



Capital goods businesses on track in 1st half 2015/2016 / Price falls for materials sharper and longer-lasting than expected / Full-year forecast therefore lowered

- Capital goods businesses: 1st half order intake, sales and adjusted EBIT up year-on-year
- Efficiency program “impact” ahead of plan with €450 million savings
- Net loss in 1st half due to difficult materials markets: €9 million
- New forecast: minimum €1.4 billion adjusted EBIT

The sharp downturn in the environment for the materials businesses impacted the 1st half results of the industrial and technology group thyssenkrupp. The **capital goods businesses** continued to perform solidly and recorded increases in order intake, sales and earnings. But the overall performance of the Group continues to be overshadowed by the extremely difficult conditions in the **materials markets**. High import pressure and customer caution are reflected in the sharp drop in material prices in the 1st half of the current fiscal year in the order intake, sales and above all earnings of the materials businesses. Against this background thyssenkrupp is lowering its **forecast** for the full fiscal year.

Material prices remained under pressure well into the 2nd quarter and thus longer than expected. The price falls were also sharper than anticipated. This resulted in substantial windfall losses in the 2nd quarter as well. “Our half-year results still reflect the very weak situation on the materials markets. While we are now seeing a recovery in material prices, it is coming later than we originally expected and from a lower level and will also be reflected in our figures with a time lag,” says thyssenkrupp CEO Dr. Heinrich Hiesinger.

In view of this situation, the Executive Board now expects the Group to achieve full-year adjusted EBIT of at least €1.4 billion. The efficiency program “impact” will contribute €850 million to this. The capital goods businesses will further improve their operating earnings versus the 1st half. Due to the price recovery and cost-reduction measures, the materials businesses will achieve significant improvements in the second half of the fiscal year – provided the Brazilian real remains largely stable. Full-year net income is expected to come in at the prior-year

level. Depending on payment timing on major orders free cash flow before M&A will lie between a low 3-digit million euro negative and breakeven.

The Group's **order intake** decreased in the 1st half by 8 percent to €18.8 billion and in the 2nd quarter by 13 percent to €9.0 billion (prior year €20.5 billion and €10.4 billion respectively). On a comparable basis, i.e. excluding currency and portfolio effects, order intake fell by 7 percent and 10 percent respectively. **Sales** were down in the 1st half by 8 percent to €19.4 billion and in the 2nd quarter by 10 percent to €9.9 billion (prior year €21.0 billion and €11.0 billion respectively). On a comparable basis sales declined by 7 percent and 8 percent respectively. The decline in orders and sales is due partly to lower volumes but mainly to the sharp price falls at the materials businesses.

In the capital goods businesses Components Technology profited among other things from growth in car components in China, Europe and the USA. Elevator Technologies reported strong demand for new installations in the USA, China and South Korea among other countries. Industrial Solutions profited from a major order for a cement plant in Saudi Arabia.

Adjusted EBIT was down in the 1st half by €162 million at €560 million (prior year €722 million) and in the 2nd quarter by €80 million at €326 million (prior year €405 million). All capital goods businesses generated higher earnings both on a cumulative basis in the 1st half and also in the 2nd quarter. However, this positive performance was not enough to fully offset the weakness of the material businesses in the reporting period.

Overall the thyssenkrupp Group therefore made a small **net loss** of €9 million in the 1st half (prior year €88 million net income). After deduction of non-controlling interest, net income was €37 million (prior year €98 million net income). Earnings per share came to €0.07 (prior year €0.17). In the 2nd quarter the Group generated net income of €45 million, level with the prior-year period.

1st half **free cash flow** before M&A at €(1,212) million was as expected down from the prior year, mainly due to a temporary increase in net working capital. Here too, the 2nd quarter (€(365) million) was better than the 1st quarter (€(847) million). Accordingly **net financial debt** increased to €4.8 billion in the 1st half. Compared with September 30, 2015 total equity was down to €2.8 billion. This was mainly due to the revaluation of pensions as a result of lower interest rates.

As a consequence the Group's gearing has risen temporarily to around 175 percent. By the end of the fiscal year thyssenkrupp expects a significant improvement in gearing to below 150 percent. This temporary increase in the 1st half has no impact on the financing of the Group.

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Overview of key performance indicators

Full Group

		1st half ended March 31, 2015	1st half ended March 31, 2016	Change	in %	2nd quarter ended March 31, 2015	2nd quarter ended March 31, 2016	Change	in %
Order intake	million €	20,500	18,837	(1,663)	(8)	10,406	9,027	(1,379)	(13)
Net sales	million €	21,039	19,400	(1,639)	(8)	10,995	9,852	(1,143)	(10)
EBITDA	million €	1,262	1,074	(188)	(15)	675	585	(90)	(13)
EBIT	million €	480	474	(6)	(1)	199	281	82	41
EBIT margin	%	2.3	2.4	0.2	—	1.8	2.9	1.0	—
Adjusted EBIT	million €	722	560	(162)	(22)	405	326	(80)	(20)
Adjusted EBIT margin	%	3.4	2.9	(0.5)	—	3.7	3.3	(0.4)	—
EBT	million €	209	185	(24)	(11)	62	151	89	144
Net income/(loss)	million €	88	(9)	(97)	--	45	45	0	(1)
attributable to thyssenkrupp AG's shareholders	million €	98	37	(60)	(62)	48	61	13	26
Basic earnings per share	€	0.17	0.07	(0.10)	(61)	0.09	0.11	0.02	19
Operating cash flow	million €	(174)	(703)	(529)	--	212	(105)	(318)	--
Cash flow for investments	million €	(532)	(546)	(14)	(3)	(267)	(293)	(26)	(10)
Cash flow from divestments	million €	134	31	(103)	(77)	24	27	2	10
Free cash flow	million €	(572)	(1,218)	(646)	--	(31)	(371)	(340)	--
Free cash flow before M&A	million €	(643)	(1,212)	(569)	(89)	(30)	(365)	(335)	--
Net financial debt (March 31)	million €	4,633	4,816	183	4	4,633	4,816	183	4
Total equity (March 31)	million €	2,863	2,753	(110)	(4)	2,863	2,753	(110)	(4)
Gearing (March 31)	%	161.8	174.9	13.1	—	161.8	174.9	13.1	—
Employees (March 31)		155,697	155,453	(244)	0	155,697	155,453	(244)	0

Continuing operations

		1st half ended March 31, 2015	1st half ended March 31, 2016	Change	in %	2nd quarter ended March 31, 2015	2nd quarter ended March 31, 2016	Change	in %
Order intake	million €	20,500	18,837	(1,663)	(8)	10,406	9,027	(1,379)	(13)
Net sales	million €	21,039	19,400	(1,639)	(8)	10,995	9,852	(1,143)	(10)
EBITDA	million €	1,268	1,074	(194)	(15)	678	585	(93)	(14)
EBIT	million €	486	474	(12)	(2)	201	281	80	40
EBIT margin	%	2.3	2.4	0.2	—	1.8	2.9	1.0	—
Adjusted EBIT	million €	722	560	(162)	(22)	405	326	(80)	(20)
Adjusted EBIT margin	%	3.4	2.9	(0.5)	—	3.7	3.3	(0.4)	—
EBT	million €	215	185	(31)	(14)	64	151	87	137
Income/(loss) (net of tax)	million €	94	(9)	(103)	--	47	45	(2)	(5)
attributable to thyssenkrupp AG's shareholders	million €	104	37	(67)	(64)	50	61	11	21
Basic earnings per share	€	0.18	0.07	(0.11)	(63)	0.09	0.11	0.02	19
Operating cash flow	million €	(168)	(703)	(535)	--	214	(105)	(319)	--
Cash flow for investments	million €	(532)	(546)	(14)	(3)	(267)	(293)	(26)	(10)
Cash flow from divestments	million €	134	31	(103)	(77)	24	27	2	10
Free cash flow	million €	(566)	(1,218)	(652)	--	(29)	(371)	(342)	--
Free cash flow before M&A	million €	(637)	(1,212)	(575)	(90)	(29)	(365)	(336)	--

Order intake by business area

million €	1st half ended March 31, 2015	1st half ended March 31, 2016	Change in %	Change on a comparable basis ¹⁾ in %	2nd quarter ended March 31, 2015	2nd quarter ended March 31, 2016	Change in %	Change on a comparable basis ¹⁾ in %
Components Technology	3,384	3,318	(2)	(4)	1,763	1,669	(5)	(4)
Elevator Technology	3,758	3,824	2	0	1,890	1,832	(3)	(1)
Industrial Solutions	1,817	2,174	20	19	742	644	(13)	(12)
Materials Services	7,269	5,768	(21)	(15)	3,723	2,922	(22)	(16)
Steel Europe	4,489	4,029	(10)	(11)	2,394	2,183	(9)	(9)
Steel Americas	895	657	(27)	(31)	420	286	(32)	(26)
Corporate	96	93	(3)	(3)	49	36	(26)	(25)
Consolidation	(1,208)	(1,025)	—	—	(575)	(544)	—	—
Order intake of the continuing operations / Group	20,500	18,837	(8)	(7)	10,406	9,027	(13)	(10)

¹⁾ Excluding currency and portfolio effects

Net sales by business area

million €	1st half ended March 31, 2015	1st half ended March 31, 2016	Change on a comparable basis ¹⁾		2nd quarter ended March 31, 2015	2nd quarter ended March 31, 2016	Change on a comparable basis ¹⁾	
			Change in %	in %			Change in %	in %
Components Technology	3,329	3,338	0	(1)	1,732	1,688	(3)	(1)
Elevator Technology	3,373	3,621	7	6	1,661	1,752	5	8
Industrial Solutions	3,010	3,115	3	3	1,633	1,609	(1)	(1)
Materials Services	7,215	5,827	(19)	(14)	3,794	3,005	(21)	(15)
Steel Europe	4,245	3,649	(14)	(14)	2,260	1,925	(15)	(15)
Steel Americas	955	675	(29)	(34)	453	325	(28)	(25)
Corporate	93	114	23	23	48	54	12	14
Consolidation	(1,181)	(939)	—	—	(586)	(506)	—	—
Net sales of the continuing operations / Group	21,039	19,400	(8)	(7)	10,995	9,852	(10)	(8)

¹⁾ Excluding currency and portfolio effects

Adjusted EBIT by business area

million €	1st half ended March 31, 2015	1st half ended March 31, 2016	Change		2nd quarter ended March 31, 2015	2nd quarter ended March 31, 2016	Change
			Change	Change			
Components Technology	150	157	6	83	86	3	
Elevator Technology	346	390	44	168	186	18	
Industrial Solutions	201	244	42	109	153	44	
Materials Services	51	13	(37)	49	10	(39)	
Steel Europe	192	115	(76)	113	65	(48)	
Steel Americas	(20)	(139)	(119)	(20)	(65)	(45)	
Corporate	(201)	(234)	(33)	(99)	(117)	(18)	
Consolidation	3	14	—	2	8	—	
Adjusted EBIT of the continuing operations / Group	722	560	(162)	405	326	(80)	