrealized gains/(losses) from available-for-sale financial assets		
Change in unrealized gains/(losses), net	1	0
Net realized (gains)/losses	0	0
Tax effect	0	0
Net unrealized (gains)/losses	1	0
Unrealized gains/(losses) on derivative financial instruments (cash flow hedges)		
Change in unrealized gains/(losses), net	6	(10)
Net realized (gains)/losses	2	5
Tax effect	(3)	6
Net unrealized (gains)/losses	5	1
Share of unrealized gains/(losses) of investments accounted for using the equity-method	5	0
Subtotals of items of other comprehensive income that will be reclassified to profit or loss in future periods	49	115
Other comprehensive income	(325)	126
Total comprehensive income	(282)	72
Thereof:		
thyssenkrupp AG's stockholders	(266)	101
Non-controlling interest	(16)	(28)
Total comprehensive income attributable to thyssenkrupp AG's stockholders refers to:		
Continuing operations	(262)	101
Discontinued operations	(4)	0

See accompanying selected notes.

thyssenkrupp AG — Consolidated statement of changes in equity

Equity attributable to thyssenkrupp AG's stockholders

million €, (except number of shares)	Number of shares outstanding	Capital stock	Additional paid in capital	Retained earnings	Cumulative other comprehensive income				Share of investments accounted for using the equity method	Total	Non-controlling interest	Total equity
					Foreign currency translation adjustment	Available-for-sale financial assets	Derivative financial instruments					
Balance as of Sept. 30, 2014	565,937,947	1,449	5,434	(4,142)	248	6	(61)	49		2,983	216	3,199
Net income/(loss)				50						50	(7)	43
Other comprehensive income				(374)	46	1	6	5		(316)	(9)	(325)
Total comprehensive income				(324)	46	1	6	5		(266)	(16)	(282)
Profit attributable to non-controlling interest										0	(10)	(10)
Other changes										0		0
Balance as of Dec. 31, 2014	565,937,947	1,449	5,434	(4,466)	294	7	(55)	54		2,717	190	2,907
Balance as of Sept. 30, 2015	565,937,947	1,449	5,434	(4,123)	417	6	(58)	57		3,182	125	3,307
Net income/(loss)				(23)						(23)	(30)	(54)
Other comprehensive income				11	116	0	(3)	0		124	2	126
Total comprehensive income				(12)	116	0	(3)	0		101	(28)	72
Profit attributable to non-controlling interest										0	(21)	(21)
Changes of shares of already consolidated companies				(1)						(1)	(2)	(3)
Other changes				15						15	(15)	0
Balance as of Dec. 31, 2015	565,937,947	1,449	5,434	(4,121)	533	6	(61)	57		3,297	58	3,355

See accompanying selected notes.

thyssenkrupp AG —

Consolidated statement of cash flows

million €	1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015
Net income/(loss)	43	(54)
Adjustments to reconcile net income/(loss) to operating cash flows:		
Discontinued operations (net of tax)	4	0
Deferred income taxes, net	30	24
Depreciation, amortization and impairment of non-current assets	306	297
Reversals of impairment losses of non-current assets	(1)	(8)
Income/(loss) from companies accounted for using the equity method, net of dividends received	(17)	(16)
(Gain)/loss on disposal of non-current assets	10	1
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes		
- Inventories	(485)	(207)
- Trade accounts receivable	429	(139)
- Accrued pension and similar obligations	(28)	(64)
- Other provisions	(102)	(111)
- Trade accounts payable	(124)	(594)
- Other assets/liabilities not related to investing or financing activities	(447)	273
Operating cash flows – continuing operations	(382)	(598)
Operating cash flows – discontinued operations	(4)	0
Operating cash flows – total	(386)	(598)
Purchase of investments accounted for using the equity method and non-current financial assets	(1)	(8)
Expenditures for acquisitions of consolidated companies net of cash acquired	(18)	0
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(221)	(222)
Capital expenditures for intangible assets (inclusive of advance payments)	(25)	(23)
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	6	0
Proceeds from disposals of previously consolidated companies net of cash disposed	92	1
Proceeds from disposals of property, plant and equipment and investment property	11	4
Proceeds from disposals of intangible assets	1	0
Cash flows from investing activities – continuing operations	(155)	(249)
Cash flows from investing activities – discontinued operations	0	0
Cash flows from investing activities – total	(155)	(249)
Proceeds from liabilities to financial institutions	444	8
Repayments of liabilities to financial institutions	(372)	(64)
Proceeds from/(repayments on) notes payable and other loans	89	115
Increase/(decrease) in bills of exchange	1	1
(Increase)/decrease in current securities	0	(1)
Profit attributable to non-controlling interest	(10)	(21)
Expenditures for acquisitions of shares of already consolidated companies	(1)	(2)
Other financing activities	13	(103)
Cash flows from financing activities – continuing operations	164	(68)
Cash flows from financing activities – discontinued operations	0	0
Cash flows from financing activities – total	164	(68)
Net increase/(decrease) in cash and cash equivalents – total	(377)	(915)
Effect of exchange rate changes on cash and cash equivalents – total	(11)	27
Cash and cash equivalents at beginning of year – total	4,040	4,535
Cash and cash equivalents at end of year – total	3,652	3,648
[thereof cash and cash equivalents within the disposal groups]	[11]	[0]
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows of continuing operations:		
Interest received	34	27
Interest paid	(83)	(93)
Dividends received	2	1
Income taxes paid	(64)	(107)

See accompanying selected notes.

thyssenkrupp AG —

Selected notes

Corporate information

thyssenkrupp Aktiengesellschaft (“thyssenkrupp AG” or “Company”) is a publicly traded corporation domiciled in Duisburg and Essen in Germany. The condensed interim consolidated financial statements of thyssenkrupp AG and subsidiaries, collectively the “Group”, for the period from October 1, 2015 to December 31, 2015, were reviewed and authorized for issue in accordance with a resolution of the Executive Board on February 8, 2016.

Basis of presentation

The accompanying Group's condensed interim consolidated financial statements have been prepared in accordance with section 37w of the German Securities Trading Act (WpHG) and in conformity with IAS 34 “Interim financial reporting”. They are in line with the International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) for interim financial information effective within the European Union. Accordingly, these financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes.

The accounting principles and practices as applied in the condensed interim consolidated financial statements as of December 31, 2015 correspond to those pertaining to the most recent annual consolidated financial statements with the exception of the recently adopted accounting standards. A detailed description of the accounting policies is published in the notes to the consolidated financial statements of our annual report 2014/2015.

Recently adopted accounting standards

In fiscal year 2015/2016, ThyssenKrupp adopted the following standards, interpretations and amendments to already existing standards:

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 1, 2014. In the context of the endorsement, the mandatory effective date was deferred to fiscal years beginning on or after February 1, 2015; the option of an earlier adoption has not been used by thyssenkrupp. The amendments do not 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 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 1, 2014. In the context of the endorsement, the mandatory effective date was deferred – namely for the 2010 to 2012 cycle to fiscal years beginning on or after February 1, 2015 and for the 2011 to 2013 cycle to fiscal years beginning on or after January 1, 2015; the option of an earlier adoption has not been used by thyssenkrupp. The amendments do not have a material impact on the Group's consolidated financial statements.

01 Accrued pension and similar obligations

Based on updated interest rates and fair value of plan assets, an updated valuation of accrued pension and health care obligations was performed as of December 31, 2015, taking into account these effects.

Accrued pension and similar obligations

million €	Sept. 30, 2015	Dec. 31, 2015
Accrued pension obligations	7,445	7,392
Accrued postretirement obligations other than pensions	13	13
Other accrued pension-related obligations	196	186
Total	7,654	7,592

The Group applied the following weighted average assumptions to determine pension obligations:

Weighted average assumptions

in %	Sept. 30, 2015			Dec. 31, 2015		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Discount rate for accrued pension obligations	2.50	3.02	2.64	2.50	2.99	2.63

02 Issuance of a note payable

In December 2015 thyssenkrupp AG issued a note payable in the amount of €100 million with a maturity of three years. With a coupon of 0.931% thyssenkrupp benefits from the good interest environment.

03 Contingencies and commitments

Contingencies

thyssenkrupp AG as well as, in individual cases, its subsidiaries have issued or have had guarantees in favour of business partners 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 €	Dec. 31, 2015	Dec. 31, 2015
Advance payment bonds	213	1
Performance bonds	129	3
Residual value guarantees	61	16
Other guarantees	27	0
Total	430	20

The terms of those 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 or 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. If such a principal debtor is a company owned fully or partially by a foreign third party, the third party is generally requested to provide additional collateral in a corresponding amount.

Commitments and other contingencies

Due to the high volatility of iron ore prices, in the Steel Europe and Steel Americas business areas the existing long-term iron ore and iron ore pellets supply contracts are measured for the entire contract period at the iron ore prices applying as of the respective balance sheet date. Compared to September 30, 2015, the purchasing commitments decreased by €0.9 billion to €4.5 billion.

There have been no material changes to the other commitments and contingencies since the end of the last fiscal year.

04 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, 2015

million €	Carrying amount on balance sheet as of Sept. 30, 2015	Measurement in accordance with IAS 39			Measurement in accordance with IAS 17	Fair value as of Sept. 30, 2015
		(Amortized) cost	Fair value recognized in profit or loss	Fair value recognized in equity	Amortized cost	
Trade accounts receivable, net (excluding finance lease)	5,069	5,069				5,069
Loans and receivables		5,069				5,069
Finance lease receivables	49				49	49
Other financial assets	366	273	58	35		366
Loans and receivables		255				255
Available-for-sale financial assets		18		17		35
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)			58			58
Derivatives that qualify for hedge accounting			0	18		18
Cash and cash equivalents	4,535	4,535				4,535
Loans and receivables		4,535				4,535
Total of financial assets	10,019					
thereof by measurement categories of IAS 39:						
Loans and receivables	9,859	9,859				9,859
Available-for-sale financial assets	35	18		17		35
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)	58		58			58
Financial debt (excluding finance lease)	7,911	7,911				8,007
Financial liabilities measured at amortized cost		7,911				8,007
Finance lease liabilities	44				44	44
Trade accounts payable	4,985	4,985				4,985
Financial liabilities measured at amortized cost		4,985				4,985
Other financial liabilities	1,228	774	326	128		1,228
Financial liabilities measured at amortized cost		774				774
Derivatives that do not qualify for hedge accounting (Financial liabilities held for trading)			326			326
Derivatives that qualify for hedge accounting			0	128		128
Total of financial liabilities	14,168					
thereof by measurement categories of IAS 39:						
Financial liabilities measured at amortized cost	13,670	13,670				13,766
Derivatives that do not qualify for hedge accounting (Financial liabilities held for trading)	326		326			326

Financial instruments as of Dec. 31, 2015

million €	Carrying amount on balance sheet as of Dec. 31, 2015	Measurement in accordance with IAS 39			Measurement in accordance with IAS 17	Fair value as of Dec. 31, 2015
		(Amortized) cost	Fair value recognized in profit or loss	Fair value recognized in equity	Amortized cost	
Trade accounts receivable, net (excluding finance lease)	5,251	5,251				5,251
Loans and receivables		5,251				5,251
Finance lease receivables	49				49	49
Other financial assets	391	306	46	39		391
Loans and receivables		290				290
Available-for-sale financial assets		16		20		36
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)			46			46
Derivatives that qualify for hedge accounting			0	19		19
Cash and cash equivalents	3,648	3,648				3,648
Loans and receivables		3,648				3,648
Total of financial assets	9,338					
thereof by measurement categories of IAS 39:						
Loans and receivables	9,188	9,188				9,188
Available-for-sale financial assets	36	16		20		36
Derivatives that do not qualify for hedge accounting (Financial assets held for trading)	46		46			46
Financial debt (excluding finance lease)	7,997	7,997				8,157
Financial liabilities measured at amortized cost		7,997				8,157
Finance lease liabilities	41				41	41
Trade accounts payable	4,425	4,425				4,425
Financial liabilities measured at amortized cost		4,425				4,425
Other financial liabilities	1,256	820	297	140		1,256
Financial liabilities measured at amortized cost		820				820
Derivatives that do not qualify for hedge accounting (Financial liabilities held for trading)			297			297
Derivatives that qualify for hedge accounting			0	140		140
Total of financial liabilities	13,720					
thereof by measurement categories of IAS 39:						
Financial liabilities measured at amortized cost	13,242	13,242				13,401
Derivatives that do not qualify for hedge accounting (Financial liabilities held for trading)	297		297			297

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, 2015

million €	Sept. 30, 2015	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)	58	0	58	0
Derivatives that qualify for hedge accounting	0	0	0	0
Fair value recognized in equity				
Available-for-sale financial assets	17	15	2	0
Derivatives that qualify for hedge accounting	18	0	18	0
Total	93	15	78	0
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives that do not qualify for hedge accounting (Financial liabilities held for trading)	326	0	206	120
Derivatives that qualify for hedge accounting	0	0	0	0
Fair value recognized in equity				
Derivatives that qualify for hedge accounting	128	0	128	0
Total	454	0	334	120

Fair value hierarchy as of Dec. 31, 2015

million €	Dec. 31, 2015	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)	46	0	46	0
Derivatives that qualify for hedge accounting	0	0	0	0
Fair value recognized in equity				
Available-for-sale financial assets	20	17	3	0
Derivatives that qualify for hedge accounting	19	0	19	0
Total	85	17	68	0
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives that do not qualify for hedge accounting (Financial liabilities held for trading)	297	0	155	142
Derivatives that qualify for hedge accounting	0	0	0	0
Fair value recognized in equity				
Derivatives that qualify for hedge accounting	140	0	140	0
Total	437	0	295	142

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	
million €	
Balance as of Sept. 30, 2015 (assets/(liability))	(120)
Changes recognized in profit or loss	(22)
Balance as of Dec. 31, 2015 (assets/(liability))	(142)

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" and "Other income", respectively.

The notional amounts and fair values of the Group's derivative financial instruments are as follows:

Derivative financial instruments				
million €	Notional amount as of Sept. 30, 2015	Carrying amount as of Sept. 30, 2015	Notional amount as of Dec. 31, 2015	Carrying amount as of Dec. 31, 2015
Assets				
Foreign currency derivatives that do not qualify for hedge accounting	1,376	27	1,508	19
Foreign currency derivatives qualifying as cash flow hedges	264	9	425	14
Embedded derivatives	95	1	133	2
Interest rate derivatives qualifying as cash flow hedges ¹⁾	635	8	0	0
Commodity derivatives that do not qualify for hedge accounting	331	30	270	25
Commodity derivatives qualifying as cash flow hedges	101	1	168	6
Total	2,802	76	2,504	65
Equity and liabilities				
Foreign currency derivatives that do not qualify for hedge accounting	2,027	175	2,461	129
Foreign currency derivatives qualifying as cash flow hedges	573	26	519	20
Embedded derivatives	101	3	158	4
Interest rate derivatives qualifying as cash flow hedges ¹⁾	817	78	1,459	104
Commodity derivatives that do not qualify for hedge accounting ²⁾	487	148	490	164
Commodity derivatives qualifying as cash flow hedges	119	24	170	16
Total	4,124	454	5,257	437

¹⁾ Inclusive of cross currency swaps

²⁾ Inclusive of freights

05 Segment reporting

Segment information for the 1st quarter ended December 31, 2014 and December 31, 2015 is as follows:

Segment information										
million €	Components Technology	Elevator Technology	Industrial Solutions	Materials Services	Steel Europe	Steel Americas	Corporate	Stainless Global ¹⁾	Consolidation	Group
1st quarter ended Dec. 31, 2014										
Net sales	1,594	1,711	1,374	3,337	1,634	382	12	—	0	10,044
Internal sales within the Group	3	1	3	84	351	120	33	—	(595)	0
Total sales	1,597	1,712	1,377	3,421	1,985	502	45	—	(595)	10,044
EBIT	67	176	95	(14)	80	(11)	(107)	(4)	(1)	281
Adjusted EBIT	67	178	92	2	79	0	(102)	0	1	317
1st quarter ended Dec. 31, 2015										
Net sales	1,648	1,868	1,504	2,762	1,442	309	15	—	0	9,548
Internal sales within the Group	2	1	2	59	281	41	46	—	(432)	0
Total sales	1,650	1,869	1,506	2,821	1,723	350	60	—	(432)	9,548
EBIT	71	193	90	(1)	50	(84)	(132)	—	7	193
Adjusted EBIT	71	203	90	3	51	(74)	(117)	—	7	234

¹⁾ Discontinued operation

Adjusted EBIT as well as operating EBIT reconcile to EBT from continuing operations as presented in the consolidated statement of income as following:

Reconciliation EBIT to EBT		
million €	1st quarter ended Dec. 31, 2014	1st quarter ended Dec. 31, 2015
Adjusted EBIT as presented in segment reporting	317	234
Special items	(36)	(41)
EBIT as presented in segment reporting	281	193
+ Non-operating income/(expense) from companies accounted for using the equity method	0	0
+ Finance income	244	370
– Finance expenses	(390)	(564)
– Items of finance income assigned to EBIT based on economic classification	(12)	29
+ Items of finance expense assigned to EBIT based on economic classification	24	6
EBT-Group	147	34
– EBT of Stainless Global	4	0
EBT from continuing operations as presented in the statement of income	151	34

06 Earnings per share

Basic earnings per share are calculated as follows:

Earnings per share				
	1st quarter ended Dec. 31, 2014		1st quarter ended Dec. 31, 2015	
	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)	54	0.10	(23)	(0.04)
Income/(loss) from discontinued operations (net of tax) (attributable to thyssenkrupp AG's stockholders)	(4)	(0.01)	0	0.00
Net income/(loss) (attributable to thyssenkrupp AG's stockholders)	50	0.09	(23)	(0.04)
Weighted average shares	565,937,947		565,937,947	

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 issued, sold or reacquired during the period have been weighted for the portion of the period that they were outstanding.

There were no dilutive securities in the periods presented.

07 Additional information to 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. As of December 31, 2015 cash and cash equivalents of €72 million (2014: €61 million) result from the joint operation HKM.

Essen, February 8, 2016

thyssenkrupp AG

The Executive Board

Hiesinger

Burkhard

Kaufmann

Kerkhoff

Review report

To thyssenkrupp AG, Duisburg and Essen

We have reviewed the condensed consolidated interim financial statements – comprising statement of financial position, the statement of income and statement of comprehensive income, the statement of changes in equity, the statement of cash flows and selected explanatory notes – and the interim group management report of thyssenkrupp AG, Duisburg and Essen, for the period from October 1, 2015, to December 31, 2015, which are part of the quarterly financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz" German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Essen, February 11, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Norbert Winkeljohann
(German Public Auditor)

Michael Preiß
(German Public Auditor)

Additional information

Report by the Supervisory Board Audit Committee

The interim report for the 1st quarter of the 2015/2016 fiscal year (October to December 2015) and the review report by the Group's financial statement auditors were presented to the Audit Committee of the Supervisory Board in its meeting on February 11, 2016 and explained by the Executive Board. The auditors were available to provide additional information.

The Audit Committee approved the interim report.

Essen, February 11, 2016

Chairman of the Audit Committee

Prof. Dr. Bernhard Pellens

Contact and 2016/2017 financial calendar

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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.

2016/2017 financial calendar

May 10, 2016

Interim report

1st half 2015/2016 (October to March)

Conference call with analysts and investors

August 11, 2016

Interim report

9 months 2015/2016 (October to June)

Conference call with analysts and investors

November 24, 2016

Annual report 2015/2016

Annual press conference

Analysts' and investors' conference

January 27, 2017

Annual General Meeting

February 9, 2017

Interim report

1st quarter 2016/2017 (October to December)

Conference call with analysts and investors

This interim report was published on February 12, 2016.

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 ($\geq 500\%$ or $\leq (100)\%$) are indicated by ++ and -- respectively.

Variances for technical reasons

Due to statutory disclosure requirements the Company must submit this financial report electronically to the Federal Gazette (Bundesanzeiger). For technical reasons there may be variances in the accounting documents published in the Federal Gazette.

German and English versions of the financial report can be downloaded from the internet at www.thyssenkrupp.com. In the event of variances, the German version shall take precedence over the English translation.

