Press release

Thyssenkrupp remains on growth track: double-digit gains in order intake and adjusted EBIT / growth and earnings targets for 2016/2017 exceeded

- Group's adjusted EBIT: €1.9 billion (prior year €1.5 billion)
- Adjusted EBIT of continuing operations (without Steel Americas): €1.7 billion (prior year €1.5 billion)
- Highest order intake since start of Strategic Way Forward
- Net financial debt substantially reduced, equity substantially increased
- Dividend proposal: €0.15 per share
- Forecast for 2017/2018: adjusted EBIT expected to increase from €1.7 billion to €1.8 to €2.0 billion
- Hiesinger: "We exceeded our growth and earnings targets and took important steps on our path towards becoming a strong industrial group."

The industrial and technology group thyssenkrupp continues its good operating performance, achieving important milestones on its Strategic Way Forward as a strong industrial group. "We achieved our best order intake since the start of the Strategic Way Forward. We exceeded our growth and earnings targets," says thyssenkrupp CEO Dr. Heinrich Hiesinger. "The past fiscal year was a year of important decisions. The sale of the Brazilian steel mill CSA and the memorandum of understanding on a joint venture of our European steel activities with Tata Steel created strategic clarity. The capital increase widened our financial leeway," adds Hiesinger.

With **adjusted EBIT** of €1,910 million for the Group and €1,722 million for the continuing operations (excluding Steel Americas), the Group exceeded its earnings targets. However, due to one-time earnings charges as a result of the sale of the Brazilian steel mill CSA in the 2nd quarter the Group recorded a **net loss** of €591 million (prior year net profit of €261 million). Excluding this one-time effect, net income was higher year-on-year and in line with the original forecast. After deducting minority interest the net loss was €649 million. As expected, cash flow was clearly negative.

The Group's **order intake** in the past fiscal year increased year-on-year by 18 percent. Components Technology and Elevator Technology once again reported record figures. The third capital goods division, Industrial Solutions, achieved a turnaround in order intake: the business area recorded its highest figure in five years. The materials businesses profited mainly from the recovery in prices. The **Group's sales** increased year-on-year by 9 percent.

The **adjusted EBIT** of the Group and of the continuing operations increased at double-digit rates in the reporting year (up 30 percent to €1,910 million for the Group and up 15 percent to €1,722 million for the continuing operations) and was significantly higher year-on-year in all four quarters. Earnings growth at Components Technology (up 12 percent to €377 million) and Elevator Technology (up 7 percent to €922 million) remained strong. At Industrial Solutions the low order intakes of prior years resulted in a large drop in earnings (down 69 percent to €111 million). The materials businesses recorded a noticeable earnings improvement. The reason for this was the recovery in prices. Materials Services more than doubled its adjusted EBIT (up 143 percent to €312 million). At Steel Europe, too, (up 74 percent to €547 million) the positive price effects were reflected in a significantly improved margin. The **efficiency program "impact"** again made a significant contribution to the Group's earnings performance: With EBIT effects of €930 million the savings were again well above the set target of €850 million.

"The improved operating figures show that our performance programs are working. We will continue to drive forward the profitable growth of our capital goods, make targeted investments in research and development and work systematically to further improve efficiency across all our businesses. This is how we will generate more stable earnings in the future and continue to grow profitably," adds Hiesinger.

Given the strategic progress made and further operating improvements as part of the Strategic Way Forward, the Executive Board and Supervisory Board are proposing to the Annual General Meeting an unchanged **dividend** of €0.15 per share. The proposal takes into account the expected further improvement in relevant earnings indicators.

Free cash flow before M&A at €(798) million was as expected significantly lower than the prior-year figure (€198 million). Above all the dislocations on the raw materials markets and attendant material price increases resulted in temporarily higher capital employed in the first 9 months of the past fiscal year, which was partially offset by strongly positive free cash flow before M&A in the final quarter.

At just under €2.0 billion, the Group's **net financial debt** was significantly lower than the prior-year figure (€3.5 billion), mainly reflecting the cash inflows from the CSA transaction and from the capital increase in the 4th quarter. Taking into account available liquidity of €9.1 billion and the balanced maturity structure, thyssenkrupp is solidly financed.

The Group's **equity** improved year-on-year from €2.6 billion to €3.4 billion, mainly as a result of the capital increase and the higher interest rate level, which required a remeasurement of pension obligations. This was partly offset by the net loss for the year. Overall, the **gearing ratio**, i.e. the ratio of net financial debt to equity, improved by around 77 percentage points to 57.5 percent.

thyssenkrupp is optimistic overall with regard to the **current fiscal year 2017/2018**[1]. The Executive Board expects further progress on the Strategic Way Forward. With growth and improvements in our capital goods businesses, and depending on the continuance of the favorable materials market environment and possible translation risks, the Group aims to achieve a significant increase in **adjusted EBIT** to €1.8 to €2.0 billion (prior year, continuing operations: €1,722 million). The company likewise forecasts clearly positive net income above the prior-year figure (prior year, continuing operations: €271 million). Free cash flow before M&A is expected to be positive (prior year, continuing operations: €(855) million). Alongside strict implementation of the transformation processes, the efficiency program “impact” is again expected to contribute to the attainment of the Group’s targets with EBIT effects of €750 million.

Go here for current footage material.

About us:
The Industrial Solutions business area of thyssenkrupp is a leading partner for the engineering, construction and service of industrial plants and systems. Based on more than 200 years of experience we supply tailored, turnkey plants and components for customers in the chemical, fertilizer, cement, mining and steel industries. As a system partner to the automotive, aerospace and naval sectors we develop highly specialized solutions to meet the individual requirements of our customers. Around 19,000 employees at over 70 locations form a global network with a technology portfolio that guarantees maximum productivity and cost-efficiency.
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[1] The following forecast relates to the full Group in its current structure (including the fully consolidated business area Steel Europe, i.e. excluding effects from the potential contribution of the European steel activities to a joint venture with Tata Steel); no longer included following successful disposal are the activities of the former business area Steel Americas.

thyssenkrupp in figures- Overview of key performance indicators

		Full Group				Continuing operations			
		Year ended Sept. 30, 2016	Year ended Sept. 30, 2017	Change	in %	Year ended Sept. 30, 2016	Year ended Sept. 30, 2017	Change	in %
Order intake	million €	37,424	44,288	6,864	18	36,125	42,756	6,631	18
Net sales	million €	39,263	42,971	3,709	9	38,000	41,447	3,447	9
EBIT [1)]	million €	1,189	687	(502)	(42)	1,209	1,150	(59)	(5)
EBIT margin	%	3.0	1.6	(1.4)	—	3.2	2.8	(0.4)	—
Adjusted EBIT [1)]	million €	1,469	1,910	441	30	1,500	1,722	222	15
Adjusted EBIT margin	%	3.7	4.4	0.7	—	3.9	4.2	0.2	—
EBT	million €	652	61	(591)	(91)	691	765	73	11
Net income/(loss) / Income/(loss) (net of tax)	million €	261	(591)	(852)	--	357	271	(86)	(24)
attributable to thyssenkrupp AG's shareholders	million €	296	(649)	(946)	--	311	212	(99)	(32)
Earnings per share (EPS)	€	0.52	(1.15)	(1.67)	--	0.55	0.37	(0.17)	(32)
Operating cash flows	million €	1,387	610	(777)	(56)	1,310	483	(827)	(63)
Cash flow for investments	million €	(1,387)	(1,666)	(279)	(20)	(1,277)	(1,535)	(258)	(20)
Cash flow from divestments	million €	191	1,545	1,354	++	189	1,539	1,350	++
Free cash flow [2)]	million €	191	489	297	155	222	487	265	119
Free cash flow before M&A [2)]	million €	198	(798)	(996)	--	228	(855)	(1,083)	--
Net financial debt (Sept. 30)	million €	3,500	1,957	(1,543)	(44)				
Total equity (Sept. 30)	million €	2,609	3,404	796	31				
Gearing (Sept. 30)	%	134.2	57.5	(76.7)	—				
ROCE	%	7.5	4.1	(3.4)	—				
thyssenkrupp Value Added	million €	(85)	(651)	(566)	--				
Dividend per share	€	0.15	0.15[3)]	—	—				
Dividend payout	million €	85	93[3)]	—	—				
Employees (Sept. 30)		156,487	158,739	2,252	1				

[1)] See reconciliation in segment reporting (Note 23).
[2)] See reconciliation in the analysis of the statement of cash flows.
[3)] Proposal to the Annual General Meeting

Order intake by business area

million €	Year ended Sept. 30, 2016	Year ended Sept. 30, 2017	Change in %	Change on a comparable basis[1] in %
Components Technology	6,740	7,674	14	14
Elevator Technology	7,631	7,834	3	3
Industrial Solutions	3,461	6,490	88	84
Materials Services	11,840	13,760	16	16
Steel Europe	8,146	8,969	10	10
Corporate	243	287	18	18
Consolidation	(1,936)	(2,257)	—	—
Order intake of the continuing operations	**36,125**	**42,756**	**18**	**18**
Steel Americas	1,525	1,874	23	29
Consolidation	(226)	(343)	—	—
Total order intake	**37,424**	**44,288**	**18**	**18**

[1] Excluding material currency and portfolio effects

Net sales by business area

million €	Year ended Sept. 30, 2016	Year ended Sept. 30, 2017	Change in %	Change on a comparable basis[1] in %
Components Technology	6,807	7,571	11	11
Elevator Technology	7,468	7,674	3	3
Industrial Solutions	5,744	5,522	(4)	(6)
Materials Services	11,886	13,665	15	15
Steel Europe	7,633	8,915	17	17
Corporate	255	278	9	9
Consolidation	(1,793)	(2,179)	—	—
Sales of the continuing operations	**38,000**	**41,447**	**9**	**9**
Steel Americas	1,489	1,848	24	32
Consolidation	(227)	(323)	—	
Total net sales	**39,263**	**42,971**	**9**	**9**

[1] Excluding material currency and portfolio effects

Adjusted EBIT by business area

million €	Year ended Sept. 30, 2016	Year ended Sept. 30, 2017	Change in %
Components Technology	335	377	12
Elevator Technology	860	922	7
Industrial Solutions	355	111	(69)
Materials Services	128	312	143
Steel Europe	315	547	74
Corporate	(497)	(535)	(8)
Consolidation	4	(12)	—
Adjusted EBIT of the continuing operations	**1,500**	**1,722**	**15**
Steel Americas	(33)	186	++
Consolidation	2	3	—
Total adjusted EBIT [1]	**1,469**	**1,910**	**30**

[1] See reconciliation in segment reporting (Note 23).