
Interim report 1st quarter 2019/2020

October 1, 2019 –
December 31, 2019
thyssenkrupp AG



thyssenkrupp

thyssenkrupp in figures

		Group ¹⁾		Change	in %
		1st quarter ended Dec. 31, 2018	1st quarter ended Dec. 31, 2019		
Order intake	million €	10,111	9,660	(450)	(4)
Net sales	million €	9,736	9,674	(63)	(1)
EBIT ²⁾	million €	181	(115)	(297)	--
EBIT margin	%	1.9	(1.2)	(3.1)	--
Adjusted EBIT ²⁾	million €	217	50	(167)	(77)
Adjusted EBIT margin	%	2.2	0.5	(1.7)	(77)
Income/(loss) before tax	million €	99	(206)	(305)	--
Net income/(loss) or earnings after tax	million €	68	(364)	(432)	--
attributable to thyssenkrupp AG's shareholders	million €	60	(372)	(432)	--
Earnings per share (EPS)	€	0.10	(0.60)	(0.69)	--
Operating cash flows	million €	(2,245)	(2,144)	101	4
Cash flow for investments	million €	(257)	(327)	(70)	(27)
Cash flow from divestments	million €	25	18	(8)	(30)
Free cash flow ³⁾	million €	(2,477)	(2,453)	24	1
Free cash flow before M & A ³⁾	million €	(2,477)	(2,476)	1	0
Net financial debt (Dec. 31)	million €	4,684	7,138	2,454	52
Total equity (Dec. 31)	million €	3,274	1,934	(1,340)	(41)
Gearing (Dec. 31)	%	143.1	369.1	226.1	158
Employees (Dec. 31)		161,496	161,538	42	0

¹⁾ See preliminary remarks.

²⁾ See reconciliation in segment reporting (Note 08).

³⁾ See reconciliation in the analysis of the statement of cash flows.

	Order intake million €		Net sales million €		EBIT ¹⁾ million €		Adjusted EBIT ¹⁾ million €		Employees	
	1st quarter ended Dec. 31, 2018	1st quarter ended Dec. 31, 2019	1st quarter ended Dec. 31, 2018	1st quarter ended Dec. 31, 2019	1st quarter ended Dec. 31, 2018	1st quarter ended Dec. 31, 2019	1st quarter ended Dec. 31, 2018	1st quarter ended Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019
Automotive Technology ²⁾	1,283	1,353	1,231	1,367	9	(78)	13	21	24,712	25,891
Industrial Components ²⁾	643	558	573	544	42	43	43	44	14,493	13,528
Elevator Technology	2,143	2,232	1,923	2,045	199	207	204	228	53,285	52,838
Plant Technology ²⁾	668	568	615	755	(37)	(19)	(30)	(18)	11,113	11,300
Marine Systems	107	103	298	381	0	0	0	0	5,868	6,104
Materials Services	3,370	3,078	3,388	3,046	22	11	22	11	20,378	20,238
Steel Europe	2,341	2,115	2,131	1,851	34	(166)	38	(164)	27,613	28,093
Corporate Headquarters ²⁾	0	1	0	1	(74)	(103)	(63)	(66)	1,187	1,041
Reconciliation ²⁾	(443)	(348)	(424)	(316)	(12)	(10)	(11)	(6)	2,847	2,505
Group²⁾	10,111	9,660	9,736	9,674	181	(115)	217	50	161,496	161,538

¹⁾ See reconciliation in segment reporting (Note 08).

²⁾ See preliminary remarks.

THYSSENKRUPP STOCK / ADR MASTER DATA AND KEY FIGURES

ISIN		Number of shares (total)	shares	622,531,741
Shares (Frankfurt, Düsseldorf stock exchanges)	DE 000 750 0001	Closing price end December 2019	€	12.04
ADRs (over-the-counter trading)	US88629Q2075	Stock exchange value end December 2019	million €	7,495
Symbols				
Shares		TKA		
ADRs		TKAMY		

Contents

Our fiscal year begins on October 1 and ends on September 30 of the following year.

02	thyssenkrupp in figures	24	Condensed interim financial statements
05	Interim management report	25	Consolidated statement of financial position
05	Preliminary remarks	27	Consolidated statement of income
05	Report on the economic position	28	Consolidated statement of comprehensive income
05	Summary	29	Consolidated statement of changes in equity
07	Macro and sector environment	31	Consolidated statement of cash flows
10	Group and business area review	33	Selected notes to the consolidated financial statements
15	Results of operations and financial position	48	Review report
19	Compliance	49	Additional information
20	Forecast, opportunity and risk report	49	Contact and 2020 / 2021 financial calendar
20	2019 / 2020 forecast		
23	Opportunities and risks		

Interim management report

Preliminary remarks

On June 13, 2019 the European Commission formally prohibited the planned steel joint venture with Tata Steel Europe. The planned transaction encompassed the Steel Europe business area, thyssenkrupp MillServices & Systems GmbH from the Materials Services business area, and individual companies belonging to Corporate. As a result of the prohibition, these businesses no longer meet the criteria for presentation as a discontinued operation under IFRS 5. Starting with the interim report for the 3rd quarter 2018/2019 the discontinued operations were therefore reclassified as continuing operations for the full 2018/2019 fiscal year. In accordance with IFRS 5 the presentation in the consolidated statements of income and cash flows therefore had to be adjusted accordingly. The adjustments also include the retrospective recognition of amortization and depreciation not charged due to classification as a discontinued operation, amounting to €115 million in the 1st quarter 2018/2019 (before taxes).

In connection with the strategic realignment “newtk”, Components Technology has been focused on the automotive business since October 1, 2019 and renamed Automotive Technology. A new addition to the business area is System Engineering, which develops among other things production lines for the auto industry and was part of Industrial Solutions up to September 30, 2019. The Bearings and Forged Technologies businesses have been removed from Components Technology. The two units now report under the name Industrial Components. Industrial Solutions has been renamed Plant Technology and comprises our chemical plant, cement plant and mining equipment businesses. The administrative units of Corporate and the regions are presented as Corporate Headquarters. In addition the Service Units and Special Units have been combined with consolidation items and are presented separately in the new reporting line “Reconciliation”.

Presentation and disclosure of the prior period have been adjusted in line with the aforementioned changes.

Report on the economic position

Summary

As expected, the positive earnings performance of the capital goods businesses overall was unable to offset the cyclical decline at the materials businesses

- Order intake lower, materials businesses significantly weaker; capital goods businesses at prior-year level
- Sales stable: strong capital goods businesses offset weak materials businesses
 - Automotive Technology with significant growth, in particular in steering systems
 - Industrial Components down year-on-year: growth in particular in wind energy unable to offset cyclical decline mainly in truck components and construction machinery undercarriages
 - Elevator Technology with positive performance in particular in the Americas and Asia-Pacific in new installations and service

- Plant Technology significantly higher year-on-year mainly due to ramp up of sales under major chemical plant orders from the prior year
- Marine Systems with significant improvement as a result of high sales under a frigate contract (North Africa)
- Materials Services down year-on-year due to lower prices and volumes
- Steel Europe down from prior year due to lower prices and volumes
- Adjusted EBIT as expected significantly lower year-on-year: positive overall performance of capital goods businesses unable to offset significant cyclical decline in materials businesses
 - Automotive Technology: higher earnings contributions mainly from dampers and camshafts more than offset losses at Springs & Stabilizers and System Engineering
 - Industrial Components: higher earnings contributions from bearings for wind energy more than offset cyclically lower volumes in the forging business (components for trucks and construction machinery)
 - Elevator Technology with continuing positive earnings and margin trend (0.5 percentage points above prior year)
 - Plant Technology negative but with improvement, among other things through slight operating recovery in chemical and cement plant engineering and proceeds from sale of a building
 - Marine Systems stable despite continuing low margins in project billings
 - Materials Services as expected down from prior year with pressure on margins due to declining prices and volumes
 - Steel Europe significantly lower year-on-year and negative due to continuing price/cost pressure and lower shipments, mainly to the automotive industry
 - Corporate Headquarters with continuing reduction of administrative costs but lower one-time effects
- Net income significantly lower year-on-year and negative mainly due to operating performance
- Free cash flow before M&A as expected significantly negative at prior-year level: operating improvements outweighed by payment of fine in cartel case in the amount of recognized provision of €370 million; seasonally high net working capital at materials businesses
- Full-year forecast unchanged; as before, limited visibility and reduced planning reliability – particularly for our more cyclical businesses with materials and car and truck components; impact of spread of coronavirus must be monitored (see forecast report)
- “newtk” update:
 - Portfolio: preparations for Elevator transaction proceeding, carve-out complete, decision on transaction expected end of February; disposal process/assessment of alliances for Plant Technology under way, dispatch of information materials to potential interested parties in preparation
 - Performance: Steel Strategy 20/30 presented in December, further details to be announced after decision on Elevator transaction and after conclusion of negotiations with codetermination representatives in connection with further detailing of “newtk”; restructuring and personnel reductions: Automotive Technology and Plant Technology with elimination of business area level; implementation of new organizational structure as milestone in the streamlining of Corporate Headquarters completed at the turn of the year

Macro and sector environment

Moderate global economic growth at prior-year level expected in 2020

- Global economic growth expectations for 2020 revised downward again slightly compared with start of fiscal year
- Industrialized countries: initially continuing economic slowdown with weaker investment; reduced impetus from consumer spending; continuing supportive monetary policy; leading indicators point to economic stabilization at low level in the further course of the year
- Emerging economies: economic momentum to pick up slightly in 2020, supported by monetary easing; additional impetus from fiscal policy in some countries; but political and economic uncertainties remain
- Risks and uncertainties: further escalation of trade conflicts, geopolitical flashpoints (particularly in Middle East, USA-Iran), negotiations in the transitional phase between EU and UK on possible free trade agreement, severe and sustained weakening of growth in China; indebtedness problems particularly in some countries of Europe, and volatile material and commodity prices; risks through outbreak and further spread of coronavirus and associated temporary plant closures, in particular in China

GROSS DOMESTIC PRODUCT

Real change compared to previous year in %	2019 ¹⁾	2020 ²⁾
Euro zone	1.2	1.0
Germany	0.6	0.8
Russia	1.2	2.0
Rest of Central/Eastern Europe	3.6	2.8
USA	2.3	1.8
Brazil	1.1	2.0
Japan	1.2	0.8
China	6.2	5.8
India	5.1	5.5
Middle East & Africa	1.2	2.0
World	2.9	2.9

¹⁾ Party estimates

²⁾ Forecast

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

Automotive

- Global sales and production of cars and light trucks in 2019 down significantly from a year earlier, driven in part by continuing weak sales in China and collapse of Indian car market; markets expected to remain weak in 2020
- Subdued outlook for 2020 largely reflects weak performance of world's largest market, China
- Europe: sales in 2019 stable year-on-year; slight decline expected in 2020, partly due to uncertainty about future trading conditions with UK (Brexit) and USA
- NAFTA: sales and production down in 2019 from a high market level; sales to decline in 2020

- China: car sales and production in decline since 2nd half of 2018, slight recovery in 4th quarter 2019 from weak prior-year level; forecasts for 2020 highly uncertain, Chinese manufacturers' association (CAAM) currently expecting car sales to remain weak
- Trucks above 6t: 2019 weaker in China and collapse in India, other markets stable with growth in some areas. NAFTA in particular with another strong year for Class 8 trucks; overall market to shrink in 2020 due to further declines in China and Europe and cyclical drop in sales of Class 8 trucks in NAFTA

Machinery

- Germany: negative growth forecast for 2020 confirmed; weak global economy, trade restrictions and geopolitical dislocations holding back investment
- USA: production output expected to decrease in 2020; negative impact from trade restrictions and cyclical downturn in global machinery sector
- China: slower growth in 2020 due to falling demand for capital goods and trade restrictions; but fiscal policy supportive

Construction

- Germany: growth to slow slightly in 2020; continuing support from solid income growth, favorable financing conditions and demand for new housing
- USA: output growth higher in 2020 – housing construction momentum stronger due to rise in number of building permits and housing starts
- China and India: growth in China in 2020 slower than prior year due to economic slowdown and tighter lending – continuing urbanization trend supporting housing construction investment; growth higher in India

IMPORTANT SALES MARKETS

	2019 ¹⁾	2020 ²⁾
Vehicle production, million cars and light trucks³⁾		
World	86.1	85.7
Western Europe (incl. Germany)	13.3	13.1
Germany	4.8	4.8
USA	10.6	11.0
Mexico	3.8	3.8
Japan	9.2	9.1
China	24.3	24.1
India	4.1	3.9
Brazil	2.7	2.8
Machinery production, real, in % versus prior year		
Germany	(2.4)	(2.0)
USA	(0.8)	(1.5)
Japan	(4.8)	1.0
China	4.8	4.5
Construction output, real, in % versus prior year		
Germany	2.7	1.5
USA	0.5	2.2
China	5.2	4.0
India	5.7	8.2

¹⁾ Partly estimates

²⁾ Forecast

³⁾ Passenger cars and light commercial vehicles up to 6t (completely built up vehicles only; without so-called CKD units)

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

Steel

- Global demand for finished steel in 2019 slightly higher year-on-year, mainly due to China, probable 3% decline in EU stronger than expected; prospects for 2020 remain subdued with continuing high political and economic uncertainties and risks
- EU carbon flat steel market weaker in 2019 mainly due to weak automotive market, with imports noticeably too high; spot market prices reached their lowest point in the reporting quarter, cautious signs of a recovery due to restocking
- Market environment remains extremely challenging, also structurally – continuing global overcapacities, ongoing risks from trade imbalances and highly volatile raw material prices

Group and business area review

As expected positive earnings performance of capital goods businesses overall unable to offset cyclical decline in materials businesses

ORDER INTAKE

million €	1st quarter ended Dec. 31, 2018	1st quarter ended Dec. 31, 2019	Change in %	Change on a comparable basis ¹⁾ in %
Automotive Technology ²⁾	1,283	1,353	5	4
Industrial Components ²⁾	643	558	(13)	(14)
Elevator Technology	2,143	2,232	4	3
Plant Technology ²⁾	668	568	(15)	(16)
Marine Systems	107	103	(3)	(4)
Materials Services	3,370	3,078	(9)	(9)
Steel Europe	2,341	2,115	(10)	(10)
Corporate Headquarters ²⁾	0	1	++	++
Reconciliation ²⁾	(443)	(348)	—	—
Group²⁾	10,111	9,660	(4)	(5)

¹⁾ Excluding material currency and portfolio effects

²⁾ See preliminary remarks.

Order intake of **capital goods businesses** overall level with prior year in 1st quarter:

Automotive Technology

- Significant year-on-year increase due to start of production at new plants and projects, in particular for steering systems but also for damper systems and camshaft modules; by contrast System Engineering weaker; difficult overall market environment in the automotive sector, dominated by continuing weak sales on world's biggest market, China

Industrial Components

- Lower than prior year mainly due to cyclical downturn in forging business
- Bearings: overall good order situation in particular for wind energy in China, slight decline in construction machinery components and project business
- Cars/trucks: strong cyclical downturn in market for Class 8 trucks – in particular in the USA, general weakening of European market, fall in demand in China
- Undercarriages for construction machinery: global cyclical fall in demand, partly offset by widening of product range and development of new markets/business fields

Elevator Technology

- Year-on-year increase to new record high. Positive performance in Americas in new installations and modernization business in particular in the USA
- Orders in hand (excluding service) at €5.7 billion also a new record high

Plant Technology

- Significantly down from prior year, mainly reflecting major mining order in prior year
- Chemical plants: stable demand in particular for electrolysis plants and equipment, among others in Europe and Asia; order for energy-saving chlorine production plant in Spain
- Cement: overall positive development; medium-size order for cement plant in the USA; smaller orders for components and services
- Mining: lower year-on-year, reflecting major order in prior year; smaller orders among others for stockyard technology in Russia and gravel plant in Germany

Marine Systems

- At prior-year level; orders in marine electronics for German customer and subcontracts for a customer from North Africa

Order intake of the **materials businesses** significantly down from prior year:

- Materials Services significantly lower year-on-year due to substantial fall in volumes and renewed decrease in prices
- Steel Europe significantly lower due to decreased prices; higher order volumes (2.7 million t; +16%) – recovery in orders from industrial customers (excl. Automotive), steel service centers and distribution customers mainly due to restocking

NET SALES

million €	1st quarter ended Dec. 31, 2018	1st quarter ended Dec. 31, 2019	Change in %	Change on a comparable basis ¹⁾ in %
Automotive Technology ²⁾	1,231	1,367	11	10
Industrial Components ²⁾	573	544	(5)	(6)
Elevator Technology	1,923	2,045	6	5
Plant Technology ²⁾	615	755	23	22
Marine Systems	298	381	28	28
Materials Services	3,388	3,046	(10)	(11)
Steel Europe	2,131	1,851	(13)	(13)
Corporate Headquarters ²⁾	0	1	++	++
Reconciliation ²⁾	(424)	(316)	—	—
Group²⁾	9,736	9,674	(1)	(1)

¹⁾ Excluding material currency and portfolio effects

²⁾ See preliminary remarks.

Sales of the **capital goods businesses** overall significantly higher:

- Automotive Technology with significant increase, sales in line with order intake; positive exchange rate effects especially from USD
- Industrial Components: increase in particular in wind energy unable to offset cyclical decrease mainly in truck components and construction machinery undercarriages
- Elevator Technology: significant year-on-year improvement; positive performance in particular in Americas and Asia-Pacific in new installations and service; new installations business in Asia-

Pacific profited from infrastructure projects, in particular in China, and overall clear growth in number of units sold; also significant increase in service sales in China

- Plant Technology significantly higher year-on-year: mainly due to ramp-up in sales revenue from major chemical plant orders in prior year
- Marine Systems significantly higher year-on-year as a result of high sales revenue from frigate order (North Africa); submarine, marine electronics, maintenance and service areas stable

Sales of the **materials businesses** down sharply year-on-year:

Materials Services

- Overall materials sales revenues and volumes lower year-on-year (2.3 million t shipments; prior year: 2.4 million t), reflecting demand trend and also absence of internal direct-to-customer business (partially transferred to Steel Europe)
- Declining volumes in warehousing and distribution and auto-related service centers; demand on European markets weak, in America too demand in 1st quarter lower year-on-year
- Despite growth in volumes, sales in direct-to-customer business down due to price decreases for all materials (particularly minerals)
- Further decline in prices in virtually all product segments, particularly stainless steel; slight price recovery for finished steel at end of 1st quarter
- At AST, slight drop in sales with sharp decline in volumes

Steel Europe

- Volume- and price-related decrease: clear reductions in shipments (2.2 million t; prior year 2.4 million t) affecting practically all end customer groups, but increased volumes with our distributor customers due to need for restocking
- Price level clearly lower year-on-year partly on account of less favorable product mix with temporarily higher spot market share

ADJUSTED EBIT

million €	1st quarter ended Dec. 31, 2018	1st quarter ended Dec. 31, 2019	Change in %
Automotive Technology ¹⁾	13	21	66
Industrial Components ¹⁾	43	44	3
Elevator Technology	204	228	12
Plant Technology ¹⁾	(30)	(18)	41
Marine Systems	0	0	0
Materials Services	22	11	(52)
Steel Europe	38	(164)	--
Corporate Headquarters ¹⁾	(63)	(66)	(5)
Reconciliation ¹⁾	(11)	(6)	—
Group¹⁾	217	50	(77)

¹⁾ See preliminary remarks.

Adjusted EBIT of the **capital goods businesses** overall significantly higher year-on-year:

Automotive Technology

- Clearly higher year-on-year as a result of increased earnings contributions mainly from dampers and camshafts; continuing negative contribution from Springs & Stabilizers and negative contribution from System Engineering
- Earnings supported by one-time effect of remeasurement of pension plans
- Measures initiated to increase profitability: elimination of business area level, creation of lean office structure, as well as capacity adjustments and cost measures at System Engineering

Industrial Components

- Slightly higher year-on-year, mainly due to higher earnings contribution from bearings for wind turbines
- Bearings: clearly higher year-on-year due to volume and structural factors
- Forgings: significantly lower year-on-year mainly due to lower sales, tariff disputes between USA and China negatively impacting demand in China; supported by early introduction of systematic cost-reduction measures

Elevator Technology

- Strong year-on-year increase with positive developments in all regions, supported by sales growth and positive effects from global performance programs
- Margin 0.5 percentage points up from prior year at 11.1 %

Plant Technology

- Negative but better than in prior year, among other things due to slight recovery in chemical and cement plant engineering as well as proceeds from sale of a building
- Transformation program underway; among other things structural adjustments, reduction of administrative, selling, material and product costs, and improved project execution

Marine Systems

- At prior-year level, continuing low margins on projects billed

Adjusted EBIT of the **materials businesses** down significantly year-on-year in a weak market environment:

Materials Services

- Margin pressure from declining prices in both service units, partly offset by positive effects from derivatives
- AST also lower year-on-year mainly due to price trend in stainless steel caused by continuing import pressure – as a result of largely ineffective EU safeguard measures

Steel Europe

- Earnings significantly negative and lower year-on-year; difficult market environment with negative volume and price effects and higher raw material costs, particularly iron ore; also impacted by costs of low capacity utilization and increased personnel costs

Corporate Headquarters

- Slightly lower year-on-year mainly reflecting lower one-time effects
- Continuing implementation of measures to reduce administrative costs

Reconciliation shows improvement from higher sales and lower costs for maintenance measures.

Earnings impacted by special items

SPECIAL ITEMS

million €	1st quarter ended Dec. 31, 2018	1st quarter ended Dec. 31, 2019	Change
Automotive Technology ¹⁾	4	99	96
Industrial Components ¹⁾	1	2	0
Elevator Technology	5	20	15
Plant Technology ¹⁾	7	2	(6)
Marine Systems	0	0	0
Materials Services	1	0	0
Steel Europe	4	1	(3)
Corporate Headquarters ¹⁾	12	38	26
Reconciliation ¹⁾	2	4	2
Group¹⁾	36	166	129

¹⁾ See preliminary remarks.

- Main special items in the reporting period:
 - Automotive Technology: restructuring expenses mainly in connection with capacity adjustments and personnel reduction at System Engineering and job cuts at business area level
 - Industrial Components: in forgings business mainly restructurings at the plants in Brazil, Italy and India initiated in prior year
 - Elevator Technology: mainly costs in connection with restructurings in business units Europe / Africa and Americas and preparation of carve-out; partly offset by partial reversal of a provision for a legal case
 - Corporate Headquarters: provisions for restructurings at thyssenkrupp AG; project expenses in connection with the planned Elevator transaction

Results of operations and financial position

Analysis of the statement of income

Income from operations

- Slight fall in net sales coupled with disproportionate increase in cost of sales mainly due to higher personnel expenses in connection with restructuring measures; noticeable decrease in gross profit margin to 12.7% (prior year: 15.1%)
- Rise in general and administrative costs mainly as a result of increased personnel expenses, also in connection with restructuring measures
- Decrease in other income mainly due to lower insurance recoveries
- Reduction in other expenses particularly owing to declining losses from the hedging of operational exchange rate risks

Financial income/expense and income tax

- Overall deterioration reflecting above all increased interest expense for financial debt
- Increase in tax expense due to higher deferred tax expenses from temporary differences in Germany, higher tax income abroad, and one-time expenses in connection with creating the Elevator transaction structure

Earnings per share

- Net income clearly down by €432 million to net loss of €364 million
- Earnings per share accordingly down by €0.69 to loss of €0.60

Analysis of the statement of cash flows

Operating cash flows

- Clearly negative operating cash flows slightly improved particularly as a result of net decrease in funds tied up in operating assets and liabilities

Cash flows from investing activities

- Capital spending higher year-on-year; capital spending higher in materials and capital goods businesses

INVESTMENTS

million €	1st quarter ended Dec. 31, 2018	1st quarter ended Dec. 31, 2019	Change in %
Automotive Technology ¹⁾	100	100	0
Industrial Components ¹⁾	12	28	133
Elevator Technology	23	32	40
Plant Technology ¹⁾	8	8	0
Marine Systems	8	13	61
Materials Services	18	23	27
Steel Europe	94	121	29
Corporate Headquarters ¹⁾	0	0	0
Reconciliation ¹⁾	(6)	2	++
Group¹⁾	257	327	27

¹⁾ See preliminary remarks.

Automotive Technology

- Focus on expansion of capacities for cylinder head modules in Hungary and adjustable camshafts in China

Industrial Components

- Growth capex to increase production capacity above all in wind energy, primarily at European and Asian production sites
- Continued investment in fully automated forging press for truck front axles at the Homburg site in Germany progressing very well and on schedule

Elevator Technology

- Regular maintenance capex chiefly in connection with construction of new headquarters to concentrate administration and research activities in Atlanta/USA

Plant Technology

- Continuing investment in expansion of technology portfolio to safeguard market position and also in infrastructure measures

Marine Systems

- Further implementation of modernization of Kiel shipyard

Materials Services

- Construction of a new, state-of-the-art logistics center for Region North by thyssenkrupp Schulte in Rotenburg (Wümme); soil investigations are complete and foundation stone laying took place on February 4, 2020

Steel Europe

- Foundation stone laying for new hot-dip coating line (FBA 10) took place at the Dortmund site on October 31, 2019, construction of steelwork began in November 2019, commissioning scheduled for June 2021

Corporate Headquarters

- Capital expenditures for IT licenses

Cash flows from financing activities

- Clearly lower cash flows from financing activities primarily due to year-on-year decrease in proceeds from borrowings

Free cash flow and net financial debt

RECONCILIATION TO FREE CASH FLOW BEFORE M & A

million €	1st quarter ended Dec. 31, 2018	1st quarter ended Dec. 31, 2019	Change
Operating cash flows (consolidated statement of cash flows)	(2,245)	(2,144)	101
Cash flow from investing activities (consolidated statement of cash flows)	(231)	(309)	(78)
Free cash flow (FCF)¹⁾	(2,477)	(2,453)	24
-/+ Cash inflow/cash outflow resulting from material M & A transactions	0	12	12
Adjustment due to IFRS 16	0	(35)	(35)
Free cash flow before M & A (FCF before M & A)¹⁾	(2,477)	(2,476)	1

¹⁾ See preliminary remarks.

- As expected FCF before M & A significantly negative at prior-year level: operating improvements outweighed by impact of fine in cartel case in amount of recognized provision of €370 million; seasonally high net working capital at materials businesses
- Net financial debt up to €7.1 billion at December 31, 2019, mainly reflecting significantly negative FCF before M & A as well as adoption of IFRS 16 (Leases)
- Ratio of net financial debt to equity (gearing) at 369.1% higher than at September 30, 2019 (166.8%); €1.0 billion increase in net financial debt from adoption of IFRS 16 (Leases) at October 1, 2019 has no effect on gearing limit at closing date (September 30) specified in thyssenkrupp AG's current agreements with banks, because for this purpose net financial debt is adjusted for IFRS 16 effects
- Available liquidity of €5.1 billion (€2.1 billion cash and cash equivalents and €3.0 billion undrawn committed credit lines)
- Existing commercial paper program with a maximum emission volume of €3.0 billion was drawn in the amount of €1.0 billion at December 31, 2019

Rating

RATING

	Long-term rating	Short-term rating	Outlook
Standard & Poor's	BB-	B	developing
Moody's	Ba3	not Prime	negative
Fitch	BB+	B	watch negative

- With the publication of the results for fiscal year 2018/2019 and announcement of the forecast for fiscal year 2019/2020, the rating agency Moody's changed its Ba3 rating outlook from "review for downgrade" to "negative".

Analysis of the statement of financial position

Non-current assets

- Decrease in intangible assets particularly as a result of exchange rate effects
- Strong increase in property, plant and equipment primarily resulting from initial adoption of IFRS 16
- Reduction in deferred tax assets due to utilization through profit or loss and in connection with interest rate changes for pension obligations

Current assets

- Increase in inventories mainly in the materials businesses
- Decrease in trade accounts receivable above all in the materials and industrial components businesses
- Increase in contract assets chiefly in connection with the execution of construction contracts
- Reduction in other financial assets primarily due to derivatives accounting
- Increase in other non-financial assets mainly due to higher advances to suppliers
- Sharp overall decrease in cash and cash equivalents mainly due to negative free cash flow in the reporting period together with cash inflows from proceeds from borrowings

Total equity

- Decrease compared with September 30, 2019 mainly due to net loss in the reporting period and losses from currency translation recognized in other comprehensive income, partly offset by gains on remeasurement of pensions and similar obligations recognized in other comprehensive income

Non-current liabilities

- Decrease in accrued pension and similar obligations mainly due to gains from remeasurement in the reporting period, primarily as a result of higher pension interest rates
- Net increase in financial debt mainly due to initial adoption of IFRS 16 and at the same time reclassification of a bond due in November 2020 to current financial debt

Current liabilities

- Reduction in provisions for current employee benefits mainly due to utilization
- Decrease in other provisions mainly due to use of the provision in connection with the heavy plate cartel case against thyssenkrupp Steel Europe AG which ended in December 2019
- Higher financial debt in particular from the aforementioned reclassification of a bond from non-current financial debt, liabilities to financial institutions, and utilization of the commercial paper program
- Sharp decline in trade accounts payable, especially in the materials and automotive businesses
- Increase in contract liabilities mainly due to an overall increase in advance payments in connection with construction contracts

Compliance

- Organizational merger of compliance and legal departments effective January 1, 2020
- Strong values remain: reliability, honesty, credibility and integrity
- Values anchored in the Group Mission Statement, Code of Conduct and Compliance Commitment
- Heavy Plate investigations: thyssenkrupp Steel Europe AG has settled the proceedings by mutual agreement with the Federal Cartel Office; payment of the €370 million fine in December 2019 covered through use of the provision
- More information on compliance at thyssenkrupp in the 2018/2019 Annual Report and on the website www.thyssenkrupp.com

Forecast, opportunity and risk report

2019/2020 forecast unchanged

In fiscal 2019/2020 we intend to intensify our restructuring and improvement measures in our businesses and at Corporate, which will also be reflected in our financial performance indicators.

Sales and earnings in large parts of our materials and components businesses may be subject to short-term fluctuations, driven in part by raw material prices. For these businesses in particular, the economic conditions are currently very uncertain. Against this background reliable sales and earnings forecasts for a full fiscal year are only possible to a limited extent.

The uncertainties surrounding the economic conditions arise among other things from:

- the future economic policy of the USA, above all a further escalation of the existing trade conflicts with corresponding protectionist countermeasures by China and the EU that may appreciably impact global economic growth
- the slowing growth of the Chinese economy as a key factor for global growth and as an important sales market
- the outcome of the Brexit negotiations on economic growth in Europe, on exports and on future investment – above all in the UK itself but also in the other countries of Europe
- the high overall indebtedness in some EU states which could cause significant uncertainty on the financial markets. This could limit the willingness of banks to lend to businesses and private households with negative consequences for investment activity and consumer spending
- the continuing structural overcapacities in the steel industry, the corresponding competitive and import pressure on the European market and increasing dislocations in international steel trade flows, among other things as a result of the US tariffs on steel imports – also impacting the price situation on the spot market
- the volatility and level of raw material prices as an important cost factor in our materials businesses and as a key factor for our plant engineering customers in the award of major projects
- the structural transformation in the auto industry (changing mobility patterns, different powertrain technologies, digitization) which could be slower than expected if there is a sharper global downturn
- Risks from the outbreak and further spread of the coronavirus and associated temporary plant closures particularly in China as well as possible slowdown in economic growth

For key assumptions and expected economic conditions see forecast section and “Macro and sector environment” in the report on the economic position in the 2018/2019 Annual Report and this interim management report.

2019/2020 expectations: cautious outlook overall for the fiscal year marked by limited visibility and increased restructuring

Against the background of the economic and geopolitical uncertainties described above, the limited visibility and reduced planning reliability this creates particularly for our more cyclical businesses with materials and car and truck components, the overall outlook for the fiscal year is cautious.

In connection with the implementation of “newtk” we will continue and intensify measures to develop and restructure our businesses. The level of restructuring expense in individual fiscal years will depend in part on the speed achievable in the restructuring of the businesses and the group.

The following forecast is based on the assumption that Elevator Technology is a fully consolidated company.

Due to the reorganization of business units, the prior-year figures for Automotive Technology, Industrial Components, Plant Technology and Corporate have been calculated on a simplified basis, i.e. without reconsolidation.

- **Sales of the Group** – subject to the factors described above – growth in the low single-digit percentage range (prior year: €42.0 billion); we see growth opportunities in parts of our capital goods businesses
- **Adjusted EBIT of the Group** – subject to the factors described above – level with the prior year (prior year: €802 million), overall progress in the capital goods businesses and generally weaker earnings in the materials businesses
- **Automotive Technology** with recovery in adjusted EBIT to a positive level (prior year: pro forma €(22) million) based on an increase in sales in the mid-single-digit percentage range (prior year: pro forma €5.4 billion) and a return to a positive margin (prior year: pro forma (0.4)%); reflecting in particular the further ramp-up of new plants and projects for steering systems and camshaft modules, supported by efficiency and restructuring programs; continued negative earnings contribution of Springs and Stabilizers; System Engineering aiming for an improvement but earnings remaining negative
- **Industrial Components** with a moderate decline in sales and earnings (prior year, pro forma sales: €2.5 billion, adjusted EBIT: €230 million), increased sales of bearings and continuous cost and efficiency measures unable to fully offset the cyclical downturn in crankshafts (particularly truck) and construction machinery components mainly in Europe and North America
- **Elevator Technology** with a currency-adjusted sales increase in the low to mid-single-digit percentage range (prior year: €8.0 billion); including the additional costs of €20 – 30 million expected to be incurred for the carve-out of Elevator Technology; adjusted EBIT margin between 11.0 – 12.0%, on a comparable basis corresponding to higher or at least stable adjusted EBIT margin (prior year: 11.4%; taking into account these expected additional costs 11.1%) – supported by restructuring and efficiency measures

- **Plant Technology** depending on order intake with significant sales growth (prior year: pro forma €2.9 billion); adjusted EBIT clearly improved but still negative, supported by cost measures also in the administrative area, improvements in project execution, and growth in high-margin service business (prior year: pro forma €(145) million)
- **Marine Systems** with stable sales; slightly positive adjusted EBIT (prior year: €1 million) due to cost measures, improvements in project execution, and higher earnings contributions from new projects
- **Materials Services** with currently limited visibility and ongoing measures to secure earnings, largely stable adjusted EBIT (prior year: €107 million)
- **Steel Europe** with currently limited visibility and despite ongoing measures to secure earnings, negative adjusted EBIT (prior year: €31 million), with earnings impacted by the continuing negative contribution of Heavy Plate
- **Corporate Headquarters**, comprising the administrative units of Corporate and the regions, costs/adjusted EBIT roughly level with the prior year (prior year: pro forma €(252) million)

As part of the implementation of Performance First under “newtk”, intensification of our restructuring efforts, with costs (special items) expected in a mid-3-digit million € amount.

As a result and with the absence of positive effects from the prior year, significantly higher **net loss for the year** (prior year: net loss €260 million).

Capital spending expected to be up from the prior year, among other things due to the adoption of IFRS 16 (prior year: €1,443 million).

Free cash flow before M & A lower than prior year (prior year: €(1,140) million) as a result of operational improvements, depending on cash inflows from order intake and payment profiles for projects at Plant Technology and Marine Systems, significantly higher expenses for restructuring in the mid-3-digit million € range, and the payment of the fine in the cartel proceedings at Heavy Plate in the amount of the provisions recognized.

Net financial debt to increase sharply year-on-year mainly as a result of the cash flow situation and the adoption of IFRS 16 (prior year: €3,703 million); this does not include any proceeds from the Elevator Technology transaction.

tkVA of the Group expected to be lower year-on-year (prior year: €(1,068) million) due to the effects described above.

We will take into account the development of our key performance indicators – also keeping in mind economic justifiability – in preparing our **dividend proposal** to the Annual General Meeting.

Opportunities and risks

Opportunities

- Strategic and operational opportunities described in 2018/2019 Annual Report continue to apply
- Opportunities from the resolved strategic realignment of the Group
- Engineering and materials expertise and “thyssenkrupp“ brand: market opportunities with tailored technological and competitive solutions
- With advancing digitization, global thyssenkrupp research and development network offers opportunities for integrating currently separate value chains

Risks

- No risks threatening ability to continue as going concern; detailed information on risks described in 2018/2019 Annual Report continues to apply
- Economic risks: Further escalation of trade conflicts, geopolitical flashpoints (particularly in Middle East), course of negotiations in the transition phase between EU and UK on a possible free trade agreement, distinct and lasting slowdown of growth in China, problems of indebtedness in particular in some European countries, volatile material and commodity prices, further slowing of automotive market
- Temporary efficiency losses in production as a result of restructurings in connection with implementation of our strategic realignment
- Risks of cost and schedule overruns in the execution of major projects
- Risks from attacks on IT infrastructure; countermeasure: further expansion of information security management and security technologies
- Risks from the outbreak and further spread of the coronavirus and associated temporary plant closures particularly in China

Condensed interim financial statements

25	Consolidated statement of financial position
27	Consolidated statement of income
28	Consolidated statement of comprehensive income
29	Consolidated statement of changes in equity
31	Consolidated statement of cash flows
33	Selected notes
48	Review report

thyssenkrupp AG – Consolidated statement of financial position

ASSETS

million €	Note	Sept. 30, 2019	Dec. 31, 2019
Intangible assets		5,029	4,979
Property, plant and equipment (inclusive of investment property)		8,144	9,091
Investments accounted for using the equity method		128	131
Other financial assets		39	40
Other non-financial assets		240	288
Deferred tax assets		1,733	1,578
Total non-current assets		15,313	16,107
Inventories		7,781	8,324
Trade accounts receivable		5,488	5,161
Contract assets		1,443	1,702
Other financial assets		808	621
Other non-financial assets		1,642	1,710
Current income tax assets		293	329
Cash and cash equivalents		3,706	2,079
Total current assets		21,162	19,927
Total assets		36,475	36,034

See accompanying notes to consolidated financial statements.

EQUITY AND LIABILITIES

million €	Note	Sept. 30, 2019	Dec. 31, 2019
Capital stock		1,594	1,594
Additional paid-in capital		6,664	6,664
Retained earnings		(6,859)	(7,043)
Cumulative other comprehensive income		352	256
Equity attributable to thyssenkrupp AG's stockholders		1,751	1,471
Non-controlling interest		469	462
Total equity		2,220	1,934
Accrued pension and similar obligations	03	8,947	8,600
Provisions for other employee benefits		307	301
Other provisions		554	549
Deferred tax liabilities		48	32
Financial debt	05	6,529	6,661
Other financial liabilities		136	97
Other non-financial liabilities		6	6
Total non-current liabilities		16,527	16,245
Provisions for current employee benefits		357	219
Other provisions	04	1,726	1,440
Current income tax liabilities		260	299
Financial debt	05	886	2,564
Trade accounts payable		6,355	4,913
Other financial liabilities		1,209	1,240
Contract liabilities		4,561	4,855
Other non-financial liabilities		2,373	2,326
Total current liabilities		17,728	17,855
Total liabilities		34,255	34,100
Total equity and liabilities		36,475	36,034

See accompanying notes to consolidated financial statements.

thyssenkrupp AG – Consolidated statement of income

million €, earnings per share in €	Note	1st quarter ended Dec. 31, 2018 ¹⁾	1st quarter ended Dec. 31, 2019
Sales	08, 09	9,736	9,674
Cost of sales		(8,269)	(8,442)
Gross margin		1,468	1,232
Research and development cost		(82)	(78)
Selling expenses		(680)	(686)
General and administrative expenses		(573)	(651)
Other income		88	76
Other expenses		(47)	(19)
Other gains/(losses), net		6	10
Income/(loss) from operations		179	(117)
Income from companies accounted for using the equity method		4	5
Finance income		196	206
Finance expense		(279)	(299)
Financial income/(expense), net		(79)	(89)
Income/(loss) before tax		99	(206)
Income tax (expense)/income		(31)	(158)
Net income/(loss)		68	(364)
Thereof:			
thyssenkrupp AG's shareholders		60	(372)
Non-controlling interest		8	8
Net income/(loss)		68	(364)
Basic and diluted earnings per share based on	10		
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)		0.10	(0.60)

See accompanying notes to consolidated financial statements.

¹⁾ Figures have been adjusted (cf. Note 02).

thyssenkrupp AG – Consolidated statement of comprehensive income

million €	1st quarter ended Dec. 31, 2018 ¹⁾	1st quarter ended Dec. 31, 2019
Net income/(loss)	68	(364)
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	(81)	251
Tax effect	13	(67)
Other comprehensive income from remeasurements of pensions and similar obligations, net	(68)	184
Share of unrealized gains/(losses) of investments accounted for using the equity-method	0	0
Subtotals of items of other comprehensive income that will not be reclassified to profit or loss in future periods	(68)	184
Items of other comprehensive income that could be reclassified to profit or loss in future periods:		
Foreign currency translation adjustment		
Change in unrealized gains/(losses), net	62	(89)
Net realized (gains)/losses	1	0
Net unrealized (gains)/losses	63	(89)
Unrealized gains/(losses) from fair value measurement of debt instruments		
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) from impairment of financial instruments		
Change in unrealized gains/(losses), net	(1)	0
Net realized (gains)/losses	(2)	0
Tax effect	1	0
Net unrealized (gains)/losses	(3)	0
Unrealized gains/(losses) on cash flow hedges		
Change in unrealized gains/(losses), net	7	(16)
Net realized (gains)/losses	6	0
Tax effect	(4)	7
Net unrealized (gains)/losses	9	(9)
Share of unrealized gains/(losses) of investments accounted for using the equity-method	1	(1)
Subtotals of items of other comprehensive income that could be reclassified to profit or loss in future periods	71	(99)
Other comprehensive income	3	85
Total comprehensive income	71	(279)
Thereof:		
thyssenkrupp AG's shareholders	49	(283)
Non-controlling interest	21	5

See accompanying notes to consolidated financial statements.

¹⁾ Figures have been adjusted (cf. Note 02).

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
Balance as of Sept. 30, 2018¹⁾	622,531,741	1,594	6,664	(5,606)
Adjustment due to the adoption of IFRS 9				(43)
Balance as of Oct. 1, 2018	622,531,741	1,594	6,664	(5,649)
Net income/(loss) ¹⁾				60
Other comprehensive income				(68)
Total comprehensive income¹⁾				(8)
Profit attributable to non-controlling interest				
Balance as of Dec. 31, 2018¹⁾	622,531,741	1,594	6,664	(5,658)
Balance as of Sept. 30, 2019	622,531,741	1,594	6,664	(6,859)
Adjustment due to the adoption of IFRS 16				(1)
Balance as of Oct. 1, 2019	622,531,741	1,594	6,664	(6,860)
Net income/(loss)				(372)
Other comprehensive income				184
Total comprehensive income				(188)
Profit attributable to non-controlling interest				
Other changes				5
Balance as of Dec. 31, 2019	622,531,741	1,594	6,664	(7,043)

See accompanying notes to consolidated financial statements.

¹⁾ Figures have been adjusted (cf. Note 02).

Equity attributable to thyssenkrupp AG's stockholders

Cumulative other comprehensive income

	Foreign currency translation adjustment	Fair value measurement of debt instruments	Impairment of financial instruments	Cash flow hedges			Share of investments accounted for using the equity method	Total	Non-controlling interest	Total equity
				Designated risk component	Hedging costs					
	(34)	8	—	69	—	40	2,734	468	3,203	
			53				9	(5)	5	
	(34)	8	53	69	0	40	2,744	463	3,208	
							60	8	68	
	51	1	(3)	7	0	1	(11)	13	3	
	51	1	(3)	7	0	1	49	21	71	
							0	(4)	(4)	
	17	8	50	76	0	41	2,793	481	3,274	
	187	7	46	68	(1)	43	1,751	469	2,220	
							(1)	0	(1)	
	187	7	46	68	(1)	43	1,750	469	2,219	
							(372)	8	(364)	
	(85)	0	0	(9)	(1)	0	89	(3)	85	
	(85)	0	0	(9)	(1)	0	(284)	5	(279)	
							0	(12)	(12)	
							5	0	5	
	102	7	46	59	(1)	43	1,471	462	1,934	

thyssenkrupp AG – Consolidated statement of cash flows

million €	1st quarter ended Dec. 31, 2018 ¹⁾	1st quarter ended Dec. 31, 2019
Net income/(loss)	68	(364)
Adjustments to reconcile net income/(loss) to operating cash flows:		
Deferred income taxes, net	(17)	73
Depreciation, amortization and impairment of non-current assets	283	353
Income/(loss) from companies accounted for using the equity method, net of dividends received	(4)	(5)
(Gain)/loss on disposal of non-current assets	(7)	(9)
Changes in assets and liabilities, net of effects of acquisitions and divestitures and other non-cash changes		
– Inventories	(719)	(576)
– Trade accounts receivable	(11)	280
– Contract assets	(142)	(269)
– Accrued pension and similar obligations	(24)	(81)
– Other provisions	(186)	(419)
– Trade accounts payable	(1,398)	(1,417)
– Contract liabilities	266	329
– Other assets/liabilities not related to investing or financing activities	(355)	(38)
Operating cash flows	(2,245)	(2,144)
Purchase of investments accounted for using the equity method and non-current financial assets	(1)	0
Expenditures for acquisitions of consolidated companies net of cash acquired	0	(1)
Capital expenditures for property, plant and equipment (inclusive of advance payments) and investment property	(224)	(305)
Capital expenditures for intangible assets (inclusive of advance payments)	(32)	(21)
Proceeds from disposals of investments accounted for using the equity method and non-current financial assets	0	0
Proceeds from disposals of property, plant and equipment and investment property	20	18
Proceeds from disposals of intangible assets	5	0
Cash flows from investing activities	(231)	(309)
Proceeds from liabilities to financial institutions	1,138	1,051
Repayments of liabilities to financial institutions	(104)	(518)
Lease liabilities	0	(51)
Proceeds from/(repayments on) loan notes and other loans	588	266
(Increase)/decrease in current securities	0	(1)
Profit attributable to non-controlling interest	(4)	(12)
Other financing activities	132	106
Cash flows from financing activities	1,750	840
Net increase/(decrease) in cash and cash equivalents	(726)	(1,613)
Effect of exchange rate changes on cash and cash equivalents	17	(13)
Cash and cash equivalents at beginning of year	3,006	3,706
Cash and cash equivalents at end of year	2,297	2,079

million €	1st quarter ended Dec. 31, 2018 ¹⁾	1st quarter ended Dec. 31, 2019
Additional information regarding cash flows from interest, dividends and income taxes which are included in operating cash flows:		
Interest received	6	6
Interest paid	(62)	(31)
Dividends received	0	0
Income taxes paid	(97)	(86)

See accompanying notes to consolidated financial statements.

¹⁾ Figures have been adjusted (cf. Note 02).

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 its subsidiaries, collectively the “Group”, for the period from October 1, 2019 to December 31, 2019, were reviewed and authorized for issue in accordance with a resolution of the Executive Board on February 10, 2020.

Basis of presentation

The accompanying Group’s condensed interim consolidated financial statements have been prepared pursuant to section 115 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, 2019 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 2018/2019.

01 Recently adopted accounting standards

In fiscal year 2019/2020, thyssenkrupp adopted the following standard, interpretations and amendments to existing standards that, with the exception of IFRS 16, do not have a material impact on the Group’s consolidated financial statements:

In January 2016, the IASB published the new accounting standard IFRS 16 Leases. The new standard replaces the previous classification of leases into operating and finance leases as a lessee and introduces a uniform accounting model for the lessee. Under the previous standard (IAS 17), lease obligations for operating leases were only to be disclosed in the notes. In accordance with IFRS 16, the rights and obligations resulting from leases must be recognized as a right-of-use of the leased asset and a corresponding lease liability in the lessee’s statement of financial position.

This resulted in the following recognition and measurement principles:

A contract constitutes a lease if the contract conveys the lessee

- the right to control the use of an identified asset (the leased asset)
- for a specific period
- in exchange for a consideration.

Since October 1, 2019, the group as a lessee recognizes in general for all leases within the statement of financial position an asset for the right of use of the leased assets and a liability for the lease payment commitments at present value. These are primarily rentals of property and buildings, technical equipment and machinery, other plants and operating and office equipment. The right of use assets reported under property, plant and equipment are recognized at cost less accumulated depreciation and impairment losses. Payments for non-lease components are not included in the determination of the lease liability. The lease liabilities reported under financial liabilities reflect the present value of the outstanding lease payments at the time the asset is made available for use. Lease payments are discounted at the interest rate implicit in the lease if it can be readily determined. Otherwise, they are discounted at the lessee's incremental borrowing rate. The derivation of the interest rate is based on the assumption that an adequate amount of funds will be raised over an adequate period of time in the amount of an asset comparable to the right of use asset, taking into account the economic environment and comparable collateral.

The lease liabilities include the following lease payments:

- Fixed payments, less lease incentives to be paid by the lessor;
- variable lease payments that are based on an index or an interest rate;
- expected amounts to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the exercise is reasonably certain and
- payment of penalties for the termination of the lease, if the lease term reflects the lessee exercising an option to terminate the lease .

Right-of-use assets are measured at cost, which are comprised as follows:

- Lease liability;
- lease payments made at or before the commencement date less any lease incentives received;
- initial direct costs, and
- dismantling obligations.

Subsequent measurement is performed at amortized cost. Right-of-use assets are depreciated on a straight-line basis over the lease term, unless the useful life of the underlying asset is shorter. If the lease agreement contains reasonably certain purchase options, the right of use is depreciated over the economic life of the underlying asset.

In subsequent measurement, the lease liability is compounded, and the corresponding interest expense is recognized in the financial result. The lease payments made reduce the carrying amount of the lease liability.

In accordance with the recognition exemptions, low-value leases of and short-term leases (less than twelve months) are recognized in the statement of income. thyssenkrupp has identified certain asset classes (e.g. PCs, telephones, printers, copiers) which regularly contain leased assets of low value. Outside these asset classes, only leased assets with a value of up to €5,000 are classified as low-value leased assets. Furthermore, the new regulations are not applied to leases of intangible assets. For contracts comprising a non-lease component as well as a lease component, each lease component must be accounted for separately from non-lease component as a lease. The lessee must allocate the contractually agreed-upon payment to the separate lease components based on the relative standalone selling price of the lease component and the aggregated standalone selling price of the non-lease components. In addition, intercompany leases will continue to be presented in the segment report according to IFRS 8 as operating leases in accordance with IAS 17.

The term of the lease is determined based on the non-cancellable lease term. Especially real estate leases contain extension and termination options. Such contractual conditions offer the greatest possible operational flexibility to the Group. In determining the lease term, all facts and circumstances are considered that provide an economic incentive to exercise renewal options or not to exercise termination options. Lease term modifications from the exercise or non-exercise of such options are only considered in the lease term if they are reasonably certain and are based on an event that is within the control of the lessee.

As a lessor in an operating lease, the group recognizes the leased asset as an asset at amortized cost under property, plant and equipment. The lease payments received during the period are recognized as lease income under sales and are amortized on a straight-line basis over the term of the lease.

As a lessor in a finance lease, the group recognizes a receivable in the statement of financial position at the amount equal to the present value of the discounted net investment in the lease adjusted for the unguaranteed residual value.

thyssenkrupp applies IFRS 16 for the first time for fiscal year 2019/2020 beginning on October 1, 2019. Use is made of the exemption option to apply IFRS 16 to all agreements that were previously identified as leases by applying IAS 17 and IFRIC 4.

The Group has applied the modified retrospective approach in accordance with IFRS 16.C5(b). In accordance with this approach the comparative prior-year figures do not have to be adjusted and the first-time adoption effects are recognized in retained earnings of thyssenkrupp as of October 1, 2019.

The Group recognized new assets and liabilities for its operating leases at the date of transition to IFRS 16. When applying the modified retrospective method, right of use assets were recognized at the initial recognition date at the carrying amounts of the lease liabilities adjusted for deferred lease payments. The lease liabilities were recognized at the present value of the lease payments outstanding at the date of first-time application, discounted at the lessee's incremental borrowing rate at the date of first-time application. thyssenkrupp made use of exemption options in the transition to IFRS 16 and treated leases with a remaining term of up to twelve months as short-term leases, left initial direct costs unaffected in the initial measurement of the right-of-use asset, and took current knowledge into account in determining the lease terms for agreements with extension and/or termination options. No impairment test in accordance with IAS 36 was carried out at the time of initial application. Instead, leases entered into immediately prior to October 1, 2019, were assessed in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" to determine whether they were onerous.

The effects on the Group's previous finance leases were insignificant.

As of October 1, 2019, additional right-of-use assets in the amount of €1.0 billion and additional lease liabilities in the amount of €1.0 billion were recognized as part of the transition to IFRS 16.

Based on the operating lease commitments as of September 30, 2019, the reconciliation to the carrying amounts of the opening balance of the lease liabilities as of October 1, 2019 is as follows:

RECONCILIATION – IFRS 16

million €	
Operating lease commitments as of Sept. 30, 2019	1,326
Minimum lease payments (gross) finance lease as of Sept. 30, 2019	50
Practical expedient for short-term leases	(21)
Practical expedient for low-value leases	(10)
IAS 17 commitments not to be considered according to IFRS 16	(102)
Others	13
Gross lease liability as of Oct. 1, 2019	1,256
Interest charges	(200)
Lease liabilities as of Oct. 1, 2019	1,056
Finance lease liabilities as of Sept. 30, 2019	(37)
Additional lease liability due to initial application of IFRS 16 as of Oct. 1, 2019	1,019

Based on the operating lease commitments, payments for short-term leases in the amount of €21 million, payments for leases of low-value assets in the amount of €10 million, and payment obligations in accordance with IAS 17 for leases already signed as of September 30, 2019 in which the commencement of the underlying assets will take place at a later date in the amount of €102 million, were deducted.

The lease liabilities were discounted as of October 1, 2019 using the lessee's incremental borrowing rate. The weighted average interest rate was 3.5%.

The statement of financial position as of December 31, 2019 and the statement of income for the 1st quarter ended December 31, 2019 were as follows:

LEASES IN THE STATEMENT OF FINANCIAL POSITION

Assets € million	Dec. 31, 2019
Total non-current assets	
Right-of-use assets – land	145
Right-of-use assets – buildings	683
Right-of-use assets – technical machinery and equipment	32
Right-of-use assets – other equipment, factory and office equipment	159
Right-of-use assets – investment property	1
Total	1,020
Equity and liabilities € million	Dec. 31, 2019
Total non-current liabilities	
Lease liabilities	909
Total current liabilities	
Lease liabilities	121
Total	1,030

LEASES IN THE STATEMENT OF INCOME

million €	1st quarter ended Dec. 31, 2019
Other sales	
Income from operating lease	1
Lease expense	
Expense from short-term leases	12
Expense from leases for low-value assets	1
Expense from variable payments	1
Depreciation and amortization expense	
Depreciation of right-of-use assets	52
Financial income/(expense), net	
Interest expense from lease liabilities	7

The effects of the first-time adoption of the new standards were recognized directly in equity at the date of transition but were not material for thyssenkrupp. This also applies to the effects in regard to deferred tax assets and deferred tax liabilities.

Furthermore in fiscal year 2019/2020, thyssenkrupp adopted the following standards, interpretations and amendments to already existing standards that do not have a material impact on the Group's consolidated financial statements:

- IFRIC 23: "Uncertainty over Income Tax Treatments", issued in June 2017
- Amendments to IFRS 9: "Financial Instruments", issued in October 2017
- Amendments to IAS 28: "Investments in Associates and Joint Ventures", issued in October 2017
- Annual-Improvements to IFRSs 2015–2017 Cycle, issued in December 2017
- Amendments to IAS 19: "Plan Amendment, Curtailment or Settlement", issued in February 2018

02 Reclassification of discontinued operations in the 3rd quarter ended June 30, 2019

On June 13, 2019 the European Commission formally prohibited the planned steel joint venture with Tata Steel Europe. The planned transaction, encompassing the Steel Europe business area, thyssenkrupp MillServices & Systems GmbH from the Materials Services business area, and individual companies which in 2017/2018 belonged to Corporate, therefore no longer met the criteria for presentation as a discontinued operation in accordance with IFRS 5 and had to be reclassified accordingly for the total fiscal year 2018/2019 beginning with the interim financial statements of the 3rd quarter ended June 30, 2019. Under IFRS 5, the reporting had to be adjusted in such a way that in the statement of income and in the statement of cash flows the discontinued steel operations were no longer reported separately. An element of the required adjustments were also the retrospective recognition of amortization and depreciation not charged due to classification as a discontinued operation, amounting to €115 million in the 1st quarter ended December 31, 2018 (before tax).

03 Accrued pension and similar obligations

Based on updated interest rates and fair value of plan assets, an updated valuation of accrued pension obligations was performed as of December 31, 2019.

ACCRUED PENSION AND SIMILAR OBLIGATIONS

million €	Sept. 30, 2019	Dec. 31, 2019
Accrued pension obligations	8,688	8,341
Partial retirement	209	202
Other accrued pension-related obligations	50	57
Total	8,947	8,600

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

WEIGHTED AVERAGE ASSUMPTIONS

in %	Sept. 30, 2019			Dec. 31, 2019		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Discount rate for accrued pension obligations	0.70	1.42	0.88	0.90	1.58	1.07

04 Other provisions

The restructuring provisions included in other provisions increased by €82 million to €282 million compared with September 30, 2019. The additions in the amount of €128 million mainly relate to Automotive Technology, Elevator Technology and Corporate Headquarters.

As of September 30, 2019 other provisions included the provision recognized in connection with the investigations by the Federal Cartel Office into thyssenkrupp Steel Europe AG in the heavy plate case. Following receipt of the fine notice in the amount of €370 million in December 2019, the provision was utilized in full in the 1st quarter ended December 31, 2019 through payment of the fine. The proceedings with the Federal Cartel Office authorities have thus been terminated by mutual agreement.

In connection with the elevator cartel, potentially injured parties have asserted claims for damages against thyssenkrupp AG and companies of the thyssenkrupp Group in and out of court. Since September 30, 2019 further claims have been quantified. A majority of the proceedings have now been dealt with through settlement, withdrawal or dismissal of the claims. Legal cases are still pending in Austria, Belgium and the Netherlands. They are at different stages of proceedings. thyssenkrupp has recognized provisions for the portion of the pending claims which thyssenkrupp believes will probably result in cash outflows.

05 Financial debt

The existing commercial paper program with a maximum emission volume of €3.0 billion was drawn in the amount of €1.0 billion as of December 31, 2019.

06 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

million €	Maximum potential amount of future payments as of	Provision as of
	Dec. 31, 2019	Dec. 31, 2019
Advance payment bonds	20	1
Performance bonds	1	0
Other guarantees	5	0
Total	26	1

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.

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 business area 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 with September 30, 2019, purchasing commitments decreased by approx. €0.45 billion to €0.9 billion.

There have been no material changes to the other commitments and contingencies since the end of fiscal year 2018/2019.

07 Financial instruments

The carrying amounts of trade accounts receivable, other current financial assets 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 interim balance sheet date.

Equity and debt instruments are in general measured at fair value, which is based to the extent available on market prices as of the interim balance sheet date or internal valuation models.

The fair value of foreign currency forward transactions is determined on the basis of the middle spot exchange rate applicable as of the interim 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 interim balance sheet date, both internally and by external financial partners.

The carrying amounts of trade accounts payable 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 liabilities measured at amortized cost with a carrying amount of €14,351 million as of Dec. 31, 2019 (Sept. 30, 2019: €14,876 million) have a fair value of €14,484 million (Sept. 30, 2019: €14,995 million) that was determined based on fair value measurement attributable to level 2.

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, 2019

million €	Sept. 30, 2019	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	126	0	126	0
Derivatives qualifying for hedge accounting	7	0	7	0
Equity instruments	13	9	4	0
Fair value recognized in equity				
Trade accounts receivable	1,187			1,187
Debt instruments	20	17	3	0
Derivatives qualifying for hedge accounting	120	0	120	0
Total	1,472	26	259	1,187
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	161	0	161	0
Derivatives qualifying for hedge accounting	20	0	20	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	20	0	20	0
Total	202	0	202	0

FAIR VALUE HIERARCHY AS OF DEC. 31, 2019

million €	Dec. 31, 2019	Level 1	Level 2	Level 3
Financial assets at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	80	0	80	0
Derivatives qualifying for hedge accounting	16	0	16	0
Equity instruments	13	8	5	0
Fair value recognized in equity				
Trade accounts receivable	1,002			1,002
Debt instruments	20	17	3	0
Derivatives qualifying for hedge accounting	15	0	15	0
Total	1,146	25	119	1,002
Financial liabilities at fair value				
Fair value recognized in profit or loss				
Derivatives not qualifying for hedge accounting	83	0	83	0
Derivatives qualifying for hedge accounting	39	0	39	0
Fair value recognized in equity				
Derivatives qualifying for hedge accounting	14	0	14	0
Total	136	0	136	0

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. For the trade accounts receivable classified as level 3, the fair value equals the carrying amount less impairment losses recognized in comprehensive income.

08 Segment reporting

In connection with the strategic realignment “newtk”, the following changes have been made to the organizational and reporting structure since October 1, 2019:

The former business area Components Technology has been focused on the automotive business since October 1, 2019 and renamed Automotive Technology. A new addition to the business area is System Engineering, which develops among other things production lines for the auto industry and was part of Industrial Solutions up to September 30, 2019. The Bearings and Forged Technologies businesses have been removed from Components Technology. The two units now report under the name Industrial Components. Industrial Solutions has been renamed Plant Technology and comprises our chemical plant, cement plant and mining equipment businesses. The administrative units of Corporate and the regions are presented as Corporate Headquarters. In addition the Service Units and Special Units have been combined with consolidation items and are presented separately in the new reporting line “Reconciliation”.

The prior-period figures are adjusted accordingly.

Segment information for the 1st quarter ended December 31, 2018 and 2019, respectively is as follows:

SEGMENT INFORMATION¹⁾

million €	Automotive Technology	Industrial Components	Elevator Technology	Plant Technology	Marine Systems	Materials Services	Steel Europe	Corporate Headquarters	Reconciliation	Group
1st quarter ended Dec. 31, 2018										
Net sales	1,233	569	1,923	612	298	3,318	1,778	0	5	9,736
Internal sales within the Group	(1)	4	0	3	0	70	353	1	(429)	0
Total sales	1,231	573	1,923	615	298	3,388	2,131	0	(424)	9,736
EBIT	9	42	199	(37)	0	22	34	(74)	(12)	181
Adjusted EBIT	13	43	204	(30)	0	22	38	(63)	(11)	217
1st quarter ended Dec. 31, 2019										
Net sales	1,364	540	2,044	749	382	2,961	1,628	0	6	9,674
Internal sales within the Group	3	4	1	6	(1)	85	222	1	(323)	0
Total sales	1,367	544	2,045	755	381	3,046	1,851	1	(316)	9,674
EBIT	(78)	43	207	(19)	0	11	(166)	(103)	(10)	(115)
Adjusted EBIT	21	44	228	(18)	0	11	(164)	(66)	(6)	50

¹⁾ Figures of 2018/2019 have been adjusted.

Compared with September 30, 2019, average capital employed increased by €472 million to €1,764 million at Elevator Technology, by €(58) million to €(210) million at Plant Technology and by €268 million to €1,196 million at Marine Systems as of December 31, 2019.

The column „Reconciliation“ breaks down as following:

BREAKDOWN RECONCILIATION¹⁾

million €	Service Units	Special Units	Consolidation	Reconciliation
1st quarter ended Dec. 31, 2018				
Net sales	5	1	(1)	5
Internal sales within the Group	57	27	(514)	(429)
Total sales	62	28	(514)	(424)
EBIT	(12)	(5)	4	(12)
Adjusted EBIT	(12)	(3)	4	(11)
1st quarter ended Dec. 31, 2019				
Net sales	6	1	0	6
Internal sales within the Group	60	33	(416)	(323)
Total sales	65	34	(416)	(316)
EBIT	(9)	(2)	1	(10)
Adjusted EBIT	(6)	0	1	(6)

¹⁾ Figures of 2018/2019 have been adjusted.

The Service Units mainly include Global Shared Services, Regional Services Germany and Corporate Services. The Special Units include asset management for the Group's real estate, cross-business area technology projects as well as non-operating entities needed for example for Group financing.

The reconciliation of the earnings figure EBIT to EBT according to the statement of income is presented below:

RECONCILIATION EBIT TO EBT

million €	1st quarter ended Dec. 31, 2018 ¹⁾	1st quarter ended Dec. 31, 2019
Adjusted EBIT as presented in segment reporting	217	50
Special items ²⁾	(36)	(166)
EBIT as presented in segment reporting	181	(115)
+ Finance income	196	206
– Finance expense	(279)	(299)
– Items of finance income assigned to EBIT based on economic classification	0	0
+ Items of finance expense assigned to EBIT based on economic classification	2	3
EBT (income/(loss) before tax) as presented in the statement of income	99	(206)

¹⁾ Figures have been adjusted (cf. Note 02).

²⁾ Refer to the explanation of the special items in the "Report on the economic position".

09 Sales

Sales and sales from contracts with customers are presented below:

SALES

million €	Automotive Technology	Industrial Components	Elevator Technology	Plant Technology	Marine Systems	Materials Services	Steel Europe	Corporate Headquarters	Reconciliation	Group
1st quarter ended Dec. 31, 2018¹⁾										
Sales from sale of finished products	825	493	50	62	5	698	1,960	0	(347)	3,746
Sales from sale of merchandise	140	68	25	10	7	2,459	74	0	(42)	2,740
Sales from rendering of services	58	2	876	134	8	160	29	0	(36)	1,230
Sales from construction contracts	205	0	936	396	277	0	0	0	(3)	1,810
Other sales from contracts with customers	5	12	35	7	1	30	72	0	(3)	160
Subtotal sales from contracts with customers	1,232	575	1,922	608	298	3,347	2,135	0	(431)	9,686
Other sales	(1)	(2)	2	7	0	41	(4)	0	8	51
Total	1,231	573	1,923	615	298	3,388	2,131	0	(424)	9,736
1st quarter ended Dec. 31, 2019										
Sales from sale of finished products	975	472	44	45	6	668	1,712	0	(216)	3,706
Sales from sale of merchandise	116	58	27	8	15	2,020	52	0	(33)	2,263
Sales from rendering of services	59	2	924	111	12	175	36	1	(35)	1,285
Sales from construction contracts	211	0	1,023	576	348	0	0	0	(2)	2,155
Other sales from contracts with customers	3	13	26	12	1	28	55	0	(2)	137
Subtotal sales from contracts with customers	1,365	544	2,044	752	382	2,892	1,855	1	(289)	9,546
Other sales	2	(1)	1	2	(1)	154	(4)	0	(27)	127
Total	1,367	544	2,045	755	381	3,046	1,851	1	(316)	9,674

¹⁾ Figures have been adjusted (cf. Note 02 and 08).

SALES FROM CONTRACTS WITH CUSTOMERS BY CUSTOMER GROUP

million €	Automotive Technology	Industrial Components	Elevator Technology	Plant Technology	Marine Systems	Materials Services	Steel Europe	Corporate Headquarters	Reconciliation	Group
1st quarter ended Dec. 31, 2018¹⁾										
Automotive	1,163	234	1	0	0	563	632	0	(84)	2,507
Trading	27	22	475	1	67	448	451	0	(222)	1,270
Engineering	12	293	129	218	2	298	76	0	(31)	998
Steel and related processing	1	5	1	4	0	679	482	0	(93)	1,079
Construction	0	6	875	0	0	176	15	0	(3)	1,069
Public sector	0	2	69	0	215	17	9	0	(1)	310
Packaging	0	0	0	3	0	19	314	0	(2)	334
Energy and utilities	0	1	11	19	0	57	66	0	0	153
Other customer groups	29	13	361	362	14	1,090	90	0	6	1,965
Total	1,232	575	1,922	608	298	3,347	2,135	0	(431)	9,686
1st quarter ended Dec. 31, 2019										
Automotive	1,282	179	2	0	0	430	616	0	(22)	2,488
Trading	55	23	521	13	120	505	418	0	(196)	1,460
Engineering	8	310	147	364	3	293	60	0	(21)	1,165
Steel and related processing	2	8	1	9	0	553	367	0	(62)	878
Construction	0	4	929	0	0	146	8	0	(7)	1,081
Public sector	0	1	62	0	245	14	0	0	(4)	318
Packaging	0	0	1	1	0	26	263	0	(3)	287
Energy and utilities	0	4	9	19	0	25	51	0	0	108
Other customer groups	17	15	372	346	15	901	72	0	26	1,762
Total	1,365	544	2,044	752	382	2,892	1,855	1	(289)	9,546

¹⁾ Figures have been adjusted (cf. Note 02 and 08).

SALES FROM CONTRACTS WITH CUSTOMERS BY REGION

million €	Automotive Technology	Industrial Components	Elevator Technology	Plant Technology	Marine Systems	Materials Services	Steel Europe	Corporate Headquarters	Reconciliation	Group
1st quarter ended Dec. 31, 2018¹⁾										
German-speaking area ²⁾	459	110	195	40	52	1,148	1,157	0	(242)	2,919
Western Europe	153	124	320	23	20	801	471	0	(122)	1,792
Central and Eastern Europe	55	11	8	29	0	422	143	0	(27)	642
Commonwealth of Independent States	3	4	14	22	0	10	13	0	0	67
North America	260	164	692	57	1	750	172	0	(33)	2,064
South America	28	37	99	37	1	9	31	0	(1)	242
Asia / Pacific	15	16	175	109	87	96	27	0	(2)	524
Greater China	244	88	314	95	0	29	38	0	(4)	804
India	3	13	24	40	12	11	14	0	0	117
Middle East & Africa	11	6	80	156	125	70	69	0	(1)	516
Total	1,232	575	1,922	608	298	3,347	2,135	0	(431)	9,686
1st quarter ended Dec. 31, 2019										
German-speaking area ²⁾	403	100	200	52	90	1,085	979	0	(209)	2,701
Western Europe	220	101	323	29	32	632	421	0	(27)	1,731
Central and Eastern Europe	97	10	8	112	0	337	142	0	(9)	696
Commonwealth of Independent States	4	7	14	27	0	9	12	0	0	73
North America	282	125	774	75	2	634	152	0	(23)	2,021
South America	32	33	99	59	3	9	27	0	(3)	259
Asia / Pacific	10	22	178	166	86	95	17	0	(3)	572
Greater China	302	132	368	51	0	27	31	0	(10)	901
India	5	8	21	59	8	14	12	0	(1)	127
Middle East & Africa	10	5	59	121	161	51	63	0	(4)	467
Total	1,365	544	2,044	752	382	2,892	1,855	1	(289)	9,546

¹⁾ Figures have been adjusted (cf. Note 02 and 08).

²⁾ Germany, Austria, Switzerland, Liechtenstein

Of the sales from contracts with customers, €2,134 million (prior year: €1,936 million) results from long-term contracts and €7,413 million (prior year: €7,750 million) from short-term contracts, €3,052 million (prior year: €3,324 million) relates to sales recognized over time, and €6,495 million (prior year: €6,362 million) to sales recognized at a point in time.

10 Earnings per share

Basic earnings per share are calculated as follows:

EARNINGS PER SHARE

	1st quarter ended Dec. 31, 2018 ¹⁾		1st quarter ended Dec. 31, 2019	
	Total amount in million €	Earnings per share in €	Total amount in million €	Earnings per share in €
Net income/(loss) (attributable to thyssenkrupp AG's shareholders)	60	0.10	(372)	(0.60)
Weighted average shares	622,531,741		622,531,741	

¹⁾ Figures have been adjusted (cf. Note 02).

There were no dilutive securities in the periods presented.

11 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. As of December 31, 2019 cash and cash equivalents of €25 million (prior year: €27 million) result from the joint operation HKM.

Essen, February 10, 2020

thyssenkrupp AG
 The Executive Board

Merz

Burkhard

Dietsch

Keysberg

Review report

To thyssenkrupp AG, Duisburg and Essen

We have reviewed the condensed consolidated interim financial statements – comprising the consolidated statement of financial position, the consolidated statement of income and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated 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, 2019, to December 31, 2019, which are part of the quarterly financial report pursuant to § (Article) 115 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 12, 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Harald Kayser

(German Public Auditor)

Michael Preiß

(German Public Auditor)

Additional information

Contact and 2020 / 2021 financial calendar

For more information please contact: [2020/2021 financial calendar](#)

Communications

Phone: +49 201 844-536043

Fax: +49 201 844-536041

Email: press@thyssenkrupp.com

Investor Relations

Email: ir@thyssenkrupp.com

Institutional investors and analysts

Phone: +49 201 844-536464

Fax: +49 201 8456-531000

Private investors

Phone: +49 201 844-536367

Fax: +49 201 8456-531000

Published by

thyssenkrupp AG

thyssenkrupp Allee 1, 45143 Essen, Germany

Postfach, 45063 Essen, Germany

Phone: +49 201 844-0

Fax: +49 201 844-536000

Email: info@thyssenkrupp.com

www.thyssenkrupp.com

May 12, 2020

Interim report 1st half 2019 / 2020 (October to March)

August 13, 2020

Interim report 9 months 2019 / 2020 (October to June)

November 19, 2020

Annual Report 2019 / 2020 (October to September)

February 5, 2021

Annual General Meeting

February 10, 2021

Interim report 1st quarter 2020 / 2021 (October to December)

This interim report was published on February 13, 2020.

Produced in-house using firesys.

Forward-looking statements

This document contains forward-looking statements that reflect management's current views with respect to future events. Such statements are subject to risks and uncertainties that are beyond thyssenkrupp's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. thyssenkrupp does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of these materials.

Rounding differences and rates of change

Percentages and figures in this report may include rounding differences. The signs used to indicate rates of change are based on economic aspects: Improvements are indicated by a plus (+) sign, deteriorations are shown in brackets (.). Very high positive and negative rates of change ($\geq 500\%$ 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.

